*Placement Document*
*Subject to Completion*
*Not for circulation*
*Private and Confidential*
*Serial No.________*

# ARMAN FINANCIAL SERVICES LIMITED

Arman Financial Services Limited (our "**Company**" or the "**Issuer**") was originally incorporated as '*Arman Lease and Finance Private Limited*' on November 26, 1992, as a private limited company under the Companies Act, 1956, pursuant to a certificate of incorporation granted by the Registrar of Companies, Gujarat, Dadra & Nagar Haveli. Subsequently, pursuant to a special resolution passed at the meeting of the shareholders of our Company at an extraordinary general meeting held on September 30, 1993, our Company became a public limited company and the name of our Company was changed to '*Arman Lease and Finance Limited*' and consequently, a fresh certificate of incorporation, dated December 22, 1993, was issued by the Registrar of Companies, Gujarat, Dadra & Nagar Haveli. Subsequently, a fresh certificate of incorporation, dated November 27, 2008, was issued by the Registrar of Companies, Gujarat at Ahmedabad ("**RoC**") in relation to the change of name from to '*Arman Lease and Finance Limited*' to *'Arman Financial Services Limited'.* The Company received a license to carry on the business of non-banking financial institution from the Reserve Bank of India ("**RBI**") on October 29, 2007, pursuant to a certificate of registration bearing no. 01.00066 and has been categorised as a NBFC Investment and Credit Company ("**NBFC – ICC**") carrying on the business of a non-banking financial institution without accepting public deposits by RBI on May 12, 2023, pursuant to certificate of registration bearing number B.01.00066. For further details, see the sections titled, "***Organisational Structure of our Company***" and "***General Information***" on pages 166 and 504, respectively.

**CIN:** L55910GJ1992PLC018623

**Registered and Corporate Office**: 502-503, Sakar III, Opposite Old High Court, Off Ashram Road, Ahmedabad – 380014, Gujarat, India.
**Tel.:** + 91 79 4050 7000; **Email**: secretarial@armanindia.com; **Website:** www.armanindia.com
**Company Secretary and Compliance Officer:** Jaimish Patel

Our Company is issuing 1,047,835 equity shares of face value of ₹ 10 each (the "**Equity Shares**") at a price of ₹ 2,195.00 per Equity Share, including a premium of ₹ 2,185.00 per Equity Share (the "**Issue Price**"), aggregating to ₹ 2,300.00 million (the "**Issue**"). For further details, see "***Summary of the Issue***" on page 34.

**THE ISSUE IS BEING UNDERTAKEN IN RELIANCE UPON CHAPTER VI OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE "SEBI ICDR REGULATIONS"), SECTION 42 OF THE COMPANIES ACT, 2013, AS AMENDED (THE "COMPANIES ACT, 2013"), READ WITH RULE 14 OF THE COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014, AS AMENDED (THE "PAS RULES"), AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 AND THE RULES MADE THEREUNDER.**

The Equity Shares of our Company are listed on the National Stock Exchange of India Limited (the "**NSE**") and the BSE Limited (the "**BSE**" and together with NSE, the "**Stock Exchanges**"). The closing prices of the Equity Shares on the NSE and the BSE as on December 21, 2023 were ₹ 2,641.45 and ₹ 2,646.45 per Equity Share, respectively. Our Company has received in-principle approvals pursuant to Regulation 28(1)(a) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "**SEBI Listing Regulations**") for listing of the Equity Shares to be issued pursuant to this Issue, from BSE and NSE each dated December 19, 2023. Our Company shall make applications to the Stock Exchanges for obtaining final listing and trading approvals for the Equity Shares to be issued pursuant to this Issue. The Stock Exchanges assume no responsibility for the correctness of any statements made, opinions expressed, or reports contained herein. Admission of the Equity Shares to be issued pursuant to this Issue for trading on the Stock Exchanges should not be taken as an indication of the merits of our Company or the Equity Shares.

**OUR COMPANY HAS PREPARED THIS PLACEMENT DOCUMENT SOLELY FOR PROVIDING INFORMATION IN CONNECTION WITH THE PROPOSED ISSUE. THE ISSUE AND THE DISTRIBUTION OF THIS PLACEMENT DOCUMENT TO ELIGIBLE QIBs (AS DEFINED HEREINAFTER) IS BEING MADE IN RELIANCE UPON CHAPTER VI OF THE SEBI ICDR REGULATIONS, SECTION 42 OF THE COMPANIES ACT, 2013 READ WITH RULE 14 OF THE PAS RULES AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 AND OTHER RULES MADE THEREUNDER. THIS PLACEMENT DOCUMENT SHALL BE CIRCULATED TO ONLY SUCH ELIGIBLE QIBs WHOSE NAMES ARE RECORDED BY OUR COMPANY, PRIOR TO MAKING AN INVITATION TO SUBSCRIBE TO THE EQUITY SHARES. THIS PLACEMENT DOCUMENT IS PERSONAL TO EACH PROSPECTIVE INVESTOR AND DOES NOT CONSTITUTE AN OFFER OR INVITATION OR SOLICITATION OF AN OFFER TO THE PUBLIC OR ANY OTHER PERSON OR CLASS OF INVESTORS WITHIN OR OUTSIDE INDIA OTHER THAN TO QUALIFIED INSTITUTIONAL BUYERS AS DEFINED IN THE SEBI ICDR REGULATIONS. YOU ARE NOT AUTHORIZED TO AND MAY NOT (1) DELIVER THIS PLACEMENT DOCUMENT TO ANY OTHER PERSON; OR (2) REPRODUCE THIS PLACEMENT DOCUMENT, IN ANY MANNER WHATSOEVER; OR (3) RELEASE ANY PUBLIC ADVERTISEMENTS OR UTILIZE ANY MEDIA, MARKETING OR DISTRIBUTION CHANNELS OR AGENTS TO INFORM THE PUBLIC AT LARGE ABOUT THE ISSUE. ANY DISTRIBUTION OR REPRODUCTION OF THIS PLACEMENT DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS INSTRUCTION MAY RESULT IN A VIOLATION OF THE SEBI ICDR REGULATIONS, THE COMPANIES ACT, 2013 AND THE RULES MADE THEREUNDER OR OTHER APPLICABLE LAWS OF INDIA AND OTHER JURISDICTIONS.**

**INVESTMENT IN EQUITY SHARES INVOLVES A HIGH DEGREE OF RISK AND PROSPECTIVE INVESTORS SHOULD NOT INVEST IN THE ISSUE UNLESS THEY ARE PREPARED TO TAKE THE RISK OF LOSING ALL OR PART OF THEIR INVESTMENT. PROSPECTIVE INVESTORS ARE ADVISED TO CAREFULLY READ "*RISK FACTORS*" BEGINNING ON PAGE 49 BEFORE MAKING AN INVESTMENT DECISION RELATING TO THE ISSUE. EACH PROSPECTIVE INVESTOR IS ADVISED TO CONDUCT ITS OWN DUE DILIGENCE ON US AND THE EQUITY SHARES AND CONSULT ITS OWN ADVISORS ABOUT THE PARTICULAR CONSEQUENCES OF AN INVESTMENT IN THE EQUITY SHARES BEING ISSUED PURSUANT TO THE PRELIMINARY PLACEMENT DOCUMENT AND THIS PLACEMENT DOCUMENT.**

A copy of the Preliminary Placement Document (which includes disclosures prescribed under Form PAS-4 (as defined hereinafter) was delivered to the Stock Exchanges and a copy of this Placement Document (which will include disclosures prescribed under Form PAS-4) will be delivered to the Stock Exchanges. Our Company shall also make the requisite filings with the RoC, within the stipulated period as required under the Companies Act, 2013 and PAS Rules. This Placement Document has not been reviewed by the Securities and Exchange Board of India ("**SEBI**"), the RBI, the Stock Exchanges or any other listing or regulatory authority and is intended only for use by Eligible QIBs. This Placement Document has not been and will not be filed as a prospectus with the RoC and will not be circulated or distributed to the public in India or any other jurisdiction and the Issue will not constitute a public offer in India or any other jurisdiction.

Invitations, offers and sales of the Equity Shares to be issued pursuant to this Issue shall only be made pursuant to the Preliminary Placement Document together with the Application Form, this Placement Document and the Confirmation of Allocation Note (each as defined hereinafter). For further details, please see the section titled "***Issue Procedure***" on page 176. The distribution of this Placement Document or the disclosure of its contents without the prior consent of our Company to any person, other than Eligible QIBs to whom this Placement Document is specifically addressed, and persons retained by such Eligible QIBs to advise them with respect to their purchase of Equity Shares is unauthorized and prohibited. Each prospective investor, by accepting delivery of this Placement Document, agrees to observe the foregoing restrictions and make no copies of this Placement Document or any documents referred to in this Placement Document.

The information on the websites of our Company and Subsidiary, or any other website directly or indirectly linked to the websites of our Company and Subsidiary, or the website of the Book Running Lead Manager (as defined hereinafter) or its affiliates, does not constitute nor form part of this Placement Document and prospective investors should not rely on such information contained in, or available through, any such websites for their investment in this Issue.

The Equity Shares offered in the Issue have not been and will not be registered under the Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or the securities laws of any state of the United States and may not be offered or sold in 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 any applicable state securities laws. The Equity Shares offered in the Issue are being offered and sold only outside the United States in "*offshore transactions*", as defined in and in reliance on Regulation S under the U.S. Securities Act ("**Regulation S**") and the applicable laws of the jurisdiction where such offers and sales are made. For the selling restrictions in certain other jurisdictions, see the section titled, "*Selling Restrictions*" on page 190 of this Placement Document. Also see, "*Transfer Restrictions and Purchaser Representations*" on page 197 of this Placement Document for information about transfer restrictions that apply to the Equity Shares sold in the Issue.

| BOOK RUNNING LEAD MANAGER |
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| JM FINANCIAL<br>**JM FINANCIAL LIMITED** |

This Placement Document is dated December 22, 2023

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## NOTICE TO INVESTORS

Our Company has furnished and accepts full responsibility for all of the information contained in this Placement Document and confirms that to the best of its knowledge and belief, having made all reasonable enquiries, this Placement Document contains all information with respect to our Company and its Subsidiary and the Equity Shares which our Company considers material in the context of the Issue. The statements contained in this Placement Document relating to our Company, our Subsidiary and the Equity Shares are, in all material respects, true and accurate and are not misleading, and the opinions and intentions expressed in this Placement Document with regard to our Company and its Subsidiary and the Equity Shares are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions and information presently available to us. There are no other facts in relation to our Company and its Subsidiary and the Equity Shares, the omission of which would, in the context of the Issue, make any statement in this Placement Document misleading in any material respect. Further, our Company has made all reasonable enquiries to ascertain such facts and to verify the accuracy of all such information and statements. Unless otherwise stated, all information in this Placement Document is provided as of the date of this Placement Document and neither our Company nor the BRLM has any obligation to update such information to a later date.

JM Financial Limited (the "**Book Running Lead Manager**" or the "**BRLM**") has made reasonable enquiries but not separately verified all of the information contained in this Placement Document (financial, legal or otherwise). Accordingly, neither the BRLM nor any of its affiliates or any of their respective shareholders, employees, counsel, officers, directors, representatives, agents or associates make any express or implied representation, warranty or undertaking, and no responsibility or liability is accepted by the BRLM or any of its shareholders, employees, counsel, officers, directors, representatives, agents, associates or affiliates as to the accuracy or completeness of the information contained in this Placement Document or any other information supplied in connection with the Issue or the distribution of the Equity Shares. Each person receiving this Placement Document acknowledges that such person has neither relied on the BRLM nor any of its shareholders, employees, counsel, officers, directors, representatives, agents, associates or affiliates other than the Company in connection with such person's investigation of the accuracy of such information or such person's investment decision, and each such person must rely on its own examination of us and the merits and risks involved in investing in the Equity Shares pursuant to the Issue.

Distribution of this Placement Document to any person other than the Eligible QIBs specified by the Book Running Lead Manager or its representatives, and those persons, if any, retained to advise such investor with respect thereto, is unauthorised, and any disclosure of its contents, is prohibited. Any reproduction or distribution of this Placement Document, in whole or in part, and any disclosure of its contents to any other person is prohibited. Each prospective investor, by accepting delivery of this Placement Document, agrees to observe the foregoing restrictions and make no copies of this Placement Document or any offering material in connection with the Equity Shares.

No person is authorised to give any information or to make any representation not contained in this Placement Document and any information or representation not so contained must not be relied upon as having been authorised by, or on behalf of the BRLM. The delivery of this Placement Document at any time does not imply that the information contained in it is correct as of any time subsequent to its date.

The information contained in this Placement Document has been provided by our Company and other sources identified herein. The distribution of this Placement Document or the disclosure of its contents without the prior consent of the Company to any person, other than Eligible QIBs specified by the Book Running Lead Manager or its representatives, and those retained by Eligible QIBs to advise them with respect to their subscription of the Equity Shares is unauthorised and prohibited. Each prospective investor, by accepting delivery of this Placement Document, agrees to observe the foregoing restrictions and to make no copies of this Placement Document or any documents referred to in this Placement Document. Any reproduction or distribution of this Placement Document, in whole or in part, and any disclosure of its contents to any other person is prohibited.

**The Equity Shares have not been approved, disapproved or recommended by any regulatory authority in any jurisdiction, including the United States Securities and Exchange Commission ("SEC"), any other federal or state authorities in the United States, the securities authorities of any non-United States jurisdiction and any other United States or non- United States regulatory authority. No authority has passed on or endorsed the merits of this Issue or the accuracy or adequacy of this Placement Document. Any representation to the contrary may be a criminal offence in certain jurisdictions.**

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable U.S. state securities laws. The Equity Shares offered in the Issue are being offered and sold only outside the United States in "offshore transactions", as defined in and in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where such offers and sales are made. The Equity Shares are transferable only in accordance with the restrictions described in "*Selling Restrictions*" and "*Transfer Restrictions and Purchaser Representations*" on pages 190 and 197, respectively. Subscribers and purchasers of the Equity Shares will be deemed to make the representations, warranties, acknowledgements and agreements set forth in "*Representations by Investors*", "*Selling Restrictions*" and "*Transfer Restrictions and Purchaser Representations*" on pages 3, 190 and 197 respectively of this Placement Document.

The distribution of this Placement Document and the Issue in certain countries or jurisdictions may be restricted by law. As such, this Placement Document does not constitute, and may not be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. In particular, no action has been taken by our Company or the BRLM which would permit an offering of the Equity Shares in the Issue or distribution of this Placement Document in any country or jurisdiction other than India where action for that purpose is required. Accordingly, the Equity Shares issued pursuant to the Issue may not be offered or sold, directly or indirectly, and neither the Preliminary Placement Document and this Placement Document nor any Issue materials in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction that would require registration of the Equity Shares in such country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

In making an investment decision, investors must rely on their own examination of our Company, the Equity Shares and the terms of the Issue, including the merits and risks involved. Investors should not construe the contents of the Preliminary Placement Document and this Placement Document as legal, business, tax, accounting or investment advice. Investors should consult their own counsel and advisors as to business, legal, tax, accounting and related matters concerning the Issue. In addition, neither our Company nor the BRLM is making any representation to any offeree or subscriber of the Equity Shares regarding the legality of an investment in the Equity Shares by such offeree or subscriber under applicable laws or regulations.

**Each Bidder in the Issue is deemed to have acknowledged, represented and agreed that it is an Eligible QIB and is eligible to invest in India and in our Company under Indian laws, including Chapter VI of the SEBI ICDR Regulations and Section 42, other applicable provisions of the Companies Act, 2013 and Rule 14 of the PAS Rules and is not prohibited by SEBI or any other regulatory authority from buying, selling or dealing in securities. This Placement Document contains summaries of certain terms of certain documents, which are qualified in their entirety by the terms and conditions of such documents and disclosures included in the section titled "*Risk Factors*" on page 49.**

The information on our Company's website at www.armanindia.com or any website directly or indirectly linked to our Company's website or the website of the BRLM, its associates or affiliates, does not constitute or form part of this Placement Document. Prospective investors should not rely on any such information contained in, or available through, any such websites.

## REPRESENTATIONS BY INVESTORS

All references to "you" and "your" in this section are to the prospective investors in the Issue. By Bidding for, and/or subscribing to, Equity Shares under the Issue, you are deemed to have made the representations, warranties, acknowledgements, and agreements set forth in the sections titled "*Notice to Investors*", "*Selling Restrictions*" and "*Transfer Restrictions and Purchase Representations*" on pages 1, 190 and 197, respectively, and represented, warranted, acknowledged and agreed with our Company, and the BRLM, as follows:

1. Your decision to subscribe to the Equity Shares to be issued pursuant to the Issue has not been made based on any information relating to our Company or Subsidiary which is not set forth in this Placement Document.

2. You are a "qualified institutional buyer" ("**QIB**") as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations and not excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations, having a valid and existing registration under the applicable laws and regulations of India, and undertake to (i) acquire, hold, manage or dispose of any Equity Shares that are Allotted to you in accordance with Chapter VI of the SEBI ICDR Regulations, the Companies Act, and (ii) undertake to comply with the SEBI ICDR Regulations and all other applicable laws including any reporting obligations, requirements/ making necessary filings, with appropriate regulatory authorities, including the RBI and Stock Exchanges, if any, in connection with the Issue;

3. You are eligible to invest in India and in the Equity Shares under applicable law, including the FEMA Rules, and any notifications, circulars or clarifications issued thereunder, each as amended and have not been prohibited by SEBI or any other regulatory or statutory authority from buying, selling or dealing in securities or otherwise accessing capital markets in India. Further, you are subscribing to the Equity Shares to be issued pursuant to the Issue in accordance with applicable laws and by participating in this Issue, you are not in violation of any applicable law, including but not limited to the SEBI Insider Trading Regulations, the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003, as amended, and the Companies Act, 2013;

4. If you are not a resident of India, but a QIB, you are an Eligible FPI (and are not an individual, corporate body or a family office) having a valid and existing registration with SEBI under the applicable laws in India or a multilateral or bilateral development financial institution, and are eligible to invest in India under applicable law, including the FEMA Rules, and any notifications, circulars or clarifications issued thereunder, and have not been prohibited by SEBI or any other regulatory authority, from buying, selling, dealing in securities or otherwise accessing the capital markets. You confirm that you are not an FVCI;

5. You will make all necessary filings with appropriate regulatory authorities, including the RBI, as required pursuant to applicable laws;

6. You are eligible to invest in and hold the Securities of the Company in accordance with the FDI Policy, read along with the press note no. 3 (2020 Series), dated April 17, 2020, issued by the Department for Promotion of Industry and Internal Trade, Government of India and the related amendments to the FEMA Rules, wherein if the beneficial owner of the Securities is situated in or is a citizen of a country which shares land border with India, foreign direct investments can only be made through the Government approval route, as prescribed in the FEMA Rules. You confirm that no government approval is required under the FEMA Rules, as mandated under the Companies (Share Capital and Debentures) Rules, 2014 and the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended;

7. You agree that our Company shall make necessary filings with the RoC (which shall include certain details such as your name, address and number of Equity Shares Allotted), in terms of Section 42 of the Companies Act, 2013 and Rule 14 of the PAS Rules, or other provisions of the Companies Act, 2013, and you consent to such disclosure being made by us. You will provide the information as required under the Companies Act, 2013, the PAS Rules and the applicable provisions of the SEBI ICDR Regulations for record keeping by our Company, including your name, complete address, phone number, e-mail address, permanent account number and bank account details, and such other details as may be prescribed or otherwise required even after the closure of the Issue;

8. If you are Allotted the Equity Shares pursuant to the Issue, you shall not, for a period of one year from the date of Allotment, sell the Equity Shares so acquired except on the floor of the Stock Exchanges (additional restrictions apply if you are in certain other jurisdictions), and in accordance with any other resale restrictions applicable to you. For more information, please see the section titled "*Transfer Restrictions and Purchaser Representations*" on page 197;

9. You are aware that the Preliminary Placement Document and this Placement Document has not been, and will not be, filed as a prospectus with the RoC under the Companies Act, 2013, the SEBI ICDR Regulations or under any other law in force in India and, no Equity Shares will be offered in India or overseas to the public or any members of the public in India or any other class of investors, other than Eligible QIBs. The Preliminary Placement Document and this Placement Document have not been and will not be reviewed, verified or affirmed by RBI, SEBI, the Stock Exchanges, RoC or any other regulatory or listing authority and have not been and will not be filed with the RoC as a

prospectus, and are intended only for use by Eligible QIBs. The Preliminary Placement Document and this Placement Document has been and will be filed with the Stock Exchanges only for the purposes of their records and will be displayed on the websites of the Company and the Stock Exchanges;

10. You are entitled to subscribe for and acquire the Equity Shares under the laws of all relevant jurisdictions which apply to you and you have the necessary capacity and that you have fully observed such laws and obtained all such governmental and other consents and authorisations, in each case which may be required thereunder and have complied with all necessary formalities, to enable you to commit to participation in the Issue and to perform your obligations in relation thereto (including, without limitation, in the case of any person on whose behalf you are acting, all necessary consents and authorizations to agree to the terms set out or referred to in this Placement Document), and will honour such obligations;

11. You confirm that, either: (i) you have not participated in or attended any investor meetings or presentations by our Company or its agents ("**Company's Presentations**") with regard to our Company, the Equity Shares or the Issue; or (ii) if you have participated in or attended any Company's Presentations: (a) you understand and acknowledge that the BRLM may not have knowledge of the statements that our Company or its agents may have made at such Company's Presentations and are therefore unable to determine whether the information provided to you at such Company's Presentations may have included any material misstatements or omissions, and, accordingly you acknowledge that the BRLM has advised you not to rely in any way on any information that was provided to you at such Company's Presentations, and (b) confirm that, you have not been provided any material information that was not publicly available;

12. Neither the BRLM nor any of its shareholders, employees, counsel, officers, directors, representatives, agents, associates or affiliates have any duties or responsibilities to you for providing the protection afforded to their clients or for providing advice in relation to the Issue and are in no way acting in a fiduciary capacity to you;

13. You are aware that if you are Allotted more than 5% of the Equity Shares in the Issue, our Company shall be required to disclose your name and the number of Equity Shares Allotted to you to the Stock Exchanges, and the Stock Exchanges will make the same available on their website and you consent to such disclosures;

14. All statements other than statements of historical facts included in this Placement Document, including, without limitation, those regarding our financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to our business), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and environment in which our Company will operate in the future. You should not place undue reliance on forward-looking statements, which speak only as on the date of this Placement Document. Neither our Company, nor the BRLM or any of its shareholders, directors, officers, employees, counsels, representatives, agents or affiliates assumes any responsibility to update any of the forward-looking statements contained in this Placement Document;

15. You have been provided a serially numbered copy of this Placement Document and have read them in their entirety, including, in particular, the section titled "***Risk Factors***" on page 49;

16. You are aware and understand that the Equity Shares are being offered only to Eligible QIBs and are not being offered to the general public and that the Allotment shall be on a discretionary basis;

17. You are aware that in terms of the requirements of the Companies Act, upon Allocation, the Company has disclosed names and percentage of post-Issue shareholding of the proposed Allottees in this Placement Document. However, disclosure of such details in relation to the proposed Allottees in this Placement Document will not guarantee Allotment to them, as Allotment in the Issue shall continue to be at the sole discretion of our Company;

18. You have made, or are deemed to have made, as applicable, the representations set forth under the sections titled "*Selling Restrictions*" and "*Transfer Restrictions and Purchaser Representations*" on pages 190 and 197, respectively;

19. You understand that the Equity Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States and accordingly, may not be offered or sold within the United States, except in reliance on an exemption from the registration requirements of the U.S. Securities Act. For more information, please see the section titled "*Selling Restrictions*" on page 190;

20. You are outside the United States and are subscribing for the Equity Shares in an "offshore transaction" as defined in Regulation S, and are not our Company's or the BRLM's affiliate or a person acting on behalf of such an affiliate;

21. You are not acquiring or subscribing for the Equity Shares as a result of any general solicitation or general advertising (as those terms are defined in Regulation D under the U.S. Securities Act) or "directed selling efforts" (as defined in Regulation S) and you understand and agree that offers and sales are being made in reliance on an exemption to the registration requirements of the U.S. Securities Act. You understand and agree that the Equity Shares are transferable only in accordance with the restrictions described under the sections titled "*Selling Restrictions*" and "*Transfer Restrictions and Purchaser Representations*" on pages 190 and 197, respectively;

22. In making your investment decision, you have (i) relied on your own examination of our Company, the Equity Shares and the terms of the Issue, including the merits and risks involved, (ii) made and will continue to make your own assessment of our Company, the Equity Shares and the terms of the Issue based solely on the information contained in the Preliminary Placement Document and this Placement Document, (iii) consulted your own independent advisors or otherwise have satisfied yourself concerning, without limitation, the effects of local laws, (iv) relied solely on the information contained in the Preliminary Placement Document and this Placement Document and no other disclosure or representation by our Company, its Directors, Promoters and affiliates, or any other party, (v) received all information that you believe is necessary or appropriate in order to make an investment decision in respect of our Company and the Equity Shares and (vi) relied upon your own investigation and resources in deciding to invest in the Issue;

23. You are a sophisticated investor and have such knowledge and experience in financial, business and investment matters as to be capable of evaluating the merits and risks of an investment in the Equity Shares. You and any accounts for which you are subscribing the Equity Shares (i) are each able to bear the economic risk of the investment in the Equity Shares; (ii) will not look to our Company or the BRLM or any of its shareholders, employees, counsel, officers, directors, representatives, agents, associates or affiliates for all or part of any such loss or losses that may be suffered; (iii) are able to sustain a complete loss on the investment in the Equity Shares; (iv) have no need for liquidity with respect to the investment in the Equity Shares; and (v) have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by you or them of all or any part of the Equity Shares. You acknowledge that an investment in the Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment. You are seeking to subscribe to the Equity Shares in the Issue for your own investment and not with a view to resale or distribute;

24. The BRLM or any of its shareholders, directors, officers, employees, counsel, representatives, agents or affiliates have not provided you with any tax advice or otherwise made any representations regarding the tax consequences of the purchase, ownership and disposal of the Equity Shares (including but not limited to the Issue and the use of the proceeds from the Equity Shares). You will obtain your own independent tax advice and will not rely on the BRLM or any of its shareholders, employees, counsel, officers, directors, representatives, agents or affiliates or our Company when evaluating the tax consequences in relation to the Equity Shares (including but not limited to the Issue and the use of the proceeds from the Equity Shares). You waive and agree not to assert any claim against the BRLM or our Company with respect to the tax aspects of the Equity Shares or the Issue or as a result of any tax audits by tax authorities, wherever situated;

25. That where you are acquiring the Equity Shares for one or more managed accounts, you represent and warrant that you are authorised in writing, by each such managed account to acquire the Equity Shares for each managed account; and to make the representations, warranties, acknowledgements, undertakings and agreements herein for and on behalf of each such account, reading the reference to "you" to include such accounts;

26. You are not a 'promoter' (as defined under the SEBI ICDR Regulations) of our Company and are not a person related to our Promoters, either directly or indirectly, and your Bid does not directly or indirectly represent the promoter or promoter group (as defined under the SEBI ICDR Regulations) of our Company or persons or entities related thereto;

27. You have no rights under a shareholders' agreement or voting agreement entered into with the Promoters or Promoter Group, no veto rights or right to appoint any nominee director on our Board of Directors other than the rights, if any, acquired in the capacity of a lender not holding any Equity Shares, the acquisition of which shall not deem you to be a person related to the Promoters;

28. The Bid made by you would not result in triggering a tender offer under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended (the "**SEBI Takeover Regulations**") and you shall be solely responsible for compliance with all other applicable provisions of the SEBI Takeover Regulations;

29. You have no right to withdraw your Application or revise your Bid downwards after the Issue Closing Date (as defined hereinafter);

30. You are eligible to apply for and hold Equity Shares so Allotted and together with any securities of our Company held by you prior to the Issue. You further confirm that your aggregate holding upon the issue and Allotment of the Equity Shares shall not exceed the level permissible as per any applicable law;

31. To the best of your knowledge and belief, your aggregate holding together with other Bidders in the Issue that belong to the same group or that are under common control as you, pursuant to the Allotment under the Issue shall not exceed 50% of the Issue Size. For the purposes of this representation:

- the expression 'belongs to the same group' shall mean entities where (a) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; (b) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (c) there is a common director, excluding nominee and independent directors, amongst a QIB, its subsidiary or holding company and any other QIB; and

- 'control' shall have the same meaning as is assigned to it under Regulation 2(1)(e) of the SEBI Takeover Regulations.

32. You shall not undertake any trade in the Equity Shares credited to your beneficiary account until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges;

33. You are aware and understand that the BRLM has entered into a Placement Agreement with our Company, whereby the BRLM has, subject to the satisfaction of certain conditions set out therein, agreed to manage the Issue and use reasonable efforts to procure subscriptions for the Equity Shares on the terms and conditions set forth therein;

34. The contents of the Preliminary Placement Document and that of this Placement Document are exclusively the responsibility of our Company and that neither the BRLM nor any person acting on its behalf has or shall have any liability for any information, representation or statement contained in the Preliminary Placement Document and this Placement Document or any information previously published by or on behalf of our Company and will not be liable for your decision to participate in the Issue based on any information, representation or statement contained in the Preliminary Placement Document and this Placement Document or otherwise. By participating in the Issue, you agree to the same and confirm that you have neither received nor relied on any other information, representation, warranty or statement made by or on behalf of the BRLM or our Company or any other person and none of the BRLM, our Company or any other person will be liable for your decision to participate in the Issue based on any other information, representation, warranty or statement that you may have obtained or received;

35. The only information you are entitled to rely on, and on which you have relied, in committing yourself to acquire the Equity Shares is contained in the Preliminary Placement Document this Placement Document, such information being all that you deem necessary to make an investment decision in respect of the Equity Shares and that you have neither received nor relied on any other information given or representations, warranties or statements made by the BRLM or our Company and neither the BRLM nor our Company will be liable for your decision to accept an invitation to participate in the Issue based on any other information, representation, warranty, statement or opinion that you have obtained or received;

36. You understand that the Equity Shares issued pursuant to the Issue shall be subject to the provisions of the Memorandum of Association and Articles of Association of our Company and will be credited as fully paid and will rank *pari passu* in all respects with the existing Equity Shares including the right to receive dividend and other distributions declared;

37. You agree to indemnify and hold our Company, the BRLM and their respective affiliates and their respective directors, officers, employees and persons in control harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of your representations, warranties, acknowledgements and undertakings in the Preliminary Placement Document and this Placement Document including this section. You agree that the indemnity set forth in this section shall survive the resale of the Equity Shares by or on behalf of the managed accounts;

38. You understand that the BRLM has no obligation to purchase or acquire all or any part of the Equity Shares which are subscribed by you in the Issue or to support any losses directly or indirectly sustained or incurred by you for any reason whatsoever in connection with the Issue, including non- performance by us of any of our respective obligations or any breach of any representations or warranties by us, whether to you or otherwise;

39. You are aware that (i) applications for in-principle approval, in terms of Regulation 28(1)(a) of the SEBI Listing Regulations for listing and admission of the Equity Shares and for trading on BSE and NSE, were made and such approvals have been received from BSE and NSE and (ii) the application for the final listing and trading approval will be made only after Allotment. There can be no assurance that the final approvals for listing of the Equity Shares will be obtained in time or at all. Our Company, and the BRLM shall not be responsible for any delay or non-receipt of such final approvals or any loss arising from such delay or non-receipt;

40. You are an investor who is seeking to purchase the Equity Shares for your own investment and not with a view to distribution. In particular, you acknowledge that (i) an investment in the Equity Shares involves a high degree of risk

and that the Equity Shares are, therefore, a speculative investment, (ii) you have sufficient knowledge, sophistication and experience in financial and business matters so as to be capable of evaluating the merits and risk of the purchase of the Equity Shares, and (iii) you are experienced in investing in private placement transactions of securities of companies in a similar stage of development and in similar jurisdictions and have such knowledge and experience in financial, business and investments matters that you are capable of evaluating the merits and risks of your investment in the Equity Shares;

41. Neither the Book Running Lead Manager nor any of its affiliates have any obligation to purchase or acquire all or any part of the Equity Shares purchased by you in the Issue or to support any losses directly or indirectly sustained or incurred by you for any reason whatsoever in connection with the Issue, including non-performance by our Company of any of its obligations or any breach of any representations and warranties by our Company, whether to you or otherwise;

42. You are aware and understand that you are allowed to place a Bid for Equity Shares. Please note that submitting a Bid for Equity Shares should not be taken to be indicative of the number of Equity Shares that will be Allotted to a successful Bidder. Allotment of Equity Shares will be undertaken by our Company, in its absolute discretion, in consultation with the Book Running Lead Manager;

43. You acknowledge that the Preliminary Placement Document and this Placement Document do not confer upon or provide you with any right of renunciation of the Equity Shares offered through the Issue in favour of any person;

44. You agree that any dispute arising in connection with the Issue will be governed by and construed in accordance with the laws of India, and the courts in Mumbai, India shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Preliminary Placement Document and this Placement Document;

45. Each of the representations, warranties, acknowledgements and agreements set out above shall continue to be true and accurate at all times, up to and including the Allotment, listing and trading of the Equity Shares in the Issue;

46. It is agreed that if any such representations, warranties, acknowledgements, agreements and undertakings are no longer accurate, you will promptly notify our Company and the Book Running Lead Manager;

47. You have made, or are deemed to have made, as applicable, the representations set forth in this section titled "*Representations by Investors*";

48. Our Company, the BRLM, its affiliates, directors, officers, employees and persons in control and others will rely on the truth and accuracy of the foregoing representations, warranties, acknowledgements and undertakings which are given to the BRLM on its own behalf and on behalf of our Company and are irrevocable; and

49. You confirm that neither is your investment as an entity of a country which shares land border with India nor is the beneficial owner of your investment situated in or a citizen of such country (in each which case, investment can only be through the Government approval route), and that your investment is in accordance with press note no. 3 (2020 Series), dated April 17, 2020, issued by the Department for Promotion of Industry and Internal Trade, Government of India, and Rule 6 of the FEMA Rules.

## OFFSHORE DERIVATIVE INSTRUMENTS

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines, and approvals in terms of Regulation 21 of the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended ("**SEBI FPI Regulations**"), FPIs, including the affiliates of the BRLM, who are registered as category I FPIs 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 an FPI against securities held by it in India, as its underlying and herein referred to as "**P-Notes**") and persons who are eligible for registration as category I FPIs can subscribe to or deal in such P-Notes, provided that in the case of an entity that has an investment manager who is from a Financial Action Task Force member country, such investment manager shall not be required to be registered as a category I FPI. The abovementioned category I FPIs may receive compensation from the purchasers of such instruments. You should ensure that any P-Notes issued by you have been issued in compliance with all applicable laws (including KYC norms and such other conditions as specified by SEBI from time to time). An Eligible FPIs shall also ensure that no transfer of any instrument referred to above is made to any person unless such FPIs are registered as category I FPI, and such instrument is being transferred only to person eligible for registration as category I FPIs subject to requisite consents being obtained in terms of Regulation 21 of SEBI FPI Regulations. P-Notes have not been and are not being offered or sold pursuant to the Preliminary Placement Document and this Placement Document. This Placement Document does not contain any information concerning P- Notes or the issuer(s) of any P-Notes, including any information regarding any risk factors relating thereto.

For further details relating to investment limits of FPIs, please see the section titled "*Issue Procedure*" on page 176. P-Notes may be issued only in favour of those entities which meet the eligibility criteria as laid down in Regulation 4 of the SEBI FPI Regulations. Pursuant to its circular dated June 10, 2016, SEBI has introduced additional requirements applicable to P-Notes, including (i) KYC norms for issuers of P-Notes which require identification and verification of beneficial owners of entities subscribing to the P-Note holding more than a prescribed threshold; (ii) the requirement for issuers to file suspicious transaction reports with the Indian Financial Intelligence Unit; and (iii) the requirement for the issuer to report details of intermediate transfers in the monthly reports on P-Notes submitted to SEBI. An Eligible FPI shall also ensure that no further issue or transfer of any instrument referred to above is made by or on behalf of it to any person other than such entities regulated by appropriate foreign regulatory authorities. P-Notes have not been, and are not being offered, or sold pursuant to the Preliminary Placement Document and this Placement Document. This Placement Document does not contain any information concerning P- Notes or the issuer(s) of any P-notes, including, without limitation, any information regarding any risk factors relating thereto.

Subject to certain relaxations provided under Regulation 22(4) of the SEBI FPI Regulations, investment by a single FPI including its investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than 50% or common control) is not permitted to be 10% or above of our post-Issue equity share capital on a fully diluted basis. The SEBI has, vide a circular dated November 5, 2019, as amended issued the operational guidelines for FPIs, designated depository participants and eligible foreign investors (the "**FPI Operational Guidelines**"), to facilitate implementation of the SEBI FPI Regulations. In terms of such FPI Operational Guidelines, the above-mentioned restrictions shall also apply to subscribers P-Notes. Two or more subscribers of P-Notes having common ownership, directly or indirectly, of more than 50% or common control shall be considered together as a single subscriber of the P-Notes. In the event a prospective investor has investments as an FPI and as a subscriber of P-Notes, these investment restrictions shall apply on the aggregate of the FPI and P-Notes held in the underlying company.

Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020 read with the Consolidated FDI Policy, issued by the Department for Promotion of Industry and Internal Trade, Government of India, investments where the beneficial owner of the Equity Shares is situated in or is a citizen of a country which shares land border with India, can only be made through the Government approval route, as prescribed in the Consolidated FDI Policy. These investment restrictions shall also apply to subscribers of offshore derivative instruments.

Affiliates of the BRLM which are Eligible FPIs may purchase, to the extent permissible under law, the Equity Shares in the Issue, and may issue P-Notes in respect thereof. Any P-Notes that may be issued are not securities of our Company and do not constitute any obligation of, claims on, or interests in, our Company. Our Company has not participated in any offer of any P-Notes, or in the establishment of the terms of any P-Notes, or in the preparation of any disclosure related to any P-Notes. Any P-Notes that may be offered are issued by, and are the sole obligations of, third parties that are unrelated to our Company. Our Company and the BRLM do not make any recommendation as to any investment in P-Notes and do not accept any responsibility whatsoever in connection with any P-Notes. Any P-Notes that may be issued are not securities of the BRLM and do not constitute any obligations of, or claims on, the BRLM. Affiliates of the BRLM which are FPIs may purchase, to the extent permissible under law, the Equity Shares in the Issue, and may issue P-Notes in respect thereof.

**Prospective investors interested in purchasing any P-Notes have the responsibility to obtain adequate disclosures as to the issuers of such P-Notes and the terms and conditions of any such P-Notes from the issuers of such P-Notes. Neither SEBI nor any other regulatory authority has reviewed or approved any P- Notes or any disclosure related thereto. Bidders are urged to consult with their own financial, legal, accounting and tax advisors regarding any contemplated investment in P-Notes, including whether P-Notes are issued in compliance with applicable laws and regulations.**

Please also see the sections titled, "*Selling Restrictions*" and "*Transfer Restrictions and Purchaser Representations*" on pages 190 and 197, respectively.

# DISCLAIMER CLAUSE

## *DISCLAIMER CLAUSE OF THE STOCK EXCHANGES*

As required, a copy of this Placement Document has been submitted to each of the Stock Exchanges. The Stock Exchanges do not in any manner:

1) warrant, certify or endorse the correctness or completeness of the contents of this Placement Document;

2) warrant that the Equity Shares issued pursuant to the Issue will be listed or will continue to be listed on the Stock Exchanges; or

3) take any responsibility for the financial or other soundness of our Company, its Promoters, its management or any scheme or project of our Company,

and it should not for any reason be deemed or construed to mean that this Placement Document has been cleared or approved by the Stock Exchanges. Every person who desires to apply for or otherwise acquire any Equity Shares may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the Stock Exchanges whatsoever, by reason of any loss which may be suffered by such person consequent to or in connection with, such subscription/acquisition, whether by reason of anything stated or omitted to be stated herein, or for any other reason whatsoever.

## *DISCLAIMER CLAUSE OF THE RBI*

The Company is having a valid Certificate of registration dated May 12, 2023 issued by the Reserve Bank of India under Section 45 IA of the Reserve Bank of India Act, 1934. However, the Reserve Bank of India does not accept any responsibility or guarantee about the present position as to the financial soundness of the Company or for the correctness of any of the statements or representations made or opinions expressed by the Company and for the repayment of deposits/discharge of liabilities by the Company.

## PRESENTATION OF FINANCIAL AND OTHER FINANCIAL INFORMATION

### Certain Conventions

In this Placement Document, unless otherwise specified or the context otherwise indicates or implies, references to "you", "your", "offeree", "purchaser", "subscriber", "recipient", "investors", "prospective investors" and "potential investor" are to the Eligible QIBs in the Issue and references to the "Issuer", "Arman", "the Company", "our Company" refers to Arman Financial Services Limited and references to "we", "us", or "our" are to our Company together with its Subsidiary, on a consolidated basis.

Unless otherwise specified or the context otherwise requires, all references in this Placement Document to (i) the 'US' or 'U.S.' or the 'United States' or the 'U.S.A' are to the United States of America and its territories and possessions; (ii) 'India' are to the Republic of India and its territories and possessions; and (iii) the 'UK' or 'U.K.' or the 'United Kingdom' are to the United Kingdom of Great Britain and its territories and possessions; and (iv) the 'Government' or 'GoI' or the 'Central Government' or the 'State Government' are to the Government of India, Central or State, as applicable.

In this Placement Document, references to 'INR', '₹', 'Rs.', 'Indian Rupees' and 'Rupees' are to the legal currency of India, references to "GBP" or "£", are to the legal currency of Great Britain and references to 'USD', 'U.S. Dollars' and 'US$' are to the legal currency of the United States.

References to the singular also refer to the plural and one gender also refers to any other gender, wherever applicable. All the numbers in this Placement Document have been presented in million or whole numbers, unless stated otherwise. The amounts in our Financial Statements included herein are presented in Rs. lakhs or in Rs. crores.

In this Placement Document, references to "Lakh" represents "100,000", "million" represents "1,000,000", "crore" represents "10,000,000", and "billion" represents "1,000,000,000".

Certain figures contained in this Placement Document, including financial information, have been subject to rounding adjustments. Any discrepancies in any table between the totals and the sum of the amounts listed are due to rounding off. In certain instances, (i) the sum or percentage change of such numbers may not conform exactly to the total figure given, and (ii) the sum of the figures in a column or row in certain tables may not conform exactly to the total figure given for that column or row. Unless otherwise specified, all financial numbers in parenthesis represent negative figures.

### Page Numbers

Unless otherwise stated, all references to page numbers in this Placement Document are to page numbers of this Placement Document.

### Financial and Other Information

The financial year of our Company commences on April 1 of each calendar year and ends on March 31 of the following calendar year, and, unless otherwise specified or if the context requires otherwise. The terms "Fiscal", "Financial Year", "Fiscals" or "Fiscal Year", refer to the 12-month period ending March 31 of that particular year. Unless stated otherwise, the financial data in this Placement Document is derived from the Financial Statements.

This Placement Document includes the following:

a) audited consolidated financial statements of the Company for Fiscal 2021 read along with the notes thereto prepared in accordance with Indian Accounting Standards (Ind AS), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India and in compliance with the SEBI Listing Regulations and the report issued thereon (the "**Fiscal 2021 Audited Consolidated Financial Statements**");

b) audited consolidated financial statements of the Company for Fiscal 2022 read along with the notes thereto prepared in accordance with Indian Accounting Standards (Ind AS), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India and in compliance with the SEBI Listing Regulations and the report issued thereon (the "**Fiscal 2022 Audited Consolidated Financial Statements**");

c) audited consolidated financial statements of the Company for Fiscal 2023 read along with the notes thereto prepared in accordance with Indian Accounting Standards (Ind AS), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India and in compliance with the SEBI Listing Regulations and the report issued thereon (the "**Fiscal 2023 Audited Consolidated Financial Statements**" and collectively with Fiscal 2021 Audited Standalone Financial Statements and Fiscal 2022 Audited Consolidated Financial Statements, the "**Audited Financial Statements**"); and

d) unaudited consolidated financial statements of the Company as at and for the six months ended September 30, 2023, read along with the notes thereto, prepared in accordance with Indian Accounting Standard 34 "Interim Financial

Reporting", prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India and the report issued thereto ("**Unaudited Interim Condensed Consolidated Financial Statements**" and collectively with Audited Consolidated Financial Statements, the **"Financial Statements"**).

Fiscal 2021 Audited Consolidated Financial Statements, together with the audit report issued thereon by our previous statutory auditor, M/s. Samir M. Shah & Associates, Chartered Accountants; and the Fiscal 2022 Audited Consolidated Financial Statements, the Fiscal 2023 Audited Consolidated Financial Statements and the Unaudited Interim Condensed Consolidated Financial Statements together with the respective reports issued thereon by our current Statutory Auditors, M/s Talati & Talati LLP, Chartered Accountants, have been included in this Placement Document.

The Audited Financial Statements should be read along with the respective audit reports, and the Unaudited Interim Condensed Consolidated Financial Statements should be read along with the review report. Further, our Unaudited Interim Condensed Consolidated Financial Statements are not necessarily indicative of results that may be expected for the full financial year or any future reporting period and are not comparable with the annual financials.

Our Company prepares its financial statements in accordance with Ind AS, Companies Act, and other applicable statutory and/or regulatory requirements. Our Company publishes its financial statements in Indian Rupees. Ind AS differs from accounting principles with which prospective investors may be familiar in other countries, including IFRS and US GAAP and the reconciliation of the financial information to other accounting principles has not been provided. No attempt has been made to explain those differences or quantify their impact on the financial data included in this Placement Document and investors should consult their own advisors regarding such differences and their impact on our Company's financial data. The degree to which the financial information included in this Placement Document will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting policies and practices, Ind AS, the Companies Act and the SEBI ICDR Regulations. Any reliance by persons not familiar with Ind AS, the Companies Act, the SEBI ICDR Regulations and practices on the financial disclosures presented in this Placement Document should accordingly be limited. Also see, "*Risk Factors – 59. Significant differences exist between Ind AS used to prepare our financial information and other accounting principles, such as U.S. GAAP and IFRS, which investors may be more familiar with and may consider material to their assessment of our financial condition"* on page 77.

Our financial statements for the 2021, 2022 and 2023 and the six months ended September 30, 2023 are prepared, and have been presented in lakhs in this Placement Document, except for the information in the sections titled *"Risk Factors"*, "*Industry Overview*" , "*Summary of Business*", "*Selected Financial Information*", "*Our Business*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" which have been presented in million for presentation purposes and have been rounded off or expressed in two decimals. Certain figures contained in this Placement Document, including financial information, have been subject to rounding adjustments. Any discrepancies in any table between the totals and the sum of the amounts listed are due to rounding off. In certain instances, (i) the sum or percentage change of such numbers may not conform exactly to the total figure given, and (ii) the sum of the figures in a column or row in certain tables may not conform exactly to the total figure given for that column or row. Unless otherwise specified, all financial numbers in parenthesis represent negative figures.

**Non-GAAP Financial Measures**

Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance such as EBITDA, EBITDA margin, PAT, PAT margin, ROE, ROA, and ROCE, have been included in this Placement Document. These 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 companies and are not measures of operating performance or liquidity defined by Ind AS and may not be comparable to similarly titled measures presented by other companies.

## INDUSTRY AND MARKET DATA

Information regarding market position, growth rates, other industry data and certain industry forecasts pertaining to our business contained in this Placement Document consists of estimates based on data reports compiled by government bodies, data from other external sources and knowledge of the markets in which we compete. Unless stated otherwise, the statistical information included in this Placement Document relating to the industry in which we operate has been reproduced from various trade, industry and government publications and websites more particularly described in the section titled "*Industry Overview*" on page 121.

The industry, market and economic data included in this Placement Document has been derived from the report titled "India Microfinance Review FY 2022 – 23" dated November 2023 (the "**MFIN Report**"). Microfinance Industry Network is not related in any manner to our Company, its Subsidiary, Directors, Key Managerial Personnel, Senior Management or the Promoters.

This data in the MFIN Report is subject to change and cannot be verified with certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey. In many cases, there is no readily available external information (whether from trade or industry associations, government bodies or other organizations) to validate market-related analysis and estimates, so we have relied on internally developed estimates. Similarly, while we believe its internal estimates to be reasonable, such estimates have not been verified by any independent sources and neither we nor the BRLM can assure Bidders as to their accuracy.

The extent to which the market and industry data used in this Placement Document is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There is no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions may vary widely among different industry sources. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in the section titled "*Risk Factors – 39. Industry information included in this Placement Document has been derived from publicly available documents from various sources*." on page 69.

### Disclaimer of the MFIN Report

The MFIN Report is subject to the following disclaimer:

*"Microfinance Industry Network has taken due care and caution in preparing this report (Report) based on the Information obtained by Microfinance Industry Network from sources which it considers reliable (Data). Without limiting the generality of the foregoing, nothing in the Report is to be construed as Microfinance Industry Network providing or intending to provide any services in jurisdictions where Microfinance Industry Network does not have the necessary permission and/or registration to carry out its business activities in this regard. Arman Financial Services Limited will be responsible for ensuring compliances and consequences of non-compliances for use of the Report or part thereof outside India."*

## FORWARD-LOOKING STATEMENTS

Certain statements contained in this Placement Document that are not statements of historical fact constitute "forward-looking statements". Investors can generally identify forward-looking statements by terminology such as "aim", "anticipate", "believe", "continue", "can", "could", "estimate", "expect", "intend", "may", "objective", "plan", "potential", "project", "pursue", "shall", "should", "will", "would", or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements.

The forward-looking statements appear in a number of places throughout this Placement Document and include statements regarding the intentions, beliefs or current expectations of our Company concerning, amongst other things, the expected results of operations, financial condition, liquidity, prospects, growth, strategies and dividend policy of our Company and the industry in which we operate. In addition, even if the result of operations, financial conditions, liquidity and dividend policy of our Company, and the development of the industry in which we operate, are consistent with the forward-looking statements contained in this Placement Document, those results or developments may not be indicative of results or developments in subsequent periods.

All statements regarding our Company's expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our Company's business strategy, planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Placement Document that are not historical facts. These forward-looking statements contained in this Placement Document (whether made by us or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about our Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause the actual results, performances and achievements of our Company to be materially different from any of the forward-looking statements include, among others:

1. The risk of non-payment or default by our borrowers or failure to maintain sufficient credit assessment policies may adversely affect our business, results of operations and financial condition.

2. Most of the loans we provide are unsecured and are susceptible to certain operational and credit risks which may result in increased levels of NPAs, which may adversely affect our business, prospects, results of operations and financial condition.

3. A significant portion of our loan portfolio was originated in rural areas, exposing us to risks associated with rural economies.

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

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

6. We derive a significant portion of our AUM from our microfinance business vertical and the loss of business in this vertical due to increased competition in the industry could adversely affect our business and prospects

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

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

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

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

Additional factors that could cause actual results, performance or achievements of our Company to differ materially include, but are not limited to, those discussed under the sections titled "*Risk Factors*", "*Industry Overview*", "*Our Business*" and

"*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 49, 121, 131 and 89, respectively.

By their nature, market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, any future gains, losses or impact on net income and net income could materially differ from those that have been estimated, expressed or implied by such forward-looking statements or other projections. The forward-looking statements contained in this Placement Document are based on the beliefs of the management, as well as the assumptions made by, and information currently available to, the management of our Company. Although we believe that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as on the date of this Placement Document or the respective dates indicated in this Placement Document, and we undertake no obligation to update or revise any of them, whether as a result of new information, future events or otherwise. If any of these risks and uncertainties materialize, or if any of our Company's underlying assumptions prove to be incorrect, the actual results of operations or financial condition of our Company could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements. In accordance with SEBI and Stock Exchange requirements, our Company and the BRLM will ensure that the eligible equity shareholders are informed of material developments until the time of the grant of listing and trading permissions by the Stock Exchanges.

## ENFORCEMENT OF CIVIL LIABILITIES

Our Company is a public limited liability company incorporated under the laws of India. All our Directors, Key Managerial Personnel and the Senior Management are residents of India and all or a substantial portion of the assets of our Company and such persons are located in India. As a result, it may be difficult or may not be possible for investors outside India to effect service of process upon our Company or such persons in India, or to enforce judgments obtained against such parties outside India predicated upon civil liabilities of our Company or such directors and executive officers under laws other than Indian laws, including judgments predicated upon the civil liability provisions of the federal securities laws of the United States.

Recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A of the Code of Civil Procedure, 1908, as amended (the "**Civil Procedure Code**"), on a statutory basis. Section 13 of the Civil Procedure Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon between the same parties or parties litigating under the same title, except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognise the law of India in cases in which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; or (vi) where the judgment sustains a claim founded on a breach of any law then in force in India. India is not a party to any multilateral international treaty in relation to the recognition or enforcement of foreign judgments. However, Section 44A of the Civil Procedure Code provides that a foreign judgment rendered by a superior court (within the meaning of that section) in any jurisdiction outside India which the Government has by notification declared to be a reciprocating territory, may be enforced in India by proceedings in execution as if the judgment had been rendered by a competent court in India. Under Section 14 of the Civil Procedure Code, a court in India will, upon the production of any document purporting to be a certified copy of a foreign judgment, presume that the foreign judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record but such presumption may be displaced by proving want of jurisdiction. However, Section 44A of the Civil Procedure Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalties and does not include arbitration awards.

Among other jurisdictions, the United Kingdom of Great Britain and Northern Ireland, Republic of Singapore, United Arab Emirates and Hong Kong have been declared by the Government to be reciprocating territories for the purposes of Section 44A of the Civil Procedure Code, but the United States of America has not been so declared. A judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a fresh suit upon the judgment and not by proceedings in execution. The suit must be brought in India within three years from the date of the foreign judgment in the same manner as any other suit filed to enforce a civil liability in India.

It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with public policy of India. Further, any judgment or award in a foreign currency would be converted into Rupees on the date of such judgment or award and not on the date of payment. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered, and any such amount may be subject to income tax in accordance with applicable laws. We cannot assure that such approval will be forthcoming within a reasonable period of time, or at all, or that conditions of such approvals would be acceptable. Our Company and the Book Running Lead Manager cannot predict whether a suit brought in an Indian court will be disposed of in a timely manner or be subject to considerable delays.

## EXCHANGE RATE INFORMATION

Fluctuations in the exchange rate between the Rupee and the U.S. dollar will affect the U.S. dollar equivalent of the Rupee price of the Equity Shares on the Stock Exchanges. These fluctuations will also affect the conversion into U.S. dollar of any cash dividends paid in Rupees on the Equity Shares.

**INR TO USD**

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Indian Rupee and the U.S. dollar (in ₹ per U.S.D) based on the reference rates released by the RBI/FBIL. No representation is made that the Indian Rupee amounts actually represent such amounts in U.S. dollar or could have been or could be converted into USD at the rates indicated, any other rates, or at all.

| | ***(₹ Per US$)*** | | | |
|---|---|---|---|---|
| | **Period end(^)** | **Average (1)** | **High(2)** | **Low(3)** |
| **Financial Year:** | | | | |
| 2023 | 82.22 | 80.39 | 83.20 | 75.39 |
| 2022 | 75.81 | 74.51 | 76.92 | 72.48 |
| 2021 | 73.50 | 74.27 | 76.81 | 72.29 |
| | | | | |
| Six months ended September 30, 2023 | 83.06 | 82.44 | 83.26 | 81.65 |
| | | | | |
| **Month ended:** | | | | |
| November 30, 2023 | 83.35 | 83.30 | 83.39 | 83.13 |
| October 31, 2023 | 83.27 | 83.24 | 83.27 | 83.15 |
| September 30, 2023 | 83.06 | 83.05 | 83.26 | 82.66 |
| August 31, 2023 | 82.68 | 82.79 | 83.13 | 82.28 |
| July 31, 2023 | 82.25 | 82.15 | 82.68 | 81.81 |
| June 30, 2023 | 82.04 | 82.23 | 82.64 | 81.88 |

*(Source: www.fbil.org.in and www.rbi.org.in)*

*(^) The price for the period end refers to the price as on the last trading day of the respective fiscal year or quarterly or monthly periods.*

*(1) Average of the official rate for each working day of the relevant period.*

*(2) Maximum of the official rate for each Working Day of the relevant period.*

*(3) Minimum of the official rate for each Working Day of the relevant period.*

***Notes:***

- *If the RBI reference rate is not available on a particular date due to a public holiday, exchange rates of the previous working day have been disclosed.*
- *The RBI reference rates are rounded off to two decimal places.*

## DEFINITIONS AND ABBREVIATIONS

*This Placement Document uses the definitions and abbreviations set forth below, which you should consider when reading the information contained herein.*

*The following list of certain capitalised terms used in this Placement Document is intended for the convenience of the reader/ prospective investor only and is not exhaustive.*

*Unless otherwise specified, the capitalised terms used in this Placement Document shall have the meaning as defined hereunder. Further any references to any agreement, document, statute, rules, guidelines, regulations or policies shall include amendments made thereto, from time to time.*

*The words and expressions used in this Placement Document but not defined herein, shall have, to the extent applicable, the meaning ascribed to such terms under the Companies Act, the SEBI ICDR Regulations, the SCRA, the Depositories Act or the rules and regulations framed thereunder. Notwithstanding the foregoing, terms used in the sections titled "Taxation", "Industry Overview", "Financial Information" and "Legal Proceedings" on pages 206, 121, 214 and 211, respectively, shall have the meaning given to such terms in such sections.*

### General Terms

| Term | Description |
|---|---|
| "Our Company", "the Company", "the Issuer" or "Arman" | Arman Financial Services Limited, a public limited company incorporated under the provisions of the Companies Act, 1956 and having its registered office at 502-503, Sakar III, Opposite Old High Court, Off Ashram Road, Ahmedabad, Gujarat – 380014 India. |
| "We", "Our", or "Us" | Unless the context otherwise indicates or implies, refers to our Company along with the Subsidiary, on a consolidated basis |

### Company related terms

| Term | Description |
|---|---|
| Articles or Articles of Association | The Articles of Association of our Company, as amended from time to time |
| Audit Committee | The Audit Committee constituted by the Board of our Company as disclosed in the section titled "*Board of Directors and Senior Management*" on page 156. |
| Audited Consolidated Financial Statements | Collectively, Fiscal 2021 Audited Consolidated Financial Statements, Fiscal 2022 Audited Consolidated Financial Statements and Fiscal 2023 Audited Consolidated Financial Statements. |
| Auditors or Statutory Auditors or Independent Auditors | Statutory auditors of the Company namely, M/s Talati & Talati LLP, Chartered Accountants, Chartered Accountants |
| Board of Directors or Board | The board of directors of our Company, including any duly constituted committee thereof |
| Corporate Office | 502-503, Sakar III, Opposite Old High Court, Off Ashram Road, Ahmedabad, Gujarat – 380014 India |
| Corporate Social Responsibility Committee | The Corporate Social Responsibility Committee constituted by the Board of our Company as disclosed in the section titled "*Board of Directors and Senior Management*" on page 156. |
| Director(s) | The directors on the Board of our Company, as may be appointed from time to time |
| ESOP 2016 | Arman-Employee Stock Option Plan 2016 |
| ESOP 2023 | Arman ESOP Plan 2023 |
| Equity Shares | The equity shares of face value of ₹ 10 each of the Company |
| Financial Statements | Collectively, Audited Consolidated Financial Statements and Unaudited Interim Condensed Consolidated Financial Statements. |
| Fiscal 2023 Audited Consolidated Financial Statements | Audited consolidated financial statements for Fiscal 2023, read along with the notes thereto, prepared in accordance with Indian Accounting Standards (Ind AS), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India, and in compliance with the SEBI Listing Regulations |
| Fiscal 2022 Audited Consolidated Financial Statements | Audited consolidated financial statements for Fiscal 2022, read along with the notes thereto, prepared in accordance with Indian Accounting Standards (Ind AS), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India, and in compliance with the SEBI Listing Regulations |
| Fiscal 2021 Audited Consolidated Financial Statements | Audited consolidated financial statements for Fiscal 2021, read along with the notes thereto, prepared in accordance with Indian Accounting Standards (Ind AS), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India and in compliance with the SEBI Listing Regulations |

| Term | Description |
|---|---|
| Gross Proceeds | The gross proceeds of the Issue that will be available to our Company. |
| Independent Director(s) | Independent directors of our Company, unless otherwise specified. |
| Issue and Allotment Committee | The issue and allotment committee constituted for the purposes of the Issue by the Board of our Company as disclosed in the section titled "*Board of Directors and Senior Management*" on page 156. |
| Key Managerial Personnel | The key managerial personnel of our Company in accordance with the provisions of the Companies Act, 2013. For details, please see the section titled "*Board of Directors and Senior Management*" on page 156. |
| Memorandum or Memorandum of Association | The Memorandum of Association of our Company, as amended from time to time |
| Nomination and Remuneration Committee | The Nomination and Remuneration Committee constituted by the Board of our Company as disclosed in the section titled "*Board of Directors and Senior Management*" on page 156. |
| Non-Executive Director(s) | Non-executive directors of our Company, unless otherwise specified |
| Promoters | The Promoters of our Company, being, Jayendrabhai Bhailalbhai Patel, Amit Rajnikant Manakiwala and Ritaben Jayendrabhai Patel. |
| Promoter Group | The individuals and entities forming part of our promoter group in accordance with Regulation 2(1)(pp) of the SEBI ICDR Regulations |
| Registered and Corporate Office | The registered office of the Company situated at 502-503, Sakar III, Opposite Old High Court, Off Ashram Road, Ahmedabad, Gujarat – 380014 India. |
| Risk Management Committee | The Risk Management Committee constituted by the Board of our Company as disclosed in the section titled "*Board of Directors and Senior Management*" on page 156. |
| Senior Management | The members of the senior management of our Company in accordance with Regulation 2 (1) (bbbb) of the SEBI ICDR Regulations. For details, please see the section titled "*Board of Directors and Senior Management*" on page 156. |
| Shareholders | Shareholders of our Company |
| Stakeholders Relationship Committee | The Stakeholders Relationship Committee constituted by the Board of our Company as disclosed in the section titled "*Board of Directors and Senior Management*" on page |
| Subsidiary | The wholly owned subsidiary of our Company in accordance with the Companies Act, 2013, being Namra Finance Limited. |
| Unaudited Interim Condensed Consolidated Financial Statements | Unaudited interim condensed consolidated financial statements of the Company as at and for the six months ended September 30, 2023 and comparatives for September 30, 2022, read along with the notes thereto, prepared in accordance with Indian Accounting Standard 34 "Interim Financial Reporting", prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India and the report issued thereto. |

**Issue related terms**

| Term | Description |
|---|---|
| Allocated or Allocation | The allocation of Equity Shares, by our Company in consultation with the BRLM, following the determination of the Issue Price to Eligible QIBs on the basis of the Application Forms submitted by them, in consultation with the BRLM and in compliance with Chapter VI of the SEBI ICDR Regulations |
| Allot/ Allotment/ Allotted | Allotment and issue of Equity Shares pursuant to the Issue |
| Allottees | Eligible QIBs to whom Equity Shares are issued pursuant to the Issue |
| Application Amount | With respect to a Bidder shall mean the aggregate amount paid by such Bidder at the time of submitting a Bid in the Issue |
| Application Form | Form (including any revisions thereof) which has been submitted by the Eligible QIBs for registering a Bid in the Issue |
| Bid Amount | The amount determined by multiplying the price per Equity Share indicated in the Bid by the number of Equity Shares Bid for by a Bidder and payable by the Bidder in the Issue on submission of the Application Form |
| Bid(s) | Indication of an Eligible QIB's interest, including all revisions and modifications of interest, as provided in the Application Form, to subscribe for the Equity Shares pursuant to the Issue. The term "Bidding" shall be construed accordingly |
| Bidder | Any investor, being an Eligible QIB, has made a Bid pursuant to the terms of the Preliminary Placement Document and the Application Form |

| Term | Description |
|---|---|
| Book Running Lead Manager or BRLM | JM Financial Limited. |
| CAN/ Confirmation of Allocation Note | Note, advice or intimation confirming Allocation of Equity Shares to such Successful Bidders after determination of the Issue Price |
| Closing Date | The date on which Allotment of Equity Shares pursuant to the Issue shall be made, i.e., on or about December 22, 2023 |
| Designated Date | The date on which the Equity Shares issued pursuant to the Issue, are listed on the Stock Exchanges pursuant to receipt of the final listing and trading approvals for the Equity Shares from the Stock Exchanges or the date on which Form PAS-3 is filed by our Company with the RoC, whichever is later |
| Eligible FPIs | FPIs that are eligible to participate in this Issue in terms of applicable laws, other than individuals, corporate bodies and family offices |
| Eligible QIBs | QIBs, as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations that were eligible to participate in the Issue and which were not excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations and were not restricted from participating in the Issue under the applicable laws. In addition, QIBs, outside the United States in "offshore transactions" in reliance on Regulation S under the U.S. Securities Act. Further, FVCIs were not permitted to participate in the Issue |
| Escrow Account | Special non-interest bearing, no-lien, current bank account without any cheques or overdraft facilities, to be opened in the name and style "*Arman Financial Services Limited QIP Escrow*" with the Escrow Bank, subject to the terms of the Escrow Agreement into which the Application Amount payable by the Bidders in connection with the subscription to the Equity Shares pursuant to the Issue was deposited |
| Escrow Agreement | Agreement dated December 19, 2023, entered into by and amongst our Company, the Escrow Bank and the Book Running Lead Manager for collection of the Application Amounts and remitting refunds, if any, of the amounts collected, to the Bidders |
| Escrow Bank | ICICI Bank Limited |
| Floor Price | Floor price of ₹ 2,309.51 for each Equity Share, calculated in accordance with Chapter VI of the SEBI ICDR Regulations. Our Company offered a discount of ₹ 114.51 per Equity Share, equivalent to 4.96% on the Floor Price in accordance with the approval of our Board dated August 14, 2023 and the Shareholders on September 29, 2023, and in terms of Regulation 176(1) of the SEBI ICDR Regulations |
| Issue | Offer and issuance of the Equity Shares to Eligible QIBs, pursuant to Chapter VI of the SEBI ICDR Regulations and the applicable provisions of the Companies Act, 2013 and the rules made thereunder |
| Issue Closing Date | December 22, 2023, the date after which our Company (or Book Running Lead Manager on behalf of our Company) shall cease acceptance of Application Forms and the Application Amount |
| Issue Opening Date | December 19, 2023, the date on which our Company (or the Book Running Lead Manager on behalf of our Company) commenced acceptance of the Application Forms and the Application Amount |
| Issue Period | Period between the Issue Opening Date and the Issue Closing Date, inclusive of both days during which Eligible QIBs could submit their Bids along with the Application Amount |
| Issue Price | A price per Equity Share of ₹ 2,195.00 |
| Issue Size | Aggregate size of the Issue of₹ 2,300.00 million |
| Monitoring Agency | CARE Ratings Limited, being a credit rating agency registered with SEBI |
| Monitoring Agency Agreement | Monitoring agency agreement dated December 19, 2023, entered into between our Company and CARE Ratings Limited. |
| Net Proceeds | The net proceeds from the Issue, after deducting fees, commissions and expenses of the Issue |
| Placement Agreement | Placement agreement dated December 19, 2023 by and among our Company and the Book Running Lead Manager |
| Preliminary Placement Document | The Preliminary Placement Document dated December 19, 2023 issued in accordance with Chapter VI of the SEBI ICDR Regulations and the provisions of the Companies Act, 2013 and the rules prescribed thereunder |
| Placement Document | This placement document dated December 22, 2023 issued in accordance with Chapter VI of the SEBI ICDR Regulations and the provisions of the Companies Act, 2013 and the rules prescribed thereunder |

| Term | Description |
|---|---|
| QIBs or Qualified Institutional Buyers | Qualified institutional buyers, as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations |
| QIP | Qualified institutions placement under Chapter VI of the SEBI ICDR Regulations and applicable provisions of the Companies Act, 2013 read with applicable rules |
| Regulation D | Regulation D under the U.S. Securities Act |
| Refund Amount | The aggregate amount to be returned to the Bidders who have not been Allocated Equity Shares for all, or part, of the Application Amount submitted by such Bidder pursuant to the Issue |
| Refund Intimation | The intimation from the Company to relevant Bidders confirming refund of the Refund Amount to their respective bank accounts |
| Relevant Date | December 19, 2023, which is the date of the meeting in which our Issue and Allotment Committee decided to open the Issue |
| Stock Exchanges | NSE and BSE |
| Successful Bidders | The Bidders who have Bid at or above the Issue Price, duly paid the Application Amount with the Application Form and who are Allocated Equity Shares pursuant to the Issue |
| U.S. / United States / U.S.A. | The United States of America |
| Working Day | Any day other than second and fourth Saturday of the relevant month or a Sunday or a public holiday or a day on which scheduled commercial banks are authorised or obligated by law to remain closed in Mumbai, India |

**Business related terms**

| Term | Description |
|---|---|
| ALM | Asset liability management |
| AML | Anti-money-laundering |
| CAGR | Compound annual growth rate |
| CRAR | Capital risk adequacy ratio |
| CRO | Chief Risk Officer |
| CSR | Corporate Social Responsibility |
| DDT | Dividend Distribution Tax |
| EMIs | Equated monthly instalments |
| ERP | Enterprise resource planning |
| ESG | Environmental, Sustainability and Governance |
| "Gross NPAs" or "GNPAs" | Gross non-performing assets |
| HRMS | Human resource management system |
| JLG | Joint liability group |
| KYC | Know Your Customer |
| LAP | Loans against property |
| LMS | Loan management system |
| LOS | Loan origination system |
| LTV | Loan-to-value |
| MFIN | Microfinance Industry Network |
| MSME | Micro, small and medium enterprises |
| NACH | National automated clearing house |
| NCDs | Non-convertible debentures |
| "Net NPAs" or "NNPAs" | Net non-performing assets |
| SI-NBFC-ICC | Systemically Important – Non-Banking Finance – Investment and Credit Company |
| Social Security Code | Code on Social Security, 2020 |
| STT | Securities transaction tax |
| Twinline | Twinline Business Solutions Private Limited |

**Conventional and general terms**

| Term | Description |
|---|---|
| ₹, Rs., INR, Rupees | Indian Rupees |
| AGM | Annual General Meeting |
| AS or Accounting Standards | Accounting Standards issued by the Institute of Chartered Accountants of India |
| BSE | BSE Limited |
| CAGR | Compound annual growth rate |
| Calendar Year | Year ending on December 31 |

| Term | Description |
|---|---|
| CDSL | Central Depository Services (India) Limited |
| CEO | Chief Executive Officer |
| CESTAT | Customs, Excise and Service Tax Appellate Tribunal |
| CFO | Chief Financial Officer |
| CIN | Corporate Identification Number |
| Civil Procedure Code | The Code of Civil Procedure, 1908 |
| Companies Act | The Companies Act, 2013 and applicable provisions of the Companies Act, 1956 |
| Companies Act, 1956 | The Companies Act, 1956 along with the relevant rules made thereunder |
| Companies Act, 2013 | The Companies Act, 2013, along with the relevant rules made and clarifications issued thereunder |
| Consolidated FDI Policy | Consolidated Foreign Direct Investment Policy notified by the DPIIT by way of circular bearing number DPIIT file number 5(2)/2020-FDI Policy dated October 15, 2020 effective from October 15, 2020 |
| Cr.PC | The Code of Criminal Procedure, 1973 |
| Depositories | CDSL and NSDL |
| Depositories Act | The Depositories Act, 1996 |
| Depository Participant or DP | A depository participant as defined under the Depositories Act |
| DP ID Number | Depository participant identification number |
| DPIIT | Department for Promotion of Industry and Internal Trade |
| EGM | Extraordinary general meeting |
| Eligible FPIs | FPIs that are eligible to participate in this Issue |
| EU | European Union |
| FDI | Foreign Direct Investment |
| FEMA | The Foreign Exchange Management Act, 1999, together with rules and regulations issued thereunder |
| FEMA Rules | The Foreign Exchange Management (Non-debt Instruments) Rules, 2019, as amended |
| FIR | First information report |
| Financial Year or Fiscal | The period of 12 months ended March 31 of that particular year, unless otherwise stated |
| Form PAS-4 | Form PAS-4 as prescribed under the Companies (Prospectus and Allotment of Securities) Rules, 2014 |
| FPIs | Foreign portfolio investors as defined under the SEBI FPI Regulations and includes a person who has been registered under the SEBI FPI Regulations |
| Fugitive Economic Offender | An individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018 |
| FVCI | Foreign Venture Capital Investor, as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, registered with SEBI |
| GAAP | Generally Accepted Accounting Principles |
| GDP | Gross Domestic Product |
| General Meeting | AGM or EGM |
| GoI or Government | Government of India |
| GST | Goods and Services Tax |
| HUF | Hindu Undivided Family |
| HNI | High net-worth individual |
| I.T. Act | The Income-tax Act, 1961 |
| ICAI | Institute of Chartered Accountants of India |
| IFRS | International Financial Reporting Standards |
| Ind AS | Indian accounting standards, as per the roadmap issued by the Ministry of Corporate Affairs, Government of India, notified by the MCA under section 133 of the Companies Act, 2013, read with Companies (Indian Accounting Standards) Rules, 2015, as amended |
| Indian GAAP | Indian Generally Accepted Accounting Principles (GAAP) as notified under Section 133 of the Companies Act read with Companies (Accounts) Rules, 2014 |
| IRDAI | Insurance Regulatory and Development Authority of India |
| MAT | Minimum Alternate Tax |
| MCA | Ministry of Corporate Affairs, GoI |
| MoF | Ministry of Finance, GoI |
| MoU | Memorandum of Understanding |
| Mutual Funds | Mutual funds registered under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 |

| Term | Description |
|---|---|
| NBFC | Non-banking financial company |
| NBFC-ICC | Non-banking financial company – investment and credit company |
| NEFT | National Electronic Fund Transfer |
| Non-Resident Indian or NRI | An individual resident outside India who is citizen of India |
| Non-Resident or NR | A person resident outside India, as defined under the FEMA |
| NSDL | National Securities Depository Limited |
| NSE | National Stock Exchange of India Limited |
| P.A. or p.a. | Per annum |
| PAN | Permanent Account Number allotted under the I.T. Act |
| PAS Rules | The Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended |
| PAT | Profit after tax |
| RBI | Reserve Bank of India |
| RBI Act | The Reserve Bank of India Act, 1934 |
| Regulation S | Regulation S under the U.S. Securities Act |
| RoC or Registrar | Registrar of Companies, Gujarat at Ahmedabad |
| SCR (SECC) Regulations | The Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations), Regulations, 2018 |
| SCRA | The Securities Contracts (Regulation) Act, 1956 |
| SCRR | The Securities Contracts (Regulation) Rules, 1957 |
| SEBI | The Securities and Exchange Board of India established under the SEBI Act |
| SEBI Act | The Securities and Exchange Board of India Act, 1992 |
| SEBI FPI Regulations | The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019 |
| SEBI ICDR Regulations, 2009 | The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 |
| SEBI ICDR Regulations | The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 |
| SEBI Insider Trading Regulations | The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 |
| SEBI Listing Regulations | The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 |
| SEBI Mutual Fund Regulations | The Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 |
| SEBI Takeover Regulations | The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 |
| U.S. Securities Act / United States Securities Act | The United States Securities Act of 1933, as amended. |
| U.S. GAAP | Generally accepted accounting principles in the United States of America |
| VCF | Venture capital fund |
| Wilful Defaulter or Fraudulent Borrower | Wilful defaulter or fraudulent borrower as defined under Regulation 2(1)(lll) of the SEBI ICDR Regulations |

## SUMMARY OF BUSINESS

### Overview

Our Company is rural focused Systemically Important – Non-Banking Finance – Investment and Credit Company ("**SI-NBFC-ICC**"), registered with the Reserve Bank of India ("**RBI**") with a geographically diversified presence in India and over three decades of domain expertise providing key financial services predominantly to low-income households in rural areas. The majority of our portfolio includes loans provided under the joint liability group ("**JLG**") model, predominantly to women from such low-income households in rural areas.

Since our incorporation in 1992, we have grown to become a lender with a diversified pan-India presence and offering services to approximately 0.73 million active customers through our network of 385 branches and 3,382 employees spread across 140 districts in 10 states and located across the northern, southern, eastern and western zones in India as of September 30, 2023. Such a geographical spread allows us to help our customers make use of cost-effective locations while allowing us with the flexibility of providing our services as per the requirements of our customers.

We provide three key financial services: (i) group-based microfinance including individual business loans; (ii) loans to micro, small and medium enterprises ("**MSME**"), and (iii) two-wheeler finance. As of September 30, 2023, our total AUM stood at ₹23,042.50 million of which microfinance loans comprised ₹19,448.85 million aggregating to 84.40% of our total AUM, MSME loans comprised ₹2,905.47 million aggregating to 12.61% of our total AUM, and two-wheeler loans comprised ₹688.18 million aggregating to 2.99% of our total AUM. Our key focus is microfinance activities, which involve providing small loans and financial services to low-income individuals, with an emphasis on rural and underserved areas and in semi-urban retail markets**.**

Over the years, we have scaled our operations while maintaining our asset quality. As of September 30, 2023, our AUM was ₹23,042.50 million and our AUM increased over Fiscal 2021 to Fiscal 2023 at a compound annual growth rate ("**CAGR**") of 54.46% to ₹19,429.29 million as of March 31, 2023 from ₹ 8,143.76 million as of March 31, 2021. Our disbursements grew to ₹ 17,667.51 million in Fiscal 2023 from ₹ 10,217.02 million in Fiscal 2022, a CAGR of 72.92% over Fiscal 2022 to 2023. As a result of our strong performance, we were honoured with the India's Growth Champions award by Economic Times & Statista in 2022.

Our performance benefits from continuous technological advancements in aiding our efficiency, accuracy, and results. Our facilities are connected across sites through our cloud-based infrastructure, allowing for seamless collaboration and faster ramp ups, and enhancing our ability to pivot customer solutions across multiple regions. In addition, we have developed in-house and launched (i) an integrated mobile interface for onboarding customers, and (ii) a comprehensive digital collection solution which facilitated timely collection and automated reconciliation, among others.

As an SI-NBFC-ICC, we have access to diverse sources of liquidity, including from both domestic and international financial markets. Our primary sources of funds include term loans from banks and financial institutions, non-convertible debentures ("**NCDs**"), subordinated debt instruments and securitization and assignment of loan portfolios. As of September 30, 2023, we had a large and diversified mix of 51 lenders, comprising a range of public banks, private banks, foreign banks, financial institutions, money markets, deposits, ECBs and other sources of borrowings. We have a disciplined approach to asset liability management ("**ALM**") and we believe that having such a diversified debt profile ensures we are not overly dependent on any one type or source for funding and enables us to optimize our cost of borrowings, funding and liquidity requirements, capital management and asset liability management. Our average cost of borrowing in Fiscal 2021, 2022, 2023 and six months ended September 30, 2023 was 11.16%,10.46%, 13.26%, and 15.15% respectively, while our incremental/(reduced) cost of borrowing in the same periods were (1.95%), (0.70%), 2.80%, 1.89%, respectively.

Our financial management is reflective in our strong credit ratings, with Acuité Rating & Research Limited assigning us (i) 'ACUITE A-' (Outlook-Stable) in Fiscal 2023 from BBB+ by CARE Ratings and ACUITE A- with stable outlook in Fiscal 2022 for the long-term rating on our non-convertible debentures, (ii) 'ACUITE A-' (Outlook-Stable) in Fiscal 2023 from BBB+ by CARE Ratings and ACUITE A- with stable outlook in Fiscal 2022 for the long-term rating of our bank facilities of our Company and 'ACUITE A-' (Outlook-Stable) in Fiscal 2023 from BBB+ by CARE Ratings and ACUITE A- with stable outlook in Fiscal 2022 for the long-term rating of our bank facilities (including proposed facilities for our Subsidiary), (iii) 'PP-MLD ACUITE A-' (Outlook-Stable) in Fiscal 2023 for our principal protected market linked debentures of our Company and (iv) 'PP-MLD ACUITE A-' (Outlook-Stable) in Fiscal 2023 from BBB+ by CARE Ratings and ACUITE A- with stable outlook in Fiscal 2022 for our principal protected market linked debentures of our Subsidiary.

Our credit quality is a product of our risk management policies and practices. Our risk management division is divided into separate teams that are dedicated to managing and mitigating amongst others credit risk, market risk and operational risk, and which are subject to oversight by our risk and credit department and Audit Committee and our Board. Our gross non-performing assets ("**Gross NPAs**") were 2.49%, 2.75%, 4.41% and 4.68%, as of the six months ended September 30, 2023 and Fiscal 2023, Fiscal 2022 and Fiscal 2021, respectively, while our net non-performing assets ("**Net NPAs**") were 0.23%, 0.16%, 0.76% and 0.71%, as of such dates, respectively.

We specialize in simplified financial products, wherein majority of our offerings have standardized 24-month tenure. The ticket size of our offerings is tailored based on three key factors: (a) the customer's history with us, (b) their creditworthiness with other institutions, and (c) their ability to repay. For details of the tenure and ticket size for the loans provided by us for our major financial services as of September 30, 2023 and Fiscal 2023, Fiscal 2022 and Fiscal 2021, please see "- *Competitive Strengths - Customer-centric business model resulting in high customer retention*" on page 26.

Additionally, our success is encouraged by a committed and balanced board of directors and management team, comprising experienced key management personnel ("**KMPs**") and our senior management, which is led by our Promoter, Vice Chairman and Managing Director, Jayendrabhai Bhailalbhai Patel, who has more than two decades of experience in the finance sector. For further details of our management team, please see "- *Competitive Strengths - Stable management team with extensive domain experience*" on page 31.

The following table sets out key financial and operational parameters for six months ended September 30, 2023 and Fiscal 2023, Fiscal 2022 and Fiscal 2021:

| **Particulars** | **For the six months ended September 30, 2023** | **For the Year ended March 31** | | |
|---|---|---|---|---|
| | | **2023** | **2022** | **2021** |
| Customers [1] | 726,552 | 627,735 | 466,364 | 375,567 |
| AUM (₹ million)[2] | 23,042.50 | 19,429.29 | 12,331.28 | 8,143.76 |
| Disbursement[3] | 10,677.35 | 17,667.51 | 10,217.02 | 5,093.99 |
| Net Worth (₹ million)[4] | 4,696.68 | 3,656.91 | 2,126.86 | 1,867.60 |
| Leverage (AUM/ Net worth)[5] | 4.91 | 5.31 | 5.80 | 4.36 |
| AUM/ Tangible Net Worth [6] | 5.10 | 5.57 | 6.34 | 4.72 |
| Restated Profit After Tax for the Year / Period (₹ million)[7] | 807.54 | 938.11 | 317.23 | 106.16 |
| Return on assets (%)[8] | 7.24% | 5.72% | 2.91% | 1.16% |
| Return on equity (%)[9] | 38.67% | 32.44% | 15.88% | 5.91% |
| Return on Tangible Net Worth[10] | 40.30% | 34.48% | 17.25% | 6.26% |
| Branches[11] | 385 | 336 | 292 | 239 |
| Employees[12] | 3,382 | 2805 | 2,272 | 1889 |
| AUM per branch (₹ million)[13] | 59.85 | 57.83 | 42.23 | 34.07 |
| AUM per employee (₹ million)[14] | 6.81 | 6.93 | 5.43 | 4.31 |
| Disbursement per branch per month (₹ million)[15] | 4.62 | 4.38 | 2.92 | 1.78 |
| Disbursement per employee per month (₹ million)[16] | 0.53 | 0.52 | 0.37 | 0.22 |
| Gross NPA ratio (%)[17] | 2.49% | 2.75% | 4.41% | 4.68% |
| Net NPA ratio (%)[18] | 0.23% | 0.16% | 0.76% | 0.71% |
| Operating Expenses to Average AUM (%)[19] | 4.33% | 5.18% | 6.13% | 5.91% |
| Average cost of borrowing (%)[20] | 15.15% | 13.26% | 10.46% | 11.16% |
| Cost to income ratio (%)[21] | 25.72% | 32.64% | 43.08% | 42.70% |
| Provision Coverage Ratio (%)[22] | 90.84% | 94.18% | 82.80% | 84.85% |
| Average yield on Gross Loan Book (%)[23] | 26.20% | 24.47% | 21.74% | 22.37% |
| Net Interest Margin (%)[24] | 13.83% | 13.64% | 13.01% | 12.90% |

1. *Customers represent the number of active loans outstanding at the end of relevant periods*
2. *AUM represents aggregate of Gross Loan Book as of the last day of the relevant period*
3. *Total disbursements represent the amount of loans given during the relevant period*
4. *Net Worth represents the sum of equity share capital and other equity as of the last day of the relevant period*
5. *Leverage (AUM/ Net worth) represent the ratio of AUM to Net Worth at the end of relevant period*
6. *AUM/ Tangible Net Worth represent the ratio of AUM to Tangible Net Worth at the end of relevant period*
7. *Restated Profit After Tax for the Year / Period represent the Profit After Tax during the relevant period*
8. *Return on Assets represent the percentage of Profit after Tax to the Annual Average of Assets at the end of relevant period and the Assets as of the last day of the previous period*
9. *Return on Equity represents the percentage of Profit After Tax to the simple average of Net Worth as of the last day of the relevant period and Net Worth as of the last day of the previous period.*
10. *Return on Tangible Net Worth represents the percentage of Profit After Tax to the Average Tangible net worth at the end of relevant period and as of the last day of the previous period. Tangible Net Worth means, Equity shareholders' funds less Other Intangible Assets and R.O.U Assets and Deferred Tax Assets.*
11. *Branches means the total branches (including the subsidiary company's) operating as on the last day of the relevant period*
12. *Employees represents the number of employees as on the last day of the relevant period*
13. *AUM per branch represent the Gross AUM divided by the number of branches as on the last day of the relevant period*
14. *AUM per employee represent the Gross AUM divided by the number of employees as on the last day of the relevant period*
15. *Disbursement per branch is calculated by dividing the Disbursements to the number of branches as on the last day of the relevant period*
16. *Disbursement per employee is calculated by dividing the Disbursements to the number of employees as on the last day of the relevant period*

17. *Gross NPA ratio represents Stage 3 loans (Gross NPAs) as of the last day of the relevant year as a percentage of Gross Loan Book for such year.*
18. *Net NPAs represents Stage 3 loans (Gross NPAs) as of the last day of the relevant year as reduced by impairment allowance on Stage 3 loan for such year.*
19. *Operating Expense / Average AUM represents the ratio Operating expense bears to the Annual Average Gross AUM*
20. *Average cost of borrowing represents the ratio of finance cost for the relevant period to the annual average borrowings at the end of relevant period*
21. *Cost to income ratio represents the ratio of total operating expenses bears to the sum of net interest income and other income*
22. *Provision Coverage Ratio represents total provisions held on Gross NPA as of the last day of the period, as a percentage of total Gross NPAs as of the last day of the period*
23. *Average Yield on Gross Loan Book represents the percentage of interest earned on loans to the Annual Average Gross AUM*
24. *Net Interest Margin represents the spread of Interest income divided by the Annual Average Gross AUM*

**Competitive Strengths**

***Customer-centric business model resulting in high customer retention***

We have a customer centric model and accordingly, our customized range of products address a variety of financing requirements. These include specialized products such as doorstep loans as well as reduction of turn-around time for disbursals of loans. These products and services are designed and customized to meet the requirements of our customers and our target markets, which allows us to retain a high proportion of our existing customers and to attract new customers. As of September 30, 2023, we have served over 0.73 million active customers, the percentage of repeat customers was 25% and has steadily increased by 28.33% to 160,048 customers as of September 30, 2023 from 124,718 customers as of September 30, 2022.

We are focused on catering to the microfinance and the MSME segment. We offer a range of financial inclusion products to low-income individuals who are under-served by formal financing institutions. We have designed our lending products to meet our customers' needs based on loan size and repayment abilities including their ticket size and tenures. The table provides details of the tenure and ticket size for the loans provided by us for our major financial services as of September 30, 2023 and Fiscal 2023, Fiscal 2022 and Fiscal 2021:

*(in rupees, unless otherwise specified)*

| Financial services | Tenure (in months) | Average Ticket Size as of September 30, 2023# | Ticket size as of September 30, 2023# | |
|---|---|---|---|---|
| | | | Minimum | Maximum |
| Microfinance* | 18-24 | 46,000 | 20,000 | 150,000 |
| MSME loans | 18-24 | 80,000 | 60,000 | 250,000 |
| Two-wheeler loans | 12-36 | 71,000 | 20,000 | 125,000 |

** including individual business loans*
*# rounded off to the nearest thousand*

*(in rupees, unless otherwise specified)*

| Financial services | Tenure (in months) | Average Ticket Size as of March 31, 2023# | Ticket size as of March 31, 2023# | |
|---|---|---|---|---|
| | | | Minimum | Maximum |
| Microfinance* | 18-24 | 45,000 | 20,000 | 150,000 |
| MSME loans | 18-24 | 75,000 | 60,000 | 250,000 |
| Two-wheeler loans | 12-36 | 70,000 | 20,000 | 125,000 |

** including individual business loans*
*# rounded off to the nearest thousand*

*(in rupees, unless otherwise specified)*

| Financial services | Tenure (in months) | Average Ticket Size as of March 31, 2022# | Ticket size as of March 31, 2022# | |
|---|---|---|---|---|
| | | | Minimum | Maximum |
| Microfinance* | 18-24 | 36,000 | 20,000 | 150,000 |
| MSME loans | 18-24 | 70,000 | 50,000 | 150,000 |
| Two-wheeler loans | 12-36 | 52,000 | 20,000 | 100,000 |

** including individual business loans*
*# rounded off to the nearest thousand*

*(in rupees, unless otherwise specified)*

| Financial services | Tenure (in months) | Average Ticket Size as of March 31, 2021 | Ticket size as of March 31, 2021# | |
|---|---|---|---|---|
| | | | Minimum | Maximum |
| Microfinance* | 18-24 | 35,000 | 20,000 | 75,000 |
| MSME loans | 18-24 | 70,000 | 40,000 | 150,000 |
| Two-wheeler loans | 12-36 | 52,000 | 20,000 | 75,000 |

** including individual business loans*
*# rounded off to the nearest thousand*

We have a 'Phygital' doorstep model, a combination of digital and physical initiatives, and have been using technology, people and all the other resources to improve customer experience. Over the years, we have gained a deep understanding of the Indian retail loan industry, including microfinance and MSME customers, which has enabled us to meet the financing requirements of potential customers. According to the MFIN Report, the last financial year saw a growth of 22% in the outstanding portfolio of the microfinance sector, indicating responsible growth and latent demand of microfinance.

Our engagement with our target customer segments and understanding of related socio-economic dynamics allows us to leverage our existing operating network to streamline and customize our product portfolio by offering products which subsequently increase our customer base. In particular, our credit analysis and valuation methodology require market knowledge and practical experience developed over a period of time, which we believe is difficult to replicate and will allow us to continue to grow and service our customers.

***Diversified pan India presence with an extensive network and through deep penetration to cater to our target customer segment in rural areas characterized by low competition***

We are headquartered in Gujarat, and as of September 30, 2023, we had a pan-India presence in 10 states in India (including, Madhya Pradesh, Maharashtra, Uttar Pradesh, and Rajasthan) and have 385 branches serving 0.73 million customers through 3,382 employees including 2,772 loan officers. Our branches, where our team members serve customers, are strategically chosen considering various factors such as the specific business needs of our customers, growth prospects, and the accessibility of funds tailored for customers in these areas.

Our branches are located across the northern, southern, eastern and western zones in India, with Gujarat, Uttar Pradesh, Madhya-Pradesh and Rajasthan being our key states. Such key states collectively account for approximately 72% of our branch network and contribute to 77.82% of AUM as of September 30, 2023. As of September 30, 2023 approximately 95% of our branches are located in non-metropolitan cities.

The following table sets forth certain details of our branch network in the top 5 state/territory in terms of AUM, as of September 30, 2023:

| State | Districts | Branches | Percentage of total branches | AUM (₹ million) | Percentage of total AUM |
|---|---|---|---|---|---|
| Gujarat | 23 | 84 | 21.82% | 6,502.02 | 28.22% |
| Uttar Pradesh | 27 | 75 | 19.48% | 5,535.00 | 24.02% |
| Madhya Pradesh | 30 | 67 | 17.40% | 3,317.42 | 14.40% |
| Rajasthan | 14 | 53 | 13.77% | 2,578.19 | 11.19% |
| Maharashtra | 11 | 41 | 10.65% | 2,378.78 | 10.32% |
| **Total** | 105 | 320 | 83.12% | 20,311.41 | 88.15% |

The following table sets forth certain details of our branch network in the Gujarat in terms of AUM, as of September 30, 2023 and Fiscal 2023, 2022, and 2021:

| Gujarat | Districts | Branches | Percentage of total branches | AUM (₹ million) | Percentage of total AUM |
|---|---|---|---|---|---|
| As of September 30, 2023 | 23 | 84 | 21.82% | 6,502.02 | 28.22% |
| As of March 31, 2023 | 21 | 82 | 24.40% | 5,760.31 | 29.65% |
| As of March 31, 2022 | 21 | 79 | 27.05% | 4,230.05 | 34.30% |
| As of March 31, 2021 | 21 | 75 | 31.38% | 3,144.16 | 38.61% |

In addition, to mitigate concentration risk in Gujarat, we have expanded our footprint by establishing branches across 10 states in India, including Madhya Pradesh, Maharashtra, Uttar Pradesh, and Rajasthan. This allows us to diversify our operations geographically, reducing our dependence on any single region and enhancing our ability to manage risk more effectively.

Starting in Gujarat, our strategic expansion across geographies primarily in the western and northern zone employs a calibrated approach, gauging demand and aligning with our service offerings. Branch expansion involves analysis, leveraging credit bureau reports, pin-code assessments, and competitive density evaluations. These inform critical decisions on branch placement and assess market potential. Our Gross AUM for six months ended September 30, 2023 and Fiscal 2023, Fiscal 2022 and Fiscal 2021, from our branches in the from the northern zone, southern zone, eastern and western zone, as a percentage of our total AUM for the respective periods was as follows:

| Particulars | As of / For the six months ended September 30, 2023 | | For the Year ended March 31 | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | 2023 | | 2022 | | 2021 | |
| | Gross AUM (₹ million) | % of total AUM | Gross AUM (₹ million) | % of total AUM | Gross AUM (₹ million) | % of total AUM | Gross AUM (₹ million) | % of total AUM |
| Northern zone | 8,188.22 | 35.54% | 6,442.74 | 33.16% | 2,887.06 | 23.41% | 1,265.87 | 15.54% |
| Western zone | 14,776.41 | 64.13% | 12,986.55 | 66.84% | 9,444.22 | 76.59% | 6,877.89 | 84.46% |
| Southern zone | 44.73 | 0.19% | - | - | - | - | - | - |
| Eastern zone | 33.14 | 0.14% | - | - | - | - | - | - |
| **Total** | 23,042.50 | 100.00% | 19,429.29 | 100.00% | 12,331.28 | 100.00% | 8,143.76 | 100.00% |

Our expansion approach combines data-driven decisions with qualitative on-site observations, ensuring strategic branch placement. Each new branch signifies our commitment to effective customer service within competitive markets. By amalgamating data insights and local knowledge, our expansion strategy guarantees a robust foundation for successful operations, fostering our dedication to comprehensive financial inclusion and customer-centric service delivery.

***Advanced and scalable tech enabled infrastructure***

While our operations spread across the country, we have deployed technology solutions gradually to increase efficiency and infuse agility. Our commitment to innovation has been evident through transformative steps taken in recent years. Over the years, we have launched a number of advanced and scalable tech enabled solutions to improve our efficiency. For instance:

- Post demonetization, we launched an integrated mobile interface for onboarding customers. This solution enabled a real-time credit check for all loan applications collapsing the appraisal lead time to a few minutes.

- In 2018, our transition to 100% cashless disbursements marked our entry into a more secure, efficient, and transparent financial realm. This shift eliminated the risks associated with physical currency handling, fostering greater trust and reliability among our stakeholders. Simultaneously, our investment in an organization-wide enterprise resource planning ("**ERP**") system served as a catalyst for streamlined operations. This system overhaul harmonized workflows, heightened accuracy, and fostered seamless coordination among departments, fundamentally enhancing our internal processes.

- The technology initiatives continues¸ our Company witnessed the inception of the 'Jayam' initiative—an integration of advanced loan origination system ("**LOS**") and loan management system ("**LMS**") hosted on the cloud. This step empowered real-time tracking and management of loan operations through a user-friendly mobile or web-based application, reflecting our commitment to agile, transparent, and customer-centric engagement throughout the lending lifecycle. This was further updated in 2021, when we entered into an agreement with Twinline Business Solutions Private Limited ("**Twinline**") to procure 'FinPage' a comprehensive loan origination software developed by them. 'FinPage' enables effective loan accounting, customer service and compliance by providing user-friendly and customised interface of various data points, this helps us handle offline/online collection module on real time basis.

- Post Covid-19 /in Financial Year 2021, we introduced a comprehensive digital collection solution, automating collection processes and providing an encompassing view of activities through an intuitive dashboard. This digitized approach enhanced efficiency, accuracy, and responsiveness in our collection mechanisms. Further, we transformed our operations with the complete overhaul of our LOS and LMS systems. This comprehensive integration unified the loan origination, management, and account systems for all our products, ensuring streamlined operations and a cohesive customer experience. Lastly in 2023, we witnessed the rollout of our human resource management system ("**HRMS**"), a sophisticated solution managing the entire employee lifecycle and performance management system for our expansive workforce. As of six months ended September 30, 2023 and for Fiscal 2023, Fiscal 2022 and Fiscal 2021, we have invested an aggregate amount of ₹4.18 million, ₹3.75 million, ₹3.77 million and ₹1.53 million respectively, in our information technology and digital systems.

We provide innovative product offerings while fortifying security measures by using tools such as geo-fencing i.e. a location-based tracking service by which a software marks the location of the borrower. We establish digital perimeters around specific geographic regions, employing live-photo tagging coupled with blink-eye confirmation to authenticate asset presence, thus curbing misrepresentation risks. Additionally, our fusion of live photo mapping and stringent KYC protocols ensures foolproof customer verification, minimizing fraudulent activities by linking customer identities securely to their assets.

Additionally, engaging the unorganized sector requires finesse and expertise. By leveraging our domain knowledge, we facilitate bank account linkages while employing the "penny drop" method for stringent account validation. This approach cross-verifies account details, heightening authenticity, and operational efficiency. Moreover, our strategy encompasses geo-tagging collections to enhance transaction security and location-based verification to reduce fraudulent activities. We integrate fraud detection algorithms to identify irregular collection patterns, pre-emptively mitigating potential risks. With data-driven insights derived from collected information, we develop heat maps to identify concentration areas and high-risk zones, informing targeted risk mitigation strategies. Our commitment to continual refinement, bolstered by machine learning algorithms, ensures adaptive and responsive risk management approaches in alignment with regulatory compliance and ethical standards, thereby safeguarding customer data privacy while delivering enhanced product offerings.

Our continuing investment in technology systems will enable us to improve recoveries and reduce our operating expenses, our cost of customer acquisition and credit costs over time. It will also enable us to expand our efficiency through automations and further deepen customer engagement with digital touchpoints and maximize digital delivery. We leverage our information technology platforms to drive economies of scale through increase in productivity, reduce turnaround time in processing and reduce transaction costs.

***Efficient customer selection process and risk management policies resulting in healthy asset quality***

We have an efficient customer selection process and meticulously crafted risk management policies, culminating in a healthy asset quality. We employ rigorous KYC protocols supported by advanced algorithms and seamless API integration with credit bureaus to ensure smooth verification processes, preventing misrepresentation and ensuring authenticity for each customer interaction. Additionally, our proactive approach involves identifying potential geographical stress points through scrub reports, enabling us to anticipate challenges and take pre-emptive measures. This strategy safeguards against adverse impacts and contributes to maintaining a stable client base across our 24-month loan cycles. As of September 30, 2023, the percentage of repeat customers was 25% and has steadily increased to 160,048 as of September 30, 2023 from 124,718 as of September 30, 2022.

Our collection efficiency, propelled by the implementation of 'Twinline' software, represents our shift towards digital real-time collections, obviating the inherent delays associated with cash transactions. This transition not only ensures immediate reflection but also elevates our overall collection efficiency, streamlining our operations and enhancing customer convenience. Our write-offs remain a testament to our prudential risk measures, with net losses confined within a minimal 3% as of September 30, 2023.

We believe that our customer selection methodologies under our JLG model have resulted in healthy asset quality and led to low GNPA and NNPA ratios and high collection efficiencies. As of six months ended September 30, 2023 and for Fiscal 2023, Fiscal 2022 and Fiscal 2021, our GNPA ratio was 2.49%, 2.75%, 4.41%, 4.68% respectively and our NNPA ratio as of six months ended September 30, 2023 and for Fiscal 2023, Fiscal 2022 and Fiscal 2021 was 0.23%, 0.16%, 0.76% and 0.71%. Our JLG loan product model is typically extended to women borrowers whose spouses are made co-borrowers to such loans.

Risk management plays a key role in our business and we believe we have implemented an effective risk management process. We maintain a well-established internal control framework and an independent internal audit function, which reports directly to the Audit Committee of the Board. Our internal audit department monitors our adherence to internal controls and regulatory requirements and provides input and recommendations to strengthen our governance, control and risk management frameworks. It also undertakes an independent review to establish whether the business is operating in accordance with our internal policies and standards for managing operational risk, as well as statutory requirements. We have implemented risk tools, techniques and data analytics to establish risk thresholds and benchmarks, which are then used for field-level reviews, business expansion plans, and our business strategy. Our risk management framework identifies, monitors and manages various types of risks inherent in our business operations, including risks associated with credit, liquidity, operations and other emerging risks. Our complete portfolio of loans has in-house origination and benefits from our risk management framework. Leveraging our significant operational experience, we have set up stringent credit quality checks and customised operating procedures that exist at each stage for comprehensive risk management.

***Streamlined business model with strong track record of financial performance and operating efficiency through business cycles***

By leveraging our understanding of markets over decades, domain expertise, well established risk management framework, well developed approval and disbursement processes and controls, and the expertise of our core management team, we have been able to maintain growth in scale, reach and offerings.

Our Gross Loan Portfolio grew to ₹ 19,429.29 million in Fiscal 2023 from ₹ 8,143.76 million in Fiscal 2021, a CAGR of 54.46%, and our disbursements grew to ₹ 17,667.51 million in Fiscal 2023 from ₹ 5,093.99 million in Fiscal 2021, a CAGR of 86.23%. Our microfinance loans have increased comprising 78.97% of our total AUM as of Fiscal 2021 to 83.77% as of total AUM as of Fiscal 2023, reflecting our increased focus on this segment. We have not experienced annual loss in 31 years which is evidence of our strong financial performance.

As of September 30, 2023, our AUM was ₹ 23,042.50 million and our AUM increased over 2021 to 2023 at a CAGR of 54.46% to ₹19,429.29 million as of March 31, 2023 from ₹ 8,143.76 million as of March 31, 2021. We have high-growth trajectory over Fiscal 2021 to Fiscal 2023, we witnessed a CAGR of 31.22% for profit after tax. Our return on equity is 35.2% and return on average assets is 7.6% for the period ended September 30, 2023.

The table below sets forth the contribution of each of our product categories in terms of AUM percentage of our customers located in rural areas and as a percentage of total AUM for six months ended September 30, 2023 and Fiscal 2023, Fiscal 2022 and Fiscal 2021:

| Particulars | For the six months ended September 30, 2023 | | For the Year ended March 31 | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | 2023 | | 2022 | | 2021 | |
| | AUM (₹ million) | % of total AUM | AUM (₹ million) | % of total AUM | AUM (₹ million) | % of total AUM | AUM (₹ million) | % of total AUM |
| Microfinance* | 19,448.85 | 84.40% | 16,276.34 | 83.77% | 10,219.12 | 82.87% | 6,431.00 | 78.97% |
| MSME loans | 2,905.47 | 12.61% | 2,545.15 | 13.10% | 1,651.02 | 13.39% | 1,253.63 | 15.39% |
| Two-wheeler loans | 688.18 | 2.99% | 607.79 | 3.13% | 461.14 | 3.74% | 459.14 | 5.64% |
| **Total** | 23,042.50 | 100.00% | 19,429.29 | 100.00% | 12,331.28 | 100.00% | 8,143.76 | 100.00% |

** including individual business loans*

We primarily focus on rural borrowers, whose monthly income is up to ₹ 25,000, with a demonstrable track record of servicing loans such as MSME loans, MFI loans, loans for two-wheeler vehicles and have a CRIF Highmark score above 650 at the time of origination. We source customers directly through our sales team of 2,772 employees as of September 30, 2023, and have adopted a direct sourcing model through branch-led local marketing efforts, repeat customers or through walk-ins, which has helped us maintain contact with our customers and establish strong relationships with them, high levels of customer satisfaction and increased loyalty.

We have implemented JLG lending strategy for loan disbursement to women borrowers, wherein borrowers form a group and provide mutual guarantee for loans obtained by each other without requiring collateral or security on an individual basis. For further details, please refer to "- *Our Business Model and Target Customer Segment*" on page 141.

We have high-growth trajectory over Fiscal 2021 to 2023, we witnessed a CAGR of 47.48% for net interest income and of 197.27% for profit after tax. Our consolidated debt to equity ratio is 3.96:1, which is sufficient capital to drive growth going forward. Our return on equity is 35.2% and return on average assets is 7.6% for the period ended September 30, 2023. The following table sets forth certain of our productivity ratios for six months ended September 30, 2023 and Fiscal 2023, Fiscal 2022 and Fiscal 2021:

| Particulars | For the six months ended September 30, | For the year ended March 31, | | |
|---|---|---|---|---|
| | 2023 | 2023 | 2022 | 2021 |
| Number of branches [1] | 385 | 336 | 292 | 239 |
| Number of branches – SME[2] | 71 | 57 | 50 | 35 |
| Number of branches – TW[3] | 5 | 5 | 6 | 6 |
| Number of branches – MFI[4] | 309 | 274 | 236 | 198 |
| Number of employees[5] | 3382 | 2805 | 2272 | 1889 |
| Number of loan officers[6] | 2772 | 2336 | 1788 | 1352 |
| Number of active loan accounts[7] | 7,26,552 | 6,27,735 | 4,66,364 | 3,75,567 |
| Gross AUM per branch (₹ in million)[8] | 59.85 | 57.83 | 42.23 | 34.07 |
| Gross AUM per employee (₹ in million)[9] | 6.81 | 6.93 | 5.43 | 4.31 |
| Gross AUM per active loan account (₹ )[10] | 31,715 | 30,951 | 26,441 | 21,684 |
| Number of loans disbursed[11] | 2,18,909 | 3,67,086 | 2,61,724 | 1,30,215 |
| Disbursement per branch (₹ in million)[12] | 27.73 | 52.58 | 34.99 | 21.31 |
| Disbursement per employee (₹ in million)[13] | 3.16 | 6.30 | 4.50 | 2.70 |
| Disbursement per loan officer (₹ in million)[14] | 3.85 | 7.56 | 5.71 | 3.77 |
| Gross disbursements (₹ in million)[15] | 10,677.35 | 17,667.51 | 10,217.02 | 5,093.99 |
| Disbursement growth (%)[16] | 62.40% | 72.92% | 100.57% | -41.69% |
| Average ticket size (₹ )[17] | 48,775 | 48,129 | 39,037 | 39,120 |
| Profit After Tax (₹ in million)[18] | 807.54 | 938.11 | 317.23 | 106.16 |
| Revenue from Operations[19] | 3,098.42 | 4,239.01 | 2,350.06 | 1,950.39 |

(1) *Number of branches means the total branches (including the subsidiary company's) operating as on the last day of the relevant period.*
(2) *Number of branches SME means the total branches dealing in the lending to the Small and Medium Enterprises. operating as on the last day of the relevant period.*
(3) *Number of branches TW means the total branches dealing in two-wheeler financing operating as on the last day of the relevant period.*
(4) *Number of branches MFI means the total branches dealing in microfinancing business as on the last day of the relevant period.*
(5) *Number of employees represents the number of employees as on the last day of the relevant period.*
(6) *Number of Loan officers represent the number of employees working as loan officers as on the last day of the relevant period.*
(7) *Number of active loan accounts represent the Number of loans outstanding as on the last day of the relevant period.*
(8) *Gross AUM per branch represent the Gross AUM divided by the number of branches as on the last day of the relevant period.*

(9) *Gross AUM per employee represent the Gross AUM divided by the number of employees as on the last day of the relevant period.*
(10) *Gross AUM per active loan account represent the Gross AUM divided by the number of Active Loans as on the last day of the relevant period.*
(11) *Number of loans disbursed represents the number of loans accounts outstanding as on the last day of the relevant period.*
(12) *Disbursement per branch is calculated by dividing the Disbursements to the number of branches as on the last day of the relevant period*
(13) *Disbursement per employee is calculated by dividing the Disbursements to the number of employee as on the last day of the relevant period*
(14) *Disbursement per loan officer is calculated by dividing the Disbursements to the number of loan officers as on the last day of the relevant period.*
(15) *Gross disbursements represents the disbursements made during the relevant period.*
(16) *Disbursements Growth represents the percentage growth of disbursements from the end of relevant previous period to the end of relevant current period.*
(17) *Average Ticket Size is calculated by dividing the Gross disbursements by the number of loans disbursed during the relevant period.*
(18) *Profit after tax represents the profit net of income tax and all expenses.*
(19) *Revenue from operations represent the revenue generated during the relevant period from the business of lending and underlying fees for the same*

The following table sets forth our return on equity and assets for six months ended September 30, 2023 and Fiscal 2023, Fiscal 2022 and Fiscal 2021:

| Particulars | For the Six months ended September 30, 2023 | For the Year ended March 31, 2023 | For the Year ended March 31, 2022 | For the Year ended March 31, 2021 |
|---|---|---|---|---|
| ROA - Return on Annual Average Gross AUM (%)[1] | 7.61% | 5.91% | 3.10% | 1.27% |
| ROA - Return on Quarterly Average Gross AUM (%)[2] | 7.58% | 6.14% | 3.31% | 1.35% |
| ROE - Return on Annual Average Net Worth (%)[3] | 38.67% | 32.44% | 15.88% | 5.91% |
| ROE - Return on Quarterly Average Net Worth (%)[4] | 39.03% | 32.37% | 16.27% | 5.88% |
| Profit as a percentage of Average Total Assets (%)[5] | 7.24% | 5.72% | 2.91% | 1.16% |
| Cost to Income Ratio (%)[6] | 25.72% | 32.64% | 43.08% | 42.70% |
| Net Profit Ratio (%)[7] | 26.06% | 22.13% | 13.50% | 5.44% |

(1) *Return on Annual Average Gross AUM represents the percentage of profit after tax to the Annual Average Gross AUM.*
(2) *Return on Quarterly Average Gross AUM represents the percentage of profit after tax to the Quarterly Average Gross AUM.*
(3) *Return on Annual Average Net Worth represents the percentage of Profit after Tax to the Annual Average Net Worth.*
(4) *Return on Quarterly Average Net Worth represents the percentage of Profit after Tax to the Quarterly Average Net Worth.*
(5) *Profit as a percentage of Average Total Assets represents the percentage of Profit After Tax to the Average Total Assets for the relevant period*
(6) *Cost to income ratio represents the ratio of total operating expenses bears to the sum of net interest income and other income.*
(7) *Net profit ratio represents the profit after tax as a percentage of total Revenue*

Our financial track record is also aided by our ability to tackle event based risks which the banking and finance sector is typically susceptible to in India, and which also impact financial results. For instance, in November 2016, the Government of India ("**GoI**") announced the demonetization of bank notes of ₹500 and ₹1,000 denominations. During the months following the demonetization notification, we adopted practices that allowed borrowers to repay a portion of their instalments. Our collection efficiency for Fiscals 2017 and 2018 were 99.90% and 99.80% respectively. Further, during the COVID-19 pandemic, we pivoted towards leveraging digital platforms and innovative strategies to ensure uninterrupted service delivery while safeguarding the well-being of both our customers and employees. Such responses not only mitigated immediate impacts but positioned us for quick recovery. These practices allowed us to manage our performance during adverse events and maintain portfolio quality. Our track record of dealing with the aftermath of demonetization crisis and COVID-19 pandemic 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.

***Stable management team with extensive domain experience***

We have an experienced and dedicated management team, including KMPs and Senior Management with significant industry experience and who have demonstrated their ability to deliver growth and profitability, across business cycles. Our Key Managerial Personnel and Senior Management includes a combination of management executives and independent members who bring in significant business experience, which positions us well to capitalize on future growth opportunities. Each of them have extensive experience in the banking or related industry such as finance, commercial operations, strategy, audit, business development, human resources, compliance and public relations.

Our Promoter, Vice Chairman and Managing Director, Jayendrabhai Bhailalbhai Patel, holds more than two decades of experience in the finance sector and was one of the founders of our Company. He is also a founder member of the Gujarat Finance Company and is associated as a member of the Finance and Banking Committee of Gujarat Chamber of Commerce & Industry, Ahmedabad. Our Joint Managing Director, Aalok Patel has previously worked at KPMG, and is also a trustee with Arman Foundation. Alok Prasad, our Non-Executive – Independent Director and Chairman has previously worked at

Microfinance Institution Network and the National Housing Bank and and served as the Chairperson and Director of South-Asia Micro Entrepreneurs Network. Accordingly, the extensive domain expertise of our management enables them to effectively steer our operations and growth.

The industry experience of heads of functional groups, such as operations, risk, finance, audit and collections enhance the quality of our management. We have zonal heads for business, credit and collections, with regional experience that allows them to grow our operations in their respective areas and ensure business efficiency.

**Business Strategies**

***Continued focus on the customers from rural areas by increasing our presence in under-penetrated states and districts***

Our strategic focus on rural customers is deeply rooted in our mission to drive financial inclusion across diverse geographies. While headquartered in Gujarat, our presence extends across 10 states, including Gujarat, Madhya Pradesh, Maharashtra, Uttar Pradesh, Telangana, and Rajasthan. As of September 30, 2023, we efficiently served approximately 0.73 million customers through our network of 385 branches and 3,382 employees spread across 140 districts and 10 states in India.

As of the six months ended September 30, 2023 and Fiscal 2023, Fiscal 2022 and Fiscal 2021, the percentage of our customers located in rural areas was 90.22%, 90%, 87%, and 85% respectively. We believe that we will be able to strengthen our position by tapping into this underserved market and capitalize on our strategy of having a deep penetration in the Indian rural markets. We intend to continue to expand our geographical coverage into newer states and union territories as well in existing states where we see business potential (for instance, Bihar and Haryana). We ensure that any expansion in a new state is conducted in a phased manner 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 intend to continue penetrating deeper in the states and districts and other areas that have limited or no access to formal banking and finance channels. Furthermore, our engagement in rural landscapes extends into our financial products, designed with a keen understanding of rural livelihoods and economic structures. By crafting offerings that align with the unique income patterns and seasonal variations prevalent in rural areas, we aim to provide financial solutions that resonate with the needs of our rural customers.

Company has recently piloted a vertical titled ‘Individual Business Loans’. Under this vertical, the Company will provide financial assistance to existing women customers (through the JLG model) with a proven track record across multiple loan cycles. As of September 30, 2023 and March 31, 2023, March 31, 2022, and March 31, 2021, we opened 49, 44, 53 and 28 new branches, taking our total branch count to 385 as of September 30, 2023.

***Continue to invest in technology to enhance operational efficiency and optimize costs***

We have invested ₹4.18 million, ₹3.75 million, ₹3.77 million and ₹1.53 million in our information technology and digital systems, in six months ended September 30, 2023 and Fiscal 2023, Fiscal 2022 and Fiscal 2021, respectively. We have implemented automated, digitized technology enabled services to increase our customer offerings. Building on the successful transition to cashless disbursements, ERP implementation, 'Jayam' initiative, digital collection solution, comprehensive LOS/LMS integration, and HRMS rollout, we are poised to leverage and invest in more transformative technologies.

In Fiscal 2021, we have entered into an agreement with Twinline to procure ‘FinPage’ a comprehensive loan origination software developed by them. Finpage enables effective loan accounting, customer service and compliance by providing user-friendly and customised interface of various data points, this helps us handle offline/online collection module on real time. As of six months ended September 30, 2023 and Fiscal 2023, Fiscal 2022 and Fiscal 2021, we have incurred ₹11.83 million, ₹13.87 million, ₹1.98 million and ₹0.74 million, respectively as the procurement costs for Twinline.

We plan to continue investing in technology and digitization and to ensure our information technology systems continue to help us with several functions, including loan origination, credit underwriting, risk management, collections, customer service and retention. We believe that such investments will help improve recoveries and reduce our opera ting expenses, our cost of customer acquisition and credit costs over time.

***Leverage our existing branch network and domain expertise to enhance product offering***

As of September 30, 2023, we have a network of 385 branches spread across 140 districts in 10 states and located across the northern, southern, eastern and western zones in India. Our domain expertise, cultivated over years of serving diverse customers, positions us to innovate and introduce financial products that cater specifically to the varied needs of different segments. By harnessing this knowledge and understanding, we can conceptualize and introduce solutions that address the unique challenges faced by customers in different regions and economic strata.

Our branch network serves as an avenue for customer engagement and education. We plan to utilize these touchpoints to not only introduce new products but also educate customers about their benefits and usage, ensuring optimal adoption and satisfaction. By combining our expansive branch network's reach, we are poised to enhance our product offerings significantly. This strategic approach aligns with our commitment to customer-centricity and ensures that our evolving suite of financial solutions remains relevant, and impactful for our diverse customer base.

For instance, we have launched a pilot program focused on micro loans against property ("**LAP**") distribution. This initiative will be channelled through the existing MSME branch networks, aiming to explore and expand our lending offerings within this segment. As on date, the program is available at certain of our branches at Gujarat and all our branches in Madhya Pradesh and Telangana. Loans are extended for business purposes such as stock acquisition, cattle procurement, initiating additional retail outlets, expanding product lines, and other relevant business needs. For personal use, these loans cater to endeavours such as home renovation, financing weddings, and supporting various family functions or events. The loan tenure spans from 24 to 84 months, providing a broad spectrum for borrowers. Loan sizes are set between a minimum of ₹0.2 million and a maximum of ₹1 million, catering to varied financial needs. The collection of equated monthly instalments ("**EMIs**") will be efficiently managed through the national automated clearing house ("**NACH**") system.

***Diversification of borrowings and leveraging existing capabilities to enhance performance***

We intend to utilise our expansive branch network spanning 385 branches across 140 districts in 10 states, alongside our domain expertise to continue to provide well-crafted financial solutions. Leveraging these resources, our focus remains on introducing customer-centric products, informed by regional and economic nuances. We utilize branch touchpoints not only for product introductions but also for educating customers on benefits, ensuring wide acceptance. For instance, our LAP pilot program, implemented through MSME branch networks, reflects our commitment to exploring specific lending segments. For more details, please see "- *Business Strategies – Leverage our existing branch network and domain expertise to enhance product offering*" on page 32.

We also plan to continue investing in technology and digitization and to ensure our information technology systems continue to help us with several functions, including loan origination, credit underwriting, risk management, collections, customer service and retention. We believe that such investments will help improve recoveries and reduce our operating expenses, our cost of customer acquisition and credit costs over time. For more details, please see *" – Competitive Strengths – Advanced and scalable tech enabled infrastructure"* on page 28.

We remain focused on diversifying our borrowing profile by optimizing borrowing costs, and maintaining a positive ALM position. To this end we intend to further diversifying our borrowings by further exploring retail NCDs. For further details, please see '*Management's Discussion and Analysis of Financial Condition and Results of Operations'* on page 89. By adopting risk management measures such as using credit bureau report, internal data records on customer behaviour, monitoring early stress signals by analysing daily collections, and continuing to make investments in technology, we aim to enhance our credit rating, and secure stable funding sources to support our continued growth and expansion.

## SUMMARY OF THE ISSUE

The following is a general summary of the terms of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Placement Document, including the sections titled "*Risk Factors*", "*Use of Proceeds*", "*Placement*", "*Issue Procedure*" and "*Description of the Equity Shares*" on pages 49, 81, 188, 176 and 203, respectively.

**Summary of Equity Shares proposed to be issued pursuant to the Issue**

| | |
|---|---|
| **Issuer** | Arman Financial Services Limited |
| **Face Value** | ₹10 per Equity Share |
| **Issue Size** | Issue of 1,047,835 Equity Shares at a premium of ₹ 2,185.00, aggregating to ₹ 2,300.00 million<br><br>A minimum of 10% of the Issue Size i.e. at least up to 1,04,784 Equity Shares, was made available for Allocation to Mutual Funds only and the balance 943,051 Equity Shares were made available for Allocation to all QIBs, including Mutual Funds. In case of under-subscription in the portion available for Allocation to Mutual Funds, such undersubscribed portion or part thereof would have been Allotted to other Eligible QIBs. |
| **Date of Board Resolution** | August 14, 2023. |
| **Date of Shareholders' Resolution** | September 29, 2023. |
| **Floor Price** | ₹ 2,309.51 per Equity Share<br><br>The Floor Price for the Issue has been calculated in accordance with Regulation 176 and with Chapter VI of the SEBI ICDR Regulations.<br><br>Our Company offered a discount of ₹ 114.51 per Equity Share, equivalent to 4.96% on the Floor Price in accordance with the approval of our Board dated August 14, 2023 and the shareholders of our Company accorded through their special resolution passed on September 29, 2023 and in terms of Regulation 176(1) of the SEBI ICDR Regulations. |
| **Issue Price** | ₹ 2,195.00 per Equity Share of the Company (including a premium of ₹ 2,185.00 per Equity Share) |
| **Eligible Investors** | Eligible QIBs, to whom the Preliminary Placement Document and the Application Form were delivered and who were eligible to bid and participate in the Issue. For further details, please see the sections titled "*Issue Procedure – Eligible Qualified Institutional Buyers*" and "*Transfer Restrictions and Purchaser Representations*" on pages 180 and 197, respectively.<br><br>The list of Eligible QIBs to whom the Preliminary Placement Document and the Application Form were, and this Placement Document will be delivered shall be determined by the BRLM in consultation with the Company, at their sole discretion. |
| **Equity Shares issued and outstanding immediately prior to the Issue** | 8,711,056 Equity Shares of face value of ₹ 10 each, being fully paid-up |
| **Subscribed and paid-up Equity Share capital prior to the Issue** | 8,711,056 Equity Shares of face value of ₹ 10 each, being fully paid-up |
| **Equity Shares issued and outstanding immediately after the Issue** | 1,047,835* Equity Shares<br><br>* *Subject to Allotment of Equity Shares pursuant to the Issue.* |
| **Issue Procedure** | The Issue is being made only to Eligible QIBs in reliance on Section 42 of the Companies Act read with Rule 14 of the PAS Rules, and all other applicable provisions of the Companies Act, read with Chapter VI of the SEBI ICDR Regulations. For details, please see the section titled "*Issue Procedure*" on page 176. |

| | |
|---|---|
| **Listing** | Our Company has received in-principle approvals each dated December 19, 2023 from BSE and NSE respectively in terms of Regulation 28(1)(a) of the SEBI Listing Regulations for listing of the Equity Shares to be issued pursuant to the Issue.<br><br>Our Company shall make applications to each of the Stock Exchanges after Allotment to obtain final listing approval for the Equity Shares. |
| **Trading** | The trading of the Equity Shares would be in dematerialized form and only in the cash segment of each of the Stock Exchanges.<br><br>Our Company will make applications to each of the Stock Exchanges after credit of Equity Shares to the beneficiary account with the Depository Participant to obtain final trading approval for the Equity Shares to be issued pursuant to this Issue. |
| **Lock-up** | See "*Placement – Lock-up*" on page 188 for a description of restrictions on our Company and Promoters in relation to Equity Shares. |
| **Transferability Restrictions** | The Equity Shares being Allotted pursuant to this Issue shall not be sold for a period of one year from the date of Allotment, except on the floor of the Stock Exchanges. For further details, please see the section titled "*Transfer Restrictions and Purchaser Representations*" on page 197. |
| **Use of Proceeds** | The Gross Proceeds from the Issue aggregate to ₹2,300.00 million. Subject to compliance with applicable laws, the net proceeds from the Issue, after deducting fees, commissions and the estimated expenses of the Issue of approximately ₹ 70.04 million, shall be approximately ₹ 2,229.96 million. For details, please see the section titled "*Use of Proceeds*" on page 81. |
| **Risk Factors** | For details, please see the section titled "*Risk Factors*" on page 49 for a discussion of risks you should consider before deciding whether to subscribe for the Equity Shares. |
| **Dividend** | See "*Description of the Equity Shares*" and "*Dividends*" on pages 203 and 88, respectively. |
| **Taxation** | Please see the section titled "*Taxation*" on page 206. |
| **Closing Date** | The Allotment is expected to be made on or about December 27, 2023. |
| **Status, Ranking and dividends** | The Equity Shares being issued pursuant to the Issue shall be subject to the provisions of the Memorandum of Association and Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares, including rights in respect of dividends. Our Shareholders (as on record date) will be entitled to participate in dividends and other corporate benefits, if any, declared by our Company after the Closing Date, in compliance with the Companies Act, 2013, the SEBI Listing Regulations and other applicable laws and regulations. Our Shareholders may attend and vote in shareholders' meetings on the basis of one vote for every Equity Share held.<br><br>For details, please see the sections titled "*Description of the Equity Shares*" and "*Dividends*" on pages 203 and 88. |
| **Voting Rights** | See "*Description of the Equity Shares – Voting Rights*" on page 204. |
| **Security Codes for the Equity Shares** | ISIN: INE109C01017<br><br>BSE Code: 531179<br><br>NSE Symbol: ARMANFIN |

## SELECTED FINANCIAL INFORMATION

The following tables set out selected financial information as extracted from our Financial Statements, prepared in accordance with the applicable accounting standards (Ind AS), Companies Act, 2013 and the requirements of SEBI Listing Regulations, as applicable, and presented in "*Financial Information*" on page 214. The selected financial information presented below should be read in conjunction with "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Financial Information*", on pages 89 and 214, respectively, for further details.

## SELECTED STATISTICAL INFORMATION

Please read "*Presentation of Financial and Other Financial Information – Financial and Other Information*" on page 11 before reading this section. This section should be read together with "*Our Business*', "*Management's Discussion and Analysis of Financial Condition and Results of Operations"*, and "*Financial Information*" on pages 131, 89, and 214, respectively. Unless otherwise specified, the statistical information presented in this section is on a consolidated basis.

### Return on Equity and Assets

The following table sets forth, for the periods indicated selected financial information relating to our return on equity and assets:

| Particulars | As of/ for the | | | |
|---|---|---|---|---|
| | Six months ended September 30, 2023 | Year ended March 31, 2023 | Year ended March 31, 2022 | Year ended March 31, 2021 |
| Profit After Tax (₹ in million)[1] | 807.54 | 938.11 | 317.23 | 106.16 |
| Total Assets (₹ in million)[2] | 24,226.70 | 20,381.64 | 12,413.98 | 9,403.61 |
| Gross AUM (₹ in million)[3] | 23,042.50 | 19,429.29 | 12,331.28 | 8,143.76 |
| Annual Average Gross AUM (₹ in million)[4] | 21,235.89 | 15,880.28 | 10,237.52 | 8,369.13 |
| Quarterly Average Gross AUM (₹ in million)[4] | 21,302.16 | 15,283.74 | 9,596.39 | 7,842.86 |
| Net Worth (₹ in million)[5] | 4,696.68 | 3,656.91 | 2,126.86 | 1,867.59 |
| Annual Average Net Worth (₹ in million)[6] | 4,176.79 | 2,891.88 | 1,997.23 | 1,794.92 |
| Quarterly Average Net Worth (₹ in million)[6] | 4,137.59 | 2,898.53 | 1,949.48 | 1,804.35 |
| Total Borrowings (₹ in million)[7] | 18,617.69 | 16,044.11 | 9,896.91 | 7,214.21 |
| Annual Average Borrowings (₹ in million)[8] | 17,330.90 | 12,970.51 | 8,555.56 | 7,095.94 |
| Quarterly Average Borrowings (₹ in million)[8] | 17,363.22 | 13,422.38 | 8,134.63 | 6,571.97 |
| Return on Annual Average Gross AUM (%)[9] | 7.61% | 5.91% | 3.10% | 1.27% |
| Return on Quarterly Average Gross AUM (%)[10] | 7.58% | 6.14% | 3.31% | 1.35% |
| Return on Annual Average Net Worth (%)[11] | 38.67% | 32.44% | 15.88% | 5.91% |
| Return on Quarterly Average Net Worth (%)[12] | 39.03% | 32.37% | 16.27% | 5.88% |
| Annual Average Borrowings / Annual Average Net Worth[13] | 4.15 | 4.49 | 4.28 | 3.95 |
| Quarterly Average Borrowings / Quarterly Average Net Worth[14] | 4.20 | 4.63 | 4.17 | 3.64 |
| Annual Average Net Worth / Annual Average Gross AUM[15] | 0.20 | 0.18 | 0.20 | 0.21 |
| Quarterly Average Net Worth / Quarterly Average Gross AUM[16] | 0.19 | 0.19 | 0.20 | 0.23 |
| Investments (including deposits) (₹ in million)[17] | 242.16 | 194.79 | 59.17 | 31.77 |
| Basic Earnings Per Share (₹)[18] | 95.07 | 110.47 | 37.36 | 12.53 |
| Diluted Earnings Per Share (₹)[18] | 87.18 | 107.28 | 37.35 | 12.53 |
| Dividend Per Share (₹)[19] | - | - | - | - |
| Net Assets Value per equity share (₹)[20] | 539.16 | 430.61 | 250.47 | 220.02 |
| No. of equity shares[21] | 87,11,056 | 84,92,334 | 84,91,584 | 84,88,384 |
| Annual Average Total Assets[22] | 22,304.17 | 16,397.81 | 10,908.79 | 9,182.62 |
| Quarterly Average Total Assets[22] | 22,318.93 | 16,845.36 | 9,834.43 | 8,690.65 |
| Total Disbursements[23] | 10,677.35 | 17,667.51 | 10,217.02 | 5,093.99 |
| Profit as a percentage of Average Total Assets (%)[24] | 7.24% | 5.72% | 2.91% | 1.16% |

(1) *Profit after tax represents the profit net of income tax and all expenses.*

(2) *Total Assets represents total assets as of the last day of the relevant period.*

(3) *Gross AUM represents aggregate of Gross Loan Book as of the last day of the relevant period.*

(4) *Annual Average gross AUM represents the simple average of our AUM as of the last day of the relevant period and our AUM of the last day of the previous period. Quarterly Average gross AUM represents the simple average of our AUM as of the last day of the all quarters from beginning to end of relevant period (including AUM as of the first day at the beginning of relevant period).*

(5) *Net Worth represents the sum of equity share capital and other equity as of the last day of the relevant period.*

(6) *Annual Average Net Worth represents the simple average of Net Worth as of the last day of the relevant period and Net Worth as of the last day of the previous period. Quarterly Average Net Worth represents the simple average of Net Worth as of the last day of the all quarters from beginning to end of relevant period (including Net Worth as of the first day at the beginning of relevant period).*

(7) *Total Borrowings represents the aggregate of debt securities, borrowings (other than debt securities) and collateralized borrowing principal outstanding as of the last day of the relevant period*

(8) *Annual Average Total Borrowings is the simple average of our Total Borrowings outstanding as of the last day of the relevant period and our Total Borrowings outstanding as of the last day of the previous period. Quarterly Average Total Borrowing represents the*

*simple average of Total Borrowing as of the last day of the all quarters from beginning to end of relevant period (including Total Borrowing as of the first day at the beginning of relevant period).*

(9) *Return on Annual Average Gross AUM represents the percentage of profit after tax to the Annual Average Gross AUM.*

(10) *Return on Quarterly Average Gross AUM represents the percentage of profit after tax to the Quarterly Average Gross AUM.*

(11) *Return on Annual Average Net Worth represents the percentage of Profit after Tax to the Annual Average Net Worth.*

(12) *Return on Quarterly Average Net Worth represents the percentage of Profit after Tax to the Quarterly Average Net Worth.*

(13) *Annual Average Borrowings / Annual Average Net Worth represents the ratio of Annual Average Borrowings to Annual Average Net Worth.*

(14) *Quarterly Average Borrowings / Quarterly Average Net Worth represents the ratio of Quarterly Average Borrowings to Quarterly Average Net Worth.*

(15) *Annual Average Net Worth / Annual Average Gross AUM represents the ratio of Annual Average Net Worth to Annual Average Gross AUM.*

(16) *Quarterly Average Net Worth / Quarterly Average Gross AUM represents the ratio of Quarterly Average Net Worth to Quarterly Average Gross AUM.*

(17) *Investments represents the investments made by the company as of the last day of the relevant period.*

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

(19) *Dividend per share is calculated by dividing the Dividend distributed by the number of Equity shares outstanding as on the last of relevant period.*

(20) *Net Asset Value per equity share is Net Worth as at the end of the relevant period divided by number of equity shares outstanding at the end of the relevant period.*

(21) *Number of Equity shares represent the number of equity shares outstanding as on the last day of relevant period.*

(22) *Annual Average Total Assets represents the simple average of our total assets as of the last day of the relevant period and our total assets of the last day of the previous period, accordingly for quarterly averages as of the last day of relevant quarters.*

(23) *Total disbursements represent the amount of loans given during the relevant period.*

(24) *Profit as a percentage of Average Total Assets represents the percentage of Profit After Tax to the Average Total Assets for the relevant period.*

**Financial Ratios**

The following table sets forth, for the periods indicated, certain of our financial ratios:

| **Particulars** | **(₹ in million, except percentages)** | | | |
|---|---|---|---|---|
| | **As of/ for the** | | | |
| | **Six months ended September 30, 2023** | **Year ended March 31, 2023** | **Year ended March 31, 2022** | **Year ended March 31, 2021** |
| Gross AUM[1] | 23,042.50 | 19,429.29 | 12,331.28 | 8,143.76 |
| Gross AUM Growth (%)[2] | 18.60% | 57.56% | 51.42% | -5.24% |
| Annual Average Gross AUM[3] | 21,235.89 | 15,880.28 | 10,237.52 | 8,369.13 |
| Quarterly Average Gross AUM[4] | 21,302.16 | 15,283.74 | 9,596.39 | 7,842.86 |
| Securitized AUM[5] | 3,813.47 | 3,121.83 | 917.49 | 160.47 |
| Net AUM[6] | 19,229.03 | 16,307.46 | 11,413.79 | 7,983.30 |
| Disbursements[7] | 10,677.35 | 17,667.51 | 10,217.02 | 5,093.99 |
| Disbursement Growth (%)[8] | 62.40% | 73% | 100.57% | -41.69% |
| Total Active Loan Accounts[9] | 7,26,552 | 6,27,735 | 4,66,364 | 3,75,567 |
| Revenue from Operations[10] | 3,098.42 | 4,239.01 | 2,350.06 | 1,950.39 |
| Other Income[11] | - | 0.03 | - | - |
| Total Revenue[12] | 3,098.42 | 4,239.05 | 2,350.06 | 1,950.39 |
| Interest Expense and Other Borrowing Costs[13] | 1,313.18 | 1,719.96 | 894.50 | 792.25 |
| Net Interest Income[14] | 1,785.24 | 2,519.08 | 1,455.55 | 1,158.14 |
| Net Interest Margin = Net Interest Income / Annual Average Gross AUM (%)[15] | 13.83% | 13.64% | 13.01% | 12.90% |
| Net Interest Margin = Net Interest Income / Quarterly Average Gross AUM (%)[16] | 13.79% | 14.17% | 13.87% | 13.77% |
| Total Expenses[17] | 2,015.55 | 2,989.51 | 1,894.87 | 1,832.75 |
| Operating Expense[18] | 459.24 | 822.23 | 627.05 | 494.58 |
| Operating Expense / Annual Average Gross AUM (%)[19] | 4.33% | 5.18% | 6.13% | 5.91% |
| Operating Expense / Quarterly Average Gross AUM (%)[20] | 4.31% | 5.38% | 6.53% | 6.31% |
| Operating Expense / Annual Average Total Assets (%)[21] | 4.12% | 5.01% | 5.75% | 5.39% |
| Operating Expense / Quarterly Average Total Assets (%)[22] | 4.12% | 4.88% | 6.38% | 5.69% |
| Cost to Income Ratio[23] | 25.72% | 32.64% | 43.08% | 42.70% |
| Credit Cost[24] | 243.13 | 447.32 | 373.32 | 545.92 |
| Credit Cost / Annual Average Gross AUM (%)[25] | 2.29% | 2.82% | 3.65% | 6.52% |

| Particulars | (₹ in million, except percentages) | | | |
|---|---|---|---|---|
| | As of/ for the | | | |
| | Six months ended September 30, 2023 | Year ended March 31, 2023 | Year ended March 31, 2022 | Year ended March 31, 2021 |
| Credit Cost / Quarterly Average Gross AUM (%)[26] | 2.28% | 2.93% | 3.89% | 6.96% |
| Impairment of Financial Instruments[27] | 243.13 | 447.32 | 373.32 | 545.92 |
| Gross NPA[28] | 477.88 | 448.47 | 503.70 | 373.34 |
| Gross NPA Ratio (Gross) (%)[29] | 2.49% | 2.75% | 4.41% | 4.68% |
| Net NPA[30] | 43.76 | 26.10 | 86.66 | 56.54 |
| Net NPA Ratio (%)[31] | 0.23% | 0.16% | 0.76% | 0.71% |

(1) *Gross AUM represents aggregate of Gross Loan Book as of the last day of the relevant period.*
(2) *Gross AUM growth represents the percentage of growth from the previous relevant reporting period to the current relevant reporting period*
(3) *Annual Average gross AUM represents the simple average of our AUM as of the last day of the relevant period and our AUM of the last day of the previous period.*
(4) *Quarterly Average gross AUM represents the simple average of our AUM as of the last day of the all quarters from beginning to end of relevant period (including AUM as of the first day at the beginning of relevant period).*
(5) *Securitized AUM represents the part of Gross AUM which are assigned through Direct Assignments to the assignees.*
(6) *Net AUM represents the balance of Gross AUM after deducting the Direct Assignments (Securitised AUM) from the same.*
(7) *Disbursements represents the disbursements made during the relevant period*
(8) *Disbursements growth represents the percentage of growth from the previous relevant reporting period to the current relevant reporting period.*
(9) *Total Active Loan Account represents the outstanding number of loans during the relevant period.*
(10) *Revenue from operations represent the revenue generated during the relevant period from the business of lending and underlying fees for the same*
(11) *Other Income represents sales of scrap*
(12) *Total revenue represents the total of Revenue from Operations and other income.*
(13) *Interest expenses and other borrowing costs represent the costs incurred on borrowings from lenders.*
(14) *Net Interest Income represents total revenue after deducting interest expenses and other borrowing costs*
(15) *Net Interest Margin represents the spread of Interest income divided by the Annual Average Gross AUM*
(16) *Net Interest Margin represents the spread of Interest income divided by the Quarterly Average Gross AUM.*
(17) *Total Expenses represents the Total of all expenses during the relevant period.*
(18) *Operating expenses represent the Expenses incurred including the finance cost in carrying out the business operations of the company.*
(19) *Operating Expense / Annual Average Gross AUM represents the ratio Operating expense bears to the Annual Average Gross AUM.*
(20) *Operating Expense / Quarterly Average Gross AUM represents the ratio Operating expense bears to the Quarterly Average Gross AUM.*
(21) *Operating Expense / Annual Average Total Assets represents the ratio Operating expense bears to the Annual Average Total Assets*
(22) *Operating Expense / Quarterly Average Total Assets represents the ratio Operating expense bears to the Quarterly Average Total Assets.*
(23) *Cost to income ratio represents the ratio of total operating expenses bears to the sum of net interest income and other income.*
(24) *Credit Cost represents impairment loss allowance (including loss on derecognition) on financial instruments as per Ind AS 109, write off (net of recovery) for the relevant period.*
(25) *Credit Cost to Annual Average Gross AUM represents our Credit Cost for a period to the Annual Average Gross AUM for the period.*
(26) *Credit Cost to Quarterly Average Gross AUM represents our Credit Cost for a period to the Quarterly Average Gross AUM for the period.*
(27) *Impairment of financial instruments represent the Bad Debts written off (Net) and Expected Credit Loss provided for as per the provisions of Ind AS 109.*
(28) *Gross NPA represents Gross Loan Book pertaining to loans which are required to be classified as NPA as per the Income Recognition, Asset Classification and Provisioning Norms issued and modified by RBI from time to time.*
(29) *Gross NPA ratio (%) represents the Gross NPA to the Gross Loan Book as of the last day of the relevant period.*
(30) *Net NPA represents Gross NPA reduced by NPA provisions as of the last day of relevant period.*
(31) *Net NPA ratio (%) represents the Net NPA to the Gross Loan Book as of the last day of the relevant period.*

**Yield and Cost of Funds**

The following table sets forth, for the periods indicated, our yields and cost of funds:

| Particulars | As of/ for the six months ended September 30, | As of/ for the year ended March 31, | | |
|---|---|---|---|---|
| | 2023 | 2023 | 2022 | 2021 |
| Yield on Annual Average Gross AUM (%)[1] | 26.20% | 24.47% | 21.74% | 22.37% |
| Yield on Quarterly Average Gross AUM (%)[2] | 26.11% | 25.42% | 23.20% | 23.87% |
| Finance Cost of Annual Average Borrowings (%)[3] | 15.15% | 13.26% | 10.46% | 11.16% |
| Finance Cost of Quarterly Average Borrowings[4] | 15.13% | 12.81% | 11.00% | 12.05% |
| Product Yield on Quarterly Average AUM – MSME Loans[5] | 35.75% | 36.63% | 35.64% | 32.37% |
| Product Yield on Quarterly Average AUM – Microfinance[6] | 26.05% | 24.44% | 21.31% | 22.50% |

| Particulars | As of/ for the six months ended September 30, | As of/ for the year ended March 31, | | |
|---|---|---|---|---|
| | 2023 | 2023 | 2022 | 2021 |
| Product Yield on Quarterly Average AUM – 2 wheeler [7] | 25.78% | 30.50% | 25.79% | 24.65% |
| Spread (%) | 11.04% | 11.21% | 11.29% | 11.20% |

(1) *Yield on Annual Average Gross AUM represents the percentage of interest earned on loans to the Annual Average Gross AUM.*
(2) *Yield on Quarterly Average Gross AUM represents the percentage of interest earned on loans to the Quarterly Average Gross AUM*
(3) *Finance Cost of Annual Average Borrowings represents the percentage of Finance cost to the Annual Average Borrowings outstanding at the end of the relevant period.*
(4) *Finance Cost of Quarterly Average Borrowings represents the percentage of Finance cost to the Quarterly Average Borrowings outstanding at the end of the relevant period.*
(5) *Product Yield on Quarterly Average AUM – MSME Loans represents the percentage of SME – interest & Loan Processing Fees income to the Quarterly Average AUM – MSME Loans*
(6) *Product Yield on Quarterly Average AUM – MSME Loans represents the percentage of SME – interest & Loan Processing Fees income to the Quarterly Average AUM – MSME Loans*
(7) *Product Yield on Quarterly Average AUM – Microfinance represents the percentage of interest income earned from microfinance business to the Quarterly Average AUM of micro finance business.*
(8) *Spread represents the difference between the Yield on Annual Average Gross AUM (%) and the Finance cost of annual average borrowings(%).*

**Productivity Ratios**

The following table sets forth, for the periods indicated, certain of our productivity ratios:

| Particulars | As of and for the six months ended September 30, | As of and for the year ended March 31, | | |
|---|---|---|---|---|
| | 2023 | 2023 | 2022 | 2021 |
| Number of branches [1] | 385 | 336 | 292 | 239 |
| Number of branches – SME[2] | 71 | 57 | 50 | 35 |
| Number of branches – TW[3] | 5 | 5 | 6 | 6 |
| Number of branches – MFI[4] | 309 | 274 | 236 | 198 |
| Number of employees[5] | 3382 | 2805 | 2272 | 1889 |
| Number of loan officers[6] | 2772 | 2336 | 1788 | 1352 |
| Number of active loan accounts[7] | 726552 | 627735 | 466364 | 375567 |
| Gross AUM per branch (₹ in million)[8] | 59.85 | 57.83 | 42.23 | 34.07 |
| Gross AUM per employee (₹ in million)[9] | 6.81 | 6.93 | 5.43 | 4.31 |
| Gross AUM per active loan account (₹ )[10] | 31,715 | 30,951 | 26,441 | 21,684 |
| Number of loans disbursed[11] | 2,18,909 | 3,67,086 | 2,61,724 | 1,30,215 |
| Disbursement per branch (₹ in million)[12] | 27.73 | 52.58 | 34.99 | 21.31 |
| Disbursement per employee (₹ in million)[13] | 3.16 | 6.30 | 4.50 | 2.70 |
| Disbursement per loan officer (₹ in million)[14] | 3.85 | 7.56 | 5.71 | 3.77 |
| Gross disbursements (₹ in million)[15] | 10,677.35 | 17,667.51 | 10,217.02 | 5,093.99 |
| Disbursement growth (%)[16] | 62.40% | 72.92% | 100.57% | -41.69% |
| Average ticket size (₹ )[17] | 48,775 | 48,129 | 39,037 | 39,120 |

(1) *Number of branches means the total branches (including the subsidiary company's) operating as on the last day of the relevant period.*
(2) *Number of branches SME means the total branches dealing in the lending to the Small and Medium Enterprises. operating as on the last day of the relevant period.*
(3) *Number of branches TW means the Total branches dealing in Two Wheeler financing operating as on the last day of the relevant period.*
(4) *Number of branches MFI means the Total branches dealing in Micro financing business as on the last day of the relevant period.*
(5) *Number of employees represents the number of employees as on the last day of the relevant period.*
(6) *Number of Loan officers represent the number of employees working as loan officers as on the last day of the relevant period.*
(7) *Number of active loan accounts represent the Number of loans outstanding as on the last day of the relevant period.*
(8) *Gross AUM per branch represent the Gross AUM divided by the number of branches as on the last day of the relevant period.*
(9) *Gross AUM per employee represent the Gross AUM divided by the number of employees as on the last day of the relevant period.*
(10) *Gross AUM per active loan account represent the Gross AUM divided by the number of Active Loans as on the last day of the relevant period.*
(11) *Number of loans disbursed represents the number of loans accounts outstanding as on the last day of the relevant period.*
(12) *Disbursement per branch is calculated by dividing the Disbursements to the number of branches as on the last day of the relevant period*
(13) *Disbursement per employee is calculated by dividing the Disbursements to the number of employee as on the last day of the relevant period*
(14) *Disbursement per loan officer is calculated by dividing the Disbursements to the number of loan officers as on the last day of the relevant period.*
(15) *Gross disbursements represents the disbursements made during the relevant period.*

(16) *Disbursements Growth represents the percentage growth of disbursements from the end of relevant previous period to the end of relevant current period.*
(17) *Average Ticket Size is calculated by dividing the Gross disbursements by the number of loans disbursed during the relevant period.*

**Average Gross Loan Book**

| | As of and for the six months ended September 30, | As of and for the year ended March 31, | | |
|---|---|---|---|---|
| | 2023 | 2023 | 2022 | 2021 |
| Average Gross Loan Book[1] | 21,302.16 | 15,283.74 | 9,596.39 | 7,842.86 |
| Unsecured MSME Loans[2] | 2,738.35 | 2,030.92 | 1,357.68 | 1,281.73 |
| Micro Finance[3] | 17,910.56 | 12,731.41 | 7,786.37 | 5,881.91 |
| 2-wheeler [4] | 653.26 | 521.41 | 452.34 | 679.22 |
| Total | 21,302.16 | 15,283.74 | 9,596.39 | 7,842.86 |

(1) *Average Gross Loan Book represents the simple average of our AUM as of the last day of the all quarters from beginning to end of relevant period (including AUM as of the first day at the beginning of relevant period).*
(2) *Unsecured MSME loans represents the Loans extended to Micro, Smal, and Medium Enterprises which are not secured against any collateral.*
(3) *Micro finance represents the monthly average gross AUM of loans extended as microfinance.*
(4) *2 wheeler represents the Quarterly Average AUM of Two wheelers' loans financed.*

**Provisioning and Writeoffs**

| | As of September 30, | | As of and for the year ended March 31, | | |
|---|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 | 2021 |
| Total Gross Loans (Net of Direct Assignment)[1] | 19,229.03 | 13,753.44 | 16,307.46 | 11,413.79 | 7,983.30 |
| Gross Loan Assets – Stage III[2] | 477.88 | 478.51 | 448.47 | 503.66 | 373.34 |
| Gross Stage III (%)[3] | 2.49% | 3.48% | 2.75% | 4.41% | 4.68% |
| Impairment Allowance – Stage III[4] | 434.12 | 458.54 | 422.37 | 416.99 | 316.79 |
| Net Loan Assets – Stage III[5] | 43.76 | 19.97 | 26.10 | 86.68 | 56.54 |
| Net Stage III (%)[6] | 0.23% | 0.15% | 0.16% | 0.76% | 0.71% |
| Write offs/(Recoveries)[7] | 137.90 | 149.95 | 428.50 | 246.45 | 164.70 |

(1) *Total Gros loans (Net of Direct Assignments) represent the Gross loans minus the loans assigned to assignees through Direct assignments.*
(2) *Stage 3 loans refer to Stage 3 loans under our Gross Loan Book as of the last day of the relevant period, or closing balance of Gross Loan Book, which are Non-Performing Assets as defined in the master circular dated July 1, 2015 "Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances" issued by RBI, as amended*
(3) *Gross Stage III (%) is calculated by dividing the Gross Stage III by the Total Gross Loans (Net of Direct Assignment)*
(4) *Impairment Allowance – Stage III represents the impairment allowances provided for on the Stage III loans.*
(5) *Net Loan Assets – Stage III is calculated by deducting the impairment allowance – Stage III from the Gross Stage III loans.*
(6) *Net Stage III (%) is the percentage of Net Stage III loan to the Total Gross Loans (Net of Direct Assignments)*
(7) *Write offs/(Recoveries) represent the Bad Debts written off or Bad Debts recovered during the relevant period.*

**Stage wise loans – Unsecured MSME Loans**

| Total Gross Loans (Net of Direct Assignment) | As of and for the six months ended September 30, | As of and for the year ended March 31, | | |
|---|---|---|---|---|
| | 2023 | 2023 | 2022 | 2021 |
| Stage 1[1] | 2,584.13 | 2,463.10 | 1,483.36 | 1,087.49 |
| Stage 2[2] | 15.58 | 8.76 | 22.42 | 56.89 |
| Stage 3 | 67.32 | 60.25 | 128.88 | 74.80 |
| **Gross Loan Book – Unsecured MSME Loans** | 2,667.03 | 2,532.10 | 1,634.67 | 1,219.18 |
| **Unsecured MSME Loans (%)** | | | | |
| Stage 1[3] | 96.89% | 97.27% | 90.74% | 89.20% |
| Stage 2[3] | 0.58% | 0.35% | 1.37% | 4.67% |
| Stage 3[3] | 2.52% | 2.38% | 7.88% | 6.14% |
| **Total** | 100.00% | 100.00% | 100.00% | 100.00% |

(1) *Stage 1 represent the loans having Days Past Dues (DPDs) of upto 30 days as well as current loans*
(2) *Stage 2 represent the loans having Days Past Dues (DPDs) of 31 to 90 days.*
(3) *Stage 1, 2 and 3 percentages are calculated by dividing the Stage1, 2 and 3 loans to the total gross loans (net of direct assignments) for the relevant period for the MSME segment.*

**Stage wise loans – 2 Two Wheelers**

| Total Gross Loans (Net of Direct Assignment) | As of and for the six months ended September 30, | As of and for the year ended March 31, | | |
|---|---|---|---|---|
| | 2023 | 2023 | 2022 | 2021 |
| Stage 1 | 621.03 | 561.42 | 407.78 | 384.52 |
| Stage 2 | 31.38 | 23.73 | 21.58 | 36.31 |
| Stage 3 | 35.77 | 22.64 | 31.77 | 38.31 |
| **Gross Loan Book – 2-wheeler** | 688.18 | 607.79 | 461.14 | 459.14 |
| **2-wheeler (%)** | | | | |
| Stage 1 | 90.24% | 92.37% | 88.43% | 83.75% |
| Stage 2 | 4.56% | 3.90% | 4.68% | 7.91% |
| Stage 3 | 5.20% | 3.73% | 6.89% | 8.34% |
| **Total** | 100.00% | 100.00% | 100.00% | 100.00% |

(1) *Stage 1 represent the loans having Days Past Dues (DPDs) of upto 30 days as well as current loans*
(2) *Stage 2 represent the loans having Days Past Dues (DPDs) of 31 to 90 days.*
(3) *Stage 1, 2 and 3 percentages are calculated by dividing the Stage1, 2 and 3 loans to the total gross loans (net of direct assignments) for the relevant period for the Two Wheelers' segment.*

**Stage wise loans – Unsecured Micro Finance**

| Total Gross Loans (Net of Direct Assignment) | As of and for the six months ended September 30, | As of and for the year ended March 31, | | |
|---|---|---|---|---|
| | 2023 | 2023 | 2022 | 2021 |
| Stage 1 | 15,288.89 | 12,658.69 | 8,540.54 | 5,775.90 |
| Stage 2 | 212.24 | 143.30 | 434.08 | 268.86 |
| Stage 3 | 372.42 | 365.58 | 343.01 | 260.22 |
| **Gross Loan Book – Unsecured Micro Finance** | 15,873.56 | 13,167.56 | 9,317.63 | 6,304.98 |
| **Unsecured Micro Finance (%)** | | | | |
| Stage 1 | 96.32% | 96.14% | 91.66% | 91.61% |
| Stage 2 | 1.34% | 1.09% | 4.66% | 4.26% |
| Stage 3 | 2.35% | 2.78% | 3.68% | 4.13% |
| **Total** | 100.00% | 100.00% | 100.00% | 100.00% |

(1) *Stage 1 represent the loans having Days Past Dues (DPDs) of upto 30 days as well as current loans*
(2) *Stage 2 represent the loans having Days Past Dues (DPDs) of 31 to 90 days.*
(3) *Stage 1, 2 and 3 percentages are calculated by dividing the Stage 1, 2 and 3 loans to the total gross loans (net of direct assignments) for the relevant period for the Micro finance segment.*

**Geographical Spread of Active Loan Accounts**

The following table sets forth our geographic spread based on the number of Active loan accounts:

<u>Microfinance:</u>

| State | Number of Loan Accounts | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | As of September 30, 2023 | | As of March 31, 2023 | | As of March 31, 2022 | | As of March 31, 2021 | |
| | No. of active loan accounts | % of Total | No. of active loan accounts | % of Total | No. of active loan accounts | % of Total | No. of active loan accounts | % of Total |
| Gujarat | 129344 | 20.32% | 118058 | 21.50% | 96318 | 24.00% | 69402 | 26.98% |
| Madhya Pradesh | 95865 | 15.06% | 93974 | 17.12% | 89441 | 22.28% | 68182 | 26.51% |
| Maharashtra | 72114 | 11.33% | 63363 | 11.54% | 57616 | 14.35% | 42615 | 16.57% |
| Rajasthan | 73995 | 11.62% | 64749 | 11.79% | 46854 | 11.67% | 25654 | 9.97% |
| Uttar Pradesh | 181645 | 28.54% | 152094 | 27.70% | 92906 | 23.15% | 46519 | 18.09% |
| Bihar | 57049 | 8.96% | 31673 | 5.77% | 775 | 0.19% | - | - |
| Haryana | 20943 | 3.29% | 20134 | 3.67% | 13409 | 3.34% | 1854 | 0.72% |
| Uttarakhand | 4833 | 0.76% | 4963 | 0.90% | 4067 | 1.01% | 2980 | 1.16% |
| Jharkhand | 774 | 0.12% | - | - | - | - | - | 0.00% |
| **Total** | **636562** | **100.00%** | **549008** | **100.00%** | **401386** | **100.00%** | **257206** | **100.00%** |

Two Wheelers Loans & MSME Loans:

| State | Number of Loan Accounts | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | As of September 30, 2023 | | As of March 31, 2023 | | As of March 31, 2022 | | As of March 31, 2021 | |
| | No. of active loan accounts | % of Total | No. of active loan accounts | % of Total | No. of active loan accounts | % of Total | No. of active loan accounts | % of Total |
| Gujarat | 62,773 | 69.76% | 56,260 | 71.46% | 51,425 | 79.14% | 55,617 | 86.67% |
| *Two Wheelers* | 16,695 | 18.55% | 14,810 | 18.81% | 12,633 | 19.44% | 19,848 | 30.93% |
| *SME* | 46,078 | 51.20% | 41,450 | 52.65% | 38,792 | 59.70% | 35,769 | 55.74% |
| Madhya Pradesh | 12,395 | 13.77% | 11,761 | 14.94% | 7,997 | 12.31% | 6,629 | 10.33% |
| *SME* | 12,395 | 13.77% | 11,761 | 14.94% | 7,997 | 12.31% | 6,629 | 10.33% |
| Maharashtra | 4,297 | 4.77% | 4,252 | 5.40% | 3,979 | 6.12% | 1,928 | 3.00% |
| *SME* | 4,297 | 4.77% | 4,252 | 5.40% | 3,979 | 6.12% | 1,928 | 3.00% |
| Rajasthan | 9,833 | 10.93% | 6,454 | 8.20% | 1,577 | 2.43% | - | - |
| *SME* | 9,833 | 10.93% | 6,454 | 8.20% | 1,577 | 2.43% | - | - |
| Uttar Pradesh | - | - | - | - | - | - | - | - |
| *SME* | - | - | - | - | - | - | - | - |
| Telangana | 692 | 0.77% | - | - | - | - | - | - |
| *SME* | 692 | 0.77% | - | - | - | - | - | - |
| **Total** | **89,990** | **100.00%** | **78,727** | **100.00%** | **64,978** | **100.00%** | **64,174** | **100.00%** |

**Geographical Spread of Gross AUM**

The following table sets forth the state-wise spread of our Gross AUM:

Microfinance

| State | Gross AUM (₹ in million, except percentages) | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | As of September 30, 2023 | | As of March 31, 2023 | | As of March 31, 2022 | | As of March 31, 2021 | |
| | Gross AUM | % of Total | Gross AUM | % of Total | Gross AUM | % of Total | Gross AUM | % of Total |
| Gujarat | 4,089.92 | 21.03% | 3,605.78 | 22.15% | 2,558.43 | 25.04% | 1,716.14 | 26.69% |
| Madhya Pradesh | 2,796.74 | 14.38% | 2,605.78 | 16.01% | 2,278.23 | 22.29% | 1,714.39 | 26.66% |
| Maharashtra | 2,223.25 | 11.43% | 1,898.44 | 11.66% | 1,325.43 | 12.97% | 1,177.23 | 18.31% |
| Uttar Pradesh | 5,535.00 | 28.46% | 4,607.15 | 28.31% | 2,400.09 | 23.49% | 1,138.20 | 17.70% |
| Rajasthan | 2,117.58 | 10.89% | 1,723.60 | 10.59% | 1,169.97 | 11.45% | 557.37 | 8.67% |
| Bihar | 1,954.46 | 10.05% | 1,171.88 | 7.20% | 24.02 | 0.24% | - | - |
| Haryana | 559.05 | 2.87% | 517.24 | 3.18% | 363.98 | 3.56% | 56.99 | 0.89% |
| Uttarakhand | 139.71 | 0.72% | 146.47 | 0.90% | 98.98 | 0.97% | 70.68 | 1.10% |
| Jharkhand | 33.14 | 0.17% | - | - | - | - | - | - |
| **Total** | **19,448.85** | **100.00%** | **16,276.34** | **100.00%** | **10,219.12** | **100.00%** | **6,431.00** | **100.00%** |

Two Wheelers Loans & MSME Loans:

| State | Gross AUM (₹ in million, except percentages) | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | As of September 30, 2023 | | As of March 31, 2023 | | As of March 31, 2022 | | As of March 31, 2021 | |
| | Gross AUM | % of Total | Gross AUM | % of Total | Gross AUM | % of Total | Gross AUM | % of Total |
| Gujarat | **2,412.10** | **67.12%** | **2,154.53** | **68.33%** | **1,671.62** | **79.14%** | **1,428.02** | **83.38%** |
| *Two Wheelers* | 688.18 | 19.15% | 607.79 | 19.28% | 461.14 | 21.83% | 459.14 | 26.81% |
| *SME* | 1,723.92 | 47.97% | 1,546.74 | 49.06% | 1,210.48 | 57.31% | 968.88 | 56.57% |
| Madhya Pradesh | 520.69 | 14.49% | 502.81 | 15.95% | 259.94 | 12.31% | 214.46 | 12.52% |
| *SME* | 520.69 | 14.49% | 502.81 | 15.95% | 259.94 | 12.31% | 214.46 | 12.52% |
| Maharashtra | 155.53 | 4.33% | 164.89 | 5.23% | 129.35 | 6.12% | 70.28 | 4.10% |
| *SME* | 155.53 | 4.33% | 164.89 | 5.23% | 129.35 | 6.12% | 70.28 | 4.10% |
| Rajasthan | 460.61 | 12.82% | 330.71 | 10.49% | 51.25 | 2.43% | - | - |
| *SME* | 460.61 | 12.82% | 330.71 | 10.49% | 51.25 | 2.43% | - | - |

| State | Gross AUM (₹ in million, except percentages) | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | As of September 30, 2023 | | As of March 31, 2023 | | As of March 31, 2022 | | As of March 31, 2021 | |
| | Gross AUM | % of Total | Gross AUM | % of Total | Gross AUM | % of Total | Gross AUM | % of Total |
| Telangana | 44.73 | 1.24% | - | - | - | - | - | - |
| *SME* | 44.73 | 1.24% | - | - | - | - | - | - |
| **Total** | 3,593.65 | **100.00%** | 3,152.94 | **100.00%** | 2,112.16 | **100.00%** | 1,712.77 | **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 total loan portfolio:

| Exposure of Districts | As of September 30, 2023 | | As of March 31, 2023 | | As of March 31, 2022 | | As of March 31, 2021 | |
|---|---|---|---|---|---|---|---|---|
| % Contribution to total loan portfolio | No. of Districts | % of Total Districts | No. of Districts | % of Total Districts | No. of Districts | % of Total Districts | No. of Districts | % of Total Districts |
| <0.5% | 55 | 39.29% | 57 | 47.50% | 50 | 46.73% | 34 | 36.17% |
| 0.5%-1% | 29 | 20.71% | 30 | 25.00% | 26 | 24.30% | 27 | 28.72% |
| 1%-3% | 42 | 30.00% | 32 | 26.67% | 28 | 26.17% | 25 | 26.60% |
| 3%-5% | 13 | 9.29% | 1 | 0.83% | 3 | 2.80% | 6 | 6.38% |
| >5% | - | - | - | - | - | - | 2 | 2.13% |
| **Total** | **140** | **100.00%** | **120** | **100.00%** | **107** | **100.00%** | **94** | **100.00%** |

**Borrowing Profile**

The following table sets out our borrowing profile:

| Particulars | As of | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | September 30, 2023 | | March 31, 2023 | | March 31, 2022 | | March 31, 2021 | |
| | ₹ in Mn | % of Total | ₹ in Mn | % of Total | ₹ in Mn | % of Total | ₹ in Mn | % of Total |
| **Term Loans** | | | | | | | | |
| Indian rupee loan from banks | 6,858.33 | 36.84% | 5,715.50 | 35.62% | 4,139.18 | 41.82% | 2,421.73 | 33.57% |
| Indian rupee loan from FI | 6,093.90 | 32.73% | 5,752.46 | 35.85% | 3,651.39 | 36.89% | 2,427.10 | 33.64% |
| Indian rupee loan from others | 30.00 | 0.16% | - | - | - | - | - | - |
| Non-convertible debentures | 3,751.57 | 20.15% | 2,328.82 | 14.52% | 1,950.76 | 19.71% | 1,776.06 | 24.62% |
| Compulsorily convertible debentures | 48.43 | 0.26% | 104.73 | 0.65% | - | - | - | - |
| Optionally convertible Redeemable Preference Shares | 190.75 | 1.02% | 385.85 | 2.40% | - | - | - | - |
| Short-term borrowings | 1,644.70 | 8.83% | 1,756.76 | 10.95% | 155.57 | 1.57% | 589.32 | 8.17% |

**Asset Liability Management**

The following table sets forth the maturity pattern of certain items of assets and liabilities as of September 30, 2023, and for the Fiscal 2023, Fiscal 2022 and Fiscal 2021 for our Company:

*(₹ in million)*

| Particulars | As of | Within 12 months | After 12 months | Total |
|---|---|---|---|---|
| **Liabilities** | | | | |
| **Borrowings** | September 30, 2023 | 11,400.13 | 7,217.57 | 18,617.69 |
| | March 31, 2023 | 9,423.66 | 6,620.45 | 16,044.11 |
| | March 31, 2022 | 6,486.55 | 3,410.36 | 9,896.91 |
| | March 31, 2021 | 4,061.92 | 3,152.29 | 7,214.21 |
| **Assets** | | | | |
| **Advances** | September 30, 2023 | 11,660.01 | 6,532.27 | 18,192.28 |
| | March 31, 2023 | 11,738.22 | 3,628.85 | 15,367.08 |
| | March 31, 2022 | 7,365.38 | 3,210.69 | 10,576.07 |
| | March 31, 2021 | 4,994.56 | 2,431.71 | 7,426.27 |
| **Investments** | September 30, 2023 | 242.16 | - | 242.16 |

| Particulars | As of | Within 12 months | After 12 months | Total |
|---|---|---|---|---|
| | March 31, 2023 | 194.79 | - | 194.79 |
| | March 31, 2022 | 59.17 | - | 59.17 |
| | March 31, 2021 | 31.77 | - | 31.77 |

**Classification of Assets**

The following table sets forth certain information regarding classification of our assets and provisioning:

*(₹ in million)*

| Asset Classification | As of September 30, | As of March 31, | | |
|---|---|---|---|---|
| | 2023 | 2023 | 2022 | 2021 |
| **Portfolio loans outstanding (Gross)** | | | | |
| Standard | 22,525.59 | 18,950.29 | 11,781.72 | 7,732.90 |
| Non-performing | 516.91 | 478.99 | 549.56 | 410.86 |
| **Portfolio loans outstanding (Gross)** | 23,042.50 | 19,429.28 | 12,331.28 | 8,143.77 |
| **Provision for standard and non-performing assets** | | | | |
| Standard | 336.47 | 245.76 | 236.18 | 198.68 |
| Non-performing | 434.12 | 422.37 | 416.99 | 316.79 |
| **Total provisions** | 770.58 | 668.13 | 653.17 | 515.47 |
| **Portfolio loans outstanding (Net)** | | | | |
| Standard Assets | 22,189.12 | 18,704.53 | 11,545.54 | 7,534.23 |
| Non-performing | 82.80 | 56.62 | 132.57 | 94.07 |
| Portfolio loans outstanding (Net) | 22,271.92 | 18,761.15 | 11,678.11 | 7,628.30 |
| **Provision coverage ratio (%)[1]** | 90.84% | 94.18% | 82.80% | 84.85% |

(1) *Provision Coverage Ratio represents provisions held on Gross NPAs (net of AUM directly assigned) as of the last day of the period, as a percentage of Gross NPAs (net of AUM directly assigned) as of the last day of the period.*

**Unsecured Loan Portfolio – AUM**

| Particulars | As of | | | |
|---|---|---|---|---|
| | September 30, 2023 | March 31, 2023 | March 31, 2022 | March 31, 2021 |
| | ₹ in Mn | ₹ in Mn | ₹ in Mn | ₹ in Mn |
| AUM | 23,042.50 | 19,429.29 | 12,331.28 | 8,143.76 |
| 0 days + AUM[1] | 1,146.28 | 875.48 | 1,265.47 | 1,111.47 |
| 0 days + AUM (%)[2] | 4.97% | 4.51% | 10.26% | 13.65% |
| 30 days + AUM[3] | 797.03 | 673.19 | 1,044.15 | 800.05 |
| 30 days + AUM (%)[4] | 3.46% | 3.46% | 8.47% | 9.82% |

(1) *0 days+ AUM refers to accounts that are more than 0 Days Past Due ("DPD").*

(2) *0 days+ AUM(%) to refers 0+ DPD to the AUM of unsecured Loans as of the last day of the relevant period as a percentage.*

(3) *30 days + AUM refers to accounts that are more than 30 DPD.*

(4) *30 days + AUM (%) refers 30+ DPD to the AUM of unsecured Loans as of the last day of the relevant period as a percentage.*

**Unsecured Loan Portfolio – Restructured Standard Book**

| Particulars | As of | | | |
|---|---|---|---|---|
| | September 30, 2023 | March 31, 2023 | March 31, 2022 | March 31, 2021 |
| | ₹ in Mn | ₹ in Mn | ₹ in Mn | ₹ in Mn |
| Restructured AUM[1] | - | 48.58 | 473.05 | 369.60 |
| Standard Restructured AUM[2] | - | - | 360.53 | 369.60 |
| Standard Restructured AUM (%)[3] | - | - | 76.21% | 100.00% |

(1) *Restructured AUM refers to all accounts restructured under the resolution framework of the RBI which allowed a one-time restructuring of loans impacted by COVID-19 pandemic as of the last day of the relevant period.*

(2) *Standard Restructured AUM refers to Restructured AUM which are 89 DPD or below as of the last day of the relevant period.*

(3) *Standard Restructured AUM (%) refers to Restructured AUM to the Standard Restructured AUM, as a percentage, as of the last day of the relevant period*

**AUM by Eligibility Type**

| Eligibility type | As of | | | |
|---|---|---|---|---|
| | September 30, 2023 | March 31, 2023 | March 31, 2022 | March 31, 2021 |
| | ₹ in Mn | ₹ in Mn | ₹ in Mn | ₹ in Mn |
| Income-based | 22,354.32 | 18,821.50 | 11,869.79 | 7,684.63 |
| Others | 688.18 | 607.79 | 461.14 | 459.14 |

**AUM by Ticket Size**

| Particulars | As of | | | |
|---|---|---|---|---|
| | September 30, 2023 | March 31, 2023 | March 31, 2022 | March 31, 2021 |
| | ₹ in Mn | ₹ in Mn | ₹ in Mn | ₹ in Mn |
| <50000 | 14,540.57 | 12,917.73 | 10,046.84 | 6,628.82 |
| 50001 to 250000 | 8,501.93 | 6,511.55 | 2,284.44 | 1,514.94 |
| >250000 | - | - | - | - |

**Interest Rate**

| Particulars | As of | | | |
|---|---|---|---|---|
| | September 30, 2023 | March 31, 2023 | March 31, 2022 | March 31, 2021 |
| | ₹ in Mn | ₹ in Mn | ₹ in Mn | ₹ in Mn |
| Floating | - | - | - | - |
| Fixed | 23,042.50 | 19,429.29 | 12,331.28 | 8,143.76 |
| **Total** | 23,042.50 | 19,429.29 | 12,331.28 | 8,143.76 |

**Capital Adequacy**

Our Company is subject to the capital adequacy requirements prescribed by the RBI. The following table sets forth certain information relating to the CRAR of our Company based on our restated financial position as of the periods indicated:

*(₹ in million, except percentage)*

| Particulars of Arman Financial Services Limited | As of September 30, | As of March 31, | | |
|---|---|---|---|---|
| | 2023 | 2023 | 2022 | 2021 |
| Tier I Capital[1] | 1,012.53 | 584.63 | 568.74 | 776.67 |
| Tier II Capital[2] | 270.63 | 514.61 | 46.16 | 58.83 |
| **Total Capital[3]** | 1,283.15 | 1,099.24 | 614.91 | 835.50 |
| **Total Risk Weighted Assets[4]** | 3,650.32 | 3,370.49 | 2,113.20 | 1,712.08 |
| **Capital Adequacy Ratio / Capital to Risk Weighted Assets Ratio** | | | | |
| CRAR - Tier I capital (%) | 27.74% | 17.35% | 26.91% | 45.36% |
| CRAR - Tier II capital (%) | 7.41% | 15.27% | 2.18% | 3.44% |
| **CRAR (%)** | 35.15% | 32.61% | 29.10% | 48.80% |

*(1) Teir I capital represents the Tier I capital classified as per the RBI norms*
*(2) Teir II capital represents the Tier II capital classified as per the RBI norms*
*(3) Total capital is the total of Tier I and II capital*
*(4) Total Risk Weighted Assets represent the Assets multiplied by the risk weights as prescribed by the RBI.*
*(5) CRAR- Tier I capital (%) is calculated by dividing the Tier-I capital with the Total Risk Weighted Assets.*
*(6) CRAR- Tier II capital (%) is calculated by dividing the Tier-II capital with the Total Risk Weighted Assets*
*(7) CRAR (%) is calculated by dividing the Total capital with the Total Risk Weighted Assets*

| Particulars of Namra Finance Limited | As of September 30, | As of March 31, | | |
|---|---|---|---|---|
| | 2023 | 2023 | 2022 | 2021 |
| Tier I Capital | 3,801.77 | 3,125.90 | 1,485.67 | 1,108.50 |
| Tier II Capital | 267.52 | 265.45 | 254.56 | 172.62 |
| **Total Capital** | 4,069.29 | 3,391.35 | 1,740.23 | 1,281.11 |
| **Total Risk Weighted Assets** | 15,801.34 | 13,235.62 | 9,266.89 | 6,303.16 |
| **Capital Adequacy Ratio / Capital to Risk Weighted** | | | | |

| Particulars of Namra Finance Limited | As of September 30, | As of March 31, | | |
|---|---|---|---|---|
| | 2023 | 2023 | 2022 | 2021 |
| **Assets Ratio** | | | | |
| CRAR - Tier I capital (%) | 24.06% | 23.62% | 16.03% | 17.59% |
| CRAR - Tier II capital (%) | 1.69% | 2.01% | 2.75% | 2.74% |
| **CRAR (%)** | 25.75% | 25.62% | 18.78% | 20.32% |

## RELATED PARTY TRANSACTIONS

For details of the related party transactions during the (i) six months period ended September 30, 2023, and (ii) year ended March 31, 2023, (iii) year ended March 31, 2022, and (iv) year ended March 31, 2021, as per Ind AS 24, see "*Financial Information*" on page 214.

## RISK FACTORS

*This Issue and an investment in Equity Shares involve a high degree of risk. You should carefully consider the risks described below as well as other information in this Placement Document before making an investment decision. If any particular or a combination of the risks described below actually occurs, our business, prospects, financial condition, results of operations and cash flows could be seriously affected, the trading price of our Equity Shares could decline and you may lose all or part of your investment. Unless specified in the risk factors below, we are not in a position to quantify the financial implications of any of the risks mentioned below.*

*We have described the risks and uncertainties that our management believes are material but the risks set out in this Placement Document may not be exhaustive or complete, and additional risks and uncertainties not presently known to us, or which we currently deem to be immaterial, may arise or may become material, as the case may be, in the future. This section should be read together with the sections, "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Industry Overview", "Business", and "Financial Information" beginning on pages 89, 121, 131 and 214 of this Placement Document, respectively, and other financial information included elsewhere in this Placement Document. This Placement Document contains forward-looking statements that involve risks and uncertainties.*

*Prospective investors should carefully consider the following risk factors as well as other information included in this Placement Document prior to making any decision as to whether or not to invest in our Issue. Any potential investor in, and purchaser of our Equity Shares should pay particular attention to the fact that we are governed in India by a legal and regulatory environment which in some material respects may be different from that prevailing in other countries.*

*Our fiscal year ends on March 31 of each year, and references to a particular fiscal are to the twelve months ended March 31 of that year. Unless otherwise indicated or the context requires, the financial information for Fiscal 2023, Fiscal 2022 and Fiscal 2021 included herein is based on the Audited Consolidated Financial Statements, and the financial information for the six months ended September 30, 2023 is based on the Unaudited Interim Condensed Consolidated Financial Statements included in this Placement Document. For further information, see "Selected Financial Information", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Financial Information" on pages 36, 89 and 214, respectively.*

*The information presented in this section has been extracted from publicly available documents from various sources, including 'Issue 47 – Micrometer & MICRO MATTERS: MACRO VIEW India Microfinance Review FY 2022-23' prepared by Microfinance Industry Network ("**MFIN Report**") and officially prepared materials from the Government and its various ministries, , the Reserve Bank of India, the World Bank, and International Monetary Fund and has not been prepared or independently verified by us, the Book Running Lead Manager or any of its affiliates or advisers. The accuracy and completeness of the industry sources and publications referred to by us, and the underlying assumptions on which such sources and publications are based, are not guaranteed and their reliability cannot be assured and, accordingly, investment decisions should not be based on such information. The relevant industry sources are indicated at all relevant places within this section.*

*This Placement Document also contains forward looking statements that involve risk and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below in "Forward-Looking Statements" on page 14, and elsewhere in this Placement Document.*

**Internal Risks**

***<u>Risks Relating to our Business</u>***

1. ***The risk of non-payment or default by our borrowers or failure to maintain sufficient credit assessment policies may adversely affect our business, results of operations and financial condition.***

We primarily serve customers in the low and middle-income groups, with majority of our borrowers being small and micro business owners, salaried or working-class individuals, and self-employed individuals, predominantly in the rural and semi-urban areas. Set forth below is the amount of our assets under management ("**AUM**") from our customers, who typically belong to the low-income group, unorganized sector and usually do not form part of the mainstream banking finance:

| Particulars | For the six months ended September 30, 2023 | | For the Year ended March 31, | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | 2023 | | 2022 | | 2021 | |
| | AUM (₹ million) | % of total AUM | AUM (₹ million) | % of total AUM | AUM (₹ million) | % of total AUM | AUM (₹ million) | % of total AUM |
| MSME loans | 2,905.47 | 12.61% | 2,545.15 | 13.10% | 1,651.02 | 13.39% | 1,253.63 | 15.39% |
| Two-wheeler loans | 688.18 | 2.99% | 607.79 | 3.13% | 461.14 | 3.74% | 459.14 | 5.64% |

| Particulars | For the six months ended September 30, 2023 | | For the Year ended March 31, | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | 2023 | | 2022 | | 2021 | |
| | AUM (₹ million) | % of total AUM | AUM (₹ million) | % of total AUM | AUM (₹ million) | % of total AUM | AUM (₹ million) | % of total AUM |
| Microfinance * | 19,448.85 | 84.40% | 16,276.34 | 83.77% | 10,219.12 | 82.87% | 6,431.00 | 78.97% |
| **Total** | 23,042.50 | 100.00% | 19,429.29 | 100.00% | 12,331.28 | 100.00% | 8,143.76 | 100.00% |

* *including individual business loans*

A significant portion of our customer base is typically less economically stable than large corporates, and as a result, is usually adversely affected by declining economic conditions. Earning capacity of customers in these segments depends on various macro and micro economic factors that affect them from time to time. Our customers may default on their repayment obligations due to various reasons including business failure, insolvency, lack of liquidity, loss of employment or personal emergencies such as the death of an income-generating family member, including on account of unforeseen events such as the COVID-19 pandemic. In addition, our customers may have limited credit histories thus impacting our ability to assess their creditworthiness. It may therefore be difficult for us to carry out the necessary credit risk analysis on all of our customers.

Our microfinance customers typically are women from low-income households in rural India, with limited sources of income, savings and credit histories supported by tax returns and statements of previous loan exposures which are generally unsecured. Further, low-income borrowers generally are less financially resilient than borrowers with better financial resources, more established credit histories, access to better education, employment opportunities, and social services, who may be disproportionately affected by economic conditions or socio-political unrest. Such customers may have a high risk of non-payment or default due to a number of reasons such as not having the experience of payment of interest and repayment of principal, as well as other reasons applicable to our other customers. To the extent we are unable to successfully manage the risks associated with lending to customers new to credit, it may become difficult for us to recover outstanding loan amounts (including interest) provided to such customers.

Further, some of these microfinance borrowers may have availed loans from multiple sources. Also, we may not always receive timely updates regarding changes in the financial condition of our customers or may receive inaccurate or incomplete information, as a result of any misrepresentation by either customers or employees. In the event of default, we may be unable to collect part or all of the amount lent to a customer. As of September 30, 2023, 98.00% of our entire microfinance portfolio consisted of joint liability group loans. Our joint liability group lending products are built on the joint-liability loan model, wherein borrowers form a group and provide mutual guarantee for loans obtained by each other without requiring collateral or security on an individual basis. These arrangements are likely to fail if there is no meaningful personal relationship among members of such group, if inadequate risk management procedures have been employed to verify the group members and their ability to repay such loans, or as a result of adverse external factors such as natural calamities or forced migration.

We also provide loans to customers who are self-employed. During the period from April 1, 2021 to September 30, 2023, loans aggregating to ₹ 37,276.03 million, or 97.70% of the total loans disbursed (in terms of count of loans) by us were to self-employed customers. Self-employed customers are often considered to be higher credit risk customers than large corporate borrowers due to their increased exposure to fluctuations in cash flows due to adverse economic conditions. To the extent we are unable to successfully manage the risks associated with lending to self-employed customers, it may become difficult for us to recover outstanding loan amounts provided to such customers.

The following table *sets* forth our bad debts written off for major products by number of accounts and total amount for the years/ period indicated:

| Write-offs | As of September 30, 2023 | | As of March 31, 2023 | | As of March 31, 2022 | | As of March 31, 2021 | |
|---|---|---|---|---|---|---|---|---|
| | Number of accounts | Amount (₹ million) | Number of accounts | Amount (₹ million) | Number of accounts | Amount (₹ million) | Number of accounts | Amount (₹ million) |
| MSME loans | 1,035 | 12.29 | 2,679 | 85.48 | 2,024 | 64.58 | 984 | 31.39 |
| Two-wheeler loans | 558 | 6.62 | 1,443 | 46.03 | 1,090 | 34.78 | 530 | 16.90 |
| Microfinance loans | 9,772 | 139.47 | 24,151 | 343.98 | 12,699 | 180.86 | 8,697 | 123.87 |
| **Total** | **11,365** | **158.39** | **28,273** | **475.49** | **15,813** | **280.22** | **10,211** | **172.17** |

The following table sets forth our bad debts written off as a percentage of loans advanced for the years/period indicated:

| Write-offs | As of September 30, 2023 | | As of March 31, 2023 | | As of March 31, 2022 | | As of March 31, 2021 | |
|---|---|---|---|---|---|---|---|---|
| | Write-offs for credit (₹ million) | Percentage of AUM for the year (%) | Write-offs for credit (₹ million) | Percentage of AUM for the year (%) | Write-offs for credit (₹ million) | Percentage of AUM for the year (%) | Write-offs for credit (₹ million) | Percentage of AUM for the year (%) |
| MSME | 12.29 | 0.42% | 85.48 | 3.36% | 64.58 | 3.91% | 31.39 | 2.50% |
| TW | 6.62 | 0.96% | 46.03 | 7.57% | 34.78 | 7.54% | 16.90 | 3.68% |
| MFI | 139.47 | 0.72% | 343.98 | 2.11% | 180.86 | 1.77% | 123.87 | 1.93% |
| **Total** | **158.39** | **0.69%** | **475.49** | **2.45%** | **280.22** | **2.27%** | **172.17** | **2.11%** |

We adopt a proactive approach to risk management - by foreseeing potential stress areas and employing proactive measures, we safeguard against adverse impacts. See "*Our Business - Efficient customer selection process and risk management policies resulting in healthy asset quality*." on page 136. However, we cannot assure you that our risk management controls will be adequate to prevent future losses on account of customer defaults, which may adversely affect our business, results of operations and financial condition. Although we have adopted risk management policies and procedures, we cannot assure you that these policies and procedures will be adequate. For further details see *"- 13. We may not be able to identify, monitor and manage risks or effectively implement our risk management policies.*" on page 57. Failure to maintain sufficient credit assessment policies, particularly for individual borrowers, may adversely affect our credit portfolio.

2. ***Most of the loans we provide are unsecured and are susceptible to certain operational and credit risks which may result in increased levels of NPAs, which may adversely affect our business, prospects, results of operations and financial condition.***

Our micro-enterprise loans are given to customers who primarily include small and medium sized manufacturers, dealers and service providers and we offer certain loans which are unsecured in nature. We may not be able to recover these loans through our standard recovery proceedings. As of September 30, 2023, our unsecured loan portfolio was ₹ 22,354.32 million, or 97.01% of our AUM of ₹ 23,042.50 million. These unsecured loans present a higher risk of loss in case of a credit default, compared to loans to customers in other asset-backed financing products. In addition, there can be no assurance that our monitoring and risk management procedures will succeed in effectively predicting the right income levels of these customers or that our loan loss reserves will be sufficient to cover any actual losses. If our recovery team is unable to recover payments due to us from these unsecured loans, we typically initiate legal action in respect of dishonoured non-cash instruments. During six months ended September 30, 2023 and during Fiscal 2023, Fiscal 2022, and Fiscal 2021, we initiated legal action to recover ₹ 92.35 million, ₹92.53 million, ₹41.53 million and ₹48.58 million, respectively. However, there can be no assurance that these legal proceedings would be commercially feasible or conclude in a manner favourable to us in a timely manner or at all. If there is a default by customers on repayment of such unsecured loans or if we are unable to recover our principal and interest through such legal proceedings, we may experience increased levels of NPAs and we may be required to make related provisions and write-offs that may have an adverse effect on our business prospects, financial condition and results of operations.

3. ***A significant portion of our loan portfolio was originated in rural areas, exposing us to risks associated with rural economies.***

As of September 30, 2023, 90.22% of our loan portfolio comprised rural borrowers, with annual household income of up to ₹ 0.30 million. Such rural borrowers are dependent on the performance of their local economies, which are largely tied to the agricultural, agri-allied, animal husbandry and petty trade sectors. Any drastic changes in weather, drought, excessive rains or floods can lead to weakness in the agricultural industry and, consequently, the ability of our borrowers to repay their loans is likely to be adversely impacted. Any weakness in local economies may lead to an increase in NPAs and credit costs.

Moreover, rural areas tend to have more limited infrastructure than more developed areas. We may face difficulties in conducting operations in such areas, or our cost of operations in such areas may be higher. At some of our branch offices in remote markets, we may face difficulties in conducting operations, such as accessing power facilities, transporting people and equipment, and implementing technology measures. We may also face increased costs in conducting our business and operations and implementing security measures. Set forth below are our operating expenses in the years/ period indicated:

*(In ₹ million)*

| Particulars | For six months ended September 30, 2023 | For year ended March 31, 2023 | For year ended March 31, 2022 | For year ended March 31, 2021 |
|---|---|---|---|---|
| Employee benefits expenses: | 322.35 | 546.53 | 418.53 | 355.66 |
| Depreciation and amortisation expenses | 6.83 | 11.55 | 9.53 | 8.10 |
| Others expenses | 130.06 | 264.15 | 199 | 130.82 |
| **Total** | **459.24** | **822.23** | **627.06** | **494.58** |

We may not assure you that such expenses will not increase in the future as we expand our branch network further into semi-urban markets and also into rural markets, which may materially and adversely affect our business, financial condition, results of operations, cash flows and prospects.

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

Our results of operations depend to a large extent on the amount of our net interest income as our primary revenue source is interest income. Details of our interest income for the six months period ended September 30, 2023 and for the Fiscal 2023, Fiscal 2022 and Fiscal 2021 are as follows:

| Particulars | (₹ in million, except percentages) for the | | | |
|---|---|---|---|---|
| | Six months ended September 30, 2023 | Year ended March 31, 2023 | Year ended March 31, 2022 | Year ended March 31, 2021 |
| Interest Income | 2,817.13 | 3,867.20 | 2,205.67 | 1,856.41 |
| Interest Income (as a percentage of Total Income) | 90.92% | 91.23% | 93.86% | 95.18% |

Net interest income is the difference between the interest we earn from loans (i.e., interest income on loan portfolio) and the interest we pay on interest-bearing liabilities (i.e., finance costs). An increase in interest rate by our Company can add to the financial stress of our borrowers given that they are mostly small business owners, salaried or working class individuals, and self-employed individuals, and in turn lead to higher delinquencies. An increase in interest rates applicable to our liabilities, without a corresponding increase in interest rates applicable to our assets, will result in a decline in our net interest income.

Interest rates are highly sensitive and fluctuations thereof are dependent upon many factors which are beyond our control, including the monetary policies of the RBI, de-regulation of the financial services sector in India, domestic as well as international economic and political conditions, inflation and other factors. For instance, in June 2022, the RBI raised the key interest rate by 50 basis points, making it the second interest rate hike in two months. Thereafter, in December 2022, RBI further raised the key interest rate by 35 basis points and by 25 basis points in February 2023. Changes in market interest rates affect the interest rates we charge on our loans differently from the interest rates we pay on our interest-bearing liabilities. An increase in interest rates could result in an increase in interest expense relative to interest income if we are not able to increase the rates charged on our portfolio loans and advances, or if the volume of our interest-bearing liabilities is larger or growing faster than the volume of our loans. In Fiscal 2023, our interest rates increased from 12.35% to 13.08% as of Fiscal 2022. Such increase in interest rates could affect our ability to raise low-cost funds as compared to some of our competitors who may have access to lower cost deposits. Our cost of funds and operating expenses may increase to a level where it is difficult to comply with the RBI Master Directions. If this occurs, we may experience pressure on our operating margins, our business, financial condition, results of operations and cash flows may be adversely affected. We attempt to ensure that the interest rates we charge are in line with the market and similar to those charged by our competitors. In a declining interest rate environment, if our cost of funds does not decline simultaneously or to the same extent as the yield on our loans, it could lead to a reduction in our net interest income and net interest margin.

To the extent our borrowings are linked to market interest rates, we may have to pay interest at a higher rate than our competitors that may borrow only at fixed interest rates. Of the loans extended to us as of September 30, 2023, 54.51% were based on a floating rate of interest and 45.49% were based on a fixed rate of interest. While the floating interest rate offered by us is linked to market parameters and can account for market circumstances to an extent, our fixed interest rate loans may have lower interest yield compared to our interest expenses on our floating interest-bearing liabilities, which could lead to a reduction in our net interest income and net interest margin, resulting in lack of profitability. An increase in general interest rates in the economy could also reduce the overall demand for retail loans and impact our growth. Further, changes in interest rates could affect our treasury income. If we are unable to effectively manage our interest rate risks, it could have an adverse effect on our net interest income and net interest margin, thereby affecting our business, financial condition, results of operations and cash flows.

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

While deciding whether to extend credit to customers or not, we rely, to a significant extent, on the information furnished to us by the customers for certain key elements of the credit assessment process, including their income, assets, financial transactions and credit history. We follow Know Your Customer ("**KYC**") guidelines prescribed by RBI for potential customers, verify their place of employment and residence, as applicable. Pursuant to the Master Direction on Regulatory Framework for Microfinance Loans dated March 14, 2022 issued by the RBI, we are required to, among others, adopt a board-level policy for assessment of household income of potential borrowers and pricing of microfinance loans, and have a limit on the outflow on account of repayment of monthly loan obligations of a household as a percentage of monthly household income, subject to a maximum limit of 50.00% of monthly household income. We may also rely on certain representations from customers as to the accuracy and completeness of that information. For ascertaining creditworthiness of customers, we rely on information and data available with credit information companies or credit bureaus, our API stack enabling independent validation from source, customer financials, observations from our front end teams, feedback from credit and underwriting teams, and other sources of income and value of collateral. If the components or analytics are either unstable, biased, or missing key pieces of information, the wrong decisions will be made which will negatively affect our financial results. Our reliance on erroneous or misleading information may affect our judgement of credit worthiness of potential customers. If we are unable to properly assess the creditworthiness of our customers, including a failure to predict a customer's true credit risk profile and/or ability to repay their loan, we may need to record additional provision expense and/or experience higher than forecasted losses. Additionally, if any portion of the information pertaining to the prospective customer is false, inaccurate or incomplete, and we did not detect such falsities, inaccuracies or incompleteness, or any or all of the other components of our credit decision process fails, we may experience higher than forecasted losses. Furthermore, if we are unable to access the third-party data used in our decision structure, or our access to such data is limited, our ability to accurately evaluate potential customers will be compromised, and we may be unable to effectively predict probable credit losses inherent in our loan portfolio, which would negatively impact our results of operations, which could be material. Further, since we cater to customers from urban and rural areas and from the predominantly unorganized sector, with partially documented formal sources of income, many of whom are first time borrowers, we may have customers who are unable to document their entire income comprehensively. Accordingly, we may not be able to assess their income or ability to repay our loans accurately.

Our risk management measures may not be adequate to prevent or deter such activities in all cases, which may adversely affect our business, results of operations and financial condition. We may not receive updated information regarding any change in the financial condition of our customers or may receive inaccurate or incomplete information as a result of any fraudulent misrepresentation by our customers or employees. Moreover, the availability of accurate and comprehensive credit information on retail customers in India is more limited than for larger corporate customers, which reduces our ability to accurately assess the credit risk associated with such lending. Although as part of our credit policy, we conduct credit checks of all our customers, including with credit bureaus, conduct site-visits and personal discussions, we cannot assure you that such credit information will always be available, accurate or comprehensive.

While we have not faced any material losses on account of inaccurate or incomplete information as a result of any fraudulent misrepresentation by our customers or employees, we cannot assure you that such instances may not occur in the future that may have material impact on our business operations. 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 adversely affect our business and results of operations.

6. ***We derive a significant portion of our AUM from our microfinance business vertical and the loss of business in this vertical due to increased competition in the industry could adversely affect our business and prospects***

We derive a major portion of our revenues from our microfinance business vertical. For six months period ended September 30, 2023 and for the Fiscal 2023, Fiscal 2022 and Fiscal 2021, our microfinance vertical contributed ₹2,467.48 million, ₹3,313.07 million, ₹1,730.43 million, ₹1,339.76 million which was 79.64%, 78.16%, 73.63%, 68.69%, respectively of our total revenue respectively. However, our revenue from the microfinance business vertical may decline as a result of increased competition, regulatory action, or litigation, as well as fluctuation in the demand for such products, which may adversely affect our business, results of operations, cash flows and financial condition.

There can be no assurance that we will be able to react effectively to these or other market developments or compete effectively with new and existing players in the increasingly competitive microfinance industry. Increasing competition may have an adverse effect on the demand for such loans extended by us, and if we are unable to compete successfully, our market share may decline as the origination of new loans declines.

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

Our Gross NPA and Net NPA for the six months period ended September 30, 2023 and for the Fiscal 2023, Fiscal 2022 and Fiscal 2021 appear hereunder:

| **Particulars** | **(₹ in million, except percentages)** | | | |
|---|---|---|---|---|
| | **As of/ for the** | | | |
| | **Six months ended September 30, 2023** | **Year ended March 31, 2023** | **Year ended March 31, 2022** | **Year ended March 31, 2021** |
| Gross NPA | 477.88 | 448.47 | 503.70 | 373.34 |
| Gross NPA Ratio (%) | 2.49% | 2.75% | 4.41% | 4.68% |
| Net NPA | 43.76 | 26.10 | 86.66 | 56.54 |
| Net NPA Ratio (%) | 0.23% | 0.16% | 0.76% | 0.71% |

There can be no assurance that our future NPA ratios will be consistent with our past experience or at levels that will maintain our profitability. Also, there can be no assurance that we will be able to maintain our NPA ratios at levels with the credit performance of our customers, or at which our credit and our underwriting analysis, servicing and collection systems and controls will be adequate. We may not be successful in our efforts to improve collections and/or recover existing NPAs. In addition, we may experience greater defaults in principal and/or interest repayments in future. Thus, if we are unable to maintain or reduce our level of NPAs, the overall quality of our loan portfolio may deteriorate and our results of operations may be adversely affected. Moreover, there can also be no assurance that there will be no deterioration in our provisioning coverage as a percentage of gross NPAs or otherwise, or that the percentage of NPAs that we will be able to recover will be similar to our past experience of recoveries of NPAs. In the event of any deterioration in our NPA portfolio, or if our provisioning coverage is insufficient to cover our existing or future levels of NPAs, our ability to raise additional capital and debt funds as well as our business prospects, financial condition and results of operations could be adversely affected.

In addition, any adverse regulatory developments relating to the assessment and recognition of NPAs and provisioning therefore may have an adverse effect on our financial performance. For example, on November 12, 2021, the RBI issued a circular which clarified that the classification of borrower accounts as special mention accounts/ NPAs will be on a day-end position basis and accounts can only be upgraded from an NPA to a 'standard' asset after the clearance of all overdues (in other words, only if the entire arrears of interest and principal are paid by the borrower). Our repayment schedules may not be adequate to cater to any losses that may arise out of similar unanticipated adverse regulatory developments. Growth of our business and AUM may be adversely affected in the event our NPA levels increase, which could materially and adversely affect our business prospects, financial condition and results of operations. For further information of the impact on such increase of NPAs on our obligations under our debt financing arrangements, see "*– 24. Our inability to meet our obligations, including financial and other covenants under our debt financing arrangements could adversely affect our business, results of operations and financial condition*." on page 61.

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

Our business and results of operations depend on our ability to raise both, debt and equity from various external sources on suitable terms and in a timely manner. Our financing requirements for our capital needs have historically been met from several sources, including term loans, proceeds from loans securitized, and debt securities. The break-up of our sources of capital for the six months period ended September 30, 2023 and for the Fiscal 2023, Fiscal 2022 and Fiscal 2021 is as follows:

*₹ in million*

| Particulars (in ₹ million) | For the six months period ended September 30, 2023 | As of Fiscal 2023 | As of Fiscal 2022 | As of Fiscal 2021 |
|---|---|---|---|---|
| Debt Securities | 1,790.11 | 1,106.75 | 868.10 | 722.50 |
| Borrowings (Other than Debt Securities) | 6,423.03 | 10,973.79 | 6,315.45 | 2,385.00 |
| Subordinated Liabilities | - | - | 100.00 | - |
| **Total** | **8,213.14** | **12,080.54** | **7,283.55** | **3,107.50** |

Our business thus depends on, and will continue to depend on, our ability to continually access these sources of capital and secure low cost funding at rates lower than the interest rates at which we lend to our customers. Our ability to raise funds on acceptable terms, at competitive rates and in a timely manner, depends on various factors including our current and future results of operations and financial condition, our risk management policies, our credit ratings, our brand equity, the regulatory environment and policy initiatives in India and developments in the domestic markets including capital markets and international markets affecting the Indian economy including the effect of unforeseen events, macro and micro economic and financial conditions or continuing lack of liquidity in the market. The cost of our borrowings may increase due to market volatility or changes in the risk premiums required by lenders or if traditional sources of debt capital are unavailable. In addition, our cost of borrowing is dependent on several other factors including but not limited to the type of lenders we borrow from, the prevalent base rates at the time of availing of our debt facilities and risk based pricing methodologies employed by our lenders which can in turn lead to fluctuations in our cost of borrowing. Any increase in our cost of borrowings could lead to a reduction in our net interest income and net interest margin. It may also require us to increase interest rates on loans disbursed to customers in the future to maintain our net interest margin, thus affecting our financial results and operating performance. We may be unable to pass on the increase in our costs of borrowings to customers, immediately or at all. Volatility or depressed valuations or trading prices in the equity markets may adversely affect our ability to obtain equity financing. If we raise additional funds through further issuances of equity or convertible debt securities, our existing shareholders could suffer significant dilution. The terms of any additional financing may also place limits on our financial and operational flexibility.

Any adverse perceptions about the retail loan industry, and the financial services sector as a whole could affect our ability to obtain financing at commercially reasonable terms. Furthermore, we may seek to expand or modify our existing debt facilities to, among other things, provide additional capacity, increase the maximum percentage of collateral that may be financed, expand loan eligibility, add new debt facilities or replace or renew debt facilities scheduled to expire, enter into additional securitizations or increase the size of existing securitizations, or increase the size of, or replace, our corporate debt facility.

We cannot assure you that our business will continue to generate sufficient cash to enable us to service our existing and future debt or to fund our liquidity needs. Further, changes in economic, regulatory and financial conditions or any lack of liquidity in the market could adversely affect our ability to access funds at competitive rates, which could adversely affect our liquidity and financial condition. Our ability to raise debt to meet our financing requirements is also restricted by the limits prescribed under applicable regulations. If we are unable to obtain adequate financing in a timely manner and on acceptable terms, our business, results of operations and financial condition may be adversely affected.

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

As part of our growth strategy, we continue to evaluate opportunities to expand our branch network across regions in India where we have a presence and expand to adjacent geographies by evaluating areas with established credit culture. We intend to continue to expand our geographical coverage into newer states and union territories as well where we see business potential (for instance, Bihar and Haryana). Factors such as competition, customer requirements, regulatory regimes, business practices and customs in these new markets may differ from those in our existing markets, and our experience in our existing markets may not be applicable to these new markets. In addition, as we enter new markets and geographical regions, we are likely to compete with not only other banks and financial institutions but also the local unorganized or semi-organized private financiers, who may be more familiar with local regulations, business practices and customs, and may have stronger relationships with target customers. As we plan to expand our geographic footprint, we may be exposed to additional challenges, including identifying and collaborating with local business partners with whom we may have no previous business relations, obtaining necessary governmental approvals, successfully marketing our brand and products in markets in which we have no familiarity, attracting customers in a market in which we do not have significant experience or visibility, being subject to additional local taxes, attracting and retaining new employees, expanding our technological infrastructure, maintaining standardized systems and procedures and adapting our marketing strategy and operations to new markets in India in which different languages are spoken.

Further, the respective governments of the states where we operate may pass laws that adversely impact our operations. To address such regulatory requirements, we may have to make significant investments that may not yield desired results or incur costs that we may not be able to recover. Our in ability to expand our current operations may adversely affect our business, financial condition, results of operations and cash flows.

As of September 30, 2023 and March 31, 2023, we opened 49 and 44 new branches, respectively taking our total branch count to 385 as of September 30, 2023. Due to the increase in our footprint, disbursements increased by 100.57% from ₹10,217.02 million in Fiscal 2022 to ₹17,667.51 million in Fiscal 2023. Likewise, AUM increased by 57.56% to ₹19,429.29 million from ₹12,331.28 million. Collection efficiency was in at 98% during Fiscal 2023. Failure to perform or the sub-optimal performance of our new branches may adversely affect our business, financial condition, results of operations and cash flows.

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

We securitize a portion of our receivables from our loan portfolio to banks and other financial institutions to obtain funding and minimize our risk. Banks purchase our portfolio to meet their priority sector and retail lending commitments. Such securitization is undertaken by us on the basis of our internal estimates of funding requirements and availability of other sources of funds and may vary from time to time.

Details of our assets securitized as at six months period ended September 30, 2023 and for Fiscal 2023, Fiscal 2022 and Fiscal 2021 are provided below:

| **Particulars** | **(₹ in million, except percentages)** | | | |
|---|---|---|---|---|
| | **As of/ for the** | | | |
| | **Six months ended September 30, 2023** | **Year ended March 31, 2023** | **Year ended March 31, 2022** | **Year ended March 31, 2021** |
| Assets securitized | 3,813.47 | 3,121.83 | 917.49 | 160.46 |
| Assets securitized (as a percentage of our AUM) | 16.55% | 16.07% | 7.44% | 1.97% |

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

While we have not faced any instances of failure to realise securitisation obligations or any deterioration in receivables in the past, any deterioration in the performance of any batch of receivables assigned to banks in the future could adversely affect our credibility and hence our ability to conduct further assignments and securitizations. We may also be named as a co-plaintiff in legal proceedings initiated by an assignee in relation to the securitized assets. Also, there can be no assurance that our future NPA ratios will be consistent with prior experience or at levels that will enable us to maintain our current quality of loan portfolio. This could have an adverse impact on our business prospects, financial condition and results of operations and our assignment and securitization plans in the future.

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

Our Company extensively utilizes technology across its operations, employing platforms for various functions like origination, underwriting, risk management, customer service, collections, and data analytics. We have developed proprietary tools, cloud services, repositories, and mobility applications, including 'Twinline, a loan origination platform. Our technological milestones include: (i) the transition to 100% cashless disbursements in 2018, which boosted security, efficiency, and transparency by eliminating physical currency handling risks; (ii) developing an Enterprise Resource Planning (ERP) system overhaul to streamlined operations and enhanced internal processes; and (iii) introducing 'Twinline', which enabled integrating advanced loan systems on the Cloud.

Despite these advancements, our Company faces significant risks associated with our information technology systems. Potential disruptions, failures, or infiltrations, whether due to natural disasters, cyberattacks, or system integration issues, could lead to breakdowns or data breaches. These breaches could expose sensitive customer or employee data, potentially violating data security laws and resulting in penalties. The dependence on third-party vendors for crucial operations, cloud services, and online payment channels exposes our Company to additional risks. They are vulnerable to vendors' inability to fulfil obligations, operational errors, fraudulent activities, or inadequate business continuity and data security systems.

Our information technology framework policy emphasizes the identification and classification of information assets, supported by an information security function and role-based access controls. It also implements comprehensive measures encompassing personnel security, physical security, maker-checker principles, audit trails, mobile financial services security, social media risk mitigation, regulatory compliance, and prompt response to cyber threats, reinforcing confidentiality through strict access protocols, segregation, and immediate reporting of breaches to regulatory authorities. However, we cannot assure you that our security measures and operational procedures may be adequate to address such challenges and may lead to undetected cyber incidents and potential customer loss due to cybersecurity breaches.

As our technology infrastructure expands and evolves, we face escalating risks related to performance and security. Third-party developed components could introduce incompatibilities, service failures, or vulnerabilities, impacting the stability and security of their platforms, products, and services; and continuous enhancement of technology poses challenges to maintaining stable and secure operations, potentially affecting their business and reputation.

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

We face potential liquidity risks because our assets and liabilities mature over different periods. Asset and liability mismatch, which represents a situation where the financial terms of an institution's assets and liabilities do not match, is a key financial parameter for us. We carefully monitor the contractual maturity periods of our assets and liabilities and categorize them on the basis of the number of years in which they mature. The following table sets forth the maturity pattern of certain items of assets and liabilities as of September 30, 2023, and for the Fiscal 2023, Fiscal 2022 and Fiscal 2021 for our Company:

*(₹ in million)*

| Particulars | As of | Within 12 months | After 12 months | Total |
|---|---|---|---|---|
| **Liabilities** | | | | |
| **Borrowings** | September 30, 2023 | 11,400.13 | 7,217.57 | 18,617.69 |
| | March 31, 2023 | 9,423.66 | 6,620.45 | 16,044.11 |
| | March 31, 2022 | 6,486.55 | 3,410.36 | 9,896.91 |
| | March 31, 2021 | 4,061.92 | 3,152.29 | 7,214.21 |
| **Assets** | | | | |
| **Advances** | September 30, 2023 | 11,660.01 | 6,532.27 | 18,192.28 |
| | March 31, 2023 | 11,738.22 | 3,628.85 | 15,367.08 |
| | March 31, 2022 | 7,365.38 | 3,210.69 | 10,576.07 |
| | March 31, 2021 | 4,994.56 | 2,431.71 | 7,426.27 |
| **Investments** | September 30, 2023 | 242.16 | - | 242.16 |
| | March 31, 2023 | 194.79 | - | 194.79 |
| | March 31, 2022 | 59.17 | - | 59.17 |

| Particulars | As of | Within 12 months | After 12 months | Total |
|---|---|---|---|---|
| | March 31, 2021 | 31.77 | - | 31.77 |

A significant proportion of the loans we offer are with a tenor of 24 months with monthly instalments commencing with a moratorium period not exceeding 2 months, and a failure to disburse new loans may result in a reduction of our loan portfolio and a corresponding decrease in our interest income. The relatively short-term nature of such loans may lead to either a mismatch in the asset-liability position of our Company, since a portion of our borrowings are typically for longer duration or, affect our ability to ascertain steady long term revenues. In addition, our existing customers may not obtain new loans from us upon maturity of their existing loans, particularly if competition increases. For further details see "*– 21. Our inability to compete effectively in an increasingly competitive industry with continuously evolving technology and customer needs, may adversely affect our net interest margins, income and market share.*" on page 60.

We meet a significant portion of our financing requirements through long-term borrowings from banks, issuance of debt securities and through securitization of our loans. Any mismatch in the maturity profile of our assets and liabilities may lead to a liquidity risk and have an adverse effect on our business and results of operations.

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

The effectiveness of our risk management is affected by the quality and timeliness of available data. We have devoted significant resources to develop and implement our risk management policies and procedures and intend to continue doing so in the future. We have policies and procedures in place to measure, manage and control the various risks to which we are exposed, which include our credit policy, whistle blower and vigilance mechanism, code of practices and procedures for fair disclosure of unpublished price sensitive information, grievance redressal policy, internal guidelines on corporate governance, risk management policy, IT policies and procedures, and KYC and anti-money laundering policy. Our Board of Directors, the Asset Liability Management Committee and Risk Management Committee review our risk management policies & risk management framework from time to time. We also depend on our information technology systems to assist us with our risk management functions including carrying out periodic IT audits. However, our policies and procedures to identify, monitor and manage risks may not be fully effective. Some of our risk management processes may not be automated and subject to human error, such as the process required to assess an applicant's cash income. Some of our methods of managing risks are based on the use of observed historical market behaviour and may not accurately predict future risk exposures, which could be significantly greater than those indicated by the historical measures.

In addition, as we seek to expand the scope of our operations, we also face the risk of inability to develop commensurate risk management policies and procedures. Other risk management methods depend upon an evaluation of information regarding the markets we operate in, the customers we service and certain other matters, which may not be accurate, complete, up-to-date or properly evaluated in all cases. Management of operational, legal or regulatory risks requires, among other things, policies and procedures to properly record and verify a number of transactions and events. Although we have established these policies and procedures, they may not be fully effective. Our earnings are dependent upon the effectiveness of our management of changes in asset quality and risk concentrations, the accuracy of our valuation models and our critical accounting estimates and the adequacy of our allowances for loan losses. To the extent our assessments, assumptions or estimates prove inaccurate or not predictive of actual results, we could suffer higher than anticipated losses. If we fail to effectively implement our risk management policies, it could have an adverse effect on our business, results of operations and financial condition.

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

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

***15. We are exposed to risks that may arise if our customers opt for foreclosure of loans and seek borrowing from other banks or financial institutions.***

We offer our customers certain fixed interest rate loans, the rate for which is determined primarily on the basis of our cost of borrowings, tenor of the loan sought and current market conditions. It is possible that interest rates on loans for some of our customers may be higher than the interest rates on loans being offered to these customers by our competitors. Some such customers may seek borrowing from other banks and financial institutions. As competition in the small business finance sector intensifies, some of our customers may be able to find borrowing options at comparably lower interest rates or other financing alternatives which could have an adverse effect on our business, results of operations and financial condition.

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

We believe that the insurance coverage we maintain is reasonably adequate to cover the normal risks associated with the operation of our businesses. As of September 30, 2023, we had insurance coverage equivalent to ₹33.23 million aggregating 62.75% of our net fixed assets. Our insurance policies, however, may not provide adequate coverage in certain circumstances, such as the COVID-19 pandemic, credit loss, loss of profit and are subject to certain deductibles, exclusions and limits on coverage. Even if we have insurance for the incident giving rise to the loss, we may be required to pay a significant deductible on any claim for recovery of such a loss, or the amount of the loss may exceed our coverage for the loss. We cannot assure you that any claim under the insurance policies maintained by us will be honoured fully, in part or on time, or that we have obtained sufficient insurance to cover all potential losses. In addition, our insurance coverage expires from time to time. We apply for the renewal of our insurance coverage in the normal course of our business, but we cannot assure you that such renewals will be granted in a timely manner, or at acceptable cost, or at all. To the extent that we suffer loss or damage, or successful assertion of one or more large claims against us for events for which we are not insured, or for which we did not obtain or maintain insurance, or which is not covered by insurance, exceeds our insurance coverage or where our insurance claims are rejected, the loss would have to be borne by us and our results of operations, financial condition and cash flows could be adversely affected. For information in relation to our insurance coverage, see "*Our Business – Insurance*" on page 147.

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

Reputational risk, or the risk to our business, earnings and capital from negative publicity, is inherent in our business. The reputation of the banking and financial services industry in general has been closely monitored as a result of the global financial crisis and other matters affecting the financial services industry. Negative public opinion about the banking and financial services industry generally or us specifically could adversely affect our ability to attract and retain customers and may expose us to litigation and regulatory action. While we have developed our brand and reputation over our history, and although we have not been subjected to any adverse publicity in localised media outlets, any negative incidents or adverse publicity could rapidly erode customer trust and confidence in us, particularly if such incidents receive widespread adverse mainstream and social media publicity or attract regulatory investigations. Negative publicity can result from our own or our third-party service providers' actual or alleged conduct in any number of activities, including lending practices, mortgage servicing and foreclosure practices, technological practices, corporate governance, regulatory compliance, mergers and acquisitions, and related disclosure, sharing or inadequate protection of customer information, and actions taken by government regulators and community organizations in response to that conduct. Although we take steps to minimize reputational risk in dealing with customers and other constituencies, we, as a financial services organization with a high industry profile, are inherently exposed to this risk.

In recent years, there has been a marked increase in the use of social media platforms in India, including blogs, social media websites and applications, and other forms of internet-based communications which allow individuals access to a broad audience of customers and other interested persons. The dissemination of inaccurate information online could harm our business, reputation, prospects, financial condition and operating results, regardless of the information's accuracy. The damage may be immediate without affording us an opportunity for redress or correction. Other risks associated with the use of social media include negative comments about us, fraud, hoaxes or malicious exposure of false information. Such unverifiable or false information regarding us may be published online or on social media by third parties, or any other such damage to our brand or our reputation may result in withdrawal of business by our existing customers and loss of new business from potential customers, could increase our costs, lead to litigation or result in negative publicity that could damage our reputation and adversely affect our business, results of operations and financial condition. While we have not faced any such instances in the past however we can not assure you that we may not be subjected to negative publicity in the future which could damage our reputation and adversely impact our business and financial results.

***Operational Risks***

***18. Our Company's operations are concentrated in the western zone and our Subsidiary's operations are concentrated in the northern and western zones in India. Our dependence on these zones may adversely affect our business, results of operations and financial condition.***

Our Company's operations are concentrated in the western zone and predominantly in three states, i.e. Gujarat, Madhya Pradesh and Rajasthan. As of September 30, 2023, and for the Fiscal 2023, Fiscal 2022 and Fiscal 2021, ₹3,393.39 million, ₹2,988.05 million, ₹1,982.81 million, and ₹1,642.48 million, respectively, aggregating to 94.43%, 94.77%, 93.88% and 95.90%, of our AUM, respectively is from these states. As of September 30, 2023, and for the Fiscals 2023, 2022 and 2023, our Subsidiary contributes to ₹19,415.71 million, ₹16,276.34 million, ₹10,219.12 million and ₹6,431.00 million, respectively aggregating to 99.83%, 100.00%, 100.00% and 100.00% of our total AUM, respectively and operates predominantly in the northern and western zones in India. For further information, see "*Selected Statistical Information - Geographical Spread of Gross AUM*" on page 43. While our branches are spread across 10 states, our concentration in these areas exposes us to any adverse geological, ecological, economic and/or political circumstances in those respective regions. If there is a sustained downturn in the economy of those regions or a sustained change in financial patterns in those regions for any reason, including consequences of any pandemic like the COVID-19 pandemic, our financial position may be adversely affected.

While we intend to continue to expand our geographical coverage into newer states and union territories as well where we see business potential, any regional economic fluctuations, regulatory changes, or unforeseen events in these zones could adversely affect our operations. Our limited operations make our business highly susceptible to economic changes or downturns specific in these regions. Factors such as local economic policies, industry trends, or regional market saturation can significantly impact our financial performance. Any change in local regulations, political instability, or shifts in government policies in these regions could directly affect our operations, potentially leading to compliance issues or operational disruptions. Operating solely in these regions may limit our access to new markets and hinder our growth potential. This lack of diversification may impede our ability to capitalize on emerging trends or tap into untapped customer bases elsewhere.

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

Our business involves carrying out cash transactions that expose us to the risk of fraud by employees, agents, customers or third parties, theft, burglary. Operational risks can result from a variety of factors, including failure to obtain proper internal authorisations, improperly documented transactions, failure to adequately deal with the risks associated with significant cash collections, failure of operational and information security procedures, computer systems, software or equipment, fraud, inadequate training and employee errors. These risks are exacerbated by the significant levels of responsibility we delegate to our employees and the geographically-dispersed nature of our network.

As of September 30, 2023, we held cash and cash equivalents amounting to ₹ 1406.30 million. Majority of our customers are from the semi-urban and rural markets, which carry additional risks due to limitations on infrastructure and technology. For instance, our target customers primarily deal in cash only and their income levels can vary significantly on a monthly basis, particularly around local events and festivals, and as such we have tailored our systems to accept high cash collections. Although we have been the subject of one instance of not material cash related fraud in the past, amounting to ₹2.73 million between April 1, 2021 and September 30, 2023 (as has been reported to RBI), cash collections expose us to the risk of theft, fraud, misappropriation or unauthorized transactions by employees responsible for dealing with such cash collections.

While we may endeavour to increase our non-cash collections, we cannot guarantee that we will be successful in our efforts to move towards digital collections. Also, while we retain insurance to mitigate cash related risks including office protection and fidelity policies, we cannot assure you that the insurance obtained by us adequately covers all risks involved or will be paid in relation to the entire amount involved, or at all. Our insurance policies, security systems and measures undertaken to detect and prevent these risks may not be sufficient to prevent or detect such activities in all cases, which may adversely affect our operations and profitability. For further information, see "- *36. Any failure or significant weakness of our internal processes or systems could cause operational errors or incidents of fraud, which would adversely affect our business, profitability and reputation.*" on page 68. Our employees may also become targets of the theft, burglary and other crimes in the course of handling cash collections, and may sustain physical and psychological injuries as a result. We may encounter difficulties recruiting and retaining qualified employees due to this risk and our business and operations may be adversely affected. Publicity arising from such disclosure of fraud may also have an adverse impact on our customers' confidence in our security measures.

Further, we may be subject to regulatory or other proceedings in connection with any unauthorized transaction, fraud or misappropriation by our representatives and employees, which could adversely affect our goodwill. The nature and size of the items provided as collateral allow these items to be misplaced or mistakenly delivered, which may have a negative impact on our operations and result in losses. While we have not been subjected to any regulatory or other proceedings in connection with any such unauthorized transaction, fraud or misappropriation by our representatives and employees, we can not assure that such proceedings may not be initiated against us in the future which could in turn have an adverse effect on our business, financial position, prospects, results of operations and our reputation**.**

20. ***We have experienced growth in recent years and we may not be able to sustain our growth or manage it effectively or execute our growth strategy effectively.***

We have experienced growth in recent years and we have significantly expanded our operations and branch network. Details of our financial and operational performance in the six months period ended September 30, 2023 and for the Fiscal 2023, Fiscal 2022 and Fiscal 2021 are provided below:

| Particulars | (₹ in million, except numbers) | | | |
|---|---|---|---|---|
| | As of/ for the | | | |
| | Six months ended September 30, 2023 | Year ended March 31, 2023 | Year ended March 31, 2022 | Year ended March 31, 2021 |
| Total Revenue | 3,098.42 | 4,239.05 | 2,350.06 | 1,950.39 |
| Profit after Tax | 807.54 | 938.11 | 317.23 | 106.16 |
| AUM | 23,042.50 | 19,429.29 | 12,331.28 | 8,143.76 |
| Number of branches | 385 | 336 | 292 | 239 |

Our inability to manage our expansion effectively and execute our growth strategy in a timely manner, or within budget estimates could have an adverse effect on our business, credit ratings and results of operations. We intend to achieve a profitable and sustainable growth of our loan assets by, among other things, focusing on the performance of our branch network and extracting operating leverage, expanding our branch network and continuing to invest in our technology and digitization initiatives. Our ability to execute our growth strategies will depend, among other things, on our ability to grow our customer base, improve customer experience, avail cost-effective funding and scale up and grow our branch network efficiently. We will also need to manage relationships with a greater number of customers, service providers, lenders and other parties as we expand. As part of our growth strategy, and having taken into consideration the relevant market conditions and opportunities, we may change the composition of our AUM which may result in a change in the proportions of secured loans and other unsecured loans in our AUM. Any such change in the composition of our AUM may impact our profitability, our asset-liability maturity profile and NPA levels.

In order to manage our growth effectively, we must implement, upgrade and improve our operational systems, processes, procedures and controls on a timely basis. Further, a number of external factors beyond our control could also affect our ability to continue to grow our business and loan portfolio, such as demand for retail loans in India, domestic economic growth, the RBI's monetary and regulatory policies, RBI regulations and directions, inflation, competition and availability of cost-effective debt and equity capital. We cannot assure you that our existing or future management, operational and financial systems, processes, procedures and controls will be adequate to support future operations, or establish or develop business relationships beneficial to future operations. Failure to manage growth effectively could have an adverse effect on our business and results of operations.

21. ***Our inability to compete effectively in an increasingly competitive industry with continuously evolving technology and customer needs may adversely affect our net interest margins, income and market share.***

Our competitors include established Indian and foreign commercial banks, NBFCs, small finance banks, lending platforms and the private unorganized and informal financiers who principally operate in the local market. Many of these competitors may have greater financial resources, may be larger in terms of business volume and may have significantly lower cost of funds compared to us. Many of them may also have greater geographical reach, long-standing partnerships and may offer their customers other forms of financing that we may not be able to provide. Moreover, interest rate is one of the significant factors that determine customer decision-making in selecting a financier, and there can be no assurance that our competitors may not offer loans at lower rates to retain market share. There can be no assurance that we will be able to compete successfully with such competitors and gain market share.

Our business model is considered to be 'Phygital', where we have a mix of technological involvement and human intervention on order to understand the customer profile. This necessarily involves carrying out certain due diligence processes at both sales and underwriting stages, which we believe can only be done through in-person visits. We obtain physical/ digital KYC documents for identity verification and for our loans portfolio, we also click pictures of the customer separately. Many of our competitors may have operational advantages in terms of access to cost-effective technology, implementing new technologies and rationalizing related operational costs.

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

Additionally, we are subject to the potential increase in competition brought about by changes in the laws and regulations governing our business and those adjacent to ours. We cannot assure you that changes in the relevant laws and regulations in the future may not result in an increase in competition from other players and impact the way we conduct our business in respect of, among others, branch opening licensing requirements, prudential norms for various loan products and monthly interest servicing.

Liberalization of the Indian financial services sector could also lead to a greater presence or new entries of Indian and foreign banks, NBFCs, and other entities operating in the financial services sector offering a wider range of products and services. This could adversely affect our competitive environment. There can be no assurance that we will be able to react effectively to these or other market developments or compete effectively with new and existing players in the sector in which we operate. Increasing competition may also result in slower growth and a reduction in our net interest margin and market share, and consequently may have an adverse effect on our results of operations and financial condition. Our inability to compete effectively in the increasingly competitive market may adversely affect our net interest margins, income and market share.

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

As of September 30, 2023, we employed 3,382 personnel across our operations. Although we have not experienced any material employee unrest in the past, we cannot assure you that we will not experience disruptions in work due to disputes or other problems with our work force, which may adversely affect our ability to continue our business operations. Any employee unrest directed against us, could directly or indirectly prevent or hinder our normal operating activities, and, if not resolved in a timely manner, could lead to disruptions in our operations. Such employee actions are difficult or impossible for us to predict or control and any such event could adversely affect our business, results of operations and financial condition. None of our workforce is currently unionized. However, there is a risk that our employees may choose to unionize in the future. Labour unions for banking employees organize strikes, and we may in the future be affected by strikes, work stoppages or other labour disputes if any portion of our workforce were to become part of a union in the future. In the event of a labour dispute, protracted negotiations and strike action may impair our ability to carry on our day-to-day operations and, if not resolved in a timely manner, could adversely affect our business, financial condition, results of operations, cash flows and prospects.

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

As part of our treasury management, our finance and investment committee has been authorised by our Board to prescribe policies for investments in SEBI registered mutual funds, Government Securities/ treasury bills, liquid/ liquid plus mutual funds, market-linked debentures, non-convertible debentures, bonds and other instruments having fixed rates of return as well as fixed deposits with banks and small finance banks, subject to the overall investment limit fixed by the Board. The value of these investments depends on several factors beyond our control, including the domestic and international economic and political scenario, inflationary expectations, interest rate volatility and monetary policies. While we have not experienced any significant decline in the value of our investments, any decline in the value of these investments in the future, may have an adverse effect on our results of operations and financial condition.

***<u>Risks in relation to financial position</u>***

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

As of September 30, 2023, our total borrowings were ₹ 18,617.69 million. Our ability to meet our debt service obligations and repay our outstanding borrowings will depend primarily on the cash generated by our business, which depends on the timely repayment by our customers. Our financing agreements contain certain restrictive covenants that limit our ability to undertake certain types of transactions, any of which could adversely affect our business and financial condition. We are required to obtain prior approval from certain of our lenders, as well as send prior intimation to certain of our lenders for, among other things:

- making any amendments to the memorandum of association and articles of association;
- effecting any adverse changes to or effecting a major change in our capital structure;
- issuing any debentures, raising loans, accepting deposits from the public, issuing equity or preferential share capital;
- formulating or effecting any scheme of amalgamation or merger or compromise or reconstruction;
- effecting any change in the constitution of our Company, including its shareholding pattern, ownership, controlling interest and control;
- changing the substantial general nature of the business of our Company;
- effecting any changes in the management of our Company, including changes in the composition of the Board of Directors and change in the practice with regard to remuneration of directors;
- undertaking guarantee obligations on behalf of any other person;
- incurring further indebtedness by our Company, except as permitted under the relevant loan documentation; and

- making any prepayment of amounts due under the facilities.

We have applied to our lenders from whom consent for this Issue are required and we have received consents from all of our lenders in relation to this Issue. However, we cannot assure you that such consents will be granted in the future or at all. Under these agreements, certain lenders also require us to maintain certain financial ratios such as asset coverage ratio and security cover ratio. Our failure to meet our obligations under our financing agreements could have an adverse effect on our business, results of operations and financial condition. If the obligations under any of our financing agreements are accelerated, we may have to dedicate a substantial portion of our cash flow from operations to make payments under such financing documents, thereby reducing the availability of cash for our working capital requirements and other general corporate purposes.

Our future borrowings may also contain similar restrictive provisions. While we have in the past been in breach of certain financial covenants stipulated by our lenders on account of failure to maintain our portfolio at risk and GNPA figures, no adverse actions were taken by any of our lenders on account of the same. However, there can be no assurance that failure to meet our debt service obligations or covenants provided under the financing agreements in the future may not lead to the relevant lenders declaring us to be in default under the terms of our agreements or accelerate the maturity of our obligations. We cannot assure you that, in the event of any such acceleration, we will have sufficient resources to repay the borrowings.

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

The cost and availability of capital depends in part on our short-term and long-term credit ratings. Credit ratings reflect the opinions of ratings agencies on our financial strength, operating performance, strategic position and ability to meet our obligations. For information on our current credit ratings, see "*Our Business – Credit Ratings*" on page 145. Any downgrade in our credit ratings could increase borrowing costs, result in an event of default under certain of our financing arrangements and adversely affect our access to capital and debt markets, which could in turn adversely affect our interest margins, our business, results of operations, financial condition and cash flows. In addition, any downgrade in our credit ratings could result in a recall of existing facilities, increase the probability that our lenders impose additional terms and conditions to any financing or refinancing arrangements we enter into in the future, impair our future issuances of debt and equity, and our ability to raise new capital on a competitive basis, which may adversely affect our business, results of operations and financial condition.

Our credit ratings evolution with time is set forth with Acuité Rating & Research Limited assigning us (i) 'ACUITE A-' (Outlook-Stable) in Fiscal 2023 from BBB+ by CARE Ratings and ACUITE A- with stable outlook in Fiscal 2022 for the long-term rating on our non-convertible debentures, (ii) 'ACUITE A-' (Outlook-Stable) in Fiscal 2023 from BBB+ by CARE Ratings and ACUITE A- with stable outlook in Fiscal 2022 for the long-term rating of our bank facilities of our Company and 'ACUITE A-' (Outlook-Stable) in Fiscal 2023 from BBB+ by CARE Ratings and ACUITE A- with stable outlook in Fiscal 2022 for the long-term rating of our bank facilities (including proposed facilities for our Subsidiary), (iii) 'PP-MLD ACUITE A-' (Outlook-Stable) in Fiscal 2023 for our principal protected market linked debentures of our Company and (iv) 'PP-MLD ACUITE A-' (Outlook-Stable) in Fiscal 2023 from BBB+ by CARE Ratings and ACUITE A- with stable outlook in Fiscal 2022 for our principal protected market linked debentures of our Subsidiary.

In addition, our borrowing costs and our access to debt capital markets depend significantly on the credit ratings of India. There can be no assurance that India's credit ratings will not be revised or changed by Acuité Ratings & Research or CARE Ratings or any of the other global rating agencies.

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely affect the Company's ratings or terms on which the Company is able to finance future capital expenditure. This could have an adverse effect on our ability to fund our growth on favourable terms or at all and consequently adversely affect our business and financial performance and the price of the Equity Shares.

***26. We have experienced negative cash flows from operating activities. Any negative cash flows in the future would adversely affect our cash flow requirements, which may adversely affect our ability to operate our business and implement our growth plans, thereby affecting our financial condition.***

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

| Particulars | six months ended September 30, 2023 | Fiscal 2023 | Fiscal 2022 | Fiscal 2021 |
|---|---|---|---|---|
| | (₹ million) | | | |
| Net cash flows from operating activities | (1,574.34) | (7,176.61) | (2,807.03) | 59.11 |
| Net cash flows from investing activities | (14.31) | (126.16) | (19.68) | 15.20 |
| Net cash flows from financing activities | 2,732.73 | 6,809.71 | 2,702.81 | 221.97 |

Negative cash flows over extended periods, or significant negative cash flows in the short term, could materially impact our ability to operate our business and implement our growth plans. As a result, our cash flows, business, future financial performance and results of operations could be materially and adversely affected. For further information, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on page 89.

***27. As of September 30, 2023, we had contingent liabilities which have not been provided for in our financial statements and could adversely affect our financial condition.***

As of September 30, 2023, our contingent liabilities that have not been accounted for in the Financial Statements, were as follows:

| Particulars | Amount (₹ million) |
|---|---|
| **Contingent Liabilities** | |
| Guarantees given to banks & FIs on behalf of subsidiary company*:<br>Amount of guarantees<br>Amount of loan outstanding | <br>8,428.00<br>6,437.48 |
| Income Tax Act (Company has paid under protest ₹17.78 million (P.Y. ₹17.78 million), which is shown under "Current Tax Liability (net) /Current Tax Asset (net)" | 61.32 |
| **Total** | 6498.80 |

* *Note: Guarantees are given by the Company to various banks and Financial Institution on behalf of Subsidiary company for the loan taken and accordingly, the same has been shown as contingent liability.*

If a significant portion of these liabilities materialize, it could have an adverse effect on our business, financial condition and results of operations.

***28. Our Statutory Auditors have included an emphasis of matter in connection with the financial year ended March 31, 2021 and March 31, 2022 in their examination report on the Financial Statements.***

Our Statutory Auditors have included the following emphasis of matter in their examination report on the Consolidated Financial Information for the financial year ended March 31, 2021:

"As described in Note 44 to the Standalone Financial Results, the extent to which the COVID-19 pandemic will impact the company's operations and financial performance is dependent on future developments, which are highly uncertain. Our opinion is not modified in respect of the above matter."

Our Statutory Auditors have included the following emphasis of matter in their examination report on the Consolidated Financial Information for the financial year ended March 31, 2022:

"As described in Note 3 to the Consolidated Financial Statements, additional Expected Credit Loss (ECL) Provision on account of COVID-19 pandemic is based on Company's Collection Experience post Lockdown, internal assessment and other emerging forward looking factors on account of the Pandemic. During the Current Financial Year, Management of Holding Company has reduced Additional Expected Credit Loss (ECL) Provision which was provided as a part of additional Management Overlay in previous Financial year 2020-21 on account of uncertainties related to COVID-19 Pandemic, Considering Company's Collection Experience in respect of new Disbursements post Lockdown, However the actual impact may vary due to prevailing uncertainty caused by the Pandemic. Our opinion is not modified in respect of the above matters."

We cannot assure you that our Statutory Auditors' observations for any future financial period will not contain similar remarks, emphasis of matters or other matters prescribed under the Companies (Auditor's Report) Order, 2020, and that such matters will not otherwise affect our results of operations.

***29. We have availed unsecured loans which may be recalled by our lenders at any time.***

As of September 30, 2023, our Company has unsecured loans aggregating to ₹149.87 million from related parties and inter-corporate deposits, which may be recalled by the lender of such loans at any time. For further details in relation to our unsecured loans, see "*Financial Information*" on page 214. Any demand by any of the lenders for accelerated repayment may adversely affect our financial condition.

***<u>Legal and regulatory risks</u>***

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

Under section 45N of the Reserve Bank of India Act, 1934, we are subject to periodic inspections by the RBI to verify correctness or completeness of any statement, information or particulars furnished to the RBI, or for the purpose of obtaining any statements, information or particulars which we have failed to furnish on being called upon to do so. In its past inspection report, dated June 15, 2021, RBI had identified certain deficiencies in our operations basis the relevant RBI regulations and directions, made certain observations and sought clarifications in relation to our operations. The details of the outstanding observations are set out below along with the actions and corrective actions taken by our Company:

| ***Observation by the RBI*** | ***Actions/measures taken by the Company*** |
|---|---|
| *Liquidity*:<br><br>It was observed that Asset Liability Management (ALM) returns were not being generated by the system | Our Company has directed the software provider i.e. Twineline, to develop integrated module for the ALM, since maturities are being generate for some of the components of ALM and not integrated into one report |
| *Management*:<br><br>Our Company did not have a separate Risk Head. The responsibility of risk management was carried out by Mr. Aalok J. Patel and Mr. Jayendrabhai Patel. Shri Aalok J. Patel was also looking after all the borrowings (funding) as well as lending operations of our Company. This inherently was a conflict of interest as the person proposing fund raising, borrowings and various lending products and pricing, was also heading the risk evaluation responsibility. | Our Company had hired the Chief Risk Officer ("CRO") on February 7, 2022 who served until June 2023. Presently Our Company is in the process of finding a suitable replacement for the role of CRO / Risk Head |
| Our Company did not have MIS to provide timely and forward looking information on the liquidity position of the NBFC | Our Company has directed the software provider i.e. Twineline, to develop integrated module for the forward looking statements |

In its latest inspection report issued to our Company in Fiscal 2023, the RBI has, among other things, provided certain observations in relation to our operations, details of which are set out below along with the actions and corrective actions taken by our Company:

| ***Observation by the RBI*** | ***Actions/measures taken by the Company*** |
|---|---|
| Our Company was outsourcing its internal audit and had appointed an external agency as the internal auditor for Fiscal 2022 | Our Company has undertaken to shift the entire internal audit in-house and hire appropriate personnel for the same |
| Repossession clause mentioned loan agreement form was not in accordance with the extant fair practices code. | Our Company has modified the repossession clause in loan agreements in accordance with the extant fair practices code. |
| Asset classification was being carried out manually on monthly basis instead of on real-time basis | Our Company is in process of full-scale migration of Twinline-Finpage software post completion of which from Fiscal 2024 onwards, asset classification shall be done on real-time basis |
| Risk categorisation of loans was not carried out | Our Company has undertaken to evaluate and implement other methodologies for risk categorisation and will be implementing the same from the first quarter of Fiscal 2024 |
| Risk based internal audit (RBIA) framework to be put in place | RBIA policy for categorisation of branches/departments and audit has been put in place from April 1, 2023 |
| Migration audit to be conducted for new loan management system | Our Company has undertaken to carry out this audit in the first quarter of Fiscal 2024 |
| ECL model adopted is to be reviewed so that loss provisioning is done based on internal customer rating instead of on portfolio basis | Our Company has made provision for the same based on customer wise approach instead of portfolio based approach from June 2023 onwards |
| Risk Management Committee to be headed by an independent director | Our Company has complied with the same |
| Delays ranging from 3 to 68 days were observed in filing of returns | The delays in filing of certain returns was on account of inability to upload the files due to a technical glitch for which the RBI was also contacted. Our Company has filed the returns |

| Observation by the RBI | Actions/measures taken by the Company |
|---|---|
| | manually has undertaken to ensure timely submission of returns |

The RBI has also, in Fiscal 2023, provided certain observations in relation to our Subsidiaries operations, details of which are set out below along with the actions and corrective actions taken by our Subsidiary:

| Observation by the RBI | Actions/measures taken by the Company |
|---|---|
| The Subsidiary should formulate a Strategy document and ensure that commensurate risk management structures are in place | The board of directors of Subsidiary, in its meeting held on November 1, 2023 have approved the risk management framework. |
| The Subsidiary should conduct a comprehensive Information System ("**IS**") Audit | The board of directors of Subsidiary, has decided to appoint a qualified audit firm who can conduct the thorough IS audit as per the RBI guideline. |
| Liquidity stress testing should be conducted on a regular basis for a variety of short-term and protracted NBFC-specific and market-wide stress scenarios (individually and in combination) | The board of directors of Subsidiary in its meeting held on November 01, 2023, approved the liquidity risk management & resource planning policy wherein various parameters to do the stress testing audit have been incorporated. The Subsidiary has undertaken do the stress testing in due course by the internal auditors / statutory auditors and submit its report to RBI. |
| The Subsidiary should formulate a Contingency Funding Plan | The board of directors of Subsidiary in its meeting held on November 01, 2023 approved the liquidity risk management & resource planning policy wherein contingency funding plan has been decided in line with the extant guideline |
| The Subsidiary should Identify and prescribe limits on Liquidity Stock Ratios and monitor them on a continuing basis | The board of directors of Subsidiary has prescribed limits on liquidity stock ratios as per the liquidity risk management & resource planning policy approved by the board in it's meeting held on November 1, 2023. |
| The Subsidiary should document a risk appetite statement, clearly detailing the acceptable risk tolerance limit. The investment policy should prescribe limits/portfolio allocation for various investment instruments | The Subsidiary has framed a detailed risk management framework, which includes the risk appetite statement. Further, the Subsidiary has approved the Investment policy and treasury management framework in the board meeting held on November 1, 2023. |
| System driven alerts generating mechanism should be put in place for monitoring suspicious transactions | The Subsidiary is in process of discussion with the Twinline for receiving alert from the LOS/LMS system of the Subsidiary |

While we have responded to such observations, in the event we are unable to comply with the observations made by the RBI, we could be subject to penalties and restrictions which may be imposed by the RBI. There can be no assurance that the RBI will not make other observations in the future. While we attempt to comply with all regulatory provisions, directions or observations applicable to us, including in connection with RBI's inspection reports, we could be subject to penalties and restrictions which may be imposed by the RBI. If we are unable to resolve such deficiencies to RBI's satisfaction, our ability to conduct out business may be adversely affected. Imposition of any penalty or adverse findings by the RBI during its periodic or any future inspections may have an adverse impact on our business prospects, financial condition and results of operations.

31. ***All of our branch offices are located on leased or licensed premises. Any termination or failure by us to renew the lease and license agreements in a favourable and timely manner, or at all, could adversely affect our business and results of operations. Moreover, many of the lease and license agreements entered into by us may not be duly registered or adequately stamped.***

All of our branch offices are located on leased or licensed premises. We generally enter into lease arrangements for our branches that are typically for a period of 11 months. In case of our administrative office, the typical period for which leases are generally entered into by us in respect of our admin officer ranges for a period from 1 year to 9 years. The lease agreements can be terminated, and any such termination could result in any of our offices being shifted or shut down. Some of the lease and license agreements may have expired in the ordinary course of business and we are currently involved in negotiations for the renewal of these lease and license agreements. While we have not faced major issues renewing the leases of our branch offices in the past nor have we faced termination of any of these lease arrangements in the six months period ended September 30, 2023 and Fiscal 2023, Fiscal 2022 and Fiscal 2021, if these lease and license agreements are not renewed on terms favourable to us or not renewed at all or are terminated, we may suffer a disruption in our operations or increased costs, or both, which may affect our business and results of operations. Further, our lease and license agreements are required to be adequately stamped and duly registered. Unless such documents are adequately stamped or duly registered, such documents may be rendered inadmissible as evidence in a court in India or may not be authenticated by any public officer and the same may attract penalty as prescribed under applicable law or may impact our ability to enforce these agreements legally, which may result in an adverse effect on the continuance of our operations and business. Further, we are required to obtain certain approvals, registrations and licenses for the operation and functioning of our branches and our Registered and Corporate Office. If we fail to obtain, renew or maintain the required permits, licenses or approvals, we could be subjected to penalties by the relevant regulatory authorities and our business operations may be adversely affected. For information in relation to our premises, see "*Our Business – Properties*" on page 147.

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

As an NBFC, we have to mandatorily obtain a certificate of registration issued by the RBI. We are also required to have a Net Owned Fund of at least ₹ 20 million. The RBI Master Directions currently require NBFCs to comply with a capital to risk (weighted) assets ratio, or capital risk adequacy ratio ("CRAR"), consisting of tier I and tier II capital. Under these requirements, tier I and tier II capital should not be less than 15% of the sum of the NBFC's risk-weighted assets on-balance sheet and of risk adjusted value of off-balance sheet items, as applicable. In addition, the total of tier II capital at any point of time, shall not exceed 100 percent of tier I capital.

The CRAR of our Company, as of September 30, 2023 and March 31, 2023 is 35.15% and 32.61% respectively and tier I capital as of September 30, 2023 and March 31, 2023 is 27.74% and 17.35% respectively. Our Company's tier II capital as of September 30, 2023 and March 31, 2023 was 7.41% and 15.27% respectively. The CRAR of our Subsidiary, as on as of September 30, 2023 and March 31, 2023 is 25.75% and 25.62% respectively and tier I capital as of September 30, 2023 and March 31, 2023 is 24.06% and 23.62% respectively. Our Subsidiary's tier II capital as of September 30, 2023 and March 31, 2023 is 1.69% and 2.01% respectively.

As we continue to grow our loan portfolio and asset base we will be required to raise additional tier I and tier II capital in order to remain in compliance with the applicable capital adequacy ratios. Further, the RBI may increase its minimum CRAR threshold, which may require us to raise additional capital. We cannot assure you that we will be able to raise adequate additional capital in the future on terms favorable to us, or at all, which may adversely affect the growth of our business. Further, the RBI may also in the future require compliance with other prudential norms and standards, which may require us to alter our business and accounting practices or take other actions that could adversely affect our business and operating results. In addition, any change in RBI or other government regulations in relation to securitizations by NBFCs could have an adverse impact on our assignment and securitization plans in the future. This could result in non–compliance with applicable capital adequacy ratios, which could have a material adverse effect on our business prospects, financial condition and results of operations.

Additionally, the RBI has been given a wider role in the management of NBFCs in adverse situations pursuant to the Finance (No. 2) Act, 2019, which came into force on August 9, 2019 and amended the Reserve Bank of India Act, 1934. The RBI has been empowered to, among other things, remove and replace a director or supersede the board of directors of NBFCs in public interest, remove or debar auditors, frame schemes for amalgamation, reconstruction or splitting of the NBFC into viable and non – viable institutions to preserve the continuity of the activities of the NBFCs. Recently, the Reserve Bank of India has pursuant to its directive dated November 16, 2023, also increased the risk weights on unsecured consumer loans, including credit cards, by 25 per cent for both banks and NBFCs. Any non–compliance with the stipulated norms (as applicable) could have a material adverse effect on our business prospects, financial condition and results of operations.

Further, we are required to comply with various applicable rules and regulations as a listed entity. In addition, we are also subject to the corporate laws, taxation laws and other laws in effect in India which require continued monitoring and compliance on our part. The introduction of additional government control or newly implemented laws and regulations, depending on the nature and extent thereof and our ability to make corresponding adjustments, may adversely affect our business, results of operations and financial condition. In particular, decisions taken by regulators concerning economic policies or goals that are inconsistent with our interests could adversely affect our results of operations. These laws and regulations and the way in which they are implemented and enforced may change from time to time and we cannot assure you that future legislative or regulatory changes will not have an adverse effect on our business, financial condition, cash flows and results of operations. Additionally, we are required to make various filings with the RBI, the Registrar of Companies and other regulatory authorities pursuant to the provisions of RBI regulations, the Companies Act and other regulations. If we fail to comply with these requirements, or a regulator alleges we have not complied with these requirements, we may be subject to penalties and compounding proceedings.

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

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

| Name of Entity | Criminal Proceedings | Tax Proceedings | Statutory or Regulatory Proceedings | Disciplinary actions by SEBI or Stock Exchanges against Promoters | Material civil litigations | Aggregate amount involved* (₹ million) |
|---|---|---|---|---|---|---|
| ***Company*** | | | | | | |
| By the Company | 4,312 | Nil | Nil | Nil | Nil | 261.47 |
| Against the Company | Nil | 3 | Nil | Nil | Nil | 61.32 |
| ***Directors*** | | | | | | |
| By the Directors | Nil | Nil | Nil | Nil | Nil | Nil |
| Against the Directors | Nil | Nil | Nil | Nil | Nil | Nil |
| ***Promoters*** | | | | | | |
| By the Promoters | Nil | Nil | Nil | Nil | Nil | Nil |
| Against the Promoters | Nil | Nil | Nil | Nil | Nil | Nil |
| ***Subsidiary*** | | | | | | |
| Material litigation involving our Subsidiary | Nil | Nil | Nil | Nil | Nil | Nil |

* *To the extent quantifiable*

We cannot assure you that any of these on-going matters will be settled in favour of our Company, Promoters, Directors or Subsidiary, respectively, or that no additional liability will arise out of these proceedings. Further, we cannot assure you that there will be no new legal and regulatory proceedings involving our Company, Promoters, Directors and Subsidiary in the future. An adverse outcome in any such proceedings may have an adverse effect on our business, financial position, prospects, results of operations and our reputation.

34. ***Our Company is unable to trace certain filings pertaining to historical secretarial information, minutes of board and shareholders' meetings, copies of share transfer forms and certain records from the statutory registers.***

Our Company is unable to trace certain filings pertaining to historical secretarial information, minutes of board and shareholders' meetings, copies of share transfer forms, certain records from the statutory registers and filings with the RoC. These include certified true copies of the resolutions passed by the Board and the Shareholders of our Company authorising the allotments made by the Company including allotments made on November 27, 1992 and March 20, 1993. We have also conducted independent searches by a practising company secretary through the relevant databases and at the office of the RoC and have placed reliance on the certificate dated December 12, 2023 from Pinakin Shah & Co., Company Secretary. While we have conducted an extensive search to trace our records, and a search in the records of the RoC, we have not been able to retrieve the aforementioned documents. and thus relied on remaining documents to verify the details of the allotment and transfers. Accordingly, we have relied on signed minutes of the Board of Directors, its committees and/or shareholders' meetings, statutory registers and annual reports, to the extent available.

We believe that the aforesaid records have been duly executed and requisite forms were filed in a timely manner, however, we have not been able to obtain copies of all these documents from the RoC and/or any respective authorities, or otherwise. Further, while we have implemented compliance measures, including a policy for preservation of documents, there can be no assurance that such inaccuracies or misplacements of our Company's records will not occur in the future, which may subject our Company to action by statutory or regulatory authorities.

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

Our trademark name and logo is not registered with the Trade Marks Registry of India. As of the date of this Placement Document, our Company has no registered trademarks, including our logo. Since our logo is not registered as a trademark, it does not have the statutory protection accorded to a registered trademark and exposes us to substantial business vulnerabilities. The absence of formal trademark protection leaves our logo susceptible to unauthorized replication or misuse by competitors or third parties. This jeopardizes our intellectual property rights, hindering our ability to legally enforce ownership and take decisive action against infringements.

The lack of a registered trademark increases the likelihood of brand dilution and confusion among consumers. It opens avenues for competitors to adopt similar logos, undermining our uniqueness and market standing. Moreover, lack of a registered trademark restricts potential revenue streams and business growth opportunities. Without the legal backing of trademark registration, we may face diminished brand value, reduced remedies in disputes, and a compromised ability to protect our brand integrity, potentially leading to financial and reputational harm. While we have not been involved in any intellectual property disputes in the past, we cannot assure you that we will not be involved in such disputes in the future, including disputes relating to our pending trademark applications.

Any intellectual property claims, with or without merit, could be very time-consuming, could be expensive to settle or litigate and could divert our management's attention and other resources. These claims could also subject us to significant liability for damages, potentially including enhanced statutory damages if we are found to have wilfully infringed intellectual property rights. While such claims by third parties have not been made to us historically, the occurrence of any of the foregoing would adversely affect our business operations and financial results.

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

We are responsible for establishing and maintaining adequate internal measures commensurate with the size and complexity of our operations. The fraud detected and reported to RBI as of six months period ended September 30, 2023 was ₹2.73 million involving collusion between employees and transfer of funds through unauthorised channels at one of our branches at Parola, Maharashtra and for the Fiscal 2023, Fiscal 2022 and Fiscal 2021, no fraud had been reported. Our internal audit functions make an evaluation of the adequacy and effectiveness of internal systems on an on-going basis so that business units adhere to our policies, compliance requirements and internal guidelines. While we periodically test and update our internal processes and systems, we are exposed to operational risks arising from the potential inadequacy or failure of internal processes or systems, and our actions may not be sufficient to ensure effective internal checks and balances in all circumstances. For further information in relation to inspection by RBI pertaining to fraud, see "- *30. As an NBFC, we are subject to periodic inspections by the RBI. Non-compliance with observations made by RBI during these inspections could expose us to penalties and restrictions*." on page 64.

Our management information systems and internal procedures that are designed to monitor our operations and overall compliance may not identify every instance of non-compliance or every suspicious transaction. If internal system or process weaknesses are identified, our actions may not be sufficient to correct such weakness. Failures or material errors in our internal systems may lead to deal errors, pricing errors, inaccurate financial reporting, fraud and failure of critical systems and infrastructure. Such instances may also adversely affect our reputation, business and results of operations. We cannot assure you that we would be able to prevent frauds in the future or that our existing internal mechanisms to detect or prevent fraud will be sufficient. Any fraud discovered in the future may have an adverse effect on our business, profitability and reputation.

***<u>Risks related to our Promoters and Promoter Group</u>***

***37. Our Company's principal Shareholders may have interests that are adverse to the interests of our other Shareholders.***

Our Promoters, Promoter Group and Elevation Capital V Limited (*formerly known as SAIF Partners India V Limited*) (the "**Investor**") collectively hold 48.28% of the Equity Share capital of our Company, as of September 30, 2023. As significant Shareholders, the Promoters and Promoter Group, and the Investor may have interests that are adverse to the interests of other Shareholders and/or our Company. Pursuant to the investment agreement dated April 4, 2018 entered into between the Company and the Investor, the Investor has certain rights, including pre-emptive rights and the right to nominate one director on the Board, until such time that the Investor continues to hold 5% of the issued and paid-up share capital of our Company.

In addition, our Promoters and the members of our Promoter Group, have significant voting power to influence our Company's and our Subsidiary's policies, business and affairs. There may, therefore, be a conflict of interest in dealings among our Company and our Subsidiary, which may not necessarily be resolved in our Company's favour. Accordingly, we cannot assure you that our Promoters and Promoter Group will not dispose of, pledge or encumber their Equity Shares in the future.

In addition, the disposal of Equity Shares by any of our Promoter or Promoter Group or Investor, or the perception that such sales may occur may significantly affect the trading price of the Equity Shares.

***<u>Other risks</u>***

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

As of September 30, 2023, we employed 3,382 permanent employees. Our ability to compete depends upon our ability to attract, motivate, and retain qualified personnel. We are dependent on Aalok Patel, our Joint Managing Director, and is also one of the trustees of Arman Foundation and Alok Prasad, our Non-Executive – Independent Director and Chairman, who has served as the chief executive officer of Microfinance Institution Network for a period of five years along with an experience of seven years from the National Housing Bank and served as the Chairperson and Director of South-Asia Micro Entrepreneurs Network for a period of three years. We believe that the inputs and experience of our senior management and key managerial personnel are valuable for the growth and development of business and operations and the strategic directions taken by our Company. We cannot assure you that we will be able to retain such members of our management or find adequate replacements in a timely manner, or at all.

As of six months ended September 30, 2023, and Fiscal 2023, Fiscal 2022 and Fiscal 2021, we had attrition rates of 15.7%, 30.3%, 27.3% and 24.2% respectively. We may require a long period of time to hire and train replacement personnel when qualified personnel terminate their employment with our Company. We may also be required to increase our levels of employee compensation more rapidly than in the past to remain competitive in attracting employees that our business requires. The loss of the services of such persons may have an adverse effect on our business, our results of operations and our cash flows. For information in relation to change in our KMPs in the last three years, see "*Board of Directors and Senior Management*" on page 156.

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

39. ***Industry information included in this Placement Document has been derived from publicly available documents from various sources.***

We have used information extracted from publicly available documents from various sources, including '*Issue 47 – Micrometer & MICRO MATTERS: MACRO VIEW India Microfinance Review FY 2022-23*' prepared by Microfinance Industry Network ("**MFIN Report**") and officially prepared materials from the Government and its various ministries, the Reserve Bank of India, the World Bank, and International Monetary Fund for the purpose of inclusion of such information in the Placement Document and the same has not been prepared or independently verified by us, the Book Running Lead Manager or any of its affiliates or advisers. The industry sources and publications referred to by us is subject to various limitations and based upon certain assumptions that are subjective in nature. Although we believe that the data and contents of the industry sources and publications referred to by us may be considered to be reliable, the accuracy, completeness and underlying assumptions are not guaranteed, and dependability cannot be assured. Further, there is no assurance that such information is stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. In addition, statements from third parties that involve estimates are subject to change, and actual amounts may differ materially from those included in this Placement Document. The accuracy and completeness of the industry sources and publications referred to by us, and the underlying assumptions on which such sources and publications are based, are not guaranteed and their reliability cannot be assured and, accordingly, investment decisions should not be based on such information.

40. ***Certain of our Directors are on the board of directors of companies engaged in a line of business similar to that of ours. Any conflict of interest that may occur as a result could adversely affect our business, financial condition, results of operations and cash flows.***

Certain of our Directors are on the board of directors of companies engaged in a line of business similar to ours. For instance, Alok Prasad, our Non-Executive – Independent Director and Chairman, is a director on the board of directors of Fincare Small Finance Bank Limited and Muthoot Microfin Limited and Mridul Arora, our Nominee Director, is a director on the board of directors of Sarvagram Solutions Private Limited and Mintifi Private Limited. These entities may provide comparable services, expand their presence, solicit our employees or acquire interests in competing ventures in the locations or segments in which we operate. A conflict of interest may occur between our business and the business of such entities, which could have an adverse effect on our business, financial condition, results of operations and cash flows.

41. ***Our funding requirements and proposed deployment of the Net Proceeds are based on management estimates and may be subject to change based on various factors, some of which are beyond our control.***

We intend to use the Net Proceeds for the purposes described in "*Use of Proceeds*" on page 81. As on the date of this Placement Document, our funding requirements are based on management estimates in view of past expenditures, and have not been appraised by any bank or financial institution. Our funding requirements and proposed deployment of the Net Proceeds are based on current conditions and are subject to change in light of changes in external circumstances, costs, business initiatives, other financial conditions or business strategies. While we will use the Net Proceeds for (i) augmenting our Company's capital adequacy ratio as laid down by the RBI and (ii) general corporate purposes in the manner specified in "*Use of Proceeds*" on page 81, the amount of Net Proceeds to be actually used will be based on our management's discretion. However, the deployment of the Net Proceeds will be monitored by a monitoring agency appointed pursuant to the SEBI ICDR Regulations. Our internal management estimates may exceed fair market value or the value that would have been determined by third-party appraisals, which may require us to reschedule or reallocate our capital expenditure and may have an adverse impact on our business, financial condition, results of operations and cash flows. We may have to reconsider our estimates or business plans due to changes in underlying factors, some of which are beyond our control, such as interest rate fluctuations, and other financial and operational factors. Accordingly, prospective investors in the Offer will need to rely upon our management's judgment with respect to the use of Net Proceeds. If we are unable to deploy the Net Proceeds in a timely or an efficient manner, it may affect our business and the results of operations.

***42. Certain of our Directors and Key Managerial Personnel are interested in our Company's performance in addition to their remuneration and reimbursement of expenses.***

In addition to regular remuneration or benefits and reimbursement of expenses, certain of our Directors and KMPs of our Company are interested in our Company, to the extent of their shareholding in our Company, their rights to the extent of any dividends, bonuses or other distributions on such Equity Shares. We cannot assure you that our Directors and our KMPs will exercise their rights to the benefit and best interest of our Company. As shareholders of our Company, our Directors or KMPs may take or block actions with respect to our business which may conflict with the best interests of the Company or that of minority shareholders. For further information on the interest of our Directors of our Company, other than reimbursement of expenses incurred or normal remuneration or benefits, see "*Board of Directors and Senior Management – Interests of the Directors*" on page 159.

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

We may, from time to time, enter into related party transactions in the future. All related party transactions that we may enter into post-listing, will be subject to an approval by our Audit Committee, Board, or Shareholders, as required under the Companies Act and the SEBI Listing Regulations. Such related party transactions in the future or any other future transactions may potentially involve conflicts of interest which may be detrimental to the interest of our Company and we cannot assure you that such transactions, individually or in the aggregate, will always be in the best interests of our minority shareholders and will not have an adverse effect on our business, financial condition, results of operations, cash flows and prospects.

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

Any dividends to be declared and paid in the future are required to be recommended by our Company's Board of Directors and approved by its Shareholders, at their discretion, subject to the provisions of the Articles of Association and applicable law, including the Companies Act. While our Company as not paid any dividends during the six months ended September 30, 2023 and in Fiscal 2023, Fiscal 2022 and Fiscal 2021, its ability to pay dividends in the future will depend upon our future results of operations, financial condition, cash flows, sufficient profitability, working capital requirements and capital expenditure requirements. We cannot assure you that we will generate sufficient revenues to cover our operating expenses and, as such, pay dividends to our Company's shareholders in future consistent with our past practices, or at all. Dividends distributed by us will attract dividend distribution tax at rates applicable from time to time and may be subject to other requirements prescribed by the RBI. For information pertaining to dividend declared by our Company in the past, see "*Dividends*" on page 88 of this Placement Document.

***45. COVID-19 and similar outbreaks could continue to have certain adverse effects on our business, operations, cash flows and financial condition.***

The World Health Organization declared the outbreak of COVID-19 a global pandemic on March 11, 2020. The COVID-19 pandemic affected our business, results of operations and financial condition in a number of ways such as:

- It led to a closure of all our offices and branches for the month of April 2020 and disrupted operations in first half of Fiscal 2021 and we moved to a work-from-home model for the first few months of the pandemic. We resumed operations at our offices and branches in a staggered manner by May 2020 in compliance with the lockdown restrictions and central and state government guidelines;

- It caused a decline in general economic and business activity, which resulted in a reduction in our disbursements from ₹ 8,736.09 million for Fiscal 2020 to ₹ 5,093.99 million for Fiscal 2021.

- For the first quarter of Fiscal 2022, our average monthly collection efficiency dropped to 85.14% (calculated using instalment dues for non-restructured loans only) and our Gross NPA and Net NPA increased during the same period from 4.68% and 0.71%, respectively as of March 31, 2021 to 5.75% and 1.45%, respectively as of June 30, 2021. However, with easing of the impact of "second wave" and a consequent improvement in borrower cashflows, during the months of August and September 2021 put together (where no dues were receivable on the restructured accounts, owing to moratorium), we have recorded approximately 95% of borrowers whose loans were restructured, making at least one EMI payment;

Similar outbreaks may adversely affect overall business sentiment, as well as our business, results of operations and financial condition.

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

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

These non-GAAP financial measures and such other industry related statistical and other information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and industry related statistical information of similar nomenclature that may be computed and presented by other companies.

***47. Our Company has issued Equity Shares during the preceding one year at a price that may be below the Issue Price.***

In the preceding one year from the date of this Placement Document, our Company has issued Equity Shares at a price that may be lower than the Issue Price. The price at which Equity Shares have been issued by our Company in the preceding one year is not indicative of the price at which they will be issued or traded after listing. For details on such allotments, see "*Capital Structure*" on page 84. Our Company may continue to issue Equity Shares, including under the ESOP 2016 and ESOP 2023, at a price below the market price of Equity Shares at the time of issuance.

**External Risks**

***Risks Related to India***

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

The Indian economy and its securities markets are influenced by economic developments, political and market conditions in India and globally, including adverse geopolitical conditions and volatility in securities markets in other countries. Investors' reactions to developments in one country may have adverse effects on the market price of securities of companies located in other countries, including India. Negative economic developments, such as rising fiscal or trade deficits, or a default on national debt, in other emerging market countries may also affect investor confidence and cause increased volatility in Indian securities markets and indirectly affect the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy, including the movement of exchange rates and interest rates in India and could then adversely affect our business, financial performance, shareholders' equity and the price of our Equity Shares.

Large budget deficits and rising public debts in recent years, for example in Europe, have triggered sovereign debt finance crises that resulted in the bailouts of European economies and elevated the risk of government debt defaults, forcing governments to undertake aggressive budget cuts and austerity measures, in turn underscoring the risk of global economic and financial market volatility. Financial markets and the supply of credit could continue to be negatively impacted by ongoing concerns surrounding the sovereign debts and/or fiscal deficits of several countries in Europe, the possibility of further downgrades of, or defaults on, sovereign debt, concerns about a slowdown in growth in certain economies and uncertainties regarding the stability and overall standing of the European Monetary Union. Increased budget deficits and the incurrence of additional public debt in Europe and other developed markets as a result of the COVID-19 pandemic may exacerbate these risks and uncertainties.

As a result, we are highly dependent on prevailing economic conditions in India and our results of operations and cash flows are significantly affected by factors influencing the Indian economy. Factors that may adversely affect the economy, and hence our results of operations and cash flows, may include:

- political instability, resulting from a change in governmental or economic and fiscal policies, may adversely affect economic conditions in India. In recent years, India has implemented various economic and political reforms. Reforms in relation to trade barriers have led to increased incidents of social unrest in India over which we have no control;

- the macroeconomic climate, including any increase in Indian interest rates or inflation;

- instability in other countries and adverse changes in geopolitical situations;

- civil unrest, local agitation, acts of violence, terrorist attacks, regional conflicts or situations or war;

- India has experienced epidemics, and natural calamities such as earthquakes, tsunamis, floods, and drought in recent years; and

- contagious diseases such as the COVID-19 pandemic, the highly pathogenic H7N9, H5N1 and H1N1 strains of influenza in birds and swine. Any future outbreaks of COVID-19, avian or swine influenza or a similar contagious disease could adversely affect the Indian economy and economic activity in the region.

Further deterioration in the global economy as a result of COVID-19 or otherwise, or the perception that any of them could occur may continue to have an adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. Any of these factors could depress economic activity and restrict our access to capital, which could have an adverse effect on our business, financial condition and results of operations and reduce the price of our equity shares. Any financial disruption could have an adverse effect on our business, future financial performance, shareholders' equity and the price of our Equity Shares.

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

Natural disasters (such as cyclones, typhoons, flooding, storms, tsunamis, tornadoes, fires, explosions, and/or earthquakes), epidemics, pandemics such as COVID-19, and man-made disasters, including acts of war, terrorist attacks, and other events, many of which are beyond our control, may lead to economic instability, including in India or globally, which may in turn materially and adversely affect our business, financial condition, and results of operations. Recent developments in the ongoing conflict between Russia and Ukraine, since February 2022, has resulted in and may continue to result in a period of sustained instability across global financial markets. Following the invasion of Ukraine, countries like the United States, the EU, Canada, Japan, Australia and some other countries have made announcements regarding imposition of sanctions and sanctions have been implemented in the meantime. The imposition of sanctions could lead to unpredictable reactions from Russia. If any sanction risk materializes, this could induce volatility in commodity prices, adversely impact availability of natural gas, increase in supply chain, logistics times and costs, increase borrowing costs, cause outflow of capital from emerging markets and may lead to overall slowdown in economic activity in India and have a material adverse effect on our business, cash flows, financial condition and results of operations.

In addition, China is one of India's major trading partners and there are rising concerns of a possible slowdown in the Chinese economy as well as a strained relationship with India, which could have an adverse impact on the trade relations between the two countries. The sovereign rating downgrades for Brazil and Russia (and the imposition of sanctions on Russia) have also added to the growth risks for these markets. These factors may also result in a slowdown in India's export growth. In response to such developments, legislators and financial regulators in the United States and other jurisdictions, including India, implemented a number of policy measures designed to add stability to the financial markets. However, the overall long-term effect of these and other legislative and regulatory efforts on the global financial markets is uncertain, and they may not have the intended stabilizing effects. Any significant financial disruption could have a material adverse effect on our business, financial condition, cash flows and results of operation.

Our operations may be adversely affected by fires, natural disasters, and/or severe weather, which can result in damage to our property, and may require us to evacuate personnel and suspend operations. Any terrorist attacks or civil unrest as well as other adverse social, economic, and political events in India could have a negative effect on us. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse effect on our business and the price of the Equity Shares. A number of countries in Asia, including India, as well as countries in other parts of the world, are susceptible to contagious diseases and, for example, have had confirmed cases of diseases such as the highly pathogenic H7N9, H5N1, and H1N1 strains of influenza in birds and swine and more recently, the SARS-CoV-2 virus. A worsening of the current outbreak of the COVID-19 pandemic or future outbreaks of SARS-CoV-2 virus or a similar contagious disease could adversely affect the global economy and economic activity in the region. As a result, any present or future outbreak of a contagious disease could have a material adverse effect on our business and the trading price of the Equity Shares.

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

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

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

The regulatory environment in which we operate is evolving and is subject to change. The GoI may implement new laws or other regulations that could affect the industry in which we operate, which could lead to new compliance requirements, including requiring us to obtain additional approvals and licenses from the Government and other regulatory bodies, or impose onerous requirements, which can lead to uncertainty in our operations and could adversely affect our business, prospects and results of operations. New compliance requirements could increase our costs or otherwise adversely affect our business, financial condition and results of operations.

Unfavourable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations including foreign investment and stamp duty laws governing our business and operations could result in us being deemed to be in contravention of such laws and may require us to apply for additional approvals. For instance, the Supreme Court of India has in a decision clarified the components of basic wages which need to be considered by companies while making provident fund payments, which resulted in an increase in the provident fund payments to be made by companies. Any such decisions in future or any further changes in interpretation of laws may have an impact on our results of operations.

The Government of India has passed new laws relating to social security, occupational safety, industrial relations and wages ages namely, the Code on Social Security, 2020, the Occupational Safety, Health and Working Conditions Code, 2020, the Industrial Relations Code, 2020 and the Code on Wages, 2019, respectively which were to take effect from April 1, 2021 (collectively, the "Labour Codes"). The Government of India has deferred the effective date of the Labour Codes and they shall come into force from such date as may be notified by the Government. Further, the Code on Social Security, 2020 ("Social Security Code") will impact overall employee expenses and, in turn, could impact the profitability of our Company. Under the Social Security Code, a new concept of deemed remuneration has been introduced, such that where an employee receives more than half (or such other percentage as may be notified by the Central Government), of their total remuneration in the form of allowances and other amounts that are not included within the definition of wages under the Social Security Code, the excess amount received shall be deemed as remuneration and accordingly be added to wages for the purposes of the Social Security Code and the compulsory contribution to be made towards the employees' provident fund..

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

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

The regulatory environment in which we operate is evolving and is subject to change. The GoI may implement new laws or other regulations that could affect the industry in which we operate, which could lead to new compliance requirements, including requiring us to obtain additional approvals and licenses from the Government and other regulatory bodies, or impose onerous requirements, which can lead to uncertainty in our operations and could adversely affect our business, prospects and results of operations. New compliance requirements could increase our costs or otherwise adversely affect our business, financial condition and results of operations.

Unfavourable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations including foreign investment and stamp duty laws governing our business and operations could result in us being deemed to be in contravention of such laws and may require us to apply for additional approvals. For instance, the Supreme Court of India has in a decision clarified the components of basic wages which need to be considered by companies while making provident fund payments, which resulted in an increase in the provident fund payments to be made by companies. Any such decisions in future or any further changes in interpretation of laws may have an impact on our results of operations.

Similarly, changes in other laws may require additional compliances and/or result in us incurring additional expenditure. For instance, the Government of India has notified four labour codes which are yet to come into force as on the date of this Placement Document, namely, (i) the Code on Wages, 2019, (ii) the Industrial Relations Code, 2020; (iii) the Code on Social Security, 2020; and (iv) the Occupational Safety, Health and Working Conditions Code, 2020. These codes consolidate and subsume numerous existing central labor legislations and will replace the existing legal framework governing rights of workers and labour relations. While the rules for implementation under these codes have not been notified, we are yet to determine the impact of all or some such laws on our business and operations which may restrict our ability to grow our business in the future and increase our expenses. We may incur increased costs and other burdens relating to compliance with such new requirements, which may also require significant management time and other resources, and any failure to comply may adversely affect our business, results of operations and prospects.

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

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

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

***54. Investors may not be able to enforce a judgment of a foreign court against us, our Directors, the Book Running Lead Manager or any of its directors and executive officers in India respectively, except by way of a law suit in India.***

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

Recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A of the Code of Civil Procedure, 1908. India is not party to any international treaty in relation to the recognition or enforcement of foreign judgments. India has reciprocal recognition and enforcement of judgments in civil and commercial matters with only a limited number of jurisdictions, such as the United Kingdom, United Arab Emirates, Singapore and Hong Kong. The United States and India do not currently have a treaty providing for reciprocal recognition and enforcement of judgments, other than arbitration awards, in civil and commercial matters. Therefore, a final judgment for the payment of money rendered by any federal or state court in the United States on civil liability, whether or not predicated solely upon the federal securities laws of the United States, would not be enforceable in India. However, the party in whose favor such final judgment is rendered may bring a new suit in a competent court in India based on a final judgment that has been obtained in the United States.

In order to be enforceable, a judgment from a jurisdiction with reciprocity must meet certain requirements established in the Indian Code of Civil Procedure, 1908. The CPC only permits the enforcement and execution of monetary decrees in the reciprocating jurisdiction, not being in the nature of any amounts payable in respect of taxes, other charges, fines or penalties. 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 directly 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. The party in whose favour a final foreign judgment in a non-reciprocating territory is rendered may bring a fresh suit in a competent court in India based on the final judgment within three years of obtaining such final judgment. However, it is unlikely that a court in India would award damages on the same basis as a foreign court if an action were brought in India or that an Indian court would enforce foreign judgments if it viewed the amount of damages as excessive or inconsistent with the public policy in India. Further, there is no assurance that a suit brought in an Indian court in relation to a foreign judgment will be disposed of in a timely manner. In addition, any person seeking to enforce a foreign judgment in India is required to obtain the prior approval of the RBI under the FEMA to repatriate any amount recovered, and we cannot assure that such approval will be forthcoming within a reasonable period of time, or at all, or that conditions of such approval would be acceptable. Such amount may also be subject to income tax in accordance with applicable law.

***Risks Relating to the Equity Shares and this Issue***

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

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

- quarterly variations in our results of operations;

- results of operations that vary from the expectations of securities analysts and investors;
- results of operations that vary from those of our competitors;
- changes in expectations as to our future financial performance, including financial estimates by research analysts and investors;
- a change in research analysts' recommendations;
- announcements by us or our competitors of significant acquisitions, strategic alliances, joint operations or capital commitments;
- announcements by third parties or governmental entities of significant claims or proceedings against us;
- new laws and governmental regulations applicable to our industry;
- additions or departures of key management personnel;
- changes in exchange rates;
- fluctuations in stock market prices and volume; and
- general economic and stock market conditions.

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

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

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

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

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares in an Indian company is generally taxable in India. A securities transaction tax ("STT") is levied on and collected by an Indian stock exchange on which equity shares are sold. You may 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 capital gain realized on the sale of our Equity Shares held for a period of 12 months or less will be subject to short-term capital gains tax in India. While non-residents may claim tax treaty benefits in relation to such capital gains income, generally, Indian tax treaties do not limit India's right to impose tax on capital gains arising from the sale of shares of an Indian company. While non-residents may claim tax treaty benefits in relation to such capital gains income, generally, Indian tax treaties do not limit India's right to impose tax on capital gains arising from the sale of shares of an Indian company.

The Finance Act, 2020 had stipulated that the sale, transfer and issue of certain securities through exchanges, depositories or otherwise to be charged with stamp duty. The Finance Act, 2020 also clarified that, in the absence of a specific provision under an agreement, the liability to pay stamp duty in case of sale of certain securities through stock exchanges will be on the buyer, while in other cases of transfer for consideration through a depository, the onus will be on the transferor. The stamp duty for transfer of certain securities, other than debentures, on a delivery basis is currently specified under the Finance Act, 2020at 0.015% and on a non-delivery basis is specified at 0.003% of the consideration amount. These amendments have come into effect from July 1, 2020. Earlier, distribution of dividends by a domestic company was subject to Dividend Distribution Tax ("DDT"), in the hands of the company and such dividends were generally exempt from tax in the hands of the shareholders. However, the government of India has amended the IT Act to abolish the DDT regime. Under the extant provisions, any dividend distributed by a domestic company is subject to tax in the hands of the concerned shareholder at the applicable rates. Additionally, the company distributing dividends is required to withhold tax on such payments at the applicable rate. However, non-resident shareholders may claim benefit of the applicable tax treaty, subject to satisfaction of certain conditions.

Further, the Government of India has announced the union budget for Fiscal 2024, pursuant to which the Finance Act, 2023, came into force on April 1, 2023 which has introduced various amendments to the IT Act. We have not fully determined the impact of these recent and proposed laws and regulations on our business. We cannot predict whether the amendments made pursuant to the Finance Act, 2023 would have an adverse effect on our business, financial condition, future cash flows and results of operations. Unfavourable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations including foreign investment and stamp duty laws governing our business and operations could result in us being deemed to be in contravention of such laws and may require us to apply for additional approvals.

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

Foreign investment in Indian securities is subject to regulation by Indian regulatory authorities. Under foreign exchange regulations currently in force in India, transfer of shares between non-residents and residents are freely permitted (subject to certain restrictions), if they comply with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares, which are sought to be transferred, is not in compliance with such pricing guidelines or reporting requirements or falls under any of the exceptions referred to above, then a prior regulatory approval will be required. Additionally, shareholders who seek to convert Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India require a no-objection or a tax clearance certificate from the Indian income tax authorities. As provided in the foreign exchange controls currently in effect in India, the RBI has provided that the price at which the Equity Shares are transferred be calculated in accordance with internationally accepted pricing methodology for the valuation of shares at an arm's length basis, and a higher (or lower, as applicable) price per share may not be permitted. Additionally, the GoI may impose foreign exchange restrictions in certain emergency situations, including situations where there are sudden fluctuations in interest rates or exchange rates, where the GoI experiences extreme difficulty in stabilizing the balance of payments, or where there are substantial disturbances in the financial and capital markets in India.

In addition, pursuant to the Press Note No. 3 (2020 Series), dated April 17, 2020, issued by the DPIIT, the Consolidated FDI Policy and the Foreign Exchange Management (Non-debt Instruments) Amendment Rules, 2020 which came into effect from April 22, 2020, all investments under the foreign direct investment route by entities of a country which shares land border with India or where the beneficial owner of the Equity Shares is situated in or is a citizen of any such country, can only be made through the Government approval route, as prescribed in the Consolidated FDI Policy dated October 15, 2020 and the FEMA Rules. Further, in the event of transfer of ownership of any existing or future foreign direct investment in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the aforesaid restriction/purview, such subsequent change in the beneficial ownership will also require approval of the Government of India.

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

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

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

Our Financial Statements for the six months period ended September 30, 2023 and for the Fiscal 2023, Fiscal 2022 and Fiscal 2021, included in this Placement Document have been prepared and presented in conformity with Ind AS, restated in accordance with the requirements of Section 26 of part I of the Companies Act, 2013, the SEBI ICDR Regulations and the Guidance Note on "Reports in Company Prospectuses (Revised 2019)" issued by the ICAI. Ind AS differs in certain significant respects from IFRS, U.S. GAAP and other accounting principles with which prospective investors may be familiar in other countries. We have not attempted to quantify the impact of U.S. GAAP or IFRS on the financial data included in this Placement Document, nor do we provide a reconciliation of our financial statements to those of U.S. GAAP or IFRS. U.S. GAAP and IFRS differ in significant respects from Ind AS. Accordingly, the degree to which the Ind AS financial statements, which are restated as per the SEBI ICDR Regulations included in this Placement Document, will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. If our financial statements were to be prepared in accordance with such other accounting principles, our results of operations, cash flows and financial position may be substantially different. Prospective investors should review the accounting policies applied in the preparation of our financial statements and consult their own professional advisers for an understanding of the differences between these accounting principles and those with which they may be more familiar. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Placement Document should be limited accordingly.

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

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

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

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

## MARKET PRICE INFORMATION

As on the date of this Placement Document, 8,711,056 Equity Shares of face value of ₹ 10 each are subscribed and paid-up.

On December 21, 2023, the closing price of the Equity Shares on NSE and BSE was ₹ 2,641.45 and ₹ 2,646.45 respectively per Equity Share. Since the Equity Shares are available for trading on the Stock Exchanges, the market price and other information for each of BSE and NSE has been given separately.

(i) The following tables set forth the reported high, low and average market prices and the trading volumes of the Equity Shares on the Stock Exchanges on the dates on which such high and low prices were recorded for the Financial Years ended March 31, 2023, March 31, 2022, and March 31, 2021:

| BSE | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Financial Year** | **High (₹)** | **Date of high** | **Number of Equity Shares traded on the date of high** | **Total turnover of Equity Shares traded on date of high (₹ million)** | **Low (₹)** | **Date of low** | **Number of Equity Shares traded on the date of low** | **Total turnover of Equity Shares traded on date of low (₹ million)** | **Average price for the year (₹)** |
| 2023 | 1,650.45 | February 10, 2023 | 1,856 | 3.05 | 910.65 | May 25, 2022 | 1,339 | 1.23 | 1,323.96 |
| 2022 | 1,064.95 | October 12, 2021 | 51,247 | 52.58 | 525.10 | May 17, 2021 | 3,636 | 1.92 | 782.69 |
| 2021 | 767.65 | December 14, 2020 | 7,109 | 5.21 | 287.30 | May 27, 2020 | 1,069 | 0.31 | 542.97 |

| NSE | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Financial Year** | **High (₹)** | **Date of high** | **Number of Equity Shares traded on the date of high** | **Total turnover of Equity Shares traded on date of high (₹ million)** | **Low (₹)** | **Date of low** | **Number of Equity Shares traded on the date of low** | **Total turnover of Equity Shares traded on date of low (₹ million)** | **Average price for the year (₹)** |
| 2023 | 1,650.20 | February 10, 2023 | 16,421 | 27.07 | 908.60 | May 25, 2022 | 5,153 | 4.78 | 1,324.31 |
| 2022 | 1,065.90 | October 12, 2021 | 1,47,895 | 154.64 | 523.75 | May 17, 2021 | 14,637 | 7.71 | 782.89 |
| 2021 | 771.75 | December 14, 2020 | 79,373 | 58.73 | 285.60 | May 27, 2020 | 34,774 | 9.96 | 542.95 |

*(Source: www.bseindia.com and www.nseindia.com)*

*Notes:*

1. *High price indicates intraday high price, low price indicates intraday low price and average prices are based on the daily closing prices, for the respective periods.*
2. *In the case of a year, average represents the average of the closing prices of all trading days of each year presented.*
3. *In case of two days with the same high price, low price, the date with the higher traded volume has been chosen.*

The following table sets forth the details of the number of Equity Shares traded on the Stock Exchanges and the turnover during Fiscals 2023, 2022 and 2021:

| **Fiscal** | **Number of Equity Shares Traded** | | **Turnover (In ₹ million)** | |
|---|---|---|---|---|
| | **BSE** | **NSE** | **BSE** | **NSE** |
| 2023 | 4,61,907 | 40,86,735 | 595.97 | 701.31 |
| 2022 | 13,78,705 | 54,66,271 | 1,195.04 | 785.61 |
| 2021 | 5,09,882 | 42,54,946 | 276.07 | 887.18 |

(ii) The following tables set forth the reported high, low and average market prices and the trading volumes of the Equity Shares on the Stock Exchanges on the dates on which such high and low prices were recorded during each of the last six months:

| BSE | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Month year** | **High (₹)** | **Date of high** | **Number of Equity Shares traded on date of high** | **Total turnover of Equity Shares traded on date of high (₹)** | **Low (₹)** | **Date of low** | **Number of Equity Shares traded on date of low** | **Total turnover of Equity Shares traded on date of low (₹)** | **Average price for the month (₹)** | **Equity Shares traded in the month** | |
| | | | | | | | | | | **Volume** | **Turnover (₹ million)** |
| November 2023 | 2,363.80 | November 1, 2023 | 1,051 | 2.49 | 2,031.25 | November 17, 2023 | 1,460 | 2.98 | 2,170.25 | 38,999 | 85.61 |
| October 2023 | 2,402.45 | October 30, 2023 | 1,471 | 3.53 | 2,178.20 | October 3, 2023 | 223 | 0.48 | 2,309.93 | 13,604 | 31.32 |
| September 2023 | 2,384.95 | September 5, 2023 | 2,005 | 4.71 | 2,171.15 | September 29, 2023 | 1,246 | 2.71 | 2,271.87 | 20,785 | 47.27 |
| August 2023 | 2,451.05 | August 16, 2023 | 8,662 | 21.21 | 2,187.40 | August 3, 2023 | 1,584 | 3.48 | 2,317.61 | 41,788 | 97.93 |
| July 2023 | 2,289.75 | July 31, 2023 | 1,223 | 2.79 | 2,097.90 | July 21, 2023 | 715 | 1.51 | 2,203.98 | 33,354 | 73.10 |
| June 2023 | 2,223.25 | June 30, 2023 | 1,414 | 3.12 | 1,840.95 | June 9, 2023 | 845 | 1.59 | 1,980.80 | 46,890 | 94.55 |

| NSE | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Month year** | **High (₹)** | **Date of high** | **Number of Equity Shares traded on date of high** | **Total turnover of Equity Shares traded on date of high (₹ million)** | **Low (₹)** | **Date of low** | **Number of Equity Shares traded on date of low** | **Total turnover of Equity Shares traded on date of low (₹- million)** | **Average price for the month (₹)** | **Equity Shares traded in the month** | |
| | | | | | | | | | | **Volume** | **Turnover (₹ million)** |
| November 2023 | 2,368.60 | November 1, 2023 | 13,243 | 31.47 | 2,027.30 | November 17, 2023 | 51,637 | 105.23 | 2,168.65 | 4,78,089 | 1,045.75 |
| October 2023 | 2,400.65 | October 30, 2023 | 14,054 | 33.72 | 2,180.85 | October 3, 2023 | 8,221 | 17.92 | 2,312.11 | 1,81,892 | 419.95 |
| September 2023 | 2,385.85 | September 5, 2023 | 13,171 | 30.97 | 2,172.95 | September 29, 2023 | 6,483 | 14.13 | 2,272.65 | 2,14,360 | 487.82 |
| August 2023 | 2,448.50 | August 16, 2023 | 1,26,145 | 309.01 | 2,186.25 | August 3, 2023 | 9,604 | 21.12 | 2,316.79 | 4,42,016 | 1,040.31 |
| July 2023 | 2,288.50 | July 26, 2023 | 28,938 | 65.83 | 2,102.65 | July 22, 2023 | 8,468 | 17.87 | 2,205.45 | 3,51,879 | 776.33 |
| June 2023 | 2,224.35 | June 30, 2023 | 24,720 | 54.55 | 1,834.85 | June 9, 2023 | 31,922 | 59.54 | 1,982.61 | 6,58,525 | 1,320.61 |

*(Source: www.bseindia.com and www.nseindia.com)*

*Notes:*

1. *High price indicates intraday high price, low price indicates intraday low price and average prices are based on the daily closing prices, for the respective periods. High, low and average prices are based on the daily closing prices.*
2. *In the case of a year, average represents the average of the closing prices of all trading days of each year presented.*
3. *In case of two days with the same high price, low price, the date with the higher traded volume has been chosen.*

(iii) The following table sets forth the market price on the Stock Exchanges on August 16, 2023, that is, the first working day following the approval dated August 14, 2023 of our Board of Directors for the Issue:

| **Date** | **BSE** | | | | | |
|---|---|---|---|---|---|---|
| | **Open** | **High** | **Low** | **Close** | **Number of Equity Shares traded** | **Volume (₹ million)** |
| August 16, 2023 | 2,500 | 2,540.30 | 2,374 | 2,451.05 | 8,662 | 21.21 |

*(Source: www.bseindia.com)*

| **Date** | **NSE** | | | | | |
|---|---|---|---|---|---|---|
| | **Open** | **High** | **Low** | **Close** | **Number of Equity Shares traded** | **Volume (₹ million)** |
| August 16, 2023 | 2,479.95 | 2,539.70 | 2,370 | 2,448.50 | 1,26,145 | 309.01 |

*(Source: www.nseindia.com)*

## USE OF PROCEEDS

The gross proceeds from the Issue will be aggregating approximately up to ₹ 2,300 million.

Subject to compliance with applicable laws, the net proceeds from the Issue, after deducting fees, commissions and expenses of the Issue, are expected to be approximately ₹ 2,229.96 million (the "**Net Proceeds**").

**Purpose of the Issue**

Subject to compliance with applicable laws and regulations, we propose to utilise the Net Proceeds for the following objects:

1. Augmenting our Company's capital adequacy ratio as laid down by the RBI; and
2. General corporate purposes.

(collectively, referred to as "**Objects of the Issue**")

**Requirements of Funds**

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

| Sr. No. | Particulars | Amount (₹ million) |
|---|---|---|
| 1. | Augmenting our Company's capital adequacy ratio as laid down by the RBI | 1,750.00 |
| 2. | General corporate purposes(1) | 479.96 |

(1) *The amount to be utilised for general corporate purposes alone does not exceed 25% of the Net Proceeds.*

Our main objects and objects incidental or ancillary to the attainment of the main objects of our Memorandum of Association enables us to undertake the Objects contemplated by us in this Issue.

While our Company's funding requirements are based on internal management estimates, operating plans and the growth strategies of our Company, we may have to revise our estimates from time to time on account of various factors beyond our control. We currently propose to deploy the Net Proceeds by the end of Fiscal 2024. Such deployment of Net Proceeds will, however, be subject to changes in circumstances or in our financial condition, business or strategies, market conditions and obtaining necessary approvals / consents, as applicable, in accordance with applicable law. If the Net Proceeds are not completely utilised for the Objects by the end of Fiscal 2024, such amounts will be utilised (in part or full) in subsequent periods, as determined by us, in accordance with applicable law. The Objects set out below have not been appraised by any bank or financial institution or any other independent agency. For further details, see "*Risk Factors – 41. Our funding requirements and proposed deployment of the Net Proceeds are based on management estimates and may be subject to change based on various factors, some of which are beyond our control*." on page 70.

**Objects of the Issue:**

**1. Augmenting our Company's capital adequacy ratio as laid down by the RBI**

As an NBFC-ICC, we are subject to regulations relating to the capital adequacy, which determine the minimum amount of capital we must hold as a percentage of the risk-weighted assets on our portfolio or CRAR. As per the master direction and prudential norms issued by the RBI, we are required to maintain a minimum CRAR of 15% consisting of Tier I Capital and Tier II Capital. As at March 31, 2023 our Company's CRAR was 32.61% of which Tier I Capital base was 17.35%.

*(₹ in million, except percentages)*

| Particulars | Period ended September 30, | | Financial year ended March 31, | | |
|---|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 | 2021 |
| Tier I Capital | 1,012.53 | 849.62 | 584.63 | 568.74 | 776.67 |
| Tier II Capital | 270.63 | 412.85 | 514.61 | 46.16 | 58.83 |
| Total capital | 1,283.15 | 1,262.47 | 1,099.24 | 614.91 | 835.50 |
| **Total risk weighted assets** | 3,650.32 | 2,465.49 | 3,370.49 | 2,113.20 | 1,712.08 |
| | | | | | |
| **Capital ratios** | | | | | |
| Tier I Capital as a Percentage of Total Risk Weighted Assets (%) | 27.74% | 34.46% | 17.35% | 26.91% | 45.36% |
| Tier II Capital as a Percentage of Total Risk Weighted Assets (%) | 7.41% | 16.75% | 15.27% | 2.18% | 3.44% |
| Total (%) | 35.15% | 51.21% | 32.61% | 29.10% | 48.80% |

For details regarding our capital adequacy, please see *"- Purpose of the Issue"* on page 81.

Since our Company continues to grow our loan portfolio and asset base, it will require additional capital in order to continue to meet applicable capital adequacy ratios with respect to its business.

Our Company proposes to utilise the Net Proceeds towards augmenting our capital adequacy ratio as laid down by the RBI. For further details, see *"Our Business"* on page 131.

**2. General corporate purposes**

Our Company proposes to deploy the balance Net Proceeds, aggregating to ₹ 479.96 million, towards general corporate purposes as approved by our management from time to time, subject to such utilisation not exceeding 25% of the Net Proceeds, in compliance with applicable laws. The general corporate purposes for which our Company proposes to utilise Net Proceeds include, *inter alia*, meeting ongoing general corporate exigencies and contingencies, expenses of our Company, investment in our Subsidiary, and/or any other general purposes, in such a manner and proportion as may be decided by our Board from time to time and/or any other general purposes as may be permissible under applicable laws, including provisions of the Companies Act.

**Interim use of Net Proceeds**

Pending utilization of the Net Proceeds, our Company shall invest such proceeds in money market instruments including money market mutual funds, deposits in scheduled commercial banks or any other investment as permitted under the directions issued by RBI and the investment policy of our Company. Provided that in accordance with applicable laws, we undertake to not utilize proceeds from the Issue unless Allotment is made and the corresponding return of Allotment is filed with the RoC and final listing and trading approvals are received from each of the Stock Exchanges.

**Monitoring of utilisation of funds**

Our Company has appointed CARE Ratings Limited as the monitoring agency in accordance with Regulation 173A of the SEBI ICDR Regulations for monitoring the utilisation of Net Proceeds as the size of our Issue exceeds ₹1,000 million. The report of the Monitoring Agency shall be placed before the Audit Committee on a quarterly basis, promptly upon its receipt, until such time as the Net Proceeds have been utilized in full. Such report, along with the comments (if any) of the Monitoring Agency shall be submitted to the Stock Exchanges within 45 days from the end of each quarter or such other period as may be specified under applicable law and uploaded on the website of our Company at www.armanindia.com.

Pursuant to Regulation 32(3) of the SEBI Listing Regulations, our Company shall, on a quarterly basis, disclose to the Audit Committee the uses and applications of the Net Proceeds. On an annual basis, our Company shall (i) prepare a statement of funds utilised for purposes other than those stated in this Placement Document and place it before the Audit Committee and make other disclosures as may be required until such time as the Net Proceeds remain unutilised; and (ii) disclose every year, the utilization of the Net Proceeds during that year in its annual report. Such disclosure shall be made only until such time that all the Net Proceeds have been utilised in full. Furthermore, in accordance with Regulation 32(1) of the SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the actual utilisation of the proceeds of the Issue from the Objects as stated above; and (ii) details of category wise variations in the actual utilisation of the proceeds of the Issue from the Objects as stated above or the Objects for which the Net Proceeds were raised, have been achieved. This information will also be published on our website and our Company shall furnish an explanation for the deviations and category-wise variations in its annual report.

**Other confirmations**

As permissible under applicable laws, our Company's management will have flexibility in deploying the Net Proceeds. The amounts and timing of any expenditure will depend on, among other factors, the amount of cash generated by us, competitive and market developments and the availability of acquisition or investment opportunities on terms acceptable to us.

Neither our Promoters nor our Directors are making any contribution either as a part of the Issue or separately in furtherance of the use of the Net Proceeds. Since the Issue is only made to Eligible QIBs, our Promoters, members of the Promoter Group, Directors, Key Managerial Personnel or Senior Management are not eligible to subscribe to the Issue.

Since the Net Proceeds of the Issue are proposed to be utilised towards the purposes set forth above, and not for implementing any specific project, the following disclosure requirements under Schedule VII of the SEBI ICDR Regulations are not applicable: (i) break-up of cost of the project, (ii) means of financing such project, and (iii) proposed deployment status of the proceeds at each stage of the project.

## CAPITALISATION STATEMENT

The following table sets forth our capitalization and total borrowings, on a consolidated basis, as at September 30, 2023 which has been derived from our Unaudited Consolidated Financial Results and as adjusted to give effect to the receipt of the Gross Proceeds of the Issue. This table should be read in conjunction with the sections titled "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Financial Information*" on pages 89 and 214, respectively.

*(in ₹ million, unless otherwise stated)*

| Particulars | Pre-Issue (as at September 30, 2023) (Actuals) | As adjusted for the Issue#** |
|---|---|---|
| **1. Non-current borrowings** | | |
| Secured | 16,453.80 | 16,453.80 |
| Unsecured | 489.19 | 489.19 |
| **Total non-current borrowings** | 16,942.99 | 16,942.99 |
| Less: Current Maturities | 10,289.54 | 10,289.54 |
| **Non-current borrowings (A)** | **6,653.45** | **6,653.45** |
| | | |
| **2. Current borrowings** | | |
| Secured | 1,520.92 | 1,520.92 |
| Unsecured | 153.78 | 153.78 |
| **Total current borrowings** | **1,674.70** | **1,674.70** |
| Add: Current Maturities | 10,289.54 | 10,289.54 |
| **Current borrowings (B)** | **11,964.24** | **11,964.24** |
| | | |
| **Total Debt (C)** | **18,617.69** | **18,617.69** |
| | | |
| 3. **Shareholders' funds** | | |
| I. Equity share capital | 87.11 | 97.59 |
| II. Other equity | 4,609.56 | 6,899.08 |
| **Total Equity (D)** | **4,696.67** | **6,996.67** |
| | | |
| **Total Capitalisation (C+D)** | **23,314.36** | **25,614.37** |
| | | |
| **Non-current borrowings/ Total Equity (A/D)** | **1.42** | **0.95** |
| **Total Debt / Total equity (C/D)** | **3.96** | **2.66** |

\# *As adjusted to reflect the number of Equity Shares issued pursuant to the Issue and proceeds from the Issue and no other adjustment for allotments made post September 30, 2023. Further, adjustments do not include Issue related expenses.*

** *Subject to Allotment pursuant to the Issue.*

## CAPITAL STRUCTURE

The share capital of our Company as on the date of this Placement Document is set forth below:

*(in ₹ million, except share data)*

| | Particulars | Aggregate value at face value (except for securities premium account) |
|---|---|---|
| **A** | **AUTHORISED SHARE CAPITAL** | |
| | 14,000,000 Equity Shares of face value of ₹ 10 each | 140.00 |
| | 1,000,000 Optionally Convertible Redeemable Preference Shares of ₹ 10 each | 10.00 |
| | | |
| **B** | **ISSUED CAPITAL BEFORE THE ISSUE** | |
| | 8,711,056 Equity Shares of face value of ₹ 10 each | 87.11 |
| | 158,535 Optionally Convertible Redeemable Preference Shares of ₹ 10 each | 1.59 |
| | | |
| **C** | **SUBSCRIBED AND PAID-UP CAPITAL BEFORE THE ISSUE**^ | |
| | 8,711,056 Equity Shares of face value of ₹ 10 each | 87.11 |
| | 158,535 Optionally Convertible Redeemable Preference Shares of ₹ 10 each | 1.59 |
| | | |
| **D** | **PRESENT ISSUE IN TERMS OF THIS PLACEMENT DOCUMENT**^ | |
| | 1,047,835 Equity Shares of face value of ₹ 10 each (1) (2) | 10.47 |
| | | |
| **E** | **ISSUED, SUBSCRIBED AND PAID-UP CAPITAL AFTER THE ISSUE** | |
| | 9,758,891 Equity Shares of face value of ₹ 10 each (2) | 97.58 |
| | | |
| **F** | **SECURITIES PREMIUM ACCOUNT** | |
| | Before the Issue(3) | 953.55 |
| | After the Issue (4) | 3,243.07 |
| | | |

*(1) This Issue has been authorised and approved by our Board of Directors on August 14, 2023, and by our Shareholders through a special resolution passed on September 29, 2023.*

*(2) Subject to Allotment of Equity Shares pursuant to the Issue.*

*(3) As on the date of this Placement Document.*

*(4) The securities premium account after the Issue is calculated on the basis of Gross Proceeds. Adjustments do not include Issue related expenses.*

### Equity share capital history of our Company

The following table sets forth details of allotments of Equity Shares of our Company since the date of incorporation:

| Date of Allotment | Number of equity shares allotted | Face value per equity share (in ₹) | Issue price per equity share (in ₹) | Nature of consideration | Nature of allotment |
|---|---|---|---|---|---|
| November 9, 1992 | 200 | 10 | 10 | Cash | Initial subscription to memorandum of association |
| March 20, 1993 | 135,330 | 10 | 10 | Cash | Preferential allotment |
| August 28, 1993 | 4,010 | 10 | 10 | Cash | Preferential allotment |
| October 29, 1993 | 59,340 | 10 | 10 | Cash | Preferential allotment |
| November 20, 1993 | 47,500 | 10 | 10 | Cash | Preferential allotment |
| July 5, 1994 | 1,060 | 10 | 10 | Cash | Preferential allotment |
| September 12, 1994 | 800 | 10 | 10 | Cash | Preferential allotment |
| October 6, 1994 | 248,840 | 10 | 10 | Cash | Preferential allotment |
| October 25, 1994 | 10 | 10 | 10 | Cash | Preferential allotment |
| November 15, 1994 | 700 | 10 | 10 | Cash | Preferential allotment |
| March 31, 1995 | 414,208 | 10 | 10 | Cash | Preferential allotment |
| September 27, 1995 | 338,002 | 10 | 10 | Cash | Preferential allotment |
| September 27, 1995 | 26,600 | 10 | 10 | Cash | Preferential allotment |
| September 28, 1995 | 2,800,000 | 10 | 10 | Cash | Initial public offering |
| April 16, 2012 | 1,358,129 | 10 | 56.95 | Cash | Preferential allotment |
| February 13, 2013 | 214,164 | 10 | 28 | Cash | Conversion of warrants into equity shares# |

| Date of Allotment | Number of equity shares allotted | Face value per equity share (in ₹) | Issue price per equity share (in ₹) | Nature of consideration | Nature of allotment |
|---|---|---|---|---|---|
| October 14, 2013 | 71,286 | 10 | 56.95 | Cash# | Conversion of compulsory convertible debentures into equity shares # |
| October 14, 2013 | 1,204,474 | 10 | 56.95 | Cash# | Allotment of equity shares pursuant to conversion of compulsory convertible debentures into equity shares with differential voting rights |
| September 25, 2018 | 27,645 | 10 | 50 | Cash | Allotment of equity shares pursuant to the Arman-Employee Stock Option Plan 2016 |
| September 12, 2019 | 28,995 | 10 | 50 | Cash | Allotment of equity shares pursuant to the Arman-Employee Stock Option Plan 2016 |
| October 11, 2019 | 1,890,417 | 10 | 300 | Cash# | Conversion of compulsorily convertible debentures into equity shares# |
| December 12, 2019 | 782,908 | 10 | NA | Cash | Allotment of equity shares in terms of the Scheme of Arrangement dated November 18, 2019.@ |
| December 12, 2019 | (1,204,474) | 10 | NA | Cash | Cancellation of Class A equity shares with differential voting rights pursuant to Scheme of Arrangement @ |
| February 11, 2020 | 750 | 10 | 50 | Cash | Allotment of equity shares pursuant to the Arman-Employee Stock Option Plan 2016 |
| September 12, 2020 | 36,740 | 10 | 50 | Cash | Allotment of equity shares pursuant to the Arman-Employee Stock Option Plan 2016 |
| February 12, 2021 | 750 | 10 | 50 | Cash | Allotment of equity shares pursuant to the Arman-Employee Stock Option Plan 2016 |
| September 23, 2021 | 3,200 | 10 | 50 | Cash | Allotment of equity shares pursuant to the Arman-Employee Stock Option Plan 2016 |
| May 17, 2022 | 750 | 10 | 50 | Cash | Allotment of equity shares pursuant to the Arman-Employee Stock Option Plan 2016 |
| **Allotments in the one year immediately preceding this Placement Document** | | | | | |
| May 18, 2023 | 1,245 | 10 | 50 | Cash | Allotment of equity shares pursuant to the Arman-Employee Stock Option Plan 2016 |
| September 30, 2023 | 65,040 | 10 | 1,230 | Cash | Conversion of compulsorily convertible debentures into equity shares# |
| September 30, 2023 | 1,52,437 | 10 | 1,230 | Cash | Conversion of optionally convertible redeemable preference shares into equity shares* |
| **Total** | **8,711,056** | - | - | - | - |

\# *Partial Consideration for such allotment of equity shares was paid at the time of allotment of the convertible warrants. Remaining consideration was paid up on October 14, 2013, at the time of conversion of the warrants into equity shares.*

* *Consideration for such allotment of equity shares was paid at the time of allotment of the compulsorily convertible debentures/ optionally convertible redeemable preference shares.*

@ *Pursuant to the scheme of arrangement under section 230 of Companies Act, 2013 between the Company and its shareholders, 1,204,474 Class A equity shares were cancelled and subsequently 782, 908 Equity Shares were allotted to the shareholders holding the cancelled Class A equity shares.*

Except as stated in "***– Equity Share Capital History of our Company***" above, our Company has not made any allotment of Equity Shares in the one year immediately preceding the date of this Placement Document, including for consideration other than cash, or made any allotment of Equity Shares pursuant to a preferential issue, private placement or a rights issue.

**Employee Stock Option Plan**

Pursuant to a Board resolution dated August 11, 2016, and Shareholders' resolution dated September 22, 2016, our Company instituted the 'Arman-Employee Stock Option Plan 2016' ("**ESOP 2016**"), to provide for the grant of options to employees of our Company and Subsidiary who meet the eligibility criteria under ESOP 2016. The quantum of options that can be granted under the ESOP 2016 and the issue of Equity Shares upon its exercise are subject to corresponding fair and reasonable adjustment in the event of corporate actions by our Company including rights issues, bonus issues, etc.

Pursuant to a Board resolution dated May 30, 2023 and Shareholders' resolution by postal ballot dated July 5, 2023, our Company instituted the 'Arman ESOP Plan 2023' ("**ESOP 2023**"), to provide for the grant of options to employees of our Company and Subsidiary who meet the eligibility criteria under ESOP 2023. The quantum of options that can be granted under the ESOP 2023 and the issue of Equity Shares upon its exercise are subject to corresponding fair and reasonable adjustment in the event of corporate actions by our Company including rights issues, bonus issues.

The details of employee stock option plans, as on the date of this Placement Document, are as under:

| Scheme | Pool Available | Options granted (A) | Exercise Price per option | Options vested (B) | Options unvested | Options exercised | Options lapsed / forfeited before vesting (C) | Options lapsed / forfeited after vesting | Options pending for exercise (D) | Options outstanding (E) = (A)-(B)-(C)+(D) | No. of Equity Shares to be allotted upon exercise of outstanding options |
|---|---|---|---|---|---|---|---|---|---|---|---|
| ESOP 2016 | 125,000* | 120,000 | 50 | 100,075 | 5,760 | - | 14,165 | - | - | 5,760 | - |
| ESOP 2023 | 300,000 | 148,600 | 500 | - | 141,120 | - | 7,480 | - | - | 141,120 | - |

* *Out of 125,000 options granted 75,000 (Seventy Five Thousand only) options would be available to be granted to eligible employees of the Subsidiary.*

**Proposed Allottees in the Issue**

In compliance with the requirements of Chapter VI of the SEBI ICDR Regulations, Allotment shall be made at the sole discretion of our Company in consultation with the BRLM to Eligible QIBs. The names of the proposed Allottees and the percentage of the post-Issue Equity Share capital that is held by them is included in this Placement Document, in the section titled "*Details of Proposed Allottees*" on page 506.

**Pre-Issue and post-Issue Equity Shareholding Pattern**

The following table provides the pre-Issue shareholding pattern as of December 15, 2023 and the post-Issue shareholding pattern:

| S. No. | Category | Pre-Issue (as on December 15, 2023) | | Post-Issue* | |
|---|---|---|---|---|---|
| | | Number of Equity Shares held | % of shareholding | Number of Equity Shares held | % of shareholding |
| A. | **Promoters' holding**[**] | | | | |
| 1. | **Indian** | 2,314,738 | 26.57 | 2,314,738 | 23.72 |
| | Individual | 1,366,430 | 15.69 | 1,366,430 | 14.00 |
| | Bodies corporate | 948,308 | 10.89 | 948,308 | 9.72 |
| | **Sub-total** | **2,314,738** | **26.57** | **2,314,738** | **23.72** |
| 2. | Foreign promoters | - | - | - | - |
| | **Sub-total (A)** | **2,314,738** | **26.57** | **2,314,738** | **23.72** |
| B | **Non-Promoter holding** | | | | |
| 1. | Institutional investors | 400254 | 4.59 | 1,448,089 | 14.84 |
| 2. | Non-Institutional investors | - | - | - | - |
| | Private corporate bodies | 373074 | 4.28 | 373,074 | 3.82 |
| | Directors and relatives | - | - | - | - |
| | Indian public | 2926915 | 33.60 | 2,926,915 | 29.99 |
| | Others including Non- resident Indians (NRIs) | 2696075 | 30.95 | 2,696,075 | 27.63 |
| | **Sub-total (B)** | **6,396,318** | **73.43** | **7,444,153** | **76.28** |
| C. | **Non-Promoter-Non-Public holding** | - | - | - | - |
| | Employee Benefit Trust | - | - | - | - |

| S. No. | Category | Pre-Issue (as on December 15, 2023) | | Post-Issue* | |
|---|---|---|---|---|---|
| | | Number of Equity Shares held | % of shareholding | Number of Equity Shares held | % of shareholding |
| | **Sub-total (C)** | **-** | **-** | **-** | **-** |
| | **Grand Total (A+B+C)** | **8,711,056** | **100** | **97,58,891** | **100.00** |

* *The post-Issue shareholding pattern has been intentionally left blank and will be filled in the Placement Document.*

** *Includes shareholding of the members of the Promoter Group.*

**Other confirmations**

1. The Promoters, the Directors, Key Managerial Personnel and the Senior Management of our Company do not intend to participate in the Issue. Since the Issue is only made to Eligible QIBs, our Promoters, Directors, Key Managerial Personnel or the Senior Management are not eligible to subscribe in the Issue.

2. There would be no change in control in our Company consequent to the Issue.

3. Our Company shall not make any subsequent qualified institutions placement until the expiry of two weeks from the date of the Issue. Further, Equity Shares allotted pursuant to this Issue cannot be sold by the Allottees for a period of one year from the date of Allotment, except on the Stock Exchanges.

4. Our Equity Shares have been listed for a period of at least one year prior to the date of the issuance of the notice of the annual general meeting of our Shareholders dated September 29, 2023, for approving the Issue.

# DIVIDENDS

The declaration and payment of dividends by our Company is governed by applicable provisions of the Regulation 43A of the SEBI Listing Regulations, RBI guidelines on declaration of dividends by the NBFCs, Companies Act and our Articles of Association. Our Board has approved and adopted a formal dividend distribution policy on June 24, 2021, in terms of Regulation 43A of the SEBI Listing Regulations. For further information, please see the section titled "*Description of the Equity Shares*" on page 203.

Our Company has not declared any dividend on the Equity Shares for the six-months ended September 30, 2023, and for Fiscals 2021, 2022 and 2023. Further there are no dividends that have been declared but are yet to be paid out by our Company for Fiscal 2024 until the date of this Placement Document.

**Future Dividends**

The amounts paid as dividends in the past are not necessarily indicative of the dividend distribution policy of our Company or dividend amounts, if any, in the future. The form, frequency and amount of future dividends declared by our Company will depend on a number of internal and external factors, including, but not limited to, capital requirements, earnings, contractual restrictions, availability of adequate profits, investments in subsidiaries, associates and joint-ventures, business expansion plans, diversification of business, requirement of long-term capital and overall financial position of our Company, uncertainty in the economic conditions, change in provision of income-tax or other applicable taxes, volatility in the capital markets and applicable statutory and legal restrictions and any other relevant factors that the Board may deem fit to consider before declaring dividend.

The Equity Shares to be issued in connection with this Issue shall qualify for all dividends, including interim dividend, if any, that is declared in respect of the fiscal in which they have been allotted.

Please also see the sections titled "*Taxation*" and "*Risk Factors*" on pages 206 and 49, respectively.

Investors are cautioned not to rely on past dividends as an indication of the future performance of our Company or for an investment in the Equity Shares offered in the Issue.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion of our financial condition and results of operations should be read in conjunction with the section titled "Financial Information" on page 214.*

*This Placement Document may include forward-looking statements that involve risks and uncertainties, and our actual financial performance may materially vary from the conditions contemplated in such forward-looking statements as a result of various factors, including those described below and elsewhere in this Placement Document. For further information, see "Forward-Looking Statements" on page 14. Also see the sections entitled "Risk Factors" and "-Principal Factors Affecting Our Financial Condition and Results of Operations" on pages 49 and 91, respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations.*

*Unless stated otherwise, all financial information in this section is given on a consolidated basis. Our Company's financial year ends on March 31 of every year, so all references to a particular Fiscal are to the twelve-month period ended March 31 of that year. Unless the context otherwise requires, in this section, references to "the Company", or "our Company" refer to Arman Financial Services Limited on a standalone basis while "we", "us" and "our" refer to Arman Financial Services Limited on a consolidated basis.*

*We have included various operational and financial performance indicators in this Placement Document, many of which may not be derived from our consolidated financial statements. The manner in which such operational and financial performance indicators are calculated and presented, and the assumptions and estimates used in such calculations, may vary from that used by other companies in India and other jurisdictions. Investors are accordingly cautioned against placing undue reliance on such information in making an investment decision and should consult their own advisors and evaluate such information in the context of the consolidated financial statements and other information relating to our business and operations included in this Placement Document.*

*The information presented in this section has been extracted from publicly available documents from various sources, including 'Issue 47 – Micrometer & MICRO MATTERS: MACRO VIEW India Microfinance Review FY 2022-23' prepared by Microfinance Industry Network ("**MFIN Report**") and officially prepared materials from the Government and its various ministries, , the Reserve Bank of India, the World Bank, and International Monetary Fund and has not been prepared or independently verified by us, the Book Running Lead Manager or any of its affiliates or advisers. The accuracy and completeness of the industry sources and publications referred to by us, and the underlying assumptions on which such sources and publications are based, are not guaranteed and their reliability cannot be assured and, accordingly, investment decisions should not be based on such information. The relevant industry sources are indicated at all relevant places within this section.*

*For further information, see "Risk Factors – 39. Industry information included in this Placement Document has been derived from publicly available documents from various sources on page 69. Also see, "Presentation of Financial and Other Financial Information" on page 11.*

### Overview

Our Company is rural focused Systemically Important – Non-Banking Finance – Investment and Credit Company ("**SI-NBFC-ICC**"), registered with the Reserve Bank of India ("**RBI**") with a geographically diversified presence in India and over three decades of domain expertise providing key financial services predominantly to low-income households in rural areas. The majority of our portfolio includes loans provided under the joint liability group ("**JLG**") model, predominantly to women from such low-income households in rural areas.

Since our incorporation in 1992, we have grown to become a lender with a diversified pan-India presence and offering services to approximately 0.73 million active customers through our network of 385 branches and 3,382 employees spread across 140 districts in 10 states and located across the northern, southern, eastern and western zones in India as of September 30, 2023. Such a geographical spread allows us to help our customers make use of cost-effective locations while allowing us with the flexibility of providing our services as per the requirements of our customers.

We provide three key financial services: (i) group-based microfinance including individual business loans; (ii) loans to micro, small and medium enterprises ("**MSME**"), and (iii) two-wheeler finance. As of September 30, 2023, our total AUM stood at ₹23,042.50 million of which microfinance loans comprised ₹19,448.85 million aggregating to 84.40% of our total AUM, MSME loans comprised ₹2,905.47 million aggregating to 12.61% of our total AUM, and two-wheeler loans comprised ₹688.18 million aggregating to 2.99% of our total AUM. Our key focus is microfinance activities, which involve providing small loans and financial services to low-income individuals, with an emphasis on rural and underserved areas and in semi-urban retail markets**.**

Over the years, we have scaled our operations while maintaining our asset quality. As of September 30, 2023, our AUM was ₹ 23,042.50 million and our AUM increased over Fiscal 2021 to Fiscal 2023 at a compound annual growth rate ("**CAGR**") of 54.46% to ₹19,429.29 million as of March 31, 2023 from ₹ 8,143.76 million as of March 31, 2021. Our disbursements grew to

₹ 17,667.51 million in Fiscal 2023 from ₹ 10,217.02 million in Fiscal 2022, a CAGR of 72.92% over Fiscal 2022 to 2023. As a result of our strong performance, we were honoured with the India's Growth Champions award by Economic Times & Statista in 2022.

Our performance benefits from continuous technological advancements in aiding our efficiency, accuracy, and results. Our facilities are connected across sites through our cloud-based infrastructure, allowing for seamless collaboration and faster ramp ups, and enhancing our ability to pivot customer solutions across multiple regions. In addition, we have developed in-house and launched (i) an integrated mobile interface for onboarding customers, and (ii) a comprehensive digital collection solution which facilitated timely collection and automated reconciliation, among others.

As an SI-NBFC-ICC, we have access to diverse sources of capital, including from both domestic and international financial markets. Our primary sources of funds include term loans from banks and financial institutions, non-convertible debentures ("**NCDs**"), subordinated debt instruments and securitization and assignment of loan portfolios. As of September 30, 2023, we had a large and diversified mix of 51 lenders, comprising a range of public banks, private banks, foreign banks, financial institutions, money markets, deposits, ECBs and other sources of borrowings. We have a disciplined approach to asset liability management ("**ALM**") and we believe that having such a diversified debt profile ensures we are not overly dependent on any one type or source for funding and this enables us to optimize our cost of borrowings, funding and liquidity requirements, capital management and asset liability management. Our average cost of borrowing in Fiscal 2021, 2022, 2023 and six months ended September 30, 2023 was 11.16%,10.46%, 13.26%, and 15.15% respectively.

Our financial management is reflective in our strong credit ratings, with Acuité Rating & Research Limited assigning us (i) 'ACUITE A-' (Outlook-Stable) in Fiscal 2023 from BBB+ by CARE Ratings and ACUITE A- with stable outlook in Fiscal 2022 for the long-term rating on our non-convertible debentures, (ii) 'ACUITE A-' (Outlook-Stable) in Fiscal 2023 from BBB+ by CARE Ratings and ACUITE A- with stable outlook in Fiscal 2022 for the long-term rating of our bank facilities of our Company and 'ACUITE A-' (Outlook-Stable) in Fiscal 2023 from BBB+ by CARE Ratings and ACUITE A- with stable outlook in Fiscal 2022 for the long-term rating of our bank facilities (including proposed facilities for our Subsidiary), (iii) 'PP-MLD ACUITE A-' (Outlook-Stable) in Fiscal 2023 for our principal protected market linked debentures of our Company and (iv) 'PP-MLD ACUITE A-' (Outlook-Stable) in Fiscal 2023 from BBB+ by CARE Ratings and ACUITE A- with stable outlook in Fiscal 2022 for our principal protected market linked debentures of our Subsidiary.

Our credit quality is a product of our risk management policies and practices. Our risk management division is divided into separate teams that are dedicated to managing and mitigating amongst others credit risk, market risk and operational risk, and which are subject to oversight by our risk and credit department and Audit Committee and our Board. Our gross non-performing assets ("**Gross NPAs**") were 2.49%, 2.75%, 4.41% and 4.68%, as of the six months ended September 30, 2023 and Fiscal 2023, Fiscal 2022 and Fiscal 2021, respectively, while our net non-performing assets ("**Net NPAs**") were 0.23%, 0.16%, 0.76% and 0.71%, as of such dates, respectively.

We specialize in simplified financial products, wherein majority of our offerings have standardized 24-month tenure. The ticket size of our offerings is tailored based on three key factors: (a) the customer's history with us, (b) their creditworthiness with other institutions, and (c) their ability to repay. For details of the tenure and ticket size for the loans provided by us for our major financial services as of September 30, 2023 and Fiscal 2023, Fiscal 2022 and Fiscal 2021, please see "*Our Business - Competitive Strengths - Customer-centric business model resulting in high customer retention*" on page 133.

Additionally, our success is encouraged by a committed and balanced board of directors and management team, comprising experienced key management personnel ("**KMPs**") and our senior management, which is led by our Promoter, Vice Chairman and Managing Director, Jayendrabhai Bhailalbhai Patel, who has more than two decades of experience in the finance sector. For further details of our management team, please see "*Our Business - Competitive Strengths - Stable management team with extensive domain experience*" on page 139.

The following table sets out key financial and operational parameters for six months ended September 30, 2023 and Fiscal 2023, Fiscal 2022 and Fiscal 2021:

| **Particulars** | **For the six months ended September 30, 2023** | **For the Year ended March 31** | | |
|---|---|---|---|---|
| | | **2023** | **2022** | **2021** |
| Customers [1] | 726,552 | 627,735 | 466,364 | 375,567 |
| AUM (₹ million)[2] | 23,042.50 | 19,429.29 | 12,331.28 | 8,143.76 |
| Disbursement[3] | 10,677.35 | 17,667.51 | 10,217.02 | 5,093.99 |
| Net Worth (₹ million)[4] | 4,696.68 | 3,656.91 | 2,126.86 | 1,867.60 |
| Leverage (AUM/ Net worth)[5] | 4.91 | 5.31 | 5.80 | 4.36 |
| AUM/ Tangible Net Worth [6] | 5.10 | 5.57 | 6.34 | 4.72 |
| Restated Profit After Tax for the Year / Period (₹ million)[7] | 807.54 | 938.11 | 317.23 | 106.16 |
| Return on assets (%)[8] | 7.24% | 5.72% | 2.91% | 1.16% |

| Particulars | For the six months ended September 30, 2023 | For the Year ended March 31 | | |
|---|---|---|---|---|
| | | 2023 | 2022 | 2021 |
| Return on equity (%)[9] | 38.67% | 32.44% | 15.88% | 5.91% |
| Return on Tangible Net Worth[10] | 40.30% | 34.48% | 17.25% | 6.26% |
| Branches[11] | 385 | 336 | 292 | 239 |
| Employees[12] | 3,382 | 2805 | 2,272 | 1889 |
| AUM per branch (₹ million)[13] | 59.85 | 57.83 | 42.23 | 34.07 |
| AUM per employee (₹ million)[14] | 6.81 | 6.93 | 5.43 | 4.31 |
| Disbursement per branch per month (₹ million)[15] | 4.62 | 4.38 | 2.92 | 1.78 |
| Disbursement per employee per month (₹ million)[16] | 0.53 | 0.52 | 0.37 | 0.22 |
| Gross NPA ratio (%)[17] | 2.49% | 2.75% | 4.41% | 4.68% |
| Net NPA ratio (%)[18] | 0.23% | 0.16% | 0.76% | 0.71% |
| Operating Expenses to Average AUM (%)[19] | 4.33% | 5.18% | 6.13% | 5.91% |
| Average cost of borrowing (%)[20] | 15.15% | 13.26% | 10.46% | 11.16% |
| Cost to income ratio (%)[21] | 25.72% | 32.64% | 43.08% | 42.70% |
| Provision Coverage Ratio (%)[22] | 90.84% | 94.18% | 82.80% | 84.85% |
| Average yield on Gross Loan Book (%)[23] | 26.20% | 24.47% | 21.74% | 22.37% |
| Net Interest Margin (%)[24] | 13.83% | 13.64% | 13.01% | 12.90% |

1. *Customers represent the number of active loans outstanding at the end of relevant periods*
2. *AUM represents aggregate of Gross Loan Book as of the last day of the relevant period*
3. *Total disbursements represent the amount of loans given during the relevant period*
4. *Net Worth represents the sum of equity share capital and other equity as of the last day of the relevant period*
5. *Leverage (AUM/ Net worth) represent the ratio of AUM to Net Worth at the end of relevant period*
6. *AUM/ Tangible Net Worth represent the ratio of AUM to Tangible Net Worth at the end of relevant period*
7. *Restated Profit After Tax for the Year / Period represent the Profit After Tax during the relevant period*
8. *Return on Assets represent the percentage of Profit after Tax to the Annual Average of Assets at the end of relevant period and the Assets as of the last day of the previous period*
9. *Return on Equity represents the percentage of Profit After Tax to the simple average of Net Worth as of the last day of the relevant period and Net Worth as of the last day of the previous period.*
10. *Return on Tangible Net Worth represents the percentage of Profit After Tax to the Tangible net worth at the end of relevant period. Tangible Net Worth means, Equity shareholders' funds less Other Intangible Assets and R.O.U Assets and Deferred Tax Assets.*
11. *Branches means the total branches (including the subsidiary company's) operating as on the last day of the relevant period*
12. *Employees represents the number of employees as on the last day of the relevant period*
13. *AUM per branch represent the Gross AUM divided by the number of branches as on the last day of the relevant period*
14. *AUM per employee represent the Gross AUM divided by the number of employees as on the last day of the relevant period*
15. *Disbursement per branch is calculated by dividing the Disbursements to the number of branches as on the last day of the relevant period*
16. *Disbursement per employee is calculated by dividing the Disbursements to the number of employees as on the last day of the relevant period*
17. *Gross NPA ratio represents Stage 3 loans (Gross NPAs) as of the last day of the relevant year as a percentage of Gross Loan Book for such year.*
18. *Net NPAs represents Stage 3 loans (Gross NPAs) as of the last day of the relevant year as reduced by impairment allowance on Stage 3 loan for such year.*
19. *Operating Expense / Average AUM represents the ratio Operating expense bears to the Annual Average Gross AUM*
20. *Average cost of borrowing represents the ratio of finance cost for the relevant period to the annual average borrowings at the end of relevant period*
21. *Cost to income ratio represents the ratio of total operating expenses bears to the sum of net interest income and other income*
22. *Provision Coverage Ratio represents total provisions held on Gross NPA as of the last day of the period, as a percentage of total Gross NPAs as of the last day of the period*
23. *Average Yield on Gross Loan Book represents the percentage of interest earned on loans to the Annual Average Gross AUM*
24. *Net Interest Margin represents the spread of Interest income divided by the Annual Average Gross AUM*

## Principal Factors Affecting Our Financial Condition and Results of Operations

### *Growth in our AUM*

We are impacted and will continue to be impacted by the performance of the microfinance industry in India, especially in rural India where our operations are focused. As of March 31, 2023, non-banking financial companies ("**NBFCs**") contributed ₹1,677,500 million out of ₹3,483,390 million of the market size of microfinance in India, according to the MFIN Report.

Our AUM increased by (i) 60.47% from ₹14,359 million as at September 30, 2022 to ₹23,042.50 million as at September 30, 2023, (ii) 57.56% from ₹12,331.28 million as at March 31, 2022 to ₹19,429.29 million as at March 31, 2023, and (iii) 51.42% from ₹8,143.76 million as at March 31, 2021 to ₹12,331.28 million as at March 31, 2022.

Our AUM is driven by our (i) our ability to grow our loan portfolio and customer base and (ii) our ability to maintain and grow our branch network and geographical reach.

*Ability to grow our loan portfolio and customer base*

Our Company is rural focused SI-NBFC-ICC, registered with the RBI with over three decades of domain expertise providing key financial services predominantly to low-income households in rural areas. We consider our customers to be the most significant stakeholders at the core of our operations. Our results of operations are directly affected by the number of customers we serve from time to time. Growth in our customer base typically drives corresponding growth in our interest income and fees received, as customers utilize our loan products and also avail of our other financial products and services. Similarly, a decrease in our customer base would drive a corresponding decrease in our interest income and fees received.

As of September 30, 2023, we served over 0.73 million active customers who we serve through our network of 385 branches and 3,382 employees spread across our operations. Our focus on customers enables us to maintain a large portion of our current customers while also drawing in new customers. As of September 30, 2023, the percentage of repeat customers was 25% and has steadily increased from 124,718 as of September 30, 2022 to 160,048 as of September 30, 2023. Existing customers contributed to 25.14%, 31.25%, 27%, 34.17%, and 33.21% of new loans booked by volume for the six month period ended September 30, 2023 and 2022 and Fiscals 2023, 2022 and 2021, respectively, which has in turn helped in increasing our AUM.

We have designed our lending products to meet our customers' needs based on loan size and repayment abilities. The table below provides details of the tenure and ticket size for the loans provided by us for our major financial services as of September 30, 2023.

*(in rupees, unless otherwise specified)*

| Financial services | Tenure (in months) | Average Ticket Size as of September 30, 2023 | Ticket size# | |
|---|---|---|---|---|
| | | | Minimum | Maximum |
| Microfinance* | 18-24 | 46,000 | 20,000 | 150,000 |
| MSME loans | 18-24 | 80,000 | 60,000 | 250,000 |
| Two-wheeler loans | 12-36 | 71,000 | 20,000 | 125,000 |

** including individual business loans*

*# rounded off to the nearest thousand*

We have a "Phygital" doorstep model, a combination of digital and physical initiatives, and have been using technology, people and all the other resources to improve customer experience. We have accordingly tailored our operations bearing in mind specific needs of our customers, which enables us to maintain and increase our customer retention rate. Our performance is closely related to our ability to retain customers and any reduction in our retention rate will negatively impact our revenue and consequently our results of operations.

*Our ability to maintain and grow our branch network and geographical reach*

We have a diversified pan India presence across 10 states and 140 districts, as of September 30, 2023. We have assisted approximately 0.73 million active customers as of September 30, 2023. Our ability to offer services across multiple districts in India, and our presence in rural areas, characterized by low competition is a key focus area driving our growth. Our results of operations also depend upon the geographic reach and service capabilities of our network of branches.

As of September 30, 2023, we served over 0.73 million active customers who we serve through our network of 385 branches and 3,382 employees spread across our operations. Our Gross AUM for six months ended September 30, 2023 and Fiscal 2023, Fiscal 2022 and Fiscal 2021, from our branches in the from the northern zone, southern zone, eastern and western zone, as a percentage of our total AUM for the respective periods was as follows:

| Particulars | As of / For the six months ended September 30, 2023 | | As of / For the Year ended March 31 | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | 2023 | | 2022 | | 2021 | |
| | Gross AUM (₹million) | % of total AUM | Gross AUM (₹million) | % of total AUM | Gross AUM (₹million) | % of total AUM | Gross AUM (₹million) | % of total AUM |
| Northern zone | 8,188.22 | 35.54% | 6,442.74 | 33.16% | 2,887.06 | 23.41% | 1,265.87 | 15.54% |
| Western zone | 14,776.41 | 64.13% | 12,986.55 | 66.84% | 9,444.22 | 76.59% | 6,877.89 | 84.46% |
| Southern zone | 44.73 | 0.19% | - | - | - | - | - | - |
| Eastern zone | 33.14 | 0.14% | - | - | - | - | - | - |
| **Total** | 23,042.50 | 100.00% | 19,429.29 | 100.00% | 12,331.28 | 100.00% | 8,143.76 | 100.00% |

While Northern and Southern zones are the largest contributors to our AUM, we have operations in Eastern and Western zones as well. We are reliant on our branch network across India to attract customers and disburse our lending products. Any inability to maintain our current scale of branch network or grow our branch network in the future, will impact our results of operations.

***Availability of Cost-Effective Sources of Funding and Fluctuations in Interest Rates on our Borrowings***

The liquidity and profitability of our business depend, in large part, on our timely access to, and the costs associated with, raising funds. As of September 30, 2023 and March 31, 2023, we had total borrowings amounting to ₹18,617.69 million and ₹16,044.11 million, comprising debt securities amounting to ₹3,800.01 million and ₹2,433.55 million, borrowings (other than debt securities) amounting to ₹14,376.93 million and ₹12,974.72 million and subordinated liabilities amounting to ₹440.75 million and ₹635.85 million, respectively. For further details on our borrowing profile and the maturity profile of our borrowings, see "*Selected Statistical Information – Borrowing Profile*" and "*Selected Statistical Information – Asset Liability Management*" on pages 44 and 44, respectively. As an SI-NBFC-ICC, we have access to diverse sources of liquidity, including from both domestic and international financial markets. Our primary sources of funds include term loans from banks and financial institutions, NCDs, subordinated debt instruments and securitization and assignment of loan portfolios.

As of September 30, 2023, we had a large and diversified mix of 51 lenders, across public banks, private banks, foreign banks, financial institutions, money markets, deposits, ECBs and other sources of borrowings. We have a disciplined approach to asset liability management ("**ALM**") and we believe that having such a diversified debt profile ensures we are not overly dependent on any one type or source for funding and enables us to optimize our cost of borrowings, funding and liquidity requirements, capital management and asset liability management. We borrow funds on both fixed and floating rates. Our floating rate loans are primarily term loans with banks that are linked to banks' marginal cost of funds-based lending rates and some with external benchmarks. In order to manage our exposure to interest rates and liquidity risk arising out from the mismatch between interest rates and loan tenure of our borrowings and assets, we diversify our borrowing mix across borrowing instruments, tenors and a mix of fixed and floating interest rate borrowings. Interest rates on our borrowings are sensitive to many factors beyond our control, including the monetary policies of the RBI, U.S. Federal Reserve, domestic and international economic and political conditions, competitive pressures, inflation and other factors.

Furthermore, we closely monitor liquidity conditions in the market and maintain a liquidity buffer to manage liquidity risk. Our liquidity buffer comprising cash and cash equivalents, free fixed deposits, undrawn overdraft limits against fixed deposits, liquid investments, undrawn cash credit limits and total liquid funds as at September 30, 2023 was ₹2,690.65 million. As a part of our liquidity risk framework, we monitor and implement our liquidity risk management policy, strategies and practices which include, liquidity coverage ratio ("**LCR**"), stress testing, contingency funding plan, maturity profiling, liquidity risk measurement – stock approach, currency risk, interest rate risk and liquidity risk monitoring framework. We maintained a LCR as at September 30, 2023 of 272.07%, which was higher than the RBI's stipulated norm of 70%.

We have also been judicious in maintaining capital adequacy and consolidated leverage. As per applicable RBI regulations, our Company is required to have a Tier I Capital of 10%. Our Company's CRAR as at September 30, 2023 and as at March 31, 2023, 2022 and 2021 was 35.15% (Tier I Capital of 27.74%), 32.61% (Tier I Capital of 17.35%), 29.10% (Tier I Capital of 26.91%) and 48.80% (Tier I Capital 45.36%), respectively.

Our Subsidiary's CRAR as at September 30, 2023 and as at March 31, 2023, 2022 and 2021 was 25.75% (Tier I Capital of 24.06%), 25.62% (Tier I Capital of 23.62%), 18.78% (Tier I Capital of 16.03%) and 20.32% (Tier I Capital 17.59%), respectively. Our Leverage ratio was 3.96, 4.39, 4.65 and 3.86 as at September 30, 2023 and March 31, 2023, 2022 and 2021, respectively.

***Net Interest Income***

Our results of operations depend substantially on our net interest income. Any change in interest rates would affect our interest income and our finance costs, and directly impact our results of operations because our core business is based on achieving a margin between the cost at which we can obtain funds and the yields we can achieve in extending loans. Our interest income constitutes the largest component of our revenue from operations. For Fiscals 2021, 2022 and 2023, and six months ended September 30, 2023, our interest income as a percentage of our revenue from operations was 95.18%, 93.86%, 91.23% and 90.92% respectively. Our finance costs represented 40.62%, 38.06%, 40.57% and 42.38% of our revenue from operations for Fiscals 2021, 2022 and 2023, and six months ended September 30, 2023, respectively.

Interest rates are sensitive and volatility in interest rates could be a result of many factors beyond our control, including the monetary policies of the RBI, deregulation of the financial services sector in India, domestic and international economic and political conditions and competition among various lending institutions in India. Moreover, interest rates in India are typically correlated with the inflation rate, and as the inflation rate increases, the RBI has historically sought to raise interest rates. An increase in interest rates could result in an increase in interest expense relative to interest income if we are not able to increase the rates charged on our portfolio loans and advances, or if the volume of our interest-bearing liabilities is larger or growing faster than the volume of our loans. We attempt to ensure that the interest rates we charge are in line with the market and similar to those charged by our competitors. In a declining interest rate environment, if our cost of funds does not decline simultaneously or to the same extent as the yield on our loans, it could lead to a reduction in our net interest income and net interest margin.

***Impairment on financial instruments***

Credit quality is a key driver of our results of operations, as quality loans help to reduce the risk of losses from loan impairment. With the growth of our business, our ability to manage the credit quality of our loans will be a key driver to our results of operations. We have put in place well documented procedures regarding credit appraisal and loan disbursement and have instituted ongoing monitoring mechanisms in order to strengthen our credit quality. We have also implemented sophisticated analytics and automated credit scoring solutions for credit evaluation.

Expected credit loss ("**ECL**") is an unbiased and probability-weighted estimate of credit losses. It incorporates all information that is relevant including information about past events, current conditions and reasonable forecasts of future events and economic conditions at the reporting date. In addition, the estimation of ECL takes into account the time value of money. Forward looking economic scenarios determined with reference to external forecasts of economic parameters that have demonstrated a linkage to the performance of our portfolios over a period of time have been applied to determine impact of macro-economic factors. A credit loss is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive, discounted at the original effective interest rate or an approximation thereof. As ECL considers the amount and time value of money, a credit loss arises even if the entity expects to be paid in full but later than when contractually due. While the prescribed ECL method factors in macro-economic conditions, we additionally provide a management and macro-economic overlay in our ECL.

Based on the above, the Company categorises its loans into Stage 1, Stage 2 and Stage 3, as described below:

- Stage 1: When loans are first recognised, the Company recognises an allowance based on 12 months ECL. Stage 1 loans include those loans where there is no significant credit risk observed and also includes facilities where the credit risk has been improved and the loan has been reclassified from stage 2 or stage 3.

- Stage 2: When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the life time ECL. Stage 2 loans also include facilities where the credit risk has improved and the loan has been reclassified from stage 3.

- Stage 3: Loans considered credit impaired are the loans which are past due for more than 90 days. The Company records an allowance for life time ECL.

We believe that our well diversified geographic portfolio, credit assessment policies and effective risk management policies have resulted in healthy asset quality. The following table sets forth Gross NPA and Net NPA as of and for the years indicated:

| **Particulars** | **(₹in million, except percentages)** | | | |
|---|---|---|---|---|
| | **As of/ for the** | | | |
| | **Six months ended September 30, 2023** | **Year ended March 31, 2023** | **Year ended March 31, 2022** | **Year ended March 31, 2021** |
| Gross NPA[1] | 477.88 | 448.47 | 503.70 | 373.34 |
| Gross NPA Ratio (Gross) (%)[2] | 2.49% | 2.75% | 4.41% | 4.68% |
| Net NPA[3] | 43.76 | 26.10 | 86.66 | 56.54 |
| Net NPA Ratio (%)[4] | 0.23% | 0.16% | 0.76% | 0.71% |
| Impairment allowance coverage ratio (%)[5] | 90.84% | 94.18% | 82.80% | 84.85% |

*Notes:*

(1) *Gross NPAs represents our portfolio of Stage 3 loans (overdue for more than 90 days) as of the last day of the relevant year.*

(2) *Gross NPA ratio represents Stage 3 loans (Gross NPAs) as of the last day of the relevant year as a percentage of Gross Loan Book for such year.*

(3) *Net NPAs represents Stage 3 loans (Gross NPAs) as of the last day of the relevant year as reduced by impairment allowance on Stage 3 loan for such year.*

(4) *Net NPA ratio represents Stage 3 loans (Gross NPAs) as of the last day of the relevant year as reduced by impairment allowance on Stage 3 loans (Gross NPAs) for such year, as a percentage of Gross Loan Book for such year.*

(5) *Impairment allowance coverage ratio represents the ratio of total impairment allowance on Stage 3 Loan to Stage 3 loans (Gross NPAs) for the relevant year.*

Various factors, such as a deterioration in macro-economic factors (including a rise in unemployment, a sharp and sustained rise in interest rates, developments in the Indian economy, movements in global commodity markets and exchange rates), regulatory hurdles and competition, as well as customer specific factors, such as wilful default and mismanagement of a customer's operations, may cause a further increase in the level of Stage 3 Assets and have an adverse impact on the quality of our loan portfolio. If our Stage 3 Assets increase, we will be required to increase our ECL provisions, which would result in our net profit being less than it otherwise would be and would adversely affect our financial condition.

***General economic conditions in India and competition***

As an NBFC operating in India, our financial performance is dependent on the overall economic condition in India, including the GDP growth rate, the economic cycle and the condition of the securities markets, and perception of these conditions and future economic prospects. Our financial results are influenced by macroeconomic factors relating to growth of the Indian economy in general, which may lead to an increase in demand for retail loans. Conversely, a slowdown in the Indian economy could adversely affect our business and our borrowers, especially if such a slowdown were to be continued and prolonged. Several factors beyond our control, such as developments in the Indian economy including the regulatory landscape and domestic employment levels, conditions in the world economy, pandemics such as COVID-19, fluctuations in interest rates, movements in global commodity markets and exchange rates could have either a positive or an adverse impact on the quality of our loan portfolio. Further, the small business finance industry in India is highly competitive. The factors on which we compete include loan approval rates, interest rates charged for loans, turn-around times and customer relationships. Competitive pressures can impact the performance of all aspects of our business and financial performance, and market conditions in India may incentivise additional financial institutions to enter the market.

We face competition from other NBFCs as well as scheduled commercial banks. In addition to NBFCs and banks, we face competition from unorganized small market participants who are prevalent in the rural areas in which we operate, who are also focused on lending to low- and middle-income segments and micro, small and medium enterprises. In addition, if we are unable to access funds at an effective cost that is comparable to, or lower than our competitors, or expand our reach and build our brand, we may lose existing as well as potential customers to competition, resulting in a decline in our market share. Our competitors may have more resources, a wider branch and distribution network, access to cheaper capital, superior technology and may develop a better understanding of and relationships with customers in these markets. They might also be able to withstand adverse changes in the economic climate of India better than us, through reliance on the reach of affiliated group companies or banks.

***Regulatory framework***

We operate in a highly regulated industry and we have to adhere to various laws, rules and regulations. Our financial condition, results of operations and continued growth also depend on stable government policies and regulations. We are required to comply with, among others, limits on borrowings, investments and interest rates, prudential norms for income recognition, asset classification, and norms for creation of special reserves as well as minimum capital adequacy requirements. As an NBFC, we have to mandatorily obtain a certificate of registration issued by the RBI. Further, under Ind AS, we compute impairment allowance based on the expected credit loss model.

The regulations applicable to us also address issues such as our conduct with customers and recovery practices, market conduct and foreign investment. Any change in the regulatory framework affecting NBFCs, and in particular those requiring us to maintain certain financial ratios, placement restrictions on accessing funds, among others, would affect our results of operations and growth.

**Key Performance Indicators and Certain Non-GAAP Measures**

Set forth below are our key performance indicators for the periods indicated:

*(₹in million, unless otherwise stated)*

| Particulars | March 31, 2021 | March 31, 2022 | March 31, 2023 | Six months period ended September 30, 2022* | Six months period ended September 30, 2023* |
|---|---|---|---|---|---|
| **Gross AUM:**[1] | | | | | |
| Microfinance (JLG Loans) | 6,431.00 | 10,028.39 | 15,874.30 | 11,562.82 | 19,088.99 |
| Individual Loans (MFI Loans) | - | 190.73 | 402.04 | 341.08 | 359.86 |
| 2-Wheeler Loans | 459.14 | 461.14 | 607.79 | 487.13 | 688.18 |
| MSME Loans | 1,253.63 | 1,651.02 | 2,545.15 | 1,967.97 | 2,905.47 |
| **Total Gross AUM** | 8,143.76 | 12,331.28 | 19,429.29 | 14,359.00 | 23,042.50 |
| **AUM (Net of Direct Assignment)**[2] | | | | | |
| Microfinance (JLG Loans) | 6,304.98 | 9,127.25 | 12,765.52 | 11,312.80 | 15,513.96 |
| Individual Loans (MFI Loans) | - | 190.73 | 402.04 | 341.08 | 359.86 |
| 2-Wheeler Loans | 459.14 | 461.14 | 607.79 | 487.13 | 688.18 |
| MSME Loans | 1,219.18 | 1,634.67 | 2,532.10 | 1,953.52 | 2,667.03 |
| **Total AUM (Net of Direct Assignment)** | 7,983.30 | 11,413.79 | 16,307.46 | 14,094.52 | 19,229.03 |
| Gross NPA[3] | 373.34 | 503.70 | 448.47 | 442.10 | 477.88 |
| Gross NPA/ AUM (%)[4] | 4.68% | 4.41% | 2.75% | 3.14% | 2.49% |
| Net NPA[5] | 56.54 | 86.66 | 26.10 | 26.92 | 43.76 |
| Net NPA/ AUM (%)[6] | 0.71% | 0.76% | 0.16% | 0.19% | 0.23% |
| Net Worth[7] | 1,867.60 | 2,126.86 | 3,656.91 | 3,114.52 | 4,696.68 |
| Average Net worth[8] | 1,794.92 | 1,997.23 | 2,891.88 | 2,620.69 | 4,176.79 |
| Return on Annual Average Net Worth (%)[9] | 5.91% | 15.88% | 32.44% | 27.20% | 38.67% |
| Revenue from operations[10] | 1,950.39 | 2,350.06 | 4,239.01 | 1,715.50 | 3,098.42 |
| EBITDA[11] | 917.98 | 1,359.21 | 2,981.05 | 1,119.06 | 2,402.87 |

| Particulars | March 31, 2021 | March 31, 2022 | March 31, 2023 | Six months period ended September 30, 2022* | Six months period ended September 30, 2023* |
|---|---|---|---|---|---|
| EBITDA margin (%)[12] | 47.07% | 57.84% | 70.32% | 65.23% | 77.55% |
| Profit for the year ("**PAT**") [13] | 106.16 | 317.23 | 938.11 | 356.37 | 807.54 |
| PAT margin (%)[14] | 5.44% | 13.50% | 22.13% | 20.77% | 26.06% |
| Total Disbursement[15] | 5,093.99 | 10,217.02 | 17,667.51 | 6,574.56 | 10,677.35 |

*(1) Gross AUM represents aggregate of Gross Loan Book and share and loan share of partner bank under co-origination agreement as of the last day of the relevant period.*

*(2) AUM (Net of Direct Assignment) represents aggregate of Gross Loan Book after deducting loan book directly assigned as of the last day of the relevant period.*

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

*(4) Gross NPA / AUM represents ratio of gross stage 3 loan book divided by AUM (Net of Direct Assignment)*

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

*(6) Net NPA / AUM represents ratio of Net NPA divided by AUM (Net of Direct Assignment)*

*(7) Net Worth represents the sum of equity share capital and other equity as of the last day of the relevant period*

*(8) Average Net Worth represents the simple average of our AUM as of the last day of the relevant period and our AUM of the last day of the previous period*

*(9) Return on Annual Average Net Worth represents the percentage of Profit after Tax to the Annual Average Net Worth.*

*(10) Revenue from operations represent the revenue generated during the relevant period from the business of lending and underlying fees (including gain from direct assignments)*

*(11) EBITDA represents profit before interest, tax and depreciation & amortisation*

*(12) EBITDA margin (%) represents ratio of EBITDA divided by Revenue from Operations*

*(13) PAT represents the profit net of income tax and all expenses.*

*(14) PAT margin represents ratio of PAT divided by Revenue from Operations*

*(15) Total disbursements represent the amount of loans given during the relevant period.*

**Basis of Preparation**

The consolidated financial statements of the Company along with its Subsidiary ("**Group**") have been prepared in accordance with the Indian Accounting standards ("**Ind AS**") as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under section 133 of the Companies Act, 2013 ("**the Act**"), and in conformity with the accounting principles generally accepted in India and other relevant provisions of the Act. Any application guidance/ clarifications/ directions issued by the RBI or other regulators are implemented as and when they are issued/ applicable.

The Balance Sheet, the Statement of Profit and Loss and the Statement of Changes in Equity are prepared and presented in the format prescribed in the Division III of Schedule III to the Act. The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows".

**Principle of Consolidation**

***Subsidiaries:***

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the Unaudited Special Purpose Condensed Interim Consolidated financial statements from the date on which controls commences until the date on which control ceases.

***Non-Controlling Interest ("NCI")***

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition. Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

***Loss of control***

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value on the date the control is lost. Any resulting gain or loss is recognized in profit or loss.

***Transactions eliminated on consolidation***

The financial statements of the Holding Company and its subsidiary used in the consolidation procedure are drawn up to the same reporting date i.e. September 30, 2023. The financial statements of the Holding Company and its subsidiary are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses. Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment. The Group follows uniform accounting policies for like transactions and other events in similar circumstances.

The following subsidiary company has been considered in the preparation of the Unaudited Special Purpose Condensed Interim Consolidated financial statements:

| Name of Entity | Relationship | Country | Ownership Held By | % of holding And Voting Power as at | |
|---|---|---|---|---|---|
| | | | | Sept 30, 2023 | March 31, 2023 |
| Namra Finance Limited | Subsidiary Company | India | Arman Financial Services Limited | 100% | 100% |

**Significant Accounting Policies**

The preparation of consolidated financial statements requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosed amount of contingent liabilities, at the end of the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised, and future periods are affected. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes. Our significant accounting policies as at and for the financial year ended March 31, 2023 are described in Note 3 to the Audited Consolidated Financial Statements in "*Financial Information*" on page 214. There was no change in our significant accounting policies during the six month period ended September 30, 2023.

**Recognition of interest income**

***Effective interest rate (EIR) method***

Under Ind AS 109, interest income is recorded using the effective interest rate method for all financial instruments measured at amortised cost and financial instrument measured at Fair value of financial instruments (FVOCI). The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the financial instrument.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest income in the statement of profit and loss.

***Interest income***

The Company calculates interest income by applying 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 on the net basis. If the financial asset cures and is no longer credit impaired, the Company reverts to calculating interest income on a gross basis.

**Financial instrument - initial recognition**

**A. Date of recognition**

Debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

**B. Initial measurement of financial instruments**

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments (Refer note 3.3(A)). Financial instruments are initially measured at their fair value (as defined in Note 3.8), except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from this amount.

**C. Measurement categories of financial assets and liabilities**

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either season

i) Amortised cost

ii) Fair value of financial instruments (FVOCI)

iii) Fair value through Profit & Loss (FVTPL)

**Financial assets and liabilities**

**A. Financial assets**

**Business model assessment**

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

a. How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's key management personnel.

b. The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.

c. managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

d. The expected frequency, value and timing of sales are also important aspects of the Company's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

**The Solely Payments of Principal and Interest (SPPI) test**

As a second step of its classification process, the Company assesses the contractual terms of financial assets to identify whether they meet SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of financial asset (for example, if there are repayments of principal or amortisation of the premium/ discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the period for which the interest rate is set. In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

**Accordingly, financial assets are measured as follows:**

**i) Financial assets carried at amortised cost ("AC")**

A financial asset is measured at amortised cost if it is held with in a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**ii) Financial assets measured at FVOCI**

A financial asset is measured at FVOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Since, the loans and advances are held to sale and collect contractual cash flows, they are measured at FVOCI.

**iii) Financial assets at fair value through profit or loss ("FVTPL")**

A financial asset which is not classified in any of the above categories are measured at FVTPL.

**iv) Investments in Mutual Funds**

All investments in Mutual Funds are measured at fair value, with value changes recognised in Statement of Profit and Loss ("FVTPL").

**B. Financial liability**

**i) Initial recognition and measurement**

All financial liability are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liability, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition.

**ii) Subsequent measurement**

Financial liabilities are carried at amortized cost using the effective interest method.

**Reclassification of financial assets and liabilities**

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Company did not reclassify any of its financial assets or liabilities in the half year ended September 30, 2023 and, in the year ended March 31, 2023.

**Derecognition of financial assets and liabilities**

**A. Derecognition of financial assets due to substantial modification of terms and conditions**

The Company derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. Where the substantial modification is because of financial difficulties of the borrower and the old loan was classified as credit-impaired, the new loan will initially be identified as originated credit-impaired financial asset. On satisfactory performance of the new loan, the new loan is transferred to stage I or stage II of ECL.

**B. Derecognition of financial assets other than due to substantial modification**

**i) Financial assets**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. On derecognition of a financial asset in its entirety, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in the statement of profit and loss. Accordingly, gain on sale or derecognition of assigned portfolio are recorded upfront in the statement of profit and loss as per Ind AS 109. Also, the Company recognises servicing income as a percentage of interest spread over tenure of loan in cases where it retains the obligation to service the transferred financial asset. As per the guidelines of RBI, the company is required to retain certain portion of the loan assigned to parties in its books as Minimum Retention Requirement ("MRR"). Therefore, it continues to recognise the portion retained by it as MRR.

### ii) Financial liability

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the statement of profit and loss.

## Impairment of financial assets

### A. Overview of ECL principles

In accordance with Ind AS 109, the Company uses ECL model, for evaluating impairment of financial assets other than those measured at FVTPL. Expected credit losses are measured through a loss allowance at an amount equal to:

The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument) Both LTECLs and 12 months ECLs are calculated on collective basis.

Based on the above, the Company categorises its loans into Stage 1, Stage 2 and Stage 3, as described below:

**Stage 1:** When loans are first recognised, the Company recognises an allowance based on 12 months ECL. Stage 1 loans includes those loans where there is no significant credit risk observed and also includes facilities where the credit risk has been improved and the loan has been reclassified from stage 2 or stage 3.

**Stage 2:** When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the life time ECL. Stage 2 loans also includes facilities where the credit risk has improved and the loan has been reclassified from stage 3.

**Stage 3:** Loans considered credit impaired are the loans which are past due for more than 90 days. The Company records an allowance for life time ECL.

**Loan commitments:** When estimating LTECLs for undrawn loan commitments, the Company estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down.

**Calculation of ECLs**

The mechanics of ECL calculations are outlined below and the key elements are, as follows:

**PD** Probability of Default (“PD”) is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

**EAD** Exposure at Default (“EAD”) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest **LGD** Loss Given Default (“LGD”) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

The Company has calculated PD, EAD and LGD to determine impairment loss on the portfolio of loans and discounted at an approximation to the EIR. At every reporting date, the above calculated PDs, EAD and LGDs are reviewed and changes in the forward-looking estimates are analysed.

The mechanics of the ECL method are summarised below:

**Stage 1:** The 12 months ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12 months ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-months default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

**Stage 2:** When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument.

The expected cash shortfalls are discounted by an approximation to the original EIR.

**Stage 3:** For loans considered credit-impaired, the Company recognises the lifetime expected credit losses for these loans. The method is similar to that for stage 2 assets, with the PD set at 100%.

**B. Loans and advances measured at FVOCI**

The ECLs for loans and advances measured at FVOCI do not reduce the carrying amount of these financial assets in the balance sheet, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets.

**C. Forward looking information**

In its ECL models, the Company relies on a broad range of forward looking macro parameters and estimated the impact on the default at a given point of time.

i) Gross fixed investment (% of GDP)

ii) Lending interest rates

iii) Deposit interest rates

**1. Write-offs**

Financial assets are written off when the Company has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to impairment on financial instruments in the statement of profit and loss.

**2. Determination of fair value**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company has taken into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 financial instruments: Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date;

- Level 2 financial instruments: Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads; and

- Level 3 financial instruments: Those that include one or more unobservable input that is significant to the measurement as whole.

**3. (I) Recognition of other income**

Revenue (other than for those items to which Ind AS 109 - Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115 - Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found within Ind ASs. The Company recognises revenue from contracts with customers based on a five step model as set out in Ind AS 115:

**Step 1:** Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

**Step 2:** Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

**Step 3:** Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

**Step 4:** Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

**Step 5:** Recognise revenue when (or as) the Company satisfies a performance obligation

**A. Dividend income**

Dividend income (including from FVOCI investments) is recognised when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably. This is generally when the shareholders approve the dividend.

**B. Income from assignment transactions**

Income from assignment transactions i.e. present value of excess interest spread is recognised when the related loan assets are de-recognised. Interest income is also recognised on carrying value of assets over the remaining period of such assets.

**C. Other interest income**

Other interest income is recognised on a time proportionate basis.

**D. Other Charges in Respect of Loans**

Income in case of late payment charges are recognized when there is no significant uncertainty of regarding its recovery.

**3. (II) Recognition of other expense**

**A. Borrowing costs**

Borrowing costs are the interest and other costs that the Company incurs in connection with the borrowing of funds. Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets.

A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

All other borrowing costs are charged to the statement of profit and loss for the period for which they are incurred.

**4. Cash and cash equivalents**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

5. **Property, plant and equipment**

Property, plant and equipment ("PPE") are carried at cost, less accumulated depreciation and impairment losses, if any. The cost of PPE comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use and other incidental expenses. Subsequent expenditure on PPE after it purchase is capitalized only if it is probable that the future economic benefits will flow to the enterprise and the cost of the item can be measured reliably. Depreciation is calculated using the straight-line method to write down the cost of property and equipment to their residual values over their estimated useful lives which are in line with as specified under schedule II of the Act. Land is not depreciated. The estimated useful lives are, as follows:

i) Buildings - 60 years

ii) Vehicles - 8 years

iii) Office equipment - 3 to 10 years

iv) Furniture and fixtures - 10 years

Depreciation is provided on a pro-rata basis from the date on which such asset is ready for its intended use. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. PPE is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised.

6. **Intangible assets**

The Company's intangible assets include the value of software. An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives (three years) using the straight-line method, and is included in depreciation and amortisation in the statement of profit and loss.

7. **Impairment of non-financial assets - property, plant and equipments and intangible assets**

The carrying values of assets / cash generating units at the each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and if the carrying amount of these assets exceeds their recoverable amount, impairment loss is recognised in the statement of profit and loss as an expense, for such excess amount. The recoverable amount is the greater of the net selling price and value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the statement of profit and loss.

8. **Corporate guarantees**

Corporate guarantees are initially recognised in the standalone financial statements (within "other non-financial liabilities") at fair value, being the notional commission. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Any increase in the liability relating to financial guarantees is recorded in the statement of profit and loss. The notional commission is recognised in the statement of profit and loss under the head fees and commission income on a straight line basis over the life of the guarantee.

9. **Retirement and other employee benefits Defined contribution plans**

The Company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

**Defined benefit plans**

The Company pays gratuity to the employees whoever has completed five years of service with the Company at the time of resignation / retirement. The gratuity is paid @15 days salary for every completed year of service as per the Payment of Gratuity Act, 1972.

The gratuity liability amount is contributed by the Company to the Life insurance corporation of India who administers the fund of the Company.

The liability in respect of gratuity and other post-employment benefits is calculated using the Projected Unit Credit Method and spread over the period during which the benefit is expected to be derived from employees' services. As per Ind AS 19, the service cost and the net interest cost are charged to the statement of profit and loss. Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI.

**Short-term employee benefits**

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages etc. and the expected cost of ex-gratia are recognised in the period in which the employee renders the related service. A liability is recognised for the amount expected to be paid when there is a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. The cost of short-term compensated absences is accounted as under:

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

**10. Provisions, contingent liabilities and contingent assets**

**A. Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

**B. Contingent liability**

A possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or; present obligation that arises from past events where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability are disclosed as contingent liability and not provided for.

**C. Contingent asset**

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are neither recognised nor disclosed except when realisation of income is virtually certain, related asset is disclosed.

**11. Taxes**

**A. Current tax**

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. Current tax is the amount of tax payable on the taxable income for the period as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961.

**B. Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the standalone financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of deferred tax liabilities and assets are reviewed at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity).

Deferred tax items are recognised in correlation to the underlying transaction either in OCI or equity.

Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off.

**C. Goods and services tax paid on acquisition of assets or on incurring expenses**

Expenses and assets are recognised net of the goods and services tax paid, except when the tax incurred on a purchase of assets or availing of services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

**12. Earnings per share**

Basic earnings per share ("EPS") is computed by dividing the profit after tax (i.e. profit attributable to ordinary equity holders) by the weighted average number of equity shares outstanding during the year.

Diluted EPS is computed by dividing the profit after tax (i.e. profit attributable to ordinary equity holders) as adjusted for after-tax amount of dividends and interest recognised in the period in respect of the dilutive potential ordinary shares and is adjusted for any other changes in income or expense that would result from the conversion of the dilutive potential ordinary shares, by the weighted average number of equity shares considered for deriving basic earnings per share as increased by the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits, right issue and bonus shares, as appropriate.

**13. Dividends on ordinary shares**

The Company recognises a liability to make cash or non-cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the Act, final dividend is authorised when it is approved by the shareholders and interim dividend is authorised when the it is approved by the Board of Directors of the Company. A corresponding amount is recognised directly in equity. Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity. Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit and loss.

**Principal Components of Statement of Profit and Loss**

***Income***

Our total income comprises revenue from operations and other income. We generate majority of our income through interest income.

*Revenue from operation*

Our revenue from operations primarily includes (i) interest income based on effective interest method, (ii) gain on assignment of financial assets, (iii) fees and commission income and (iv) net gain on fair value changes, and (v) income from investment in mutual fund (at fair value through profit and loss).

*Other income*

Our other income primarily includes income from loan.

***Expenses***

Our total expenses include the below mentioned expenses:

*Finance Costs*

Our finance costs include (i) interest on borrowings, (ii) interest on debt securities, (iii) interest on subordinated liabilities, (iv) other interest expense, (v) other borrowing costs, and (vi) interest expenses on lease liabilities.

*Impairment of financial assets*

Our costs of impairment of financial assets primarily include (i) bad debts written off (net) and (ii) expected credit loss.

*Employee benefits expenses*

Our employee benefits expenses primarily include (i) salaries and wages, (ii) contribution to provident and other funds, (iii) gratuity and (iv) staff welfare expenses.

*Depreciation, amortisation and impairment*

Depreciation and amortisation expense relates to depreciation of property, plant and equipment, amortisation of right of use assets, and amortisation of intangible assets. Tangible and intangible assets are depreciated and amortised over periods corresponding to their estimated useful lives. The following table sets forth a breakdown of our depreciation and amortisation expense for the period/year indicated:

*(₹in million, unless otherwise stated)*

| Block of Assets | For year ended March 31, 2021 | For year ended March 31, 2022 | For year ended March 31, 2023 | For six months ended September 30, 2022 | For six months ended September 30, 2023 |
|---|---|---|---|---|---|
| Buildings | 0.22 | 0.22 | 0.21 | 0.11 | 0.11 |
| Furniture and fixtures | 1.21 | 1.24 | 1.42 | 0.69 | 0.86 |
| Office equipment | 0.78 | 0.92 | 1.12 | 0.55 | 0.67 |
| Vehicles | 1.21 | 1.04 | 2.14 | 0.55 | 1.59 |
| Computers | 2.48 | 2.49 | 2.88 | 1.56 | 1.73 |
| Intangible assets | 0.73 | 0.83 | 0.99 | 0.49 | 0.47 |
| Right of use assets | 1.48 | 2.79 | 2.79 | 1.39 | 1.39 |
| Total depreciation & amortisation | 8.10 | 9.53 | 11.55 | 5.34 | 6.83 |

*Other Expenses*

Our other expenses primarily include (i) electricity and fuel charges, (ii) repairs to building, (iii) insurance, (iv) collection charges, (v) rent, (vi) rates and taxes, (vii) bank charges, (viii) stationery and printing, (ix) advertisement expenses, (x) communication, (xi) traveling and conveyance expenses, (xii) professional fees, (xiii) auditor's remuneration, (xiv) corporate social responsibility expenditure, (xv) director sitting fees, (xvi) marketing and incentive expenses, (xvii) general charges (including security charges and membership fees etc.), (xviii) net loss on derecognition of property, plant and equipment, and (xix) loss/(gain) due to moratorium recognised at effective interest rate method).

**Results of Operations Based on Our Audited Consolidated Financial Statements**

The following table sets forth select financial data from our statement of profit and loss for and the six month period ended September 30, 2023, and Fiscals 2023, 2022 and 2021, the components of which are also expressed as a percentage of total income for such periods.

*(₹in million, unless otherwise stated)*

| Sr No. | Particulars | For the year ended March 31, | | | | | | As at and for the six months ended September 30, | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 2021 | | 2022 | | 2023 | | 2022 | | 2023 | |
| | | (In ₹million) | (As a % of total income) | (In ₹million) | (As a % of total income) | (In ₹million) | (As a % of total income) | (In ₹million) | (As a % of total income) | (In ₹million) | (As a % of total income) |
| 1 | **Revenue from operations** | | | | | | | | | | |
| | Interest income | 1,856.41 | 95.18% | 2,205.67 | 93.86% | 3,867.20 | 91.23% | 1,663.39 | 96.96% | 2,817.13 | 90.92% |
| | Gain on assignment of financial assets | - | - | 57.91 | 2.46% | 187.76 | 4.43% | - | - | 124.07 | 4.00% |
| | Fees and commission income | 57.40 | 2.94% | 69.83 | 2.97% | 164.01 | 3.87% | 66.39 | 3.87% | 114.11 | 3.68% |
| | Net gain on fair value changes | 36.57 | 1.88% | 16.65 | 0.71% | 20.04 | 0.47% | (14.28) | (0.83%) | 43.11 | 1.39% |
| | **Total revenue from operations** | **1,950.39** | **100.00%** | **2,350.06** | **100.00%** | **4,239.01** | **100.00%** | **1,715.50** | **100.00%** | **3,098.42** | **100.00%** |
| 2 | Other income | - | - | - | - | 0.03 | - | - | - | - | - |
| 3 | **Total income** | **1,950.39** | **100.00%** | **2,350.06** | **100.00%** | **4,239.05** | **100.00%** | **1,715.50** | **100.00%** | **3,098.42** | **100.00%** |
| 4 | **Expenses** | | | | | | | | | | |
| | Finance costs | 792.25 | 40.62% | 894.50 | 38.06% | 1,719.96 | 40.57% | 646.43 | 37.68% | 1,313.18 | 42.38% |
| | Impairment of financial assets | 545.92 | 27.99% | 373.32 | 15.89% | 447.32 | 10.55% | 215.00 | 12.53% | 243.13 | 7.85% |
| | Employee benefits expenses | 355.66 | 18.24% | 418.53 | 17.81% | 546.53 | 12.89% | 264.16 | 15.40% | 322.35 | 10.40% |
| | Depreciation, amortization and impairment | 8.10 | 0.42% | 9.53 | 0.41% | 11.55 | 0.27% | 5.34 | 0.31% | 6.83 | 0.22% |
| | Others expenses | 130.82 | 6.71% | 199.00 | 8.47% | 264.15 | 6.23% | 117.29 | 6.84% | 130.06 | 4.20% |
| | **Total Expenses** | **1,832.75** | **93.97%** | **1,894.87** | **80.63%** | **2,989.51** | **70.52%** | **1,248.21** | **72.76%** | **2,015.55** | **65.05%** |
| 5 | **Profit / (loss) before tax** | **117.64** | **6.03%** | **455.18** | **19.37%** | **1,249.54** | **29.48%** | **467.29** | **27.24%** | **1,082.87** | **34.95%** |
| 6 | **Tax expense:** | | | | | | | | | | |
| | (1) Current tax | 108.97 | 5.59% | 149.51 | 6.36% | 283.29 | 6.68% | 128.19 | 7.47% | 294.94 | 9.52% |
| | (2) Short / (excess) provision of income tax/deferred tax of earlier years | 0.64 | 0.03% | 0.03 | - | 1.51 | 0.04% | - | - | - | - |
| | (3) Deferred tax | (98.13) | (5.03%) | (11.58) | (0.49%) | 26.62 | 0.63% | (17.27) | (1.01%) | (19.62) | (0.63%) |
| 7 | **Profit/(loss) for the period** | **106.16** | **5.44%** | **317.23** | **13.50%** | **938.11** | **22.13%** | **356.37** | **20.77%** | **807.54** | **26.06%** |
| 8 | Other comprehensive income | | | | | | | | | | |
| | (A) (i) Items that will not be reclassified to profit or loss | | | | | | | | | | |
| | - Remeasurement of defined benefit obligations | 2.16 | 0.11% | 0.23 | 0.01% | (4.66) | (0.11%) | 0.11 | 0.01% | (2.33) | (0.08%) |
| | (ii) Income tax relating to items that will not be reclassified to profit or loss | (0.54) | (0.03%) | (0.06) | - | 1.17 | 0.03% | (0.03) | - | 0.59 | 0.02% |
| | **Sub total** | **1.62** | **0.08%** | **0.17** | **0.01%** | **(3.49)** | **(0.08%)** | **0.09** | - | **(1.74)** | **(0.06%)** |
| | (B) (i) Items that will be reclassified to profit or loss | | | | | | | | | | |
| | - Fair valuation gain / (loss) on | 46.80 | 2.40% | (79.07) | (3.36%) | (59.60) | (1.41%) | (18.91) | (1.10%) | 31.76 | 1.03% |

| Sr No. | Particulars | For the year ended March 31, | | | | | | As at and for the six months ended September 30, | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 2021 | | 2022 | | 2023 | | 2022 | | 2023 | |
| | | (In ₹million) | (As a % of total income) | (In ₹million) | (As a % of total income) | (In ₹million) | (As a % of total income) | (In ₹million) | (As a % of total income) | (In ₹million) | (As a % of total income) |
| | financial instruments measured at FVOCI | | | | | | | | | | |
| | (ii) Income tax relating to items that will be reclassified to profit or loss | (11.78) | (0.60%) | 19.90 | 0.85% | 15.00 | 0.35% | 4.78 | 0.28% | (7.99) | (0.26%) |
| | **Sub total** | **35.02** | **1.80%** | **(59.17)** | **(2.52%)** | **(44.60)** | **(1.05%)** | **(14.13)** | **(0.82%)** | **23.77** | **0.77%** |
| | **Other comprehensive income** | **36.64** | **1.88%** | **(59.00)** | **(2.51%)** | **(48.09)** | **(1.13%)** | **(14.04)** | **(0.82%)** | **22.02** | **0.71%** |
| 9 | **Total comprehensive income for the period** | **142.80** | **7.32%** | **258.23** | **10.99%** | **890.03** | **21.00%** | **342.32** | **19.95%** | **829.56** | **26.77%** |

**Six month period ended September 30, 2023 compared with the six month period ended September 30, 2022**

*Income*

Our total income increased by 80.61% to ₹3,098.42 million for the six-month period ended September 30, 2023, from ₹1,715.50 million for the six-month period ended September 30, 2022, on account of the factors discussed below.

*Revenue from operation*

Our revenue from operations increased by 80.61% to ₹3,098.42 million for the six-month period ended September 30, 2023, from ₹1,715.50 million for the six-month period ended September 30, 2022, primarily due to the factors discussed below:

- Revenue from operations from interest income increased by 69.36% to ₹2,817.13 million for the six-month period ended September 30, 2023, from ₹1,663.39 million for the six-month period ended September 30, 2022, primarily due to growth in our loan portfolio by ₹5,355.04 million as a result of opening 72 new branches in the period. Further, our Company also began its operations in two new states in India i.e. Telangana and Jharkhand.

- We earned revenue from operations from the gain on assignment of financial assets for an amount aggregating to ₹124.07 million for the six-month period ended September 30, 2023. We did not earn any such revenue in the six-month period ended September 30, 2022. This was earned due to a direct assignment transaction amounting to ₹4,162 million during the six-month period ended September 30, 2023. Direct assignment transaction is the transfer of a pool of loan assets directly to buyer without routing such transfer through the trust as these are done on an opportunistic basis as dependent on the availability and rates in the market.

- Revenue from operations from fees and commission income increased by 71.88% to ₹114.11 million for the six-month period ended September 30, 2023, from ₹66.39 million for the six-month period ended September 30, 2022, primarily due to growth in our disbursements amounting to ₹4,102.79 million.

- Our revenue from operations from the net gain /(loss)on fair value changes increased by 401.98% to ₹43.11 million for Fiscal 2023 from ₹(14.28) million for the six-month period ended September 30, 2023, primarily due to increased gain from investment in listed mutual funds, non-convertible debentures and market linked debentures.

*Expenses*

Our total expenses increased by 61.47% to ₹2,015.55 million for the six-month period ended September 30, 2023, from ₹1,248.21 million for the six-month period ended September 30, 2022, on account of the factors discussed below.

*Finance Costs*

Interest on borrowings increased by 87.19% to ₹808.91 million for the six-month period ended September 30, 2023, from ₹432.13 million for the six-month period ended September 30, 2022, primarily due to (i) increased average outstanding term loans and working capital loans by ₹2,590.57 million, and (ii) increase in rate of interest due to increased marginal cost of funds based lending rate and annual resets by lenders by ₹376.78 million.

Interest on debt securities increased by 28.91% to ₹174.57 million for the six-month period ended September 30, 2023, from ₹135.42 million for the six-month period ended September 30, 2022, primarily due to issue of non-convertible debentures amounting to ₹1,790.11 million by our Company.

Interest on subordinated liabilities decreased marginally by 3.71% to ₹18.14 million for the six-month period ended September 30, 2023, from ₹18.84 million for the six-month period ended September 30, 2022 due to increased outstanding subordinated liabilities by ₹190.75 million.

Other interest expense increased by 1570.17% to ₹223.88 million for the six-month period ended September 30, 2023, from ₹13.40 million for the six-month period ended September 30, 2022, primarily due to (i) interest incurred on direct assignments amounting to ₹214.64 million and (ii) loans from related parties amounting to ₹12.09 million.

Other borrowing costs increased by 89.27% to ₹87.25 million for the six-month period ended September 30, 2023, from ₹46.10 million for the six-month period ended September 30, 2022, primarily related to (i) increase in loan processing fees by ₹41.15 million and (ii) the increased quantum of our borrowings by ₹1,402.22 million during the six-month period ended September 30, 2023.

Interest expenses on lease liabilities decreased by 20.11% to ₹0.42 million for the six-month period ended September 30, 2023, from ₹0.53 million for the six-month period ended September 30, 2022, primarily due to decrease in lease liability by ₹1.42 million during six months.

*Impairment of Financial Assets*

Our bad debts written off decreased by 8.03% to ₹137.90 million for the six-month period ended September 30, 2023, from ₹149.95 million for the six-month period ended September 30, 2022, primarily due to the strong recovery of our asset quality post the COVID 19 pandemic.

Our expenses due to the expected credit loss increased by 61.77% to ₹105.23 million for the six-month period ended September 30, 2023, from ₹65.05 million for the six-month period ended September 30, 2022, due to increase in loan portfolio amounting to ₹5,355.04 million.

*Employee benefits expenses*

Our employee benefits expenses increased by 22.03% to ₹322.35 million for the six-month period ended September 30, 2023, from ₹264.16 million for the six-month period ended September 30, 2022, primarily due to increase in number of employees from 2,620 for the six-month period ended September 30, 2022 to 3,382 for the six-month period ended September 30, 2023.

Salaries and wages increased by 20.50% to ₹289.35 million for the six-month period ended September 30, 2023 from ₹240.12 million for the six-month period ended September 30, 2022, primarily due to increase in number of our employees by 18.05% during the during six months.

Contribution to provident and other funds increased by 29.13% to ₹21.84 million for the six-month period ended September 30, 2023, from ₹16.91 million for the six-month period ended September 30, 2022, due to increase in the quantum of remuneration by ₹49.23 million paid to our employees.

Gratuity increased by 33.37% to ₹2.28 million for the six-month period ended September 30, 2023, from ₹1.71 million for the six-month period ended September 30, 2022, due to changes in interest rate assumptions by ₹2.33 million and increase in the number of employees by 762 period ended September 30, 2023.

Staff welfare expenses increased by 64.00% to ₹8.88 million for the six-month period ended September 30, 2023, from ₹5.42 million for the six-month period ended September 30, 2022, due to the increase in cost incurred by ₹3.47 million for the recreational and refreshing activities conducted for our employees during the six-month period ended September 30, 2023.

*Depreciation, amortisation and impairment*

Our depreciation, amortisation and impairment expenses increased by 27.92% to ₹6.83 million for the six-month period ended September 30, 2023, from ₹5.34 million for the six-month period ended September 30, 2022, due to acquisition of new property, plants and equipment by us amounting to ₹10.61 million such as furniture and fixtures, office equipment, computers and intangible assets for the 72 branches opened during the period.

*Other expenses*

Our other expenses increased by 10.89% to ₹130.06 million for the six-month period ended September 30, 2023, from ₹117.29 million for the six-month period ended September 30, 2022, primarily due to (i) increase in travelling expenses by our employees by ₹2.36 million, (ii) increase in the rent expense by ₹0.74 million due to the 72 new branches during the six month period ended September 30, 2023, and (iii) increase in the fees of professional services amounting to ₹10.99 million incurred by us.

*Tax Expense*

Tax expenses increased by 148.22% to ₹275.32 million for the six-month period ended September 30, 2023, from ₹110.92 million for the six-month period ended September 30, 2022 due to increase in profit before tax by ₹615.58 million during the period.

*Profit for the year*

As a result of the foregoing factors, our profit for the year increased by 126.60% to ₹807.54 million for the six-month period ended September 30, 2023, from ₹356.37 million for the six-month period ended September 30, 2022.

***Fiscal 2023 Compared to Fiscal 2022***

*Income*

Our total income increased by 80.38% to ₹4,239.05 million for Fiscal 2023 from ₹2350.06 million for Fiscal 2022, on account of the factors discussed below.

*Revenue from operations*

Our revenue from operations increased by 80.38% to ₹4,239.01 million for Fiscal 2023 from ₹2350.06 million for Fiscal 2022, primarily due to the factors discussed below:

- Revenue from operations from interest income increased by 75.33% to ₹3867.20 million for Fiscal 2023 from ₹2,205.67 million for Fiscal 2022 primarily due to growth in loan portfolio amounting to ₹4,894.02 million as we opened 44 new branches during Fiscal 2023. Further, we also expanded our operations to a new state in India, i.e. Bihar.

- Revenue from gain on assignment of financial assets increased by 224.24% to ₹187.76 million for Fiscal 2023 from ₹57.91 million for Fiscal 2022 due to a direct assignment transaction for ₹3,132 million by us.

- Revenue from operations from fees and commission income increased by 134.88% to ₹164.01 million for Fiscal 2023 from ₹69.83 million for Fiscal 2022 primarily due to growth in disbursements amounting to 7,450.49 million.

- Our revenue from operations from net gain on fair value changes increased by 20.34% to ₹20.04 million for Fiscal 2023 from ₹16.65 million for Fiscal 2022 primarily due to increase in gain from investment in listed mutual funds, non-convertible debentures and market linked debentures.

*Expenses*

Our total expenses increased by 57.77% to ₹2,989.51 million for Fiscal 2023 from ₹1,894.87 million for Fiscal 2022, primarily due to the factors discussed below:

*Finance Costs*

Interest on borrowings increased by 89.30% to ₹1,126.84 million for Fiscal 2023 from ₹595.27 million for Fiscal 2022, primarily due to increased term loans by and working capital loans by ₹5,278.57 million.

Interest on debt securities increased by 39.63% to ₹287.89 million for Fiscal 2023 from ₹206.17 million for Fiscal 2022, primarily due to issue of non-convertible debentures amounting to ₹1,874.75 million by our Company.

Interest on subordinated liabilities increased by 37.09% to ₹37.50 million for Fiscal 2023 from ₹27.35 million for Fiscal 2022, primarily due to increase in sub-ordinated liability to ₹635.85 million for Fiscal 2023 from ₹250 million for Fiscal 2022 by us due to an issuance of optionally convertible redeemable preference shares of ₹382.50 million.

Other interest expense increased by 928.51% to ₹154.96 million for Fiscal 2023 from ₹15.07 million for Fiscal 2022, primarily due to (i) interest incurred on direct assignments, amounting to ₹130.85 million and (ii) loans from related parties amounting to ₹16.86 million. Direct assignment transaction is the transfer of a pool of loan assets directly to buyer without routing such transfer through the trust.

Other borrowing costs increased by 126.03% to ₹111.78 million for Fiscal 2023 from ₹49.45 million for Fiscal 2022, primarily related to loan processing fees and increased due to increased quantum of borrowings.

Interest expenses on lease liabilities decreased by 15.69% to ₹1.00 million for Fiscal 2023, from ₹1.19 million for Fiscal 2022, primarily related to decrease of lease liability by ₹2.58 million.

*Impairment of Financial Assets*

Our bad debts written off increased by 73.86% to ₹428.49 million for Fiscal 2023 from ₹246.46 million for Fiscal 2022, primarily due to the tax benefit of ₹107.84 million availed by us by writing off the loans that were not repaid during Fiscal 2023, as all amounts attributable to write off expenses can be claimed as deduction from profits under the Income Tax Act, 1961.

Our expenses due to expected credit loss decreased by 85.16% to ₹18.83 million for Fiscal 2023 from ₹126.86 million for Fiscal 2022 as we reversed the excess provisions of expense recorded during Fiscal 2021 by improving loan assets quality and eliminating a higher credit risk.

*Employee benefits expenses*

Our employee benefits expenses increased by 30.58% to ₹546.53 million for Fiscal 2023 from ₹418.53 million for Fiscal 2022, primarily due to increase in number of employees from 2,272 in Fiscal 2022 to 2,805 and an increase in salaries paid to our employees by ₹112.79 million in Fiscal 2023.

Salaries and wages increased by 29.88% to ₹490.29 million for Fiscal 2023 from ₹377.49 million for Fiscal 2022, primarily due to increase in number of employees from 2,272 in Fiscal 2022 to 2,805 and an increase in salaries paid to our employees by ₹112.79 million in Fiscal 2023.

Contribution to provident and other funds increased by 35.84% to ₹36.24 million for Fiscal 2023 from ₹26.68 million for Fiscal 2022 due to increased quantum of remuneration by ₹112.79 million paid to our employees on account of increase in number of employees from 2,272 in Fiscal 2022 to 2,805 in Fiscal 2023.

Gratuity increased by 33.37% to ₹4.56 million for Fiscal 2023 from ₹3.42 million for Fiscal 2022 due to changes in interest rate assumptions by ₹4.66 million and increase in the number of employees from 2,272 in Fiscal 2022 to 2,805 in Fiscal 2023.

Staff welfare expenses increased by 41.22% to ₹15.44 million for Fiscal 2023 from ₹10.93 million for Fiscal 2022 due to the increase in cost incurred by ₹4.51 million for the recreational and refreshing activities conducted for our employees during Fiscal 2023.

*Depreciation, amortisation and impairment*

Our depreciation, amortisation and impairment expenses increased by 21.22% to ₹11.55 million for Fiscal 2023 from ₹9.53 million for Fiscal 2022, primarily due to increase in acquisition of property, plants and equipment by ₹23.87 million during Fiscal 2023 such as furniture & fixtures, office equipment, computers and intangible assets as we opened 44 branches during Fiscal 2023.

*Other expenses*

Our other expenses increased by 32.74% to ₹264.15 million for Fiscal 2023 from ₹199.00 million for Fiscal 2022, primarily due to increase in (i) travelling expenses by ₹25.72 million, (ii) rent expenses by ₹5.53 million and (iii) fees of professional services by ₹17.19 million.

*Tax expense:*

Tax expenses increased by 125.74% to ₹311.42 million for Fiscal 2023 , from ₹137.95 million for Fiscal 2022.

*Profit for the year*

As a result of the foregoing factors, our profit for the year increased by 195.72% to ₹938.11 million for Fiscal 2023 from ₹317.23 million for Fiscal 2022.

***Fiscal 2022 Compared to Fiscal 2021***

*Income*

Our total income increased by 20.49% to ₹2,350.06 million for Fiscal 2022 from ₹1,950.39 million for Fiscal 2021, on account of the factors discussed below.

*Revenue from operations*

Our revenue from operations increased by 20.49% to ₹2,350.06 million for Fiscal 2022 from ₹1950.39 million for Fiscal 2021, primarily due to the factors discussed below:

- Revenue from operations from interest income increased by 18.81% to ₹2,205.67 million for Fiscal 2022 from ₹1,856.41 million for Fiscal 2021 primarily due to growth in loan portfolio which increased by 42.97% during Fiscal 2022 as we opened 53 new branches in Fiscal 2022. Further, we also expanded our operations to a new state in India, i.e. Haryana.

- We earned ₹57.91 million in revenue from gain on assignment of financial assets for Fiscal 2022 due to a direct assignment transaction in our subsidiary amounting to ₹1,000 million. We did not earn any such revenue from gain on assignment of financial assets in Fiscal 2021 as the, direct transaction was not executed due to the COVID 19 pandemic in Fiscal 2021.

- Revenue from operations from fees and commission income increased by 21.65% to ₹69.83 million for Fiscal 2022 from ₹57.40 million for Fiscal 2021 primarily due to growth in disbursements post COVID-19 pandemic.

- Our revenue from operations from net gain on fair value changes decreased by 54.48% to ₹16.65 million for Fiscal 2022 from ₹36.57 million for Fiscal 2021 primarily due to the fair value losses in the derivatives contract on the external commercial borrowings.

*Expenses*

Our total expenses increased by 3.39% to ₹1,894.87 million for Fiscal 2022 from ₹1,832.75 million for Fiscal 2021 primarily due to the factors discussed below:

*Finance Costs*

Interest on borrowings increased by 9.85% to ₹595.27 million for Fiscal 2022 from ₹541.88 million for Fiscal 2021, primarily due to increase in term loans by and working capital loans by ₹2407.99 million availed by us.

Interest on debt securities increased by 29.27% to ₹206.17 million for Fiscal 2022 from ₹159.49 million for Fiscal 2021, primarily due to increase in non-convertible debentures amounting to ₹174.70 million by our Company.

Interest on subordinated liabilities increased by 21.37% to ₹27.35 million for Fiscal 2022 from ₹22.54 million for Fiscal 2021, primarily due to increase in sub-ordinated liability to ₹250.00 million for Fiscal 2022 from ₹150.00 million for Fiscal 2021 by us due to an increase in raising subordinated debts of ₹100 million.

Other interest expense increased by 5.87% to ₹15.07 million for Fiscal 2022 from ₹14.23 million for Fiscal 2021, primarily due to (i) interest incurred on loans from related parties amounting to ₹14.46 million.

Other borrowing costs decreased by 7.61% to ₹49.45 million for Fiscal 2022 from ₹53.53 million for Fiscal 2021, primarily related to decrease by ₹ 4.08 million in the processing fees and syndication cost incurred during Fiscal 2022.

Interest expenses on lease liabilities increased by 101.80% to ₹1.19 million for Fiscal 2022 from ₹0.59 million for Fiscal 2021, primarily related to increase in the lease liability by ₹6.96 million

*Impairment of Financial Assets*

Our bad debts written off increased by 49.64% to ₹246.46 million for Fiscal 2022 from ₹164.70 million for Fiscal 2021, primarily due to the tax benefit of ₹62.03 million availed by us by writing off the loans that were not repaid during the Fiscal 2022, as all amounts attributable to write off expenses can be claimed as deduction from profits under the Income Tax Act, 1961.

Our expenses due to expected credit loss decreased by 66.72% to ₹126.86 million for Fiscal 2022 from ₹381.22 million for Fiscal 2021 as we reversed the excess provisions of expense recorded during Fiscal 2021 considering a higher credit risk due to the COVID-19 pandemic.

*Employee benefits expenses*

Our employee benefits expenses increased by 17.68% to ₹418.53 million for Fiscal 2022 from ₹355.66 million for Fiscal 2021, primarily due to increase in number of employees from 1,889 during Fiscal 2021 to 2,272 during Fiscal 2022 and increase in salaries paid to our employees by 16.56% to ₹377.49 million for Fiscal 2022 from ₹323.85 million for Fiscal 2021.

Salaries and wages increased by 16.56% to ₹377.49 million for Fiscal 2022 from ₹323.85 million for Fiscal 2021, primarily due to increase in number of employees from 1,889 during Fiscal 2021 to 2,272 during Fiscal 2022.

Contribution to provident and other funds increased by 33.98% to ₹26.68 million for Fiscal 2022 from ₹19.91 million for Fiscal 2021 due to increased quantum of remuneration by ₹53.64 million paid to our employees on account of increase in number of employees from 1,889 during Fiscal 2021 to 2,272 during Fiscal 2022.

Gratuity increased by 0.60% to ₹3.42 million for Fiscal 2022 from ₹3.40 million for Fiscal 2021 due to increase in the number of employees.

Staff welfare expenses increased by 28.67% to ₹10.93 million for Fiscal 2022 from ₹8.50 million for Fiscal 2021 due to physical training of our employees conducted during Fiscal 2022.

*Depreciation, amortisation and impairment*

Our depreciation, amortisation and impairment increased by 17.66% to ₹9.53 million for Fiscal 2022 from ₹8.10 million for Fiscal 2021, primarily due to increased acquisition of property, plants and equipment by us amounting to amounting to ₹8.48 million such as furniture & fixtures, office equipment, computers and intangible assets as we opened 53 branches during Fiscal 2022.

*Other expenses*

Our other expenses increased by 52.11% to ₹199.00 million for Fiscal 2022 from ₹130.82 million for Fiscal 2021, primarily due to (i) increase in travelling expenses by our employees by ₹29.88 million, (ii) increase in the rent expense by ₹28.91 million due to the new branch opened during the fiscal, and (iii) increase in the fees of professional services by ₹9.52 million incurred by us.

*Tax expanse*

Tax expenses increased by 1,102.22% to ₹137.95 million for Fiscal 2022 , from ₹11.47 million for Fiscal 2021, due to the increase in profit before tax incurred by ₹337.55 million.

*Profit for the year*

As a result of the foregoing factors, our profit for the year increased by 198.82% to ₹317.23 million for Fiscal 2022 from ₹106.16 million for Fiscal 2021.

**Liquidity and Capital Resources**

The purpose of the liquidity management function is to ensure that we have adequate liquidity to extend loans to our customers across our various financing products, to repay principal, interest on our borrowings and to fund our working capital requirements and other expenses and taxes. We endeavour to diversify our sources of capital. As of September 30, 2023, we had a large and diversified mix of 51 lenders, comprising a range of public banks, private banks, foreign banks, financial institutions, money markets, deposits, ECBs and other sources of borrowings.

We have funded the growth in our operations and loan portfolio through debt securities, and borrowings and subordinated liabilities. We received an aggregate ₹3,107.50 million, ₹7,283.55 million, ₹12,080.54 million, and ₹8,213.14 million as of March 31, 2021, 2022 and 2023 and the six months ended September 30, 2023 respectively, from these sources.

In Fiscal 2021, 2022 and 2023 and the six-month period ended September 30, 2023, our total liabilities in relation to debt securities, borrowings (other than debt securities) and subordinated liabilities amounted to ₹7,214.21 million, ₹9,896.91 million, ₹16,044.11 million and ₹18,617.69 million, respectively.

**Rating of Borrowings**

Our financial management is reflective in our strong credit ratings, with Acuité Rating & Research Limited assigning us (i) 'ACUITE A-' (Outlook-Stable) in Fiscal 2023 from BBB+ by CARE Ratings and ACUITE A- with stable outlook in Fiscal 2022 for the long-term rating on our non-convertible debentures, (ii) 'ACUITE A-' (Outlook-Stable) in Fiscal 2023 from BBB+ by CARE Ratings and ACUITE A- with stable outlook in Fiscal 2022 for the long-term rating of our bank facilities of our Company and 'ACUITE A-' (Outlook-Stable) in Fiscal 2023 from BBB+ by CARE Ratings and ACUITE A- with stable outlook in Fiscal 2022 for the long-term rating of our bank facilities (including proposed facilities for our Subsidiary), (iii) 'PP-MLD ACUITE A-' (Outlook-Stable) in Fiscal 2023 for our principal protected market linked debentures of our Company and (iv) 'PP-MLD ACUITE A-' (Outlook-Stable) in Fiscal 2023 from BBB+ by CARE Ratings and ACUITE A- with stable outlook in Fiscal 2022 for our principal protected market linked debentures of our Subsidiary. ***Cash Flows***

The table below summarizes the statement of cash flows, as per our cash flow statements, for the periods indicated:

*(₹in million, unless otherwise stated)*

| **Particulars *(in ₹million)*** | **Six-month period ended** | | **Year Ended** | | |
|---|---|---|---|---|---|
| | **2023** | **2022** | **2023** | **2022** | **2021** |
| Net cash generated from / (used in) operating activities | (1,574.34) | (3,304.45) | (7,176.61) | (2,807.03) | 59.11 |
| Net cash generated from / (used in) from investing activities | (14.31) | (168.40) | (126.16) | (19.68) | 15.20 |
| Net cash generated from financing activities | 2,732.73 | 4,952.58 | 6,809.71 | 2,702.81 | 221.97 |
| Net increase / (decrease) in cash and cash equivalents | 1,144.08 | 1,479.73 | (493.06) | (123.90) | 296.28 |
| Cash and cash equivalents at the beginning of the year | 262.21 | 755.28 | 755.28 | 879.18 | 582.90 |
| **Cash and cash equivalents at the end of the year** | 1,406.30 | 2,235.01 | 262.21 | 755.28 | 879.18 |

***Operating Activities***

*Six months ended September 30, 2023*

Our net cash used in operating activities was ₹1,574.34 million in the six months ended September 30, 2023. Our operating profit before working capital change was ₹775.46 million in the six months ended September 30, 2023. The changes in operating asset and liabilities in the six months ended September 30, 2023 primarily consisted of: (i) an increase in loans and advances by ₹2,797.36 million primarily due to growth in loan portfolio by ₹2923.70 million, (ii) a decrease in financial assets by ₹159.81 million primarily due to decrease in Interest accrued and other advances by ₹96.17 million, (iii) an increase in non-financial assets by ₹10.02 million primarily due to increase in deferred prepaid expenses, advance to supplier and GST credit receivables by ₹9.07 million, (iv) a decrease in bank balance other than cash and cash equivalents by ₹229.15 million primarily due to realization of time deposits by ₹185.87 million, (v) an increase in other non-financial liability by ₹7.1 million primarily due to increased statutory dues liability by ₹7.1 million, (vi) an increase in other financial liabilities by ₹70.47 million primarily due to increase in liability of direct assignments, insurance payable and accrued interest by ₹63.99 million, (vii) a decrease in subordinated debts by ₹11.82 million primarily due to interest expense incurred of ₹26.43 million and dividend paid of ₹38.25 million and (viii) an increase in provision by ₹2.87 million primarily due to increase in gratuity liability by ₹2.87 million.

*Six months ended September 30, 2022*

Our net cash used in operating activities was ₹3,304.45 million in the six months ended September 30, 2022. Our operating profit before working capital change was ₹403.56 million in the six months ended September 30, 2022. The changes in operating asset and liabilities in the six months ended September 30, 2022 primarily consisted of: (i) an increase in loans and advances by ₹2,332.33 million primarily due to growth in loan portfolio by ₹2340.01 million, (ii) an increase in financial assets by ₹21.74 million primarily due to increase in rent deposit and other receivables by ₹21.74 million, (iii) an increase in non-financial assets by ₹8.93 million primarily due to increase in deferred prepaid expenses, advanced to suppliers and GST credit receivables by ₹8.16 million, (iv) an increase in bank balance other than cash and cash equivalents by ₹1,356.01 million primarily due to increase in investment of time deposits by ₹1,350.3 million, (v) an increase in other non-financial liability by ₹5.76 million primarily due to increased statutory dues liability by ₹5.76 million, (vi) an increase in other financial liabilities by ₹4.2 million primarily due to increase in liability of direct assignments, insurance payable and accrued interest by ₹3.27 million, and (vii) an increase in provision by ₹1.05 million primarily due to increase in gratuity liability by ₹1.05 million.

*Fiscal 2023*

Our net cash used in operating activities was ₹7,176.61 million in Fiscal 2023. Our operating profit before working capital change was ₹670.66 million in Fiscal 2023. The changes in operating asset and liabilities in Fiscal 2023 primarily consisted of (i) an increase in loans and advances by ₹4,864.96 million primarily due to growth in loan portfolio by ₹4894.02 million, (ii) a decrease in financial assets by ₹122.24 million primarily due to decrease in rent deposit and other receivables by ₹79.41 million, (iii) an increase in non-financial assets by ₹0.76 million primarily due to increase in advanced to supplier and GST credit receivables by ₹1.01 million and decreased in advance to staff by ₹0.55 million, (iv) an increase in bank balance other than cash and cash equivalents by ₹3,372.84 million primarily due to increase in investment of time deposits by ₹3010.00 million, (v) an increase in other non-financial liability by ₹22.53 million primarily due to increased statutory dues liability by ₹22.53 million, (vi) an increase in other financial liabilities by ₹18.66 million primarily due to increase in Interest payable in CCD by ₹18.07 million, (vii) an increase in subordinated debts by ₹26.98 million primarily due to conversion of optionally convertible redeemable preference shares' liability component into equity share capital by interest incurred of ₹26.98 million and (viii) an increase in provision by ₹204.58 million primarily due to increase in gratuity liability.

*Fiscal 2022*

Our net cash used in operating activities was ₹2,807.03 million in Fiscal 2022. Our operating profit before working capital change was ₹429.28 million in Fiscal 2022. The changes in operating asset and liabilities in Fiscal 2022 primarily consisted of (i) an increase in loans and advances by ₹3,430.14 million primarily due to growth in loan portfolio, (ii) an increase in financial assets by ₹59.35 million primarily due to increase in rent deposit and other receivables, (iii) an increase in non-financial assets by ₹2.71 million primarily due to increase in deferred prepaid expenses and GST credit receivables, (iv) a decrease in bank balance other than cash and cash equivalents by ₹139.87 million primarily due to realization of time deposits, (v) a decrease in other non-financial liability by ₹2.04 million primarily due to reduction in liability of statutory dues, (vi) an increase in other financial liabilities by ₹43.17 million primarily due to increase in liability of direct assignments, insurance payable and accrued interest, (vii) an increase in provision by ₹2.62 million primarily due to increase in gratuity liability by ₹2.62 million.

*Fiscal 2021*

Our net cash generated from operating activities was ₹59.11 million in Fiscal 2021. Our operating profit before working capital change was ₹404.47 million in Fiscal 2021. The changes in operating asset and liabilities in Fiscal 2021 primarily consisted of (i) a decrease in loans and advances by ₹22.35 million primarily due to decrease in loan portfolio, (ii) a decrease in financial assets by ₹34.84 million primarily due to realization in rent deposit and other receivables, (iii) a decrease in non-financial assets by ₹1.04 million primarily due to decrease in prepaid expenses and reduced GST credit receivables, (iv) an increase in bank balance other than cash and cash equivalents by ₹419.09 million primarily due to increase in investment of time deposits, (v) a decrease in other non-financial liability by ₹1.08 million primarily due to decrease in liability of statutory dues, (vi) an increase in other financial liabilities by ₹15.63 million primarily due to increase in liability of accrued interest, and (vii) an increase in provision by ₹0.96 million primarily due to increase in gratuity liability by ₹0.96 million.

***Investing Activities***

*Six months ended September 30, 2023*

Our net cash used in investing activities was ₹14.31 million in the six months ended September 30, 2023. This was primarily due to (i) purchase of property, plant and equipment of ₹10.61 million, (ii) purchase of investments of ₹3,856.5 million and this was partially offset by sale of investments of ₹3,852.24 million and sale of property, plant and equipment of ₹0.56 million.

*Six months ended September 30, 2022*

Our net cash used in investing activities was ₹168.4 million in the six months ended September 30, 2022. This was primarily due to (i) purchase of property, plant and equipment of ₹20.75 million and (ii) purchase of investments of ₹1,182.66 million and this was partially offset by sale of investments of ₹1,035.01 million.

*Fiscal 2023*

Our net cash used in investing activities was ₹126.16 million in Fiscal 2023. This was primarily due to (i) purchase of property, plant and equipment of ₹23.61 million and (ii) purchase of investments of ₹4,875.22 million and this was partially offset by sale of investments of ₹4,772.67 million.

*Fiscal 2022*

Our net cash used in investing activities was ₹19.68 million in Fiscal 2022. This was primarily due to (i) purchase of property, plant and equipment of ₹8.74 million and (ii) purchase of investments of ₹5084.55 million and this was partially offset by sale of investments of ₹5,073.59 million and sale of property, plant and equipment of ₹0.02 million.

*Fiscal 2021*

Our net cash generated from investing activities was ₹15.2 million in Fiscal 2021. This was primarily due to (i) purchase of property, plant and equipment of ₹4.41 million and (ii) purchase of investments of ₹3,297.5 million, and this was partially offset by sale of investments of ₹3,317.11 million.

***Financing Activities***

*Six months ended September 30, 2023*

Our net cash generated from financing activities was ₹2,732.73 million in the six months ended September 30, 2023. This was primarily due to (i) proceeds from issue of share capital (including premium) of ₹0.06 million pursuant to ESOP 2016(ii) proceeds from long term borrowings of ₹8,328.07 million. This was partially offset by (a) repayment of borrowings of ₹5,306.78 million, (b) net decrease in working capital borrowings of ₹235.83 million, and (c) repayment of principal component of lease liability of ₹1.42 million.

*Six months ended September 30, 2022*

Our net cash generated from financing activities was ₹4,952.58 million in the six months ended September 30, 2022. This was primarily due to (i) proceeds from issue of share capital (including premium) of ₹0.04 million pursuant to ESOP 2016 (ii) proceeds from issue of compulsory convertible debentures and optionally convertible redeemable preference shares (including premium) of ₹1,150.44 million, and (iii) proceeds from long term borrowings of ₹7,328.95 million. This was partially offset by

(a) repayment of borrowings of ₹3,429.37 million, (b) net decrease in working capital borrowings of ₹96.22 million, and (c) repayment of principal component of lease liability of ₹1.27 million.

*Fiscal 2023*

Our net cash generated from financing activities was ₹6,809.71 million in Fiscal 2023. This was primarily due to (i) proceeds from issue of share capital (including premium) of ₹0.04 million pursuant to ESOP 2016 (ii) proceeds from issue of compulsory convertible debentures and optionally convertible redeemable preference shares (including premium) of ₹1,150.49 million, and (iii) proceeds from long term borrowings of ₹12,521.52 million. This was partially offset by (a) repayment of borrowings of ₹8,412.36 million, (b) repayment of compulsory convertible debentures of ₹48.59 million, (c) net Increase in working capital borrowings of ₹1,601.18 million, and (d) repayment of principal component of lease liability of ₹2.58 million.

*Fiscal 2022*

Our net cash generated from financing activities was ₹2,702.81 million in Fiscal 2022. This was primarily due to (i) proceeds from issue of share capital (including premium) of ₹0.16 million pursuant to ESOP 2016 and (ii) proceeds from long term borrowings of ₹7,223.54 million. This was partially offset by (a) repayment of borrowings of ₹4,097.83 million, (b) net decrease in working capital borrowings of ₹420.95 million, and (v) repayment of principal component of lease liability of ₹2.11 million.

*Fiscal 2021*

Our net cash generated from financing activities was ₹221.97 million in fiscal 2021. This was primarily due to (i) proceeds from issue of share capital (including premium) of ₹1.87 million pursuant to ESOP 2016 and (ii) proceeds from long term borrowings of ₹3,687.75 million. And this was partially offset by (a) repayment of borrowings of ₹3,833.51 million, (b) net Increase in working capital borrowings of ₹367.28 million, (c) dividend paid of ₹0.26 million and (d) repayment of principal component of lease liability of ₹1.16 million.

***Indebtedness***

As of September 30, 2023, we had outstanding debentures (including liability related to compulsory convertible debentures) of ₹3,800.01 million, term loans (including sub-ordinated liabilities) of ₹13,296.76 million and working capital borrowings of ₹1,520.92 million, with a debt-to-equity ratio* of 396.40%. Some of our financing agreements include various conditions and covenants that require us to obtain lender consents prior to carrying out certain activities and entering into certain transactions. We cannot assure you that we will be able to obtain these consents and any failure to obtain these consents could have significant adverse consequences for our business.

**Debt comprises of Debt Securities, Borrowings (Other than Debt Securities) and Subordinated Liabilities*.

**Contractual Obligations**

The table below sets forth our contractual obligations as of September 30, 2023. These obligations primarily relate to our trade payables, debt securities, borrowings (other than debt securities) and subordinated liabilities and other financial liabilities as under:

*(₹in million, unless otherwise stated)*

| Particulars | Total | Less than 1 year | 1 year to 5 years | More than 5 years |
|---|---|---|---|---|
| | (₹in millions) | | | |
| Borrowings | 18,617.69 | 11,400.13 | 7,217.57 | - |
| Trade payables | 21.59 | 21.59 | - | - |
| Other financial liabilities | 705.07 | 549.76 | 155.32 | - |
| Lease liabilities | 9.68 | 3.07 | 6.61 | - |
| **Total** | 19,354.04 | 11,974.54 | 7,379.50 | - |

**Contingent Liabilities**

The following table sets forth the principal components of our contingent liabilities as of September 30, 2023:

*(₹in million, unless otherwise stated)*

| Particulars | As of September 30, 2023 (₹in millions) |
|---|---|
| **(A) Contingent liabilities** | |
| Guarantees given to banks & FIs on behalf of subsidiary company: (Refer note below) | |
| Amounts of guarantees | 8,428.00 |
| Amounts of loans outstanding | 6,437.48 |
| **(B) Disputed Demand of Tax** | |

| Particulars | As of September 30, 2023 (₹in millions) |
|---|---|
| Income Tax Act (Company has paid under protest ₹17.78 million (P.Y. ₹17.78 million), which is shown under "Current Tax Liability (net) / Current Tax Asset (net)" | 61.32 |

***Notes:*** *Guarantees are given by the Company to various banks and Financial Institution on behalf of Subsidiary company for the loan taken and accordingly, the same has been shown as contingent liability.*

**Off-Balance Sheet Arrangements**

Except as disclosed below, we have no other off-balance sheet arrangements that materially affect our financial condition or results of operations as of September 30, 2023.

Direct assignment transaction is the transfer of a pool of loan assets directly to buyer without routing such transfer through any vehicle. Following loan receivables are offered for direct assignments to respective assignees:

*(₹in million, unless otherwise stated)*

| Assignees | Servicer | Amount of loan receivables assigned (in million) | Month of Assignment | Transaction Tenors (in months) | Rate of Interest | Balance Outstanding as on September 30, 2023 (in ₹million) |
|---|---|---|---|---|---|---|
| Niyogin Fintech Limited | Company | 1,509.79 | Dec-19 | 18 | 13.50% | 12.31 |
| State Bank of India | Subsidiary | 548.71 | Mar-22 | 20 | 10.00% | 2.33 |
| State Bank of India | Subsidiary | 448.80 | Mar-22 | 20 | 10.00% | 3.09 |
| Bank of Maharashtra | Subsidiary | 500.00 | Oct-22 | 20 | 10.00% | 222.05 |
| Bank of Maharashtra | Subsidiary | 500.00 | Dec-22 | 20 | 10.00% | 292.88 |
| Piramal Enterprises Limited | Subsidiary | 196.76 | Feb-23 | 21 | 11.35% | 122.47 |
| Annapurna Finance Private Limited | Subsidiary | 135.10 | Mar-23 | 19 | 13.00% | 79.69 |
| State Bank of India | Subsidiary | 1,286.25 | Mar-23 | 21 | 11.25% | 886.20 |
| State Bank of India | Subsidiary | 513.73 | Mar-23 | 21 | 11.25% | 359.48 |
| State Bank of India | Subsidiary | 200.00 | Apr-23 | 19 | 11.25% | 133.17 |
| Annapurna Finance Private Limited | Subsidiary | 240.50 | Jun-23 | 20 | 13.14% | 209.09 |
| Bank of Maharashtra | Subsidiary | 661.26 | Jun-23 | 20 | 11.50% | 575.85 |
| Mas Financial Services Limited | Subsidiary | 366.50 | Jun-23 | 20 | 13.25% | 320.97 |
| Bank of Maharashtra | Subsidiary | 338.73 | Sep-23 | 19 | 11.60% | 338.73 |
| Mas Financial Services Limited | Company | 2,354.99 | Sep-23 | 20 | 12.70% | 226.13 |

**Related Party Transactions**

We enter into various transactions with related parties. For further information see "*Financial Information*" on page 214.

**Quantitative and Qualitative Disclosures about Market Risk**

*Market risk:*

Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in defined benefit obligation of the plan benefits and vice versa. This assumption depends on the yields on the government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

*Interest Rate Risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of our borrowings, both term and working capital, are floating rate linked borrowings wherein interest rate is reset at different time intervals. Fluctuation in interest rates will therefore have a bearing on our debt service obligations.

The exposure of our borrowings to interest rate changes at the end of the reporting period is as follows:

*(₹in million, unless otherwise stated)*

| Particulars | As of September 30, 2023 |
|---|---|
| Variable rate borrowings | 10,149.09 |
| Fixed rate borrowings | 8,468.60 |
| **Total borrowings** | **18,617.69** |

***Sensitivity:*** *Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.*

| Impact on profit after tax | |
|---|---|
| Interest rate (increase by 100 basis points) # | (101.49) |
| Interest rate (decrease by 100 basis points) # | 101.49 |

\# *Holding other variables constant.*

*Actuarial risk:*

It is the risk that benefits will cost more than expected]. This can arise due to one of the following reasons:

Adverse salary growth experience: Salary hikes that are higher than the assumed salary escalation will result into an increase in obligation at a rate that is higher than expected.

Variability in mortality rates: If actual mortality rates are higher than assumed mortality rate assumption than the gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cash flow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption than the gratuity benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

*Investment risk:*

For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

*Liquidity risk:*

Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign / retire from the Company, there can be strain on the cash flows.

*Legislative risk:*

Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation/ regulation. The government may amend the Payment of Gratuity Act, 1972, thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the defined benefit obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

<u>Capital Expenditures</u>

Our historical capital expenditures were, and we expect our future capital expenditures to be, primarily for property, plant and equipment. In Fiscals 2021, 2022 and 2023, and the six-month period ended September 30, 2023, our capital expenditures (comprising of furniture and fixtures, office equipment, vehicles, computers and intangible assets) were ₹4.41 million, ₹8.48 million, ₹23.87 million and ₹10.61 million, respectively and are represented as follows:

*(₹in million, unless otherwise stated)*

| Assets Acquired (₹in millions) | Year ended March 31 2021 | Year ended March 31 2022 | Year ended March 31 2023 | Half Year ended September 30 2023 | Total |
|---|---|---|---|---|---|
| Furniture and fixtures | 1.41 | 1.99 | 2.04 | 5.09 | 10.52 |
| Office equipment | 0.26 | 0.61 | 1.27 | 1.34 | 3.48 |
| Vehicles | - | - | 15.94 | - | 15.94 |
| Computers | 1.53 | 3.77 | 3.75 | 4.18 | 13.23 |
| Intangible assets | 1.21 | 2.11 | 0.86 | - | 4.18 |
| **Total** | **4.41** | **8.48** | **23.87** | **10.61** | **47.37** |

**Significant Economic Changes**

Other than as described above under the heading titled "- *Principal Factors Affecting Our Financial Condition and Results of Operations*," on page 91 to the knowledge of our management, there are no other significant economic changes that materially affect or are likely to affect income from continuing operations.

**Unusual or Infrequent Events of Transactions**

Except as described in this Placement Document, there have been no other events or transactions that, to our knowledge, may be described as "unusual" or "infrequent".

**Known Trends or Uncertainties**

Our business has been affected and we expect will continue to be affected by the trends identified above in the heading titled "*Principal Factors Affecting Our Financial Condition and Results of Operations*" and the uncertainties described in the section titled "*Risk Factors*" beginning on page 91. To our knowledge, except as described or anticipated in this Placement Document, there are no known factors which we expect will have a material adverse impact on our revenues or income from continuing operations.

**Future Relationship Between Cost and Income**

Other than as described in this Placement Document to the knowledge of our management, there are no known factors that might affect the future relationship between costs and revenues.

**New Products or Business Segments**

Other than as described in "*Our Business*" on page 131, there are no new products or business segments in which we operate.

**Seasonality of Business**

Our business operations and the financial services industry in general may be affected by seasonal trends in the Indian economy. Generally, the period from October to March is the peak period in India for retail economic activity. This increased, or seasonal, activity is the result of several holiday/ festive periods, improved weather conditions and crop harvests. We generally experience higher volumes of business during this period. Any significant event such as unforeseen floods, earthquakes, political instabilities, epidemics or economic slowdowns during this peak season may adversely affect our results of operations. In these periods, we may continue to incur operating expenses, but our income from operations may be delayed or reduced.

**Customer Concentration**

Our reliance on retail loans diversifies revenue streams, reducing dependency on major customers for a significant portion of our income. The average ticket size of our loans is less than ₹0.10 million during the last Fiscal.

**Reservations, Qualifications and Adverse Remarks Included by Auditors**

Except as set out below, there have been no reservations / qualifications / adverse remarks / emphasis of matters highlighted by our Statutory Auditors in their examination report on the Financial Statements:

For the year ended March 31, 2022:

*"As described in Note 3 to the Consolidated Financial Statements, additional Expected Credit Loss (ECL) Provision on account of COVID-19 pandemic is based on Company's Collection Experience post Lockdown, internal assessment and other emerging forward looking factors on account of the Pandemic. During the Current Financial Year, Management of Holding Company has reduced Additional Expected Credit Loss (ECL) Provision which was provided as a part of additional Management Overlay in previous Financial year 2020-21 on account of uncertainties related to COVID-19 Pandemic, Considering Company's Collection Experience in respect of new Disbursements post Lockdown. However, the actual impact may vary due to prevailing uncertainty caused by the Pandemic."*

For the year ended March 31, 2021:

*"As described in Note 44 to the Standalone Financial Results, the extent to which the COVID-19 pandemic will impact the company's operations and financial performance is dependent on future developments, which are highly uncertain."*

For further information, see "*Risk Factors - 28. Our Statutory Auditors have included an emphasis of matter in connection with the financial year ended March 31, 2021 and March 31, 2022 in their examination report on the Financial Statements*" on page 63.

**Significant Developments After September 30, 2023**

There have been no circumstances that have arisen since September 30, 2023 that have a material adverse effect on, or are likely to affect, our operations or profitability, the value of our assets or our ability to pay our material liabilities within the next 12 months.

## INDUSTRY OVERVIEW

### Global Economic Outlook

The global economy continues to recover slowly from the blows of the pandemic, Russia's invasion of Ukraine, and the cost of living crisis. In retrospect, the resilience has been remarkable. Despite the disruption in energy and food markets caused by the war, and the unprecedented tightening of global monetary conditions to combat decades high inflation, the global economy has slowed, but not stalled. Global activity bottomed out at the end of last year while inflation—both headline and underlying (core)—is gradually being brought under control. *(Source: World Economic Outlook Update: Navigating Global Divergences, October 2023)*

Headline inflation continues to decelerate, from 9.2 percent in 2022, on a year-over-year basis, to 5.9 percent this year and 4.8 percent in 2024. As a result, projections are increasingly consistent with a "soft landing" scenario, bringing inflation down without a major downturn in activity. But important divergences are appearing. The slowdown is more pronounced in advanced economies than in emerging market and developing ones. *(Source: World Economic Outlook Update: Navigating Global Divergences, October 2023)*

Global growth is projected to fall from an estimated 3.5% in 2022 to 3.0% in CY 2023 and 2.9% in CY 2024. While the forecast for CY 2023 is modestly higher, it remains weak by historical standards. *(Source: World Economic Outlook Update: Global Divergences, October 2023).*

### Indian Economy

The Indian economy's GDP at current prices for FY 2023 is estimated at ₹272.41 trillion, as against ₹234.71 trillion for FY 2022, showing a growth of 16.1%. (*Source: Ministry of Statistics and Programme Implementation, Press note May 31, 2023*). In 2022, India became the fifth largest economy in the world, surpassing the U.K. and France (*Source: World Bank GDP Ranking 2022*)

Amidst strong global headwinds, the Indian economy is expected to have recorded a growth of 7.0% in real GDP in FY 2023. A sustained recovery in discretionary spending, particularly in contact intensive services, restoration of consumer confidence, high festival season spending after two consecutive years of COVID-19 induced isolation and the government's thrust on capex provided impetus to the growth momentum. In the second half of the year, however, the pace of year-on-year growth moderated because of unfavourable base effects, weakening private consumption demand caused by high inflation, slowdown in export growth and sustained input cost pressures. (*Source: RBI, Annual Report 2022-2023*).

Like many other economies, India also experienced a surge in inflation during FY 2023, primarily reflecting the impact of overlapping global supply shocks and pass-through of higher input costs. The sharp increase in global prices of crude oil, food, fertilisers and metals, along with renewed supply disruptions in the aftermath of the war, exerted broad-based price pressures during the first half of the year. As a result, inflation reached a peak of 7.8% in April 2022. Following gradual normalisation of global supply chains, softening global commodity prices, targeted supply management measures by the government and successive hikes in the policy repo rate by the Reserve Bank, inflation moderated in the second half of the year. Overall, headline inflation increased to 6.7% in FY 2023 from 5.5% in FY 2022 (*Source: RBI, Annual Report 2022-2023*).

India's real GDP growth forecast for 2023-24 is 6.2%; it is expected to grow by 6.3% in 2024-25. (*Source: RBI, Survey of Professional Forecasters on Macroeconomic Indicators - Results of the 84th Round, September, 2023*) The per capita net national income (at 2011-12 prices) during Fiscal 2023 is estimated to attain a level of ₹98,374 as compared to ₹92,583 in Fiscal 2022, giving a growth of 6.3% during Fiscal 2022, as against 7.6% in the previous year. The per capita net national income at current prices during Fiscal 2023 is estimated to be ₹172,276 showing a growth of 16.0%, as compared to ₹148,524 during Fiscal 2022. (*Source: Press Note on First Advance Estimates of National Income 2022-23, National Statistical Office, Ministry of Statistics & Programme Implementation, Government of India dated May 31, 2023*) The Quick Estimates of Index of Industrial Production with base 2011-12 for the month of September 2023 was at 141.6 as compared to 142.5 and 145.1 for July 2023 and August 2023, respectively. (*Source: Quick Estimates of Index of Industrial Production and Use-Based Index for the Month of September, 2023, National Statistical Office, Ministry of Statistics & Programme Implementation, Government of India dated November 10, 2023*) Fiscal deficit was ₹1,584,521 crore (actuals) in Fiscal 2022, and based on revised estimates was ₹1,755,319 crore in Fiscal 2023. Based on budget estimates, fiscal deficit is expected to be ₹1,786,816 crore in Fiscal 2024. Disinvestment receipts amounted to ₹13,627 crore and ₹35,293 crore (actuals) in Fiscal 2022 and Fiscal 2023 respectively. Based on budget estimates, disinvestment receipts are expected to be ₹51,000 crore in Fiscal 2024. (*Source: Union Budget 2023-24, Budget at a Glance, https://dipam.gov.in/past-disinvestment*)

The Ministry of Statistics and Programme Implementation ("**MoSPI**") published the CPI (general) inflation for the month of October 2023 (Provisional) which stood at 4.87% (rural and urban combined), and for the month of September 2023 (Final) which stood at 5.02% (rural and urban combined). (*Source: Ministry of Statistics and Programme Implementation, Press Release on Consumer Price Index, November 13, 2023*) The professional forecasters, as surveyed by the RBI, see CPI inflation at 5.5% for fiscal 2024 and to moderate to 4.7% in fiscal 2025. (*Source: RBI, Survey of Professional Forecasters on Macroeconomic Indicators - Results of the 84th Round, September, 2023*)

In the Monetary Policy Committee Meeting held in August 2023 the committee, basis of an assessment of the current and evolving macroeconomic situation, decided to keep the policy repo rate under the liquidity adjustment facility ("**LAF**") unchanged at 6.50%. Consequently, the standing deposit facility ("**SDF**") rate remained unchanged at 6.25% and the marginal standing facility ("**MSF**") rate and the Bank Rate at 6.75%. These decisions were made with the objective of achieving the medium-term target for CPI inflation of 4% within a band of +/- 2%, while supporting growth. (*Source: Reserve Bank of India, Resolution of the Monetary Policy Committee (MPC) October 4-6, 2023*)

Real gross domestic product (GDP) posted a growth of 7.8 per cent year-on-year (y-o-y) in Q1FY24, underpinned by private consumption and investment demand. South-west monsoon rainfall recovered during September and ended 6 per cent below the long period average. The acreage under kharif crops was 0.2 per cent higher than a year ago. The index of industrial production rose by 5.7 per cent in July; core industries output expanded by 12.1 per cent in August. Purchasing managers' indices (PMIs) and other high frequency indicators of the services sector exhibited healthy expansion in August-September. On the demand front, urban consumption is buoyant while rural demand is showing signs of revival. Investment activity is benefitting from public sector capex. Strong growth is seen in steel consumption, cement production as well as in imports and production of capital goods. Merchandise exports and non-oil non-gold imports remained in contraction in August, although the pace of decline eased. Services exports improved in August. (*Source: Reserve Bank of India, Resolution of the Monetary Policy Committee (MPC) October 4-6, 2023*)

***Growth Outlook***

The near-term inflation outlook is expected to improve on the back of vegetable price correction and the recent reduction in LPG prices. The future trajectory will be conditioned by a number of factors like lower area sown under pulses, dip in reservoir levels, El Niño conditions and volatile global energy and food prices. According to the Reserve Bank's enterprise surveys, manufacturing firms expect higher input cost pressures but marginally lower growth in selling prices in Q3 compared to the previous quarter. Services and infrastructure firms expect a moderation in growth of input costs and selling prices. Taking into account these factors, CPI inflation is projected at 5.4 per cent for FY 2023-24, with Q2FY24 at 6.4 per cent, Q3FY24 at 5.6 per cent and Q4FY24 at 5.2 per cent, with risks evenly balanced. CPI inflation for Q1FY25 is projected at 5.2 per cent. (*Source: Reserve Bank of India, Resolution of the Monetary Policy Committee (MPC) October 4-6, 2023*)

Domestic demand conditions are expected to benefit from the sustained buoyancy in services, revival in rural demand, consumer and business optimism, the government's thrust on capex, and healthy balance sheets of banks and corporates. Headwinds from global factors like geopolitical tensions, volatile financial markets and energy prices, and climate shocks pose risks to the growth outlook. Taking all these factors into consideration, real GDP growth for FY2023-24 is projected at 6.5 per cent, with Q2FY24 at 6.5 per cent, Q3FY24 at 6.0 per cent, and Q4FY24 at 5.7 per cent, with risks evenly balanced. Real GDP growth for Q1FY25 is projected at 6.6 per cent. (*Source: Reserve Bank of India, Resolution of the Monetary Policy Committee (MPC) October 4-6, 2023*)

**Introduction to the Indian NBFC Sector**

The RBI, the central banking and monetary authority of India, is the central regulatory and supervisory authority for the Indian financial system. A variety of financial intermediaries in the public and private sectors participate in India's financial sector, including (i) commercial banks, comprising: private sector banks, RRBs, public sector banks ("**PSB**s"), foreign banks, co-operative banks, small finance banks and payment banks; (ii) long-term lending institutions; (iii) NBFCs, including HFCs; (iv) other specialized financial institutions and state-level financial institutions; (v) insurance companies; (vi) micro-finance companies; and mutual funds.

***Non-Banking Financial Companies***

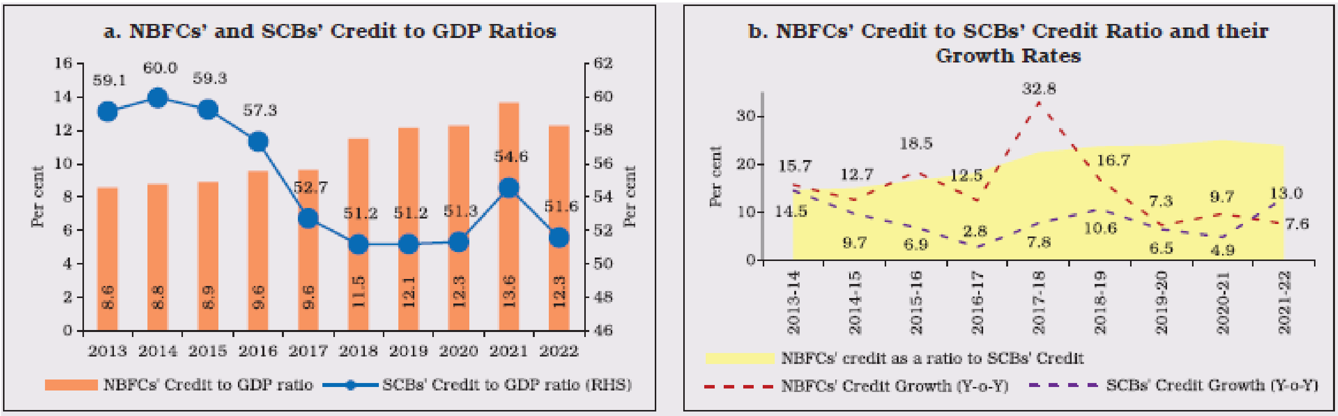
Non-banking financial companies ("NBFCs") weathered the pandemic supported by various policy initiatives. They built up financial soundness during 2021-2022, marked by balance sheet consolidation, improvement in asset quality, augmented capital buffers and profitability. In the second wave of the pandemic during first quarter of 2021-2022, the disruption to economic activity was limited due to adoption of localised and region-specific containment policies and the steady pace of vaccination. Contact intensive segments and smaller businesses in the NBFC sector were however; hit hard and faced asset quality and liquidity stress. *(Source: Report on Trend and Progress of Banking in India 2021-22 by Reserve Bank of India)*

As the impact of the second wave waned and the third wave turned out to be short-lived, the NBFC sector regained momentum, cushioned by pro-active policy measures announced by the RBI and the government. Housing finance companies ("HFCs") remained resilient as property sales picked up, driven by pent up demand, low interest rates, reduction in stamp duties and the shift in labour market conditions with a preference to work from home. All India Financial Institutions ("AIFIs") also realigned their business strategies to contribute to economic recovery, buoyed by the refinance support from the RBI. *(Source: Report on Trend and Progress of Banking in India 2021-22 by Reserve Bank of India)*.

NBFCs comprise government/ public/ private limited companies which provide niche financing to various sectors of the economy, ranging from real estate and infrastructure to agriculture and micro loans, thereby supplementing bank credit. HFCs specialise in providing housing finance to individuals, co-operative societies and corporate bodies to support housing activity in the country. AIFIs, i.e., the National Bank for Agriculture and Rural Development ("NABARD"), the Export Import Bank of India ("EXIM Bank"), the Small Industries Development Bank of India ("SIDBI"), the National Housing Bank ("NHB") and the recently established National Bank for Financing Infrastructure and Development ("NaBFID"), are the apex financial institutions which provide long-term funding to agriculture, foreign trade, small industries, housing finance companies and infrastructure, respectively. Primarily Dealers ("PDs") ensure subscription to primary issuances of government securities ("Gsecs"), besides acting as market makers in the G-sec market. *(Source: Report on Trend and Progress of Banking in India 2021-22 by Reserve Bank of India)*

The growing importance of the NBFC sector in the Indian financial system is reflected in the consistent rise of NBFCs' credit as a proportion to GDP as well as in relation to credit extended by scheduled commercial banks ("SCBs"). In terms of asset/liability structures, NBFCs are subdivided into deposit-taking NBFCs ("NBFCs-D"), which accept and hold public deposits and non-deposit taking NBFCs ("NBFCs-ND"). Among non-deposit taking NBFCs, those with asset size of ₹500 crore or more are classified as non-deposit taking systemically important NBFCs ("NBFCs-ND-SI"). After the regulatory overhaul in October 2022, NBFCs are segregated into four layers, namely, Base Layer ("NBFC-BL"), Middle Layer ("NBFCML"), Upper Layer ("NBFC-UL") and Top Layer ("NBFC-TL"), based on their size, activity, and perceived level of riskiness. In terms of size, NBFC-BL comprises all NBFCs-ND with asset size below ₹1,000 crore. NBFCs-ND with asset size above ₹1,000 crore and NBFCs-D are put in NBFCML. NBFC-UL comprises those NBFCs (including NBFCs-D) which are specifically monitored by the Reserve Bank on the basis of a set of parameters and scoring methodology. *(Source: Report on Trend and Progress of Banking in India 2021-22 by Reserve Bank of India)*

*NBFC's Credit to SCBs' Credit*



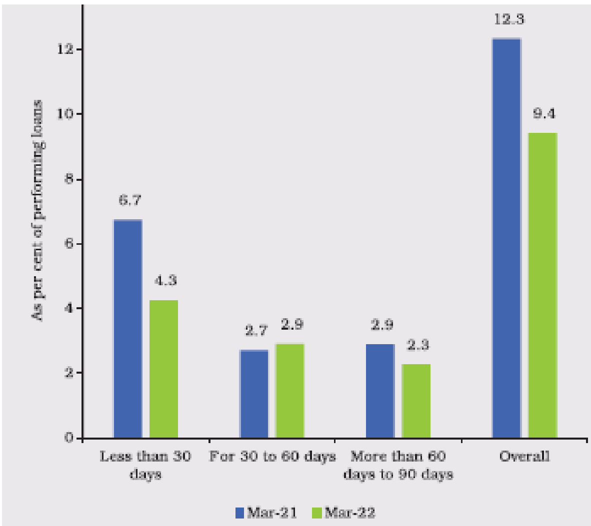

**Note:** GDP refers to GDP at Current Market Prices (Base: 2011-12).
**Sources:** 1. Report on Trend and Progress of Banking in India, various issues.
2. Handbook of Statistics on the Indian Economy, various issues.

*Source: Report on Trend and Progress of Banking in India 2021-22 by RBI*

The current regulatory guidelines mandate that only those companies with minimum net owned funds ("NOF") of ₹10 crore can commence the activities of NBFCs. The existing NBFCs-ICC, NBFCs-MFI and NBFC-Factors are required to attain NOF of ₹10 crore by March 2027 following a glide-path. *(Source: Report on Trend and Progress of Banking in India 2021-22 by Reserve Bank of India)*

*Asset Quality*

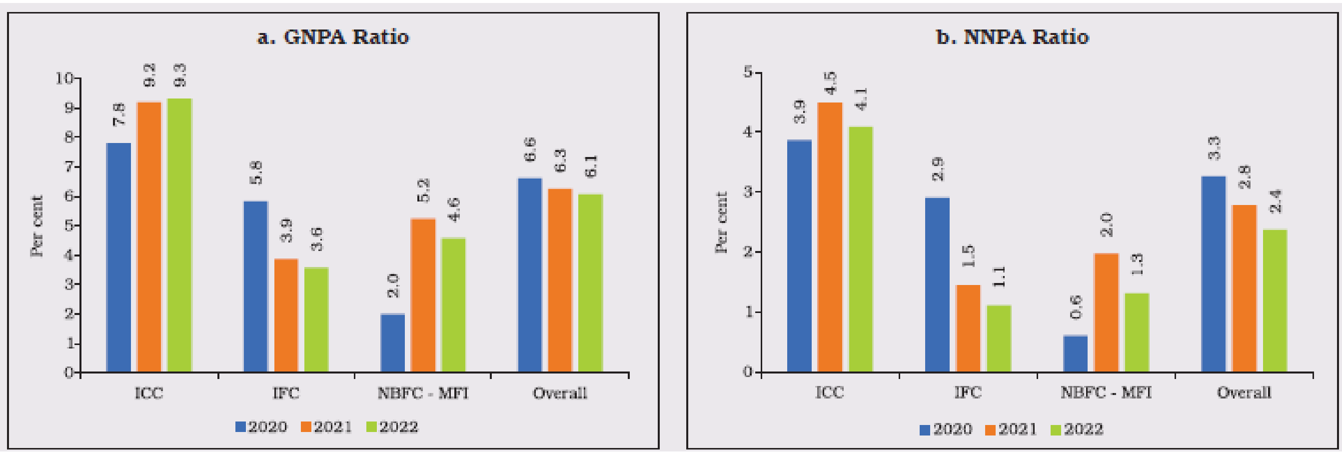
Among performing loans, the overall delinquency ratios came down year-on-year by end-March 2022. Loans overdue in the first bucket viz., less than 30 days were the largest, but the position improved in 2021-22 vis-àvis the previous year, resulting in an overall reduction in the overdues of performing loans. The share of standard assets with no overdues in total performing loans increased from 87.7% in 2020-21 to 90.6% in 2021-22. *(Source: Report on Trend and Progress of Banking in India 2021-22 by Reserve Bank of India)*




**Note:** Data are provisional.
**Source:** Supervisory Returns, RBI.

Overall, GNPA and NNPA ratios of NBFCs-ND-SI showed an improvement in 2021-2022 as the quality of assets improved in all the segments, with the exception of ICC. In H1: 2022-23, GNPA and NNPA ratios continued to decline. *(Source: Report on Trend and Progress of Banking in India 2021-22 by Reserve Bank of India)*

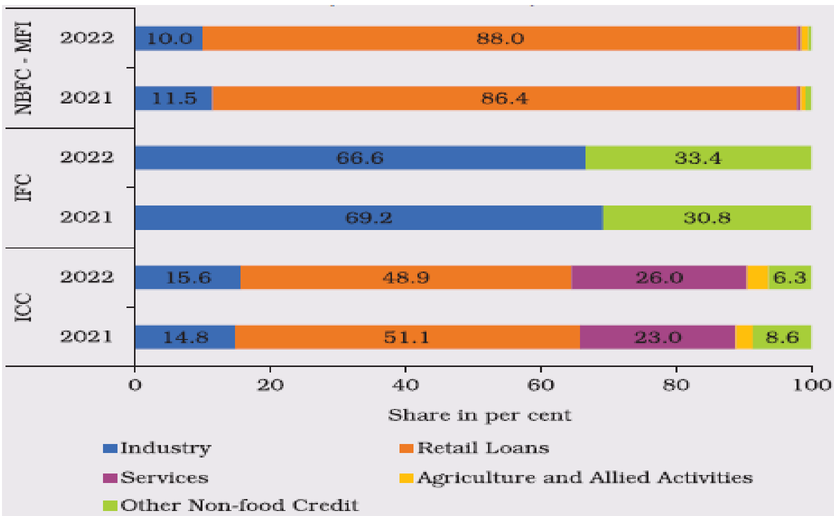
*NPAs of NBFCs-ND-SI (at end-March)*




*Source: Report on Trend and Progress of Banking in India 2021-22 by RBI*

*Sectoral Credit in NBFC*

NBFC-MFIs, which provide collateral-free small ticket loans showed a pick-up in credit disbursement at end-March 2022.




**Note:** Data are provisional.
**Source:** Supervisory Returns, RBI.

Regulatory measures towards consumer credit and bank credit to NBFCs

On November 16th, 2023, RBI has announced the following regulatory measures towards consumer credit and bank credit to NBFCs:

A. Consumer credit exposure

(a) The risk weight for commercial banks towards consumer credit (outstanding as well as new) including personal loan, but excluding housing loans, education loans, vehicle loans and loans secured by gold and gold jewellery has been increased by 25% points from 100% to 125%

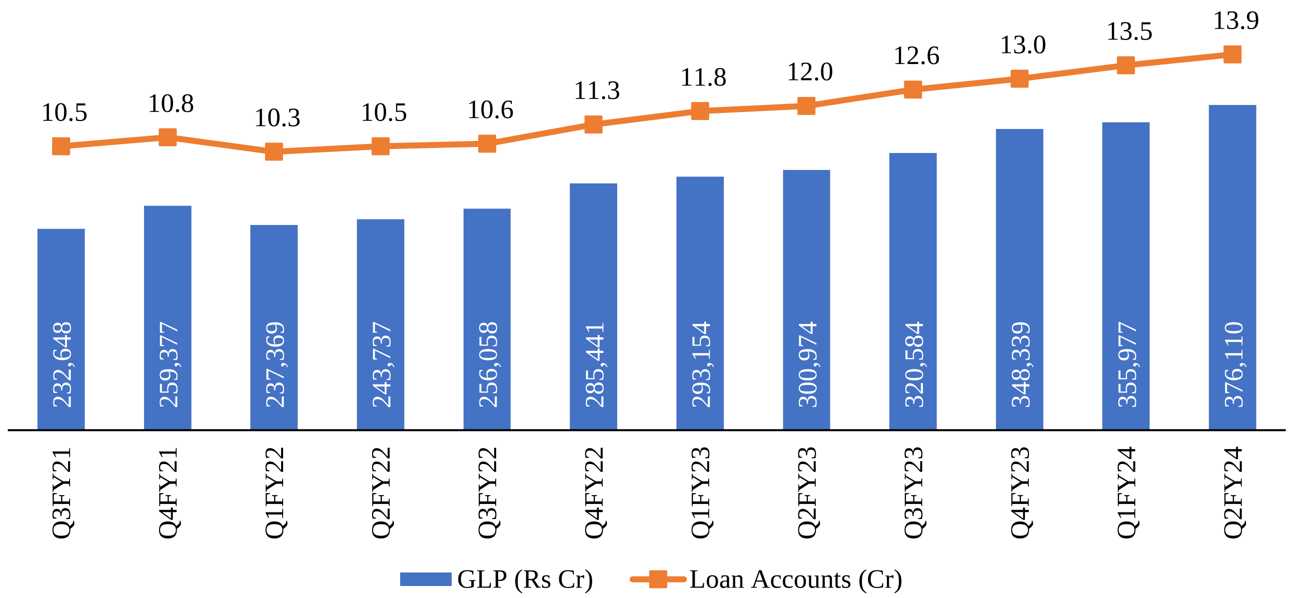
(b) The risk weight for Credit card receivables of SCBs has been increased by 25% points from 125% to 150%

B. Bank credit to NBFCs – Increase the risk weight on exposure of SCBs to NBFCs (excluding core investment companies) by 25% points in all cases where the extant of risk weight as per external rating of NBFCs is below 100%. For this purpose, loans to HFCs, and loans to NBFCs which are eligible for classification as priority sector shall be excluded.

*Source: RBI notifications dated November 16, 2023*

**Overview of the Indian Microfinance industry**

Based on data as on 30 September 2023 (Q2 FY 23-24), microfinance industry has total loan portfolio (i.e., loan amount outstanding) of Rs 3,76,110 Cr, including DPD 180+ portfolio of Rs 27,926 Cr. The total number of active loans accounts were 13.9 Cr with 7.1 Cr unique borrowers as on 30 September 2023. The YoY (30 September 2022 to 30 September 2023) growth of GLP is 25.0%. *(Source: MFIN, Micrometer, Q2 FY2023-24).*




*Source: MFIN Micrometer, Q2 FY2023-24*

***Competitive structure of the MFI industry***

As on 30 September 2023, NBFC-MFIs are the largest provider of micro-credit with a loan amount outstanding of Rs 1,47,829 Cr, accounting for 39.3% to total industry portfolio. Banks hold the second largest share of portfolio in micro-credit with total loan outstanding of Rs 1,18,846 Cr, which is 31.6% of total micro-credit universe. SFBs have a total loan amount outstanding of Rs 73,118 Cr with total share of 19.4%. NBFCs account for another 9.1% and Other MFIs account for 0.5% of the universe. *(Source: MFIN, Micrometer, Q2 FY2023-24)*

The table below captures the key portfolio and outreach number of the five-broad category of microfinance lenders.

**Overall status of portfolio, unique borrowers and loan accounts**

| Type of entity | 30-Sep-22 | | | | 30-Sep-23 | | | |
|---|---|---|---|---|---|---|---|---|
| | No. of entities | Unique Borrowers (Cr) | Active loan accounts (Cr) | Portfolio O/s (Rs Cr) | No. of entities | Unique Borrowers (Cr) | Active loan accounts (Cr) | Portfolio O/s (Rs Cr) |
| NBFC-MFIs | 83 | 2.8 | 4.5 | 1,10,418 | 91 | 3.6 | 5.5 | 1,47,829 |
| Banks | 13 | 3.1 | 4.6 | 1,13,565 | 13 | 3.2 | 4.9 | 1,18,846 |

| Type of entity | 30-Sep-22 | | | | 30-Sep-23 | | | |
|---|---|---|---|---|---|---|---|---|
| | No. of entities | Unique Borrowers (Cr) | Active loan accounts (Cr) | Portfolio O/s (Rs Cr) | No. of entities | Unique Borrowers (Cr) | Active loan accounts (Cr) | Portfolio O/s (Rs Cr) |
| SFBs | 9 | 1.5 | 1.9 | 50,029 | 9 | 1.9 | 2.2 | 73,118 |
| NBFCs | 68 | 0.8 | 0.9 | 23,770 | 74* | 1.1 | 1.2 | 34,369 |
| Others | 38 | 0.1 | 0.1 | 3,192 | 37* | 0.1 | 0.1 | 1,948 |
| **Total** | **211** | **6.2** | **12.0** | **3,00,974** | **224** | **7.1** | **13.9** | **3,76,110** |
| **DPD 0 - 179** | **211** | | **10.5** | **2,70,776** | **224** | | **12.3** | **3,48,184** |

* *Note: No. of entities for NBFCs and Others are based on June 2023 data from Equifax*
*Source: MFIN Micrometer, Q2 FY2023-24*

***Lending Purpose***

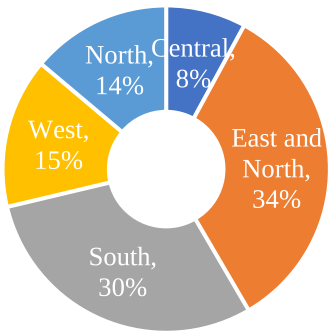
In terms of purpose, agriculture and allied loans account for 65.8% of the AUM. Non-agriculture (trade/ services and manufacturing) loans account for 30.5% and household finance loans account for 3.7% of the AUM. (*Source: MFIN, Micrometer, Q2 FY2023-24)*

| Lending Purpose | Share of total AUM |
|---|---|
| **Agriculture and Allied Activities (total)** | **65.8%** |
| **Non-agriculture (total)** | **30.5%** |
| Trade and services | 23.6% |
| Manufacturing / production | 6.9% |
| **Household Finance (total)** | **3.7%** |
| Education | 0.2% |
| Medical | 0.0% |
| Housing / home improvement | 1.0% |
| Other household finance | 2.4% |

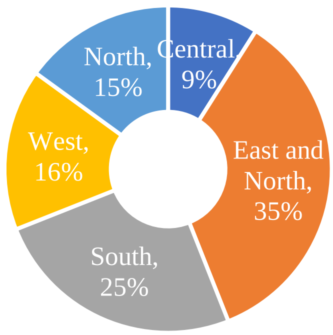
***Geographical concentration***

As on 30 September 2023, the industry serves 7.1 Cr unique borrowers through 13.9 Cr loan accounts. The regional spread is depicted in the pie-chart below which shows that East and North-East continues to have the largest share of portfolio though on a declining trend. *(Source: MFIN, Micrometer, Q2 FY2023-24)*

Regional Distribution of portfolio
30 September 2023

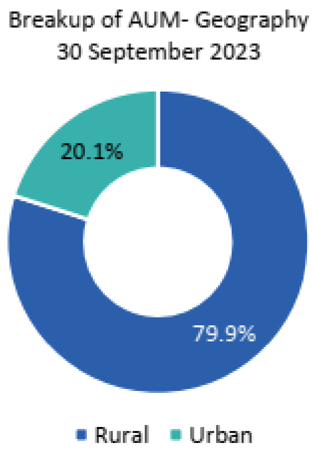



Regional Distribution of unique borrowers
30 September 2023



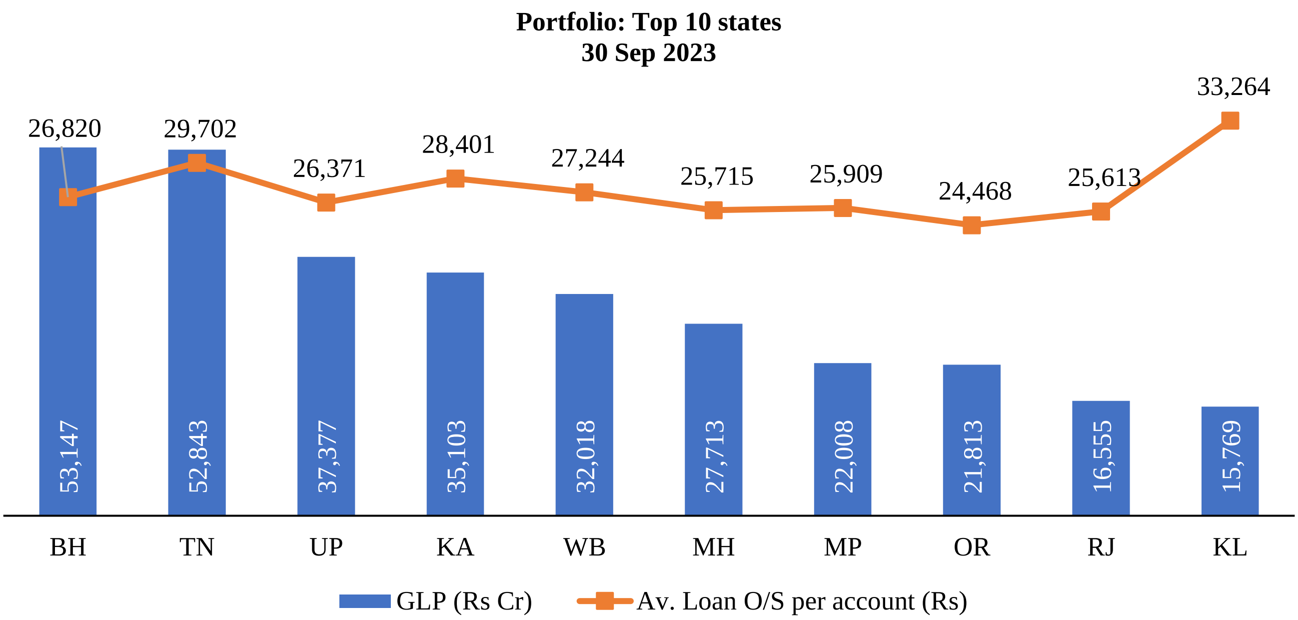

*Source: MFIN Micrometer, Q2 FY2023-24*

***In terms of geographic spread, 79.9% of the portfolio is rural and 20.1% is urban.*** *(Source: MFIN, Micrometer, Q2 FY2023-24)*



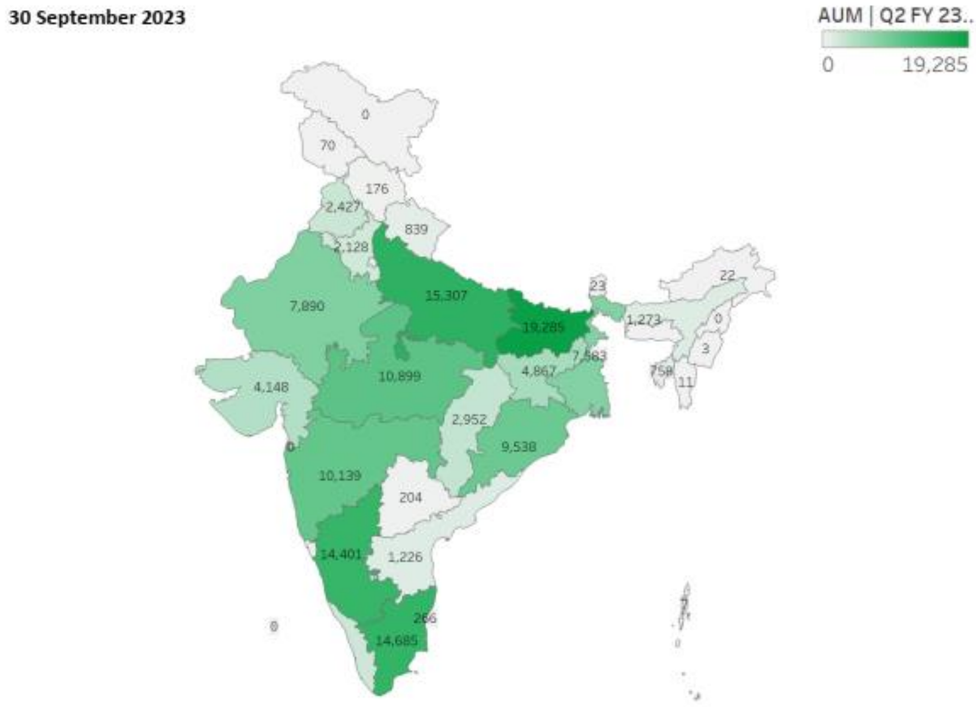

***Top 10 States continue to account for 84% of overall industry***

The Top 10 states (based on universe data) constitute 83.6% in terms of GLP. Bihar continues to be the largest state in terms of portfolio outstanding followed by Tamil Nadu and Uttar Pradesh. Among Top 10 states, Kerala has the highest average loan outstanding per account now of Rs 33,264 followed by Tamil Nadu at Rs 29,702. *(Source: MFIN, Micrometer, Q4 FY2023-24)*



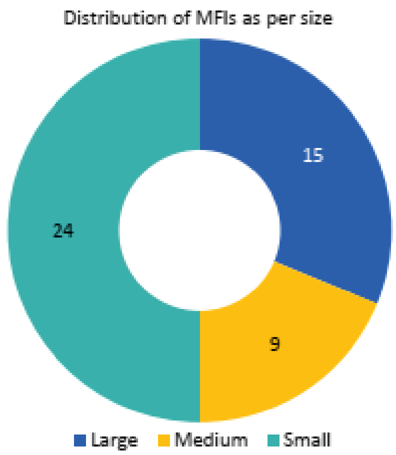

*Source: MFIN Micrometer, Q2 FY2023-24*

*State wise AUM of MFIN Members*



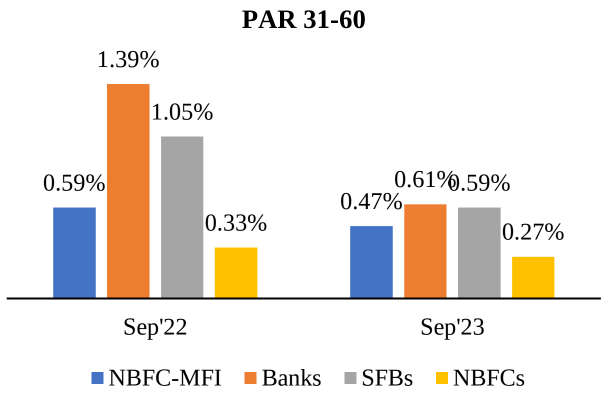

***Portfolio Growth Rates***

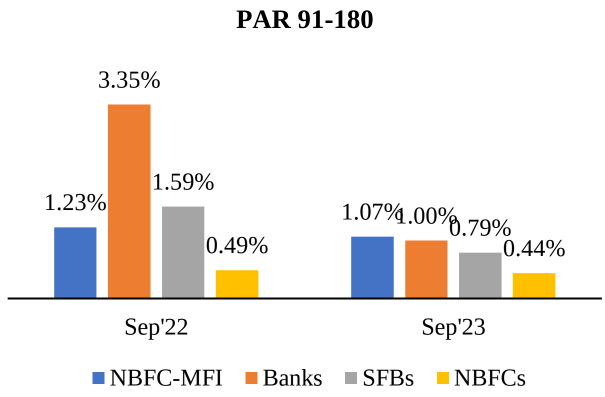
As on 30 September 2023, amongst 46 MFIN member NBFC-MFIs, 24 are small (AUM <Rs 500 Cr), 9 medium (AUM >=Rs 500 and < 2,000 Cr) and 15 large (AUM >=Rs 2,000 Cr). *(Source: MFIN, Micrometer, Q2 FY2023-24)*




*Source: MFIN Micrometer, Q2 FY2023-24*

***Trends in Delinquencies***

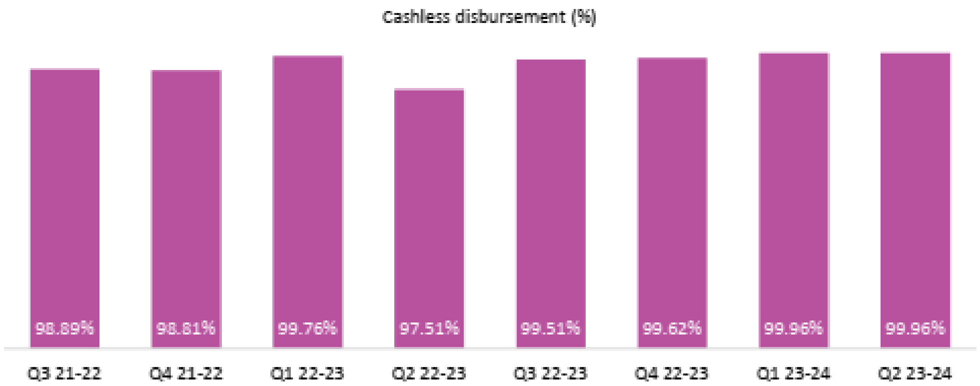


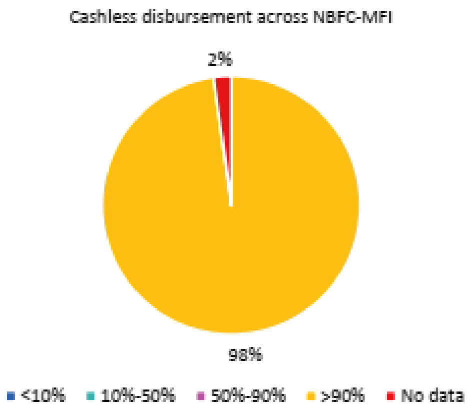




*Source: MFIN Micrometer, Q2 FY2023-24*

***Cashless Disbursements***

Based on Q2FY23-24 data available for 48 NBFC-MFI Members, loan amount disbursed through cashless mode is 100%. Out of 47 members who reported data on cashless disbursements, all reporting members have achieved 100% cashless disbursements. (*Source: MFIN Micrometer, Q2 FY2023-24)*




***Key Financial Ratios of microfinance institutions***

Below table illustrates some of the key financial ratios based on self-reported data from 46 MFIN member MFIs. These include 22 small MFIs that contributed 3.0%, 10 medium MFIs with 8.2% contribution and 14 large MFIs with 88.8% contribution of the total GLP of all MFIs that reported data as on 31st Mar'23. *(Source: MFIN, Micro Matters: Macro View India Microfinance Review (FY 2022-23), November 2023)*

The ratios suggest that the microfinance industry is now back to its pre-COVID efficiency levels. *(Source: MFIN, Micro Matters: Macro View India Microfinance Review (FY 2022-23), November 2023).*

that COVID related dent on profitability has been

**Table 3.3: Key financial ratios**

| Parameter | FY 20-21 | FY 21-22 | FY 22-23 |
|---|---|---|---|
| **Profitability** | | | |
| RoA | 0.6% | 1.2% | 2.9% |
| RoE | 2.5% | 5.2% | 14.7% |
| OSS | 104.7% | 109.6% | 124.9% |
| **Income** | | | |
| Yield | 21.0% | 19.8% | 21.2% |
| Other income | 2.4% | 3.1% | 1.9% |
| **Portfolio quality** | | | |
| Gross NPA | 5.2% | 5.6% | 2.7% |
| Net NPA | 1.9% | 2.1% | 0.9% |
| **Liquidity** | | | |
| LCR | 394.3% | 394.1% | 227.8% |
| **Cost efficiency** | | | |
| PER | 3.9% | 4.3% | 4.5% |
| OER | 5.6% | 6.3% | 6.5% |
| FCR | 9.4% | 8.8% | 9.3% |
| Cost/Borr. (Rs) | 2,299 | 2,652 | 1,992 |
| Write-off ratio | 2.0% | 3.1% | 3.2% |

Note: All parameters are depicted by weighted average ratios

| **Definitions** | |
|---|---|
| Cost per borrower: | Operating Expense/ |
| Financial Cost Ratio (FCR): | Total funding expenses/ Average On-balance sheet portfolio |
| Gross NPA (GNPA): | Gross Non-Performing Assets/ On Balance Sheet Portfolio |
| Liquidity Coverage Ratio (LCR): | Stock of high quality liquid asset /Total net cash flows over the next 30 calendar days |
| Net NPA (NNPA): | (Gross NPA - Loan Loss Reserve) / (On Balance Sheet Portfolio – Loan Loss Reserve) |
| Operating Expense Ratio (OER): | Total Operating Expenses / Average On-balance sheet portfolio |
| Operational Self-Sufficiency (OSS): | Financial Revenue less grants / (Financial Expense + Impairment Losses on Loans + Operating Expense + Tax Expense) |
| Other income to total income ratio: | Total other income / Total income |
| Personnel Expense Ratio (PER): | Personnel expenses / Average Total GLP |
| Return on Assets (RoA): | Profit After Tax / Average Total Assets |
| Return on Equity (RoE): | Profit After Tax / Average Total Equity |
| Yield on portfolio (Yield): | Interest income on loan portfolio / Average On-balance sheet portfolio |
| Write-off ratio: | Write-off / Average Total GLP |

## OUR BUSINESS

*In this Placement Document, unless specified otherwise, any reference to the "the Company" or "our Company" refers to Arman Financial Services Limited, on a standalone basis, and a reference to "we", "us" or "our" is a reference to our Company together with its Subsidiary, on a consolidated basis, as applicable, as at and for the relevant Fiscal. In addition, please refer to "Definitions and Abbreviations" on page 18 for certain terms used in this section. Certain information in the following discussion, including information with respect to our plans and strategies, contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. See "Forward-Looking Statements" and "Risk Factors" on pages 14 and 49, respectively, for a discussion of certain factors that may affect our business, results of operations or financial condition. To obtain a complete understanding of our business, please read this section in conjunction with "Risk Factors", "Industry Overview", "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Selected Statistical Information" and "Financial Information" on pages 49, 121, 89, 37 and 214, respectively, as well other information included in this Placement Document. Unless otherwise indicated or the context requires otherwise, the financial information included herein is based on our Audited Consolidated Financial Statements and Unaudited Interim Condensed Consolidated Financial Statements included in this Placement Document.*

*We have included various operational and financial performance indicators in this Placement Document, many of which may not be derived from our consolidated financial statements. The manner in which such operational and financial performance indicators are calculated and presented, and the assumptions and estimates used in such calculations, may vary from that used by other companies in India and other jurisdictions. Investors are accordingly cautioned against placing undue reliance on such information in making an investment decision and should consult their own advisors and evaluate such information in the context of the consolidated financial statements and other information relating to our business and operations included in this Placement Document.*

*The information presented in this section has been extracted from publicly available documents from various sources, including 'Issue 47 – Micrometer & MICRO MATTERS: MACRO VIEW India Microfinance Review FY 2022-23' prepared by Microfinance Industry Network ("**MFIN Report**") and officially prepared materials from the Government and its various ministries, , the Reserve Bank of India, the World Bank, and International Monetary Fund and has not been prepared or independently verified by us, the Book Running Lead Manager or any of its affiliates or advisers. The accuracy and completeness of the industry sources and publications referred to by us, and the underlying assumptions on which such sources and publications are based, are not guaranteed and their reliability cannot be assured and, accordingly, investment decisions should not be based on such information. The relevant industry sources are indicated at all relevant places within this section.*

*In evaluating our business, we consider and use certain non-GAAP measures that are presented herein as supplemental measures to review and assess our financial performance and financial condition and are not required by, or presented in accordance with, Ind AS. These non-GAAP measures have limitations as analytical tools and should not be considered in isolation, or as a substitute for financial information presented in accordance with Ind AS. These non-GAAP measures may not fully reflect our financial performance, liquidity, profitability or cash flows and may differ from similar information used by other companies, including peer companies, and hence their comparability may be limited.*

### Overview

Our Company is rural focused Systemically Important – Non-Banking Finance – Investment and Credit Company ("**SI-NBFC-ICC**"), registered with the Reserve Bank of India ("**RBI**") with a geographically diversified presence in India and over three decades of domain expertise providing key financial services predominantly to low-income households in rural areas. The majority of our portfolio includes loans provided under the joint liability group ("**JLG**") model, predominantly to women from such low-income households in rural areas.

Since our incorporation in 1992, we have grown to become a lender with a diversified pan-India presence and offering services to approximately 0.73 million active customers through our network of 385 branches and 3,382 employees spread across 140 districts in 10 states and located across the northern, southern, eastern and western zones in India as of September 30, 2023. Such a geographical spread allows us to help our customers make use of cost-effective locations while allowing us with the flexibility of providing our services as per the requirements of our customers.

We provide three key financial services: (i) group-based microfinance including individual business loans; (ii) loans to micro, small and medium enterprises ("**MSME**"), and (iii) two-wheeler finance. As of September 30, 2023, our total AUM stood at ₹23,042.50 million of which microfinance loans comprised ₹19,448.85 million aggregating to 84.40% of our total AUM, MSME loans comprised ₹2,905.47 million aggregating to 12.61% of our total AUM, and two-wheeler loans comprised ₹688.18 million aggregating to 2.99% of our total AUM. Our key focus is microfinance activities, which involve providing small loans and financial services to low-income individuals, with an emphasis on rural and underserved areas and in semi-urban retail markets.

Over the years, we have scaled our operations while maintaining our asset quality. As of September 30, 2023, our AUM was ₹ 23,042.50 million and our AUM increased over Fiscal 2021 to Fiscal 2023 at a compound annual growth rate ("**CAGR**") of

54.46% to ₹19,429.29 million as of March 31, 2023 from ₹ 8,143.76 million as of March 31, 2021. Our disbursements grew to ₹ 17,667.51 million in Fiscal 2023 from ₹ 10,217.02 million in Fiscal 2022, a CAGR of 72.92% over Fiscal 2022 to 2023. As a result of our strong performance, we were honoured with the India's Growth Champions award by Economic Times & Statista in 2022.

Our performance benefits from continuous technological advancements in aiding our efficiency, accuracy, and results. Our facilities are connected across sites through our cloud-based infrastructure, allowing for seamless collaboration and faster ramp ups, and enhancing our ability to pivot customer solutions across multiple regions. In addition, we have developed in-house and launched (i) an integrated mobile interface for onboarding customers, and (ii) a comprehensive digital collection solution which facilitated timely collection and automated reconciliation, among others.

As an SI-NBFC-ICC, we have access to diverse sources of liquidity, including from both domestic and international financial markets. Our primary sources of funds include term loans from banks and financial institutions, non-convertible debentures ("**NCDs**"), subordinated debt instruments and securitization and assignment of loan portfolios. As of September 30, 2023, we had a large and diversified mix of 51 lenders, comprising a range of public banks, private banks, foreign banks, financial institutions, money markets, deposits, ECBs and other sources of borrowings. We have a disciplined approach to asset liability management ("**ALM**") and we believe that having such a diversified debt profile ensures we are not overly dependent on any one type or source for funding and enables us to optimize our cost of borrowings, funding and liquidity requirements, capital management and asset liability management. Our average cost of borrowing in Fiscal 2021, 2022, 2023 and six months ended September 30, 2023 was 11.16%,10.46%, 13.26%, and 15.15% respectively, while our incremental/(reduced) cost of borrowing in the same periods were (1.95%), (0.70%), 2.80%, 1.89%, respectively.

Our financial management is reflective in our strong credit ratings, with Acuité Rating & Research Limited assigning us (i) 'ACUITE A-' (Outlook-Stable) in Fiscal 2023 from BBB+ by CARE Ratings and ACUITE A- with stable outlook in Fiscal 2022 for the long-term rating on our non-convertible debentures, (ii) 'ACUITE A-' (Outlook-Stable) in Fiscal 2023 from BBB+ by CARE Ratings and ACUITE A- with stable outlook in Fiscal 2022 for the long-term rating of our bank facilities of our Company and 'ACUITE A-' (Outlook-Stable) in Fiscal 2023 from BBB+ by CARE Ratings and ACUITE A- with stable outlook in Fiscal 2022 for the long-term rating of our bank facilities (including proposed facilities for our Subsidiary), (iii) 'PP-MLD ACUITE A-' (Outlook-Stable) in Fiscal 2023 for our principal protected market linked debentures of our Company and (iv) 'PP-MLD ACUITE A-' (Outlook-Stable) in Fiscal 2023 from BBB+ by CARE Ratings and ACUITE A- with stable outlook in Fiscal 2022 for our principal protected market linked debentures of our Subsidiary.

Our credit quality is a product of our risk management policies and practices. Our risk management division is divided into separate teams that are dedicated to managing and mitigating amongst others credit risk, market risk and operational risk, and which are subject to oversight by our risk and credit department and Audit Committee and our Board. Our gross non-performing assets ("**Gross NPAs**") were 2.49%, 2.75%, 4.41% and 4.68%, as of the six months ended September 30, 2023 and Fiscal 2023, Fiscal 2022 and Fiscal 2021, respectively, while our net non-performing assets ("**Net NPAs**") were 0.23%, 0.16%, 0.76% and 0.71%, as of such dates, respectively.

We specialize in simplified financial products, wherein majority of our offerings have standardized 24-month tenure. The ticket size of our offerings is tailored based on three key factors: (a) the customer's history with us, (b) their creditworthiness with other institutions, and (c) their ability to repay. For details of the tenure and ticket size for the loans provided by us for our major financial services as of September 30, 2023 and Fiscal 2023, Fiscal 2022 and Fiscal 2021, please see "- *Competitive Strengths - Customer-centric business model resulting in high customer retention*" on page 133.

Additionally, our success is encouraged by a committed and balanced board of directors and management team, comprising experienced key management personnel ("**KMPs**") and our senior management, which is led by our Promoter, Vice Chairman and Managing Director, Jayendrabhai Bhailalbhai Patel, who has more than two decades of experience in the finance sector. For further details of our management team, please see "- *Competitive Strengths - Stable management team with extensive domain experience*" on page 139.

The following table sets out key financial and operational parameters for six months ended September 30, 2023 and Fiscal 2023, Fiscal 2022 and Fiscal 2021:

| **Particulars** | **For the six months ended September 30, 2023** | **For the Year ended March 31** | | |
|---|---|---|---|---|
| | | **2023** | **2022** | **2021** |
| Customers [1] | 726,552 | 627,735 | 466,364 | 375,567 |
| AUM (₹ million)[2] | 23,042.50 | 19,429.29 | 12,331.28 | 8,143.76 |
| Disbursement[3] | 10,677.35 | 17,667.51 | 10,217.02 | 5,093.99 |
| Net Worth (₹ million)[4] | 4,696.68 | 3,656.91 | 2,126.86 | 1,867.60 |
| Leverage (AUM/ Net worth)[5] | 4.91 | 5.31 | 5.80 | 4.36 |
| AUM/ Tangible Net Worth [6] | 5.10 | 5.57 | 6.34 | 4.72 |

| Particulars | For the six months ended September 30, 2023 | For the Year ended March 31 | | |
|---|---|---|---|---|
| | | 2023 | 2022 | 2021 |
| Restated Profit After Tax for the Year / Period (₹ million)[7] | 807.54 | 938.11 | 317.23 | 106.16 |
| Return on assets (%)[8] | 7.24% | 5.72% | 2.91% | 1.16% |
| Return on equity (%)[9] | 38.67% | 32.44% | 15.88% | 5.91% |
| Return on Tangible Net Worth[10] | 40.30% | 34.48% | 17.25% | 6.26% |
| Branches[11] | 385 | 336 | 292 | 239 |
| Employees[12] | 3,382 | 2805 | 2,272 | 1889 |
| AUM per branch (₹ million)[13] | 59.85 | 57.83 | 42.23 | 34.07 |
| AUM per employee (₹ million)[14] | 6.81 | 6.93 | 5.43 | 4.31 |
| Disbursement per branch per month (₹ million)[15] | 4.62 | 4.38 | 2.92 | 1.78 |
| Disbursement per employee per month (₹ million)[16] | 0.53 | 0.52 | 0.37 | 0.22 |
| Gross NPA ratio (%)[17] | 2.49% | 2.75% | 4.41% | 4.68% |
| Net NPA ratio (%)[18] | 0.23% | 0.16% | 0.76% | 0.71% |
| Operating Expenses to Average AUM (%)[19] | 4.33% | 5.18% | 6.13% | 5.91% |
| Average cost of borrowing (%)[20] | 15.15% | 13.26% | 10.46% | 11.16% |
| Cost to income ratio (%)[21] | 25.72% | 32.64% | 43.08% | 42.70% |
| Provision Coverage Ratio (%)[22] | 90.84% | 94.18% | 82.80% | 84.85% |
| Average yield on Gross Loan Book (%)[23] | 26.20% | 24.47% | 21.74% | 22.37% |
| Net Interest Margin (%)[24] | 13.83% | 13.64% | 13.01% | 12.90% |

1. *Customers represent the number of active loans outstanding at the end of relevant periods*
2. *AUM represents aggregate of Gross Loan Book as of the last day of the relevant period*
3. *Total disbursements represent the amount of loans given during the relevant period*
4. *Net Worth represents the sum of equity share capital and other equity as of the last day of the relevant period*
5. *Leverage (AUM/ Net worth) represent the ratio of AUM to Net Worth at the end of relevant period*
6. *AUM/ Tangible Net Worth represent the ratio of AUM to Tangible Net Worth at the end of relevant period*
7. *Restated Profit After Tax for the Year / Period represent the Profit After Tax during the relevant period*
8. *Return on Assets represent the percentage of Profit after Tax to the Annual Average of Assets at the end of relevant period and the Assets as of the last day of the previous period*
9. *Return on Equity represents the percentage of Profit After Tax to the simple average of Net Worth as of the last day of the relevant period and Net Worth as of the last day of the previous period.*
10. *Return on Tangible Net Worth represents the percentage of Profit After Tax to the Tangible net worth at the end of relevant period. Tangible Net Worth means, Equity shareholders' funds less Other Intangible Assets and R.O.U Assets and Deferred Tax Assets.*
11. *Branches means the total branches (including the subsidiary company's) operating as on the last day of the relevant period*
12. *Employees represents the number of employees as on the last day of the relevant period*
13. *AUM per branch represent the Gross AUM divided by the number of branches as on the last day of the relevant period*
14. *AUM per employee represent the Gross AUM divided by the number of employees as on the last day of the relevant period*
15. *Disbursement per branch is calculated by dividing the Disbursements to the number of branches as on the last day of the relevant period*
16. *Disbursement per employee is calculated by dividing the Disbursements to the number of employees as on the last day of the relevant period*
17. *Gross NPA ratio represents Stage 3 loans (Gross NPAs) as of the last day of the relevant year as a percentage of Gross Loan Book for such year.*
18. *Net NPAs represents Stage 3 loans (Gross NPAs) as of the last day of the relevant year as reduced by impairment allowance on Stage 3 loan for such year.*
19. *Operating Expense / Average AUM represents the ratio Operating expense bears to the Annual Average Gross AUM*
20. *Average cost of borrowing represents the ratio of finance cost for the relevant period to the annual average borrowings at the end of relevant period*
21. *Cost to income ratio represents the ratio of total operating expenses bears to the sum of net interest income and other income*
22. *Provision Coverage Ratio represents total provisions held on Gross NPA as of the last day of the period, as a percentage of total Gross NPAs as of the last day of the period*
23. *Average Yield on Gross Loan Book represents the percentage of interest earned on loans to the Annual Average Gross AUM*
24. *Net Interest Margin represents the spread of Interest income divided by the Annual Average Gross AUM*

## Competitive Strengths

### *Customer-centric business model resulting in high customer retention*

We have a customer centric model and accordingly, our customized range of products address a variety of financing requirements. These include specialized products such as doorstep loans as well as reduction of turn-around time for disbursals of loans. These products and services are designed and customized to meet the requirements of our customers and our target markets, which allows us to retain a high proportion of our existing customers and to attract new customers. As of September 30, 2023, we have served over 0.73 million active customers, the percentage of repeat customers was 25% and has steadily increased by 28.33% to 160,048 customers as of September 30, 2023 from 124,718 customers as of September 30, 2022.

We are focused on catering to the microfinance and the MSME segment. We offer a range of financial inclusion products to low-income individuals who are under-served by formal financing institutions. We have designed our lending products to meet our customers' needs based on loan size and repayment abilities including their ticket size and tenures. The table provides details of the tenure and ticket size for the loans provided by us for our major financial services as of September 30, 2023 and Fiscal 2023, Fiscal 2022 and Fiscal 2021:

*(in rupees, unless otherwise specified)*

| Financial services | Tenure (in months) | Average Ticket Size as of September 30, 2023# | Ticket size as of September 30, 2023# | |
|---|---|---|---|---|
| | | | Minimum | Maximum |
| Microfinance* | 18-24 | 46,000 | 20,000 | 150,000 |
| MSME loans | 18-24 | 80,000 | 60,000 | 250,000 |
| Two-wheeler loans | 12-36 | 71,000 | 20,000 | 125,000 |

** including individual business loans*
*# rounded off to the nearest thousand*

*(in rupees, unless otherwise specified)*

| Financial services | Tenure (in months) | Average Ticket Size as of March 31, 2023# | Ticket size as of March 31, 2023# | |
|---|---|---|---|---|
| | | | Minimum | Maximum |
| Microfinance* | 18-24 | 45,000 | 20,000 | 150,000 |
| MSME loans | 18-24 | 75,000 | 60,000 | 250,000 |
| Two-wheeler loans | 12-36 | 70,000 | 20,000 | 125,000 |

** including individual business loans*
*# rounded off to the nearest thousand*

*(in rupees, unless otherwise specified)*

| Financial services | Tenure (in months) | Average Ticket Size as of March 31, 2022# | Ticket size as of March 31, 2022# | |
|---|---|---|---|---|
| | | | Minimum | Maximum |
| Microfinance* | 18-24 | 36,000 | 20,000 | 150,000 |
| MSME loans | 18-24 | 70,000 | 50,000 | 150,000 |
| Two-wheeler loans | 12-36 | 52,000 | 20,000 | 100,000 |

** including individual business loans*
*# rounded off to the nearest thousand*

*(in rupees, unless otherwise specified)*

| Financial services | Tenure (in months) | Average Ticket Size as of March 31, 2021 | Ticket size as of March 31, 2021# | |
|---|---|---|---|---|
| | | | Minimum | Maximum |
| Microfinance* | 18-24 | 35,000 | 20,000 | 75,000 |
| MSME loans | 18-24 | 70,000 | 40,000 | 150,000 |
| Two-wheeler loans | 12-36 | 52,000 | 20,000 | 75,000 |

** including individual business loans*
*# rounded off to the nearest thousand*

We have a 'Phygital' doorstep model, a combination of digital and physical initiatives, and have been using technology, people and all the other resources to improve customer experience. Over the years, we have gained a deep understanding of the Indian retail loan industry, including microfinance and MSME customers, which has enabled us to meet the financing requirements of potential customers. According to the MFIN Report, the last financial year saw a growth of 22% in the outstanding portfolio of the microfinance sector, indicating responsible growth and latent demand of microfinance.

Our engagement with our target customer segments and understanding of related socio-economic dynamics allows us to leverage our existing operating network to streamline and customize our product portfolio by offering products which subsequently increase our customer base. In particular, our credit analysis and valuation methodology require market knowledge and practical experience developed over a period of time, which we believe is difficult to replicate and will allow us to continue to grow and service our customers.

***Diversified pan India presence with an extensive network and through deep penetration to cater to our target customer segment in rural areas characterized by low competition***

We are headquartered in Gujarat, and as of September 30, 2023, we had a pan-India presence in 10 states in India (including, Madhya Pradesh, Maharashtra, Uttar Pradesh, and Rajasthan) and have 385 branches serving 0.73 million customers through 3,382 employees including 2,772 loan officers. Our branches, where our team members serve customers, are strategically chosen considering various factors such as the specific business needs of our customers, growth prospects, and the accessibility of funds tailored for customers in these areas.

Our branches are located across the northern, southern, eastern and western zones in India, with Gujarat, Uttar Pradesh, Madhya-Pradesh and Rajasthan being our key states. Such key states collectively account for approximately 72% of our branch network and contribute to 77.82% of AUM as of September 30, 2023. As of September 30, 2023 approximately 95% of our branches are located in non-metropolitan cities.

The following table sets forth certain details of our branch network in the top 5 state/territory in terms of AUM, as of September 30, 2023:

| State | Districts | Branches | Percentage of total branches | AUM (₹ million) | Percentage of total AUM |
|---|---|---|---|---|---|
| Gujarat | 23 | 84 | 21.82% | 6,502.02 | 28.22% |
| Uttar Pradesh | 27 | 75 | 19.48% | 5,535.00 | 24.02% |
| Madhya Pradesh | 30 | 67 | 17.40% | 3,317.42 | 14.40% |
| Rajasthan | 14 | 53 | 13.77% | 2,578.19 | 11.19% |
| Maharashtra | 11 | 41 | 10.65% | 2,378.78 | 10.32% |
| **Total** | 105 | 320 | 83.12% | 20,311.41 | 88.15% |

The following table sets forth certain details of our branch network in the Gujarat in terms of AUM, as of September 30, 2023 and Fiscal 2023, 2022, and 2021:

| Gujarat | Districts | Branches | Percentage of total branches | AUM (₹ million) | Percentage of total AUM |
|---|---|---|---|---|---|
| As of September 30, 2023 | 23 | 84 | 21.82% | 6,502.02 | 28.22% |
| As of March 31, 2023 | 21 | 82 | 24.40% | 5,760.31 | 29.65% |
| As of March 31, 2022 | 21 | 79 | 27.05% | 4,230.05 | 34.30% |
| As of March 31, 2021 | 21 | 75 | 31.38% | 3,144.16 | 38.61% |

In addition, to mitigate concentration risk in Gujarat, we have expanded our footprint by establishing branches across 10 states in India, including Madhya Pradesh, Maharashtra, Uttar Pradesh, and Rajasthan. This allows us to diversify our operations geographically, reducing our dependence on any single region and enhancing our ability to manage risk more effectively.

Starting in Gujarat, our strategic expansion across geographies primarily in the western and northern zone employs a calibrated approach, gauging demand and aligning with our service offerings. Branch expansion involves analysis, leveraging credit bureau reports, pin-code assessments, and competitive density evaluations. These inform critical decisions on branch placement and assess market potential. Our Gross AUM for six months ended September 30, 2023 and Fiscal 2023, Fiscal 2022 and Fiscal 2021, from our branches in the from the northern zone, southern zone, eastern and western zone, as a percentage of our total AUM for the respective periods was as follows:

| Particulars | As of / For the six months ended September 30, 2023 | | For the Year ended March 31 | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | 2023 | | 2022 | | 2021 | |
| | Gross AUM (₹ million) | % of total AUM | Gross AUM (₹ million) | % of total AUM | Gross AUM (₹ million) | % of total AUM | Gross AUM (₹ million) | % of total AUM |
| Northern zone | 8,188.22 | 35.54% | 6,442.74 | 33.16% | 2,887.06 | 23.41% | 1,265.87 | 15.54% |
| Western zone | 14,776.41 | 64.13% | 12,986.55 | 66.84% | 9,444.22 | 76.59% | 6,877.89 | 84.46% |
| Southern zone | 44.73 | 0.19% | - | - | - | - | - | - |
| Eastern zone | 33.14 | 0.14% | - | - | - | - | - | - |
| **Total** | 23,042.50 | 100.00% | 19,429.29 | 100.00% | 12,331.28 | 100.00% | 8,143.76 | 100.00% |

Our expansion approach combines data-driven decisions with qualitative on-site observations, ensuring strategic branch placement. Each new branch signifies our commitment to effective customer service within competitive markets. By amalgamating data insights and local knowledge, our expansion strategy guarantees a robust foundation for successful operations, fostering our dedication to comprehensive financial inclusion and customer-centric service delivery.

***Advanced and scalable tech enabled infrastructure***

While our operations spread across the country, we have deployed technology solutions gradually to increase efficiency and infuse agility. Our commitment to innovation has been evident through transformative steps taken in recent years. Over the years, we have launched a number of advanced and scalable tech enabled solutions to improve our efficiency. For instance:

- Post demonetization, we launched an integrated mobile interface for onboarding customers. This solution enabled a real-time credit check for all loan applications collapsing the appraisal lead time to a few minutes.

- In 2018, our transition to 100% cashless disbursements marked our entry into a more secure, efficient, and transparent financial realm. This shift eliminated the risks associated with physical currency handling, fostering greater trust and reliability among our stakeholders. Simultaneously, our investment in an organization-wide enterprise resource planning ("**ERP**") system served as a catalyst for streamlined operations. This system overhaul harmonized workflows, heightened accuracy, and fostered seamless coordination among departments, fundamentally enhancing our internal processes.

- The technology initiatives continues¸ our Company witnessed the inception of the 'Jayam' initiative—an integration of advanced loan origination system ("**LOS**") and loan management system ("**LMS**") hosted on the cloud. This step empowered real-time tracking and management of loan operations through a user-friendly mobile or web-based application, reflecting our commitment to agile, transparent, and customer-centric engagement throughout the lending lifecycle. This was further updated in 2021, when we entered into an agreement with Twinline Business Solutions Private Limited ("**Twinline**") to procure 'FinPage' a comprehensive loan origination software developed by them. 'FinPage' enables effective loan accounting, customer service and compliance by providing user-friendly and customised interface of various data points, this helps us handle offline/online collection module on real time basis.

- Post Covid-19 /in Financial Year 2021, we introduced a comprehensive digital collection solution, automating collection processes and providing an encompassing view of activities through an intuitive dashboard. This digitized approach enhanced efficiency, accuracy, and responsiveness in our collection mechanisms. Further, we transformed our operations with the complete overhaul of our LOS and LMS systems. This comprehensive integration unified the loan origination, management, and account systems for all our products, ensuring streamlined operations and a cohesive customer experience. Lastly in 2023, we witnessed the rollout of our human resource management system ("**HRMS**"), a sophisticated solution managing the entire employee lifecycle and performance management system for our expansive workforce. As of six months ended September 30, 2023 and for Fiscal 2023, Fiscal 2022 and Fiscal 2021, we have invested an aggregate amount of ₹4.18 million, ₹3.75 million, ₹3.77 million and ₹1.53 million respectively, in our information technology and digital systems.

We provide innovative product offerings while fortifying security measures by using tools such as geo-fencing i.e. a location-based tracking service by which a software marks the location of the borrower. We establish digital perimeters around specific geographic regions, employing live-photo tagging coupled with blink-eye confirmation to authenticate asset presence, thus curbing misrepresentation risks. Additionally, our fusion of live photo mapping and stringent KYC protocols ensures foolproof customer verification, minimizing fraudulent activities by linking customer identities securely to their assets.

Additionally, engaging the unorganized sector requires finesse and expertise. By leveraging our domain knowledge, we facilitate bank account linkages while employing the "penny drop" method for stringent account validation. This approach cross-verifies account details, heightening authenticity, and operational efficiency. Moreover, our strategy encompasses geo-tagging collections to enhance transaction security and location-based verification to reduce fraudulent activities. We integrate fraud detection algorithms to identify irregular collection patterns, pre-emptively mitigating potential risks. With data-driven insights derived from collected information, we develop heat maps to identify concentration areas and high-risk zones, informing targeted risk mitigation strategies. Our commitment to continual refinement, bolstered by machine learning algorithms, ensures adaptive and responsive risk management approaches in alignment with regulatory compliance and ethical standards, thereby safeguarding customer data privacy while delivering enhanced product offerings.

Our continuing investment in technology systems will enable us to improve recoveries and reduce our operating expenses, our cost of customer acquisition and credit costs over time. It will also enable us to expand our efficiency through automations and further deepen customer engagement with digital touchpoints and maximize digital delivery. We leverage our information technology platforms to drive economies of scale through increase in productivity, reduce turnaround time in processing and reduce transaction costs.

***Efficient customer selection process and risk management policies resulting in healthy asset quality***

We have an efficient customer selection process and meticulously crafted risk management policies, culminating in a healthy asset quality. We employ rigorous KYC protocols supported by advanced algorithms and seamless API integration with credit bureaus to ensure smooth verification processes, preventing misrepresentation and ensuring authenticity for each customer interaction. Additionally, our proactive approach involves identifying potential geographical stress points through scrub reports, enabling us to anticipate challenges and take pre-emptive measures. This strategy safeguards against adverse impacts and contributes to maintaining a stable client base across our 24-month loan cycles. As of September 30, 2023, the percentage of repeat customers was 25% and has steadily increased to 160,048 as of September 30, 2023 from 124,718 as of September 30, 2022.

Our collection efficiency, propelled by the implementation of 'Twinline' software, represents our shift towards digital real-time collections, obviating the inherent delays associated with cash transactions. This transition not only ensures immediate reflection but also elevates our overall collection efficiency, streamlining our operations and enhancing customer convenience.

Our write-offs remain a testament to our prudential risk measures, with net losses confined within a minimal 3% as of September 30, 2023.

We believe that our customer selection methodologies under our JLG model have resulted in healthy asset quality and led to low GNPA and NNPA ratios and high collection efficiencies. As of six months ended September 30, 2023 and for Fiscal 2023, Fiscal 2022 and Fiscal 2021, our GNPA ratio was 2.49%, 2.75%, 4.41%, 4.68% respectively and our NNPA ratio as of six months ended September 30, 2023 and for Fiscal 2023, Fiscal 2022 and Fiscal 2021 was 0.23%, 0.16%, 0.76% and 0.71%. Our JLG loan product model is typically extended to women borrowers whose spouses are made co-borrowers to such loans.

Risk management plays a key role in our business and we believe we have implemented an effective risk management process. We maintain a well-established internal control framework and an independent internal audit function, which reports directly to the Audit Committee of the Board. Our internal audit department monitors our adherence to internal controls and regulatory requirements and provides input and recommendations to strengthen our governance, control and risk management frameworks. It also undertakes an independent review to establish whether the business is operating in accordance with our internal policies and standards for managing operational risk, as well as statutory requirements. We have implemented risk tools, techniques and data analytics to establish risk thresholds and benchmarks, which are then used for field-level reviews, business expansion plans, and our business strategy. Our risk management framework identifies, monitors and manages various types of risks inherent in our business operations, including risks associated with credit, liquidity, operations and other emerging risks. Our complete portfolio of loans has in-house origination and benefits from our risk management framework. Leveraging our significant operational experience, we have set up stringent credit quality checks and customised operating procedures that exist at each stage for comprehensive risk management.

***Streamlined business model with strong track record of financial performance and operating efficiency through business cycles***

By leveraging our understanding of markets over decades, domain expertise, well established risk management framework, well developed approval and disbursement processes and controls, and the expertise of our core management team, we have been able to maintain growth in scale, reach and offerings.

Our Gross Loan Portfolio grew to ₹ 19,429.29 million in Fiscal 2023 from ₹ 8,143.76 million in Fiscal 2021, a CAGR of 54.46%, and our disbursements grew to ₹ 17,667.51 million in Fiscal 2023 from ₹ 5,093.99 million in Fiscal 2021, a CAGR of 86.23%. Our microfinance loans have increased comprising 78.97% of our total AUM as of Fiscal 2021 to 83.77% as of total AUM as of Fiscal 2023, reflecting our increased focus on this segment. We have not experienced annual loss in 31 years which is evidence of our strong financial performance.

As of September 30, 2023, our AUM was ₹ 23,042.50 million and our AUM increased over 2021 to 2023 at a CAGR of 54.46% to ₹19,429.29 million as of March 31, 2023 from ₹ 8,143.76 million as of March 31, 2021. We have high-growth trajectory over Fiscal 2021 to Fiscal 2023, we witnessed a CAGR of 31.22% for profit after tax. Our return on equity is 35.2% and return on average assets is 7.6% for the period ended September 30, 2023.

The table below sets forth the contribution of each of our product categories in terms of AUM percentage of our customers located in rural areas and as a percentage of total AUM for six months ended September 30, 2023 and Fiscal 2023, Fiscal 2022 and Fiscal 2021:

| **Particulars** | **For the six months ended September 30, 2023** | | **For the Year ended March 31** | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | **2023** | | **2022** | | **2021** | |
| | **AUM (₹ million)** | **% of total AUM** | **AUM (₹ million)** | **% of total AUM** | **AUM (₹ million)** | **% of total AUM** | **AUM (₹ million)** | **% of total AUM** |
| Microfinance* | 19,448.85 | 84.40% | 16,276.34 | 83.77% | 10,219.12 | 82.87% | 6,431.00 | 78.97% |
| MSME loans | 2,905.47 | 12.61% | 2,545.15 | 13.10% | 1,651.02 | 13.39% | 1,253.63 | 15.39% |
| Two-wheeler loans | 688.18 | 2.99% | 607.79 | 3.13% | 461.14 | 3.74% | 459.14 | 5.64% |
| **Total** | 23,042.50 | 100.00% | 19,429.29 | 100.00% | 12,331.28 | 100.00% | 8,143.76 | 100.00% |

** including individual business loans*

We primarily focus on rural borrowers, whose monthly income is up to ₹ 25,000, with a demonstrable track record of servicing loans such as MSME loans, MFI loans, loans for two-wheeler vehicles and have a CRIF Highmark score above 650 at the time of origination. We source customers directly through our sales team of 2,772 employees as of September 30, 2023, and have adopted a direct sourcing model through branch-led local marketing efforts, repeat customers or through walk-ins, which has helped us maintain contact with our customers and establish strong relationships with them, high levels of customer satisfaction and increased loyalty.

We have implemented JLG lending strategy for loan disbursement to women borrowers, wherein borrowers form a group and provide mutual guarantee for loans obtained by each other without requiring collateral or security on an individual basis. For further details, please refer to "- *Our Business Model and Target Customer Segment*" on page 141.

We have high-growth trajectory over Fiscal 2021 to 2023, we witnessed a CAGR of 47.48% for net interest income and of 197.27% for profit after tax. Our consolidated debt to equity ratio is 3.96:1, which is sufficient capital to drive growth going forward. Our return on equity is 35.2% and return on average assets is 7.6% for the period ended September 30, 2023. The following table sets forth certain of our productivity ratios for six months ended September 30, 2023 and Fiscal 2023, Fiscal 2022 and Fiscal 2021:

| **Particulars** | **For the six months ended September 30,** | **For the year ended March 31,** | | |
|---|---|---|---|---|
| | **2023** | **2023** | **2022** | **2021** |
| Number of branches [1] | 385 | 336 | 292 | 239 |
| Number of branches – SME[2] | 71 | 57 | 50 | 35 |
| Number of branches – TW[3] | 5 | 5 | 6 | 6 |
| Number of branches – MFI[4] | 309 | 274 | 236 | 198 |
| Number of employees[5] | 3382 | 2805 | 2272 | 1889 |
| Number of loan officers[6] | 2772 | 2336 | 1788 | 1352 |
| Number of active loan accounts[7] | 7,26,552 | 6,27,735 | 4,66,364 | 3,75,567 |
| Gross AUM per branch (₹ in million)[8] | 59.85 | 57.83 | 42.23 | 34.07 |
| Gross AUM per employee (₹ in million)[9] | 6.81 | 6.93 | 5.43 | 4.31 |
| Gross AUM per active loan account (₹ )[10] | 31,715 | 30,951 | 26,441 | 21,684 |
| Number of loans disbursed[11] | 2,18,909 | 3,67,086 | 2,61,724 | 1,30,215 |
| Disbursement per branch (₹ in million)[12] | 27.73 | 52.58 | 34.99 | 21.31 |
| Disbursement per employee (₹ in million)[13] | 3.16 | 6.30 | 4.50 | 2.70 |
| Disbursement per loan officer (₹ in million)[14] | 3.85 | 7.56 | 5.71 | 3.77 |
| Gross disbursements (₹ in million)[15] | 10,677.35 | 17,667.51 | 10,217.02 | 5,093.99 |
| Disbursement growth (%)[16] | 62.40% | 72.92% | 100.57% | -41.69% |
| Average ticket size (₹ )[17] | 48,775 | 48,129 | 39,037 | 39,120 |
| Profit After Tax (₹ in million)[18] | 807.54 | 938.11 | 317.23 | 106.16 |
| Revenue from Operations[19] | 3,098.42 | 4,239.01 | 2,350.06 | 1,950.39 |

(1) *Number of branches means the total branches (including the subsidiary company's) operating as on the last day of the relevant period.*
(2) *Number of branches SME means the total branches dealing in the lending to the Small and Medium Enterprises. operating as on the last day of the relevant period.*
(3) *Number of branches TW means the total branches dealing in two-wheeler financing operating as on the last day of the relevant period.*
(4) *Number of branches MFI means the total branches dealing in microfinancing business as on the last day of the relevant period.*
(5) *Number of employees represents the number of employees as on the last day of the relevant period.*
(6) *Number of Loan officers represent the number of employees working as loan officers as on the last day of the relevant period.*
(7) *Number of active loan accounts represent the Number of loans outstanding as on the last day of the relevant period.*
(8) *Gross AUM per branch represent the Gross AUM divided by the number of branches as on the last day of the relevant period.*
(9) *Gross AUM per employee represent the Gross AUM divided by the number of employees as on the last day of the relevant period.*
(10) *Gross AUM per active loan account represent the Gross AUM divided by the number of Active Loans as on the last day of the relevant period.*
(11) *Number of loans disbursed represents the number of loans accounts outstanding as on the last day of the relevant period.*
(12) *Disbursement per branch is calculated by dividing the Disbursements to the number of branches as on the last day of the relevant period*
(13) *Disbursement per employee is calculated by dividing the Disbursements to the number of employee as on the last day of the relevant period*
(14) *Disbursement per loan officer is calculated by dividing the Disbursements to the number of loan officers as on the last day of the relevant period.*
(15) *Gross disbursements represents the disbursements made during the relevant period.*
(16) *Disbursements Growth represents the percentage growth of disbursements from the end of relevant previous period to the end of relevant current period.*
(17) *Average Ticket Size is calculated by dividing the Gross disbursements by the number of loans disbursed during the relevant period.*
(18) *Profit after tax represents the profit net of income tax and all expenses.*
(19) *Revenue from operations represent the revenue generated during the relevant period from the business of lending and underlying fees for the same*

The following table sets forth our return on equity and assets for six months ended September 30, 2023 and Fiscal 2023, Fiscal 2022 and Fiscal 2021:

| Particulars | For the Six months ended September 30, 2023 | For the Year ended March 31, 2023 | For the Year ended March 31, 2022 | For the Year ended March 31, 2021 |
|---|---|---|---|---|
| ROA - Return on Annual Average Gross AUM (%)[1] | 7.61% | 5.91% | 3.10% | 1.27% |
| ROA - Return on Quarterly Average Gross AUM (%)[2] | 7.58% | 6.14% | 3.31% | 1.35% |
| ROE - Return on Annual Average Net Worth (%)[3] | 38.67% | 32.44% | 15.88% | 5.91% |
| ROE - Return on Quarterly Average Net Worth (%)[4] | 39.03% | 32.37% | 16.27% | 5.88% |
| Profit as a percentage of Average Total Assets (%)[5] | 7.24% | 5.72% | 2.91% | 1.16% |
| Cost to Income Ratio (%)[6] | 25.72% | 32.64% | 43.08% | 42.70% |
| Net Profit Ratio (%)[7] | 26.06% | 22.13% | 13.50% | 5.44% |

(1) *Return on Annual Average Gross AUM represents the percentage of profit after tax to the Annual Average Gross AUM.*
(2) *Return on Quarterly Average Gross AUM represents the percentage of profit after tax to the Quarterly Average Gross AUM.*
(3) *Return on Annual Average Net Worth represents the percentage of Profit after Tax to the Annual Average Net Worth.*
(4) *Return on Quarterly Average Net Worth represents the percentage of Profit after Tax to the Quarterly Average Net Worth.*
(5) *Profit as a percentage of Average Total Assets represents the percentage of Profit After Tax to the Average Total Assets for the relevant period*
(6) *Cost to income ratio represents the ratio of total operating expenses bears to the sum of net interest income and other income.*
(7) *Net profit ratio represents the profit after tax as a percentage of total Revenue*

Our financial track record is also aided by our ability to tackle event based risks which the banking and finance sector is typically susceptible to in India, and which also impact financial results. For instance, in November 2016, the Government of India ("**GoI**") announced the demonetization of bank notes of ₹500 and ₹1,000 denominations. During the months following the demonetization notification, we adopted practices that allowed borrowers to repay a portion of their instalments. Our collection efficiency for Fiscals 2017 and 2018 were 99.90% and 99.80% respectively. Further, during the COVID-19 pandemic, we pivoted towards leveraging digital platforms and innovative strategies to ensure uninterrupted service delivery while safeguarding the well-being of both our customers and employees. Such responses not only mitigated immediate impacts but positioned us for quick recovery. These practices allowed us to manage our performance during adverse events and maintain portfolio quality. Our track record of dealing with the aftermath of demonetization crisis and COVID-19 pandemic 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.

***Stable management team with extensive domain experience***

We have an experienced and dedicated management team, including KMPs and Senior Management with significant industry experience and who have demonstrated their ability to deliver growth and profitability, across business cycles. Our Key Managerial Personnel and Senior Management includes a combination of management executives and independent members who bring in significant business experience, which positions us well to capitalize on future growth opportunities. Each of them have extensive experience in the banking or related industry such as finance, commercial operations, strategy, audit, business development, human resources, compliance and public relations.

Our Promoter, Vice Chairman and Managing Director, Jayendrabhai Bhailalbhai Patel, holds more than two decades of experience in the finance sector and was one of the founders of our Company. He is also a founder member of the Gujarat Finance Company and is associated as a member of the Finance and Banking Committee of Gujarat Chamber of Commerce & Industry, Ahmedabad. Our Joint Managing Director, Aalok Patel has previously worked at KPMG, and is also a trustee with Arman Foundation. Alok Prasad, our Non-Executive – Independent Director and Chairman has previously worked at Microfinance Institution Network and the National Housing Bank and and served as the Chairperson and Director of South-Asia Micro Entrepreneurs Network. Accordingly, the extensive domain expertise of our management enables them to effectively steer our operations and growth.

The industry experience of heads of functional groups, such as operations, risk, finance, audit and collections enhance the quality of our management. We have zonal heads for business, credit and collections, with regional experience that allows them to grow our operations in their respective areas and ensure business efficiency.

**Business Strategies**

***Continued focus on the customers from rural areas by increasing our presence in under-penetrated states and districts***

Our strategic focus on rural customers is deeply rooted in our mission to drive financial inclusion across diverse geographies. While headquartered in Gujarat, our presence extends across 10 states, including Gujarat, Madhya Pradesh, Maharashtra, Uttar Pradesh, Telangana, and Rajasthan. As of September 30, 2023, we efficiently served approximately 0.73 million customers through our network of 385 branches and 3,382 employees spread across 140 districts and 10 states in India.

As of the six months ended September 30, 2023 and Fiscal 2023, Fiscal 2022 and Fiscal 2021, the percentage of our customers located in rural areas was 90.22%, 90%, 87%, and 85% respectively. We believe that we will be able to strengthen our position by tapping into this underserved market and capitalize on our strategy of having a deep penetration in the Indian rural markets. We intend to continue to expand our geographical coverage into newer states and union territories as well in existing states where we see business potential (for instance, Bihar and Haryana). We ensure that any expansion in a new state is conducted in a phased manner 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 intend to continue penetrating deeper in the states and districts and other areas that have limited or no access to formal banking and finance channels. Furthermore, our engagement in rural landscapes extends into our financial products, designed with a keen understanding of rural livelihoods and economic structures. By crafting offerings that align with the unique income patterns and seasonal variations prevalent in rural areas, we aim to provide financial solutions that resonate with the needs of our rural customers.

Company has recently piloted a vertical titled 'Individual Business Loans'. Under this vertical, the Company will provide financial assistance to existing women customers (through the JLG model) with a proven track record across multiple loan cycles. As of September 30, 2023 and March 31, 2023, March 31, 2022, and March 31, 2021, we opened 49, 44, 53 and 28 new branches, taking our total branch count to 385 as of September 30, 2023.

***Continue to invest in technology to enhance operational efficiency and optimize costs***

We have invested ₹4.18 million, ₹3.75 million, ₹3.77 million and ₹1.53 million in our information technology and digital systems, in six months ended September 30, 2023 and Fiscal 2023, Fiscal 2022 and Fiscal 2021, respectively. We have implemented automated, digitized technology enabled services to increase our customer offerings. Building on the successful transition to cashless disbursements, ERP implementation, 'Jayam' initiative, digital collection solution, comprehensive LOS/LMS integration, and HRMS rollout, we are poised to leverage and invest in more transformative technologies.

In Fiscal 2021, we have entered into an agreement with Twinline to procure 'FinPage' a comprehensive loan origination software developed by them. Finpage enables effective loan accounting, customer service and compliance by providing user-friendly and customised interface of various data points, this helps us handle offline/online collection module on real time. As of six months ended September 30, 2023 and Fiscal 2023, Fiscal 2022 and Fiscal 2021, we have incurred ₹11.83 million, ₹13.87 million, ₹1.98 million and ₹0.74 million, respectively as the procurement costs for Twinline.

We plan to continue investing in technology and digitization and to ensure our information technology systems continue to help us with several functions, including loan origination, credit underwriting, risk management, collections, customer service and retention. We believe that such investments will help improve recoveries and reduce our opera ting expenses, our cost of customer acquisition and credit costs over time.

***Leverage our existing branch network and domain expertise to enhance product offering***

As of September 30, 2023, we have a network of 385 branches spread across 140 districts in 10 states and located across the northern, southern, eastern and western zones in India. Our domain expertise, cultivated over years of serving diverse customers, positions us to innovate and introduce financial products that cater specifically to the varied needs of different segments. By harnessing this knowledge and understanding, we can conceptualize and introduce solutions that address the unique challenges faced by customers in different regions and economic strata.

Our branch network serves as an avenue for customer engagement and education. We plan to utilize these touchpoints to not only introduce new products but also educate customers about their benefits and usage, ensuring optimal adoption and satisfaction. By combining our expansive branch network's reach, we are poised to enhance our product offerings significantly. This strategic approach aligns with our commitment to customer-centricity and ensures that our evolving suite of financial solutions remains relevant, and impactful for our diverse customer base.

For instance, we have launched a pilot program focused on micro loans against property ("**LAP**") distribution. This initiative will be channelled through the existing MSME branch networks, aiming to explore and expand our lending offerings within this segment. As on date, the program is available at certain of our branches at Gujarat and all our branches in Madhya Pradhesh and Telangana. Loans are extended for business purposes such as stock acquisition, cattle procurement, initiating additional retail outlets, expanding product lines, and other relevant business needs. For personal use, these loans cater to endeavours such as home renovation, financing weddings, and supporting various family functions or events. The loan tenure spans from 24 to 84 months, providing a broad spectrum for borrowers. Loan sizes are set between a minimum of ₹0.2 million and a maximum of ₹1 million, catering to varied financial needs. The collection of equated monthly instalments ("**EMIs**") will be efficiently managed through the national automated clearing house ("**NACH**") system.

***Diversification of borrowings and leveraging existing capabilities to enhance performance***

We intend to utilise our expansive branch network spanning 385 branches across 140 districts in 10 states, alongside our domain expertise to continue to provide well-crafted financial solutions. Leveraging these resources, our focus remains on introducing customer-centric products, informed by regional and economic nuances. We utilize branch touchpoints not only for product introductions but also for educating customers on benefits, ensuring wide acceptance. For instance, our LAP pilot program, implemented through MSME branch networks, reflects our commitment to exploring specific lending segments. For more details, please see "- *Business Strategies – Leverage our existing branch network and domain expertise to enhance product offering*" on page 140.

We also plan to continue investing in technology and digitization and to ensure our information technology systems continue to help us with several functions, including loan origination, credit underwriting, risk management, collections, customer service and retention. We believe that such investments will help improve recoveries and reduce our operating expenses, our cost of customer acquisition and credit costs over time. For more details, please see *" – Competitive Strengths – Advanced and scalable tech enabled infrastructure"* on page 135.

We remain focused on diversifying our borrowing profile by optimizing borrowing costs, and maintaining a positive ALM position. To this end we intend to further diversifying our borrowings by further exploring retail NCDs. For further details, please see '*Management's Discussion and Analysis of Financial Condition and Results of Operations'* on page 89. By adopting risk management measures such as using credit bureau report, internal data records on customer behaviour, monitoring early stress signals by analysing daily collections, and continuing to make investments in technology, we aim to enhance our credit rating, and secure stable funding sources to support our continued growth and expansion.

**Our History**

For details on the history of our Company, please see "*Organisational Structure of Our Company*" on page 166.

**Our Business Model and Target Customer Segment**

We are deeply committed to delivering accessible financial solutions that empower women. Our operational framework revolves around inclusivity and strategic methodologies, emphasizing small-ticket loans, doorstep collections, and a tailored JLG model crafted for our target demographic. This approach doesn't just fulfil financial needs but also fosters community and mutual support, crucial in overcoming the obstacles faced by women accessing traditional banking services.

We have implemented JLG lending strategy for loan disbursement to women borrowers, wherein borrowers form a group and provide mutual guarantee for loans obtained by each other without requiring collateral or security on an individual basis. Once the JLGs are formed, our customer due diligence procedures encompass three layers of checks: firstly, our loan officer performs the initial due diligence procedures, collects the KYC documents, and conducts group training typically for five days which might be extended if loan officers deem it necessary on topics such as our Company, products, processes, JLG, group discipline and group responsibilities; on the last day of the group training or at a later date, re-interview is done by the branch manager to determine the Customers' level of understanding of the topics covered during the training; the branch manager then visits the homes of the new customers to verify the potential customers and obtain the consent of their family members for the customers becoming borrowers; lastly, the area manager revalidates the earlier two steps and performs the group recognition tests, which is designed to assess the quality of the proposed group and to confirm that they meet all our specified criteria. We believe that such customer selection methodologies have resulted in healthy asset quality and led to low GNPA and NNPA ratios and high collection efficiencies. In addition to catering to women, we extend our services to a diverse borrower base, encompassing entrepreneurs, small and micro-business owners, salaried individuals, and the self-employed.. Our focus on customers in the unorganized sector, leveraging their strong credit history despite challenges in documenting comprehensive income, aims to support those often underserved by traditional banking systems.

Our lending portfolio primarily consists of microfinance, group lending, and individual lending to small and micro-enterprises. Notably, a significant portion is in microfinance under the JLG model, recognized for its consistent repayment records driven by the strong social cohesion within groups. Our risk assessment framework prioritizes an optimal instalment-to-income ratio, ensuring our customers' financial stability remains paramount.

Employing advanced artificial intelligence and machine learning, we've developed a robust customer segmentation model to assess risk behaviour, striving for a balanced loan portfolio while upholding prudent lending practices. Our meticulous evaluation process, incorporating income assessment and Credit Bureau Report validation, ensures responsible lending by establishing Fixed Obligation to Income Ratios (FOIR) or Net Surplus metrics, safeguarding the financial well-being of our customers and fortifying the stability of our business operations.

**Loan products**

Our business has three verticals, comprising: (i) MSME loans, (ii) Two-wheeler loans and (iii) Microfinance. The table below provides details of our AUM for our major financial services as a percentage of our total AUM for six months ended September 30, 2023 and Fiscal 2023, Fiscal 2022 and Fiscal 2021:

| Particulars | For the six months ended September 30, 2023 | | for the Year ended March 31 | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | 2023 | | 2022 | | 2021 | |
| | AUM (₹ million) | % of total AUM | AUM (₹ million) | % of total AUM | AUM (₹ million) | % of total AUM | AUM (₹ million) | % of total AUM |
| Microfinance* | 19,448.85 | 84.40% | 16,276.34 | 83.77% | 10,219.12 | 82.87% | 6,431.00 | 78.97% |
| MSME loans | 2,905.47 | 12.61% | 2,545.15 | 13.10% | 1,651.02 | 13.39% | 1,253.63 | 15.39% |
| Two-wheeler loans | 688.18 | 2.99% | 607.79 | 3.13% | 461.14 | 3.74% | 459.14 | 5.64% |
| **Total** | 23,042.50 | 100.00% | 19,429.29 | 100.00% | 12,331.28 | 100.00% | 8,143.76 | 100.00% |

* *including individual business loans*

***Branch Network***

We have an extensive network of 385 branches, as of September 30, 2023, spread across approximately 140 districts in 10 states across India, with Gujarat, Uttar Pradesh, Madhya-Pradesh and Rajasthan being our key states. Such key states collectively account for approximately 72% of our branch network as of September 30, 2023. As of September 30, 2023 approximately 95% of our branches are located in non-metropolitan cities.

The following table sets forth certain details of our branch network on a state/territory basis, as of September 30, 2023:

| State | Districts | Branches | Percentage of total branches | AUM (₹ million) | Percentage of total AUM |
|---|---|---|---|---|---|
| Gujarat | 23 | 84 | 21.82% | 6,502.02 | 28.22% |
| Uttar Pradesh | 27 | 75 | 19.48% | 5,535.00 | 24.02% |
| Madhya Pradesh | 30 | 67 | 17.40% | 3,317.42 | 14.40% |
| Rajasthan | 14 | 53 | 13.77% | 2,578.19 | 11.19% |
| Maharashtra | 11 | 41 | 10.65% | 2,378.78 | 10.32% |
| Bihar | 16 | 33 | 8.57% | 1,954.46 | 8.48% |
| Haryana | 11 | 15 | 3.90% | 559.05 | 2.43% |
| Jharkhand | 2 | 9 | 2.34% | 33.14 | 0.14% |
| Telangana | 4 | 6 | 1.56% | 44.73 | 0.19% |
| Uttarakhand | 2 | 2 | 0.52% | 139.71 | 0.61% |
| **Total** | 140 | 385 | 100.00% | 23,042.50 | 100% |

The following table sets forth our geographic spread based on the number of active loan accounts as of six months ended September 30, 2023 and for Fiscal 2023, Fiscal 2022 and Fiscal 2021:

<u>*Microfinance:*</u>

| State | Number of Loan Accounts | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | As of September 30, 2023 | | As of March 31, 2023 | | As of March 31, 2022 | | As of March 31, 2021 | |
| | No. of active loan accounts | % of Total | No. of active loan accounts | % of Total | No. of active loan accounts | % of Total | No. of active loan accounts | % of Total |
| Gujarat | 1,29,344 | 20.32% | 1,18,058 | 21.50% | 96,318 | 24.00% | 69,402 | 26.98% |
| Madhya Pradesh | 95,865 | 15.06% | 93,974 | 17.12% | 89,441 | 22.28% | 68,182 | 26.51% |
| Maharashtra | 72,114 | 11.33% | 63,363 | 11.54% | 57,616 | 14.35% | 42,615 | 16.57% |
| Rajasthan | 73,995 | 11.62% | 64,749 | 11.79% | 46,854 | 11.67% | 25,654 | 9.97% |
| Uttar Pradesh | 1,81,645 | 28.54% | 1,52,094 | 27.70% | 92,906 | 23.15% | 46,519 | 18.09% |
| Bihar | 57,049 | 8.96% | 31,673 | 5.77% | 775 | 0.19% | - | - |
| Haryana | 20,943 | 3.29% | 20,134 | 3.67% | 13,409 | 3.34% | 1,854 | 0.72% |
| Uttarakhand | 4,833 | 0.76% | 4,963 | 0.90% | 4,067 | 1.01% | 2,980 | 1.16% |
| Jharkhand | 774 | 0.12% | - | - | - | - | - | - |
| **Total** | **6,36,562** | **100.00%** | **5,49,008** | **100.00%** | **401386** | **100.00%** | **257206** | **100.00%** |

*Two Wheelers Loans & MSME Loans:*

| State | Number of Loan Accounts | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | As of September 30, 2023 | | As of March 31, 2023 | | As of March 31, 2022 | | As of March 31, 2021 | |
| | No. of active loan accounts | % of Total | No. of active loan accounts | % of Total | No. of active loan accounts | % of Total | No. of active loan accounts | % of Total |
| Gujarat | 62,773 | 69.76% | 56,260 | 71.46% | 51,425 | 79.14% | 55,617 | 86.67% |
| *Two Wheelers* | 16,695 | 18.55% | 14,810 | 18.81% | 12,633 | 19.44% | 19,848 | 30.93% |
| *SME* | 46,078 | 51.20% | 41,450 | 52.65% | 38,792 | 59.70% | 35,769 | 55.74% |
| Madhya Pradesh | 12,395 | 13.77% | 11,761 | 14.94% | 7,997 | 12.31% | 6,629 | 10.33% |
| *SME* | 12,395 | 13.77% | 11,761 | 14.94% | 7,997 | 12.31% | 6,629 | 10.33% |
| Maharashtra | 4,297 | 4.77% | 4,252 | 5.40% | 3,979 | 6.12% | 1,928 | 3.00% |
| *SME* | 4,297 | 4.77% | 4,252 | 5.40% | 3,979 | 6.12% | 1,928 | 3.00% |
| Rajasthan | 9,833 | 10.93% | 6,454 | 8.20% | 1,577 | 2.43% | - | - |
| *SME* | 9,833 | 10.93% | 6,454 | 8.20% | 1,577 | 2.43% | - | - |
| Uttar Pradesh | - | - | - | - | - | - | - | - |
| *SME* | - | - | - | - | - | - | - | - |
| Telangana | 692 | 0.77% | - | - | - | - | - | - |
| *SME* | 692 | 0.77% | - | - | - | - | - | - |
| **Total** | **89,990** | **100.00%** | **78,727** | **100.00%** | **64,978** | **100.00%** | **64,174** | **100.00%** |

The decision to open a branch is based on a detailed analysis of the potential catchment area, economic and business potential, competition and availability of human resource talent. When we review the potential catchment areas, we analyse retail density and diversity, overall industrial activity and financial literacy, among other factors. The prevalence of retail activity demonstrates the potential for lending to small business owners, who may need funding for their working capital requirements and hence the presence and density of retail activity is an important parameter in determining whether to set up a branch.

We analyse competition within the potential catchment area as a risk mitigation measure, because where competitors are present (such as other banks and NBFCs) we are able to assess (i) general acceptance of a formal lender with EMI based loan products amongst the target customer segment, (ii) repayment behaviour, (iii) asset quality trends and (iv) availability of suitable human resources for hiring as business and collections officers. We also prefer to open new branches contiguous to our existing locations to leverage neighbouring insights and to exercise effective supervision over new branch operations.

Where we start operations in a new geography or where contiguous expansion is not feasible, we typically begin by establishing pilot branches to gain a deeper understanding of the catchment area and customer characteristics including (i) sourcing opportunities, (ii) collection behaviour, (iv) understanding staff behaviours and culture, among other metrics. Our senior management closely supervises expansion efforts to ensure branch and staff performance meet expectations, as well as to conduct periodic review for potential deeper expansion.

The following table sets forth the AUM contribution in rural and urban areas as of six months ended September 30, 2023 and Fiscal 2023, Fiscal 2022 and Fiscal 2021:

| Particulars (in ₹ millions) | September 30, 2023 | March 31, 2023 | March 31, 2022 | March 31, 2021 |
|---|---|---|---|---|
| Urban AUM | 2,253.56 | 1,942.93 | 1,603.07 | 1,221.56 |
| Rural AUM | 20,788.94 | 17,486.36 | 10,728.21 | 6,922.20 |
| **Total** | **23,042.50** | **19,429.29** | **12,331.28** | **8,143.76** |

***Our Products***

Our Company together with its subsidiary, Namra Financial Services Limited, specializes in three distinct financial services. While group-based microfinance including individual business loans are exclusively administered by our Subsidiary, loans tailored for MSME and two wheeler finance are within the scope of our Company.

*Microfinance Portfolio – administered by our Subsidiary*

Our Microfinance Portfolio is intricately designed to serve the needs of women entrepreneurs utilizing our JLG model. Specifically curated for individuals engaged in diverse business activities such as dairy farming, animal husbandry, and small enterprises, our portfolio offers empowering financial solutions.

We also cater to artisans and individuals involved in handicrafts, acknowledging and supporting their distinctive talents and skills. With loan sizes ranging from ₹20,000 to ₹150,000, our microfinance portfolio aims to provide essential financial backing to micro-entrepreneurs, enabling the expansion and stability of their businesses. Beyond mere financial assistance, our portfolio strives to instil a sense of empowerment within these communities, fostering sustainable development and progress**.**

*Non-MFI Portfolio – administered by our Company:*

*MSME Loans:*

Our MSME loan portfolio offers financial support in a gender-agnostic manner, employing a cashflow-based assessment for borrowers. With ticket sizes ranging from ₹60,000 to ₹2,50,000, our target clientele includes larger businesses operating in rural and semi-rural areas. Focusing on these larger enterprises compared to our microfinance borrowers, our MSME lending is rooted in understanding and supporting the financial needs of businesses operating in less urbanized regions. Our evaluation process prioritizes assessing cash flows, enabling us to extend tailored financial assistance to sustain and enhance these businesses.

*2-Wheeler Loans:*

In our 2-Wheeler Loan segment, our concentration lies primarily in Gujarat, specifically catering to urban areas like Ahmedabad and Gandhinagar, alongside reaching out to rural borrowers through Gujarat-based MSME branches. We've established over 50 partnerships with auto dealers, particularly thriving in the urban market. Our focus remains on providing accessible financing options for fast-moving, affordable models, aligning with an average loan-to-value ratio of 70%. The ticket size typically hovers around ₹20,000 with a maximum limit of ₹1,25,000, ensuring affordability and convenience for our borrowers.

***Interest Rates, Fees and Collateral***

All our loan portfolio is at fixed rates of interest, and the pricing of such fixed interest rate loan is generally determined on the basis of market conditions and the regulatory framework. We determine our reference rate based on market conditions and price our loans at either a discount or a premium to our reference rate. Each of the segments i.e Microfinance, MSME, 2 Wheeler has minimum and maximum rates. These are regularly reviewed and revised as per the situation (none of our loans provided with variable interest rates to the borrowers)

In addition to the normal rate of interest, we may also levy certain charges such as processing fees, cheque bouncing charges and pre-payment charges. The details of all charges are mentioned in the loan agreement or other documents executed between us and the customer. These fees are subject to change from time to time based on market conditions and regulatory requirements. The Microfinance and MSME loans are unsecured in nature while the 2 -wheeler loans are secured by the hypothecation of the vehicle finance by the loan.

***Credit Approval and Disbursement***

Credit approval and disbursement by us is based on a duly approved, defined framework, based on value of loan and types of deviation. Our Company's Risk Management Committee has developed robust risk management policies, addressing credit risk, market risk, liquidity risks and operational risks. Leveraging our significant operational experience, and we have set up stringent credit quality checks and customised operating procedures that exist at each stage for comprehensive risk management. The Risk Management Committee has laid down a credit policy detailing the policy norms, process and procedure to be adopted for credit appraisal and approval, exposure limits for single/ group borrower, sectors, among others, subject to RBI guidelines issued from time to time, under which each new customer is analysed for creditworthiness before the loan is sanctioned. The company use Credit Bureau reports for credit evaluation and these reports are integrated into the Loan Origination Software (LOS) for rule based decisioning and reduce the human element for evaluating the small ticket loans to the Microfinance borrowers.

We have monitoring structures in place, including CIBIL& High-Mark monitoring, which sets off triggers based on CIBIL defaults; business set-up triggers, which identifies triggers for fraudulent activities by businesses; policy triggers, which capture policy deviation; which identify potential stress based on past valuations and locations, Loan-to-value ("**LTV**" for 2 wheeler loans); demographic triggers, based on age, salary and other revenue sources. Other than these, we undertake regular random checks to confirm adherence to policy through the life cycles of our loans.

***Customer Grievance Redressal Mechanism***

We prioritizes customer satisfaction and trust, exemplified by our robust Customer Grievance Redressal Mechanism. We've instituted a comprehensive policy dedicated to addressing customer concerns promptly and effectively. To ensure accessibility, display boards featuring prominently displayed phone numbers and contact details are strategically placed, enabling customers to seek assistance conveniently. Committed to regulatory adherence, our mechanism aligns seamlessly with the framework established by the Reserve Bank of India (RBI), ensuring transparency and reliability in our operations. Upholding ethical conduct, our Code of Conduct strictly prohibits phone calls during odd hours, reflecting our commitment to respectful and considerate engagement with our customers at all times.

*Capital Adequacy Ratios*

The RBI currently requires us to comply with a capital to risk (weighted) assets ratio, or CRAR, consisting of Tier I and Tier II capital.

**Capital Adequacy**

Our Company is subject to the capital adequacy requirements prescribed by the RBI. The following table sets forth certain information relating to the CRAR of our Company based on our restated financial position as of six months ended September 30, 2023 and Fiscal 2023, Fiscal 2022 and Fiscal 2021:

*(₹ in million, except percentage)*

| Particulars | As of September 30 | As of March 31 | | |
|---|---|---|---|---|
| | 2023 | 2023 | 2022 | 2021 |
| Tier I Capital[1] | 1,012.53 | 584.63 | 568.74 | 776.67 |
| Tier II Capital[2] | 270.63 | 514.61 | 46.16 | 58.83 |
| **Total Capital[3]** | 1,283.15 | 1,099.24 | 614.91 | 835.50 |
| **Total Risk Weighted Assets[4]** | 3,650.32 | 3,370.49 | 2,113.20 | 1,712.08 |
| **Capital Adequacy Ratio / Capital to Risk Weighted Assets Ratio** | | | | |
| CRAR - Tier I capital (%) | 27.74% | 17.35% | 26.91% | 45.36% |
| CRAR - Tier II capital (%) | 7.41% | 15.27% | 2.18% | 3.44% |
| **CRAR (%)** | 35.15% | 32.61% | 29.10% | 48.80% |

(1) *Teir I capital represents the Tier I capital classified as per the RBI norms*
(2) *Teir II capital represents the Tier II capital classified as per the RBI norms*
(3) *Total capital is the total of Tier I and II capital*
(4) *Total Risk Weighted Assets represent the Assets multiplied by the risk weights as prescribed by the RBI*
(5) *CRAR- Tier I capital (%) is calculated by dividing the Tier-I capital with the Total Risk Weighted Assets*
(6) *CRAR- Tier II capital (%) is calculated by dividing the Tier-II capital with the Total Risk Weighted Assets*
(7) *CRAR (%) is calculated by dividing the Total capital with the Total Risk Weighted Assets*

Our Company is subject to the capital adequacy requirements prescribed by the RBI. The following table sets forth certain information relating to the CRAR of our Subsidiary based on our restated financial position as of six months ended September 30, 2023 and Fiscal 2023, Fiscal 2022 and Fiscal 2021:

| Particulars | As of September 30 | As of March 31 | | |
|---|---|---|---|---|
| | 2023 | 2023 | 2022 | 2021 |
| Tier I Capital | 3,801.77 | 3,125.90 | 1,485.67 | 1,108.50 |
| Tier II Capital | 267.52 | 265.45 | 254.56 | 172.62 |
| **Total Capital** | 4,069.29 | 3,391.35 | 1,740.23 | 1,281.11 |
| **Total Risk Weighted Assets** | 15,801.34 | 13,235.62 | 9,266.89 | 6,303.16 |
| **Capital Adequacy Ratio / Capital to Risk Weighted Assets Ratio** | | | | |
| CRAR - Tier I capital (%) | 24.06% | 23.62% | 16.03% | 17.59% |
| CRAR - Tier II capital (%) | 1.69% | 2.01% | 2.75% | 2.74% |
| **CRAR (%)** | 25.75% | 25.62% | 18.78% | 20.32% |

(1) *Teir I capital represents the Tier I capital classified as per the RBI norms*
(2) *Teir II capital represents the Tier II capital classified as per the RBI norms*
(3) *Total capital is the total of Tier I and II capital*
(4) *Total Risk Weighted Assets represent the Assets multiplied by the risk weights as prescribed by the RBI.*
(5) *CRAR- Tier I capital (%) is calculated by dividing the Tier-I capital with the Total Risk Weighted Assets*
(6) *CRAR- Tier II capital (%) is calculated by dividing the Tier-II capital with the Total Risk Weighted Assets*
(7) *CRAR (%) is calculated by dividing the Total capital with the Total Risk Weighted Assets*

***Credit Ratings***

Our credit ratings evolution with time is set forth with Acuité Rating & Research Limited assigning us (i) 'ACUITE A-' (Outlook-Stable) in Fiscal 2023 from BBB+ by CARE Ratings and ACUITE A- with stable outlook in Fiscal 2022 for the long-term rating on our non-convertible debentures, (ii) 'ACUITE A-' (Outlook-Stable) in Fiscal 2023 from BBB+ by CARE Ratings and ACUITE A- with stable outlook in Fiscal 2022 for the long-term rating of our bank facilities of our Company and 'ACUITE A-' (Outlook-Stable) in Fiscal 2023 from BBB+ by CARE Ratings and ACUITE A- with stable outlook in Fiscal 2022 for the long-term rating of our bank facilities (including proposed facilities for our Subsidiary), (iii) 'PP-MLD ACUITE A-' (Outlook-Stable) in Fiscal 2023 for our principal protected market linked debentures of our Company and (iv) 'PP-MLD ACUITE A-' (Outlook-Stable) in Fiscal 2023 from BBB+ by CARE Ratings and ACUITE A- with stable outlook in Fiscal 2022 for our principal protected market linked debentures of our Subsidiary.

***Risk Management Framework***

Risk management is integral to our business and as a lending institution, we face financial and non-financial risks. As an NBFC under the RBI's scale-based regulations with an asset size of more than ₹ 20,000 million, our Company is governed by and closely follow RBI's risk management framework. We have established a risk management and audit framework to identify, assess, monitor and manage various types of internal and external risks.

**Information Technology**

Technology is at the core of our operations and we have adopted a well-defined IT strategy since our inception. Our 'Phygital' model leverages technology to identify opportunities, and coupled with our personal relationships with our customers, we are able to deliver products and services to our target customers. For example, our credit underwriting and risk management teams utilize technology to process loan applications and analyse credit risks, which also improves the customer experience due to better customer service and engagement and faster turnaround time as a result of faster decision making. We intend to continue to investment in upgrading our systems, including our data storage and backup systems, to improve our operational efficiency, customer service and decision making process while improving our business continuity and reducing the impact of internal and external risks.

Technology adoption has positively impacted our business across the various functions of loan origination, underwriting, collections and risk and audit, for instance, we extensively utilizes technology across our operations, employing platforms for various functions like origination, underwriting, risk management, customer service, collections, and data analytics. We have developed proprietary tools, cloud services, repositories, and mobility applications, including partnering with Twinline solutions ' for a loan origination platform, penny drop verifications and API integrations with Credit Bureaus and Banks. Our significant technological milestones include the transition to 100% cashless disbursements in 2018, which boosted security, efficiency, and transparency by eliminating physical currency handling risks. Additionally, an ERP system overhaul has streamlined operations and enhanced internal processes. 100% of customer having QR codes to make electronic / cash transfers for loan repayment.

**Sales and Marketing**

Given the demographics and spread of our target audience, we look to connect with prospective customers largely through our local outreach activities undertaken to create visibility in our target markets. We undertake local customer enrollment activities, local branding and advertising through distribution of leaflets and posters and also shop to shop reach-out activities by our branch employees in the target market.

In six months ended September 30, 2023 and Fiscal 2023, Fiscal 2022 and Fiscal 2021, our incentive expenditure for the customer connect was ₹ 3.72 million, ₹ 8.89 million, ₹ 9.16 million and ₹ 4.35 million, and accounted for 0.12%, 0.29%, 0.30% and 0.14% of our total revenue from operations.

**Competition**

The financial services market is being served by a range of financial entities, including traditional banking institutions, captive finance affiliates of players in various industries, NBFCs and small finance banks approved by RBI to enhance credit penetration. Our competitors include established Indian and foreign commercial banks, NBFCs, small finance banks, lending platforms and the private unorganized and informal financiers who principally operate in the local market and in the rural areas in which we operate, who are also focused on lending to low- and middle-income segments and micro, small and medium enterprises.

**Human Resources**

We believe that our employees are crucial in order for us to maintain our competitive advantage and continued success. As at September 30, 2023, we had 3382 full-time employees under our payroll. The following table sets out the number of our full-time employees by function as of September 30, 2023:

| Department | No. of Employees |
|---|---:|
| Sales (2 Wheeler) | 46 |
| Branch Operations | 2994 |
| Finance | 27 |
| Human Resources | 15 |
| Management Information System | 69 |
| Audit and Risk Management | 155 |
| Collection & Recovery | 42 |
| Technology | 10 |
| Legal and compliance team | 4 |

| Department | No. of Employees |
|---|---|
| Others | 20 |
| **TOTAL** | 3382 |

For details about our attrition rate, including certain vacancies vis-à-vis our chief risk officer, see "*Risk Factors - 30. As an NBFC, we are subject to periodic inspections by the RBI. Non-compliance with observations made by the RBI during these inspections could expose us to penalties and restrictions" and "38. We are dependent on our senior management team, and Key Managerial Personnel, and the loss of, or our inability to hire, retain, train, and motivate qualified personnel could adversely affect our business, results of operations, and financial condition" and* on pages 64 and 69 respectively.

**Intellectual Property**

As of September 30, 2023, we do not own any trademarks. For details, please see *"Risk Factor – 35. We may be unable to adequately protect our intellectual property and may be subject to risks of infringement claims"* on page 68.

**Corporate Social Responsibility**

We undertake our Corporate Social Responsibility ("**CSR**") activities with our CSR committee and have undertaken number of CSR projects under our CSR policy. We focus our CSR efforts on the health care, and education sectors in India.

Our CSR policy is in compliance with the requirements of the Companies Act, 2013 and the Companies (Corporate Social Responsibility) Rules, 2014. With our above strategies, we believe that we are adequately and actively engaging with our customers, present and potential.

**Insurance**

We have obtained insurance policies to cover our assets against losses from fire, burglary and risks to our property. We also maintain insurance policies against third party liabilities, including a public liability policy. Additionally, we maintain a fidelity guarantee policy, employees compensation insurance policy, group term insurance policy, a group personal accident policy and a group health insurance policy to cover the medical expenses incurred by our employees during hospitalisation, for any illness or injury suffered. We are also covered for directors' and officers' liability insurance.

**Properties**

We are headquartered in Gujarat, India and are supported by 385 branch offices across India. As of September 30, 2023, we own two properties and have leased 385 properties across India. See "*Risk Factors - 31. All of our branch offices are located on leased or licensed premises. Any termination or failure by us to renew the lease and license agreements in a favourable and timely manner, or at all, could adversely affect our business and results of operations. Moreover, many of the lease and license agreements entered into by us may not be duly registered or adequately stamped.*" on page 66.

**Environmental, Sustainability and Governance ("ESG")**

Our ESG framework has a strong focus on the social element of our business and we seek to improve financial inclusion and the standard of living of our customers. For instance, our focus on recruiting locally not only strengthen our networks but also improves the market intelligence within the semi-urban, urban and rural communities in which we operate, and it also provides viable employment opportunities within such communities.. As of September 30, 2023, March 31, 2023, March 31, 2022 and March 31, 2021, ₹ 19,448.85 million, or 84.40% of our AUM, ₹ 16,276.34 million, or 83.77% of our AUM, ₹ 10,219.12 million, or 82.87% of our AUM and ₹ 6,431.00 million, or 78.97% of our AUM, respectively, were from customers who belonged to the low-income group, earning not more than ₹25,000 per month.

## KEY REGULATIONS AND POLICIES IN INDIA

*The following description is a summary of the important laws, regulations and policies that are applicable to our business. The information detailed below has been obtained from the various legislations, including rules and regulations promulgated by regulatory and statutory bodies, and the bye-laws of the respective local authorities that are available in the public domain. The regulations set out below may not be exhaustive and are merely intended to provide general information to the investors and are neither designed nor intended to substitute for professional legal advice. The statements below are based on the current provisions of Indian law and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, statutory, administrative or judicial decisions.*

*In addition to the regulations and policies already specified in this Placement Document, taxation statutes, the Information Technology Act 2000, various labour laws, environmental laws, corporate laws and other laws apply to us as they do to any other Indian company.*

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.

Any company which carries on the business of a non-banking financial institution as its principal business is to be treated as an NBFC. Since the term 'principal business' has not been defined in law, the RBI has clarified through a press release (Ref. No. 1998-99/ 1269) in 1999, that in order to identify a particular company as an NBFC, it will consider both the assets and the income pattern as evidenced from the last audited balance sheet of the company to decide its principal business. The company will be treated as an NBFC if its financial assets are more than 50% of its total assets (netted off by intangible assets) and income from financial assets should be more than 50% of the gross income. Both these tests are required to be satisfied as the determining factor for principal business of a company.

1. *RBI Act (Reserve Bank of India Act), 1934*

   Under the RBI Act, with effect from 1997, NBFCs are not permitted to commence or carry on the business of a non-banking financial institution without obtaining a certificate of registration ("**CoR**"). Further, with a view to imparting greater financial soundness and achieving the economies of scale in terms of efficiency of operations and higher managerial skills, the RBI Act raised the requirement of minimum net owned fund from ₹ 2.50 million to ₹ 1,000 million for the NBFC which commences business on or after April 21, 1999. Further, every NBFC is required to submit to the RBI a certificate, from its statutory auditor within one month from the date of finalization of the balance sheet and in any case not later than December 31st of that year, stating that it is engaged in the business of non-banking financial institution requiring it to hold a CoR. Every NBFC is required to create a reserve fund and transfer thereto a sum not less than 20% of its net profit every year, as disclosed in the profit and loss account and before any dividend is declared. No appropriation can be made from such fund by the NBFC except for the purposes specified by the RBI from time to time and every such appropriation shall be reported to the RBI within 21 days from the date of such withdraw.

2. *Regulation of systemically important NBFCs registered with the RBI*

   Systematically important NBFCs are primarily governed by the RBI Act, 1934 ("**RBI Act**"), Master Direction on Non – Banking Financial Company – Scale Based Regulation Directions, 2023 ("**Master Directions**"). In addition to these regulations, NBFCs are also governed by various circulars, regulations, notifications, guidelines and directions issued by the RBI from time to time.

3. *Types of NBFCs*

   NBFCs have been classified on the basis of the types of liabilities they access, types of activities they pursue and their perceived systemic importance.

   a. <u>Liabilities-based classification</u>

      NBFCs are classified on the basis of liabilities into two broad categories – a) deposit taking and b) non-deposit taking. Deposit taking NBFCs (NBFC – D) are subject to requirements of stricter capital adequacy, liquid assets maintenance, and exposure norms etc.

      Further, in 2015, non-deposit taking NBFCs with asset size of ₹5 billion and above were labelled as 'systemically important non-deposit taking NBFCs' (NBFC – ND – SI) and separate prudential regulations were made applicable to them.

b. Activity-based classification

As per the RBI circular dated February 22, 2019, it merged the three categories of NBFCs viz. Asset Finance Companies (AFCs), Loan Companies (LCs) and Investment Companies (ICs) into a new category called NBFC - Investment and Credit Company (NBFC-ICC) with the below definition: "Investment and Credit Company - (NBFC- ICC)" means any company which is a financial institution carrying on as its principal business - asset finance, the providing of finance whether by making loans or advances or otherwise for any activity other than its own and the acquisition of securities; and is not any other category of NBFC as defined by RBI in any of its Master Directions.

Within this broad categorization the different types of NBFCs are (a) investment and credit companies, (b) infrastructure finance companies, (c) infrastructure debt fund, (d) NBFC - micro finance institutions, (e) NBFC – factors, and (f) NBFC - non-operative financial holding company, (g) systemically important core investment companies and (h) mortgage guarantee companies.

Pursuant to the RBI circular dated February 22, 2019, our Company has been classified as NBFC-ICC.

c. Layer-based classification

In accordance with the Master Directions, NBFCs are further classified into four categories namely: (i) NBFC - Base Layer (NBFC-BL); (ii) NBFC - Middle Layer (NBFC-ML); (iii) NBFC- Upper Layer (NBFC-UL); and (iv) NBFC - Top Layer (NBFC-TL) depending upon size and function.

4. *Types of Activities that NBFCs are permitted to carry out*

Although by definition, NBFCs are permitted to operate in similar sphere of activities as banks, there are a few important, key differences. The most important distinctions are:

(i) an NBFC cannot accept deposits repayable on demand;

(ii) NBFCs do not form part of the payment and settlement system and cannot issue cheques drawn on itself; and

(iii) deposit insurance facility of Deposit Insurance and Credit Guarantee Corporation is not available to depositors of NBFCs, unlike in case of banks.

5. *Regulatory Requirements of an NBFC under the RBI Act*

***Net Owned Fund***

Section 45-IA of the RBI Act ("**Section 45-IA**") provides that to carry on the business of a NBFC, an entity would have to register as an NBFC with RBI and would be required to have a minimum net owned fund of ₹ 20 million, or such other amount not exceeding ₹ 1,000 million as the RBI may, by notification in the Gazette, specify. For this purpose, the RBI Act has defined "net owned fund" to mean:

i) the aggregate of the paid-up equity capital and free reserves as disclosed in the latest balance sheet of the company, after deducting therefrom:

(a) accumulated balance of losses,

(b) deferred revenue expenditure; and

(c) other intangible assets; and

(ii) further reduced by the amounts representing:

(i) investment by such companies in shares of (i) its subsidiaries, (ii) companies in the same group, (iii)other NBFCs, and

(ii) the book value of debentures, bonds, outstanding loans and advances (including hire purchase and

lease finance) made to, and deposits with (i) subsidiaries of such companies; and (ii) companies in

the same group, to the extent such amount exceeds 10% of (i) above.

Further the Master Directions provide additional requirements for different categories of NBFCs.

***Reserve Fund***

In addition to the above, Section 45-IC of the RBI Act requires NBFCs to create a reserve fund and transfer therein a sum of not less than 20% of its net profits earned every year as disclosed in profit and loss account before declaration of dividend. Such a fund is to be created by every NBFC irrespective of whether it is a ND NBFC or not. Such sum cannot be appropriated by the NBFC except for the purpose as may be specified by the RBI from time to time and every such appropriation is required to be reported to the RBI within 21 days from the date of such withdrawal.

Further, in terms of the amendment of the Companies (Share Capital and Debentures) Rules, 2014 on August 16, 2019, NBFCs registered with RBI and HFCs registered with National Housing Bank are exempted from creation of debenture redemption reserve in case of public issue of debentures and privately placed debentures. However, listed NBFCs and HFCs shall on or before the April 30 in each year, invest or deposit, a sum which shall not be less than fifteen per cent, of the amount of its debentures maturing during the year ending on the March 31 of the next year in any one or more methods of investments or deposits as provided under Companies (Share Capital and Debentures) Rules, 2014, provided that the amount remaining invested or deposited, shall not at any time fall below fifteen percent of the amount of the debentures maturing during the year ending on March 31 of that year.

***Maintenance of liquid assets***

The RBI through notification dated January 31, 1998, as amended has prescribed that every NBFC, other than a residuary non-banking company governed by the provisions of Residuary Non-Banking Companies (Reserve Bank) Directions, 1987, shall invest and continue to invest in unencumbered approved securities valued at a price not exceeding the current market price of such securities an amount which shall, at the close of business on any day be not less than 10% in approved securities and the remaining in unencumbered term deposits in any scheduled commercial bank; the aggregate of which shall not be less than 15% of the public deposit outstanding at the last working day of the second preceding quarter.

NBFCs such as our Company, which do not accept public deposits, are subject to lesser degree of regulation as compared to a NBFC-D and are governed by the RBI’s Master Directions.

An NBFC-BL is required to inform the RBI of any change in the address, telephone no’s, etc. of its Registered Office, names and addresses of its directors/auditors, names and designations of its principal officers, the specimen signatures of its authorised signatories, within one month from the occurrence of such an event. Further, an NBFC-BL would need to ensure that its registration with the RBI remains current.

***Regulation of excessive interest charged by NBFCs***

(i)The Master Direction (i) The board of directors of each Applicable NBFC is required to adopt an interest rate model taking into account relevant factors such as cost of funds, margin and risk premium and determine the rate of interest to be charged for loans and advances. The rate of interest and the approach for gradations of risk and rationale for charging different rate of interest to different categories of borrowers are required to be disclosed to the borrower or customer in the application form and communicated explicitly in the sanction letter.

(ii)The rates of interest and the approach for gradation of risks are also required to be made available on the website of the Applicable NBFCs or published in the relevant newspapers. The information published on the website or otherwise published is required to be updated whenever there is a change in the rates of interest.

(iii)The rate of interest must be the annualized rate so that the borrower is aware of the exact rates that would be charged to the account. Although rates of interest charged by NBFCs are not regulated by the RBI, rates of interest beyond a certain level maybe seen to be excessive. The board of directors of Applicable NBFCs are required to layout appropriate internal principles and procedures in determining interest rates and processing and other charges.

***KYC Guidelines***

The RBI has issued a ‘Master Direction on Know Your Customer (KYC) Direction’ dated February 25, 2016, as amended, (“**KYC Guidelines**”) and advised all regulated entities (including NBFCs) to adopt such guidelines with suitable modifications depending upon the activities undertaken by them and ensure that a proper policy framework on KYC standards duly approved by the board of directors or any committee of the board of directors is put in place. The KYC policies are required to have certain key elements such as customer acceptance policy, customer identification procedures, monitoring of transactions and risk management. Persons authorised by NBFCs for collecting the deposits and their brokers/agents shall be fully compliant with the KYC Guidelines applicable to NBFC.

***Monitoring of Frauds Directions***

The RBI has issued a 'Master Direction on Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016' dated September 29, 2016, as amended ("**Monitoring of Frauds Directions**") which are applicable to all deposit taking NBFCs and NBFC-ND-SIs, and requires them to put in place a reporting system for recording of frauds. All frauds are required to be reported to the RBI. Fraud reports are required to be submitted to the Central Fraud Monitoring Cell of the RBI in case amount of fraud is ₹ 10 million and above. In cases where the amount of fraud is less than ₹10 million, reports shall be sent to the regional office of the Department of Non-Banking Supervision of the RBI, under whose jurisdiction the registered office of the related entity falls. The amounts involved in frauds reported by the entity shall be disclosed in its balance sheet for the year of such reporting.

***Returns Master Direction***

The RBI has issued a 'Master Direction on Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016' dated September 29, 2016 ("**Returns Master Direction**") which lists detailed instructions in relation to submission of returns prescribed by the RBI for various categories of NBFCs, including their periodicity, reporting time, due date, and the purpose of filing such returns.

***Information Technology Framework***

Reserve Bank of India has issued 'Master Direction - Information Technology Framework for the NBFC Sector' dated June 8, 2017 ("**IT Directions**"). The focus of the IT direction is on information technology governance, information technology policy, information and cyber security, information technology operations, information security audit, business continuity planning and information technology services outsourcing. These directions are categorized into two parts, those which are applicable to all NBFCs with asset size above ₹500 crores (considered as systemically important) and directions for NBFCs with asset size below ₹ 500 crores. The IT Directions, *inter alia*, mandate NBFCs to form an information technology strategy committee, to formulate an information technology policy, an information security policy and cyber security policy. The IT Directions also prescribe the time frame within which the mandated activities should be completed by the NBFC.

***Directions on Managing Risks and Code of Conduct in Outsourcing of Financial Services by NBFCs dated November 9, 2017***

The RBI has specified the activities and financial services that cannot be outsourced by NBFCs and provided the bases for deciding materiality of outsourcing. These directions lay down the regulatory and supervisory requirements and risk management practices to be adhered to by the NBFCs, including the adoption of a comprehensive outsourcing policy by the board of such NBFCs. The outsourcing of any activity by an NBFC does not diminish its obligations, and those of its board and senior management. Further, such NBFCs are required to have a robust grievance redress mechanism, which in no way shall be compromised on account of outsourcing.

***Master Direction on Outsourcing of Information Technology Services dated April 10, 2023***

The RBI has issued the RBI Master Direction on Outsourcing of Information Technology Services, dated April 10, 2023, ("**Direction**") that will come into effect on October 1, 2023, in line with its earlier Draft Master Direction on Outsourcing of IT Services, dated June 23, 2022. The Direction is applicable to regulated entities, namely, all commercial banks, non-banking financial companies, primary co-operative banks, credit information companies, 'All India Financial Institutions' as defined under the Direction (collectively, "REs"). In case of foreign banks operating in India through branch mode, reference to REs' board of directors means the head office or controlling office which has oversight over the Indian branch operations. The scope of the Direction extends to 'material outsourcing' of IT services by REs which are IT services which (i) if disrupted or compromised has the potential to significantly impact the RE's business operations, or (ii) may have material impact on the RE's customers in the event of any unauthorised access, loss or theft of customer information.

***Auditor's Report Directions***

The RBI has issued a 'Master Direction on Non- Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016' dated September 29, 2016 ("**Auditor's Report Directions**") which sets out disclosures that are to be included in every auditor's report on the accounts of an NBFC such as: (i) the validity of such NBFC's certificate of registration and whether the NBFC is entitled to continue to hold such certificate of registration in terms of its principal business criteria as of March 31 of the applicable year; and (ii) compliance with net owned fund requirements as laid down in the Master Directions.

*Dividend Circular*

The RBI has issued a circular on 'Declaration of Dividends by NBFCs' dated June 24, 2021 ("Dividend Circular") which specifies, inter alia, certain minimum prudential requirements (relating to its capital adequacy, net NPA and other criteria) for an NBFC to be eligible to declare dividend, the maximum permissible dividend payout ratio, the considerations to be taken into account by the board of directors of an NBFC while considering the proposal to declare dividend (such as supervisory findings of the RBI on divergence in classification and provisioning of NPAs, qualifications in the auditors' report to the financial statements, and long term growth plans) and the manner of reporting details of dividends declared. The Dividend Circular will be applicable to NBFCs for the declaration of dividends from the profits of the financial year ending March 31, 2022 and onwards.

***The Reserve Bank – Integrated Ombudsman Scheme, 2021 (the "Ombudsman Scheme") dated November 12, 2021***

The RBI through its 'Statement on Developmental and Regulatory Policies' dated February 5, 2021, proposed the integration of the Ombudsman Scheme for Non-Banking Financial Companies, 2018 with the Banking Ombudsman Scheme, 2006 and the Ombudsman Scheme for Digital Transactions, 2019 under the 'One Nation One Ombudsman' approach for grievance redressal and has done the same through the Ombudsman Scheme effective from November 12, 2021. This is intended to make the process of redressal of grievances easier by enabling the customers of the banks, NBFCs and non-bank issuers of prepaid payment instruments to register their complaints under the integrated scheme, with one centralized reference point.

The Ombudsman Scheme was introduced by the RBI with the object of enabling resolution of complaints in respect of certain services rendered by certain categories of NBFCs, to facilitate the satisfaction or settlement of such complaints, and matters connected therewith. Further, the RBI through its notification on Appointment of Internal Ombudsman by Non-Banking Financial Companies dated November 15, 2021, has established the office of Internal Ombudsman for NBFCs along with its roles and responsibilities.

The Ombudsman Scheme, *inter alia*, establishes the office of the ombudsman, specifies the procedure for the redressal of grievances and the mechanism for appeals against the awards passed by the ombudsman.

***Anti-Money Laundering***

The Prevention of Money Laundering Act, 2002 ("**PMLA**") was enacted to prevent money-laundering and to provide for confiscation of property derived from or involved in, money-laundering and for matters connected therewith or incidental thereto. Section 12 of the PMLA inter alia casts certain obligations on reporting entities (as defined under the PMLA) in relation to preservation of records and reporting of transactions. The Government of India under PMLA has issued the Prevention of Money-laundering (Maintenance of Records) Rules, 2005, as amended ("**PML Rules**"). PMLA & PML Rules extends to all banking companies and financial institutions, including NBFCs and intermediaries.

Further the KYC Guidelines ensure that a proper policy frame work for the PMLA and PML Rules is put in place. Pursuant to the provisions of PMLA and PML Rules all NBFCs are advised to appoint a principal officer for internal reporting / reporting to Financial Intelligence Unit – India (FIU-IND) of suspicious transactions and cash transactions and to maintain a system of proper record (i) all cash transactions of value of more than ₹1 million - or its equivalent in foreign currency; (ii) all series of cash transactions integrally connected to each other which have been valued below ₹1 million or its equivalent in foreign currency, where such series of transactions have taken place within a month and the aggregate value of such transaction exceeds ₹1 million; (iii) all transactions involving receipts by non-profit organisations of value more than ₹1 million, or its equivalent in foreign currency; (iv) all cash transactions where forged or counterfeit transactions. The NBFCs shall also appoint a designated director who shall be responsible for ensuring overall compliance as required under the PMLA and the PML Rules.

Additionally, NBFCs should ensure that records pertaining to the identification of their customers and their address are obtained while opening the account and during the course of business relationship, and that the same are properly preserved for at least five years after the business relationship is ended. Also, NBFCs should maintain all necessary records of transactions with the customers, both domestic and international, for at least five years from the date of transaction. The identification records and transaction data is to be made available to the competent authorities upon request.

***Master Circular on Prudential Norms***

The RBI, pursuant to its 'Master Circular on Prudential Norms on Income Recognition, Asset Classification and Provisioning Pertaining to Advances' issued on October 1, 2021 ("**Master Circular on Prudential Norms**"), classifies NPAs into (i) standard assets; (ii) doubtful assets; and (iii) loss assets. The circular also specifies provisioning requirements specific to the classification of the assets. The Master Circular on Prudential Norms also lays down guidelines for classification of assets. It also urges the banks to ensure that while granting loans and advances, realistic repayment schedules may be fixed on the basis of cash flows with borrowers. Further, the Master Circular on Prudential

Norms states that policy of income recognition should be objective and based on record of recovery rather than on any subjective considerations. Similarly, the classification of assets of banks has to be done based on objective criteria which would ensure a uniform and consistent application of the norms.

RBI further issued ‘Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances – Clarifications’ on November 12, 2021, read with its clarifications dated February 15, 2022, with a view to ensuring uniformity in the implementation of income recognition, asset classification and provisioning norms across all lending institutions. The circular, amongst other matters, requires borrower accounts to be flagged as overdue by lending institutions as part of their day-end processes for the due date, irrespective of the time of running such processes. Similarly, classification of borrower accounts as special mention accounts (“**SMA**”) as well as NPA is required to be undertaken as part of day-end processes for the relevant date, such that the date of SMA/ NPA shall reflect the asset classification status of an account at the day-end of that calendar date. The circular clarifies that the SMA classification requirement for borrower accounts is applicable to all loans, including retail loans, irrespective of size of exposure of the lending institution. Further, the circular provides that upgradation of accounts classified as NPAs may be upgraded to ‘standard’ only if the entire arrears of interest and principal are paid by the borrower, as opposed to such upgradation being undertaken upon payment of only interest overdues.

The clarifications were made applicable immediately from the date of circular except for the instructions related to specification of due date / repayment date which were made applicable from December 31, 2021 and instructions related to non-performing assets classification in case of interest payments and customer education which will be applicable from March 31, 2022 onwards.

***Master Circular dated April 1, 2022 on Bank Finance to Non- Banking Financial Companies***

The circular lays down RBI’s regulatory policy regarding financing of NBFCs by banks. The circular specifies, inter alia, certain guidelines for bank finance to NBFCs registered with RBI and bank finance to NBFCs not requiring registration. The circular further specifies activities which are not eligible for bank credits (such as certain bills discounted/rediscounted by NBFCs, investments of NBFCs both of current and long-term nature and unsecured loans by NBFCs to any company) and other prohibitions on bank finance to NBFCs. The aforesaid circular also prescribes the prudential ceilings for exposure of banks to NBFCs.

6. *Guidelines on Securitization of Standard Assets*

The RBI through its master direction dated September 1, 2016, provided the guidelines on securitization of standard assets. Further, the guidelines provides that loans can only be assigned or securitized if the NBFC has held them in their books for a specified minimum period. The guidelines also provide a mandatory retention requirement for securitization and assignment transactions. However, to ease the liquidity for NBFCs, the RBI pursuant to the circular dated November 29, 2018, relaxed the Minimum Holding Period (MHP) requirement for originating NBFCs, in respect of loans of original maturity above 5 years, to receipt of repayment of six monthly instalments or two quarterly instalments (as applicable). The said dispensation was initially applicable till six months from the date of issuance of the circular. However, the RBI vide its circular dated May 29, 2019 had extended the dispensation till December 31, 2019, and subsequently vide its circular dated December 31, 2019 has extended the dispensation till June 30, 2020.

Certain requirements are to be met by the originating NBFCs on transactions involving transfer of assets through direct assignment of cash flows and the underlying securities. NBFCs can transfer a single standard asset or a part of such asset or a portfolio of such assets to financial entities through an assignment deed with the exception of (i) revolving credit facilities (e.g., credit card receivables); (ii) assets purchased from other entities; (iii) assets with bullet repayment of both principal and interest. However, these guidelines shall not apply to: (i) transfer of loan accounts of borrowers by an NBFC to other NBFCs/ FIs /banks and vice versa, at the request/ instance of borrower; (ii) trading in bonds; (iii) sale of entire portfolio of assets consequent upon a decision to exit the line of business completely. Such a decision shall have the approval of board of directors of the NBFC; (iv) consortium and syndication arrangements; (v) any other arrangement/ transactions, specifically exempted by the Reserve Bank of India.

In order to limit the extent of effective control of transferred assets by the seller in the case of direct assignment transactions, NBFCs shall not have any re-purchase agreement including through clean-up calls on the transferred assets.

*Master Direction – Reserve Bank of India (Securitisation of Standard Assets) Directions, 2021*

These directions are applicable to securitisation transactions undertaken subsequent to the issue of these directions. These are applicable to all transactions involving securitisation of standard assets involving Scheduled Commercial Banks, All India Term Financial Institutions, Small Finance Banks, Non-Banking Financial Companies (NBFCs) and Housing Finance Companies (HFCs). The directions provide a negative list i.e., list of the assets that cannot be securitised. The directions specify a minimum ticket size of ₹1 crore for issuance of securitisation notes. In the directions, RBI has the Minimum Retention Requirement (MRR) for different asset classes. For underlying loans with original maturity of 24 months or less, the MRR will be 5 per cent of the book value of the loans being securitised. For those with original maturity of more than 24 months as well as loans with bullet repayments, the MRR shall be 10 per cent of the book value of the loans being securitised. In the case of residential mortgage-backed securities, the MRR for the originator shall be 5 per cent of the book value of the loans being securitised, irrespective of the original maturity.

7. *External Commercial Borrowings (ECB) Policy*

The Reserve Bank of India has through the 'Master Direction on External Commercial Borrowings, Trade Credits and Structured Obligations' dated March 26, 2019 (the "**ECB Policy**"), notified the external commercial borrowings framework. Few of the changes as per the ECB Policy are, NBFCs, being eligible entities to receive FDI, are permitted to raise ECB up to USD 750 million or equivalent in a financial year under the automatic route and exceeding USD 750 million or equivalent in a financial year under the approval route and the eligible borrowers have been expanded to include all entities eligible to receive FDI. Vide RBI Notification No. FEMA. 3(R)(3)/2022-RB, dated 28.07.2022, the automatic route limit stands temporarily increased from USD 750 million or equivalent to USD 1.5 billion or equivalent. This relaxation was available for ECBs raised till December 31, 2022.

The ECB Policy, *inter alia*, provides for various aspects of ECB transactions, including eligible borrowers, recognised lenders, route of the ECB, minimum average maturity period, all-in-cost ceiling per annum.

8. *Loans and Advances – Regulatory Restrictions - NBFCs, dated April 19, 2022, as amended*

The RBI introduced certain regulatory restrictions on lending in respect of NBFCs placed in different layers. The regulation states Loans and advances to Directors - Unless sanctioned by the Board of Directors/Committee of Directors, NBFCs shall not grant loans and advances aggregating 50 million and above to their directors (including the Chairman/ Managing Director) or relatives of directors: (a) any firm in which any of their directors or their relatives is interested as a partner, manager, employee or guarantor, (b) any firm in which any of their directors or their relatives is interested as a partner, manager, employee or guarantor, (c) any company in which any of their directors, or their relatives is interested as a major shareholder, director, manager, employee or guarantor with respect to directors and separate set of guidelines for the advances to senior officers to the NBFCs, to the real estate sector and base layer guidelines.

9. *RBI notification - Compliance Function and Role of Chief Compliance Officer (CCO) - NBFCs dated April 11, 2022, as amended*

The NBFC-UL and NBFC-ML shall have an independent Compliance Function and a Chief Compliance Officer (CCO) latest by April 1, 2023 and October 1, 2023, respectively. The Board/Audit Committee (Board committee) shall ensure that an appropriate Compliance Policy is put in place and implemented. The Senior Management shall carry out an exercise, at least once a year, to identify and assess the major compliance risk facing the NBFC and formulate plans to manage it.

10. *Guidelines on digital lending issued by RBI dated September 2, 2022 ("**Guidelines on Digital Lending**")*

The guidelines issued by RBI on September 2, 2022 are applicable to digital lending extended by (a) all commercial banks, (b)primary (urban) co-operative banks, state co-operative banks, district central co-operative banks, and (c) non –banking financial companies (including house finance companies).The Guidelines on Digital Lending require, among other things: (a) all loan disbursals and repayments to be executed only between the bank accounts of the borrower and the regulated entity without any pass-through/ pool account of the loan service provider or any third party; (b) all-inclusive costs of digital loans to be disclosed to the borrower; (c) a cooling-off period to be provided to borrowers, during which the borrowers can exit digital loans by paying the principal and the proportionate costs without any penalty; (d) the appointment of a nodal grievance redressal officer by loan service providers; and (e) reporting of loans to credit information companies.

Additionally, the Recommendations have noted some issues for further examination by the RBI, which may be incorporated into the Guidelines on Digital Lending in the future.

In the Guidelines on Digital Lending, the RBI has also provided that regulated entities engaged in credit delivery through digital lending will have time until November 30, 2022 to comply with the lending norms for repeat and top up loans to existing digital lending customers.

11. *Guidelines on Default Loss Guarantee in Digital Lending dated June 8, 2023 ("**DLG in Digital Lending Guidelines**")*

The RBI released the Guidelines on Default Loss Guarantee (DLG) which are applicable to DLG arrangements in digital lending operations undertaken by the regulated entities including Non- Banking Financial Companies. The guidelines lay down the eligibility conditions for DLG provider and provide for the structure of DLG arrangements.

Further, the guidelines provide for the due diligence requirements in respect of the DLG provider. The guidelines further clarify that the customer protection measures and grievance redressal issues pertaining to DLG arrangements shall be guided by RBI's instructions contained in 'Guidelines on Digital Lending' dated September 02, 2022, along with other applicable norms.

## BOARD OF DIRECTORS AND SENIOR MANAGEMENT

### Board of Directors

The composition of the Board is governed by the provisions of the Companies Act, 2013, the rules prescribed thereunder, the SEBI Listing Regulations and the Articles. In accordance with the Articles, our Company shall not have less than three Directors and more than 15 Directors. As of the date of this Placement Document, our Company has nine Directors, of which two are Executive Directors, two are Non-Executive Non-Independent Directors, four are Non-Executive Independent Directors and one is a Non-Executive - Nominee Director.

Pursuant to the provisions of the Companies Act, 2013, at least two-thirds of the total number of Directors, excluding the Independent Directors, are liable to retire by rotation, with one-third of such number retiring at each annual general meeting. A retiring Director is eligible for re-election. Further, pursuant to the Companies Act, 2013, the Independent Directors may be appointed for a maximum of two consecutive terms of up to five consecutive years each and thereafter have a cooling off period of three years prior to re-appointment. Any re-appointment of Independent Directors shall be on the basis of, *inter alia*, the performance evaluation report and approval by the shareholders of our Company, by way of a special resolution.

The following table sets forth details regarding our Board as of the date of this Placement Document:

| Name, Address, Occupation, Nationality Term and DIN | Age | Designation |
|---|---|---|
| **Alok Prasad**<br>***Date of Birth:*** September 8, 1952<br>***Address***: 144, Vista Villas, Opposite Unitech Cyber Park, Sector 46, Gurgaon, Haryana - 122001<br>***Occupation**:* Independent Banking/Financial Advisor<br>***Nationality**:* Indian<br>***Term**:* Five years with effect from August 1, 2023<br>***DIN***: 00080225 | 71 years | Chairman and Non – Executive – Independent Director |
| **Jayendrabhai Bhailalbhai Patel**<br>***Date of Birth:*** October 13, 1951<br>***Address***: 29, Sujan Bunglows, Shreyas Tekra, Ambawadi, Ahmedabad, Gujarat – 380015<br>***Occupation**:* Business<br>***Nationality**:* Indian<br>***Term**:* Five years with effect from September 1, 2021<br>***DIN***: 00011814 | 72 years | Vice Chairman and Managing Director |
| **Aalok Jayendra Patel**<br>***Date of Birth:*** August 2, 1984<br>***Address***: 1702, PH-B, South Tower, Seventy Building, Ambli Bhopal Road, Vikram Nagar, Ahmedabad City, Ahmedabad, Gujarat - 380054<br>***Occupation**:* Business<br>***Nationality**:* Indian<br>***Term**:* Five years with effect from August 21, 2019, liable to retire by rotation<br>***DIN***: 02482747 | 39 years | Joint Managing Director |
| **Ritaben Jayendrabhai Patel**<br>***Date of Birth:*** August 27, 1950<br>***Address***: 29, Sujan Bunglows, Shreyas Tekra, Ambawadi, Ahmedabad, Gujarat –380015<br>***Occupation**:* Business | 73 years | Non-Executive Non-Independent Director |

| Name, Address, Occupation, Nationality Term and DIN | Age | Designation |
|---|---|---|
| ***Nationality**:* Indian<br><br>***Term**:* Liable to retire by rotation.<br><br>***DIN***: 00011818 | | |
| **Aakash Jayendra Patel**<br><br>***Date of Birth:*** October 29, 1979<br><br>***Address***: 29, Sujan Bunglows, Shreyas Tekra, Ambawadi, Ahmedabad, Gujarat –380015<br><br>***Occupation**:* Business<br><br>***Nationality**:* Indian<br><br>***Term**:* Liable to retire by rotation.<br><br>***DIN***: 02778878 | 44 years | Non-Executive Non - Independent Director |
| **Rama Kant Nagpal**<br><br>***Date of Birth:*** July 2, 1949<br><br>***Address***: B-303, Green Valley Apartment, Plot No.18, Sector-22, Dwarka, New Delhi-110075<br><br>***Occupation**:* Practising Chartered Accountant<br><br>***Nationality**:* Indian<br><br>***Term**:* Up to July 2, 2024<br><br>***DIN***: 00073205 | 74 years | Non-Executive Independent Director |
| **Mridul Arora***<br><br>***Date of Birth*:** March 15, 1983<br><br>***Address***: Villa 734, Phase 3 Adarsh Palm Retreat, Bellandur, Near RMZ Ecoworld, Bellandur, Bengaluru, Karnataka - 560103<br><br>***Occupation**:* Private Service<br><br>***Nationality**:* Indian<br><br>***Term**:* Appointed with effect from April 12, 2018<br><br>***DIN***: 03579584 | 40 years | Non- Executive Nominee Director |
| **Geeta Haresh Solanki**<br><br>***Date of Birth*:** August 13, 1984<br><br>***Address*:** B-202, Prayag Residency, Behind Grand Bhagwati Hotel, Ahmedabad, Gujarat 380054<br><br>***Occupation*:** Business<br><br>***Nationality*:** Indian<br><br>***Term*:** Five years with effect from April 1, 2020<br><br>***DIN*:** 08212773 | 39 years | Non-Executive Independent Director |
| **Yash Shah**<br><br>***Date of Birth*:** March 22, 1984<br><br>***Address*:** 25, Akashneem Bungalows, Bodakdev, Thaltej, Ahmedabad, Gujarat 380059<br><br>***Occupation*:** Professional<br><br>***Nationality*:** Indian<br><br>***Term*:** Five years with effect from September 5, 2021 | 39 years | Non-Executive Independent Director |

| Name, Address, Occupation, Nationality Term and DIN | Age | Designation |
|---|---|---|
| ***DIN*: 02155636** | | |

* *Appointed as a nominee of SAIF Partners India V Limited.*

**Biographies of our Directors**

**Alok Prasad** is the Non-Executive – Independent Director and Chairman of our Company. He has passed the examination for master of arts from University of Delhi. He served with the National Housing Bank for a period of seven years, as the chief executive officer of Microfinance Institution Network for a period of five years and served as the Chairperson and Director of South-Asia Micro Entrepreneurs Network for a period of three years. Currently, he is associated with a number of banks and non – banking financial institutions as a board member.

**Jayendrabhai Bhailalbhai Patel** is the Vice Chairman and Managing Director of our Company. He has passed the examination for bachelor's degree in science from Gujarat University. He is the founder of our Company and has more than 25 years of experience in the finance sector. He was the owner of Kapps Pharmacy Inc. and Lawn Pharmacy Inc. in the USA. He is the Vice Chairman of the Gujarat Finance Companies Association. He is also the Managing Trustee of Arman Foundation.

**Aalok Jayendra Patel** is the Joint Managing Director of our Company. He holds a bachelor's degree in science in business administration and masters degree in accountancy from the Drake University. He is a certified public accountant with American Institute of Certified Public Accountants. He has worked with KPMG and is also the Joint Managing Trustee of Arman Foundation.

**Ritaben Jayendrabhai Patel** is a Non-Executive, Non-Independent Director of our Company. She holds a bachelor's degree in arts in economics from Gujarat University. She has worked with Western National Bank and Morton Grove Bank, U.S.A in various capacities.

**Aakash Jayendra Patel** is a Non-Executive, Non – Independent Director of our Company. He holds a bachelor's degree in arts from Gettysburg College (U.S.A) and master's degree in business administration from McCallum Graduate School of Business, Bentley College, Waltham, Massachusetts (USA). He was associated with Deloitte previously.

**Ramakant Nagpal** is a Non-Executive, Independent Director of our Company. He holds a bachelor's degree in commerce from the Punjab University and is enrolled as a member holding certificate of practice with and has passed the final examination certificate from the Institute of Chartered Accountants of India. He was previously associated with Cent Bank Home Finance Limited as the managing directors and chief executive officer. He was also associated with Central Bank of India and Sharma Khaturia & Co.

**Mridul Arora** is a Non-Executive – Nominee Director of our Company. He holds a bachelor of technology degree in chemical engineering from the Indian Institute of Technology, Madras and holds a post graduate diploma in management from Indian Institute of Management Society, Lucknow. He is currently employed with Light Ray Advisors LLP as Partner and has earlier worked with McKinsey & Company.

**Geeta Haresh Solanki** is a Non-Executive, Independent Director of our Company. She holds a bachelor's degree in business administration and a master's degree in business administration from K.S School of Business Management, Gujarat University. She is a social entrepreneur in the field of women's health and holds a certification as a childbirth educator. She has been felicitated as a Champion by the Ministry of Women and Child Development, 'The Power of Inspiration' award from the V-Help foundation, 'Entrepreneur of the Year Award' from Satya Shakti Foundation and 'Award of Excellence' at the MHM India Summit.

**Yash Shah** is a Non-Executive, Independent Director of our Company. He is admitted as a fellow member of the Institute of Chartered Accountants of India since 2013. He is currently a partner at Dhirubhai Shah & Co LLP, a Chartered Accountant Firm and was previously associated with BSR & Co.

**Relationship with other Directors and Key Managerial Personnel and Senior Management**

Except for, Aalok Jayendra Patel and Aakash Jayendra Patel who are brothers, and children of Jayendrabhai Bhailalbhai Patel and Ritaben Jayendrabhai Patel, none of our Directors, Key Managerial Personnel or Senior Management are related to each other are related to each other.

**Borrowing powers of our Board**

In accordance with the Articles of Association of our Company, our Board of Directors has been empowered to borrow funds in accordance with applicable law. Pursuant to the resolution dated September 29, 2023, passed by our Shareholders, our Board of Directors is authorized to borrow, for the purpose of the business of the Company, any sum or sums of money in any currency, by way of loans, issuance of bonds, notes, debentures or other securities whether convertible into equity/preference shares or not, from banks, financial or other institution(s), investors, mutual fund(s) or any other persons upto an aggregate amount not exceeding ₹ 15,000 million, at any time. Our borrowing limits may be changed from time to time, subject to approval of the Board and our Shareholders.

**Interests of the Directors**

All the Directors may be deemed to be interested to the extent of their shareholding, remuneration and sitting fees payable to them for attending meetings of our Board or committees thereof, if applicable, as well as to the extent of reimbursement of expenses, and the Executive Directors of our Company may be deemed to be interested to the extent of remuneration paid to them for services rendered.

All of the Directors may also be regarded as interested in any Equity Shares held by them, their relatives (together with other dividend distributions in respect of Equity Shares), or held by the entities in which they are associated as partners, or that may be subscribed by or allotted to the companies, firms, ventures, trusts in which they are interested as promoters, directors, partners, proprietors, members or trustees, pursuant to the Issue and to the extent of any dividend payable to them and other distributions in respect of the Equity Shares held by them.

*Interest in promotion or formation of our Company*

Except for Jayendrabhai Bhailalbhai Patel and Ritaben Jayendrabhai Patel who are Promoters of our Company, none of our Directors have any interest in the promotion or formation of our Company.

*Interest in land and property*

Our offices, namely, 501 & 601, Sakar III, Opposite Old High Court, Off Ashram Road, Ahmedabad – 380014 Gujarat, India have been leased to us by our Director and Promoter, Ritaben Jayendrabhai. Further, none of our Directors have any interest in any property acquired or proposed to be acquired of our Company or by our Company.

*Loans from Directors*

No loans have been availed by our Directors from our Company.

*Business interest*

Except as stated above and as provided in "*Related Party Transactions*" on page 48, our Company has not entered into any contract, agreement or arrangement during the three Fiscals immediately preceding the date of this Placement Document, in which any of the Directors are interested, directly or indirectly, and no payments have been made to them in respect of any such contracts, agreements, arrangements which are proposed to be made with them.

Other than as disclosed in this Placement Document, there are no outstanding transactions other than in the ordinary course of business undertaken by our Company, in which the Directors are interested.

**Shareholding of Directors**

As per the Articles of Association of our Company, our Directors are not required to hold any qualification shares.

Except as disclosed below, none of our Directors hold Equity Shares in our Company as of the date of this Placement Document.

| Sr. No. | Name of the Director | Designation | Number of Equity Shares | Percentage (%) shareholding |
|---|---|---|---|---|
| 1. | Jayendrabhai Bhailalbhai Patel | Vice Chairman and Managing Director | 427,937 | 4.91 |
| 2. | Ritaben Jayendrabhai Patel | Non-Executive Non-Independent Director | 436,089 | 5.01 |
| 3. | Aalok Jayendra Patel | Joint Managing Director | 247,809 | 2.84 |

**Terms of Appointment of Executive Directors**

Pursuant to shareholders' resolution dated September 23, 2019, Aalok Jayendra Patel, the Joint Managing Director of our Company is entitled to the following remuneration and perquisites:

| Sr. No. | Particulars | Amount |
|---|---|---|
| i. | Salary | Not exceeding ₹84.00 lakhs per annum payable either monthly or quarterly or half yearly or yearly and by way of performance linked bonus and/or commission and/or sweat equity or any other form as may be recognised under the term salary and perquisites in Income Tax Act; |

| Sr. No. | Particulars | Amount |
|---|---|---|
| ii. | Provident fund, superannuation, annuity fund, gratuity and encashment of leave | Contribution to provident fund, gratuity, leave travel concession etc. shall be paid as provided under Section IV of Schedule V to the Companies Act, 2013; |
| iii. | Minimum remuneration | As per Schedule V, Part II, Section II, Paragraph 1 of the Companies Act, 2013. |

Pursuant to shareholders' resolution dated September 29, 2021, Mr. Jayendrabhai Bhailalbhai Patel, the Vice Chairman and Managing Director of our Company is entitled to the following remuneration and perquisites:

| Sr. No. | Particulars | Amount |
|---|---|---|
| i. | Salary and Annual increment | Not exceeding ₹120 lakhs per annum payable either monthly or quarterly or half yearly or yearly and by way of performance linked bonus and/or commission and/or sweat equity or any other form as may be recognised under the term salary and perquisites in Income Tax Act |
| ii. | Provident fund, superannuation, annuity fund, gratuity and encashment of leave | Contribution to provident fund, gratuity, leave travel concession etc. shall be paid as provided under Section IV of Schedule V to the Companies Act, 2013; |
| iii. | Minimum remuneration | As per Schedule V, Part II, Section II, Paragraph 1 of the Companies Act, 2013. |

**Remuneration of the Executive Directors**

The following tables set forth the details of remuneration paid by our Company to the Executive Directors of our Company for Fiscal 2021, Fiscal 2022, Fiscal 2023 and for current Fiscal:

*(in ₹ million)*

| Sr. No. | Name of the Director | Remuneration for Fiscal 2021 | Remuneration for Fiscal 2022 | Remuneration for Fiscal 2023 | Remuneration for six-months ended September 30, 2023 | Remuneration from October 1, 2023, to November 30, 2023 |
|---|---|---|---|---|---|---|
| 1. | Jayendrabhai Bhailalbhai Patel* | 4.64 | 5.06 | 5.62 | 4.48 | 1.49 |
| 2. | Aalok Jayendra Patel* | 3.10 | 3.50 | 4.00 | 3.01 | 1.00 |

**The amount is on consolidated basis.*

**Remuneration of the Non-Executive Directors**

Our Non-Executive Independent Directors are entitled to receive sitting fees for attending meetings of our Board of Directors or any of its committee and reimbursements of expenses. Pursuant to the resolution passed by our Board of Directors dated August 11, 2016, our Non-Executive Directors are entitled to sitting fees of ₹ 12,500 for attending each meeting of the Board and audit committee meeting and ₹ 7,500 for attending each meeting of the stakeholders' committees and nomination and remuneration committee meeting of the Board.

The following tables set forth the details of remuneration paid by our Company to the Non – Executive Directors of our Company for Fiscal 2021, Fiscal 2022, Fiscal 2023 and for current Fiscal:

*(in ₹ million)*

| Sr. No. | Name of the Director | Remuneration for Fiscal 2021 | Remuneration for Fiscal 2022 | Remuneration for Fiscal 2023 | Remuneration for six-months ended September 30, 2023 | Remuneration from October 1, 2023, to November 30, 2023 |
|---|---|---|---|---|---|---|
| 1. | Alok Prasad | 0.12 | 0.17 | 0.21 | 0.08 | 0.03 |
| 2. | Ramakant Nagpal* | 0.14 | 0.25 | 0.22 | 0.11 | 0.04 |
| 3. | Aakash Jayendra Patel | 0.03 | Nil | Nil | Nil | Nil |
| 4. | Mridul Arora | Nil | Nil | Nil | Nil | Nil |
| 5. | Ritaben Jayendrabhai Patel* | 0.14 | 0.11 | 0.13 | 0.10 | 0.04 |
| 6. | Geeta Haresh Solanki | 0.06 | 0.09 | 0.08 | 0.04 | 0.01 |
| 7. | Yash Shah | Nil | 0.10 | 0.14 | 0.03 | 0.02 |

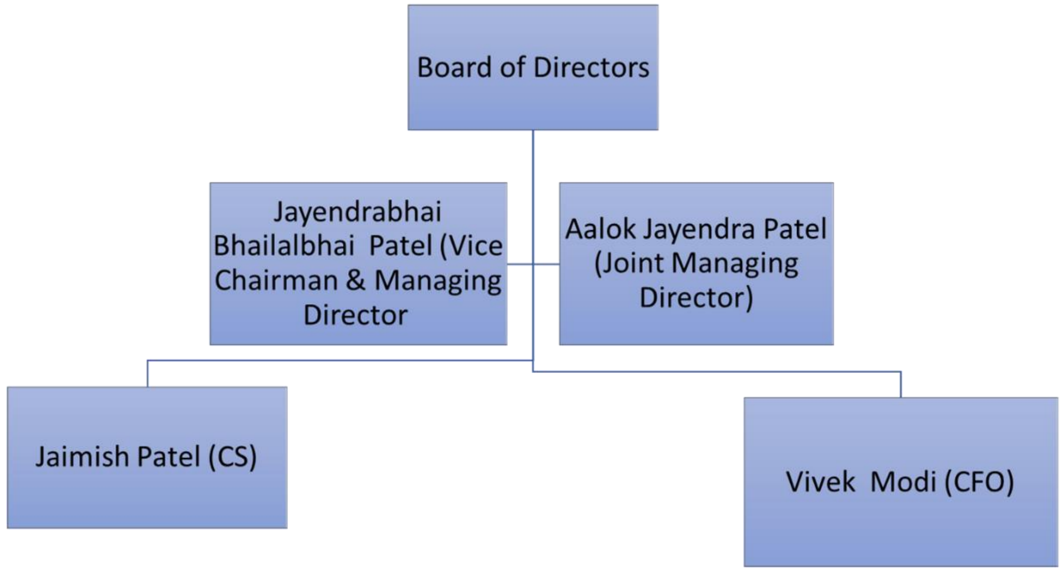
**The amount is on consolidated basis.*

**Prohibition by SEBI or Other Governmental Authorities**

Neither our Company, nor our Directors or Promoters are debarred from accessing capital markets under any order or direction made by SEBI or any other governmental authority.

None of the Directors of the companies with which they are or were associated as promoters, directors or persons in control have been debarred from accessing the capital market under any order or direction passed by SEBI or any other governmental authority.

**Organisation Chart of our Company**



**Key Managerial Personnel and Senior Management**

The Key Managerial Personnel and Senior Management are permanent employees of our Company. In addition to the Executive Directors, the details of our other Key Managerial Personnel and Senior Management in terms of the Companies Act and the SEBI ICDR Regulations as on the date of this Placement Document are set forth below:

| Sr. No. | Name | Age | Designation |
|---|---|---|---|
| 1. | Vivek Modi | 51 years | Chief Financial Officer |
| 2. | Jaimish Patel | 34 years | Company Secretary and Compliance Officer |

**Brief biographies of the Key Managerial Personnel and Senior Management**

**Vivek Modi** is the Chief Financial Officer of our Company. He has passed the bachelor's degree in commerce examination from the University of Rajasthan and holds a diploma from the Insurance Institute of India. Prior to the current role, he has worked with ICICI Prudential Life Insurance Company Limited, Sterlite Industries Limited, Max New York Life Insurance Co. Limited, Consulting Engineers Group Limited and Prem Motors. He is also an associate member of the Institute of Chartered Accountants of India and Insurance Institute of India.

**Jaimish Patel** is the Company Secretary and Compliance Officer. He has passed the bachelor's degree in commerce examination from Gujarat University and he is a member of the Institute of Company Secretaries of India. Prior to the current position at our Company, he was working with P R Shah & Associates.

**Shareholding of Key Managerial Personnel and Senior Management**

| Sr. No. | Name of the KMP | Designation | Number of Equity Shares | Percentage (%) shareholding |
|---|---|---|---|---|
| 1. | Vivek Modi | Chief Financial Officer | 5,850 | 0.07 |
| 2. | Jaimish Patel | Company Secretary | 350 | Negligible |

**Relationship with other Key Managerial Personnel, Senior Management and Directors**

None of our Key Managerial Personnel Management and Senior Management, except the Executive Directors, are related to any of our Directors.

**Interests of Key Managerial Personnel and Senior Management**

None of our Key Managerial Personnel 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 in the ordinary course of business and to the extent of the Equity Shares held by them directly or indirectly in our Company or stock options granted to them, if any, and any dividend payable to them and other distributions in respect of such Equity Shares.

**Corporate Governance**

Our Company is in compliance with the requirements of the applicable regulations, including the SEBI Listing Regulations, the Companies Act, 2013 and the SEBI ICDR Regulations, in respect of corporate governance, including constitution of our Board consisting of two executive Directors and seven non-executive Directors and six committees thereof. The corporate governance framework is based on an effective independent Board, separation of our Board's supervisory role from the executive management team and constitution of our Board committees, as required under law.

Our Board has been constituted in compliance with the Companies Act, 2013 and the SEBI Listing Regulations. Our Board functions either as a full board or through various committees constituted to oversee specific functions. Our Company's executive management provides our Board detailed reports on its performance periodically.

**Committees of our Board of Directors**

Our Board has constituted statutory committees, which function in accordance with the relevant provisions of the Companies Act, 2013, the SEBI Listing Regulations and the RBI Act.

The statutory committees of our Board are: (i) Audit Committee; (ii) Nomination and Remuneration Committee; (iii) Stakeholders' Relationship Committee; (iv) Risk Management Committee; and (v) Corporate Social Responsibility Committee.

The following table sets forth details of members of the aforesaid committees, as on the date of this Placement Document:

| Sr. No. | Committee | Name and Designation of Members |
|---|---|---|
| 1. | Audit Committee | i. Mr. Yash Shah - Chairman (Non – Executive and Independent Director)<br>ii. Mr. Alok Prasad - Member (Non – Executive and Independent Director)<br>iii. Mr. Ramakant Nagpal - Member (Non – Executive and Independent Director)<br>iv. Mrs. Ritaben Jayendrabhai Patel - Member (Non-executive and Non – Independent Director) |
| 2. | Nomination and Remuneration Committee | i. Mr. Ramakant Nagpal – Chairman (Non – Executive and Independent Director)<br>ii. Mr. Alok Prasad - Member (Non – Executive and Independent Director)<br>iii. Ms. Geeta Haresh Solanki – Member (Non – Executive and Independent Director)<br>iv. Mr. Yash Shah - Member (Non – Executive and Independent Director) |
| 3. | Stakeholders Relationship Committee | i. Mr. Alok Prasad - Chairman (Non – Executive and Independent Director)<br>ii. Mr. Yash Shah - Member (Non – Executive and Independent Director)<br>iii. Mr. Jayendrabhai Bhailalbhai Patel - Member (Vice Chairman and Managing Director) |
| 4. | Risk Management Committee | i. Mr. Jayendrabhai Bhailalbhai Patel - Member (Vice Chairman and Managing Director)<br>ii. Mr. Aalok Jayendra Patel – Member (Joint Managing Director)<br>iii. Mr. Vivek Modi - Member (Chief Financial Officer)<br>iv. Mr. Alok Prasad - Chairman (Non – Executive and Independent Director) |
| 5. | Corporate Social Responsibility Committee | i. Mr. Jayendrabhai Bhailalbhai Patel - Chairman (Vice Chairman an Managing Director)<br>ii. Mr. Alok Prasad - Member (Non – Executive and Independent Director)<br>iii. Mr. Aalok Jayendra Patel - Member (Joint Managing Director) |
| 6. | Asset and Liability Management Committee | i. Mr. Jayendrabhai Bhailalbhai Patel - Chairman (Vice Chairman and Managing Director)<br>ii. Mr. Vivek Modi - Member (Chief Financial Officer)<br>iii. Mr. Aalok Jayendra Patel - Member (Joint Managing Director) |

**Other Confirmations**

None of our Directors, Promoters, Key Managerial Personnel or Senior Management have any financial or other material interest in the Issue and there is no effect of such interest in so far as it is different from the interests of other persons.

Neither our Company, nor the Directors or Promoters have ever been identified as wilful defaulters or fraudulent borrowers by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters and fraudulent borrowers issued by the RBI.

None of our Promoters or Directors have been declared as fugitive economic offenders under Section 12 of the Fugitive Economic Offenders Act, 2018.

None of the Directors, Promoters, Key Managerial Personnel and Senior Management of our Company intend to subscribe to the Issue.

No change in control in our Company will occur consequent to the Issue.

**Policy on disclosures and internal procedure for prevention of insider trading**

SEBI Insider Trading Regulations applies to our Company and our employees and requires our Company to implement a code of practices and procedures for fair disclosure of unpublished price sensitive information and conduct for the prevention of insider trading. Our Company has implemented a code of practices and procedures for fair disclosure of unpublished price sensitive information in accordance with the SEBI Insider Trading Regulations. The abovementioned code is uploaded on the website of the Company at the link: https://armanindia.com/pdf/CorporateGovernancePDF/pdf_e917c0a7-5df2-4a05-951f-cffab2bfce5e.pdf

**Related Party Transactions**

For details in relation to the related party transactions entered into by our Company during Fiscals 2021, 2022 and 2023, see "*Financial Information*" and "*Related Party Transactions*" beginning on pages 214 and 48, respectively.

## ORGANISATIONAL STRUCTURE OF OUR COMPANY

**Corporate History**

Our Company was originally incorporated as '*Arman Lease and Finance Private Limited*' on November 26, 1992, as a private limited company under the Companies Act, 1956, pursuant to a certificate of incorporation granted by the Registrar of Companies, Gujarat, Dadra & Nagar Haveli. Subsequently, pursuant to a special resolution passed at the meeting of the shareholders of our Company at an extraordinary general meeting held on September 30, 1993, our Company became a public limited company and the name of our Company was changed to '*Arman Lease and Finance Limited*' and consequently, a fresh certificate of incorporation, dated December 22, 1993, was issued by the Registrar of Companies, Gujarat, Dadra & Nagar Haveli. Subsequently, a fresh certificate of incorporation, dated November 27, 2008, was issued by the RoC in relation to the change of name from to '*Arman Lease and Finance Limited*' to *'Arman Financial Services Limited'*.

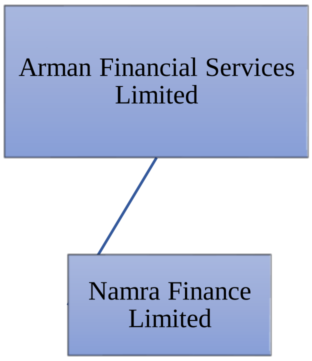
The Company received a license to carry on the business of non-banking financial institution from the Reserve Bank of India ("**RBI**") on October 29, 2007, pursuant to a certificate of registration bearing no. 01.00066 and has been categorised as a NBFC Investment and Credit Company ("**NBFC – ICC**") carrying on the business of a non-banking financial institution without accepting public deposits by RBI on May 12, 2023, pursuant to certificate of registration bearing number B.01.00066.

Our Company's CIN is L55910GJ1992PLC018623.

The Registered and Corporate Office of our Company is located at 502-503, Sakar III, Opposite Old High Court, Off Ashram Road, Ahmedabad – 380014 Gujarat, India.

Our Equity Shares are listed on BSE and NSE since October 23, 1995.

**Organizational Structure**




***Associate Companies***

As of the date of this Placement Document, our Company does not have any associate companies.

***Subsidiaries***

As of the date of this Placement Document, our Company has one Subsidiary:

*Namra Finance Limited ("**Namra**")*

Namra Finance Limited was incorporated on March 27, 2012, under the Companies Act, 1956, pursuant to a certificate of incorporation issued by the Registrar of Companies, Gujarat, Dadra and Nagar Haveli. It is a public limited company with the registered office located at 502-503, Sakar III, Opposite Old High Court, Off Ashram Road, Ahmedabad – 380014 Gujarat, India. It's CIN is U65999GJ2012PLC069596. The current authorised share capital of Namra is ₹ 500 million divided into 5,00,00,000 equity shares of ₹ 10 each and the issued and paid-up share capital is ₹ 453.60 million divided into 4,53,60,000 equity shares of ₹ 10 each. It is currently engaged in business of microfinance with an object to advance money to any person, firm or body corporate and to receive money on deposit or loan.

***Joint Ventures***

As of the date of this Placement Document, our Company does not have any joint ventures.

## SHAREHOLDING PATTERN OF OUR COMPANY

**Shareholding pattern of our Company as on September 30, 2023**

The following table sets forth the details regarding the equity shareholding pattern of our Company as on September 30, 2023:

| Category (I) | Category of shareholder (II) | Number of shareholders (III) | Number of fully paid-up Equity Shares held (IV) | Number of Partly paid-up Equity Shares held (V) | Number of shares underlying Depository Receipts (VI) | Total number of shares held (VII) =(IV)+(V)+ (VI) | Shareholding as a % of total number of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2) | Number of Voting Rights held in each class of securities (IX) | | | | Number of shares Underlying Outstanding convertible securities (including Warrants) (X) | Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2) | Number of Locked in shares (XII) | | Number of Shares pledged or otherwise encumbered (XIII) | | Number of Equity Shares held in dematerialized form (XIV) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | Number of Voting Rights | | | Total as a % of (A+B+C) | | | Number (a) | As a % of total Shares held (b) | Number (a) | As a % of total Shares held (b) | |
| | | | | | | | | Class e.g.: Equity Shares | Class e.g.: Others | Total | | | | | | | | |
| **(A)** | **Promoters and Promoter Group** | 9 | 2315138 | 0 | 0 | 2315138 | 26.58 | 2315138 | 0 | 2315138 | 26.58 | 0 | 24.55 | 0 | 0 | 0 | 0 | 2315138 |
| **(B)** | **Public** | 13749 | 6395918 | 0 | 0 | 6395918 | 73.42 | 6395918 | 0 | 6395918 | 73.42 | 717883 | 75.45 | 1245 | 0.02 | 0 | 0 | 6253408 |
| **(C)** | **Non-Promoter-Non Public** | 0 | 0 | 0 | 0 | | 0 | 0 | 0 | 0 | | 0 | 0 | 0 | 0 | 0 | NA | 0 |
| **(C1)** | **Shares underlying depository receipts** | 0 | 0 | 0 | 0 | 0 | NA | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | NA | 0 |
| **(C2)** | **Shares held by employee trusts** | 0 | 0 | 0 | 0 | | 0 | 0 | 0 | 0 | | 0 | 0 | 0 | 0 | 0 | NA | 0 |
| | **Total** | **13758** | **8711056** | **0** | **0** | **8711056** | **100.00** | **8711056** | **0** | **8711056** | **100.00** | **717883** | **100** | **1245** | **0.02** | **0** | **0** | **8568546** |
| | | | | | | | | | | | | | | | | | | |

**Statement showing shareholding pattern of our Promoters and Promoter Group**

| | Category & Name of the shareholders (I) | PAN | No of Share holders (III) | No of fully paid up equity Shares held (IV) | Partly paid-up equity Share held (V) | No. of shares underlying Depository Receipts (VI) | Total nos. shares held (VII)= (IV)+(V)+(VI) | Shareholding % calculated as per SCRR,1957 As a % of (A+B+C2) (VIII) | 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 % of diluted share capital) (XI)=(VII)+(X) As a % of (A+B+C2) | Number of Locked in shares (XII) | | Number of Shares pledged or otherwise encumbered (XIII) | | Number of equity shares held in dematerialized form (XIV) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | No of Voting Rights | | | Total as a % of (A+B+C) | | | | | | | |
| | | | | | | | | | Class Equity x | Class Others y | Total | | | | No. (a) | As a % of total shares held (b) | No. (a) | As a % of total shares held (b) | |
| **1** | **Indian** | | | | | | | | | | | | | | | | | | |
| **(a)** | **Individuals/Hindu undivided Family** | | | | | | | | | | | | | | | | | | |
| | JAYENDRA BHAILAL PATEL HUF | AABHP2573C | 1 | 196000 | 0 | 0 | 196000 | 2.25 | 196000 | 0 | 196000 | 2.25 | 0 | 2.08 | 0 | 0.0000 | 0 | 0.0000 | 196000 |
| | JAYENDRABHAI BHAILALBHAI PATEL | ABBPP2876K | 1 | 427937 | 0 | 0 | 427937 | 4.91 | 427937 | 0 | 427937 | 4.91 | 0 | 4.54 | 0 | 0.0000 | 0 | 0.0000 | 427937 |
| | AMIT RAJNIKANT MANAKIWALA | ABEPM2717P | 1 | 10400 | 0 | 0 | 10400 | 0.12 | 10400 | 0 | 10400 | 0.12 | 0 | 0.11 | 0 | 0.0000 | 0 | 0.0000 | 10400 |
| | RITABEN JAYENDRABHAI PATEL | ABOPP5894N | 1 | 436089 | 0 | 0 | 436089 | 5.01 | 436089 | 0 | 436089 | 5.01 | 0 | 4.63 | 0 | 0.0000 | 0 | 0.0000 | 436089 |
| | HIMANI AMIT MANAKIWALA | AHGPM3444H | 1 | 6479 | 0 | 0 | 6479 | 0.07 | 6479 | 0 | 6479 | 0.07 | 0 | 0.07 | 0 | 0.0000 | 0 | 0.0000 | 6479 |
| | ALOK JAYENDRA PATEL | AJHPP9910G | 1 | 247809 | 0 | 0 | 247809 | 2.84 | 247809 | 0 | 247809 | 2.84 | 0 | 2.63 | 0 | 0.0000 | 0 | 0.0000 | 247809 |
| | MAULIK AMIT MANAKIWALA | ALLPM3753C | 1 | 800 | 0 | 0 | 800 | 0.01 | 800 | 0 | 800 | 0.01 | 0 | 0.01 | 0 | 0.0000 | 0 | 0.0000 | 800 |
| | SAJNI AALOK PATEL | AVQPS8494K | 1 | 41316 | 0 | 0 | 41316 | 0.47 | 41316 | 0 | 41316 | 0.47 | 0 | 0.44 | 0 | 0.0000 | 0 | 0.0000 | 41316 |
| | AKASH JAYENDRA PATEL | AFJPP1106N | 1 | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0 | 0.00 | 0 | 0.0000 | 0 | 0.0000 | 0 |
| | Total | | **9** | **1366830** | **0** | **0** | **1366830** | **15.69** | **1366830** | **0** | **1366830** | **15.69** | **0** | **14.50** | **0** | **0** | **0** | **0** | **1366830** |

| | Category & Name of the shareholders (I) | PAN | No of Share holders (III) | No of fully paid up equity Shares held (IV) | Partly paid-up equity Share held (V) | No. of shares underlying Depository Receipts (VI) | Total nos. shares held (VII)= (IV)+(V)+(VI) | Shareholding % calculated as per SCRR,1957 As a % of (A+B+C2) (VIII) | 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 % of diluted share capital) (XI)=(VII)+(X) As a % of (A+B+C2) | Number of Locked in shares (XII) | | Number of Shares pledged or otherwise encumbered (XIII) | | Number of equity shares held in dematerialized form (XIV) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | No of Voting Rights | | | Total as a % of (A+B+C) | | | | | | | |
| | | | | | | | | | Class Equity x | Class Others y | Total | | | | No. (a) | As a % of total shares held (b) | No. (a) | As a % of total shares held (b) | |
| **(b)** | **Central Government/State Government(s)** | | | | | | | | | | | | | | | | | | |
| | | | 0 | 0 | 0 | 0 | 0 | 0.0000 | 0 | 0 | 0 | 0.00 | 0 | 0.0000 | 0 | 0.0000 | 0 | 0.0000 | 0 |
| | Total | | **0** | **0** | **0** | **0** | **0** | **0.0000** | **0** | **0** | **0** | **0.00** | **0** | **0.0000** | **0** | **0.0000** | **0** | **0.0000** | **0** |
| **(c)** | **Financial Institutions/Banks** | | | | | | | | | | | | | | | | | | |
| | | | 0 | 0 | 0 | 0 | 0 | 0.0000 | 0 | 0 | 0 | 0.00 | 0 | 0.0000 | 0 | 0.0000 | 0 | 0.0000 | 0 |
| | Total | | **0** | **0** | **0** | **0** | **0** | **0.0000** | **0** | **0** | **0** | **0.00** | **0** | **0.0000** | **0** | **0.0000** | **0** | **0.0000** | **0** |
| **(d)** | **Any Other (BODIES CORPORATE)** | | | | | | | | | | | | | | | | | | |
| | NAMRA HOLDINGS AND CONSULTANCY SERVICES LLP | AAOFN4350J | 1 | 948308 | 0 | 0 | 948308 | 10.89 | 948308 | 0 | 948308 | 10.89 | 0 | 10.06 | 0 | 0.0000 | 0 | 0.0000 | 948308 |
| | Total | | **1** | **948308** | **0** | **0** | **948308** | **10.89** | **948308** | **0** | **948308** | **10.89** | **0** | **10.06** | **0** | **0** | **0** | **0** | **948308** |
| | **Sub-Total (A)(1)** | | **10** | **2315138** | **0** | **0** | **2315138** | **26.58** | **2315138** | **0** | **2315138** | **26.58** | **0** | **24.55** | **0** | **0** | **0** | **0** | **2315138** |
| **2** | **Foreign** | | | | | | | | | | | | | | | | | | |
| **(a)** | **Individuals (Non-Resident Individuals/Foreign Individuals)** | | | | | | | | | | | | | | | | | | |
| | | | 0 | 0 | 0 | 0 | 0 | 0.0000 | 0 | 0 | 0 | 0.00 | 0 | 0.0000 | 0 | 0.0000 | 0 | 0.0000 | 0 |
| | Total | | **0** | **0** | **0** | **0** | **0** | **0.0000** | **0** | **0** | **0** | **0.00** | **0** | **0.0000** | **0** | **0.0000** | **0** | **0.0000** | **0** |
| **(b)** | **Government** | | | | | | | | | | | | | | | | | | |
| | | | 0 | 0 | 0 | 0 | 0 | 0.0000 | 0 | 0 | 0 | 0.00 | 0 | 0.0000 | 0 | 0.0000 | 0 | 0.0000 | 0 |
| | Total | | **0** | **0** | **0** | **0** | **0** | **0.0000** | **0** | **0** | **0** | **0.00** | **0** | **0.0000** | **0** | **0.0000** | **0** | **0.0000** | **0** |
| **(c)** | **Institutions** | | | | | | | | | | | | | | | | | | |
| | | | 0 | 0 | 0 | 0 | 0 | 0.0000 | 0 | 0 | 0 | 0.00 | 0 | 0.0000 | 0 | 0.0000 | 0 | 0.0000 | 0 |
| | Total | | **0** | **0** | **0** | **0** | **0** | **0.0000** | **0** | **0** | **0** | **0.00** | **0** | **0.0000** | **0** | **0.0000** | **0** | **0.0000** | **0** |
| **(d)** | **Foreign Portfolio Investor** | | | | | | | | | | | | | | | | | | |
| | | | 0 | 0 | 0 | 0 | 0 | 0.0000 | 0 | 0 | 0 | 0.00 | 0 | 0.0000 | 0 | 0.0000 | 0 | 0.0000 | 0 |
| | Total | | **0** | **0** | **0** | **0** | **0** | **0.0000** | **0** | **0** | **0** | **0.00** | **0** | **0.0000** | **0** | **0.0000** | **0** | **0.0000** | **0** |
| | **Sub-Total (A)(2)** | | **0** | **0** | **0** | **0** | **0** | **0.0000** | **0** | **0** | **0** | **0.00** | **0** | **0.0000** | **0** | **0.0000** | **0** | **0.0000** | **0** |

| | Category & Name of the shareholders (I) | PAN | No of Share holders (III) | No of fully paid up equity Shares held (IV) | Partly paid-up equity Share held (V) | No. of shares underlying Depository Receipts (VI) | Total nos. shares held (VII)= (IV)+(V)+(VI) | Shareholding % calculated as per SCRR,1957 As a % of (A+B+C2) (VIII) | 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 % of diluted share capital) (XI)=(VII)+(X) As a % of (A+B+C2) | Number of Locked in shares (XII) | | Number of Shares pledged or otherwise encumbered (XIII) | | Number of equity shares held in dematerialized form (XIV) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | No of Voting Rights | | | Total as a % of (A+B+C) | | | | | | | |
| | | | | | | | | | Class Equity x | Class Others y | Total | | | | No. (a) | As a % of total shares held (b) | No. (a) | As a % of total shares held (b) | |
| | **Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)** | | **10** | **2315138** | **0** | **0** | **2315138** | **26.58** | **2315138** | **0** | **2315138** | **26.58** | **0** | **24.55** | **0** | **0** | **0** | **0** | **2315138** |

**Details of Shares which remain unclaimed may be given along with details such as number of shareholders, outstanding shares held in demat/unclaimed suspense account, voting rights which are frozen etc.**

*Note:*
*(1) PAN would not be displayed on website of Stock Exchange(s).*
*(2) The term "Encumbrance" has the same meaning as assigned under regulation 28(3) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.*

## Statement showing shareholding pattern of the Public Shareholders

| | Category & Name of the shareholders (I) | PAN (II) | No. of Shareholders (III) | No. of fully paid up equity Share held (IV) | Partly paid-up equity Share held (V) | No. of shares underlying Depository Receipts (VI) | Total nos. shares held (VII)= (IV)+(V)+(VI) | Shareholding % calculated as per SCRR,1957) As a % of (A+B+C2) (VIII) | Number of Voting Rights held in each class of securities (IX) – No of Voting Rights – Class Equity x | Class Others y | Total | Total as a % of Total Voting Rights | No. of Shares Underlying Outstanding convertible securities (including Warrants) (X) | Total Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)=(VII)+(X) As a % of (A+B+C2) | Number of Locked in shares (XII) – No. (a) | As a % of total shares held (b) | Number of Shares pledged or otherwise encumbered (XIII) – No. (Not applicable) (a) | As a % of total shares held (b) | Number of equity shares held in dematerialized form (XIV) | Sub-categorization of shares (XV) – Shareholding (No. of shares) under – Sub-category (i) | Sub-category (ii) | Sub-category (iii) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **1** | **Institutions (Domestic)** | | | | | | | | | | | | | | | | | | | | | |
| **(a)** | **Mutual Funds** | | **0** | **0** | **0** | **0** | **0** | **0.00** | **0** | **0** | **0** | **0.0000** | **0** | **0.0000** | **0** | **0.0000** | **0** | **0** | **0** | 0 | 0 | 0 |
| **(b)** | **Venture Capital Funds** | | **0** | **0** | **0** | **0** | **0** | **0.00** | **0** | **0** | **0** | **0.0000** | **0** | **0.0000** | **0** | **0.0000** | **0** | **0** | **0** | 0 | 0 | 0 |
| **(c)** | **Alternate Investment Funds** | | **3** | **67135** | **0** | **0** | **67135** | **0.77** | **67135** | **0** | **67135** | **0.7707** | **0** | **0.7120** | **0** | **0.0000** | **0** | **0** | **67135** | 0 | 0 | 0 |
| **(d)** | **Banks** | | **0** | **0** | **0** | **0** | **0** | **0.00** | **0** | **0** | **0** | **0.0000** | **0** | **0.0000** | **0** | **0.0000** | **0** | **0** | **0** | 0 | 0 | 0 |
| **(e)** | **Insurance Companies** | | **0** | **0** | **0** | **0** | **0** | **0.00** | **0** | **0** | **0** | **0.0000** | **0** | **0.0000** | **0** | **0.0000** | **0** | **0** | **0** | 0 | 0 | 0 |
| **(f)** | **Provident / Pension Funds** | | **0** | **0** | **0** | **0** | **0** | **0.00** | **0** | **0** | **0** | **0.0000** | **0** | **0.0000** | **0** | **0.0000** | **0** | **0** | **0** | 0 | 0 | 0 |
| **(g)** | **Asset Reconstruction Companies** | | **0** | **0** | **0** | **0** | **0** | **0.00** | **0** | **0** | **0** | **0.0000** | **0** | **0.0000** | **0** | **0.0000** | **0** | **0** | **0** | 0 | 0 | 0 |
| **(h)** | **Sovereign Wealth Funds** | | **0** | **0** | **0** | **0** | **0** | **0.00** | **0** | **0** | **0** | **0.0000** | **0** | **0.0000** | **0** | **0.0000** | **0** | **0** | **0** | 0 | 0 | 0 |
| **(i)** | **NBFCs registered with RBI** | | **0** | **0** | **0** | **0** | **0** | **0.00** | **0** | **0** | **0** | **0.0000** | **0** | **0.0000** | **0** | **0.0000** | **0** | **0** | **0** | 0 | 0 | 0 |
| **(j)** | **Other Financial Institutions** | | **0** | **0** | **0** | **0** | **0** | **0.00** | **0** | **0** | **0** | **0.0000** | **0** | **0.0000** | **0** | **0.0000** | **0** | **0** | **0** | 0 | 0 | 0 |
| | **SUB TOTAL (B)(1)** | | **3** | **67135** | **0** | **0** | **67135** | **0.77** | **67135** | **0** | **67135** | **0.77** | **0** | **0.71** | **0** | **0** | **0** | **0** | **67135** | 0 | 0 | 0 |
| **2** | **Institutions (Foreign)** | | | | | | | | | | | | | | | | | | | | | |
| **(a)** | **Foreign Direct Investment** | | **0** | **0** | **0** | **0** | **0** | **0.0000** | **0** | **0** | **0** | **0.0000** | **0** | **0.0000** | **0** | **0.0000** | **0** | **0** | **0** | 0 | 0 | 0 |
| **(b)** | **Foreign Venture Capital Investors** | | **0** | **0** | **0** | **0** | **0** | **0.0000** | **0** | **0** | **0** | **0.0000** | **0** | **0.0000** | **0** | **0.0000** | **0** | **0** | **0** | 0 | 0 | 0 |
| **(c)** | **Foreign Sovereign Wealth Funds** | | **0** | **0** | **0** | **0** | **0** | **0.0000** | **0** | **0** | **0** | **0.0000** | **0** | **0.0000** | **0** | **0.0000** | **0** | **0** | **0** | 0 | 0 | 0 |
| **(d)** | **Foreign Portfolio Investors Category I** | | **6** | **63675** | **0** | **0** | **63675** | **0.7310** | **63675** | **0** | **63675** | **0.7310** | **510568** | **6.0900** | **0** | **0.0000** | **0** | **0** | **63675** | 0 | 0 | 0 |
| **(e)** | **Foreign Portfolio Investors Category II** | | **3** | **275651** | **0** | **0** | **275651** | **3.1644** | **275651** | **0** | **275651** | **3.1644** | **24390** | **3.1800** | **0** | **0.0000** | **0** | **0** | **275651** | 0 | 0 | 0 |
| | HIGHWEST GLOBAL MASTER FUND, LP | AACAH6676C | 1 | 218932 | 0 | 0 | 218932 | 2.5133 | 218932 | 0 | 218932 | 2.5133 | 0 | 2.3219 | 0 | 0.0000 | 0 | 0 | 218932 | 0 | 0 | 0 |

| | Category & Name of the shareholders (I) | PAN (II) | No. of Shareholders (III) | No. of fully paid up equity Share held (IV) | Partly paid-up equity Share held (V) | No. of shares underlying Depository Receipts (VI) | Total nos. shares held (VII)=(IV)+(V)+(VI) | Shareholding % calculated as per SCRR,1957) As a % of (A+B+C2) (VIII) | Number of Voting Rights held in each class of securities (IX) | | | | No. of Shares Underlying Outstanding convertible securities (including Warrants) (X) | Total Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)=(VII)+(X) As a % of (A+B+C2) | Number of Locked in shares (XII) | | Number of Shares pledged or otherwise encumbered (XIII) | | Number of equity shares held in dematerialized form (XIV) | Sub-categorization of shares (XV) Shareholding (No. of shares) under | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | No of Voting Rights: Class Equity x | Class Others y | Total | Total as a % of Total Voting Rights | | | No. (a) | As a % of total shares held (b) | No. (Not applicable) (a) | As a % of total shares held (b) | | Sub-category (i) | Sub-category (ii) | Sub-category (iii) |
| **(f)** | **OVERSEAS DEPOSITORIES (Holding DRs) (Balancing Figure)** | | **0** | **0** | **0** | **0** | **0** | **0.0000** | **0** | **0** | **0** | **0.0000** | **0** | **0.0000** | **0** | **0.0000** | **0** | **0** | **0** | 0 | 0 | 0 |
| | **SUB TOTAL (B)(2)** | | **9** | **339326** | **0** | **0** | **339326** | **3.90** | **339326** | **0** | **339326** | **3.90** | **534958** | **9.2700** | **0** | **0** | **0** | **0** | **339326** | 0 | 0 | 0 |
| **3** | **Central Government / State Government** | | | | | | | | | | | | | | | | | | | | | |
| **(a)** | **Central Government / President of India** | | **0** | **0** | **0** | **0** | **0** | **0.0000** | **0** | **0** | **0** | **0.0000** | **0** | **0.0000** | **0** | **0.0000** | **0** | **0** | **0** | 0 | 0 | 0 |
| **(b)** | **State Government / Governor** | | **1** | **30** | **0** | **0** | **30** | **0.0004** | **30** | **0** | **30** | **0.0004** | **0** | **0.0004** | **0** | **0.0000** | **0** | **0** | **30** | 0 | 0 | 0 |
| **(c)** | **Central/State Govt. shareholding by Cos or Bodies Corp** | | **0** | **0** | **0** | **0** | **0** | **0.0000** | **0** | **0** | **0** | **0.0000** | **0** | **0.0000** | **0** | **0.0000** | **0** | **0** | **0** | 0 | 0 | 0 |
| | **SUB TOTAL (B)(3)** | | **1** | **30** | **0** | **0** | **30** | **0** | **30** | **0** | **30** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **30** | 0 | 0 | 0 |
| **4** | **Non-institutions** | | | | | | | | | | | | | | | | | | | | | |
| **(a)** | **Associate Companies / Subsidiaries** | | **0** | **0** | **0** | **0** | **0** | **0.0000** | **0** | **0** | **0** | **0.0000** | **0** | **0.0000** | **0** | **0.0000** | **0** | **0** | **0** | 0 | 0 | 0 |
| **(b)** | **Directors And their relatives (Non-Promoter)** | | **0** | **0** | **0** | **0** | **0** | **0.0000** | **0** | **0** | **0** | **0.0000** | **0** | **0.0000** | **0** | **0.0000** | **0** | **0** | **0** | 0 | 0 | 0 |
| **(c)** | **Key Managerial Personnel** | | **0** | **0** | **0** | **0** | **0** | **0.0000** | **0** | **0** | **0** | **0.0000** | **0** | **0.0000** | **0** | **0.0000** | **0** | **0** | **0** | 0 | 0 | 0 |
| **(d)** | **Relatives of Promoters (Non-Promoter)** | | **0** | **0** | **0** | **0** | **0** | **0.0000** | **0** | **0** | **0** | **0.0000** | **0** | **0.0000** | **0** | **0.0000** | **0** | **0** | **0** | 0 | 0 | 0 |
| **(e)** | **Trusts (Non-Promoter)** | | **0** | **0** | **0** | **0** | **0** | **0.0000** | **0** | **0** | **0** | **0.0000** | **0** | **0.0000** | **0** | **0.0000** | **0** | **0** | **0** | 0 | 0 | 0 |
| **(f)** | **Investor Education and Protection Fund (IEPF)** | | **1** | **189536** | **0** | **0** | **189536** | **2.1758** | **189536** | **0** | **189536** | **2.1758** | **0** | **2.0102** | **0** | **0.0000** | **0** | **0** | **189536** | 0 | 0 | 0 |
| | INVESTOR EDUCATION AND PROTECTION | ---------- | 1 | 189536 | 0 | 0 | 189536 | 2.1758 | 189536 | 0 | 189536 | 2.1758 | 0 | 2.0102 | 0 | 0.0000 | 0 | 0 | 189536 | 0 | 0 | 0 |

| | Category & Name of the shareholders (I) | PAN (II) | No. of Shareholders (III) | No. of fully paid up equity Share held (IV) | Partly paid-up equity Share held (V) | No. of shares underlying Depository Receipts (VI) | Total nos. shares held (VII)= (IV)+(V)+(VI) | Shareholding % calculated as per SCRR,1957) As a % of (A+B+C2) (VIII) | Number of Voting Rights held in each class of securities (IX) — No of Voting Rights — Class Equity x | Class Others y | Total | Total as a % of Total Voting Rights | No. of Shares Underlying Outstanding convertible securities (including Warrants) (X) | Total Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)=(VII)+(X) As a % of (A+B+C2) | Number of Locked in shares (XII) — No. (a) | As a % of total shares held (b) | Number of Shares pledged or otherwise encumbered (XIII) — No. (Not applicable) (a) | As a % of total shares held (b) | Number of equity shares held in dematerialized form (XIV) | Sub-categorization of shares (XV) — Shareholding (No. of shares) under — Sub-category (i) | Sub-category (ii) | Sub-category (iii) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | FUND AUTHORITY MINISTRY OF CORPORATE AFFAIRS | | | | | | | | | | | | | | | | | | | | | |
| **(g)** | **Individuals - i. Individual shareholders holding nominal share capital up to Rs. 2 lakhs.** | | **12791** | **1807241** | **0** | **0** | **1807241** | **20.7465** | **1807241** | **0** | **1807241** | **20.7465** | **32520** | **19.5100** | **1245** | **0.0706** | **0** | **0** | **1668731** | 0 | 0 | 0 |
| **(h)** | **INDIVIDUAL - ii. Individual shareholders holding nominal share capital in excess of Rs. 2 lakhs.** | | **14** | **1094158** | **0** | **0** | **1094158** | **12.5606** | **1094158** | **0** | **1094158** | **12.5606** | **20325** | **11.8200** | **0** | **0.0000** | **0** | **0** | **1094158** | 0 | 0 | 0 |
| | MUKUL MAHAVIR AGRAWAL | AAPFP7724D | 1 | 400000 | 0 | 0 | 400000 | 4.5919 | 400000 | 0 | 400000 | 4.5919 | 0 | 4.2423 | 0 | 0.0000 | 0 | 0 | 400000 | 0 | 0 | 0 |
| | AMRAV DUGAR | AAOPD1448B | 1 | 89506 | 0 | 0 | 89506 | 1.0275 | 89506 | 0 | 89506 | 1.0275 | 0 | 0.9493 | 0 | 0.0000 | 0 | 0 | 89506 | 0 | 0 | 0 |
| | VINOD KUMAR DUGAR | AANPD6487B | 1 | 91730 | 0 | 0 | 91730 | 1.0530 | 91730 | 0 | 91730 | 1.0530 | 0 | 0.9729 | 0 | 0.0000 | 0 | 0 | 91730 | 0 | 0 | 0 |
| **(i)** | **NON RESIDENT INDIANS (NRIs)** | | **552** | **584022** | **0** | **0** | **584022** | **6.7044** | **584022** | **0** | **584022** | **6.7044** | **89430** | **7.1400** | **0** | **0.0000** | **0** | **0** | **584022** | 0 | 0 | 0 |
| | DEBASHISH NEOGI | ABFPN8889A | 1 | 105735 | 0 | 0 | 105735 | 1.2138 | 105735 | 0 | 105735 | 1.2138 | 0 | 1.1214 | 0 | 0.0000 | 0 | 0 | 105735 | 0 | 0 | 0 |
| | SANDEEP KAPADIA | ARDPK5995N | 1 | 99350 | 0 | 0 | 99350 | 1.1405 | 99350 | 0 | 99350 | 1.1405 | 40650 | 1.4800 | 0 | 0.0000 | 0 | 0 | 99350 | 0 | 0 | 0 |
| **(j)** | **FOREIGN NATIONALS** | | **0** | **0** | **0** | **0** | **0** | **0.0000** | **0** | **0** | **0** | **0.0000** | **0** | **0.0000** | **0** | **0.0000** | **0** | **0** | **0** | 0 | 0 | 0 |

| | Category & Name of the shareholders (I) | PAN (II) | No. of Shareholders (III) | No. of fully paid up equity Share held (IV) | Partly paid-up equity Share held (V) | No. of shares underlying Depository Receipts (VI) | Total nos. shares held (VII)= (IV)+(V)+(VI) | Shareholding % calculated as per SCRR,1957) As a % of (A+B+C2) (VIII) | Number of Voting Rights held in each class of securities (IX) — No of Voting Rights: Class Equity x | Class Others y | Total | Total as a % of Total Voting Rights | No. of Shares Underlying Outstanding convertible securities (including Warrants) (X) | Total Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)=(VII)+(X) As a % of (A+B+C2) | Number of Locked in shares (XII): No. (a) | As a % of total shares held (b) | Number of Shares pledged or otherwise encumbered (XIII): No. (Not applicable) (a) | As a % of total shares held (b) | Number of equity shares held in dematerialized form (XIV) | Sub-categorization of shares (XV) — Shareholding (No. of shares) under: Sub-category (i) | Sub-category (ii) | Sub-category (iii) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **(k)** | **Foreign Companies** | | **1** | **1890417** | **0** | **0** | **1890417** | **21.7014** | **1890417** | **0** | **1890417** | **21.7014** | **0** | **20.0491** | **0** | **0.0000** | **0** | **0** | **1890417** | 0 | 0 | 0 |
| | ELEVATION CAPITAL V LIMITED | AAVCS3166R | 1 | 1890417 | 0 | 0 | 1890417 | 21.7014 | 1890417 | 0 | 1890417 | 21.7014 | 0 | 20.0491 | 0 | 0.0000 | 0 | 0 | 1890417 | 0 | 0 | 0 |
| **(l)** | **BODIES CORPORATE** | | **165** | **366706** | **0** | **0** | **366706** | **4.2097** | **366706** | **0** | **366706** | **4.2097** | **40650** | **4.3200** | **0** | **0.0000** | **0** | **0** | **362706** | 0 | 0 | 0 |
| | NEIGHBOURHOOD INVESTMENT PRIVATE LIMITED | AAGCN5660A | 1 | 93937 | 0 | 0 | 93937 | 1.0784 | 93937 | 0 | 93937 | 1.0784 | 0 | 0.9963 | 0 | 0.0000 | 0 | 0 | 93937 | 0 | 0 | 0 |
| **(m)** | **Any Other (CLEARING MEMBER)** | | **8** | **10355** | **0** | **0** | **10355** | **0.1189** | **10355** | **0** | **10355** | **0.1189** | **0** | **0.1098** | **0** | **0.0000** | **0** | **0** | **10355** | 0 | 0 | 0 |
| **(m)** | **Any Other (HINDU UNDIVIDED FAMILY)** | | **203** | **46874** | **0** | **0** | **46874** | **0.5400** | **46874** | **0** | **46874** | **0.5400** | **0** | **0.4971** | **0** | **0.0000** | **0** | **0** | **46874** | 0 | 0 | 0 |
| **(m)** | **Any Other (TRUSTS)** | | **1** | **118** | **0** | **0** | **118** | **0.0014** | **118** | **0** | **118** | **0.0014** | **0** | **0.0013** | **0** | **0.0000** | **0** | **0** | **118** | 0 | 0 | 0 |
| | **SUB TOTAL (B)(4)** | | **13736** | **5989427** | **0** | **0** | **5989427** | **68.7566** | **5989427** | **0** | **5989427** | **68.76** | **182925** | **65.4600** | **1245** | **0.02** | **0** | **0** | **5846917** | 0 | 0 | 0 |
| | **Total Public Shareholding (B) = (B)(1)+(B)(2)+(B)(3)** | | **13749** | **6395918** | **0** | **0** | **6395918** | **73.42** | **6395918** | **0** | **6395918** | **73.42** | **717883** | **75.4500** | **1245** | **0.02** | **0** | **0** | **6253408** | 0 | 0 | 0 |

**Details of the shareholders acting as persons in Concert including their Shareholding (No. and %):**

**Details of Shares which remain unclaimed may be given here along with details such as number of shareholders, outstanding shares held in demat/unclaimed suspense account, voting rights which are frozen etc.**

*Note:*

*(1) PAN would not be displayed on website of Stock Exchange(s).*

*(2) The above format needs to be disclosed along with the names of the shareholders holding 1% or more than 1% of shares of the listed entity. Column no. (XIII) is not applicable in the above format.*

*(3) W.r.t. the information pertaining to Depository Receipts, the same may be disclosed in the respective columns to the extent information available and the balance to be disclosed as held by custodian.*

*(4) Categorization and disclosure of each shareholder category should be carried out in the order prescribed in the above format. If a shareholder is falling under more than one category, then the same shall be classified in the category falling first in the order prescribed in the above format. Shareholding under any of the categories shall be unique and will not be duplicated under multiple categories.*

*(5) Sub-categorization of shares under column no. (XV) will be based on shareholding (no. of shares) under the following sub-categories:*

*(i) Shareholders who are represented by a nominee Director on the board of the listed entity or have the right to nominate a representative (i.e. Director) on the board of the listed entity.*

*(ii) Shareholders who have entered into shareholder agreement with the listed entity.*

*(iii) Shareholders acting as persons in concert with promoters.*

## ISSUE PROCEDURE

*The following is a summary intended to present a general outline of the procedure relating to the application, payment of Application Amount, Allocation and Allotment of the Equity Shares pursuant to the Issue. The procedure followed in the Issue may differ from the one mentioned below, and Bidders are assumed to have apprised themselves of the same from our Company or the BRLM.*

*Our Company, the BRLM and their respective directors, officers, agents, advisors, shareholders, employees, counsels, affiliates and representatives are not liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Placement Document. Bidders are advised to make their independent investigations and satisfy themselves that they are eligible to apply. Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Placement Document. Further, Bidders are required to satisfy themselves that their Bids would not result in triggering an open offer under the SEBI Takeover Regulations and shall be solely responsible for compliance with all the applicable provisions of the SEBI Takeover Regulations, the SEBI Insider Trading Regulations and other applicable laws.*

*Bidders are advised to inform themselves of any restrictions or limitations that may be applicable to them and are required to consult their respective advisers in this regard. Bidders that apply in the Issue will be required to confirm and will be deemed to have represented to our Company, the BRLM and their respective directors, officers, agents, advisors, shareholders, employees, counsels, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, the BRLM and their respective directors, officers, agents, advisors, shareholders, employees, counsels, affiliates, and representatives accept no responsibility or liability for advising any Bidder on whether such Bidder is eligible to acquire the Equity Shares. For further details, please see the sections titled "Selling Restrictions" and "Transfer Restrictions and Purchaser Representations" on pages 190 and 197 respectively.*

**Qualified Institutions Placement**

**THE ISSUE IS MEANT ONLY FOR ELIGIBLE QIBS ON A PRIVATE PLACEMENT BASIS AND IS NOT AN OFFER TO THE PUBLIC OR TO ANY OTHER CLASS OF INVESTORS.**

The Preliminary Placement Document has not been, and this Placement Document will not be, filed as a prospectus with the RoC and, no Equity Shares will be offered in India or overseas to the public or any members of the public or any other class of investors, other than Eligible QIBs.

The Issue is being made to Eligible QIBs in accordance with Chapter VI of the SEBI ICDR Regulations, Section 42 and Section 62 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 and rules thereunder, to the extent applicable, through the mechanism of a qualified institutions placement. Under Chapter VI of the SEBI ICDR Regulations and Section 42 of the Companies Act, 2013 read with Rule 14 of the PAS Rules, to the extent applicable, our Company, being a listed company in India may issue Equity Shares to Eligible QIBs, provided, inter alia that:

- a special resolution approving the qualified institutions placement has been passed by its shareholders. Such special resolution must specify (i) that the allotment of the securities is proposed to be made pursuant to the qualified institutions placement; and (ii) the relevant date for the qualified institutions placement;

- the explanatory statement to the notice to the shareholders for convening the general meeting must disclose, amongst others, the particulars of the issue including the date of passing the board resolution, the kind of securities being offered, amount which the company intends to raise by way of such securities and the material terms of raising such securities, proposed issue schedule, the purpose or objects of offer, the contribution made by the promoters or directors either as part of the offer or separately in furtherance of the objects, and the basis or justification for the price (including premium, if any) at which the offer or invitation is being made;

- under Regulation 172(1)(b) of the SEBI ICDR Regulations, the equity shares of the same class of such issuer, which are proposed to be allotted through the qualified institutions placement or pursuant to conversion or exchange of eligible securities, are listed on a recognized stock exchange in India that has nation-wide trading terminals for a period of at least one year prior to the date of issuance of notice to its shareholders for convening the meeting to pass the above-mentioned special resolution, except for Equity Shares allotted during the preceding one year from the date of this Placement Document. For details, please see the section titled "*Capital Structure*" on page 84;

- issuance and allotment of Equity Shares shall be done in dematerialised form only;

- invitation to apply in the Issue was made through a private placement offer-cum-application (i.e., the Preliminary Placement Document) and an application form serially numbered and addressed specifically to the Eligible QIBs to whom the Issue was made either in writing or in electronic mode, within 30 days of recording the name of such person in accordance with applicable law;

- our Company shall not make any subsequent qualified institutions placement until the expiry of two weeks from the date of this Issue;

- our Company shall have completed allotments with respect to any offer or invitation made by our Company or has withdrawn or abandoned any such invitation or offer, however, our Company may, at any time, make more than one issue of securities to such class of identified persons as may be prescribed;

- our Promoters and Directors are not fugitive economic offenders;

- an offer to Eligible QIBs was not subject to a limit of 200 persons. Prior to circulating the private placement offer-cum- application (i.e., the Preliminary Placement Document), our Company had prepared and recorded a list of Eligible QIBs to whom the offer was made. The offer was made only to such Eligible QIBs whose names were recorded by our Company prior to the invitation to subscribe;

- our Company acknowledges that the offering of securities by issue of public advertisements or utilization of any media, marketing or distribution channels or agents to inform the public about the Issue is prohibited; and

- at least 10% of the Equity Shares offered to Eligible QIBs was made available for Allocation to Mutual Funds, provided that, if this portion or any part thereof available for allotment to Mutual Funds remained unsubscribed, it was allotted to other Eligible QIBs.

Bidders were not allowed to withdraw or revise their Bids downwards after the Issue Closing Date.

Additionally, there is a minimum pricing requirement under the SEBI ICDR Regulations. The Floor Price of the Equity Shares offered under this Issue was not less than the average of the weekly high and low of the closing prices of the Equity Shares of the same class quoted on the stock exchanges during the two weeks preceding the Relevant Date as calculated in accordance with Chapter VI of the SEBI ICDR Regulations. The "Relevant Date" referred to above means the date of the meeting in which the Board or the Issue and Allotment Committee decides to open the Issue and "stock exchange" means any of the recognized stock exchanges on which the Equity Shares of the same class are listed and on which the highest trading volume in such Equity Shares has been recorded during the two weeks immediately preceding the Relevant Date. Further, in accordance with Regulation 176(1) of the SEBI ICDR Regulations and the resolution of our Board on August 14, 2023 and the shareholders of our Company on September 29, 2023, our Company had offered a discount of ₹ 114.51 per Equity Share, equivalent to 4.96% on the Floor Price.

In accordance with Regulation 172(1)(a) of the SEBI ICDR Regulations, the Equity Shares will be Allotted within 365 days from the date of the shareholders' resolution approving the Issue, being September 29, 2023, and within 60 days from the date of receipt of Bid Amount from the Successful Bidders.

The subscription to the Equity Shares offered pursuant to the Issue was made by Eligible QIBs on the basis of the Preliminary Placement Document and this Placement Document which contains all material information required under applicable law including the information specified in Schedule VII of SEBI ICDR Regulations and the requirements prescribed under Form PAS-4. The Preliminary Placement Document and this Placement Document are private documents provided to only select Eligible QIBs through serially numbered copies and are required to be placed on the website of the concerned Stock Exchanges and of our Company with a disclaimer to the effect that it is in connection with an offer to Eligible QIBs and no offer is being made to the public or to any other category of investors. Please note that if you do not receive a serially numbered copy of this Placement Document addressed to you, you may not rely on the Preliminary Placement Document or this Placement Document uploaded on the website of the Stock Exchanges or our Company for making an application to subscribe to Equity Shares pursuant to the Issue. Even if such documentation were to come into the possession of any person other than the intended recipient, no offer or invitation to offer shall be deemed to have been made to such person and any application that does not comply with this requirement shall be treated as invalid.

This Issue was authorized and approved by our Board of Directors by way of resolution dated August 14, 2023 and by our Shareholders through special resolution on September 29, 2023.

The minimum number of Allottees for each qualified institutions placement shall not be less than:

- two, where the Issue size is less than or equal to ₹ 2,500 million; and

- five, where the Issue size is greater than ₹ 2,500 million.

No single Allottee shall be Allotted more than 50% of the Issue Size. Eligible QIBs that belong to the same group or that are under common control shall be deemed to be a single Allottee for the purpose of the Issue. For details of what constitutes "same group" or "common control", see "*Issue Procedure - Bid Process —Application Form*" on page 182.

Equity Shares being Allotted pursuant to the Issue shall not be sold for a period of one year from the date of Allotment, except on the floor of a recognised stock exchange. In addition, purchasers of the Equity Shares Allotted pursuant to the Issue shall comply with the resale restrictions set forth in the sections titled, "*Selling Restrictions*" and "*Transfer Restrictions and Purchaser Representations*" on pages 190 and 197, respectively.

We had applied for, and received, the in-principle approvals of the Stock Exchanges under Regulation 28(1)(a) of the SEBI Listing Regulations for listing of the Equity Shares on the Stock Exchanges on December 19, 2023. We had filed a copy of the Preliminary Placement Document and will file a copy of this Placement Document with the Stock Exchanges.

We shall also make the requisite filings with the RoC within the stipulated period as required under the Companies Act and the PAS Rules, to the extent applicable.

**Allotments made to VCFs and AIFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirements. VCFs and AIFs should independently consult their own counsel and advisors as to investment in and related matters concerning the Issue.**

The Equity Shares offered have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares offered in this Issue are being offered and sold outside the United States in "offshore transactions" as defined in, and in reliance on Regulation S and the applicable laws of the jurisdiction where such offers, and sales are made. The Equity Shares are transferable only in accordance with the restrictions described under "*Selling Restrictions*" and "*Transfer Restrictions and Purchaser Representations*" on pages 190 and 197, respectively.

**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.**

**Issue Procedure**

1. On the Issue Opening Date, our Company and the BRLM circulated serially numbered copies of the Preliminary Placement Document and the serially numbered Application Form, either in electronic or physical form, to identified Eligible QIBs and the Application Form was specifically addressed to each such Eligible QIB. In terms of Section 42(3) of the Companies Act, 2013, our Company has maintained complete records of the Eligible QIBs in the form and manner as prescribed under the PAS Rules, to the extent applicable, to whom the Preliminary Placement Document and the serially numbered Application Form were dispatched. Our Company will make the requisite filings with the RoC within the stipulated time periods as required under the Companies Act, 2013 and the PAS Rules, if and to the extent applicable. The list of Eligible QIBs to whom the Preliminary Placement Document and Application Form were delivered will be determined by our Company in consultation with the BRLM, at their sole discretion.

2. **Unless a serially numbered Preliminary Placement Document along with the serially numbered Application Form, which includes the details of the bank account wherein the Bid Amount was to be deposited, was addressed to a particular Eligible QIB, no invitation to make an offer to subscribe was deemed to have been made to such Eligible QIB.** Even if such documentation were to come into the possession of any person other than the intended recipient, no offer or invitation to offer was deemed to have been made to such person and any application that does not comply with this requirement was treated as invalid.

3. Eligible QIBs were required to submit the Application Form, including any revisions thereof along with the Bid Amount transferred to the Escrow Account specified in the Application form and a copy of the PAN card or PAN allotment letter (as applicable) and/or any other documents mentioned in the Application Form, during the Issue Period to the BRLM. The Application Form was required to be signed physically or digitally, if required under applicable law in the relevant jurisdiction applicable to each Eligible QIB and as permitted under such applicable law. An Eligible QIB was allowed to submit an unsigned copy of the Application Form, as long as the Bid Amount was paid along with submission of the Application Form within the Issue Period. Once a duly filled Application Form was submitted by an Eligible QIB, whether signed or not, and the Bid Amount had been transferred to the Escrow Account, such Application Form constituted an irrevocable offer and could not have been withdrawn or revised downwards after the Issue Closing Date. In case Bids were made on behalf of the Eligible QIB and the Application Form was unsigned, it was assumed that the person submitting the Application Form and providing necessary instructions for transfer of the Bid Amount to the Escrow Account, on behalf of the Eligible QIB was authorised to do so.

4. Bidders were required to indicate the following in the Application Form:

    - full official name of the Eligible QIB to whom Equity Shares are to be Allotted, complete address, e-mail id, PAN details (if applicable), contact number and bank account details;

- number of Equity Shares Bid for;

- price at which they are agreeable to subscribe for the Equity Shares and the aggregate Bid Amount for the number of Equity Shares Bid for;

- details of the depository / beneficiary account maintained by the Depository Participant to which the Equity Shares should be credited;

- Equity Shares held by the Eligible QIBs in our Company prior to the Issue; and

- a representation that it is outside the United States and has agreed to certain other representations set forth in the "*Representations by Investors*" on page 3 and "*Transfer Restrictions and Purchaser Representations*" on page 197 and certain other representations made in the Application Form.

***Note**: Eligible FPIs were required to indicate the SEBI FPI registration number in the Application Form. The Bids made by the asset management companies or custodians of Mutual Funds were required to specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid was allowed to be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund were not treated as multiple Bids provided that the Bids clearly indicated the scheme for which the Bid had been made. Application by various schemes or funds of a Mutual Fund was treated as one application from the Mutual Fund. Bidders were advised to ensure that any single Bid from them did not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws.*

5. Eligible QIBs were required to make the entire payment of the Bid Amount for the Equity Shares Bid for, along with the Application Form, only through electronic transfer to the Escrow Account opened in the name of "*ARMAN FINANCIAL SERVICES LIMITED QIP ESCROW"* with the Escrow Agent, within the Issue Period as specified in the Application Form sent to the respective Bidders. Please note that any payment of Bid Amount for the Equity Shares was required to be made from the bank accounts of the relevant Bidders and our Company has kept a record of the bank account from where such payment has been received. Bid Amount payable on Equity Shares to be held by joint holders were required to be paid from the bank account of the person whose name appears first in the Application Form. Pending Allotment, and the filing of return of Allotment by our Company with the RoC, or receipt of final listing and trading approvals from the Stock Exchanges, whichever is later, Application Amount received for subscription of the Equity Shares shall be kept by our Company in a separate bank account with a scheduled bank and shall be utilised only for the purposes permitted under the Companies Act, 2013. Notwithstanding the above, in the event (a) any Bidder is not Allocated Equity Shares in the Issue, (b) the number of Equity Shares Allocated to a Bidder is lower than the number of Equity Shares applied for through the Application Form and towards which Bid Amount has been paid by such Bidder, (c) the Application Amount was in excess of the amount equivalent to the product of the Equity Shares that have been Allocated to the Bidder and the Issue Price, or the Application Amount has been arrived at using an indicative price higher than the Issue Price, or (d) any Eligible QIB lowers or withdraws their Bid after submission of the Application Form but prior to the Issue Closing Date, the excess Application Amount will be refunded to the same bank account from which it was remitted, in the form and manner set out in "*Issue Procedure – Refunds*" on page 186.

6. Once a duly completed Application Form was submitted by a Bidder and the Bid Amount was transferred to the Escrow Account, such Application Form constituted an irrevocable offer and the Bid could not have been withdrawn or revised downwards after the Issue Closing Date. The Issue Closing Date was notified to the Stock Exchanges and the Eligible QIBs were deemed to have been given notice of such date after receipt of the Application Form.

7. Upon receipt of the duly completed Application Form and the Bid Amount in the Escrow Account, after the Issue Closing Date, our Company has, in consultation with the BRLM determined the final terms, including the Issue Price of the Equity Shares to be offered pursuant to the Issue and Allocation. Upon such determination, the BRLM sent the serially numbered CAN to the Eligible QIBs who have been Allocated the Equity Shares. The dispatch of a CAN, and this Placement Document (when dispatched) to a Successful Bidder shall be deemed a valid, binding and irrevocable contract for the Successful Bidders to subscribe to the Equity Shares Allocated to such Successful Bidders at an aggregate price equivalent to the product of the Issue Price and Equity Shares Allocated to such Successful Bidders. The CAN contains details such as the number of Equity Shares Allocated to the Successful Bidders, Issue Price and the aggregate amount received towards the Equity Shares Allocated. **Please note that the Allocation has been at the absolute discretion of our Company and has been in consultation with the BRLM.**

8. The Bidder acknowledges that in terms of the requirements of the Companies Act, upon Allocation, our Company will be required to disclose the names of proposed allottees and the percentage of their post-Issue shareholding in this Placement Document and consents to such disclosure, if any Equity Shares are allocated to it.

9. Upon determination of the Issue Price and the issuance of CAN and before Allotment of Equity Shares to the Successful Bidders, the BRLM, shall, on our behalf, send a serially numbered Placement Document either in electronic

form or through physical delivery to each of the Successful Bidders who have been Allocated Equity Shares pursuant to dispatch of a serially numbered CAN.

10. Upon dispatch of the serially numbered Placement Document, our Company shall Allot Equity Shares as per the details in the CANs sent to the Successful Bidders. We will inform the Stock Exchanges of the details of the Allotment.

11. After passing the resolution for Allotment, and prior to crediting the Equity Shares into the beneficiary account of the Successful Bidders maintained by the depository participant, as indicated in their respective Application Form, our Company shall submit relevant documents to the Stock Exchanges in respect of the Equity Shares Allotted pursuant to the Issue.

12. After receipt of the listing approvals of the Stock Exchanges, our Company shall credit the Equity Shares Allotted pursuant to this Issue into the beneficiary accounts of the respective Allottees.

13. Our Company shall then apply for the final listing and trading permissions from the Stock Exchanges.

14. The Equity Shares that would have been credited to the beneficiary account with the Depository Participant accounts of the Successful Bidders shall be eligible for trading on the Stock Exchanges only upon the receipt of final listing and trading approvals from the Stock Exchanges.

15. As per applicable law, the Stock Exchanges will notify the final listing and trading approvals, which are ordinarily available on their websites, and our Company may communicate the receipt the receipt of the listing and trading approvals to those Successful Bidders to whom the Equity Shares have been Allotted. Our Company, and the BRLM shall not be responsible for any delay or non-receipt of the communication of the final trading and listing permissions from the Stock Exchanges or any loss arising from such delay or non-receipt. Investors are advised to apprise themselves of the status of the receipt of the permissions from the Stock Exchanges or our Company.

16. A representation that it is outside the United States and is acquiring the Equity Shares in an "*offshore transaction*" as defined in, and in reliance on, Regulation S, is not an affiliate of the Company or the BRLM or a person acting on behalf of such an affiliate and it has agreed to certain other representations set forth in the Application Form.

**Eligible Qualified Institutional Buyers**

Only Eligible QIBs were eligible to invest in the Equity Shares pursuant to the Issue, provided that with respect to FPIs, only Eligible FPIs applying under Schedule II of the FEMA Rules or a multilateral or bilateral development financial institution eligible to invest in India under applicable law, were considered as Eligible QIBs. FVCIs were not permitted to participate in the Issue. Currently, QIBs, who were eligible to participate in the Issue and also as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations, are set forth below:

- mutual funds, venture capital fund and alternate investment funds registered with SEBI;
- a foreign portfolio investor other than individuals, corporate bodies and family offices, registered with SEBI;
- insurance companies registered with the Insurance Regulatory and Development Authority of India;
- 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;
- multilateral and bilateral development financial institutions (which are resident in India);
- pension funds with minimum corpus of ₹ 250 million;
- provident funds with minimum corpus of ₹ 250 million;
- public financial institutions as defined under Section 2(72) of the Companies Act;
- scheduled commercial banks;
- state industrial development corporations;
- the National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005, of the Government published in the Gazette of India; and
- systemically important non-banking financial companies.

**Eligible FPIs were permitted to participate under Schedule II of FEMA Rules in this Issue. Eligible FPIs were permitted to participate in the Issue subject to compliance with all applicable laws and such that the shareholding of the FPIs did not exceed specified limits as prescribed under applicable laws in this regard. FVCIs were not permitted to participate in this Issue.**

In terms of the SEBI FPI Regulations, the offer 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) were not permitted to exceed 10% of our post-Issue Equity Share capital of our Company. Further, in terms of the FEMA Rules, the total holding by each FPI or investor group shall be below 10% of the total paid-up Equity Share capital of our Company. Hence, Eligible FPIs were allowed to invest in such number of Equity Shares in the Issue such that (i) the individual investment of the FPI in our Company did not exceed 10% of the post-Issue paid-up capital of our Company on a fully diluted basis, and (ii) the aggregate investment by FPIs in our Company did not exceed the sectoral cap applicable to our Company on a fully diluted basis. In case the holding of an FPI or investor group increased to 10% or more of the total paid-up equity capital, on a fully diluted basis, the FPI including its investor group is required to divest the excess holding within five trading days from the date of settlement of the trades resulting in the breach. In the event that such divestment of excess holding is not done within the aforementioned prescribed time, the total investment made by such FPI together with its investor group will be re-classified as FDI as per the procedure specified by SEBI, and the FPI and its investor group will be prohibited from making any further portfolio investment in our Company under the SEBI FPI Regulations. However, in accordance with Regulation 22(4) of the SEBI FPI Regulations, the FPIs who are: (i) appropriately regulated public retail funds; (b) public retail funds where the majority is owned by appropriately regulated public retail fund on look through basis; or (c) public retail funds and investment managers of such foreign portfolio investors are appropriately regulated, the aggregation of the investment limits of such FPIs having common control, shall not be applicable.

Two or more subscribers of ODIs having a common beneficial owner shall be considered together as a single subscriber of the ODI. 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 ODI investments held in the underlying company. Pursuant to the SEBI Circular dated April 5, 2018 (Circular No: IMD/FPIC/CIR/P/2018/61), our Company has appointed NSDL as the designated depository to monitor the level of FPI/NRI shareholding in our Company on a daily basis and once the aggregate foreign investment of a company reaches a cut-off point, which is 3% below the overall limit a red flag shall be activated. SEBI however, pursuant to its Circular dated May 17, 2018 (Circular No: SEBI/HO/IMD/FPIC/CIR/P/2018/81), directed that this system of monitoring foreign investment limits in Indian listed companies be made operational with effect from June 1, 2018. The depository is then required to inform the Stock Exchanges about the activation of the red flag. The Stock Exchanges are then required to issue the necessary circulars/ public notifications on their respective websites. Once a red flag is activated, the FPIs must trade cautiously, because in the event that there is a breach of the sectoral cap, the FPIs will be under an obligation to disinvest the excess holding within five trading days from the date of settlement of the trades.

As per the circular issued by SEBI on November 5, 2019, these investment restrictions shall also apply to subscribers of P-Notes. Two or more subscribers of P-Notes having a common beneficial owner shall be considered together as a single subscriber of the P-Note. In the event an investor has investments as a FPI and as a subscriber of P-Notes, these investment restrictions shall apply on the aggregate of the FPI and P-Note investments held in the underlying company.

Eligible FPIs were permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

In terms of the FEMA Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs was included.

**Restriction on Allotment**

Pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations, no Allotment shall be made pursuant to the Issue, either directly or indirectly, to any Eligible QIB being, or any person related to, the Promoter. QIBs which have all or any of the following rights shall be deemed to be persons related to the Promoters:

- rights under a shareholders' agreement or voting agreement entered into with our Promoters or members of the Promoter Group;
- veto rights; or
- a right to appoint any nominee director on our Board.

Provided, however, that an Eligible QIB which does not hold any Equity Shares in our Company and which has acquired the aforesaid rights in the capacity of a lender shall not be deemed to be related to the Promoters.

**Our Company and the BRLM and any of its shareholders, employees, counsels, officers, directors, representatives, agents, advisors or affiliates are not liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Placement Document. Eligible QIBs are advised to make their**

**independent investigations and satisfy themselves that they are eligible to apply. Eligible QIBs are advised to ensure that any single application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in the Preliminary Placement Document or this Placement Document. Further, Eligible QIBs are required to satisfy themselves that their Bids would not result in triggering an open offer under the SEBI Takeover Regulations.**

**A minimum of 10% of the Equity Shares offered in the Issue shall be Allotted to Mutual Funds. In case of undersubscription in such portion, such portion or part thereof may be Allotted to other Eligible QIBs.**

***Note:*** *Affiliates or associates of the BRLM who are QIBs were allowed to participate in the Issue in compliance with applicable laws.*

**Bid Process**

***Application Form***

Eligible QIBs were permitted to only use the serially numbered Application Forms (which are specifically addressed to them) supplied by our Company and/or the BRLM in either electronic form or by physical delivery for the purpose of making a Bid (including revision of a Bid) in terms of the Preliminary Placement Document and this Placement Document. The Application Form was to be signed physically or digitally, if required under applicable law in the relevant jurisdiction applicable to each Eligible QIB and as permitted under such applicable law. An Eligible QIB could submit an unsigned copy of the Application Form, as long as the Application Amount was paid along with submission of the Application Form within the Issue Period, and in such case, it was assumed that the person submitting the Application Form and providing necessary instructions for transfer of the Application Amount to the Escrow Account, on behalf of the Eligible QIB is authorised to do so.

By making a Bid (including the revision thereof) for Equity Shares through Application Forms and pursuant to the terms of this Placement Document, the Eligible QIB has been deemed to have made the following representations, warranties, acknowledgements and undertakings given or made under "*Notice to Investors*", "*Representations by Investors*", "*Selling Restrictions*" and "*Transfer Restrictions and Purchaser Representations*" on pages 1, 3, 190 and 197, respectively:

1. The Bidder confirmed that it is a QIB in terms of Regulation 2(1)(ss) of the SEBI ICDR Regulations and is not excluded under Regulation 179(2)(b) of the SEBI ICDR Regulations, has a valid and existing registration under the applicable laws in India (as applicable) and is eligible to participate in this Issue;

2. The Bidder confirmed that it is not a Promoter and is not a person related to the Promoters, either directly or indirectly and its Application Form does not directly or indirectly represent the Promoters or Promoter Group or persons related to the Promoters;

3. The Bidder confirmed that it has no rights under a shareholders' agreement or voting agreement with the Promoters or members of the Promoter Group, no veto rights or right to appoint any nominee director on the Board other than those acquired in the capacity of a lender not holding any Equity Shares, which was not deemed to be a person related to the Promoters;

4. The Bidder acknowledged that it had no right to withdraw or revise its Bid downwards after the Issue Closing Date;

5. The Bidder confirmed that if the Equity Shares are Allotted through the Issue, it shall not, for a period of one year from Allotment, sell such Equity Shares otherwise than on the floor of the Stock Exchanges;

6. The Bidder confirmed that the QIB is eligible to Bid for and hold the Equity Shares so Allotted and together with any Equity Shares held by the QIB prior to the Issue. The Bidder further confirmed that the holding of the QIB, did not, exceed the level permissible as per any regulations applicable to the QIB;

7. The Bidder confirmed that the Application would not result in triggering a tender offer under the SEBI Takeover Regulations;

8. The Bidder confirmed that in the event it is resident outside India, it is an Eligible FPI, having a valid and existing registration with SEBI under the applicable laws in India or a multilateral or bilateral development financial institution, and is eligible to invest in India under applicable law, including the FEMA Rules, as amended, and any notifications, circulars or clarifications issued thereunder, and has not been prohibited by SEBI or any other regulatory authority, from buying, selling, dealing in securities or otherwise accessing the capital markets and is not an FVCI;

9. The Bidder agreed that it made payment of its Bid Amount, along with submission of the Application Form within the Issue Period. The Bidder agrees that once a duly filled Application Form is submitted by itself, whether signed or not, and the Bid Amount has been transferred to the Escrow Account, such Application Form constitutes an irrevocable offer and cannot be withdrawn or revised downwards after the Issue Closing Date;

10. The Bidder agreed that although the Bid Amount was required to be paid by it, along with the Application Form within the Issue Period in terms of provisions of the Companies Act and rules made thereunder, our Company reserves the right to Allocate and Allot Equity Shares pursuant to this Issue on a discretionary basis in consultation with the BRLM. The Bidder further acknowledges and agrees that the payment of Bid Amount does not guarantee Allocation and/or Allotment of Equity Shares Bid for in full or in part;

11. The Bidder acknowledged that in terms of the requirements of the Companies Act, upon Allocation, the Company will be required to disclose their names as "proposed Allottees" and percentage of post-Issue shareholding of the proposed Allottees in this Placement Document and consents of such disclosure, if any Equity Shares are Allocated to it. However, the Bidder further acknowledged and agreed, disclosure of such details in relation to the proposed Allottees in this Placement Document will not guarantee Allotment to them, as Allotment in the Issue shall continue to be at the discretion of the Company, in consultation with the BRLM;

12. The Bidder confirms that the number of Equity Shares Allotted to it pursuant to the Issue, together with other Allottees that belong to the same group or are under common control, shall not exceed 50% of the Issue size. For the purposes of this representation:

    a. The expression "belonging to the same group" shall mean entities where (a) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; (b) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (c) there is a common director, excluding nominee and Independent Directors, amongst an Eligible QIB, its subsidiary(ies) or holding company and any other QIB ; and

    b. 'Control' shall have the same meaning as is assigned to it by Regulation 2(1)(e) of the SEBI Takeover Regulations;

13. The Eligible QIB confirmed that:

    a. It is outside the United States and subscribing to the Equity Shares in an "offshore transaction" in reliance upon Regulation S, and is not our affiliate or a person acting on behalf of such an affiliate; and

    b. It has agreed to the other representations set forth in the sections titled, "*Selling Restrictions*" and "*Transfer Restrictions and Purchaser Representations*" on pages 190 and 197 respectively, and the other representations made in the Application Form.

14. The Bidder acknowledged that no Allotment shall be made to them if the price at which they have Bid for in the Issue is lower than the Issue Price;

15. The Bidder confirms that it shall not undertake any trade in the Equity Shares credited into the beneficiary account maintained with the Depository Participant by the QIBs until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges;

16. The Bidder acknowledged, represented and agreed that in the event its total interest in the paid-up share capital of our Company or voting rights in our Company, whether direct or indirect, beneficial or otherwise (any such interest, your "**Holding**"), when aggregated together with any existing Holding and/or Holding of any of the persons acting in concert, results in Holding of 5% or more of the total paid-up share capital of, or voting rights in, our Company a disclosure of the aggregate shareholding and voting rights will have to be made under the SEBI Takeover Regulations. In case such Eligible QIB is an existing shareholder who, together with persons acting in concert, holds 5% or more of the underlying paid up share capital of, or voting rights in our Company a disclosure will have to be made under the SEBI Takeover Regulations in the event of a change of 2% or more in the existing Holding of the Eligible QIB and persons acting in concert;

17. The Eligible FPI, confirmed that it will participate in the Issue only under and in conformity with Schedule II of FEMA Rules. Further, each Eligible FPI acknowledges that Eligible FPIs may invest in such number of Equity Shares such that the individual investment of the Eligible FPI or its investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than fifty per cent or common control) in our Company does not exceed 10% of the post-Issue paid-up capital of our Company on a fully diluted basis. The Bidder confirmed that it, individually or together with its investor group, is not restricted from making further investments in our Company through the portfolio investment route, in terms of Regulation 22(3) of the SEBI FPI Regulations; and

18. The Bidder has read and understood, and by making a Bid for the Equity Shares through the Application Forms and pursuant to the terms of this Placement Document, will be deemed to have made the representations, warranties and agreements made under "*Notice to Investors*", "*Representations by Investors*", "*Selling Restrictions*" and "*Transfer Restrictions and Purchaser Representations*" on page 1, 3, 190 and 197, respectively.

Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020, issued by the Department for Promotion of Industry and Internal Trade, Government of India and the FDI Policy, investments where the beneficial owner of the Equity Shares is situated in or is a citizen of a country which shares land border with India, can only be made through the Government approval route.

**ELIGIBLE QIBS WERE REQUIRED TO PROVIDE THEIR NAME, COMPLETE ADDRESS, EMAIL ID, PHONE NUMBER, BANK ACCOUNT DETAILS, BENEFICIARY ACCOUNT DETAILS, PAN / PAN ALLOTMENT LETTER (IF APPLICABLE), DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM. ELIGIBLE QIBS WERE REQUIRED TO ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM WAS EXACTLY THE SAME AS THE NAME IN WHICH THEIR DEPOSITORY / BENEFICIARY ACCOUNT WAS HELD.**

**IF SO, REQUIRED BY THE BRLM, THE ELIGIBLE QIBS SUBMITTING A BID, ALONG WITH THE APPLICATION FORM, WERE ALSO REQUIRED TO SUBMIT REQUISITE DOCUMENT(S) TO THE BRLM TO EVIDENCE THEIR STATUS AS A "QIB" AS DEFINED HEREINABOVE.**

**IF SO, REQUIRED BY THE BRLM, THE ESCROW AGENT OR ANY STATUTORY OR REGULATORY AUTHORITY IN THIS REGARD, INCLUDING AFTER ISSUE CLOSING DATE, THE ELIGIBLE QIBS SUBMITTING A BID AND/OR BEING ALLOTTED EQUITY SHARES IN THE ISSUE, WERE ALSO REQUIRED TO SUBMIT REQUISITE DOCUMENT(S) TO FULFILL THE APPLICABLE KNOW YOUR CUSTOMER (KYC) NORMS.**

Demographic details such as address and bank account were obtained from the Depositories as per the Depository Participant account details provided in the Application Form. However, for the purposes of refund of all or part of the Bid Amount submitted by the Bidder, the bank details as mentioned in the Application Form from which the Bid Amount shall be remitted for the Equity Shares applied for in the Issue, will be considered.

The submission of an Application Form and payment of the Bid Amount pursuant to the Application Form by a Bidder was deemed a valid, binding and irrevocable offer for such Bidder to pay the entire Issue Price for the Equity Shares and becomes a binding contract on a Successful Bidder upon issuance of the CAN and this Placement Document (when dispatched) by our Company or by the BRLM in favour of the Successful Bidder.

***Submission of Application Form***

All Application Forms were required to be duly completed with information including the name of the Bidder, the number of Equity Shares applied for along with proof of payment and a copy of the PAN card or PAN allotment letter (if applicable). The Bid Amount were required to be deposited in the Escrow Account as is specified in the Application Form and the Application Form were required to be submitted to the BRLM either through electronic form or through physical delivery at either of the following addresses:

| Name of the BRLM | Address | Contact Person | Email | Contact Number |
|---|---|---|---|---|
| JM Financial Limited | 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025 Maharashtra, India | Prachee Dhuri | aspire@jmfl.com | +91 22 6630 3030 |

The BRLM was not required to provide any written acknowledgement of the receipt of the Application Form and the Bid Amount.

Bidders Bidding in the Issue were required to pay the entire Bid Amount along with the submission of the Application Form, within the Issue Period.

**Payment of Bid Amount**

Our Company has opened the Escrow Account in the name of "*ARMAN FINANCIAL SERVICES LIMITED QIP ESCROW*" with the Escrow Agent, in terms of the arrangement among our Company, the BRLM and the Escrow Agent. Each Bidder was required to deposit the Bid Amount payable for the Equity Shares Bid by it along with the submission of the Application Form and during the Bidding Period. Bidders were required to make payment of the Bid Amount only through electronic transfer of funds from their own bank account.

**Note: Payments were required to be made only through electronic fund transfer. Payments made through cash or cheques were liable to be rejected. Further, if the payment is not made favouring the Escrow Account, the Application Form was liable to be cancelled and rejected.**

Pending Allotment, our Company undertakes to utilise the amount deposited in “Arman Financial Services Limited QIP Escrow” only for the purposes of (i) adjustment against Allotment of Equity Shares in the Issue; or (ii) repayment of Bid Amount if our Company is not able to Allot Equity Shares in the Issue. Notwithstanding the above, in the event a Bidder is not Allocated Equity Shares in the Issue, or the number of Equity Shares Allocated to a Bidder, is lower than the number of Equity Shares applied for through the Application Form and towards which Application Amount has been paid by such Bidder, or the Application Amount was in excess of the amount equivalent to the product of the Equity Shares that have been Allocated to the Bidder and the Issue Price, or the Application Amount has been arrived at using an indicative price higher than the Issue Price, or any Bidder lowers or withdraws their Bid after submission of the Application Form but prior to the Issue Closing Date, the excess Application Amount will be refunded to the same bank account from which Application Amount was remitted, in the form and manner set out in *“Issue Procedure– Refunds*” on page 186.

**Pricing and Allocation**

There is a minimum pricing requirement under the SEBI ICDR Regulations. The Floor Price was not less than the average of the weekly high and low of the closing prices of the Equity Shares quoted on the stock exchange during the two weeks preceding the Relevant Date. However, a discount of ₹ 114.51 per Equity Share, equivalent to 4.96% on the Floor Price has been offered by our Company in accordance with the provisions of the SEBI ICDR Regulations.

Our Company, in consultation with the BRLM, has determined the Issue Price, which was at or above the Floor Price.

The “Relevant Date” referred to above, for Allotment, is the date of the meeting in which the Issue and Allotment Committee decided to open the Issue and “stock exchange” means any of the recognized stock exchanges in India on which the Equity Shares of the Company of the same class are listed and on which the highest trading volume in such Equity Shares has been recorded during the two weeks immediately preceding the Relevant Date.

***Build-up of the Book***

The Eligible QIBs were required to submit their Bids (including any revision thereof) through the Application Forms within the Issue Period to the BRLM. Such Bids were not allowed be withdrawn or revised downwards after the Issue Closing Date. The book shall be maintained by the BRLM.

***Price Discovery, Terms and Allocation***

Our Company, in consultation with the BRLM, has determined the Issue Price, and in compliance with Chapter VI of the SEBI ICDR Regulations. However, our Company offered a discount of ₹ 114.51 per Equity Share, equivalent to 4.96% on the Floor Price in terms of Regulation 176 of the SEBI ICDR Regulations as approved by the Board pursuant to resolution dated August 14, 2023, and the resolution of our Shareholders on September 29, 2023.

After finalisation of the Issue Price, our Company updated the Preliminary Placement Document with the Issue details and file the same with the Stock Exchanges as this Placement Document.

***Method of Allocation***

Our Company has determined the Allocation in consultation with the BRLM on a discretionary basis and in compliance with Chapter VI of the SEBI ICDR Regulations.

Bids received from the Eligible QIBs at or above the Issue Price were grouped together to determine the total demand. The Allocation to all such Eligible QIBs will be made at the Issue Price. Allocation to Mutual Funds for up to a minimum of 10% of the Issue Size was undertaken subject to valid Bids being received at or above the Issue Price.

In case of cancellations or default by the Bidders, our Company, in consultation with the BRLM, has the right to reallocate the Equity Shares at the Issue Price among existing or new Bidders at their sole and absolute discretion subject to the applicable laws.

**THE DECISION OF OUR COMPANY, IN CONSULTATION WITH THE BRLM, IN RESPECT OF ALLOCATION IS FINAL AND BINDING ON ALL BIDDERS. BIDDERS MAY NOTE THAT ALLOCATION OF EQUITY SHARES IS AT THE SOLE AND ABSOLUTE DISCRETION OF OUR COMPANY, IN CONSULTATION WITH THE BRLM, AND ELIGIBLE QIBS MAY NOT RECEIVE ANY ALLOCATION EVEN IF THEY HAVE SUBMITTED VALID APPLICATION FORMS AND PAID THE ENTIRE BID AMOUNT AT OR ABOVE THE ISSUE PRICE. NEITHER OUR COMPANY NOR THE BRLM IS OBLIGED TO ASSIGN ANY REASON FOR ANY NON-ALLOCATION.**

**Confirmation of Allocation Note (CAN)**

Based on receipt of the serially numbered Application Forms and Bid Amount, our Company, in consultation with the BRLM, in their sole and absolute discretion, have decided the Successful Bidders to whom the serially numbered CAN has been dispatched, pursuant to which the details of the Equity Shares Allocated to them, the Issue Price and the Bid Amount for the

Equity Shares Allocated to them shall be notified to such Successful Bidders. Additionally, the CAN will include the probable Designated Date, being the date of credit of the Equity Shares to the Bidders' account, as applicable to the respective Bidder.

The Successful Bidders have also been sent a serially numbered Placement Document (which includes the names of the proposed Allottees along with the percentage of their post-Issue Shareholding in the Company) either in electronic form or by physical delivery.

The dispatch of the serially numbered CAN and this Placement Document (when dispatched), to the Eligible QIBs shall be deemed a valid, binding and irrevocable contract for the Eligible QIBs to subscribe to the Equity Shares Allocated to such Successful Bidders. Subsequently, our Board will approve the Allotment of the Equity Shares to the Allottees in consultation with the BRLM.

**Successful Bidders are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them pursuant to the Issue.**

By submitting the Application Form, an Eligible QIB would have deemed to have made the representations and warranties as specified in "*Notice to Investors*" on page 1 and further that such Eligible QIB shall not undertake any trade on the Equity Shares credited to its Depository Participant account pursuant to the Issue until such time as the final listing and trading approval is issued by Stock Exchanges.

***Designated Date and Allotment of Equity Shares***

1. Subject to the satisfaction of the terms and conditions of this Placement Agreement, our Company will ensure that the Allotment of the Equity Shares is completed by the Designated Date provided in the respective CANs.

2. In accordance with the SEBI ICDR Regulations, the Equity Shares will be offered, and Allotment shall be made only in the dematerialized form to the Allottees. Allottees will have the option to re-materialize the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act. However, no transfer in physical form is permitted as per Regulation 40 of the SEBI Listing Regulations.

3. Our Company, at its sole discretion, reserves the right to cancel the Issue at any time up to Allotment without assigning any reasons whatsoever.

4. Following the Allotment of the Equity Shares pursuant to the Issue, our Company shall submit the necessary documents with the Stock Exchanges in relation to the Issue and post that our Company shall credit the Equity Shares into the beneficiary accounts of the Eligible QIBs.

5. Following the credit of Equity Shares into the Successful Bidders' beneficiary accounts (a) the Successful Bidders will be eligible for trading on the Stock Exchanges immediately upon such credit, and (b) the monies lying to the credit of the Escrow Account shall be released until the final listing and trading approvals of the Stock Exchanges for the listing and trading of the Equity Shares issued pursuant to this Issue are received by our Company and the Company files the return of Allotment in connection with the Issue with the RoC.

6. After finalization of the Issue Price, our Company has updated the Preliminary Placement Document with the Issue details and file it with the Stock Exchanges as this Placement Document, including the details of names of the proposed Allottees and the percentage of their post-Issue shareholding in our Company. Pursuant to a circular dated March 5, 2010 issued by the SEBI, the Stock Exchanges are required to make available on their websites the details of those Allottees in Issue who have been allotted more than 5% of the Equity Shares offered in the Issue, namely, names of the Allottees, and number of Equity Shares Allotted to each of them, pre and post Issue shareholding pattern of our Company along with this Placement Document.

7. In the event that we are unable to issue and Allot the Equity Shares offered in the Issue or if the Issue is cancelled within the timelines prescribed under the applicable laws, our Company shall repay the application monies within the timelines prescribed under the applicable laws, failing which our Company shall repay that monies with interest at such rate and in such manner as prescribed under the Companies Act and SEBI ICDR Regulations. The application monies to be refunded by us shall be refunded to the same bank account from which application monies was remitted by the Bidders, as mentioned in the Application Form.

**Refunds**

In the event that the number of Equity Shares Allocated to a Bidder was lower than the number of Equity Shares applied for through the Application Form and towards which Bid Amount has been paid by such Bidder, or Equity Shares are not Allocated to a Bidder for any reasons, or the Application Amount paid by a Bidder was in excess of the amount equivalent to the product of the Equity Shares that have been Allocated to such Bidder and the Issue Price, or a Bidder lowers or withdraws the Bid prior to the Issue Closing Date, any excess Bid Amount paid by such Bidder will be refunded to the same bank account from which

Bid Amount was remitted (as set out in the Application in the form and manner set out in the Refund Intimation Letter. The Refund Amount will be transferred to the relevant Bidders within two Working Days from the issuance of the CAN.

In the event that Equity Shares have been Allocated to Successful Bidders and our Company is unable to issue and Allot the Equity Shares offered in the Issue or on cancellation of the Issue within the timelines prescribed under the applicable laws, our Company shall repay the Bid Amount as per the timelines prescribed under the applicable laws, failing which our Company shall repay that money with interest at such rate and in such manner as prescribed under the Companies Act and SEBI ICDR Regulations.

**Release of Funds to our Company**

The monies lying to the credit of the Escrow Account shall not be released until the final listing and trading approvals of the Stock Exchanges for the listing and trading of the Equity Shares issued pursuant to the Issue are received by our Company and the Company files the return of Allotment in connection with the Issue with the RoC. In the event of any delay in the Allotment or credit of Equity Shares, or receipt of trading or listing approvals or cancellation of the Issue, no interest or penalty would be payable by us.

**Other Instructions**

***Submission of Documents***

A physical copy of the Application Form and relevant documents as required to be provided along with the Application Form were submitted as soon as practicable.

***Permanent Account Number or PAN***

Each Bidder was required to mention its PAN allotted under the Income Tax Act, 1961 ("**IT Act**") in the application form. A copy of PAN card was required to be submitted with the Application Form. However, this requirement did not apply to certain Bidders who were exempted from the requirement of obtaining a PAN under the IT Act. Further, the Application Forms without this information were considered incomplete and were liable to be rejected. It was to be specifically noted that applicants were not to submit the GIR number instead of the PAN as the Application Form was liable to be rejected on this ground.

***Bank account details***

Each Bidder mentioned the details of the bank account from which the payment of Bid Amount was made along with confirmation that such payment has been made from such account.

***Right to Reject Applications***

Our Company, in consultation with the BRLM, could reject Bids, in part or in full, without assigning any reason whatsoever. The decision of our Company in consultation with the BRLM in relation to the rejection of Bids shall be final and binding. In the event the Bid is rejected by our Company, the Bid Amount paid by the Bidder shall be refunded to the same bank account from which the Bid Amount was remitted by such Bidder, as set out in the Application Form. For details see "*Issue Procedure – Refund*" on page 186. Our Company, at its sole discretion, reserves the right to cancel the Issue at any time up to Allotment without assigning any reason whatsoever.

***Equity Shares in dematerialised form with the Depositories***

The Allotment of the Equity Shares in this Issue shall be only in dematerialised form (i.e., not in physical certificates but be fungible and be represented by the statement issued through the electronic mode). Allottees will have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act, the Depositories Act and other applicable laws. However, no transfer in physical form is permitted as per Regulation 40 of the SEBI Listing Regulations.

The Bidders applying for Equity Shares to be issued pursuant to the Issue must have at least one beneficiary account with a Depository Participant of either of the Depositories prior to making the Bid. Equity Shares Allotted to a Successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Successful Bidder, as indicated in the Application Form.

Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with the Depositories. The Stock Exchanges have electronic connectivity with the Depositories. The trading of the Equity Shares would be in dematerialised form only for all Allottees in the respective demat segment of the Stock Exchanges. Our Company and the BRLM will not be responsible or liable for the delay in the credit of the Equity Shares to be issued pursuant to the Issue due to errors in the Application Form or otherwise on part of the Bidder.

## PLACEMENT

*No assurance can be given as to the liquidity or sustainability of the trading market for the Equity Shares, the ability of holders of the Equity Shares to sell their Equity Shares or the price at which holders of the Equity Shares will be able to sell their Equity Shares*

### Placement Agreement

The BRLM has entered into the Placement Agreement dated December 19, 2023 with our Company, pursuant to which the BRLM has agreed, subject to certain conditions, to manage the Issue and to act as placement agents in connection with the proposed Issue and procure subscription for Equity Shares to be placed with the Eligible QIBs, pursuant to Chapter VI of the SEBI ICDR Regulations, Section 42 of the Companies Act, 2013 read with Rule 14 of the PAS Rules, to the extent applicable, as amended and other applicable provisions of the Companies Act and the rules made thereunder. The Placement Agreement contains customary representations, warranties and indemnities from our Company, and it is subject to satisfaction of certain conditions and subject to termination in accordance with the terms contained therein.

The Preliminary Placement Document and this Placement Document has not been, and will not be, filed as a prospectus with the RoC and, no Equity Shares offered pursuant to the Issue, will be offered in India or overseas to the public or any members of the public or any other class of prospective investors, other than Eligible QIBs.

No assurance can be given as to the liquidity or sustainability of the trading market for such Equity Shares, the ability of holders of the Equity Shares to sell their Equity Shares or the price at which holders of the Equity Shares will be able to sell their Equity Shares. The Equity Shares offered hereby have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares offered in this Issue are being offered and sold outside the United States in "offshore transactions" as defined in, and in reliance on Regulation S and the applicable laws of the jurisdiction where such offers, and sales are made. For further information, see "*Selling Restrictions*" and "*Transfer Restrictions and Purchase Representations*" on pages 190 and 197, respectively.

Applications shall be made to list the Equity Shares issued pursuant to the Issue and admit them to trading on the Stock Exchanges.

In connection with the Issue, the BRLM (or its affiliates) may, for its own account, subscribe to the Equity Shares or enter into asset swaps, credit derivatives or other derivative transactions relating to the Equity Shares to be offered pursuant to the Issue at the same time as the offer and sale of the Equity Shares, or in secondary market transactions. As a result of such transactions, the BRLM may hold long or short positions in such Equity Shares. These transactions may comprise a substantial portion of the Issue and no specific disclosure will be made of such positions. The Affiliates of the BRLM may purchase Equity Shares and be Allotted Equity Shares for proprietary purposes and not with a view to distribute or in connection with the issuance of P-Notes. For further details, see "*Offshore Derivative Instruments*" on page 8.

From time to time, the BRLM, and their affiliates may be engaged in or may in the future engage in transactions with and perform services, including but not limited to investment banking, advisory, banking, trading services for our Company, its Subsidiary, its group companies, affiliates and the shareholders of our Company, as well as to their respective affiliates, pursuant to which fees and commissions have been paid or will be paid to the BRLM and its affiliates.

### Lock-up

Our Company will not for a period of 180 days from the date of Allotment under the Issue, without the prior written consent of the Book Running Lead Manager, directly or indirectly, (i) offer, issue, contract to issue, issue or offer any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise approve the transfer or dispose of, any Equity Shares or any securities convertible into, or exercisable for Equity Shares (including, without limitation, securities convertible into, or exercisable or exchangeable for Equity Shares), or file any registration statement under the U.S. Securities Act with respect to any of the foregoing, or (ii) enter into any swap or other agreement or any transaction that transfers, in whole or in part, directly or indirectly, any of the economic consequences associated with the ownership of any of the Equity Shares or any securities convertible into, or exercisable or exchangeable for Equity Shares (regardless of whether any of the transactions described in clause (i) or (ii) is to be settled by the delivery of Equity Shares or such other securities, in cash or otherwise), or (iii) deposit Equity Shares with any other depositary in connection with a depositary receipt facility, or (iv) publicly announce any intention to enter into any transaction falling within (i) to (iii) above or enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of an issue or offer or deposit of Equity Shares in any depositary receipt facility or publicly announce any intention to enter into any transaction falling within (i) to (iii) above.

Our Promoters except for Amit Rajnikant Manakiwala and members of the Promoter Group except for Himani Amit Manakiwala and Maulik Amit Manakiwala, will not, without the prior written permission of the Book Running Lead Manager, during the period commencing on the date hereof and ending 180 days after the date of allotment of the Equity Shares do the following:

a) directly or indirectly, issue, offer, lend, sell, contract to sell, pledge, encumber, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, make any short sale, or otherwise transfer or dispose of, any Promoters and Promoter Group Shares (as defined herein below), including but not limited to any options or warrants to purchase any Promoters and Promoter Group Shares, or any securities convertible into or exercisable for, or that represent the right to receive, any Promoters and Promoter Group Share or file any registration statement under the U.S. Securities Act with respect to any of the foregoing (regardless of whether any of the transactions described in this clause (a) is to be settled by the delivery of our Promoters and Promoter Group Shares or such other securities, in cash or otherwise); or

b) enter into any swap or other agreement or any transaction that transfers, in whole or in part, directly or indirectly, any of the economic consequences associated with the ownership of any of our Promoters and Promoter Group Shares or any securities convertible into or exercisable or exchangeable for any of our Promoters and Promoter Group Shares (regardless of whether any of the transactions described in this clause (b) is to be settled by the delivery of our Promoters and Promoter Group Shares or such other securities, in cash or otherwise); or

c) deposit any of our Promoters and Promoter Group Shares, or any securities convertible into or exercisable or exchangeable for our Promoters and Promoter Group Shares or which carry the rights to subscribe for or purchase our Promoters and Promoter Group Shares, with any depositary in connection with a depositary receipt facility; or

d) publicly announce any intention to enter into any transaction falling within (a) to (c) above or enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of a sale or deposit of our Promoters and Promoter Group Shares in any depositary receipt facility or publicly announce any intention to enter into any transaction falling within (a) to (c) above,

provided, however, that the foregoing restrictions shall not apply to:

(i) any sale, transfer or disposition of any of our Promoters and Promoter Group Shares by the undersigned with prior notice to the Book Running Lead Manager to the extent such sale, transfer or disposition is required by Indian law; and

(ii) any bona fide pledge or non-disposal undertaking of any of our Promoters and Promoter Group Shares held by the undersigned as collateral for loans on normal commercial terms entered or to be entered into in the ordinary course of business of the undersigned, our Company or transfer of any of our Promoters and Promoter Group Shares to any third party pursuant to the invocation of any pledge in relation to our Promoters and Promoter Group Shares.

(iii) any inter group transfer made to any member of Promoter Group, subject to compliance with applicable laws and subject to observance by the transferee Promoter Group Entities of the foregoing restrictions on transfer of Promoters' Shares until the expiry of the Lock-up Period.

## SELLING RESTRICTIONS

*The distribution of this Placement Document or any offering material and the offering, sale or delivery of Equity Shares in this Issue is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Placement Document or any offering material are advised to consult with their own legal advisors as to what restrictions may be applicable to them and to observe such restriction. This Placement Document may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.*

### General

No action has been taken or will be taken by our Company or the BRLM that would permit a public offering of the Equity Shares to occur in any jurisdiction, or the possession, circulation or distribution of this Placement Document or any other material relating to our Company or the Equity Shares in any jurisdiction where action for such purpose is required (including filing of prospectus in India with SEBI or any other authority in connection with the Issue). Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and none of this Placement Document, any offering materials and any advertisements in connection with the offering of the Equity Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. The Issue will be made in compliance with the applicable SEBI ICDR Regulations. Each purchaser of the Equity Shares in this Issue will be deemed to have made representations, warranties, acknowledgments and agreements as described in this section and under "*Notice to Investors*", "*Representations by Investors*" and "*Transfer Restrictions and Purchase Representations*" on page 1, 3 and 197.

### Republic of India

The Issue will be made in compliance with the SEBI ICDR Regulations, Section 42 of the Companies Act, read with Rule 14 of the PAS Rules and other applicable provisions of the Companies Act and the rules made thereunder.

This Placement Document may not be distributed directly or indirectly in India or to residents of India and any Equity Shares may not be offered or sold directly or indirectly in India to, or for the account or benefit of, any resident of India except as permitted by applicable Indian laws and regulations, under which an offer is strictly on a private and confidential basis and is limited to Eligible QIBs and is not an offer to the public or any other class of investors other than Eligible QIBs. The Preliminary Placement Document and Placement Document has not been and will not be filed as a prospectus with the RoC, or an advertisement and will not be circulated or distributed to the public in India or any other jurisdiction and will not constitute a public offer in India or any other jurisdiction.

### Bahrain

All marketing and offering of the Equity Shares in the Issue has been made and will be made outside the Kingdom of Bahrain. This Placement Document and the Equity Shares that shall be offered pursuant to this Placement Document have not been registered, filed, approved or licensed by the Central Bank of Bahrain ("**CBB**"), the Bahrain Bourse, the Ministry of Industry, Commerce and Tourism ("**MOICT**") or any other relevant licensing authorities in the Kingdom of Bahrain.

The CBB, the Bahrain Bourse and the MOICT of the Kingdom of Bahrain takes no responsibility for the accuracy of the statements and information contained in this Placement Document, nor shall they have any liability to any person, investor or otherwise for any loss or damage resulting from reliance on any statements or information contained herein. This Placement Document is only intended for Accredited Investors as defined by the CBB and the Equity Shares offered by way of private placement may only be offered in minimum subscriptions of USD 100,000 (or equivalent in other currencies). No invitation to the public in the Kingdom of Bahrain to subscribe to the Equity Shares is being made and this Placement Document will not be issued to, passed to, or made available to the public generally in the Kingdom of Bahrain. The CBB has not reviewed, nor has it approved this Placement Document and any related offering documents or the marketing thereof in the Kingdom of Bahrain. The CBB is not and will not be responsible for the performance of the Equity Shares.

### Cayman Islands

No offer or invitation to subscribe for Equity Shares may be made to the public in the Cayman Islands to subscribe for any of the Equity Shares but an invitation or offer may be made to sophisticated persons (as defined in the Cayman Islands Securities Investment Business Law (the "**SIBL**"), high net worth persons (as defined in the SIBL) or otherwise in accordance with the SIBL. This Placement Document does not constitute an invitation or offer to the public in the Cayman Islands of the Equity Shares, whether by way of sale or subscription. The Equity Shares are not being offered or sold, and will not be offered or sold, directly or indirectly, to the public in the Cayman Islands.

### Dubai International Financial Centre

This Placement Document relates to an Exempt Offer in accordance with the Markets Rules Module of the Dubai Financial Services Authority ("**DFSA**") Rulebook. This Placement Document is intended for distribution only to persons of a type specified in the Markets Rules Module. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this Placement Document nor taken steps to verify the information set forth herein and has no responsibility for this Placement Document. The securities to which this Placement Document relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the securities offered should conduct their own due diligence on the securities. If you do not understand the contents of this Placement Document you should consult an authorized financial advisor.

In relation to its use in the DIFC, this Placement Document is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. The interests in the securities may not be offered or sold directly or indirectly to the public in the DIFC.

**European Economic Area**

In relation to each Member State of the European Economic Area (each a "**Member State**"), no Equity Shares have been offered or will be offered pursuant to the Issue to the public in that Member State prior to the publication of a prospectus in relation to the Equity Shares which has been approved by the competent authority in that Member State or, where appropriate, approved in another Member State and notified to the competent authority in that Member State, all in accordance with the Prospectus Regulation), except that offers of Equity Shares may be made to the public in that Member State at any time under the following exemptions under the Prospectus Regulation:

- to any legal entity which is a qualified investor as defined under the Prospectus Regulation;

- to fewer than 150 natural or legal persons (other than qualified investors as defined under the Prospectus Regulation), subject to obtaining the prior consent of Book Running Lead Manager for any such offer; or

- in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Equity Shares shall result in a requirement for the publication by the Company or the Book Running Lead Manager of a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this section, the expression an "offer of Equity Shares to the public" in relation to any Equity Shares in any Relevant State means a communication to persons in any form and by any means presenting sufficient information on the terms of the offer and the Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Equity Shares.

Except for each person who is not a qualified investor and who has notified the Book Running Lead Manager of such fact in writing and has received the consent of the Book Running Lead Manager in writing to subscribe for or purchase Equity Shares in the Issue, each person in a Relevant State who acquires Equity Shares in the Issue or to whom any offer is made shall be deemed to have represented that it is a "qualified investor" as defined in the Prospectus Regulation.

In the case of any Equity Shares being offered to a financial intermediary, as that term is used in Article 5 of the Prospectus Regulation, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Equity Shares subscribed for or acquired by it in the Issue have not been subscribed for or acquired on a non-discretionary basis on behalf of, nor have they been subscribed for or acquired with a view to their offer or resale to persons in circumstances which may give rise to an offer of any Equity Shares to the public other than their offer or resale in a Relevant State to qualified investors (as so defined) or in circumstances in which the prior consent of the Book Running Lead Manager has been obtained to each such proposed offer or resale.

Our Company, the Book Running Lead Manager and their affiliates and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and agreements.

**Hong Kong**

The Equity Shares have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document, other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**") and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O.

No advertisement, invitation or document relating to the Equity Shares, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Equity Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO has been or will be issued, whether in Hong Kong or elsewhere.

**Japan**

The Equity Shares offered hereby have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**Financial Instruments and Exchange Act**"). The Placement Document is not an offer of shares for sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used in the Placement Document means any person resident in Japan, including any corporation or entity organized under the laws of Japan) or to others for reoffer or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

**Republic of Korea**

The Equity Shares have not been and will not be registered under the Financial Investments Services and Capital Markets Act of Korea and the decrees and regulations thereunder (the "**FSCMA**"), and the Equity Shares have been and will be offered in Korea as a private placement under the FSCMA. None of the Equity Shares may be offered, sold or delivered directly or indirectly, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea except pursuant to the applicable laws and regulations of Korea, including the FSCMA and the Foreign Exchange Transaction Law of Korea and the decrees and regulations thereunder (the "**FETL**"). Furthermore, the purchaser of the Equity Shares shall comply with all applicable regulatory requirements (including but not limited to requirements under the FETL) in connection with the purchase of the Equity Shares. By the purchase of the Equity Shares, the relevant holder thereof will be deemed to represent and warrant that if it is in Korea or is a resident of Korea, it purchased the Equity Shares pursuant to the applicable laws and regulations of Korea.

**Kuwait**

This document and does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, the Equity Shares in the State of Kuwait. The Equity Shares have not been licensed for offering, promotion, marketing, advertisement or sale in the State of Kuwait by the Capital Markets Authority or any other relevant Kuwaiti government agency. The offering, promotion, marketing, advertisement or sale of the Equity Shares in State of Kuwait on the basis of a private placement or public offering is, therefore, prohibited in accordance with Law No. 7 of 2010 and the Executive Bylaws for Law No. 7 of 2010, as amended, which govern the issue, offer, marketing and sale of financial services/products in the State of Kuwait. No private or public offering of the Equity Shares is or will be made in the State of Kuwait, and no agreement relating to the sale of the Equity Shares will be concluded in the State of Kuwait and no marketing or solicitation or inducement activities are being used to offer or market the Equity Shares in the State of Kuwait.

**Malaysia**

No approval from the Securities Commission of Malaysia has been applied for or will be obtained for the offer or invitation in respect of the Issue under the Capital Markets and Services Act 2007. Neither has a prospectus been nor will be registered with the Securities Commission of Malaysia in connection with the Issue in Malaysia. Accordingly, this Placement Document or any amendment or supplement hereto or any other offering document in relation to the Issue may not be distributed in Malaysia directly or indirectly for the purpose of any offer of the Equity Shares. The Equity Shares may not be offered or sold in Malaysia except pursuant to, and to persons prescribed under, Part I of Schedule 6 of the Malaysian Capital Markets and Services Act and no person may offer for subscription or purchase any of the Equity Shares directly or indirectly to anyone in Malaysia.

**Mauritius**

The public of the republic of Mauritius is not invited to subscribe for the interests offered hereby. This memorandum relates to a private placement and does not constitute an offer to the public in Mauritius to subscribe for the interests offered hereby. the interests are only being offered to a limited number of sophisticated investors meeting the eligibility criteria. no regulatory approval has been sought for the offer in Mauritius and it must be distinctly understood that the Mauritius financial services commission does not accept any responsibility for the financial soundness of or any representations made in connection with the issue. The memorandum is for the use only of the named addressee and should not be given or shown to any other person.

**Qatar (excluding the Qatar Financial Centre)**

This Placement Document did not, and was not intended to, constitute an invitation or an offer of securities in the State of Qatar (including the Qatar Financial Centre) and accordingly should not be construed as such. The Equity Shares have not been, and shall not be, offered, sold or delivered at any time, directly or indirectly, in the State of Qatar. Any offering of the Equity Shares shall not constitute a public offer of securities in the State of Qatar.

By receiving this document, the person or entity to whom it has been provided to understands, acknowledges and agrees that: (a) neither this Placement Document nor the Equity Shares have been registered, considered, authorised or approved by the Qatar Central Bank, the Qatar Financial Markets Authority, the Qatar Financial Centre Regulatory Authority or any other authority or agency in the State of Qatar; (b) neither the Company nor the Book Running Lead Manager is authorised or licensed by the Qatar Central Bank, the Qatar Financial Markets Authority, the Qatar Financial Centre Regulatory Authority, or any other authority or agency in the State of Qatar, to market or sell the Equity Shares within the State of Qatar; (c) this Placement Document may not be provided to any person other than the original recipient and is not for general circulation in the State of Qatar; and (d) no agreement relating to the sale of the Equity Shares shall be consummated within the State of Qatar.

No marketing of the Equity Shares has been or will be made from within the State of Qatar and no subscription to the Equity Shares may or will be consummated within the State of Qatar. Any applications to invest in the Equity Shares shall be received from outside of Qatar. This Placement Document shall not form the basis of, or be relied on in connection with, any contract in Qatar. The persons representing the Book Running Lead Manager are, by distributing this document, not advising individuals resident in the State of Qatar as to the appropriateness of investing in or purchasing or selling securities or other financial products. Nothing contained in this Placement Document is intended to constitute investment, legal, tax, accounting or other professional advice in, or in respect of, the State of Qatar.

**Qatar and Qatar Financial Centre**

Nothing in this Placement Document is intended to constitute, shall be treated as constituting or shall be deemed to constitute, any offer or sale of securities in the State of Qatar or in the Qatar Financial Centre or the inward marketing of securities or an attempt to do business, as a bank, an investment company or otherwise in the State of Qatar or in the Qatar Financial Centre other than in compliance with any laws applicable in the State of Qatar or in the Qatar Financial Centre governing the issue, offering and sale of securities under the laws of the State of Qatar and the Qatar Financial Centre.

This Placement Document and any underlying instruments or securities have not been and will not be filed with, reviewed or approved by the Qatar Central Bank, the Qatar Financial Markets Authority, the Qatar Exchange or any other relevant Qatar governmental body or securities exchange. The Company has not been authorised or licenced by any Qatari governmental body or regulator to market, offer or sell the Equity Shares in the State of Qatar or in the Qatar Financial Centre.

This Placement Document is strictly private and confidential. This Placement Document is provided on an exclusive basis to the specifically intended recipient of such document, upon that person's request and initiative, and for the recipient's personal use only. It is being distributed to a limited number of qualified investors and must not be provided to any person other than the original recipient. It is not for general circulation in the State of Qatar or the Qatar Financial Centre and may not be reproduced or used for any other purpose. Any distribution of this document by the recipient to third parties in the State of Qatar or the Qatar Financial Centre is not authorised and shall be at the liability of such recipient.

Recourse against the Company and/or its affiliates may be limited or difficult and may have to be pursued in a jurisdiction outside the State of Qatar and/or the Qatar Financial Centre.

**Saudi Arabia**

This Placement Document may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority ("**CMA**"). The CMA does not make any representation as to the accuracy or completeness of this Placement Document and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Placement Document. Prospective purchasers of the Equity Shares offered hereby should conduct their own due diligence on the accuracy of the information relating to the Equity Shares. If you do not understand the contents of this Placement Document, you should consult an authorised financial adviser.

**Singapore**

This Placement Document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Placement Document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Equity Shares may not be circulated or distributed, nor may the Equity Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Equity Shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

i. a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

ii. a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Equity Shares pursuant to an offer made under Section 275 of the SFA except:

(a) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(b) where no consideration is or will be given for the transfer;

(c) where the transfer is by operation of law;

(d) as specified in Section 276(7) of the SFA; or

(e) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Notification under Sections 309B(1)(a) and 309B(1)(c) of the SFA: We have determined, and hereby notify all relevant persons (as defined in Section 309A of the SFA) that the Equity Shares are: (A) prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and (B) Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment: Notice on Recommendations on Investment Products).

**Singapore SFA Product Classification**: In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Company has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Equity Shares are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

**Sultanate of Oman**

The information contained in this Placement Document does not constitute a public offer of securities in Oman as contemplated by the Oman Commercial Companies Law (Sultani Decree 18/2019, as amended) or Article 3 of the Capital Market Authority Law (Sultani Decree 80/98, as amended). This Placement Document will only be made available to investors in Oman in accordance with the provisions of Article 139 of the Executive Regulations of the Capital Markets Law (Capital Markets Law Decision No. 1/2009, as amended) (the "**Executive Regulations**") by an entity duly licenced by the Capital Market Authority of Oman to market non-Omani securities in Oman.

This Placement Document is strictly private and confidential. It is being provided to a limited number of sophisticated investors solely to enable them to decide whether or not to invest in the Equity Shares outside of Oman, upon the terms and subject to the restrictions set out herein and may not be reproduced or used for any other purpose or provided to any person other than the original recipient. Additionally, this Placement Document is not intended to lead to the making of any contract within the territory or under the laws of Oman.

This Placement Document has not been (and will not be) filed with the Capital Market Authority of Oman (except in accordance with Article 139 of the Executive Regulations) or any other regulatory authority in Oman and the Capital Market Authority of Oman neither assumes responsibility for the accuracy and adequacy of the statements and information contained in this Placement Document nor shall have any liability to any person for damage or loss resulting from reliance on any statements or information contained herein.

**Switzerland**

The Equity Shares may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act ("**FinSA**") and no application has or will be made to admit the Equity Shares to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this Placement Document nor any other offering or marketing material relating to the Equity Shares constitutes a prospectus pursuant to the FinSA, and neither this Placement Document nor any other offering or marketing material relating to the Equity Shares may be publicly distributed or otherwise made publicly available in Switzerland.

The Equity Shares may, however, be offered in Switzerland to professional clients within the meaning of the FinSA, without any public offer and only to investors who do not purchase the Equity Shares with the intention to distribute them to the public. The investors will be individually approached from time to time. This Placement Document may only be used by those investors to whom it has been handed out in connection with the Offer described herein and may neither directly nor indirectly be distributed or made available to other persons without our express consent.

**United Arab Emirates (excluding the Dubai International Financial Centre)**

This Placement Document does not constitute or contain an offer of securities to the general public in the UAE. No offering, marketing, promotion, advertising or distribution (together, "Promotion") of this document or the Equity Shares may be made to the general public in the United Arab Emirates (the "**UAE**") unless: (a) such Promotion has been approved by the UAE Securities and Commodities Authority (the "**SCA**") and is made in accordance with the laws and regulations of the UAE, including SCA Board of Directors' Chairman Decision no. (3/R.M.) of 2017 (the "**Promotion and Introduction Regulations**"), and is made by an entity duly licensed to conduct such Promotion activities in the UAE; or (b) such Promotion is conducted by way of private placement made: (i) only to "Qualified Investors" (excluding "**High Net Worth Individuals**") (as such terms are defined in the Promotion and Introduction Regulations); or (ii) otherwise in accordance with the laws and regulations of the UAE; or (c) such Promotion is carried out by way of reverse solicitation only upon an initiative made in writing by an investor in the UAE. None of the SCA, the UAE Central Bank, the UAE Ministry of Economy or any other regulatory authority in the UAE has reviewed or approved the contents of this document nor does any such entity accept any liability for the contents of this document.

**United Kingdom**

No Shares have been offered or will be offered pursuant to the Offering to the public in the United Kingdom prior to the publication of a prospectus in relation to the Shares which is to be treated as if it had been approved by the Financial Conduct Authority in accordance with the transitional provisions in Article 74 (transitional provisions) of the Prospectus Amendment etc (EU Exit) Regulations 2019/1234, except that it may make an offer to the public in the United Kingdom of any Shares at any time:

(a) to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation), subject to obtaining the prior consent of the Book Running Lead Manager for any such offer; or

(c) in any other circumstances falling within Article 1(4) of the UK Prospectus Regulation,

provided that no such offer of the Shares shall require the Company or any Book Running Lead Manager to publish a prospectus pursuant to Article 3 of the UK Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation. For the purposes of this provision, the expression an "offer to the public" in relation to the Shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Shares and the expression "UK Prospectus Regulation" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

The Placement Document may not be distributed or circulated to any person in the United Kingdom other than to (i) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Financial Promotion Order"); and (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Financial Promotion Order (all such persons together being referred to as "relevant persons"). The Placement Document is directed only at relevant persons. Other persons should not act on the Placement Document or any of its contents. The Placement Document is confidential and is being supplied to you solely for your information and may not be reproduced, redistributed or passed on to any other person or published, in whole or in part, for any other purpose.

**United States of America**

The Equity Shares have not been and will not be registered under the U.S. Securities Act, or the securities laws of any state of the United States and, unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold only outside the United States in '*offshore transactions*', as defined in and in reliance on Regulations S and the applicable laws of the jurisdiction where such offers and sales are made. For further information, see "*Transfer Restrictions and Purchaser Representations*" on page 197.

### Other Jurisdictions

The distribution of this Placement Document and the offer and sale of the Equity Shares may be restricted by law in certain jurisdictions. Persons into whose possession this Placement Document comes are required to inform themselves about, and to observe, any such restrictions to the extent applicable.

## TRANSFER RESTRICTIONS AND PURCHASER REPRESENTATIONS

*Due to the following restrictions, investors are advised to consult legal counsel prior to purchasing Equity Shares or making any resale, pledge or transfer of Equity Shares.*

Purchasers are not permitted to sell the Equity Shares Allotted pursuant to the Issue, for a period of one year from the date of Allotment, except on the Stock Exchanges. Allotments made to Eligible QIBs in the Issue (including to FPIs) are subject to the rules and regulations that are applicable to them, including in relation to lock-in requirements. Additional transfer restrictions applicable to the Equity Shares are listed below.

**Transfer Restrictions and Purchaser Representations**

The Equity Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States, 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.

By accepting delivery of this Placement Document, submitting a bid to purchase Equity Shares and/or accepting delivery of any Equity Shares, you will be deemed to have represented and agreed as follows:

- It is authorised to consummate the purchase of the Equity Shares in compliance with all applicable laws and regulations.

- It acknowledges (or if it is a broker-dealer acting on behalf of a customer, its customer has confirmed to it that such customer acknowledges) that the Equity Shares are being issued in reliance upon Regulation S and such Equity Shares have not been and will not be registered under the U.S. Securities Act.

- It certifies that either (A) it is, or at the time the Equity Shares are purchased will be, the beneficial owner of the Equity Shares, is located outside the United States (within the meaning of Regulation S), and it has not purchased the Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Equity Shares or an economic interest therein to any person in the United States, or (B) it is a broker-dealer acting on behalf of its customer and its customer has confirmed to it that (i) such customer is, or at the time the Equity Shares are purchased will be, the beneficial owner of the Equity Shares, and (ii) such customer is located outside the United States (within the meaning of Regulation S), and such customer has not purchased the Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Equity Shares or an economic interest therein to any person in the United States.

- It is aware of the restrictions of the offer, sale and resale of the Equity Shares pursuant to Regulation S.

- It agrees (or it is a broker-deal acting on behalf of a customer that has confirmed to it that such customer agrees) that neither it, nor any of its affiliates, nor any person acting on its behalf, will make any “directed selling efforts” as defined in Regulation S. It acknowledges and agrees that it is not purchasing any Equity Shares as a result of any “directed selling efforts” as defined in Regulation S.

- It understands that the Equity Shares are being offered in a transaction not involving any public offering in the United States within the meaning of the U.S. Securities Act, that the Equity Shares have not been and will not be registered under the U.S. Securities Act and that if in the future it decides to offer, resell, pledge or otherwise transfer any of the Equity Shares, such Equity Shares may be offered, resold, pledged or otherwise transferred only outside the United States in a transaction complying with the provisions of Rule 903 or Rule 904 of Regulation S or in a transaction otherwise exempt from the registration requirements of the U.S. Securities Act and other applicable U.S. state securities laws.

- It is a sophisticated investor and has such knowledge and experience in financial, business and investments as to be capable of evaluating the merits and risks of the investment in the Equity Shares. It is experienced in investing in private placement transactions of securities of companies in a similar stage of development and in similar jurisdictions. It and any accounts for which it is subscribing to the Equity Shares (i) are each able to bear the economic risk of the investment in the Equity Shares, (ii) will not look to the Company or the BRLM for all or part of any such loss or losses that may be suffered, (iii) are able to sustain a complete loss on the investment in the Equity Shares, (iv) is seeking to subscribe to the Equity Shares in this Issue for investment purposes and not with a view to resell or distribute them and it has no reason to anticipate any change in its circumstances, financial or otherwise, which may cause or require any sale or distribution by it of all or any part of the Equity Shares, (v) have no need for liquidity with respect to the investment in the Equity Shares, and (vi) have no reason to anticipate any change in its or their circumstances, financial or otherwise, which may cause or require any sale or distribution by it or them of all or any part of the Equity Shares. It acknowledges that an investment in the Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment.

- It has been provided access to the Preliminary Placement Document and will be provided access to this Placement Document which it has read in its entirety.

- It agrees to indemnify and hold the Company and the BRLM harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of these representations and warranties. It will not hold any of the Company or the BRLM liable with respect to its investment in the Equity Shares. It agrees that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares.

- Where it is subscribing to the Equity Shares for one or more managed accounts, it represents and warrants that it is authorised in writing, by each such managed account to subscribe to the Equity Shares for each managed account and to make (and it hereby makes) the acknowledgements and agreements herein for and on behalf of each such account, reading the reference to "it" to include such accounts.

- It agrees that any resale or other transfer, or attempted resale or other transfer, of the Equity Shares made other than in compliance with the above-stated restrictions shall not be recognised by the Company.

- It acknowledges that the Company and the BRLM and their affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations or agreements is no longer accurate, it will promptly notify the Company and the BRLM. It agrees that the terms and provisions of the foregoing acknowledgements, representations and agreements shall inure to the benefit of and any document incorporating such acknowledgements, representations and agreements shall be enforceable by the Company, its successors and its permitted assigns, and the terms and provisions hereof shall be binding on its permitted successors in title, permitted assigns and permitted transferees. It understands that these acknowledgments, representations and undertakings are required in connection with United States securities laws and irrevocably authorizes the Company to produce these acknowledgments, representations and undertakings (or any document incorporating them) to any interested party in any administrative or legal proceedings or official enquiry with respect to the matters covered herein.

# THE SECURITIES MARKET OF INDIA

*The information in this section has been extracted from documents available on the respective websites of SEBI and the Stock Exchanges and has not been prepared or independently verified by our Company or the BRLM or any of its affiliates or advisors.*

## The Indian Securities Market

India has a long history of organized securities trading. In 1875, the first stock exchange was established in Mumbai. BSE and NSE are the significant stock exchanges in India in terms of the number of listed companies, market capitalisation and trading activity.

## Indian Stock Exchanges

Indian stock exchanges are regulated primarily by SEBI, as well as by the Government acting through the Ministry of Finance, Capital Markets Division, under the SCRA and the SCRR. On October 3, 2018, SEBI, in exercise of its powers under the SCRA and the SEBI Act, notified the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 (the "**SCR (SECC) Regulations**"), which regulate *inter alia* the recognition, ownership and governance of stock exchanges and clearing corporations in India together with providing for minimum net-worth requirements for stock exchanges. The SCRA, the SCRR and the SCR (SECC) Regulations along with various rules, bye-laws and regulations of the respective stock exchanges, regulate the recognition of stock exchanges, the qualifications for membership thereof and the manner, in which contracts are entered into, settled and enforced between members of the stock exchanges.

The SEBI Act empowers SEBI to regulate the Indian securities markets, including stock exchanges and intermediaries in the capital markets, promote and monitor self-regulatory organisations and prohibit fraudulent and unfair trade practices. Regulations and guidelines concerning minimum disclosure requirements by listed companies, rules and regulations concerning investor protection, insider trading, substantial acquisitions of shares and takeover of companies, buy-backs of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, mutual funds, foreign portfolio investors, credit rating agencies and other capital market participants have been notified by the relevant regulatory authority.

## BSE

Established in 1875, it is the oldest stock exchange in India. In 1956, it became the first stock exchange in India to obtain permanent recognition from the Government under the SCRA. Pursuant to the BSE (Corporatization and Demutualization) Scheme 2005 of SEBI, with effect from August 19, 2005, BSE was incorporated as a company under the Companies Act, 1956. BSE was listed on NSE with effect from February 3, 2017.

## NSE

NSE was established by financial institutions and banks to provide nationwide online, satellite-linked, screen-based trading facilities with market-makers and electronic clearing and settlement for securities including government securities, debentures, public sector bonds and units. NSE was recognised as a stock exchange under the SCRA in April 1993 and commenced operations in the wholesale debt market segment in June 1994. The capital market (equities) segment commenced operations in November 1994 and operations in the derivatives segment commenced in June 2000.

## Listing and delisting of Securities

The listing of securities on a recognised Indian stock exchange is regulated by the applicable Indian laws including the Companies Act, 2013 the SCRA, the SCRR, the SEBI Act and various guidelines and regulations issued by SEBI including the SEBI ICDR Regulations and the SEBI Listing Regulations, as well as pursuant to the listing agreements entered into by our Company with the Stock Exchanges. The SCRA empowers the governing body of each recognised stock exchange to suspend trading of or withdraw admission to dealings in a listed security for breach of or non-compliance with any conditions or breach of company's obligations under the SEBI Listing Regulations or for any reason, subject to the issuer receiving prior written notice of the intent of the exchange and upon granting of a hearing in the matter. SEBI also has the power to amend the SEBI Listing Regulations and bye-laws of the stock exchanges in India, to overrule a stock exchange's governing body and withdraw recognition of a recognized stock exchange.

Delisting of equity shares from the stock exchanges, whether by way of a compulsory or a voluntary delisting, is governed by the provisions of the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021, as amended (the "**Delisting Regulations**"). Following a compulsory delisting of equity shares, a company, its whole-time directors, its promoters, person(s) responsible for ensuring compliance with the securities laws and the companies promoted by any of them cannot directly or indirectly access the securities market or seek listing of any equity shares for a period of 10 years from the date of such delisting. In addition, certain amendments to the SCRR have also been notified in relation to delisting.

**Minimum Level of Public Shareholding**

All listed companies (except exempted public sector undertakings) are required to maintain a minimum public shareholding of 25%. Where the public shareholding in a listed company falls below 25% at any time, such company shall bring the public shareholding to 25% within a maximum period of 12 months from the date of such the public shareholding having fallen below the 25% threshold. Consequently, a listed company may be delisted from the Stock Exchanges for not complying with the above-mentioned requirements. Our Company is in compliance with this minimum public shareholding requirement.

**Disclosures under the Companies Act and securities regulations**

Under the Companies Act, a public offering of securities in India must be made by means of a prospectus, which must contain information specified in the Companies Act, 2013, the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the SEBI ICDR Regulations. The prospectus must be filed with the relevant registrar of companies having jurisdiction over the place where a company's registered office is situated. A company's directors and promoters shall be subject to civil and criminal liability for misrepresentation in a prospectus. The Companies Act also sets forth procedures for the acceptance of subscriptions and payment of commission rates for the sale of securities. Pursuant to the provisions of the SEBI Act, SEBI has issued detailed guidelines concerning disclosures by public companies and to further investor protection. The SEBI ICDR Regulations permit companies to price their domestic issues of securities in consultation with the lead merchant banker or through the book building process.

Public limited companies are required under the Companies Act, and other applicable guidelines to prepare, file with the RoC and circulate to their shareholders audited annual accounts which comply with the Companies Act's disclosure requirements and regulations governing their manner of presentation and which include sections pertaining to corporate governance, related party transactions and the management's discussion and analysis as required under the SEBI Listing Regulations. In addition, a listed company is subject to continuing disclosure requirements pursuant to the terms of the SEBI Listing Regulations. Accordingly, companies are required to publish unaudited financial statements (subject to a limited review by the company's auditors) on a quarterly basis and are required to inform stock exchanges immediately regarding any unpublished price sensitive information.

**Insider Trading Regulations**

The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended (the "**Insider Trading Regulations**") have been notified by SEBI to amongst other things, prohibit and penalize insider trading in India and prohibit dealing in the securities of a listed company when in possession of unpublished price sensitive information ("**UPSI**").

The Insider Trading Regulations also impose certain restrictions on the communication of UPSI relating to a company or securities listed or proposed to be listed. In terms of the Insider Trading Regulations, (i) no insider shall communicate, provide or allow access to any UPSI relating to such companies and securities to any person including other insiders; and (ii) no person shall procure or cause the communication by any insider of UPSI relating to such companies and securities, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations. It also provides disclosure obligations for promoters, employees and directors, with regard to their shareholding in the company, and the changes therein. However, UPSI may be communicated, provided or allowed access to or procured, under certain circumstances specified in the Insider Trading Regulations.

The Insider Trading Regulations define the term "unpublished price sensitive information" to mean any information, relating to a company or its securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to materially affect the price of its securities and ordinarily includes but not restricted to information relating to the following: (a) financial results; (b) dividends; (c) change in capital structure; (d) mergers, de-mergers, acquisitions, de-listings, disposals and expansion of business and such other transactions; and (e) changes in key managerial personnel. Further, in terms of the Insider Trading Regulations, "generally available information" is defined as information that is accessible to the public on a non-discriminatory basis. An "insider" means any person who is i) a connected person; or ii) in possession of or having access to unpublished price sensitive information. The term "connected person" means any person who is or has during the six months prior to the concerned act been associated with a company, directly or indirectly, in any capacity, including by reason of frequent communication with its officers or by being in any contractual, fiduciary or employment relationship or by being a director, officer or an employee of the company or holding any position, including a professional or business relationship between himself and the company, whether temporary or permanent, that allows such person, directly or indirectly, to have access to unpublished price sensitive information or is reasonably expected to allow such access.

The Insider Trading Regulations make it compulsory for listed companies and certain other entities (including fiduciaries and intermediaries) that are required to handle UPSI in the course of business operations to establish (i) an internal code of practices and procedures for fair disclosure of UPSI; (ii) an internal code to regulate, monitor and report trading by designated persons and immediate relatives of designated persons; and (iii) a policy for procedures to be adopted by a company in case of any leak of UPSI. There are also initial and continuing shareholding disclosure obligations under the Insider Trading Regulations.

**Index-Based Market-Wide Circuit Breaker System**

In order to restrict abnormal price volatility in any particular stock, SEBI has instructed stock exchanges to apply daily circuit breakers which do not allow transactions beyond a certain level of price volatility. The index-based market-wide circuit breaker system (equity and equity derivatives) applies at three stages of the index movement, at 10%, 15% and 20%. These circuit breakers, when triggered, bring about a coordinated trading halt in all equity and equity derivative markets nationwide. The market-wide circuit breakers are triggered by movement of either the SENSEX of BSE or the NIFTY 50 of NSE, whichever is breached earlier.

In addition to the market-wide index-based circuit breakers, there are currently in place individual scrip-wise price bands of 20% movements either up or down, for all scrips in the compulsory rolling settlement. However, no price bands are applicable on scrips on which derivative products are available or scrips included in indices on which derivative products are available.

The stock exchanges in India can also exercise the power to suspend trading during periods of market volatility. Margin requirements are imposed by stock exchanges that are required to be paid by the stockbrokers.

**Settlement**

The stock exchanges in India operate on a trading day plus two, or T+2 rolling settlement system. At the end of the T+2 period, obligations are settled with buyers of securities paying for and receiving securities, while sellers transfer and receive payment for securities. For example, trades executed on a Monday would typically be settled on a Wednesday.

Further, in accordance with the circular dated September 7, 2021, issued by SEBI, at any time on or after January 1, 2022, a Stock Exchanges may choose to offer T+1 settlement cycle after giving an advance notice of at least one month.

**Trading Hours**

Trading on both BSE and NSE normally occurs from Monday through Friday between 9:15 a.m. IST and 3:30 p.m. IST (excluding the 15 minutes pre-open session from 9.00 a.m. IST to 9.15 a.m. IST that has been introduced). BSE and NSE are closed on public holidays.

**Internet-Based Securities Trading and Security Trading using Wireless Technology Services**

Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. This permits clients throughout the country to trade using brokers' internet trading systems. Stock brokers interested in providing this service are required to apply for permission to the relevant stock exchange and also have to comply with certain minimum conditions stipulated under applicable law. NSE became the first exchange to grant approval to its members for providing internet-based trading services. Internet trading is possible on both the "equities" as well as the "derivatives" segments of NSE.

**Trading Procedure**

In order to facilitate smooth transactions, BSE replaced its open outcry system with BSE online trading facility in 1995. This 100% automated screen-based trading in securities was put into practice nationwide. This has enhanced transparency in dealings and has assisted considerably in smoothening settlement cycles and improving efficiency in back-office work. In the year 2014, BSE introduced its new generation trading platform BOLT Plus. NSE has a fully automated trading system called NEAT, which operates on strict time/price priority besides enabling efficient trade.

**Depositories**

The Depositories Act, 1996 provides a legal framework for the establishment of depositories to record ownership details and effect transfers in electronic book-entry form. Further, SEBI has framed the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 in relation to, among other things, the formation and registration of such depositories, the registration of participants as well as the rights and obligations of the depositories, participants, companies and beneficial owners.

**Takeover Regulations**

Disclosure and mandatory bid obligations for listed Indian companies under Indian law are governed by the specific regulations in relation to substantial acquisition of shares and takeover. After listing on the stock exchanges, the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (the "**Takeover Regulations**") will apply to our Company, which provide specific regulations in relation to substantial acquisition of shares and takeovers. Once the equity shares of a company are listed on a stock exchange in India, the provisions of the Takeover Regulations will apply to any acquisition of the company's shares/voting rights/control. The Takeover Regulations prescribes certain thresholds or trigger points in the shareholding that a person or entity (along with persons acting in concert with such person or entity) has in the listed Indian company, which give rise to certain obligations on the part of the acquirer. Acquisition of shares or voting rights up to a certain threshold prescribed under the Takeover Regulations mandate specific disclosure requirements, while acquisitions (direct or indirect, along with persons acting in concert with such acquirer) crossing particular thresholds may result in the acquirer having to make an open offer for the shares of the target company.

**Buy-back**

A company may buy-back its shares subject to compliance with the requirements of Section 68 of the Companies Act, 2013, as amended and the SEBI (Buy-back of Securities) Regulations 2018, as amended. Under Section 68 of the Companies Act, 2013, as amended, a company may buy-back its shares out of its free reserves or securities premium account or the proceeds of the issue of any shares or other specified securities, other than proceeds of an earlier issue of the same kind of shares or same kind of other specified securities.

**Derivatives (Futures and Options)**

Trading in derivatives is governed by the SCRA, the SCRR and the SEBI Act. The SCRA was amended in February 2000 and derivatives contracts were included within the term "securities", as defined by the SCRA. Trading in derivatives in India takes place either on separate and independent derivatives exchanges or on a separate segment of an existing stock exchange. The derivatives exchange or derivatives segment of a stock exchange functions as a self-regulatory organisation under the supervision of the SEBI.

## DESCRIPTION OF THE EQUITY SHARES

*The following is the information relating to the Equity Shares including a brief summary of the Memorandum of Association and Articles of Association and the Companies Act. The prospective investors are urged to read the Memorandum of Association and Articles of Association carefully, and consult with their advisers, as the Memorandum of Association and Articles of Association and applicable Indian law, and not this summary, govern the rights attached to the Equity Shares.*

### Share Capital

The authorised share capital of the Company is ₹ 150,000,000 includes 14,000,000 Equity Shares of face value of ₹ 10 each and 1,000,000 Optionally Convertible Redeemable Preference Shares of ₹10 each. As on the date of this Placement Document, the issued, subscribed and paid-up equity capital of the Company is ₹ 97,588,910* comprising of 9,758,891* Equity Shares of face value of ₹ 10 each. The Equity Shares are listed on BSE and NSE.

**Subject to Allotment pursuant to the Issue.*

### Main objects of our Company

1. To carry on and undertake the business of leasing finance, hire purchase, bill discounting, and to finance lease and hire purchase operation of the kinds, purchasing, selling, hiring, or letting on hire and financing all kinds plants and machinery and equipment that the company may think fit and to assist in financing of all and every kind and description of hire purchase and deferred payment or similar transaction and to subsidies finance or assist in subsidising or financing the sale and maintenance of any goods, article or commodities of all and every kind and description upon any terms whatsoever and to finance the purchase of all forms of immovable and movable property including lands and building, plant and machinery, equipments, films, ships, air-crafts, automobiles, computers, and all consumer commercial and industrial items or rights and to lease them in any manner whatsoever including resale thereof regardless of whether the property purchased and leased or hired be new and/or used.

2. To advance or lend money, securities and properties to or with any company, body corporate, firm, person or association whether falling under the same management or otherwise, in accordance with and to extant permissible under the provisions contained in Sections 185 and 186 of the companies Act 2013 with or without any securities and on such terms as may be determined from time to time and to carry on business of money lending. However, the company shall not carry on the business of banking as defined under the Banking Regulation Act, 1949.

3. To carry out financing operation and perform financing services including factoring, project finance, consultancy, credit reporting, credit collectors, underwriters, registrars, brokers with provisions for computer services.

4. To provide a leasing advisory consulting services to other entities and/or form the leasing arm of other entities.

5. To carry on the business of providing Microfinance Services (mainly Non-Banking Financial Services as permitted by the Reserve Bank of India), financing to targeted to the poor men and women in generation and enhancement of livelihoods, business development, employment generation, the economic and development activities of poor men and women through term loans, collateral free credit, other forms of credits, thrift and savings, insurance (subject to the rules and regulations prescribed by the Insurance Regulatory and Development Authority and/or Reserve Bank of India, Non-Banking Finance Companies Rules, as applicable to insurance Business) and other financial services, rendering financial services to people by acting as intermediary for banks and financial institutions, providing finance to agricultural related activities, provide / arrange finance / financial services for rural & urban housing development related activities and to carry on and undertake the business of research, consultancy, technical assistance and training in the field of livelihood promotion, development of micro/community development finance and other financial services, as intermediary for other companies or organizations, resource center institutions.

6. Subject to the Provision of Foreign Exchange Management Act, the direction of Reserve Bank of India and other applicable laws in force, to carry on in India or elsewhere the business of Full-fledged and/or Restricted Money Changers and Authorized Dealers of all foreign currencies and to buy, sell and deal in foreign currencies of all kinds and types, whether in the form of coins, banks notes or travellers cheque, to conduct transactions of all types and descriptions in foreign currencies and to convert foreign currencies in Indian Rupees and vice versa, to represent National and International bankers, Investment bankers, Indian and Foreign Investment & Other Institutions, to advise and guide on foreign currencies accounts, to arrange for and provide commercial, economic and financial information/reports to importers, exporters, both foreign and India and to undertake money market purchase/ sale of foreign currencies, stock and other all kinds of securities and management.

### Dividends

Under Indian law, a company pays dividends upon a recommendation by its board of directors and approval by a majority of its shareholders at the annual general meeting of its shareholders. The shareholders have the right to decrease but not increase the dividend amount recommended by the board of directors. Dividends are generally declared as a percentage of par value (on per share basis) and distributed and paid to shareholders. The Companies Act provides that shares of the same class of a company must receive equal dividend treatment.

These distributions and payments are required to be paid to or claimed by shareholders within 30 days of the date of declaration of dividend. The Companies Act states that any dividends that remain unpaid or unclaimed after that period are to be transferred to a special bank account within seven days from the date of expiry of the period of 30 days. Any dividend amount that remains unclaimed for seven years from the date of such transfer is to be transferred by our Company to a fund, called the Investor Education and Protection Fund, created by the Government of India.

The Articles authorize the Board to pay to the members such interim dividends as in their judgement the position of our Company justifies. Under the Companies Act dividends payable can be paid only in cash to the registered shareholder at a record date fixed prior to the relevant AGM, to his order or to the order of his banker. However, any dividend payable in cash may be paid by cheque or warrant or in any electronic mode to the shareholder entitled to the payment of the dividend.

No dividend shall be payable except out of the profits of the year or any other undistributed profits of the Company, or otherwise than in accordance with the provisions of the Act and no dividend shall carry interest as against the Company.

**Bonus Shares**

In addition to permitting dividends to be paid as described above, the Companies Act permits the Board, subject to the approval of the Shareholders of our Company, to distribute to the Shareholders, in the form of fully paid-up bonus shares, an amount transferred from the company's free reserves, securities premium account or the capital redemption reserve account. These bonus equity shares must be distributed to the Shareholders in proportion to the number of equity shares owned by them.

Bonus shares can only be issued if the company has not defaulted in payments of statutory dues of the employees, such as, contribution to provident fund, gratuity and bonus or principal/interest payments on fixed deposits or debt securities issued by it. Bonus shares shall not be issued in lieu of dividend.

**Pre-Emptive Rights and Offer of Additional Shares**

The Companies Act gives shareholders the right to subscribe for new shares in proportion to their existing shareholdings unless otherwise determined by a resolution passed members who, being entitled so to do, vote in person or by proxy or by postal ballot, are required to be not less than three times the number of the votes, if any, cast against the resolution by members so entitled and voting. Under the Companies Act and the Articles, in the event of an issuance of securities, subject to the limitations set forth above, our Company must first offer the new Equity Shares to the holders of Equity Shares at the date of offer. The offer shall be made by notice specifying the number of Equity Shares offered and the date (being not less than 15 days and not exceeding 30 days from the date of the offer) within which the offer, if not accepted, will be deemed to have been declined. The offer, required to be made by notice, shall include a statement that the right exercisable by the Shareholders to renounce the Equity Shares offered in favour of any other person.

Our Board is permitted to distribute Equity Shares not accepted by existing shareholders in the manner it deems beneficial for us in accordance with the Articles.

**Issuance of Preference Shares**

Subject to Section 80 of the Companies Act, and in accordance with the Articles, any new shares may be issued as redeemable preference shares which are liable to be redeemed in any manner permissible under the Companies Act.

**General meetings of shareholders**

There are two types of general meetings of shareholders: (i) AGM; and (ii) EGM. Our Company must hold its AGM within six months after the expiry of each Fiscal provided that not more than 15 months shall elapse between the AGM and next one, unless extended by the RoC at its request for any special reason for a period not exceeding three months. Our Board may convene an EGM when necessary or at the request of Shareholders in accordance with the Companies Act. Written notice or notice via electronic mode means setting out the business to be transacted at the meeting must be given at least 21 days prior to the date set for the general meeting to the Shareholders. Shorter notice is permitted if consent is received from 95% of the Shareholders entitled to vote at such meeting. Five Shareholders or such other number of Shareholders as required under the Companies Act or applicable law personally present shall constitute quorum for a general meeting.

**Voting rights**

A shareholder has one vote for each equity share and voting may be on a poll or through electronic means or postal ballot.

Ordinary resolutions may be passed by simple majority if the votes cast in favour exceeds the votes cast against the resolution. Special resolutions require that the votes cast in favour of the resolution must be at least three times the votes cast against the resolution.

A shareholder may exercise his voting rights by proxy to be given in the form required by the Companies Act read with the rules issued thereunder. The instrument appointing a proxy is required to be lodged with our Company at least 48 hours before the time of the meeting.

**Transfer and transmission of shares**

Shares held through depositories are transferred in the form of book entries or in electronic form in accordance with the regulations laid down by SEBI. These regulations provide the regime for the functioning of the depositories and the participants and set out the manner in which the records are to be kept and maintained and the safeguards to be followed in this system. Transfers of beneficial ownership of shares held through a depository are subject to STT (levied on and collected by the stock exchanges on which such equity shares are sold), however, are exempt from stamp duty. Our Company has entered into an agreement for such depository services with the Depositories. SEBI requires that the shares for trading and settlement purposes be in book-entry form for all investors, except for transactions that are not made on a stock exchange and transactions that are not required to be reported to the stock exchange. Our Company shall keep a book in which every transfer or transmission of shares will be entered.

Pursuant to the SEBI Listing Regulations, except in case of transmission or transposition of Equity Shares, requests for effecting transfer of Equity Shares shall not be processed unless the Equity Shares are held in dematerialized form with a depository.

The Equity Shares shall be freely transferable, subject to applicable laws.

**Winding up**

Our Articles of Association provide that on winding up, the liquidator, whether voluntary, under supervision of the court or compulsory may, with the sanction of special resolution, but subject to the rights attached to any preference share capital, divide among the contributories in specie any part of the assets of the Company and may with the like sanction, vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction shall think fit.

## TAXATION

Date: December 19, 2023

**The Board of Directors**
**Arman Financial Services Limited**
502-503, Sakar - III
Opp. Old High Court
Off Ashram Road
Ahmedabad 380 014
Gujarat, India

**(the “Company” / “Issuer”)**

Dear Sir/Madam

**Re: Qualified institutions placement of equity shares of face value of ₹ 10 each (“Equity Shares”) (such placement, the “Issue” or “QIP”) by the Company.**

1. We, Talati & Talati LLP, Chartered Accountants, the statutory auditors of the Company, hereby confirm that the ‘Statement of Special Tax Benefits’, enclosed herewith as **Annexure A**, prepared by the Company and initialled by us and the Company (the “**Statement**”), provides the special tax benefits (under direct and indirect tax laws) presently in force in India pursuant to (i) the Income-tax Act, 1961, as amended and read with the rules, circulars and notifications issued in connection thereto; and (ii) applicable indirect taxation laws, as amended and read with the rules, circulars and notifications issued in connection thereto ((i) and (ii) together, the “**Taxation Laws**”), as applicable to the assessment year 2024-25 relevant to the financial year 2023-24, available to the Company, its subsidiary and its shareholders. Several of such possible special tax benefits forming part of the Statement are dependent on the Company and/or its shareholders fulfilling applicable conditions prescribed within the relevant statutory provisions and accordingly, the ability of the Company and/or its shareholders to derive such possible special tax benefits is entirely dependent upon the lawful fulfilment of such conditions by the Company and/or its shareholders, as applicable.

2. While the term ‘special tax benefits’ has not been defined under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the “**SEBI ICDR Regulations**”), it is assumed that with respect to special tax benefits available to the Company, the same would include those benefits as enumerated in the Statement. The benefits discussed in the Statement cover the possible special tax benefits available to the Company and its shareholders and do not cover any general tax benefits available to them. Any benefits under the Taxation Laws other than those specified in the Statement are considered to be general tax benefits and therefore not covered within the ambit of the Statement.

3. The special tax benefits discussed within the Statement are not exhaustive and are intended to provide an illustrative understanding to prospective investors with respect to the special tax benefits available to the Company and/or its shareholders 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 changing tax laws, each prospective investor is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in the Offer.

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

    i. Company and/or its shareholders will continue to obtain such special tax benefits in the future; or

    ii. conditions prescribed for availing such special tax benefits where applicable, have been/would be complied with.

5. The contents of the Statement are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

6. Our views expressed herein are based on the facts and assumptions indicated to us. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of the Taxation Laws and its interpretation, which are subject to change from time to time.

7. Our examination of the Statement has been carried out in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) as issued by the Institute of Chartered Accountants of India (“**ICAI**”) and accordingly, we confirm that we have complied with ethical requirements stipulated within the Code of Ethics issued by the ICAI.

8. The enclosed statement is intended solely for your information and for inclusion in the Preliminary Placement Document, Placement Document and any other material in connection with the Offer and should not be used, referred to or distributed for any other purpose without our prior written consent.

Yours faithfully,

**For and on behalf of,**
**Talati & Talati LLP**
**Chartered Accountants**
**Firm Registration No.:110758W/W100377**

**CA Kushal Talati**
**Partner**
**Membership No. 188150**
**UDIN: 23188150BG6HNH4236**

**Place: Ahmedabad**
**Date: December 19, 2023**

**Cc:**

**JM Financial Limited**
7th floor, Cnergy
Appasaheb Marathe Marg
Prabhadevi, Mumbai 400 025
Maharashtra, India

**Shardul Amarchand Mangaldas & Co**
216, Amarchand Towers
Okhla Industrial Estate, Phase III
New Delhi 110 020
Delhi, India

## Annexure A

**STATEMENT OF POSSIBLE DIRECT TAX BENEFITS AVAILABLE TO ARMAN FINANCIAL SERVICES LIMITED ('THE COMPANY') AND ITS SHAREHOLDERS MATERIAL SUBSIDIARY AND ITS SHAREHOLDERS UNDER THE INCOME-TAX ACT, 1961 (Act)**

This statement sets out below the possible tax benefits available to the Company and its investors to whom shares may be allotted in terms of proposed Issue under the current tax laws presently in force in India. Several of these benefits are dependent on fulfilling various conditions prescribed under the relevant tax laws and subject to General Anti Avoidance Rules covered under Chapter X-A of the Act. Accordingly, the ability of the Company and its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which are based on the business imperatives, the Company or the shareholders may or may not choose to fulfil.

This statement sets out below the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences/implications of the subscription, ownership and disposal of equity shares pursuant to the proposed Issue. This statement is only intended to provide general information to the investors and is neither exhaustive or comprehensive nor designed or intended to be a substitute for professional/legal tax advice. In view of the individual nature of tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

In respect of non-residents, the tax rates and the consequent taxation, mentioned in this section shall be further subject to any benefits available under the Double Taxation Avoidance Agreement (DTAA), if any, read with the relevant multi-lateral instrument (MLI) between India and the country in which the non-resident is resident for tax purposes. We understand that the proposed Issue by the Company will not cover individuals and Hindu undivided families. Accordingly, tax benefits to them, if any, are not covered.

**A. General tax benefits available to the Company under The Income Tax Act, 1961:**

1. Benefit of lower rate of tax under Section 115BAA of the Act. Section 115BAA provides an option to a domestic company to pay corporate tax at a reduced rate of 22% (plus applicable surcharge and education cess).

   As the Company had opted for concessional income tax rate as prescribed under section 115BAA of the Act, it will not be allowed to claim any of the following deductions/ exemptions:

   i. Deduction under the provisions of section 10AA (deduction for units in Special Economic Zone)

   ii. Deduction under clause (iia) of sub-section (1) of section 32 (Additional depreciation)

   iii. Deduction under section 32AD or section 33AB or section 33ABA (Investment allowance in backward areas, Investment deposit account, site restoration fund)

   iv. Deduction under sub-clause (ii) or sub-clause (iia) or sub-clause (iii) of sub-section (1) or sub-section (2AA) or subsection (2AB) of section 35 (Expenditure on scientific research)

   v. Deduction under section 35AD or section 35CCC (Deduction for specified business, agricultural extension project)

   vi. Deduction under section 35CCD (Expenditure on skill development)

   vii. Deduction under any provisions of Chapter VI-A other than the provisions of section 80JJAA (Deduction in respect of employment of new employees) and 80M (Deduction in respect of certain inter-corporate dividends);

   viii. No set-off of any loss carried forward or depreciation from any earlier assessment year, if such loss or depreciation is attributable to any of the deductions referred above.

   ix. No set-off of any loss or allowance for unabsorbed depreciation deemed so under section 72A, if such loss or depreciation is attributable to any of the deductions referred from point i to vii above.

   x. Additional depreciation, if any, as per section 32(1)(iia)

   The provisions of section 115JB regarding Minimum Alternate Tax (MAT) are not applicable as the Company had opted for the concessional income tax rate as prescribed under section 115BAA of the Act.

   The Company pays tax as per rates prescribed under section 115BAA of the Act.

2. **Section 80JJAA – Deduction of additional employee cost**

The Company is entitled to claim a deduction of an amount equal to 30% of additional employee cost incurred in the course of business in the previous year, for three assessment years including the assessment year relevant to the previous year in which such employment is provided under section 80JJAA of the Act, subject to the fulfilment of prescribed conditions therein.

3. **Section 80M: Deduction on inter-corporate dividends**

Section 80M has been inserted in the Act to remove the cascading effect of taxes on inter-corporate dividends from financial year 2020-21 and thereafter. The section inter-alia provides that where the gross total income of a domestic company in any previous year includes any income by way of dividends from any other domestic company or a foreign company or a business trust, there shall, in accordance with and subject to the provisions of this section, be allowed in computing the total income of such domestic company, a deduction of an amount equal to so much of the amount of income by way of dividends received from such other domestic company or foreign company or business trust as does not exceed the amount of dividend distributed by it on or before the due date. The "due date" means the date one month prior to the date for furnishing the return of income under sub-section (1) of section 139 of the Act.

B. **Special tax benefits available to the Company under the Act:**

The Company is maintaining its books of account as per IND AS. The Company follows the Income Computation and Disclosure Standards (ICDS) for computing total income for income-tax purpose. The Company will have to make ICDS adjustments to arrive at taxable total income.

Any bad debt or part thereof which has been written off as irrecoverable in the books of accounts is allowable as a deduction under section 36(1)(vii) in computing the "Profits and gains of business or profession", subject to the fulfilment of the conditions specified in section 36(2). The Company should be entitled for such deduction under section 36(1)(vii).

Section 36(1) (viia) of the Act provides for accelerated deduction of bad and doubtful debts up to 5% of gross total income (computed before considering deduction under this section and Chapter VI-A) in computing its income under the head "Profits and gains of business or profession."

Subsequent claim of deduction of actual bad debts under section 36(1)(vii) of the Act should be reduced to the extent of deduction already allowed under section 36(1) (viia) of the Act. Section 43D of the Act provides the benefit of offering to tax the interest income on bad and doubtful loans, which are not credited to profit and loss account of that year, on realisation basis. Such benefit is available in respect of certain categories of bad and doubtful loans as may be prescribed.

Where the Company holds securities as capital assets, the gains arising on transfer of capital assets being equity share in a company or a unit of an equity-oriented fund or a unit of a business trust, if Securities Transaction Tax has been paid and subject to other conditions, should be taxable as per section 112A in the case of long-term capital gains @10% plus applicable surcharge and cess, and section 111A in the case of short-term capital gains@ 15% plus applicable surcharge and cess. On transfer of other long-term capital assets, the gains should be taxable as per section 112 of the Act.

C. **General Tax benefits/implications to Shareholder/ Investors of the Company**

1. Dividend income earned by the shareholders should be taxable in their hands at the applicable rates. However, in case of domestic corporate shareholders, deduction under section 80M of the Act should be available on fulfilling the conditions. The Company will withhold tax at applicable rates on payment of dividend to shareholders.

2. Where shares are held as capital assets, as per Section 112A of the Act, long-term capital gains arising inter alia from transfer of an equity share through the recognized stock exchange, should be taxed at 10% (plus applicable surcharge and cess) (without indexation and foreign exchange fluctuation benefit) of such capital gains, subject to fulfilment of prescribed conditions under the Act. Tax shall be levied where such capital gains exceed INR 1,00,000.

3. Where shares are held as capital assets, as per Section 111A of the Act, short term capital gains arising inter alia from transfer of an equity share through the recognized stock exchange, should be taxed at 15% (plus applicable surcharge and cess) subject to fulfilment of prescribed conditions under the Act.

4. In respect of non-resident shareholders, the tax rates and the consequent taxation shall be further subject to any benefits available under the applicable Double Taxation Avoidance Agreement, if any, between India and the country of which the non-resident is a tax resident, as read with the MLI and subject to furnishing of tax residence certificate, Form 10F and any other document as may be required

**D. Special tax benefits/implications to Shareholder/ Investors of the Company**

Except the above and apart from the tax benefits available to each class of shareholders as such, there are no special tax benefits for the shareholders.

**Disclaimers:**

1. The above Statement covers only relevant direct tax benefits under the Act, read with the relevant rules, circulars and notifications and does not cover any indirect tax law benefits or benefits under any other law in force in India. This Statement also does not discuss any tax consequences, in the country outside India, of an investment in the shares of an Indian company.

2. The above Statement of general tax benefits sets out the provisions of Indian tax laws 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.

3. 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, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the proposed offer.

4. 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.

5. This statement does not discuss any tax consequences in the hands of the Company on account of holding shares, securities, interest, outside India.

**For Arman Financial Services Limited**

**Vivek Modi**
**CFO**

**Place:**
**Date:**

## LEGAL PROCEEDINGS

*Our Company and its Subsidiary are involved in various legal proceedings from time to time, mostly arising in the ordinary course of business. These legal proceedings are primarily in the nature of, amongst others, tax disputes and civil proceedings, which are pending before various adjudicating forums.*

*As on the date of this Placement Document, except as disclosed below, there are no outstanding litigations, proceeding, suits, including any tax proceedings or any other claims, disputes, legal or show cause notices, investigations or complaints which has been considered material in accordance with our Company's policy in relation to disclosure of material events framed in accordance with Regulation 30 of the SEBI Listing Regulations and adopted by our Board.*

*Except as disclosed in this section, such disclosures having been made solely for the purpose of the Issue, in accordance with the resolution passed by the Issue and Allotment Committee dated December 19, 2023, there are no (i) outstanding criminal proceedings involving our Company, our Subsidiary, our Directors and our Promoters; (ii) outstanding actions (including show-cause notices) initiated by any regulatory and/or statutory authorities such as SEBI, the RBI or such similar authorities or stock exchanges, involving our Company, our Subsidiary, our Directors and our Promoters; (iii) outstanding civil proceedings involving our Company or its Subsidiary, where the amount involved in such proceeding exceeds ₹ 22.69 million, being 5% of the average of absolute value of profit or loss after tax, as per the Company's audited consolidated financial statements for the Fiscals 2023, 2022 and 2021; ("**Materiality Threshold**"); (iv) outstanding direct and indirect tax matters involving our Company or our Subsidiary, disclosed in a consolidated manner; (v) any other outstanding litigation involving our Company, our Subsidiaries, our Directors and our Promoters wherein the amount involved cannot be determined or is below the Materiality Threshold, but an adverse outcome of which could, individually or in the aggregate, materially and adversely affect the reputation, operations or financial position of our Company on a consolidated basis.*

*Further, as on the date of this Placement Document, other than as disclosed in this section: (i) there is no litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against our Promoters during the last three years immediately preceding the year of circulation of this Placement Document and no directions have been issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action; (ii) there are no inquiries, inspections or investigations initiated or conducted under the Companies Act, 2013 or the Companies Act, 1956 in the last three years immediately preceding the year of circulation of this Placement Document involving our Company or our Subsidiary, nor are there any prosecutions filed (whether pending or not), fines imposed, compounding of offences in the last three years immediately preceding the year of this Placement Document involving our Company or our Subsidiary; (iii) there are no defaults by our Company or our Subsidiary including therein the amount involved, duration of default and present status in repayment of (a) statutory dues; (b) debentures and interest thereon; (c) deposits and interests thereon and (d) any loan obtained from any bank or financial institution and interest thereon by our Company, as of the date of this Placement Document; (iv) there are no material frauds committed against our Company in the last three years; (v) there are no defaults in annual filing of our Company or our Subsidiary under the Companies Act, 2013 and the rules made thereunder; and (vi) there are no significant and material orders passed by the regulators, courts and tribunals impacting the going concern status of our Company on a consolidated basis.*

*It is clarified that for the purposes of the above, pre-litigation notices received by any of our Company, our Subsidiary, our Directors and/or our Promoters from third parties (excluding statutory / regulatory / governmental authorities or notices threatening criminal action) shall, not be considered as litigation proceedings till such time that any of our Company, our Subsidiary, our Directors and/or our Promoters, are impleaded as parties in any such litigation proceedings before any court, tribunal or governmental authority, or is notified by any governmental, statutory or regulatory authority of any such proceeding that may be commenced.*

*Capitalised terms used herein shall, unless otherwise specified, have the meanings ascribed to such terms in this section.*

***Litigation by our Company***

***Criminal Litigation by our Company***

Our Company has filed 4,312 cases amounting to ₹ 261.47 million against various persons, under section 138 read with sections 141 and 142 of the Negotiable Instruments Act, 1881, in relation to the recovery of dues. These matters are currently pending at different stages of adjudication before various courts.

Our Company has in the ordinary course filed first information reports ("**FIRs**") in relation to criminal actions committed against us. We have not disclosed FIRs filed by us as these have reached at the litigation stage.

**Tax litigation**

As on the date of this Placement Document, except as disclosed below, there are no outstanding tax litigations, involving our Company and our Subsidiary:

| Nature of case | Number of cases | Amount involved (in ₹ million)* |
|---|---|---|
| ***Tax litigation involving our Company*** | | |
| Direct tax | 3 | 61.32 |
| Indirect tax | NIL | Nil |
| **Total** | 3 | 61.32 |
| ***Tax litigation involving our Subsidiary*** | | |
| Direct tax | Nil | Nil |
| Indirect tax | Nil | Nil |
| **Total** | Nil | Nil |

* *To the extent quantifiable, including interest and penalty thereon.*

## STATUTORY AUDITORS

Our Company's current Statutory Auditors, M/s Talati & Talati LLP, Chartered Accountants, are independent auditors with respect to our Company as required by the Companies Act, 2013 and in accordance with the guidelines prescribed by the ICAI and have been appointed as the statutory auditors of our Company, pursuant to the approval of the shareholders of our Company at the general meeting held on September 29, 2021.

The Fiscal 2021 Audited Consolidated Financial Statements and the report thereon issued by our previous statutory auditor, M/s. Samir M Shah & Associates, Chartered Accountants; the Fiscal 2022 Audited Consolidated Financial Statements, the Fiscal 2023 Audited Consolidated Financial Statements and the Unaudited Interim Condensed Consolidated Financial Statements together with the respective reports thereon issued by our current Statutory Auditors, M/s Talati & Talati LLP, Chartered Accountants, have been included in this Placement Document.

The peer review certificate of our current Statutory Auditor, M/s Talati & Talati LLP, Chartered Accountants is valid till November 30, 2025.

## FINANCIAL INFORMATION

## AUDITOR'S REPORT ON REVIEW OF UNAUDITED SPECIAL PURPOSE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors
Arman Financial Services Limited

**Introduction**

1. We have reviewed the accompanying unaudited special purpose condensed interim consolidated financial information of Arman Financial Services Limited (the "**Company**"/ "**Parent**"/ "**Holding Company**") and its subsidiary Namra Finance Limited ("**Subsidiary**") (the Company and its Subsidiary together have been referred to as the "**Group**"), comprising the unaudited special purpose condensed interim consolidated balance sheet as at 30 September 2023 and the related unaudited special purpose interim condensed consolidated statement of profit and loss (including other comprehensive income), the unaudited special purpose condensed interim consolidated statement of cash flows and the unaudited special purpose condensed interim consolidated statement of changes in equity for the half year then ended, and selected explanatory notes thereon (collectively, the "**Unaudited Special Purpose Condensed Interim Consolidated Financial Statements**" or the "**Statements**"). The Unaudited Special Purpose Condensed Interim Consolidated Financial Statements have been prepared on the basis and for the purpose stated in Note 2 ("Basis of Preparation") of the selected explanatory notes.

**Management Responsibility**

2. The Company's management is responsible for the preparation and presentation of the Unaudited Special Purpose Condensed Interim Consolidated Financial Statements on the basis and for the purpose stated in Note 2 of the selected explanatory notes and in accordance with SEBI guidelines which have been approved by the Board of Directors of the Company for issuance. The respective Boards of Directors of the entities forming part of the Group are responsible for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent and design, implementation and maintenance of adequate internal control, that were operating effectively for ensuring the accuracy and completeness of the accounting records relevant to the preparation and presentation of the Unaudited Special Purpose Condensed Interim Consolidated Financial Statements on the basis and for the purpose stated in Note 2 of the selected explanatory notes and are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

3. This Statement, which is the responsibility of the Holding Company's management and approved by the Holding Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting ('Ind AS 34'), prescribed under Section 133 of the Companies Act, 2013 ('**the Act**'), as amended, and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.

4. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India. This standard require that we plan and perform the review to obtain moderate assurance as to whether the Unaudited Condensed Interim Consolidated Financial Statements are free from material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing specified under section 143(10) of the Companies Act, 2013 (the "Act") and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Our responsibility is to express a conclusion on the Unaudited Condensed Interim Consolidated Financial Statements based on our review.

5. We also performed procedures in accordance with the SEBI Circular CIR/CFD/CMD1/44/2019 dated 29 March 2019 issued by the SEBI under Regulation 33 (8) of the Listing Regulation, as amended from time to time, to the extent applicable.

**Conclusion**

6. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review report of the other auditor referred to in paragraphs 7 and 8 below, nothing has come to our attention that causes us to believe that the accompanying Unaudited Special Purpose Condensed Consolidated Interim Financial Statements has not been prepared, in all material aspects, in accordance with the basis set out in Note 2 of the selected explanatory notes.

**Other matter**

7. We had issued an unmodified conclusion on the Statement of Unaudited Consolidated Financial Results for the quarter and half year ended 30 September 2022, vide our review report dated 14th November 2022. The comparative figures included in Unaudited Special Purpose Condensed Interim Consolidated Balance Sheet, Unaudited Special Purpose Condensed Interim Consolidated Statement of Profit and Loss, Unaudited Special Purpose Condensed Interim Consolidated Statement of Cash Flows, Unaudited Special Purpose Condensed Interim Consolidated Statement of Changes in Equity and the selected explanatory notes have been extracted from the Unaudited Consolidated Financial Statements for half year ended 30 September 2022 which consisted of Unaudited Consolidated Balance Sheet, Unaudited Consolidated Statement of Profit and Loss, Unaudited Consolidated Statement of Cash Flows, Unaudited Consolidated Statement of Changes in Equity and the selected explanatory notes. We have undertaken a limited review of the Unaudited Consolidated Financial Statements for half year ended 30 September 2022.

8. We did not review the interim condensed financial statements of a subsidiary included in the Unaudited Special Purpose Condensed Interim Consolidated Financial Statements, that reflect total assets of ₹ 19318.76 million as at 30 September 2023, total revenues of ₹2469.45 million for the half year ended 30 September 2023, total net profit after tax of ₹656.24 million for the half year ended 30 September 2023, total comprehensive income of ₹677.90 million for the half year ended 30 September 2023 and net cash inflow of ₹214.97 million for the half year ended 30 September 2023, as considered in the Unaudited Special Purpose Condensed Interim Consolidated Financial Statements. The interim condensed financial statements of the subsidiary have been reviewed by other auditor whose report has been furnished to us by the Management of the Company and our conclusion on the Unaudited Special Purpose Condensed Interim Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, is based solely on the report of the other auditor and the procedures performed by us as stated in paragraph 3 above.

   Our conclusion on the Unaudited Special Purpose Condensed Interim Consolidated Financial Statements is not modified in respect of above matters.

**Basis of Accounting and Restriction on Uses**

9. Without modifying our conclusion, we draw attention to Note 2 of the selected explanatory notes, which explains that the Unaudited Special Purpose Condensed Interim Consolidated Financial Statements have been prepared solely in connection with the proposed issue of the equity shares of the Company and for inclusion in the Preliminary Placement Document and the Placement Document, as the case maybe, in relation to the proposed issue. As a result, the Unaudited Special Purpose Condensed Interim Consolidated Financial Statements may not be suitable for another purpose. Our report is intended solely for the Company and should not be used by other parties.

**Place: Ahmedabad**
**Date: December 19, 2023**

**For, Talati & Talati LLP**
**Chartered Accountants**
**FRN.: 110758W/W100377**

**CA Kushal Talati**
**Partner**
**Membership No. 188150**
**UDIN: 23188150BGQHMJ2721**

**ARMAN FINANCIAL SERVICES LIMITED**
**CIN: L55910GJ1992PLC018623**

**Unaudited Special Purpose Condensed Interim Consolidated Balance Sheet As At 30th Sept, 2023**

(INR in Millions)

| | Particulars | Note No. | 30th Sept, 2023 (Reviewed) | 30th Sept, 2022 (Refer Note 2.1) | 31st March, 2023 (Audited) |
|---|---|---|---|---|---|
| | **ASSETS** | | | | |
| **(1)** | **Financial Assets** | | | | |
| (a) | Cash and cash equivalents | 4 | 1,406.30 | 2,235.01 | 262.21 |
| (b) | Bank Balance other than (a) above | 5 | 3,811.81 | 2,024.14 | 4,040.97 |
| (c) | Loans | 6 | 18,192.28 | 12,837.25 | 15,367.08 |
| (d) | Investments | 7 | 242.16 | 209.20 | 194.79 |
| (e) | Other Financial assets | 8 | 321.33 | 135.31 | 288.86 |
| **(2)** | **Non-financial Assets** | | | | |
| (a) | Deferred tax Assets (Net) | 10 | 166.86 | 187.12 | 154.65 |
| (b) | Property, Plant and Equipment & Other Intangible assets | 11 | 55.88 | 53.59 | 51.63 |
| (c) | Right of Use Asset | 11 | 8.01 | 10.80 | 9.40 |
| (d) | Other non-financial assets | 12 | 22.07 | 20.08 | 12.05 |
| | **Total Assets** | | **24,226.70** | **17,712.48** | **20,381.64** |
| | **LIABILITIES AND EQUITY** | | | | |
| | **LIABILITIES** | | | | |
| **(1)** | **Financial Liabilities** | | | | |
| (a) | Trade Payables | 13 | 21.59 | 4.36 | 16.19 |
| (b) | Debt Securities | 14 | 3,800.01 | 2,150.69 | 2,433.55 |
| (c) | Borrowings (Other than Debt Securities) | 15 | 14,376.93 | 11,427.08 | 12,974.72 |
| (d) | Subordinated Liabilities | 16 | 440.75 | 609.28 | 635.85 |
| (e) | Other financial liabilities | 17 | 714.75 | 331.36 | 562.94 |
| **(2)** | **Non-Financial Liabilities** | | | | |
| (a) | Provisions | 18 | 22.85 | 12.62 | 19.97 |
| (b) | Current Tax Liaiblities (Net) | 9 | 110.47 | 47.25 | 45.96 |
| (c) | Other non-financial liabilities | 19 | 42.67 | 15.31 | 35.57 |
| | **EQUITY** | | | | |
| **(1)** | Equity Share capital | 20 | 87.11 | 84.92 | 84.92 |
| **(2)** | Other Equity | 21 | 4,609.56 | 3,029.60 | 3,571.98 |
| | **Total Liabilities and Equity** | | **24,226.70** | **17,712.48** | **20,381.64** |

The accompanying notes are an integral part of the Unaudited Special Purpose Condensed Interim Consolidated financial statement.

**As per our report of even date attached herewith**
**For, Talati & Talati LLP**
**Chartered Accountants**
**[Firm Regd. No. 110758W/W110377]**

**[Kushal U Talati]**
**Partner**
**[M.No.188150]**
**UDIN :**
**Place: Ahmedabad**
**Date:**

**For, Arman Financial Services Limited**

**Jayendra Patel**
**Vice Chairman & MD**
**(DIN - 00011814)**

**Vivek Modi**
**Chief Financial Officer**

**Aalok Patel**
**Joint Managing Director**
**(DIN - 02482747)**

**Jaimish Patel**
**Company**
**(M. No. A42244)**

**ARMAN FINANCIAL SERVICES LIMITED**
**CIN: L55910GJ1992PLC018623**

**Unaudited Special Purpose Condensed Interim Consolidated Statement of Profit & Loss for the Half Year ended on 30th Sept, 2023**

(INR in Millions)

| | Particulars | Note No. | Half Year ended on 30th Sept, 2023 (Reviewed) | Half Year ended on 30th Sept, 2022 (Refer Note 2.1) |
|---|---|---|---|---|
| (1) | **Revenue from operations** | | | |
| | Interest Income based on Effective Interest Method | 22 | 2,817.13 | 1,663.39 |
| | Gain on Assignment of Financial Assets | 23 | 124.07 | - |
| | Fees and Commission Income | 24 | 114.11 | 66.39 |
| | Income from Change in Fair Value of Assets through P&L | 25 | 43.11 | (14.28) |
| | **Total Revenue from operations (1)** | | **3,098.42** | **1,715.50** |
| (2) | Other Income | | - | - |
| (3) | **Total Income (1+2)** | | **3,098.42** | **1,715.50** |
| (4) | **Expenses** | | | |
| | Finance Costs | 26 | 1,313.18 | 646.43 |
| | Impairment of Financial Assets | 27 | 243.13 | 215.00 |
| | Employee Benefits Expenses | 28 | 322.35 | 264.16 |
| | Depreciation, amortization and impairment | 29 | 6.83 | 5.34 |
| | Others expenses | 30 | 130.06 | 117.29 |
| | **Total Expenses (4)** | | **2,015.55** | **1,248.21** |
| (5) | **Profit / (loss) before tax (3-4)** | | **1,082.87** | **467.29** |
| (6) | **Tax Expense:** | | | |
| | (1) Current Tax | 31 | 294.94 | 128.19 |
| | (2) Deferred Tax | 31 | (19.62) | (17.27) |
| (7) | **Profit/(loss) for the period (5-6)** | | **807.54** | **356.37** |
| (8) | **Other Comprehensive Income** | | | |
| | (A) (i) Items that will not be reclassified to profit or loss | | | |
| | - Remeasurement of Defined Benefit Obligations | | (2.33) | 0.11 |
| | (ii) Income tax relating to items that will not be reclassified to profit or loss | | 0.59 | (0.03) |
| | **Subtotal (A)** | | **(1.74)** | **0.09** |
| | (B) (i) Items that will be reclassified to profit or loss | | | |
| | - Fair valuation gain / (loss) on financial instruments measured at FVOCI | | 31.76 | (18.91) |
| | (ii) Income tax relating to items that will be reclassified to profit or loss | | (7.99) | 4.78 |
| | **Subtotal (B)** | | **23.77** | **(14.13)** |
| | **Other Comprehensive Income (A + B)** | | **22.02** | **(14.04)** |
| (9) | **Total Comprehensive Income for the period (7+8) (Comprising Profit (Loss) and other Comprehensive Income for the period)** | | **829.56** | **342.32** |
| (10) | **Earnings per equity share** | | | |
| | Basic (Rs.) | 32 | 95.07 | 41.96 |
| | Diluted (Rs.) | 32 | 87.18 | 41.91 |

The accompanying notes are an integral part of the Unaudited Special Purpose Condensed Interim Consolidated financial statement.

**As per our report of even date attached herewith**
**For, Talati & Talati LLP**
**Chartered Accountants**
**[Firm Regd. No. 110758W/W110377]**

**[Kushal U Talati]**
**Partner**
**[M.No.188150]**
**UDIN :**

**Place: Ahmedabad**
**Date:**

**For, Arman Financial Services Limited**

| | |
|---|---|
| **Jayendra Patel**<br>**Vice Chairman & MD**<br>**(DIN - 00011814)** | **Vivek Modi**<br>**Chief Financial Officer** |
| **Aalok Patel**<br>**Joint Managing Director**<br>**(DIN - 02482747)** | **Jaimish Patel**<br>**Company Secretary**<br>**(M. No. A42244)** |

**ARMAN FINANCIAL SERVICES LIMITED**
**CIN: L55910GJ1992PLC018623**

**Unaudited Special Purpose Condensed Interim Consolidated**
**Statement of Changes in Equity for the Half Year ended on 30th Sept, 2023**
**(all Amounts are INR in million, unless otherwise stated)**

**(A) Equity share capital (Refer Note 17)**

| Particulars | Balance as at March 31, 2023 | Changes in equity share capital due to prior period errors | Restated Balance as at March 31, 2023 | Changes during the period | Balance As at September 30, 2023 |
|---|---|---|---|---|---|
| Ordinary equity share capital | 84.92 | - | 84.92 | 2.19 | 87.11 |

| Particulars | Balance as at March 31, 2022 | Changes in equity share capital due to prior period errors | Restated Balance as at March 31, 2022 | Changes during the year | Balance as at March 31, 2023 |
|---|---|---|---|---|---|
| Ordinary Equity share capital | 84.92 | - | 84.92 | 0.01 | 84.92 |

| Particulars | Balance as at March 31, 2022 | Changes in equity share capital due to prior period errors | Restated Balance as at March 31, 2022 | Changes during the period | Balance As at September 30, 2022 |
|---|---|---|---|---|---|
| Ordinary equity share capital | 84.92 | - | 84.92 | 0.01 | 84.92 |

**(B) Other equity (Refer note 18)**

| Particulars | Equity component of compound financial instruments | Reserves and surplus | | | | | Other Comprehensive Income | Total |
|---|---|---|---|---|---|---|---|---|
| | | General Reserve | Reserve u/s. 45-IC of RBI Act, 1934 | Securities premium | Retained earnings | Share Based Payment Reserve | | |
| Half Year Ended September 30, 2023 | | | | | | | | |
| **Balance as at March 31, 2023** | **638.31** | **16.24** | **508.83** | **690.34** | **1,786.98** | **2.38** | **(71.08)** | **3,571.98** |
| **Change in accounting policy or prior period errors** | - | - | - | - | - | - | - | - |
| **Restated Balance as at March 31, 2023** | **638.31** | **16.24** | **508.83** | **690.34** | **1,786.98** | **2.38** | **(71.08)** | **3,571.98** |
| Profit for the period | - | - | - | - | 807.54 | - | - | 807.54 |
| Other comprehensive income (net of taxes) | - | - | - | - | - | - | 22.02 | 22.02 |
| **Total Comprehensive Income for the period** | - | - | - | - | **807.54** | - | **22.02** | **829.57** |

(B) Other equity (Refer note 18)

| Particulars | Equity component of compound financial instruments | Reserves and surplus | | | | | Other Comprehensive Income | Total |
|---|---|---|---|---|---|---|---|---|
| | | General Reserve | Reserve u/s. 45-IC of RBI Act, 1934 | Securities premium | Retained earnings | Share Based Payment Reserve | | |
| **Transactions with Owners in the capacity as Owners** | | | | | | | | |
| Transfer to reserve u/s. 45-IA of RBI Act, 1934 | - | - | 165.20 | - | (165.20) | - | - | - |
| Additions during the period in securities premium | - | - | - | 263.22 | - | (0.87) | - | 262.34 |
| Transfer during the period in General Reserve | - | 1.10 | - | - | (1.10) | - | - | - |
| Transferred to liability component | (0.74) | - | - | - | - | - | - | (0.74) |
| Transferred to Security Premium | (75.54) | - | - | - | - | - | - | (75.54) |
| Share based payment to employees (ESOP) | - | - | - | - | - | 21.95 | - | 21.95 |
| **Balance As at September 30, 2023** | **562.03** | **17.34** | **674.03** | **953.55** | **2,428.22** | **23.46** | **(49.05)** | **4,609.56** |
| **Year Ended March 31, 2023** | | | | | | | | |
| **Balance as at March 31, 2022** | **-** | **15.14** | **317.63** | **689.80** | **1,041.17** | **1.21** | **(22.99)** | **2,041.95** |
| **Change in accounting policy or prior period errors** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Restated Balance as at March 31, 2022** | **-** | **15.14** | **317.63** | **689.80** | **1,041.17** | **1.21** | **(22.99)** | **2,041.95** |
| Profit for the year | - | - | - | - | 938.11 | - | - | 938.11 |
| Other comprehensive income (net of taxes) | - | - | - | - | - | - | (48.09) | (48.09) |
| **Total Comprehensive Income for the period** | **-** | **-** | **-** | **-** | **938.11** | **-** | **(48.09)** | **890.03** |
| **Transactions with Owners in the capacity as Owners** | | | | | | | | |
| Transfer to reserve u/s. 45-IA of RBI Act, 1934 | - | - | 191.20 | - | (191.20) | - | - | - |
| Additions during the year in securities premium | - | - | - | 0.54 | - | (0.51) | - | 0.03 |
| Transfer during the year in General Reserve | - | 1.10 | - | - | (1.10) | - | - | - |
| Issue of CCD and OCRPS | 638.31 | - | - | - | - | - | - | 638.31 |
| Share based payment to employees (ESOP) | - | - | - | - | - | 1.68 | - | 1.68 |
| **Balance as at March 31, 2023** | **638.31** | **16.24** | **508.83** | **690.34** | **1,786.98** | **2.38** | **(71.08)** | **3,571.98** |

**(B) Other equity (Refer note 18)**

| Particulars | Equity component of compound financial instruments | Reserves and surplus | | | | | Other Comprehensive Income | Total |
|---|---|---|---|---|---|---|---|---|
| | | General Reserve | Reserve u/s. 45-IC of RBI Act, 1934 | Securities premium | Retained earnings | Share Based Payment Reserve | | |
| **Half Year Ended September 30, 2022** | | | | | | | | |
| **Balance as at March 31, 2022** | **-** | **15.14** | **317.63** | **689.80** | **1,041.17** | **1.21** | **(22.99)** | **2,041.94** |
| **Change in accounting policy or prior period errors** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Restated Balance as at March 31, 2022** | **-** | **15.14** | **317.63** | **689.80** | **1,041.17** | **1.21** | **(22.99)** | **2,041.94** |
| Profit for the period | - | - | - | - | 356.37 | - | - | 356.37 |
| Other comprehensive income (net of taxes) | - | - | - | - | - | - | (14.04) | (14.04) |
| **Total Comprehensive Income for the period** | **-** | **-** | **-** | **-** | **356.37** | **-** | **(14.04)** | **342.32** |
| **Transactions with Owners in the capacity as Owners** | | | | | | | | |
| Transfer to reserve u/s. 45-IA of RBI Act, 1934 | - | - | 73.70 | - | (73.70) | - | - | - |
| Additions during the period in securities premium | - | - | - | 0.03 | - | - | - | 0.03 |
| Issue of CCD and OCRPS | 644.73 | - | - | - | - | - | - | 644.73 |
| Share based payment to employees (ESOP) | - | - | - | - | - | 0.57 | - | 0.57 |
| **Balance As at September 30, 2022** | **644.73** | **15.14** | **391.33** | **689.83** | **1,323.83** | **1.78** | **(37.03)** | **3,029.60** |

**As per our report of even date attached herewith**
**For, Talati & Talati LLP**
**Chartered Accountants**
**[Firm Regd. No. 110758W/W110377]**

**For, Arman Financial Services Limited**

**Jayendra Patel**
**Vice Chairman & MD**
**(DIN - 00011814)**

**Vivek Modi**
**Chief Financial Officer**

**[Kushal U Talati]**
**Partner**
**[M.No.188150]**
**UDIN :**

**Aalok Patel**
**Joint Managing Director**
**(DIN - 02482747)**

**Jaimish Patel**
**Company Secretary**
**(M. No. A42244)**

**Place: Ahmedabad**

**Date:**

**ARMAN FINANCIAL SERVICES LIMITED**
**CIN: L55910GJ1992PLC018623**

| | Unaudited Special Purpose Condensed Interim Consolidated Statement Of Cash Flow For The Half Year Ended On 30Th Sept, 2023 (all Amounts are INR in million, unless otherwise stated) | | |
|---|---|---|---|
| | **PARTICULARS** | **Half Year ended on 30th Sept, 2023** | **Half Year ended on 30th Sept, 2022** |
| **A:** | **Cash from Operating Activities:** | | |
| | Net profit before taxation | 1,082.87 | 467.29 |
| | **Adjustment For:** | | |
| | Depreciation and amortisation | 5.44 | 3.95 |
| | Depriciation on Right of Use Assets | 1.39 | 1.39 |
| | Interest Income | (2,817.13) | (1,663.39) |
| | Net gain on equity instruments measured through profit and loss | (2.66) | (0.64) |
| | Finance cost Expense | 1,313.18 | 646.43 |
| | Provision for impairment on financial assets | 105.23 | 65.05 |
| | Gain On Assignment of Assets(Net of Expense) | (124.07) | - |
| | Loss / (Profit) on sale of Current Investment | (40.45) | (1.74) |
| | Remeaurement of define benefit plan | (2.33) | 0.11 |
| | Employee Stock Option Plan Expense | 21.95 | 0.57 |
| | Loss on Disposal of Property, Plant & Equipment | 0.36 | - |
| | Financial Guarantee Income | - | - |
| | Interest Income Received | 2,748.92 | 1,678.98 |
| | Finance Cost Paid | (1,286.82) | (686.09) |
| | Income tax paid | (230.42) | (108.36) |
| | **Operating profit before working Capital changes :** | **775.46** | **403.56** |
| | **Adjustment For Increase/(Decrease) in Operating Assets:** | | |
| | Loans and Advances | (2,797.36) | (2,332.33) |
| | Financial Assets | 159.81 | (21.74) |
| | Non Financial Assets | (10.02) | (8.93) |
| | Bank balance other than Cash and Cash equivalents | 229.15 | (1,356.01) |
| | **Adjustment For Increase/(Decrease) in Operating Liabilities:** | | |
| | Trade Payables | - | (7.41) |
| | Other Non Financial liability | 7.10 | 5.76 |
| | Other Financial Liabilities | 70.47 | 11.62 |
| | Subordinated Debts | (11.82) | - |
| | Provision | 2.87 | 1.05 |
| | **Net Cash From Operating Activities:** | **(1,574.34)** | **(3,304.45)** |
| **B:** | **Cash Flow From Investing Activities:** | | |
| | Purchase of Property, Plant & Equipment | (10.61) | (20.75) |
| | Purchase of investments | (3,856.50) | (1,182.66) |
| | Sale of investments | 3,852.24 | 1,035.01 |
| | Sale of Property, Plant & Equipment | 0.56 | - |
| | **Net Cash from Investment Activities:** | **(14.31)** | **(168.40)** |

ARMAN FINANCIAL SERVICES LIMITED
CIN: L55910GJ1992PLC018623

**Unaudited Special Purpose Condensed Interim**
**Consolidated Statement Of Cash Flow For The Half Year Ended On 30Th Sept, 2023**
**(all Amounts are INR in million, unless otherwise stated)**

| | PARTICULARS | Half Year ended on 30th Sept, 2023 | Half Year ended on 30th Sept, 2022 |
|---|---|---|---|
| **C:** | **Cash Flow From Financing Activities :** | | |
| | Proceeds from issue of share capital (including Premium) | 0.06 | 0.04 |
| | Proceeds from issue of CCD & OCRPS | - | 1,150.44 |
| | Proceeds from long term borrowings | 8,328.07 | 7,328.95 |
| | Repayment of borrowings | (5,306.78) | (3,429.37) |
| | Net increase / (decrease) in working capital borrowings | (235.83) | (96.22) |
| | Repayment of Principal Component of Lease Liability | (1.42) | (1.27) |
| | **Net Cash from Financing Activities:** | **2,732.73** | **4,952.58** |
| | **Net Increase/(Decrease) in Cash & Cash Equivalents** | **1,144.08** | **1,479.73** |
| | Cash & cash equivalents at the beginning of the year | 262.21 | 755.28 |
| | **Cash & cash equivalents at the end of the year** | **1,406.30** | **2,235.01** |

**Notes :**

1 **Cash and bank balance at the end of the period comprises:**

| Particulars | 30th Sept, 2023 | 30th Sept, 2022 |
|---|---|---|
| Cash on hand | 8.83 | 17.01 |
| Balance with Bank | 1,397.47 | 2,217.99 |
| **Total** | **1,406.30** | **2,235.01** |

2 The above cash flow statement has been prepared under the "Indirect Method" set out in Ind AS - 7 on statement of cash flows specfied under section 133 of the Companies Act, 2013.

3 **Change in liabilities arising from financing activities:**

| Particluars | As at March 31, 2023 | Cash Flows | Non Cash Changes | As at September 30, 2023 |
|---|---|---|---|---|
| Debt Securities | 2,433.55 | 1,388.31 | (21.85) | 3,800.01 |
| Borrowing other than debt Securities | 12,974.72 | 1,447.09 | (44.87) | 14,376.93 |
| **Total** | **15,408.26** | **2,835.40** | **(66.72)** | **18,176.94** |

**As per our report of even date attached herewith**
**For, Talati & Talati LLP**
**Chartered Accountants**
**[Firm Regd. No. 110758W/W110377]**

**For, Arman Financial Services Limited**

**Jayendra Patel**
**Vice Chairman & Managing Director**
**(DIN - 00011814)**

**Vivek Modi**
**Chief Financial Officer**

**[Kushal U Talati]**
**Partner**
**[M.No.188150]**
**UDIN :**
**Place: Ahmedabad**
**Date:**

**Aalok Patel**
**Joint Managing Director**
**(DIN - 02482747)**

**Jaimish Patel**
**Company Secretary**
**(M. No. A42244)**

**Forming Part of the Unaudited Special Purpose Condensed Interim Consolidated Financial Statements for the half year ended September 30, 2023.**

1. **CORPORATE INFORMATION**

Arman Financial Services Limited (the "Holding Company") together with its subsidiary Namra Finance Limited (herein after referred to as the "Company") are public companies domiciled in India. The Holding Company is registered as a non-deposit taking non-banking finance company ("NBFC") with Reserve Bank of India ("RBI"). Namra Finance Limited is registered as a non-deposit taking Micro Finance Institution ("NBFC-MFI") with Reserve Bank of India ("RBI"). The Group is engaged in the business of providing Small and Medium Enterprise loans ("SME"), Two-Wheeler loans ("TW") and Micro Finance JLG Loans. The Holding Company's equity shares are listed on two recognised stock exchanges in India i.e. BSE Limited ("BSE") and the National Stock Exchange of India Limited ("NSE").

The Company's registered office is at 502-503, Sakar III, Opp. Old High Court, Off. Ashram Road, Ahmedabad - 380014, Gujarat. INDIA.

2. **BASIS OF PREPARATION**

**2.1 Statement of compliance and principle of Consolidation**

The Unaudited Special Purpose Condensed Interim Consolidated Financial Statements as at and for the half year ended 30 September 2023 have been prepared on an accrual and going concern basis in accordance with Indian Accounting Standards (Ind AS) -34 'Interim Financial Reporting' as prescribed in the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and notified under section 133 of the Companies Act, 2013 (the "Act") and should be read in conjunction with the Group last annual consolidated financial statements as at and for the year ended 31 March 2023 (last audited annual financial statements). These Unaudited Special Purpose Condensed Interim Consolidated Financial Statements do not include all the information required for a complete set of Ind AS financial statements. They have been prepared solely in connection with the proposed issue of the equity shares of the Parent Company.

In preparing these Unaudited Special Purpose Condensed Interim Consolidated Financial Statements, the comparative figures included in Special Purpose Condensed Interim Consolidated Balance Sheet, Special Purpose Condensed Interim Consolidated Statement of Profit and Loss and Special Purpose Condensed Interim Consolidated Statement of Cash Flows, have been compiled/extracted from the Statement of Unaudited Consolidated Financial Results as at and for the quarter and half year ended 30 September 2022, prepared as per the requirements of Regulation 33 and 52 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, which had been approved by the Board of Directors of the Company on 14 November 2022 and on which our auditors had issued unmodified review report dated 14 November 2022 and the Special Purpose Condensed Interim Consolidated Statement of Changes in Equity and the selected explanatory notes included in the Special Purpose Condensed Consolidated Interim Financial Statements have been additionally reviewed by our auditors. Certain comparative figures included in Unaudited Special Purpose Condensed Interim Consolidated Financial Statements have been reclassified to make them comparable to the classification in the corresponding Unaudited Special Purpose Condensed Interim Consolidated Financial Statements as at and for the half year ended 30 September 2023.

The accounting policies applied by the Company for preparation of these Unaudited Special Purpose Condensed Interim Consolidated Financial

Statements are consistent with those adopted for preparation of last annual financial statements.

**Principle of Consolidation**

**i) Subsidiaries**: -

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the Unaudited Special Purpose Condensed Interim Consolidated financial statements from the date on which controls commences until the date on which control ceases.

**ii) Non-Controlling Interest ("NCI")**

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition. Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

**iii) Loss of control**

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value on the date the control is lost. Any resulting gain or loss is recognized in profit or loss.

**iv) Transactions eliminated on consolidation**

The financial statements of the Holding Company and its subsidiary used in the consolidation procedure are drawn up to the same reporting date i.e. September 30, 2023. The financial statements of the Holding Company and its subsidiary are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses. Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment. The Group follows uniform accounting policies for like transactions and other events in similar circumstances.

**The following subsidiary company has been considered in the preparation of the Unaudited Special Purpose Condensed Interim Consolidated financial statements:**

| Name of Entity | Relationship | Country | Ownership Held By | % of holding And Voting Power as at | |
|---|---|---|---|---|---|
| | | | | Sept 30, 2023 | March 31, 2023 |
| Namra Finance Limited | Subsidiary Company | India | Arman Financial Services Limited | 100% | 100% |

### 2.2 Basis of measurement

The standalone financial statements have been prepared on historical cost basis except for following assets and liabilities which have been measured at fair value amount:

i) Loans at fair value through other comprehensive income ("FVOCI") and
ii) Defined benefit plans - plan assets
iii) Investment in units of mutual funds at fair value through Profit & Loss ('FVTPL')

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

**Functional and presentation currency**

The standalone financial statements are presented in Indian Rupees which is the currency of the primary economic environment in which the Company operates (the "functional currency"). The values are rounded to the nearest lakhs, except when otherwise indicated.

**2.3 Use of estimates, judgements and assumptions**

The preparation of the standalone financial statements in conformity with Ind AS requires management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

**Judgements**

In the process of applying the Company's accounting policies, management has made judgements, which have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

i) **Business model assessment**

Classification and measurement of financial assets depends on the results of business model and the solely payments of principal and interest ("SPPI") test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the standalone financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

**i) Fair value of financial instruments**

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. For further details about determination of fair value refer note 3.8 and note 42.

**ii) Effective interest rate ("EIR") method**

The Company's EIR methodology, as explained in Note 3.1(A), recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and lifecycle of the instruments, as well as expected changes to interest rates and other fee income/ expense that are integral parts of the instrument.

**iii) Impairment of financial asset**

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Company's expected credit loss ("ECL") calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

a) The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a life time expected credit loss ("LTECL") basis.

b) Development of ECL models, including the various formulas and the choice of inputs.

c) Determination of associations between macroeconomic scenarios and economic inputs, such as gross domestic products, lending interest rates and collateral values, and the effect on probability of default ("PD"), exposure at default ("EAD") and loss given default ("LGD").

**d)** Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into ECL models.

**iv) Provisions and other contingent liabilities**

The Company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration and regulatory investigations and proceedings in the ordinary course of the Company's business.

When the Company can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Company records a provision against the case. Where the outflow is considered to be probable, but a reliable estimate cannot be made, a contingent liability is disclosed.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Company takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

For further details on provisions and other contingencies refer note 3.15.

These estimates and judgements are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances. Management believes that the estimates used in preparation of the standalone financial statements are prudent and reasonable.

**2.4 Presentation of the standalone financial statements**

The Company presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date and more than 12 months after the reporting date is presented in Note 41.

Financial assets and financial liability 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:

**i)** The normal course of business
**ii)** The event of default

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**3.1 Recognition of interest income**

**A. EIR method**

Under Ind AS 109, interest income is recorded using the effective interest rate method for all financial instruments measured at amortised cost and financial instrument measured at FVOCI. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the financial instrument.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest income in the statement of profit and loss.

**B. Interest income**

The Company calculates interest income by applying 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 on the net basis. If the financial asset cures and is no longer credit impaired, the Company reverts to calculating interest income on a gross basis.

**3.2 Financial instrument - initial recognition**

**A. Date of recognition**

Debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

**B. Initial measurement of financial instruments**

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments (Refer note 3.3(A)). Financial instruments are initially measured at their fair value (as defined in Note 3.8), except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from this amount.

**C. Measurement categories of financial assets and liabilities**

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

i) Amortised cost
ii) FVOCI
iii) FVTPL

**3.3 Financial assets and liabilities**

**A. Financial assets**

**Business model assessment**

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

**a.** How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's key management personnel.

**b.** The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.

**c.** managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

**d.** The expected frequency, value and timing of sales are also important aspects of the Company's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

**SPPI test**

As a second step of its classification process, the Company assesses the contractual terms of financial assets to identify whether they meet SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of financial asset (for example, if there are repayments of principal or amortisation of the premium/ discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the period for which the interest rate is set. In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

**Accordingly, financial assets are measured as follows:**

**i) Financial assets carried at amortised cost (“AC”)**

A financial asset is measured at amortised cost if it is held with in a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**ii) Financial assets measured at FVOCI**

A financial asset is measured at FVOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Since, the loans and advances are held to sale and collect contractual cash flows, they are measured at FVOCI.

**iii) Financial assets at fair value through profit or loss (“FVTPL”)**

A financial asset which is not classified in any of the above categories are measured at FVTPL.

**iv) Investments in Mutual Funds**

All investments in Mutual Funds are measured at fair value, with value changes recognised in Statement of Profit and Loss (“FVTPL”).

**B. Financial liability**

**i) Initial recognition and measurement**

All financial liability are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liability, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition.

**ii) Subsequent measurement**

Financial liabilities are carried at amortized cost using the effective interest method.

**3.4 Reclassification of financial assets and liabilities**

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Company did not reclassify any of its financial assets or liabilities in the half year ended September 30, 2023 and, in the year ended March 31, 2023.

**3.5 Derecognition of financial assets and liabilities**

**A. Derecognition of financial assets due to substantial modification of terms and conditions**

The Company derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. Where the substantial modification is because of financial difficulties of the borrower and the old loan was classified as credit-impaired, the new loan will initially be identified as originated credit-impaired financial asset. On satisfactory performance of the new loan, the new loan is transferred to stage I or stage II of ECL.

**B. Derecognition of financial assets other than due to substantial modification**

**i) Financial assets**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. On derecognition of a financial asset in its entirety, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in the statement of profit and loss. Accordingly, gain on sale or derecognition of assigned portfolio are recorded upfront in the statement of profit and loss as per Ind AS 109. Also, the Company recognises servicing income as a percentage of interest spread over tenure of loan in cases where it retains the obligation to service the transferred financial asset. As per the guidelines of RBI, the company is required to retain certain portion of the loan assigned to parties in its books as Minimum Retention Requirement (“MRR”). Therefore, it continues to recognise the portion retained by it as MRR.

**ii) Financial liability**

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the statement of profit and loss.

**3.6 Impairment of financial assets**

**A. Overview of ECL principles**

In accordance with Ind AS 109, the Company uses ECL model, for evaluating impairment of financial assets other than those measured at FVTPL. Expected credit losses are measured through a loss allowance at an amount equal to:

i) The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument) Both LTECLs and 12 months ECLs are calculated on collective basis.

Based on the above, the Company categorises its loans into Stage 1, Stage 2 and Stage 3, as described below:

**Stage 1:** When loans are first recognised, the Company recognises an allowance based on 12 months ECL. Stage 1 loans includes those loans where there is no significant credit risk observed and also includes facilities where the credit risk has been improved and the loan has been reclassified from stage 2 or stage 3.

**Stage 2:** When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the life time ECL. Stage 2 loans also includes facilities where the credit risk has improved and the loan has been reclassified from stage 3.

**Stage 3:** Loans considered credit impaired are the loans which are past due for more than 90 days. The Company records an allowance for life time ECL.

**Loan commitments:** When estimating LTECLs for undrawn loan commitments, the Company estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down.

**B. Calculation of ECLs**

The mechanics of ECL calculations are outlined below and the key elements are, as follows:

**PD** Probability of Default (“PD”) is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

**EAD** Exposure at Default (“EAD”) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest **LGD** Loss Given Default (“LGD”) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

The Company has calculated PD, EAD and LGD to determine impairment loss on the portfolio of loans and discounted at an approximation to the EIR. At every reporting date, the above calculated PDs, EAD and LGDs are reviewed and changes in the forward-looking estimates are analysed.

The mechanics of the ECL method are summarised below:

**Stage 1:** The 12 months ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12 months ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-months default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

**Stage 2:** When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument.

The expected cash shortfalls are discounted by an approximation to the original EIR.

**Stage 3:** For loans considered credit-impaired, the Company recognises the lifetime expected credit losses for these loans. The method is similar to that for stage 2 assets, with the PD set at 100%.

**C. Loans and advances measured at FVOCI**

The ECLs for loans and advances measured at FVOCI do not reduce the carrying amount of these financial assets in the balance sheet, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets.

**D. Forward looking information**

In its ECL models, the Company relies on a broad range of forward looking macro parameters and estimated the impact on the default at a given point of time.

i) Gross fixed investment (% of GDP)

ii) Lending interest rates

iii) Deposit interest rates

**3.7 Write-offs**

Financial assets are written off when the Company has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to impairment on financial instruments in the statement of profit and loss.

**3.8 Determination of fair value**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company has taken into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

• Level 1 financial instruments: Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date;

• Level 2 financial instruments: Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads; and

• Level 3 financial instruments: Those that include one or more unobservable input that is significant to the measurement as whole.

**3.9 (I) Recognition of other income**

Revenue (other than for those items to which Ind AS 109 - Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115 - Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found within Ind ASs. The Company recognises revenue from contracts with customers based on a five step model as set out in Ind AS 115:

**Step 1:** Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

**Step 2:** Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

**Step 3:** Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

**Step 4:** Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

**Step 5:** Recognise revenue when (or as) the Company satisfies a performance obligation

**A. Dividend income**

Dividend income (including from FVOCI investments) is recognised when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably. This is generally when the shareholders approve the dividend.

**B. Income from assignment transactions**

Income from assignment transactions i.e. present value of excess interest spread is recognised when the related loan assets are de-recognised. Interest income is also recognised on carrying value of assets over the remaining period of such assets.

**C. Other interest income**

Other interest income is recognised on a time proportionate basis.

**D. Other Charges in Respect of Loans**

Income in case of late payment charges are recognized when there is no significant uncertainty of regarding its recovery.

**3.8 (II) Recognition of other expense**

**A. Borrowing costs**

Borrowing costs are the interest and other costs that the Company incurs in connection with the borrowing of funds. Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets.

A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

All other borrowing costs are charged to the statement of profit and loss for the period for which they are incurred.

**3.10 Cash and cash equivalents**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

**3.10 Property, plant and equipment**

Property, plant and equipment ("PPE") are carried at cost, less accumulated depreciation and impairment losses, if any. The cost of PPE comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use and other incidental expenses. Subsequent expenditure on PPE after it purchase is capitalized only if it is probable that the future economic benefits will flow to the enterprise and the cost of the item can be measured reliably. Depreciation is calculated using the straight-line method to write down the cost of property and equipment to their residual values over their estimated useful lives which are in line with as specified under schedule II of the Act. Land is not depreciated. The estimated useful lives are, as follows:

i) Buildings - 60 years
ii) Vehicles - 8 years
iii) Office equipment - 3 to 10 years
iv) Furniture and fixtures - 10 years

Depreciation is provided on a pro-rata basis from the date on which such asset is ready for its intended use. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. PPE is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised.

**3.11 Intangible assets**

The Company's intangible assets include the value of software. An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives (three years) using the straight-line method, and is included in depreciation and amortisation in the statement of profit and loss.

**3.12 Impairment of non-financial assets - property, plant and equipments and intangible assets**

The carrying values of assets / cash generating units at the each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and if the carrying amount of these assets exceeds their recoverable amount, impairment loss is recognised in the statement of profit and loss as an expense, for such excess amount. The recoverable amount is the greater of the net selling price and value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the statement of profit and loss.

**3.13 Corporate guarantees**

Corporate guarantees are initially recognised in the standalone financial statements (within "other non-financial liabilities") at fair value, being the notional commission. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Any increase in the liability relating to financial guarantees is recorded in the statement of profit and loss. The notional commission is recognised in the statement of profit and loss under the head fees and commission income on a straight line basis over the life of the guarantee.

**3.14 Retirement and other employee benefits**

**Defined contribution plans**

The Company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

**Defined benefit plans**

The Company pays gratuity to the employees whoever has completed five years of service with the Company at the time of resignation / retirement. The gratuity is paid @15 days salary for every completed year of service as per the Payment of Gratuity Act, 1972.

The gratuity liability amount is contributed by the Company to the Life insurance corporation of India who administers the fund of the Company.

The liability in respect of gratuity and other post-employment benefits is calculated using the Projected Unit Credit Method and spread over the period during which the benefit is expected to be derived from employees' services. As per Ind AS 19, the service cost and the net interest cost are charged to the statement of profit and loss. Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI.

**Short-term employee benefits**

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages etc. and the expected cost of ex-gratia are recognised in the period in which the employee renders the related service. A liability is recognised for the amount expected to be paid when there is a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. The cost of short-term compensated absences is accounted as under:

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

**3.15 Provisions, contingent liabilities and contingent assets**

**A. Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

**B. Contingent liability**

A possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or; present obligation that arises from past events where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability are disclosed as contingent liability and not provided for.

**C. Contingent asset**

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are neither recognised nor disclosed except when realisation of income is virtually certain, related asset is disclosed.

**3.16 Taxes**

**A. Current tax**

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. Current tax is the amount of tax payable on the taxable income for the period as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961.

**B. Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the standalone financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of deferred tax liabilities and assets are reviewed at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity).

Deferred tax items are recognised in correlation to the underlying transaction either in OCI or equity.

Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off.

**C. Goods and services tax paid on acquisition of assets or on incurring expenses**

Expenses and assets are recognised net of the goods and services tax paid, except when the tax incurred on a purchase of assets or availing of services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

**3.17 Earnings per share**

Basic earnings per share ("EPS") is computed by dividing the profit after tax (i.e. profit attributable to ordinary equity holders) by the weighted average number of equity shares outstanding during the year.

Diluted EPS is computed by dividing the profit after tax (i.e. profit attributable to ordinary equity holders) as adjusted for after-tax amount of dividends and interest recognised in the period in respect of the dilutive potential ordinary shares and is adjusted for any other changes in income or expense that would result from the conversion of the dilutive potential ordinary shares, by the weighted average number of equity shares considered for deriving basic earnings per share as increased by the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits, right issue and bonus shares, as appropriate.

**3.18 Dividends on ordinary shares**

The Company recognises a liability to make cash or non-cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the Act, final dividend is authorised when it is approved by the shareholders and interim dividend is authorised when the it is approved by the Board of Directors of the Company. A corresponding amount is recognised directly in equity. Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity. Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit and loss.

**ARMAN FINANCIAL SERVICES LIMITED**
**CIN: L55910GJ1992PLC018623**

**Selected Explanatory Notes Forming Part Of The Unaudited Special Purpose Condensed Interim Consolidated Financial Statements For The Half Year Ended September 30, 2023**
**(all Amounts are INR in million, unless otherwise stated)**

| | | | | |
|---|---|---|---|---|
| **4** | **Cash and Bank Balance** | **30th Sept, 2023** | **30th Sept, 2022** | **31st March, 2023** |
| | Cash on hand | 8.83 | 17.01 | 6.49 |
| | Balance with banks | 1,397.47 | 2,217.99 | 255.73 |
| | **Total** | **1,406.30** | **2,235.01** | **262.21** |
| **5** | **Other Bank Balance** | **30th Sept, 2023** | **30th Sept, 2022** | **31st March, 2023** |
| | **In fixed deposit accounts:** | | | |
| | Deposits given as security against borrowings and other commitments | 1,420.25 | 823.47 | 957.13 |
| | Fixed Deposits given as security against overdraft facilities (Refer Note 2.2) | 2,361.00 | 1,060.00 | 3,010.00 |
| | Other Deposits (i.e., free from any encumbrance) | 200.75 | 151.27 | 183.94 |
| | Earmarked balances with banks | 2.00 | 3.05 | 2.00 |
| | Less: Interest Accrued but not due on Bank Deposits (Refer Note 5) | (172.18) | (13.65) | (112.10) |
| | **Total** | **3,811.81** | **2,024.14** | **4,040.97** |
| **2.1** | Deposits includes deposits given as cash collateral security against bank loans. | | | |
| **2.2** | Deposits includes deposits of Rs. 2361 million (P.Y. Rs. 3010 million) given to bank for Overdraft facilty. Overdraft utilized Rs. 1518.79 million (P.Y. Rs. 1684.41 million) | | | |
| **6** | **Loans** | **30th Sept, 2023** | **30th Sept, 2022** | **31st March, 2023** |
| | **At FVOCI:** | | | |
| | Secured by Tangible Asset | 681.88 | 484.54 | 601.45 |
| | Unsecured Loans | 18,356.74 | 13,134.48 | 15,498.60 |
| | Less: Impairment Loss Allownaces | (770.58) | (714.98) | (668.13) |
| | **Total Loans** | **18,268.04** | **12,904.04** | **15,431.92** |
| | Less: Interest Due but not Received on Loans and Advances (Note No.5) | (75.76) | (66.80) | (64.85) |
| | | **18,192.28** | **12,837.25** | **15,367.08** |
| | **(1) Loans In India** | 18,192.28 | 12,837.25 | 15,367.08 |
| | **(2) Loans Outside India** | - | - | - |
| | **Total** | **18,192.28** | **12,837.25** | **15,367.08** |

**Selected Explanatory Notes Forming Part Of The Unaudited Special Purpose Condensed Interim Consolidated Financial Statements For The Half Year Ended September 30, 2023**
**(all Amounts are INR in million, unless otherwise stated)**

3.1 **An analysis of changes in the gross carrying amount and the corresponding ECL Allowances:**

| Particulars | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|
| **Carrying amount as at March 31, 2022** | **10,257.79** | **472.33** | **499.12** | **11,229.24** |
| New Assets originated* | 6,130.13 | 10.77 | 4.04 | 6,144.94 |
| **Net transfer between stages** | | | | |
| Transfer from stage 1 | (523.86) | 177.95 | 345.91 | - |
| Transfer from stage 2 | 363.76 | (391.74) | 27.99 | - |
| Transfer from stage 3 | 101.46 | 26.99 | (128.45) | - |
| Assets derecognised or collected | 3,481.16 | 66.29 | 88.66 | 3,636.12 |
| Write - offs | - | - | 185.84 | 185.84 |
| **Carrying amount As at September 30, 2022** | **12,848.12** | **230.02** | **474.09** | **13,552.22** |
| **Carrying amount as at March 31, 2022** | **10,257.79** | **472.33** | **499.12** | **11,229.24** |
| New Assets originated* | 15,158.69 | 76.67 | 56.36 | 15,291.73 |
| **Net transfer between stages** | | | | |
| Transfer from stage 1 | (295.17) | 102.40 | 192.77 | - |
| Transfer from stage 2 | 85.12 | (140.86) | 55.74 | - |
| Transfer from stage 3 | 0.29 | 0.19 | (0.49) | - |
| Assets derecognised or collected | 9,772.76 | 144.41 | 78.03 | 9,995.20 |
| Write - offs | 19.14 | 193.42 | 278.00 | 490.55 |
| **Carrying amount as at March 31, 2023** | **15,414.82** | **172.91** | **447.48** | **16,035.21** |
| New Assets originated* | 13,532.79 | 66.69 | 23.85 | 13,623.33 |
| **Net transfer between stages** | | | | |
| Transfer from stage 1 | (441.73) | 234.58 | 207.15 | - |
| Transfer from stage 2 | 8.50 | (137.30) | 128.79 | - |
| Transfer from stage 3 | 1.58 | 0.94 | (2.52) | - |
| Assets derecognised or collected | 10,271.13 | 0.28 | 253.08 | 10,524.48 |
| Write - offs | 6.51 | 81.95 | 82.73 | 171.20 |
| **Carrying amount As at September 30, 2023** | **18,238.32** | **255.60** | **468.94** | **18,962.86** |

***Note:** New assets originated are those assets which have either remained in stage 1 or have become stage 2 or 3 at the year end **.**

3.2 **Reconciliation of ECL balance is given below:**

| Particulars | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|
| **ECL Allowances as at March 31, 2022** | **90.64** | **145.55** | **416.99** | **653.17** |
| Addition During the Year | 136.54 | 122.71 | 527.02 | 786.26 |
| Reversal During the Year | (93.37) | (145.62) | (485.47) | (724.46) |
| **ECL Allowances As at September 30, 2022** | **133.80** | **122.64** | **458.54** | **714.98** |
| **ECL Allowances as at March 31, 2022** | **90.64** | **145.55** | **416.99** | **653.17** |
| Addition During the Year | 144.94 | 51.77 | 284.67 | 481.38 |
| Reversal During the Year | (53.71) | (133.43) | (279.29) | (466.42) |
| **ECL Allowances as at March 31, 2023** | **181.87** | **63.89** | **422.37** | **668.13** |
| Addition During the Year | 253.59 | 108.08 | 481.00 | 842.67 |
| Reversal During the Year | (204.50) | (66.47) | (469.26) | (740.23) |
| **ECL Allowances As at September 30, 2023** | **230.96** | **105.50** | **434.11** | **770.58** |

Note: Increase in ECLs of the portfolio was driven by moderate credit performance in disbursement and movements within stages. The significant increase in economic activities had resulted in improvement in business operations of the Company. As a matter of prudence, during the half year ended on 30th sept, 2023, the Company has written off (net) Rs. 137.9 million. The Total ECL provision of Rs. 770.58 million on Loans and Advances is retained by the company as at 30th Sept, 2023. The additional ECL provision booked is based on the Company's historical experience, collection efficiencies, internal assessment and other emerging forward looking factors on account of the pandemic. However, the actual impact may vary due to prevailing uncertainty. The Company's management is continuously monitoring the situation and the economic factors affecting the operations of the Company.

3.3 Loans secured by hypothecation of assets (vehicles) are secured by hypothecation of the assets (vehicles) under finance. In the opinion of the Board, the market value of the hypothecated assets (vehicle) as on Balance Sheet date is more than the amount of loan outstanding.

**ARMAN FINANCIAL SERVICES LIMITED**
**CIN: L55910GJ1992PLC018623**

**Selected Explanatory Notes Forming Part Of The Unaudited Special Purpose Condensed Interim Consolidated Financial Statements For The Half Year Ended September 30, 2023**
**(all Amounts are INR in million, unless otherwise stated)**

| 7 | Investments (At Cost) | 30th Sept, 2023 | 30th Sept, 2022 | 31st March, 2023 |
|---|---|---|---|---|
| A | **At Fair Value Through Profit & Loss (FVTPL)** | | | |
| | **In Mutual Funds** | | | |
| | SBI Magnum Gilt Fund Regular Growth (As at 31.03.23 : 9,08,465.69 ,As at 30.09.23 Unit6,72,675.73 Units, As at 30.09.2022 NIL units ) | 37.09 | - | 50.09 |
| | SBI Magnum Medium Duration Fund Regular Growth (As at 31.03.23: 6,98,053 Unit,As at 30.09.2023: 7,24,278.04 Unit,As at 30.09.2022: NIL Unit) | 31.13 | - | 30.00 |
| | Quant Liquid Fund (As At 30.09.2023: NIL Unit,As At 31.03.2023: Nil Unit,As At 30.09.2022: 29,28,,781.89 Unit) | - | 100.90 | - |
| | **In NCDs** | | | |
| | Vivriti Capital Pvt Ltd NCD (As At 30.09.2023: 1000 Unit,As At 31.03.2023: Nil Unit,As At 30.09.2022: Nil Unit) | 103.52 | - | - |
| B | **At Amortised Cost** | | | |
| | **In Pass through certificates under securitization transactions** | | | |
| | 1,87,87,291 Units (As at 31.03.23 - 1,87,87,291 unit & As at 30.09.22 - 1,87,87,291) of HLF Sydney PTC , Face Value of Rs. 1 Each. | - | 16.60 | 17.41 |
| | 1,13,53,428 Units (As at 31.03.23 - 1,13,53,428 Unit & As at 30.09.2022 - 1,13,53,428) Nabsam Albany PTC , Face Value of Rs. 1 Each. | - | 10.31 | 10.82 |
| | 2,15,98,529 Units (As at 31-3-2023 - 2,15,98,529 Unit & As at 30.09.2022 - 2,15,98,529) of Nimbus 2022 MFI Dunedin, Face Value of Rs 1 Each. | - | 19.17 | 20.37 |
| | 1,87,70,074 Units (As at 31-3-2023 - 1,87,70,074 Unit & As at 30.09.2022 - 1,87,70,074) ) of Nimbus 2022 MFI Hamilton, Face Value of Rs 1 Each | 18.41 | 16.41 | 17.37 |
| | 1,23,40,361 Units (As at 31-03-2023 - 1,23,40,361 Units & As at 30.09.2022- 1,23,40,361 Units ) of NFL EMERALD 2022, Face Value of Rs 1 Each. | 11.53 | 10.33 | 10.87 |
| | 1,82,47,719 units (As at 31-03-2022 - 1,82,47,719 Units & As at 30.09.2022- 1,82,47,719 Units ) of MFSL 2022 Lynx , Face Value of Rs 1 Each | 17.36 | 14.97 | 16.11 |
| | 1,00,000 Units (As at 31-03-2023 - 1,00,000 Units & As at 30.09.2022- 1,00,000 Units ) of Sheryl 06 2022. Face Value of Rs 1 Each | 0.10 | 0.08 | 0.09 |
| | 41,13,949 Units (As at 31-03-2023 - 41,13,949 Units & As at 30.09.2022- 41,13,949 Units ) of Victor July 2022, Face Value Rs 1 Each | 4.00 | 3.57 | 3.78 |
| | 61,92,788 Units (As at 31-03-2023 - 61,92,788 Units & As at 30.09.2022- 61,92,788) of Nimbus 2022 MFI Brampton., Face Value of Rs.1 Each | 5.98 | 5.41 | 5.67 |
| | 1,30,41,310 Units (As at 31-03-2023 - 1,30,41,310 Units & As at 30.09.2022 - 1,30,41,310 units) of Roger July 2022 PTC , Face Value of Rs. 1 Each. | 13.04 | 11.46 | 12.22 |
| | **Total** | **242.16** | **209.20** | **194.79** |
| | **(1) Investments In India** | 242.16 | 209.20 | 194.79 |
| | **(2) Investments Outside India** | - | - | - |
| | **Total** | **242.16** | **209.20** | **194.79** |

## ARMAN FINANCIAL SERVICES LIMITED
## CIN: L55910GJ1992PLC018623

**Selected Explanatory Notes Forming Part Of The Unaudited Special Purpose Condensed Interim Consolidated Financial Statements For The Half Year Ended September 30, 2023**
**(all Amounts are INR in million, unless otherwise stated)**

| 8 | Other Financial Assets | 30th Sept, 2023 | 30th Sept, 2022 | 31st March, 2023 |
|---|---|---|---|---|
| | Interest Due but not Received on Loans and Advances (Note No.3) | 75.76 | 66.80 | 64.85 |
| | Interest Accrued but not due on Bank Deposits (Note No.2) | 172.18 | 13.65 | 112.10 |
| | Deposits | 2.90 | 46.83 | 2.55 |
| | Other Advances | 127.15 | 61.28 | 163.24 |
| | Less: Interest Due but not Received on Loans and Advances | (56.66) | (53.25) | (53.87) |
| | **Total** | **321.33** | **135.31** | **288.86** |
| 5.1 | Deposits include security deposits is Nil (As at 31-03-2023 Rs Nil, As at 30-09-2022 Rs 393.99 Lacs) given as collateral security against term loans and working capital loans. | | | |
| 5.2 | Reconciliation of Provision on Interest Receivable on Credit Impaired Loans given below: | | | |
| | **ECL Allowances As at beginning of the period** | **53.87** | **50.01** | **50.01** |
| | Addition During the period | 30.85 | 32.23 | 38.20 |
| | Reversal During the period | (28.06) | (28.98) | (34.34) |
| | **ECL Allowances As at end of the period** | **56.66** | **53.25** | **53.87** |
| 5.3 | There are no dues/loans from directors or other officers of the company or any firm or private company in which any director is a partner or director or a member. | | | |
| 9 | **Current Tax (Net)** | 30th Sept, 2023 | 30th Sept, 2023 | 31st March, 2023 |
| | Advance Tax and TDS | (674.92) | (388.61) | (444.49) |
| | Less: Provision for Tax | 785.39 | 435.86 | 490.45 |
| | **Total** | **110.47** | **47.25** | **45.96** |
| 10 | **Deferred Tax** | 30th Sept, 2023 | 30th Sept, 2022 | 31st March, 2023 |
| A | **Defferred Tax Assets on Account of:** | | | |
| | Provision for employee benefits that are allowable for tax purpose in the year of payment | 5.75 | 3.18 | 5.03 |
| | Financial assets measured at amortised cost | 81.49 | 31.95 | 43.06 |
| | Shares issue expenses that are allowable for tax purpose on deferred basis | 0.37 | 0.07 | 0.53 |
| | Provision for CSR | - | 1.38 | - |
| | Fair valuation of financial instruments through Other Comprehensive Income | 14.70 | - | 22.70 |
| | Impairment on Financial Assets | 161.35 | 188.81 | 171.17 |
| | **Total Deferred Tax Assets** | **263.65** | **225.39** | **242.48** |
| B | **Defferred Tax Liability on Account of:** | | | |
| | Difference in written down value as per Companies Act and Income Tax Act | (1.50) | (1.46) | (1.38) |
| | Financial liabilities measured at amortised cost | (49.59) | (25.43) | (34.04) |
| | Fair valuation of Derivative Contract measured Through Profit & Loss Account | - | 3.99 | - |
| | Fair valuation of financial instruments through OCI | - | 12.47 | - |
| | Interest Receivable on NPA Assets | (14.26) | (13.40) | (13.56) |
| | Fair valuation of Investment in Mutual Fund | (0.43) | (0.16) | (0.02) |
| | Direct Assignment Income Receivable -DA | (31.01) | (14.27) | (38.83) |
| | **Total Deferred Tax Liabilities** | **(96.80)** | **(38.27)** | **(87.83)** |
| | **Total Asset/(Liability) (Net)** | **166.86** | **187.12** | **154.65** |
| 12 | **Other Non - Financial Assets** | 30th Sept, 2023 | 30th Sept, 2022 | 31st March, 2023 |
| | Prepaid Expenses | 2.15 | 1.28 | 1.23 |
| | Balance with Government Authorities | 10.77 | 4.23 | 5.46 |
| | Advances to staff | 2.31 | 2.68 | 1.36 |
| | Advance to Suppliers | 6.84 | 11.88 | 3.99 |
| | **Total** | **22.07** | **20.08** | **12.05** |
| 13 | **Trade Payables** | 30th Sept, 2023 | 30th Sept, 2022 | 31st March, 2023 |
| | Total outstanding dues of micro enterprises and small enterprises | - | - | - |
| | Total outstanding dues of other than micro enterprises and small enterprises | 21.59 | 4.36 | 16.19 |
| | **Total** | **21.59** | **4.36** | **16.19** |

**Selected Explanatory Notes Forming Part Of The Unaudited Special Purpose Condensed Interim Consolidated Financial Statements For The Half Year Ended September 30, 2023**
**(all Amounts are INR in million, unless otherwise stated)**

**11 Property, Plant & Equipment**

| Carrying Value | Buildings | Furniture & Fixtures | Office Equipments | Vehicles | Computers | Total Property, Plant & Equipment | Intangible Assets | Intangible asset under development | Total Assets | Right of Use Assets |
|---|---|---|---|---|---|---|---|---|---|---|
| **At March 31, 2022** | **13.64** | **17.42** | **5.90** | **9.64** | **21.02** | **67.62** | **7.79** | **0.26** | **75.67** | **17.94** |
| Addition | - | 0.86 | 0.87 | 15.94 | 2.48 | 20.15 | 0.86 | - | 21.01 | - |
| Disposal | - | - | - | - | - | - | - | - | - | - |
| Other Adjustment | - | - | - | - | - | - | - | 0.26 | 0.26 | - |
| **At September 30, 2022** | **13.64** | **18.28** | **6.77** | **25.58** | **23.51** | **87.77** | **8.65** | **-** | **96.42** | **17.94** |
| Addition | (0.00) | 1.18 | 0.40 | 0.00 | 1.27 | 2.86 | - | - | 2.86 | - |
| Disposal | - | - | - | - | - | - | - | - | - | - |
| Other Adjustment | - | - | - | 0.00 | - | 0.00 | - | - | 0.00 | - |
| **At March 31, 2023** | **13.64** | **19.46** | **7.17** | **25.58** | **24.78** | **90.63** | **8.65** | **-** | **99.28** | **17.94** |
| Addition | - | 5.09 | 1.34 | - | 4.18 | 10.61 | - | - | 10.61 | - |
| Disposal | - | 1.73 | 0.67 | 1.67 | 4.15 | 8.23 | - | - | 8.23 | - |
| Other Adjustment | - | - | - | - | - | - | - | - | - | - |
| **At 30th Sept, 2023** | **13.64** | **22.82** | **7.84** | **23.91** | **24.80** | **93.01** | **8.65** | **-** | **101.66** | **17.94** |

| Accumulated Depreciation / Amoritsation | Buildings | Furniture & Fixtures | Office Equipment | Vehicles | Computer | Total Property, Plant & Equipment | Intangible Assets | Intangible asset under development | Total Assets | Right of Use Assets |
|---|---|---|---|---|---|---|---|---|---|---|
| **At March 31, 2022** | **2.30** | **7.96** | **4.04** | **5.73** | **14.60** | **34.63** | **4.26** | **-** | **38.89** | **5.75** |
| Change for the period | 0.11 | 0.69 | 0.55 | 0.55 | 1.56 | 3.46 | 0.49 | - | 3.95 | 1.39 |
| Disposal | - | - | - | - | - | - | - | - | - | - |
| **At September 30, 2022** | **2.41** | **8.65** | **4.59** | **6.29** | **16.15** | **38.09** | **4.75** | **-** | **42.84** | **7.14** |
| Charge for the period | 0.11 | 0.73 | 0.57 | 1.58 | 1.32 | 4.31 | 0.50 | - | 4.81 | 1.39 |
| Disposal | - | - | - | - | - | - | - | - | - | - |
| **At March 31, 2023** | **2.52** | **9.38** | **5.16** | **7.87** | **17.48** | **42.40** | **5.25** | **-** | **47.65** | **8.54** |
| Charge for the period | 0.11 | 0.86 | 0.67 | 1.59 | 1.73 | 4.97 | 0.47 | - | 5.44 | 1.39 |
| Disposal | - | 1.55 | 0.63 | 1.18 | 3.95 | 7.31 | - | - | 7.31 | - |
| **At 30th Sept, 2023** | **2.62** | **8.69** | **5.21** | **8.28** | **15.25** | **40.06** | **5.72** | **-** | **45.78** | **9.93** |

| Net Carrying Value | Buildings | Furniture & Fixtures | Office Equipment | Vehicles | Computer | Total Property, Plant & Equipment | Intangible Assets | Intangible asset under development | Total Assets | Right of Use Assets |
|---|---|---|---|---|---|---|---|---|---|---|
| **At March 31, 2023** | 11.12 | 10.08 | 2.01 | 17.71 | 7.30 | **48.23** | 3.40 | - | **51.63** | 9.40 |
| **At 30th Sept, 2022** | 11.23 | 9.63 | 2.17 | 19.30 | 7.35 | **49.68** | 3.91 | - | **53.59** | 10.80 |
| **At 30th Sept, 2023** | 11.02 | 14.12 | 2.63 | 15.62 | 9.55 | **52.95** | 2.93 | - | **55.88** | 8.01 |

**Selected Explanatory Notes Forming Part Of The Unaudited Special Purpose Condensed Interim Consolidated Financial Statements For The Half Year Ended September 30, 2023**
**(all Amounts are INR in million, unless otherwise stated)**

| 14 | Debt Securities (At Amortised Cost) | 30th Sept, 2023 | 30th Sept, 2022 | 31st March, 2023 |
|---|---|---|---|---|
| | **Secured Debenture** | | | |
| | 11.95% Listed, Secured, Redeemable, Non Convertible Debenture of Rs.100000 Each (400 Unit as at 30.09.2023, NIL Unit as at 31.03.23 & NIL Unit as at 30.09.22) | 400.00 | - | - |
| | 12.20% Secured, Redeemable, Non Convertible Debenture of Rs.100000 Each (4,028 Unit as at 30.09.23, NIL Unit as at 31.03.23 & NIL Unit as at 30.09.22) | 402.80 | - | - |
| | 11.20% Secured, Redeemable, Non Convertible Debenture of Rs.1000 Each (2,22,654 Unit as at 30.09.23, 2,22,654 Unit as at 31.03.23 & 2,22,654 Unit as at 30.09.22) | 222.65 | 222.65 | 222.65 |
| | 11.80% Secured, Redeemable, Non Convertible Debenture of Rs.10,000 Each (Nil Unit as at 30.09.23, 34,550 Unit as at 31.03.23 & 34,550 Unit as at 30.09.22) | - | 345.50 | 345.50 |
| | 12.39% Secured, Redeemable, Non Convertible Debenture of Rs.10,000 Each (48,750 Unit as at 30.09.23, 48,750 Unit as at 31.03.23 & 48,750 Unit as at 30.09.22 ) | 487.50 | 487.50 | 487.50 |
| | Market Linked Secured, Redeemable, Non Convertible Debenture of Rs.10 Lakh Each (368 Unit as at 31.03.23, 368 Unit as at 31.03.22 & NIL Unit as at 30.09.22) | 368.00 | - | 368.00 |
| | 13.15% Secured, Redeemable, Non Convertible Debenture of Rs.10 Lakh Each (Nil Unit as at 30.09.23, Nil Unit as at 31.03.23 & 378 Unit as at 30.09.22) | - | 378.00 | - |
| | 11.80% Secured, Redeemable, Non Convertible Debenture of Rs.10 Lakh Each (200 Unit as at 30.09.23, 200 Unit as at 31.03.23 & 300 Unit as at 30.09.22) | 200.00 | 300.00 | 200.00 |
| | 11.30% Secured, Redeemable, Non Convertible Debenture of Rs.1000 Each (2,88,750 Unit as at 30.09.23, 2,88,750 Unit as at 31.03.23 & 2,88,750 Unit as at 30.09.22) | 288.75 | 288.75 | 288.75 |
| | 9.90% Secured, Redeemable, Principal Protect - Market Linked Debenture of Rs.1 Lakh Each (2,500 Unit as at 30.09.23, 2,500 Unit as at 31.03.23 & NIL Unit as at 30.09.22) | 250.00 | - | 250.00 |
| | 9.90% Secured, Redeemable, Principal Protect - Market Linked Debenture of Rs.10 Lakh Each (200 Unit as at 30.09.23, 200 Unit as at 31.03.23 & NIL Unit as at 30.09.22) | 200.00 | - | 200.00 |
| | 12.20% Secured, Redeemable, Non Convertible Debenture of Rs.1000 Each (2,48,655 Unit as at 30.09.23, NIL Unit as at 31.03.23 & NIL Unit as at 30.09.22) | 248.66 | - | - |
| | 12.20% Secured, Redeemable, Non Convertible Debenture of Rs.1000 Each (2,48,655 Unit as at 30.09.23, NIL Unit as at 31.03.23 & NIL Unit as at 30.09.22) | 248.66 | - | - |
| | 8.52% Secured, Redeemable, Non Convertible Debenture of Rs.1 Lakh Each (4,900 Unit as at 30.09.23, NIL Unit as at 31.03.23 & NIL Unit as at 30.09.22) | 490.00 | - | - |
| | **Unsecured Debenture** | | | |
| | 5,59,348 Debt Component of 15% Unsecured, Redeemable, CCD of Rs. 1230 Each (At 31-03-2023 - 6,24,388 & At 30-09-2022 - 6,24,388) | 48.43 | 147.05 | 104.73 |
| | Less: Unamortised borrowing costs | (55.44) | (18.76) | (33.59) |
| | **Total** | **3,800.01** | **2,150.69** | **2,433.55** |
| | i) Debt Securities in India | 3,800.01 | 2,150.69 | 2,433.55 |
| | ii) Debt Securities Outside India | - | - | - |
| | **Total** | **3,800.01** | **2,150.69** | **2,433.55** |

**Selected Explanatory Notes Forming Part Of The Unaudited Special Purpose Condensed Interim Consolidated Financial Statements For The Half Year Ended September 30, 2023**
**(all Amounts are INR in million, unless otherwise stated)**

| 15 | **Borrowings (at Amortized Cost)** | **30th Sept, 2023** | **30th Sept, 2022** | **31st March, 2023** |
|---|---|---|---|---|
| | **Term Loans** | | | |
| | **Secured** | | | |
| | From Banks | 6,608.33 | 5,287.18 | 5,465.50 |
| | From Financial Institutions | 6,235.51 | 5,332.26 | 5,854.11 |
| | Loans repayable on demand from banks - cash credit | 2.13 | 72.16 | 72.35 |
| | Overdraft from banks - Secured against Fixed Deposit | 1,518.79 | 721.33 | 1,684.40 |
| | **Loans from Related Parties:** | | | |
| | From Directors and their relatives | 123.78 | 96.43 | - |
| | Inter Corporate Deposit | 30.00 | - | - |
| | Less: Unamortised borrowing costs | (141.60) | (82.27) | (101.65) |
| | **Total** | **14,376.93** | **11,427.08** | **12,974.72** |
| | i) Borrowings in India | 14,376.93 | 11,378.62 | 12,974.72 |
| | ii) Borrowings Outside India | - | 407.75 | - |
| | **Total** | **14,376.93** | **11,427.08** | **12,974.72** |
| | | | | |
| 16 | **Subordinated Liabilities** | **30th Sept, 2023** | **30th Sept, 2022** | **31st March, 2023** |
| | **Liability component of Compound Financial Instruments** | | | |
| | 1,58,535 10% OCRPS issued at face value at Rs.10 each (At 31-03-2023 - 3,10,972 & At 30-09-2022 - 3,10,972) | 190.75 | 359.28 | 385.85 |
| | **Unsecured** | | | |
| | 15%, Unsecured Subordinated Term Loan in India | 250.00 | 250.00 | 250.00 |
| | Unsecured Subordinated Debt outside India | - | - | - |
| | **Total** | **440.75** | **609.28** | **635.85** |

**Selected Explanatory Notes Forming Part Of The Unaudited Special Purpose Condensed Interim Consolidated Financial Statements For The Half Year Ended September 30, 2023**
**(all Amounts are INR in million, unless otherwise stated)**

| 17 | **Other Financial Liabilities** | **30th Sept, 2023** | **30th Sept, 2022** | **31st March, 2023** |
|---|---|---|---|---|
| | Interest accrued but not due on Borrowings | 214.69 | 69.79 | 126.76 |
| | Interest accrued but not due on CCD | 18.30 | - | 18.07 |
| | Salary & wages payable | 10.79 | 51.22 | 56.03 |
| | Other Insurance Payable | 9.98 | 14.30 | 8.79 |
| | Hospicash Insurance Payable | 35.43 | 20.05 | 47.69 |
| | Micro Insurance Payable | 107.61 | 81.66 | 119.52 |
| | Security deposits received from Borrowers | 2.85 | 2.76 | 2.79 |
| | CSR Payable | 6.78 | 11.38 | 0.83 |
| | Other Expenses Payable | 7.05 | 2.53 | 6.24 |
| | Unpaid dividend | 1.17 | 1.53 | 1.17 |
| | Dues to the assignees towards collections from assigned receivables | 290.43 | 47.88 | 163.96 |
| | Fair valuation of Derivative Contract measured Through Profit & Loss Account | - | 15.84 | - |
| | Lease Liability - Right of Use Assets | 9.68 | 12.42 | 11.10 |
| | **Total** | **714.75** | **331.36** | **562.94** |

| 18 | **Provisions** | **30th Sept, 2023** | **30th Sept, 2022** | **31st March, 2023** |
|---|---|---|---|---|
| | Provisions for employee benefits | 22.85 | 12.62 | 19.97 |
| | **Total** | **22.85** | **12.62** | **19.97** |

| 19 | **Other Non Financial Liabilities** | **30th Sept, 2023** | **30th Sept, 2022** | **31st March, 2023** |
|---|---|---|---|---|
| | Other statutory dues | 11.24 | 7.16 | 9.80 |
| | TDS payable | 31.44 | 8.15 | 25.77 |
| | **Total** | **42.67** | **15.31** | **35.57** |

| 20 | **Equity Share Capital** | **30th Sept, 2023** | **30th Sept, 2022** | **31st March, 2023** |
|---|---|---|---|---|
| **Authorized Shares** | | | | |
| 1,40,00,000 | Equity Shares of Rs. 10/- each (As at March 31, 2023: 1,40,00,000, As at September 30,2023: 1,40,00,000, As at September 30, 2022: 1,40,00,000) | 140.00 | 140.00 | 140.00 |
| 10,00,000 | Preference Shares of Rs. 10/- each (As at March 31, 2023: 10,00,000, As at September 30,2023: 10,00,000, As at September 30, 2022: 10,00,000) | 10.00 | 10.00 | 10.00 |
| | **Total Authorized Share Capital** | 150.00 | 150.00 | 150.00 |
| **Issued, subscribed and fully paid-up shares:** | | | | |
| 87,11,056 | Equity Shares of (As at March 31, 2023: 84,92,334 Equity Shares,As at September30, 2023: 87,11,056 Equity Shares,As at September 30, 2022: 84,92,334) of Rs. 10/- each fully paid up (Ordinary) | 87.11 | 84.92 | 84.92 |
| | | **87.11** | **84.92** | **84.92** |

## ARMAN FINANCIAL SERVICES LIMITED
## CIN: L55910GJ1992PLC018623

**Selected Explanatory Notes Forming Part Of The Unaudited Special Purpose Condensed Interim Consolidated Financial Statements For The Half Year Ended September 30, 2023**
**(all Amounts are INR in million, unless otherwise stated)**

| 21 | Other Equity | 30th Sept, 2023 | 30th Sept, 2022 | 31st March, 2023 |
|---|---|---|---|---|
| | **A. Reserves and Surplus** | | | |
| | **i. General Reserve** | | | |
| | Balance at the beginning of period | 16.24 | 15.14 | 15.14 |
| | Add: Transfer from statement of profit and loss | 1.10 | - | 1.10 |
| | **Closing Balance** | **17.34** | **15.14** | **16.24** |
| | **ii. Special Reserve u/s 45-IC of the RBI Act,1934** | | | |
| | Balance at the beginning of period | 508.83 | 317.63 | 317.63 |
| | Add: Transfer from statement of profit and loss | 165.20 | 73.70 | 191.20 |
| | **Closing Balance** | **674.03** | **391.33** | **508.83** |
| | **iii. Securities Premium** | | | |
| | Balance at the beginning of period | 690.34 | 689.80 | 689.80 |
| | Add: Share Premium on shares issued duing the period | 263.22 | 0.03 | 0.54 |
| | Less: Share Issue Expenses | - | - | - |
| | **Closing Balance** | **953.55** | **689.83** | **690.34** |
| | **iv. Share Based Payment Reserve** | | | |
| | Balance at the beginning of period | 2.38 | 1.21 | 1.21 |
| | Add/(Less): Stock option expenditure for the period | 22.31 | 0.57 | 1.68 |
| | Less: amount transdered toweards option expired unexercised | (0.36) | - | - |
| | Less: tr. To security premium on exercise of stock option | (0.87) | - | (0.51) |
| | **Closing Balance** | **23.46** | **1.78** | **2.38** |
| | **v. Surplus in the Statement of Profit and Loss** | | | |
| | Balance at the beginning of period | 1,786.98 | 1,041.17 | 1,041.17 |
| | Add : Profit for the period | 807.54 | 356.37 | 938.11 |
| | **Less: Appropriations** | | | |
| | Amount transfer to General Reserve | (1.10) | (0.00) | (1.10) |
| | Amount transfer to Special Reserve u/s 45-IC of RBI Act, 1934 | (165.20) | (73.70) | (191.20) |
| | **Closing Balance** | **2,428.22** | **1,323.83** | **1,786.98** |
| | **B. Other Comprehensive Income** | | | |
| | Balance at the beginning of period | (71.08) | (22.99) | (22.99) |
| | Additions during the period | 22.02 | (14.04) | (48.09) |
| | **Closing Balance** | **(49.05)** | **(37.03)** | **(71.08)** |
| | **C. Equity Component of Financial Instruments** | | | |
| | **i. Equity Component of CCD** | | | |
| | Balance at the beginning of period | 614.67 | - | - |
| | Transactions with owners in their capacity as owners | - | 621.10 | 614.67 |
| | Transferred to liability component | (0.74) | - | - |
| | Transferred to Security Premium | (63.95) | - | - |
| | **Closing Balance** | **549.98** | **621.10** | **614.67** |
| | **ii. Equity Component of OCRPS** | | | |
| | Balance at the beginning of period | 23.63 | - | - |
| | Transactions with owners in their capacity as owners | - | 23.63 | 23.63 |
| | Transferred to Security Premium | (11.58) | - | - |
| | **Closing Balance** | **12.05** | **23.63** | **23.63** |
| | **Total** | **4,609.56** | **3,029.60** | **3,571.98** |

**ARMAN FINANCIAL SERVICES LIMITED**
**CIN: L55910GJ1992PLC018623**

**Selected Explanatory Notes Forming Part Of The Unaudited Special Purpose Condensed Interim Consolidated Financial Statements For The Half Year Ended September 30, 2023**
**(all Amounts are INR in million, unless otherwise stated)**

**22 Interest Income (Amortised Cost)**

| Particulars | Half Year ended on 30th Sept, | | Half Year ended on 30th Sept, 2022 | |
|---|---|---|---|---|
| | On Financial assets measured at FVOCI | On Financial assets measured at Amortised Cost | On Financial assets measured at FVOCI | On Financial assets measured at Amortised Cost |
| Interest on Loans | 2,667.33 | - | 1,639.08 | - |
| Interets on Deposits as Security | - | 148.57 | - | 24.31 |
| Interests on Others | - | 1.23 | - | - |
| **Total** | **2,667.33** | **149.79** | **1,639.08** | **24.31** |
| **Total Interest Income** | | **2,817.13** | | **1,663.39** |

**23 Gain on Assignment of Financial Assets**

| Particulars | Half Year ended on 30th Sept, 2023 | Half Year ended on 30th Sept, 2022 |
|---|---|---|
| Gain on Assignment of Assets(Net of Expense) | 124.07 | - |
| **Total** | **124.07** | **-** |

**24 Fees and Commission Income**

| Particulars | Half Year ended on 30th Sept, 2023 | Half Year ended on 30th Sept, 2022 |
|---|---|---|
| Processing fees Income | 82.89 | 50.91 |
| Service Fees and facilitation Charges | 25.22 | 11.45 |
| Other fees and Charges | 6.00 | 4.02 |
| **Total** | **114.11** | **66.39** |

**25 Net Gain on Fair Value Changes**

| Particulars | Half Year ended on 30th Sept, 2023 | Half Year ended on 30th Sept, 2022 |
|---|---|---|
| Income from Investment in Mutual Fund- FVTPL | 2.66 | 0.64 |
| Net Gain/(Loss) on FV of derivative contracts measured at FVTPL | - | (16.65) |
| Profit on Sale of Investment | 40.45 | 1.74 |
| **Total** | 43.11 | (14.28) |

**26 Finance Costs (on Financial Liabilities measured at Amortised Cost)**

| Particulars | Half Year ended on 30th Sept, 2023 | Half Year ended on 30th Sept, 2022 |
|---|---|---|
| Interest on Borrowings | 808.91 | 432.13 |
| Interest on Debt Securities | 174.57 | 135.42 |
| Interest on Subordinated Liabilities | 18.14 | 18.84 |
| Other interest expense | 223.88 | 13.40 |
| Other Borrowing Costs | 87.25 | 46.10 |
| Interest Expenes on Lease Liability | 0.42 | 0.53 |
| **Total** | 1,313.18 | 646.43 |

**27 Impairment of Loan Assets (on Financial Assets measured at FVOCI)**

| Particulars | Half Year ended on 30th Sept, 2023 | Half Year ended on 30th Sept, 2022 |
|---|---|---|
| Bad debts written off (Net) | 137.90 | 149.95 |
| Expected Credit Loss | 105.23 | 65.05 |
| **Total** | **243.13** | **215.00** |

**Selected Explanatory Notes Forming Part Of The Unaudited Special Purpose Condensed Interim Consolidated Financial Statements For The Half Year Ended September 30, 2023**
**(all Amounts are INR in million, unless otherwise stated)**

| | | | |
|---|---|---|---|
| **28** | **Employee Benefit Expenses** | | |
| | **Particulars** | **Half Year ended on 30th Sept, 2023** | **Half Year ended on 30th Sept, 2022** |
| | Salaries and wages | 289.35 | 240.12 |
| | Contribution to provident and other funds | 21.84 | 16.91 |
| | Gratuity | 2.28 | 1.71 |
| | Staff welfare expenses | 8.88 | 5.42 |
| | **Total** | **322.35** | **264.16** |
| **29** | **Depreciation and Amortisation** | | |
| | **Particulars** | **Half Year ended on 30th Sept, 2023** | **Half Year ended on 30th Sept, 2022** |
| | Depreciation of Property, Plant & Equipment & Other Intangible assets | 5.44 | 3.95 |
| | Amortization of Right of Use Assets | 1.39 | 1.39 |
| | **Total** | **6.83** | **5.34** |
| **30** | **Other Expenses** | | |
| | **Particulars** | **Half Year ended on 30th Sept, 2023** | **Half Year ended on 30th Sept, 2022** |
| | Electricity & fuel charges | 3.05 | 2.80 |
| | Repairs to Building | 1.13 | 2.94 |
| | Insurance | 1.64 | 2.60 |
| | Rent | 17.97 | 17.23 |
| | Rates & taxes | 2.47 | 1.74 |
| | Bank Charges | 1.46 | 0.98 |
| | Collection Charges | 2.99 | 2.38 |
| | Stationery & printing | 2.10 | 3.99 |
| | Advertisement expenses | 0.01 | 0.01 |
| | Communication | 1.04 | 3.65 |
| | Traveling & conveyance expenses | 49.29 | 46.93 |
| | Professional fees | 24.12 | 13.13 |
| | **Auditor's Remuneration** | | |
| | Audit fees | 1.16 | 1.04 |
| | Corporate social responsibility expenditure | 6.00 | 3.70 |
| | Director sitting fees | 0.36 | 0.39 |
| | Marketing & incentive expenses | 3.72 | 3.12 |
| | Net Loss on Derecognition of Property, Plant & Equipment | 0.36 | - |
| | General charges (including security charges & membership fees etc.) | 11.19 | 10.68 |
| | **Total** | 130.06 | 117.29 |

**Selected Explanatory Notes Forming Part Of The Unaudited Special Purpose Condensed Interim Consolidated Financial Statements For The Half Year Ended September 30, 2023**
**(all Amounts are INR in million, unless otherwise stated)**

| 31 | **Tax Expenses** | **Half Year ended on 30th Sept, 2023** | **Half Year ended on 30th Sept, 2022** |
|---|---|---|---|
| | Current Tax | 294.94 | 128.19 |
| | Deferred tax | (19.62) | (17.27) |
| | **Total tax Expense** | **275.32** | **110.92** |
| | Total tax charge | | |
| | Current Tax | 294.94 | 128.19 |
| | Deferred Tax | (19.62) | (17.27) |

| 32 | **Earning Per Share:** | | | |
|---|---|---|---|---|
| | **Particulars** | **Unit** | **Half Year ended on 30th Sept, 2023** | **Half Year ended on 30th Sept, 2022** |
| | **Numerator used for calculating Basic Earning per share (PAT)** | **Rs. in million** | **807.54** | **356.37** |
| | Dilutive impact of Employee Share Options Scheme | Rs. in million | - | - |
| | Dilutive impact of Compulsorily Convertible Debentures | Rs. in million | 4.75 | 0.13 |
| | Dilutive impact of Optionally Convertible Redeemable Preference Shares | Rs. in million | 19.78 | - |
| | **Numerator used for calculating Diluted Earning per share** | **Rs. in million** | **832.07** | **356.50** |
| | **Weighted average no. of shares used as denominator for calculating basic earnings per share** | **Shares** | **84,94,441** | **84,92,191** |
| | **Effect of dilution:** | | | |
| | Dilutive impact of Employee Share Options Scheme | Shares | 1,15,245 | 4,153 |
| | Dilutive impact of Compulsorily Convertible Debentures | Shares | 6,24,033 | 10,236 |
| | Dilutive impact of Optionally Convertible Redeemable Preference Shares | Shares | 3,10,139 | - |
| | **Weighted average no. of shares used as denominator for calculating diluted earnings per share** | **Shares** | **95,43,857** | **85,06,579** |
| | Nominal value per Share | Rs. | 10.00 | 10.00 |
| | **Basic earnings per share** | **Rs.** | **95.07** | **41.96** |
| | **Diluted earnings per share** | **Rs.** | **87.18** | **41.91** |

**Selected Explanatory Notes Forming Part Of The Unaudited Special Purpose Condensed Interim Consolidated Financial Statements For The Half Year Ended September 30, 2023**
**(all Amounts are INR in million, unless otherwise stated)**

**33 Related Party Disclosures as required by IND AS 24 - Related Party Disclosure:**
List of related parties with whom transactions have taken place during the period:

**A) Key Managerial Personnel**
Mr. Jayendra Patel (Vice Chairman & Managing Director)
Mr. Aalok Patel (Joint Managing Director)
Mr. Vivek Modi (Chief Financial Officer)
Mr. Jaimish Patel (Company Secretary)

**B) Other Directors and relatives of Key Managerial Personnel**

| Name of Party | Related party Relationship |
|---|---|
| Mr. Alok Prasad | Independent Director |
| Mr. K. D. Shah | Independent Director (upto 12-08-2021) |
| Mr. Yash K Shah | Independent Director |
| Mr. Ramakant Nagpal | Independent Director |
| Mrs. Geetaben Solanki | Independent Director |
| Mrs. Ritaben Patel | Non Executive Director |
| Mr. Aakash Patel | Non Executive Director |
| Jayendra Patel (HUF) | Key Managerial personnel is Karta |
| Mrs. Sajni Patel | Relative of Key Managerial Personnel |
| Aalok Patel (HUF) | Key Managerial personnel is Karta |
| Aakash Patel (HUF) | Director is Karta |

**C) List of entities in which KMP have control or significant influence with whom transactions have occurred during the year**

| | |
|---|---|
| Namra Holdings & Consultancy Services LLP | Key Managerial Personnel is partner |
| Raj Enterprise | Key Managerial personnel is proprietor |
| J. B. Patel & Co. | Key Managerial personnel is co-owner |
| Arman Foundation | Key Managerial personnel is Trustee |

**D) Details of Transactions with related parties carried out in the ordinary course of business:**

| Particulars | Key Managerial Personnel | Director and Relatives of person who has control or significant influence on KMP | Entities in which KMP have control or significant influence | Total |
|---|---|---|---|---|
| **Half Year Ended September 30, 2023** | | | | |
| **Expenses** | | | | |
| Remuneration & perquisites Paid | 10.22 | - | - | 10.22 |
| Sitting fees | - | 0.37 | - | 0.37 |
| Interest expenses | 1.98 | 2.51 | 3.83 | 8.33 |
| Rent paid | - | 1.16 | - | 1.16 |
| CSR Expenses | - | - | - | - |
| **Unsecured Loan** | | | | |
| Unsecured Loan Taken | 28.70 | 36.03 | 55.14 | 119.87 |
| Unsecured Loan Repaid (Including Interest) | - | - | - | - |
| **Half Year Ended September 30, 2022** | | | | |
| **Expenses** | | | | |
| Remuneration & perquisites Paid | 5.82 | - | - | 5.82 |
| Sitting fees | - | 0.38 | - | 0.38 |
| Interest expenses | 1.00 | 6.68 | 4.79 | 12.47 |
| Rent paid | - | 1.11 | - | 1.11 |
| CSR Expenses | - | - | 5.57 | 5.57 |
| **Unsecured Loan** | | | | |
| Unsecured Loan Taken | 29.95 | 221.05 | 244.85 | 495.85 |
| Unsecured Loan Repaid (Including Interest) | 11.34 | 196.53 | 203.27 | 411.15 |

**Selected Explanatory Notes Forming Part Of The Unaudited Special Purpose Condensed Interim Consolidated Financial Statements For The Half Year Ended September 30, 2023**
**(all Amounts are INR in million, unless otherwise stated)**

**Year Ended March 31, 2023**

| | | | | |
|---|---|---|---|---|
| **Expenses** | | | | |
| Remuneration & perquisites Paid | 14.02 | - | - | 14.02 |
| Sitting fees | - | 0.79 | - | 0.79 |
| Interest expenses | 2.58 | 8.92 | 8.09 | 19.59 |
| Rent paid | - | 2.22 | - | 2.22 |
| CSR Expenses | - | - | 10.82 | 10.82 |
| **Unsecured Loan** | | | | |
| Unsecured Loan Taken | 35.86 | 224.68 | 250.47 | 511.01 |
| Unsecured Loan Repaid (Including Interest) | 38.44 | 233.61 | 258.56 | 530.60 |

E) List of transactions, out of the transaction reported in the above table, where the transaction entered into with single party exceeds 10% of the total related party transactions of similar nature are as under:

**Expenses**

**Interest expenses**

| Name of relative | Half Year Ended September 30, 2023 | Half Year Ended September 30, 2022 | Year Ended March 31, 2023 |
|---|---|---|---|
| Aakash Patel (HUF) | 1.53 | 1.36 | 2.82 |
| Aalok Patel (HUF) | 0.02 | 0.01 | 0.03 |
| Aalok Patel | 0.06 | 0.05 | 0.09 |
| Jayendra Patel (HUF) | 0.17 | 0.15 | 0.32 |
| Jayendra Patel | 1.93 | 0.96 | 2.49 |
| Namra Holdings & Consultancy Services LLP | 3.62 | 9.41 | 12.51 |
| Raaj Enterprise | 0.21 | 0.19 | 0.40 |
| Ritaben Patel | 0.80 | 0.34 | 0.94 |

**Remuneration and perquisites**

| Name | Half Year Ended September 30, 2023 | Half Year Ended September 30, 2022 | Year Ended March 31, 2023 |
|---|---|---|---|
| Jayendra Patel | 4.48 | 2.15 | 5.63 |
| Aalok Patel | 3.01 | 1.63 | 4.00 |
| Vivek Modi | 2.18 | 1.67 | 3.31 |
| Jaimish Patel | 0.56 | 0.37 | 1.08 |

The remuneration of key management personnel are determined by the nomination and remuneration committee having regard to the performance of individuals and market trends

**Sitting Fees Paid**

| Name | Half Year Ended September 30, 2023 | Half Year Ended September 30, 2022 | Year Ended March 31, 2023 |
|---|---|---|---|
| Ritaben Patel | 0.10 | 0.09 | 0.14 |
| Ramakant Nagpal | 0.11 | 0.10 | 0.22 |
| Alok Prasad | 0.09 | 0.09 | 0.21 |
| Geetaben Solanki | 0.04 | 0.04 | 0.08 |
| Yash Shah | 0.03 | 0.06 | 0.14 |

**Rent Paid**

| Name | Half Year Ended September 30, 2023 | Half Year Ended September 30, 2022 | Year Ended March 31, 2023 |
|---|---|---|---|
| J. B. Patel & Co. | 0.01 | 0.01 | 0.02 |
| Mrs. Sajni Patel | 0.11 | 0.11 | 0.22 |
| MR. AAKASH PATEL HUF | 0.11 | 0.11 | 0.22 |
| Mrs. Rita Patel | 0.93 | 0.88 | 1.76 |

**CSR Expenses**

| Name | Half Year Ended September 30, 2023 | Half Year Ended September 30, 2022 | Year Ended March 31, 2023 |
|---|---|---|---|
| Arman Foundation | - | 5.57 | 10.82 |

**Selected Explanatory Notes Forming Part Of The Unaudited Special Purpose Condensed Interim Consolidated Financial Statements For The Half Year Ended September 30, 2023**
**(all Amounts are INR in million, unless otherwise stated)**

**Unsecured Loans Taken and Repayments**

**Unsecured loan taken**

| Name of relative | Half Year Ended September 30, 2023 | Half Year Ended September 30, 2022 | Year Ended March 31, 2023 |
|---|---|---|---|
| Aakash Patel (HUF) | 21.77 | 20.35 | 21.02 |
| Aalok PATEL (HUF) | 0.21 | 0.20 | 0.21 |
| Aalok PATEL | 0.82 | 10.55 | 10.66 |
| Jayendra Patel (HUF) | 2.42 | 2.30 | 2.42 |
| Jayendra Patel | 27.88 | 19.40 | 25.20 |
| Namra Holdings & Consultancy Services LLP | 52.13 | 432.00 | 437.43 |
| Raaj Enterprise | 3.01 | 2.85 | 3.04 |
| Ritaben Patel | 11.63 | 8.20 | 11.03 |

**Unsecured loan repayments**

| Name of relative | Half Year Ended September 30, 2023 | Half Year Ended September 30, 2022 | Year Ended March 31, 2023 |
|---|---|---|---|
| **Aakash Patel (HUF)** | - | 0.52 | 23.85 |
| Aalok PATEL(HUF) | - | 0.01 | 0.24 |
| Aalok PATEL | - | 10.03 | 10.75 |
| Jayendra Patel (HUF) | - | 0.07 | 2.74 |
| Jayendra Patel | - | 1.32 | 27.69 |
| Namra Holdings & Consultancy Services LLP | - | 398.00 | 449.94 |
| Raaj Enterprise | - | 0.08 | 3.44 |
| Ritaben Patel | - | 1.13 | 11.97 |

**F) Outstanding Credit Balance of Salary Payable as Follows**

**i. Outstanding Credit Balance of Salary Payables as Follows:**

| Name of relative | Half Year Ended September 30, 2023 | Half Year Ended September 30, 2022 | Year Ended March 31, 2023 |
|---|---|---|---|
| Jayendra Patel | - | 0.44 | 0.36 |
| Aalok Patel | - | 0.30 | 0.27 |
| Vivek Modi | - | 0.22 | 0.11 |
| Jaimish Patel | - | 0.08 | 0.08 |

**ii. Outstanding Credit Balance of Related Parties are as follows:**

| Name of relative | Half Year Ended September 30, 2023 | Half Year Ended September 30, 2022 | Year Ended March 31, 2023 |
|---|---|---|---|
| Aakash Patel (HUF) | 22.53 | 21.05 | - |
| Aalok PATEL(HUF) | 0.21 | 0.21 | - |
| Aalok PATEL | 0.85 | 0.56 | - |
| Jayendra Patel (HUF) | 2.50 | 2.37 | - |
| Jayendra Patel | 28.76 | 18.95 | - |
| Namra Holdings & Consultancy Services LLP | 53.79 | 42.98 | - |
| Raaj Enterprise | 3.14 | 2.94 | - |
| Ritaben Patel | 12.00 | 7.38 | - |

**34 Contingent liabilities not provided for: -**

| PARTICULARS | Half Year Ended September 30, 2023 | Half Year Ended September 30, 2022 | Year Ended March 31, 2023 |
|---|---|---|---|
| **(A) Contingent liabilities** | | | |
| Guarantees given to banks & FIs on behalf of subsidiary company : | | | |
| Amount of guarantees | 8,428.00 | 2,600.00 | 4,828.00 |
| Amount of loans outstanding | 6,437.48 | 1,871.70 | 3,821.22 |
| **(B) Disputed Demand of Tax** | | | |
| Income Tax Act (Company has paid under protest Rs. 17.78 million (P.Y. Rs. 17.78 million), which is shown under "Current Tax Liability (net) / Current Tax Asset (net)" | 61.32 | 61.32 | 61.32 |

Notes: Guarantees are given by the Company to various banks and Financial Institution on behalf of Subsidiary company for the loan taken and accordingly, the same has been shown as contingent liability.

**Selected Explanatory Notes Forming Part Of The Unaudited Special Purpose Condensed Interim Consolidated Financial Statements For The Half Year Ended September 30, 2023**
**(all Amounts are INR in million, unless otherwise stated)**

**35 Fair Value Measurements:**

**A Financial instrument by category and their fair value**

| As at September 30, 2023 | Note No. | Carrying Amount | | | Fair Value | | | |
|---|---|---|---|---|---|---|---|---|
| | | Amortised Cost | FVOCI | FVTPL | Level 1 | Level 2 | Level 3 | Total |
| **Financial Assets** | | | | | | | | |
| Loans | 3 | Nil | 18,192.28 | - | - | - | 18,192.28 | 18,192.28 |
| Cash and Cash Equivalents | 1 | 1,406.30 | - | - | 1,406.30 | - | - | 1,406.30 |
| Bank Balances other than cash and Cash Equivalent (including Interest Accrued but not due on Bank Deposits) | 2 | 3,984.00 | - | - | - | 3,984.00 | - | 3,984.00 |
| Investments | 4 | 173.95 | - | 68.21 | 68.21 | - | 173.95 | 242.16 |
| Security Deposits | 5 | 2.90 | - | - | - | - | 2.90 | 2.90 |
| Other Advance | 5 | 127.15 | - | - | - | - | 127.15 | 127.15 |
| Interest Due but not Received on Loans and Advances | 5 | 19.10 | - | - | - | - | 19.10 | 19.10 |
| **Total** | | **5,713.39** | **18,192.28** | **68.21** | **1,474.51** | **3,984.00** | **18,515.38** | **23,973.88** |
| **Financial Liabilities** | | | | | | | | |
| Other Payable | 9 | 21.59 | - | - | - | - | 21.59 | 21.59 |
| Debt Securities | 10 | 3,800.01 | - | - | - | - | 3,800.01 | 3,800.01 |
| Borrowings (Other than Debt Securities) | 11 | 14,376.93 | - | - | - | - | 14,376.93 | 14,376.93 |
| Subordinated Liabilities | 12 | 440.75 | - | - | - | - | 440.75 | 440.75 |
| Other financial liabilities | 13 | 714.75 | - | - | - | - | 714.75 | 714.75 |
| **Total Financial Liabilties** | | **19,354.04** | **-** | **-** | **-** | **-** | **19,354.04** | **19,354.04** |

**Selected Explanatory Notes Forming Part Of The Unaudited Special Purpose Condensed Interim Consolidated Financial Statements For The Half Year Ended September 30, 2023**
**(all Amounts are INR in million, unless otherwise stated)**

**35 Fair Value Measurements:**

| As at March 31, 2023 | Note No. | Carrying Amount | | | Fair Value | | | |
|---|---|---|---|---|---|---|---|---|
| | | Amortised Cost | FVOCI | FVTPL | Level 1 | Level 2 | Level 3 | Total |
| **Financial Assets** | | | | | | | | |
| Loans | 3 | - | 15,367.08 | - | - | - | 15,367.08 | 15,367.08 |
| Cash and Cash Equivalents | 1 | 262.21 | - | - | 262.21 | - | - | 262.21 |
| Bank Balances other than cash and Cash Equivalent (including Interest Accrued but not due on Bank Deposits) | 2 | 4,153.07 | - | - | - | 4,153.07 | - | 4,153.07 |
| Investments | 4 | 114.71 | - | 80.09 | 80.09 | - | 114.71 | 194.79 |
| Security Deposits | 5 | 2.55 | - | - | - | - | 2.55 | 2.55 |
| Other Advance | 5 | 163.24 | - | - | - | - | 163.24 | 163.24 |
| Interest Due but not Received on Loans and Advances | 5 | 10.98 | - | - | - | - | 10.98 | 10.98 |
| **Total** | | **4,706.74** | **15,367.08** | **80.09** | **342.30** | **4,153.07** | **15,658.54** | **20,153.91** |
| **Financial Liabilities** | | | | | | | | |
| Other Payable | 9 | 16.19 | - | - | - | - | 16.19 | 16.19 |
| Debt Securities | 10 | 2,433.55 | - | - | - | - | 2,433.55 | 2,433.55 |
| Borrowings (Other than Debt Securities) | 11 | 12,974.72 | - | - | - | - | 12,974.72 | 12,974.72 |
| Subordinated Liabilities | 12 | 635.85 | - | - | - | - | 635.85 | 635.85 |
| Other financial liabilities | 13 | 562.94 | - | - | - | - | 562.94 | 562.94 |
| **Total Financial Liabilties** | | **16,623.24** | **-** | **-** | **-** | **-** | **16,623.24** | **16,623.24** |

**Selected Explanatory Notes Forming Part Of The Unaudited Special Purpose Condensed Interim Consolidated Financial Statements For The Half Year Ended September 30, 2023**
**(all Amounts are INR in million, unless otherwise stated)**

**35 Fair Value Measurements:**

| As at September 30, 2022 | Note No. | Carrying Amount | | | Fair Value | | | |
|---|---|---|---|---|---|---|---|---|
| | | Amortised Cost | FVOCI | FVTPL | Level 1 | Level 2 | Level 3 | Total |
| **Financial Assets** | | | | | | | | |
| Loans | 3 | - | 12,837.25 | - | - | - | 12,837.25 | 12,837.25 |
| Cash and Cash Equivalents | 1 | 2,235.01 | - | - | 2,235.01 | - | - | 2,235.01 |
| Bank Balances other than cash and Cash Equivalent (including Interest Accrued but not due on Bank Deposits) | 2 | 2,037.79 | - | - | - | 2,037.79 | - | 2,037.79 |
| Investments | 4 | 108.30 | - | 100.90 | 100.90 | - | 108.30 | 209.20 |
| Security Deposits | 5 | 46.83 | - | - | - | - | 46.83 | 46.83 |
| Other Advance | 5 | 61.28 | - | - | - | - | 61.28 | 61.28 |
| Interest Due but not Received on Loans and Advances | 5 | 13.55 | - | - | - | - | 13.55 | 13.55 |
| **Total** | | **4,502.75** | **12,837.25** | **100.90** | **2,335.90** | **2,037.79** | **13,067.20** | **17,440.90** |
| **Financial Liabilities** | | | | | | | | |
| Other Payable | 9 | 4.36 | - | - | - | - | 4.36 | 4.36 |
| Debt Securities | 10 | 2,150.69 | - | - | - | - | 2,150.69 | 2,150.69 |
| Borrowings (Other than Debt Securities) | 11 | 11,427.08 | - | - | - | - | 11,427.08 | 11,427.08 |
| Subordinated Liabilities | 12 | 609.28 | - | - | - | - | 609.28 | 609.28 |
| Other financial liabilities | 13 | 331.36 | - | - | - | - | 331.36 | 331.36 |
| **Total Financial Liabilties** | | **14,522.78** | **-** | **-** | **-** | **-** | **14,522.78** | **14,522.78** |

**B Reconciliation of level 3 fair value measurement is as follows:**

| **Loans** | **As at September 30, 2023** | **As at September 30, 2022** | **As at March 31, 2023** |
|---|---|---|---|
| Balance at the beginning of the year | 15,367.08 | 10,576.07 | 10,576.07 |
| Addition during the year | 13,623.33 | 6,144.94 | 15,291.73 |
| Amount derecognised / repaid during the year | (10,524.48) | (3,636.12) | (9,995.20) |
| Amount written off | (171.20) | (185.84) | (490.55) |
| Gains/(losses) recognised in statement of profit or loss | (102.44) | (61.81) | (14.96) |
| **Balance at the end of the year** | **18,192.28** | **12,837.25** | **15,367.08** |

**Selected Explanatory Notes Forming Part Of The Unaudited Special Purpose Condensed Interim Consolidated Financial Statements For The Half Year Ended September 30, 2023**
**(all Amounts are INR in million, unless otherwise stated)**

**35 Fair Value Measurements:**

**C Measurement of fair values**

**I. Valuation techniques and significant unobservable inputs**

The carrying amounts of financial assets and liabilities which are at amortised cost are considered to be the same as their fair values as there is no material differences from the carrying values presented.

**II. Financial instruments - fair value**

The fair value of financial instruments as referred to in note (A) above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurement).
The categories used are as follows:
Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices;
Level 2: The fair value of financial instruments that are not traded in active market is determined using valuation technique which maximizes the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value on instrument are observable, the instrument is included in level 2; and
Level 3: If one or more of significant input is not based on observable market data, the instrument is included in level 3.

**III. Transfers between levels I and II**

There has been no transfer in between level I and level II.

**IV. Valuation techniques**

**Loans**

The Company has computed fair value of the loans and advances through OCI considering its business model. These have been fair valued using the base of the interest rate of loan disbursed in the last fifteen days of the year end which is an observable input and therefore these has been considered to be fair valued using Level 3 inputs.

**D Capital**

The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of the local banking supervisor, RBI. The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI.

The Company has complied in full with all its externally imposed capital requirements over the reported period. Equity share capital and other equity are considered for the purpose of Company's capital management.

**Capital management**

The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximize shareholder value.
The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board

**Selected Explanatory Notes Forming Part Of The Unaudited Special Purpose Condensed Interim Consolidated Financial Statements For The Half Year Ended September 30, 2023**
**(all Amounts are INR in million, unless otherwise stated)**

**36 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES:**

The Company's principal financial liabilities comprise borrowings and trade payables. The main purpose of these financial liabilities is to finance the Company's operations and to support its operations. The Company's financial assets include loan and advances, cash and cash equivalents that derive directly from its operations.

The Company is exposed to credit risk, liquidity risk and market risk. The Company's board of directors has an overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company's risk management committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

**I Credit Risk**

Credit risk is the risk of financial loss to the Company if a customer or counter-party to financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers and loans.

The carrying amounts of financial assets represent the maximum credit risk exposure.

**Loans and advances:**

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry.

The risk management committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, financial statements, credit agency information, industry information etc.

**The Company's exposure to credit risk for loans and advances by type of counterparty is as follows:**

| Particulars | Carrying amount | | |
|---|---|---|---|
| | Half Year ended on 30th Sept, 2023 | Half Year ended on 30th Sept, 2022 | Year ended on 31st Mar, 2023 |
| Retail assets (Refer Note 3) | 18,192.28 | 12,837.25 | 15,367.08 |
| Loans to NBFC-to Create the underlying assets (Refer Note 3) | - | - | - |
| **Total** | **18,192.28** | **12,837.25** | **15,367.08** |

An impairment analysis is performed at each reporting date based on the facts and circumstances existing on that date to identify expected losses on account of time value of money and credit risk. For the purposes of this analysis, the loan receivables are categorised into groups based on days past due. Each group is then assessed for impairment using the ECL model as per the provisions of Ind AS 109 - financial instruments.

As per Ind AS 109, Company is required to group the portfolio based on the shared risk characteristics. Company has assessed the risk and its impact on the various portfolios and has divided the portfolio into following groups.

- **a** TW Loans
- **b** SME Loans
- **c** Retail Asset Channel Loans

**Staging:**

As per the requirement of Ind AS 109 general approach all financial instruments are allocated to stage 1 on initial recognition except originated credit-impaired financial assets which are considered to be under stage 3 on day of origination. However, if a significant increase in credit risk is identified at the reporting date compared with the initial recognition, then an instrument is transferred to stage 2. If there is objective evidence of impairment, then the asset is credit impaired and transferred to stage 3.

The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments

For financial assets in stage 1, the impairment calculated based on defaults that are possible in next twelve months, whereas for financial instrument in stage 2 and stage 3 the ECL calculation considers default event for the lifespan of the instrument

**Selected Explanatory Notes Forming Part Of The Unaudited Special Purpose Condensed Interim Consolidated Financial Statements For The Half Year Ended September 30, 2023**
**(all Amounts are INR in million, unless otherwise stated)**

As per Ind AS 109, Company assesses whether there is a significant increase in credit risk at the reporting date from the initial recognition. Company has staged the assets based on the Day past dues criteria and other market factors which significantly impacts the portfolio.

| Days past dues status | Stage | Provisions |
|---|---|---|
| Current | Stage 1 | 12 months provision |
| 1-30 days | Stage 1 | 12 months provision |
| 31-60 days | Stage 2 | Lifetime Provision |
| 61-90 days | Stage 2 | Lifetime Provision |
| 90+ days | Stage 3 | Lifetime Provision |

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company is exposed to credit risk from its operating activities , cash and cash equivalents and other financial instruments.

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to the customer credit risk management. Outstanding customer receivables are regularly monitored and taken up on case to case basis. The Company has adopted a policy of dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit scores of its counterparties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management team on a regular basis. The Company evaluates the concentration of risk with respect to loan receivables as low, as its customers are located in several jurisdictions representing large number of minor receivables operating in largely independent markets.The credit risk on cash and bank balances and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

**EXPECTED CREDIT LOSS FOR LOANS:**

The Company considers default in all cases when the borrower becomes 90 days past due on its contractual payments. ‘TheExpected Credit Loss (ECL) is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3loan assets. ECL is the product of the Probability of Default, Exposure at Default and Loss Given Default.

**Marginal probability of default:**

PD is defined as the probability of whether borrowers will default on their obligations in the future. Historical PD is derived from NBFC internal data calibrated with forward looking macroeconomic factors. For computation of probability of default (“PD”), Vasicek Single Factor Model was used to forecast the PD term structure over lifetime of loans. As per Vasicek model, given long term PD and current macroeconomic conditions, conditional PD corresponding to current macroeconomic condition is estimated. Company has worked out on PD based on the last five years historical data.

**Marginal probability:**

The PDs derived from the Vasicek model, are the cumulative PDs, stating that the borrower can default in any of the given years, however to compute the loss for any given year, these cumulative PDs have to be converted to marginal PDs. Marginal PDs is probability that the obligor will default in a given year, conditional on it having survived till the end of the previous year.

**Conditional marginal probability:**

As per Ind AS 109, expected loss has to be calculated as an unbiased and probability-weighted amount for multiple scenarios.
Based on the historical loss experience, adjustments need to be made on the average PD computed to give effect of the current conditions which is done through management overlay by assigning probability weightages to different scenarios.

**LGD:**

LGD is an estimate of the loss from a transaction given that a default occurs. Under Ind AS 109, lifetime LGD’s are defined as a collection of LGD’s estimates applicable to different future periods.
Various approaches are available to compute the LGD. Company has considered workout LGD approach. The following steps are performed to calculate the LGD:

1) Analysis of historical credit impaired accounts at cohort level.
2) The computation consists of five components, which are:
   a) Outstanding balance
   b) Recovery amount (discounted yearly) by initial contractual rate.
   c) Expected recovery amount (for incomplete recoveries), discounted to reporting date using initial contractual rate.
   d) Collateral (security)

   The formula for the computation is as below:
   % Recovery rate = (discounted recovery amount + security amount + discounted estimated recovery) / (total POS)
   % LGD = 1 – recovery rate

**Selected Explanatory Notes Forming Part Of The Unaudited Special Purpose Condensed Interim Consolidated Financial Statements For The Half Year Ended September 30, 2023**
**(all Amounts are INR in million, unless otherwise stated)**

**EAD:**
As per Ind AS 109, EAD is estimation of the extent to which the financial entity may be exposed to counterparty in the event of default and at the time of counterparty's default. Company has modelled EAD based on the contractual and behavioral cash flows till the lifetime of the loans considering the expected prepayments. Company has considered expected cash flows for all the loans at DPD bucket level for each of the segments, which was used for computation of ECL. Moreover, the EAD comprised of principal component, accrued interest and also the future interest for the outstanding exposure. So discounting was done for computation of expected credit loss.

**Discounting:**
As per Ind AS 109, ECL is computed by estimating the timing of the expected credit shortfalls associated with the defaults and discounting them using effective interest rate.

Changes in ECL allowances in relation to loans from beginning to end of reporting period:

| Particulars | As at September 30, 2023 | As at September 30, 2022 | As at March 31, 2023 |
|---|---|---|---|
| Opening provision of ECL | 668.13 | 653.17 | 653.17 |
| Addition during the year | 842.67 | 786.26 | 481.38 |
| Utilization / reversal during the year | (740.23) | (724.46) | (466.42) |
| **Closing provision of ECL** | **770.58** | **714.98** | **668.13** |

**II Liquidity Risk:**
Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with its financial liabilities. The Company's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due.

The Company is monitoring its liquidity risk by estimating the future inflows and outflows during the start of the year and planned accordingly the funding requirement. The Company manages its liquidity by unutilized cash credit facility, term loans and direct assignment.

The composition of the Company's liability mix ensures healthy asset liability maturity pattern and well diverse resource mix.

Capital adequacy ratio of Arman Financial Services Limited (Holding Company), As at September 30, 2023 is 35.15% against regulatory norms of 15%. Tier I capital is 27.74% as against requirement of 10%. Tier II capital is 7.41% which may increase from time to time depending on the requirement and also as a source of structural liquidity to strengthen asset liability maturity pattern.

Capital adequacy ratio of Namra Finance Limited (Subsidiary Company), As at September 30, 2023 is 25.62% against regulatory norms of 15%. Tier I capital is 23.62% as against requirement of 10%. Tier II capital is2.01% which may increase from time to time depending on the requirement and also as a source of structural liquidity to strengthen asset liability maturity pattern.

The total cash credit limit available to the Company is Rs. 69.32 million spread across 2 banks. The utilization level is maintained in such a way that ensures sufficient liquidity on hand. Majority of the Company's portfolio is MSME loans which qualifies as Priority Sector Lending. During the year, the Company has maintained around 5% to 10% of assets under management as off book through direct assignment transactions. It is with door to door maturity and without recourse to the Company. This further strengthens the liability management.

**III Market risk :**
Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk includes interest rate risk and foreign currency risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

**IV Interest rate risk**
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's investment in bank deposits and variable interest rate borrowings and lending. Whenever there is a change in borrowing interest rate for the Company, necessary change is reflected in the lending interest rates over the timeline in order to mitigate the risk of change in interest rates of borrowings

The sensitivity analysis have been carried out based on the exposure to interest rates for bank deposits, lending and borrowings carried at variable rate.

| | Half Year Ended September 30, 2023 | |
|---|---|---|
| Change in interest rates | **50 bp increase** | **50 bp decrease** |
| **Bank Deposits** | **3,811.81** | **3,811.81** |
| Impact on profit for the year | 19.06 | (19.06) |
| **Variable Rate Borrowings** | **10,149.09** | **10,149.09** |
| Impact on profit for the year | (50.75) | 50.75 |

**V Foreign currency risk:**
The Company does not have any instrument denominated or traded in foreign currency outstanding as on September 30, 2023. Hence, such risk does not affect the Company.

**Selected Explanatory Notes Forming Part Of The Unaudited Special Purpose Condensed Interim Consolidated Financial Statements For The Half Year Ended September 30, 2023**
**(all Amounts are INR in million, unless otherwise stated)**

**37 Disclosures related to issue and redemption of securities:**

**A Number of shares outstanding and the amount of ordinary equity share capital is set out below:**

| Particulars | Half Year Ended September 30, 2023 | | Half Year Ended September 30, 2022 | | Year Ended March 31, 2023 | |
|---|---|---|---|---|---|---|
| | No. of Shares | Paid Up Values | No. of Shares | Paid Up Values | No. of Shares | Paid Up Values |
| **Ordinary Equity Shares:** | | | | | | |
| Outstanding at the beginning of the period | 84,92,334 | 84.92 | 84,91,584 | 84.92 | 84,91,584 | 84.92 |
| Issued on exercise of ESOPs during the period | 1,245 | 0.01 | 750 | 0.01 | 750 | 0.01 |
| Issued on conversion of OCRPSs during the period | 1,52,437 | 1.52 | - | - | - | - |
| Issued on conversion of CCDs during the period | 65,040 | 0.65 | - | - | - | - |
| **Outstanding at the end of the period** | **87,11,056** | **87.11** | **84,92,334** | **84.92** | **84,92,334** | **84.92** |

**B Number of shares outstanding and the amount of preference share capital is set out below:**

| Particulars | Half Year Ended September 30, 2023 | | Half Year Ended September 30, 2022 | | Year Ended March 31, 2023 | |
|---|---|---|---|---|---|---|
| | No. of Shares | Paid Up Values | No. of Shares | Paid Up Values | No. of Shares | Paid Up Values |
| **Preference Shares:** | | | | | | |
| Outstanding at the beginning of the period | 3,10,972 | 3.11 | - | - | - | - |
| Issued during the period | - | - | 3,10,972 | 0.31 | 3,10,972 | 3.11 |
| Converted during the period | (1,52,437) | (1.52) | - | - | - | - |
| **Outstanding at the end of the period** | **1,58,535** | **1.59** | **3,10,972** | **0.31** | **3,10,972** | **3.11** |

**C Number of debentures issued is set out below:**

| Debt Securities Issued | Half Year Ended September 30, 2023 | | Half Year Ended September 30, 2022 | | Year Ended March 31, 2023 | |
|---|---|---|---|---|---|---|
| | Units | Paid Up Values | Units | Paid Up Values | Units | Paid Up Values |
| **Secured Debenture** | | | | | | |
| 11.30% Secured, Redeemable, Non Convertible Debenture of Rs.1000 Each (C.Y. 2,88,750 Unit, P.Y. Nil) | - | - | 2,88,750 | 288.75 | 2,88,750 | 288.75 |
| 9.90% Secured, Redeemable, Principal Protect - Market Linked Debenture of Rs.1 Lakh Each (C.Y. 2500 Unit, P.Y. Nil) | - | - | - | - | 2,500 | 250.00 |
| 9.90% Secured, Redeemable, Principal Protect - Market Linked Debenture of Rs.10 Lakh Each (C.Y. 200 Unit, P.Y. Nil) | - | - | - | - | 200 | 200.00 |
| Market Linked Secured, Redeemable, Non Convertible Debenture of Rs.10 Lakh Each (368 Unit as at 31.03.23, 368 Unit as at 31.03.22 & NIL Unit as at 30.09.22) | - | - | - | - | 368 | 368.00 |
| 12.20% Secured, Redeemable, Non Convertible Debenture of Rs.1000 Each (C.Y. 2,48,655 Unit, P.Y. Nil) | 2,48,655 | 248.66 | - | - | - | - |
| 12.20% Secured, Redeemable, Non Convertible Debenture of Rs.1000 Each (C.Y. 2,48,655 Unit, P.Y. Nil) | 2,48,655 | 248.66 | - | - | - | - |
| 8.52% Secured, Redeemable, Non Convertible Debenture of Rs.1 Lakh Each (C.Y. 4,900 Unit, P.Y. Nil) | 4,900 | 490.00 | - | - | - | - |
| 11.95% Listed, Secured, Redeemable, Non Convertible Debenture of Rs.100000 Each (400 Unit as at 30.09.2023, NIL Unit as at 31.03.23 & NIL Unit as at 30.09.22) | 4,000 | 400.00 | - | - | - | - |
| 12.20% Secured, Redeemable, Non Convertible Debenture of Rs.100000 Each (4,028 Unit as at 30.09.23, NIL Unit as at 31.03.23 & NIL Unit as at 30.09.22) | 4,028 | 402.80 | - | - | - | - |
| **Unsecured Debenture** | | | | | | |
| 15% Unsecured Compulsory Convertible Debenture of Rs. 1230 Each | - | - | 6,24,388 | 768.00 | 6,24,388 | 768.00 |
| | **5,10,238** | **1,790.11** | **9,13,138** | **1,056.75** | **9,16,206** | **1,874.75** |

**Selected Explanatory Notes Forming Part Of The Unaudited Special Purpose Condensed Interim Consolidated Financial Statements For The Half Year Ended September 30, 2023**
**(all Amounts are INR in million, unless otherwise stated)**

**D Number of debentures redeemed is set out below:**

| Debt Securities Redeemed | Half Year Ended September 30, 2023 | | Half Year Ended September 30, 2022 | | Year Ended March 31, 2023 | |
|---|---|---|---|---|---|---|
| | Units | Paid Up Values | Units | Paid Up Values | Units | Paid Up Values |
| **Secured Debenture** | | | | | | |
| Market Linked Secured, Redeemable, Non Convertible Debenture of Rs. 1 Lakh each (C.Y. 2,350 Units,P.Y. 2,350 Units) | - | - | 2,350 | 235.00 | 2,350 | 235.00 |
| 13.15% Secured, Redeemable, Non Convertible Debenture of Rs.10 Lakh Each (C.Y. 378 Unit, P.Y. 378) | - | - | - | - | 378 | 378.00 |
| 11.80% Secured, Redeemable, Non Convertible Debenture of Rs.10 Lakh Each (C.Y. 300 Unit, P.Y. 300) | - | - | - | - | 300 | 100.00 |
| 11.80% Secured, Redeemable, Non Convertible Debenture of Rs.10,000 Each (Nil Unit as at 30.09.23, 34,550 Unit as at 31.03.23 & 34,550 Unit as at 30.09.22) | 34,550 | 345.50 | - | - | - | - |
| | **34,550** | **345.50** | **2,350** | **235.00** | **3,028** | **713.00** |

**38 Movement of Borrowings:**

**Half Year Ended September 30, 2023**

| Particulars | Opening | Receipts | Payments | Other Adjustment | Closing |
|---|---|---|---|---|---|
| Borrowings (Other than Debt Securities) | 12,974.72 | 18,244.89 | (8,225.27) | (8,617.41) | 14,376.93 |
| Debt Securities | 2,433.55 | 1,300.11 | (439.97) | 506.32 | 3,800.01 |
| Subordinated Liabilities | 635.85 | - | (42.14) | (152.95) | 440.75 |
| **Total** | **16,044.11** | **19,545.00** | **(8,707.38)** | **(8,264.04)** | **18,617.69** |

**Half Year Ended September 30, 2022**

| Particulars | Opening | Receipts | Payments | Other Adjustment | Closing |
|---|---|---|---|---|---|
| Borrowings (Other than Debt Securities) | 7,696.15 | 8,551.23 | (5,617.65) | 797.36 | 11,427.08 |
| Debt Securities | 1,950.76 | 435.61 | (279.50) | 43.82 | 2,150.69 |
| Subordinated Liabilities | 250.00 | 361.35 | (18.72) | 16.65 | 609.28 |
| **Total** | **9,896.91** | **9,348.19** | **(5,915.86)** | **857.82** | **14,187.05** |

**39 Events after reporting date:**

There have been no events after the reporting date that require adjustment/ disclosure in these financial statements.

**40 Segment Reporting:**

Operating segment are components of the Company whose operating results are regularly reviewed by the Chief Operating Decision Maker (“CODM”) to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.
The Company is engaged primarily on the business of “Financing” only, taking into account the risks and returns, the organization structure and the internal reporting systems. All the operations of the Company are in India. All non-current asets of the Company are located in India. Accordingly, there are no separate reportable segments as per Ind AS 108 – “Operating segments”.

**41 Dividend distributions**

The Board of Directors has not recommended any dividend since financial year 2020-21. Last Ex-dividend Date was September 13, 2019 and Dividend distributed was INR 1.40 per share.

**42** Previous year's figures have been regrouped and rearranged wherever necessary, to make them comparable with those of current year.

**As per our report of even date attached herewith**
**For, Talati & Talati LLP**
**Chartered Accountants**
**[Firm Regd. No. 110758W/W110377]**

**For, Arman Financial Services Limited**

| | |
|---|---|
| **Jayendra Patel**<br>**Vice Chairman & MD**<br>**(DIN - 00011814)** | **Vivek Modi**<br>**Chief Financial Officer** |
| **Aalok Patel**<br>**Joint Managing Director**<br>**(DIN - 02482747)** | **Jaimish Patel**<br>**Company Secretary**<br>**(M. No. A42244)** |

**[Kushal U Talati]**
**Partner**
**[M.No.188150]**
**UDIN :**
**Place: Ahmedabad**
**Date:**

# Independent Auditor's Report

To
The Members of
**Arman Financial Services Limited**
Ahmedabad
**Report on the Audit of the Consolidated Financial Statements**

## OPINION

We have audited the accompanying Consolidated Financial Statements of Arman Financial Services Limited ("Herein after referred to as "the Holding Company"), and its Subsidiary – Namra Finance Limited (the Holding Company and its subsidiary together referred to as "the Group" ) which comprise the Consolidated Balance Sheet as at March 31, 2023, the Consolidated statement of Profit and Loss (Including other Comprehensive Income), the Consolidated statement for Changes in Equity and the Consolidated statement of Cash flows for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information ("herein after referred to as "the Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditor on separate financial statements of a subsidiary – Namra Finance Limited as were audited by the other auditor, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (the 'Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at 31 March 2023, of its consolidated profit and other comprehensive loss, consolidated changes in equity and consolidated cash flows for the year then ended.

## BASIS FOR OPINION

We conducted our audit of the Consolidated Financial Statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained along with the consideration of audit reports of the other auditors referred to in the "Other Matters" paragraph below is sufficient and appropriate to provide a basis for our opinion on the Consolidated Financial Statements.

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional, judgment, were of most significance in our audit of the, Consolidated financial statements of the current period. These matters were addressed in the context of our audit, of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**Key audit matters identified in our audit is in respect of Provision for Expected Credit Losses on loans as follows: Provision for Expected Credit Losses on loans [Refer Para 3.6 for the accounting policy and Note 3 for the related disclosures]**

| Key Audit Matter | How our audit addressed the key audit matter |
|---|---|
| As at March 31, 2023 the Group has financial assets (loans) amounting to ₹1,53,670.75 Lakhs. As per Ind AS 109 - Financial Instruments, the Company is required to recognize allowance for expected credit losses on financial assets. Under Ind-AS framework, the management had to estimate the provision for expected credit losses as at March 31, 2023. Expected credit loss cannot be measured precisely, but can only be estimated through use of statistics. The calculation of expected credit losses is complex and requires exercise of judgment around both the timing of recognition of impairment provisions and estimation of the amount of provisions required in relation to loss events However, it is important to note that the impact of the COVID-19 pandemic and the subsequent progress of vaccination campaigns have reduced the uncertainties surrounding future outcomes. This change in circumstances has influenced the estimation of expected credit losses. The management has recognized a provision of ₹188.30 Lakhs in Consolidated Statement of Profit and Loss for the year ended March 31, 2023. Considering the significance of above matter to the Consolidated financial statements and since the matter required our significant attention to test the calculation of expected credit losses, we have identified this as a key audit matter for current year audit. | Our audit procedures in relation to expected credit losses were focused on obtaining sufficient appropriate audit evidence as to whether the expected credit losses recognized in the Consolidated financial statements were reasonable and the related disclosures made by the management were adequate. These procedures included, but not limited, to the following:<br>a) Obtaining an understanding of the model adopted by the Company for calculation of expected credit losses including how management calculated expected credit losses and the appropriate data on which the calculation is based;<br>b) Testing the accuracy of inputs through substantive procedures and assessing the reasonableness of the assumptions used;<br>c) Developing a point estimate by making reference to the ECL recognized by entities that carry comparable financial assets;<br>d) Testing the arithmetical calculation of ECL;<br>e) Verifying the adequacy of the related disclosures; and<br>f) Obtaining written representations from management whether they believe significant assumptions used in calculation of expected credit losses are reasonable. |

## OTHER INFORMATION

The Holding Company's management and the Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance. We have nothing to report in this regard.

## MANAGEMENT'S RESPONSIBILITIES FOR CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's Management and the Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit / loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act.

The respective Management and the Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by Management and the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and the Board of Directors of the companies included in the Group are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of each company.

**AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS**

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Group has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities of the Holding Company and its Subsidiary to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the Consolidated Financial Statements of which we are the independent auditors. For the other entities included in the Consolidated Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the Consolidated Financial Statement regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**OTHER MATTER**

We did not audit the financial statements of a subsidiary Namra Finance Limited included in the consolidated financial Statements, whose financial statements (before consolidation adjustments) reflects total assets of ₹1,67,776.24 Lakhs as at March 31, 2023 and total revenues (Including Other Income) ₹33,151.53 Lakhs for the year ended on March 31, 2023, total net profit after tax of ₹6719.76 Lakhs for the year ended March 31, 2023, total comprehensive income of ₹6356.24 Lakhs for the year ended on March 31, 2023 and net cash outflow of ₹1973.01 Lakhs for the year ended on March 31, 2023, as considered in the consolidated Financial Statements. The independent auditor's report on financial statements of this entity has been furnished to us and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiary, is based solely on the report of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

1. With respect to matters specified in paragraph 3 (xxi) and 4 of the Companies (Auditor's Report) Order, 2020 ("the Order" or "CARO"), issued by the Central Government of India in terms of sub- section (11) of section 143 of the Act, according to the information and explanations given to us and based on the CARO reports issued by the respective auditors of companies included in the consolidated financial statements, to which reporting under CARO is applicable, we report as under:

   There are no qualifications or adverse remarks in the Companies (Auditors Report) Order (CARO) reports of the companies included in the consolidated financial statements. Accordingly, the requirement to report on clause 3(xxi) of the Order is not applicable to the Holding Company.

2. As required by Section 143 (3) of the Act, we report to the extent applicable that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of Consolidated Financial Statements.

   b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books.

   c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of Consolidated Financial Statements;

   d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act;

   e) On the basis of the written representations received from the directors of Holding Company as on March 31, 2023 taken on record by the Board of Directors of the Holding Company, and the report of the statutory auditor of its subsidiary company incorporated in India, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164(2) of the Act;

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and its subsidiary and the operating effectiveness of such controls, refer to our separate Report in "Annexure A"; and

3. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

a) The Consolidated Financial Statement disclose the impact of pending litigations on its financial position in its Consolidated Financial Statements – Refer Note 31 to the Consolidated Financial Statements.

b) The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.

c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Group.

d) (i) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:

- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company or
- provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(ii) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall:

- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Party or
- provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries; and

(iii) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub clause (d) (i) and (d) (ii) contain any material misstatement.

e) The Company has not declared any Dividend during the year as prescribed under Section 123 of the Companies Act, 2013.

4. With respect to the matter to be included in the Auditor's report under section 197 (16):

In our opinion and according to the information and explanations given to us and based on the report of the statutory auditor of a subsidiary company incorporated in India which was not audited by us, the remuneration paid during the current year by the Holding Company and its subsidiary company to its directors is in accordance with the provisions of Section 197 of the Act.

For **Talati and Talati LLP**
Chartered Accountants
FRN: 110758W/W100377

**CA Kushal U. Talati**
Partner

Place: Ahmedabad
Date: 30.05.2023

UDIN:23188150BGQHGR4698
Membership No. 188150

# ANNEXURE "A"

**To Independent Auditor's Report on Consolidated Financial Statements of Arman Financial Services Limited for the year ended on March 31, 2023**

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

(Referred to in paragraph 2(f) under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date)

## OPINION

We have audited the internal financial controls over financial reporting of ARMAN FINANCIAL SERVICES LIMITED as of March 31, 2023, in conjunction with our audit of the Consolidated financial statements of the Company for the year ended on that date.

In our opinion, the Group has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31 2023, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

## MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Board of Directors of the Group are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by these entities considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI).

These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective Holding Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

## AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Group's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, with reference to the Consolidated financial Statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company and its subsidiary's internal financial controls system over financial reporting.

## MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

The Group's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Consolidated Financial Statements for external purposes in accordance with generally accepted accounting principles. The Group's internal financial control over financial reporting includes those policies and procedures that

1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Holding Company;

2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Consolidated Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Holding Company are being made only in accordance with authorizations of management and directors of the Holding Company; and

3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Group assets that could have a material effect on the Consolidated Financial Statements.

## INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## OTHER MATTERS

Our aforesaid report under Section 143 (3) (i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to the consolidated financial statements insofar as it relates to a subsidiary company, which is a company incorporated in India, is based on the corresponding report of the auditor of such company incorporated in India.

For **Talati and Talati LLP**
Chartered Accountants
FRN: 110758W/W100377

**CA Kushal U. Talati**
Partner
UDIN:23188150BGQHGR4698
Membership No. 188150

Place: Ahmedabad
Date: 30.05.2023

# Consolidated Balance Sheet

as at March 31, 2023

(₹ in Lakhs)

| Particulars | Note | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **ASSETS** | | | |
| **(1) Financial Assets** | | | |
| (a) Cash and cash equivalents | 1 | 2,622.12 | 7,552.76 |
| (b) Bank Balance other than (a) above | 2 | 40,409.67 | 6,681.27 |
| (c) Loans | 3 | 1,53,670.75 | 1,05,760.67 |
| (d) Investments | 4 | 1,947.93 | 591.74 |
| (e) Other financial assets | 5 | 2,888.59 | 1,299.67 |
| **(2) Non-financial Assets** | | | |
| (a) Deferred tax Assets (Net) | 6 | 1,546.51 | 1,651.02 |
| (b) Property, Plant and Equipment | 7 | 482.28 | 329.86 |
| (c) Other Intangible assets | 7 | 34.04 | 35.34 |
| (d) Intangible assets under development | 7 | - | 2.62 |
| (e) Right-of-Use Assets | 7 | 94.03 | 121.93 |
| (f) Other non-financial assets | 8 | 120.49 | 112.89 |
| **Total Assets** | | **2,03,816.41** | **1,24,139.76** |
| **LIABILITIES AND EQUITY** | | | |
| **LIABILITIES** | | | |
| **(1) Financial Liabilities** | | | |
| (a) (I) Trade Payables | | | |
| (i) total outstanding dues of micro enterprises and small enterprises | 9 | - | - |
| (ii) total outstanding dues of creditors other than micro enterprises and small enterprises | | 161.88 | 154.88 |
| (b) Debt securities | 10 | 24,335.49 | 19,507.59 |
| (c) Borrowings (Other than debt securities) | 11 | 1,29,747.16 | 76,961.46 |
| (d) Subordinated liabilities | 12 | 6,358.45 | 2,500.00 |
| (e) Other financial liabilities | 13 | 5,629.41 | 3,226.80 |
| **(2) Non-Financial Liabilities** | | | |
| (a) Provisions | 14 | 199.71 | 115.74 |
| (b) Current Tax Liabilities (Net) | 15 | 459.56 | 274.23 |
| (c) Other non-financial liabilities | 16 | 355.70 | 130.45 |
| **(3) EQUITY** | | | |
| (a) Equity share capital | 17 | 849.23 | 849.16 |
| (b) Other equity | 18 | 35,719.82 | 20,419.45 |
| **Total Liabilities and Equity** | | **2,03,816.41** | **1,24,139.76** |
| See accompanying notes to the financial statements | **1 to 45** | | |

As per our report of even date attached herewith

**For, Talati & Talati LLP**
Chartered Accountants
[Firm Regd. No. 110758W/W100377]

**[Kushal Talati]**
Partner
[M.No.188150]

**Place:** Ahmedabad
**Date:** 30.05.2023

For, **Arman Financial Services Limited**

**Jayendra Patel**
Vice Chairman & Managing Director
(DIN - 00011814)

**Aalok Patel**
Joint Managing Director
(DIN - 02482747)

**Vivek Modi**
Chief Financial Officer

**Jaimish Patel**
Company Secretary
(M. No. A42244)

# Consolidated Statement of Profit & Loss

for the year ended March 31, 2023

(₹ in Lakhs)

| | Particulars | Note | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|---|---|
| **(1)** | **Revenue from operations** | | | |
| | Interest income | 19 | 38,672.03 | 22,056.71 |
| | Gain on Assignment of Financial Assets | 20 | 1,877.61 | 579.07 |
| | Fees and Commission Income | 21 | 1,640.12 | 698.28 |
| | Net gain on fair value changes | 22 | 200.36 | 166.50 |
| | **Total revenue from operations (1)** | | **42,390.12** | **23,500.56** |
| **(2)** | Other income | 23 | 0.34 | 0.00 |
| **(3)** | **Total income (1+2)** | | **42,390.47** | **23,500.56** |
| **(4)** | **Expenses** | | | |
| | Finance Costs | 24 | 17,199.63 | 8,945.03 |
| | Impairment of Financial Assets | 25 | 4,473.22 | 3,733.18 |
| | Employee Benefits Expenses | 26 | 5,465.29 | 4,185.26 |
| | Depreciation, amortization and impairment | 27 | 115.49 | 95.27 |
| | Others expenses | 28 | 2,641.47 | 1,989.99 |
| | **Total Expenses (4)** | | **29,895.10** | **18,948.74** |
| **(5)** | **Profit / (loss) before tax (3-4)** | | **12,495.37** | **4,551.82** |
| **(6)** | **Tax expense:** | | | |
| | (1) Current tax | 29 | 2,832.90 | 1,495.10 |
| | (2) Short / (excess) provision of income tax/deffered tax of earlier years | 29 | 15.10 | 0.28 |
| | (3) Deferred tax | 29 | 266.24 | (115.84) |
| **(7)** | **Profit/(loss) for the period (5-6)** | | **9,381.13** | **3,172.28** |
| **(8)** | **Other comprehensive income** | | | |
| | (A) (i) Items that will not be reclassified to profit or loss | | | |
| | - Remeasurement of defined benefit obligations | | (46.60) | 2.28 |
| | (ii) Income tax relating to items that will not be reclassified to profit or loss | | 11.73 | (0.57) |
| | **Sub total (A)** | | **(34.87)** | **1.71** |
| | (B) (i) Items that will be reclassified to profit or loss | | | |
| | - Fair valuation gain / (loss) on financial instruments measured at FVOCI | | (596.00) | (790.66) |
| | (ii) Income tax relating to items that will be reclassified to profit or loss | | 150.00 | 198.99 |
| | **Sub total (B)** | | **(446.00)** | **(591.67)** |
| | **Other comprehensive income (A + B)** | | **(480.87)** | **(589.96)** |
| **(9)** | **Total comprehensive income for the period (7+8)** | | **8,900.25** | **2,582.32** |
| | (Comprising Profit (Loss) and other comprehensive income for the period) | | | |
| **(10)** | **Earnings per equity share** | | | |
| | Basic (₹) | 30 | 110.47 | 37.36 |
| | Diluted (₹) | 30 | 107.28 | 37.35 |
| | See accompanying notes to the financial statements | **1 to 45** | | |

As per our report of even date attached herewith

For, **Arman Financial Services Limited**

**For, Talati & Talati LLP**
Chartered Accountants
[Firm Regd. No. 110758W/W100377]

**[Kushal Talati]**
Partner
[M.No.188150]

**Place:** Ahmedabad
**Date:** 30.05.2023

**Jayendra Patel**
Vice Chairman & Managing Director
(DIN - 00011814)

**Vivek Modi**
Chief Financial Officer

**Aalok Patel**
Joint Managing Director
(DIN - 02482747)

**Jaimish Patel**
Company Secretary
(M. No. A42244)

# Consolidated Statement of Changes in Equity

for the year ended March 31, 2023

(₹ in Lakhs)

**(A) Equity share capital (Refer Note 17)**

**FY - 2022-23**

| Particulars | Balance as at March 31, 2022 | Changes in equity share capital due to prior period errors | Restated Balance as at March 31, 2022 | Changes during the year | Balance as at March 31, 2023 |
|---|---|---|---|---|---|
| Ordinary Equity share capital | 849.16 | - | 849.16 | 0.07 | 849.23 |

**FY - 2021-22**

| Particulars | Balance as at March 31, 2021 | Changes in equity share capital due to prior period errors | Restated Balance as at March 31, 2021 | Changes during the year | Balance as at March 31,2022 |
|---|---|---|---|---|---|
| Ordinary Equity share capital | 848.84 | - | 848.84 | 0.32 | 849.16 |

**(B) Other equity (Refer note 18)**

(₹ in Lakhs)

| Particulars | Equity component of compound financial instruments | Reserves and surplus | | | | | Other Compreh-ensive Income | Total |
|---|---|---|---|---|---|---|---|---|
| | | General Reserve | Reserve u/s. 45-IC of RBI Act, 1934 | Securities premium | Retained earnings | Share Based Payment Reserve | | |
| **FY 2022-23** | | | | | | | | |
| **Balance as at 31st March, 2022** | **-** | **151.35** | **3,176.30** | **6,897.96** | **10,411.66** | **12.10** | **-229.92** | **20,419.45** |
| Profit for the year | - | - | - | - | 9,381.13 | - | - | 9,381.13 |
| Other comprehensive income (net of taxes) | - | - | - | - | - | - | -480.87 | -480.87 |
| **Total Comprehensive Income for the period** | **-** | **-** | **-** | **-** | **9,381.13** | **-** | **-480.87** | **8,900.25** |
| **Transactions with Owners in the capacity as Owners** | | | | | | | | |
| Transfer to reserve u/s. 45-IA of RBI Act, 1934 | - | - | 1,912.00 | - | -1,912.00 | - | - | - |
| Additions during the year in security premium | - | - | - | 5.41 | - | -5.11 | - | 0.30 |
| Transfer during the year in General Reserve | - | 11.00 | - | - | -11.00 | - | - | - |
| Issue of CCD and OCRPS | 6,383.05 | - | - | - | - | - | - | 6,383.05 |
| Share based payment to employees (ESOP) | - | - | - | - | - | 16.76 | - | 16.76 |
| **Balance as at March 31, 2023** | **6,383.05** | **162.35** | **5,088.30** | **6,903.37** | **17,869.78** | **23.75** | **-710.79** | **35,719.82** |

| Particulars | Equity component of compound financial instruments | Reserves and surplus | | | | | Other Comprehensive Income | Total |
|---|---|---|---|---|---|---|---|---|
| | | General Reserve | Reserve u/s. 45-IC of RBI Act, 1934 | Securities premium | Retained earnings | Share Based Payment Reserve | | |
| **FY 2021-22** | | | | | | | | |
| **Balance as at March 31, 2021** | **-** | **140.35** | **2,482.30** | **6,885.98** | **7,944.38** | **14.58** | **360.05** | **17,827.63** |
| Profit for the year | - | - | - | - | 3,172.28 | - | - | 3,172.28 |
| Other comprehensive income (net of taxes) | - | - | - | - | - | - | -589.97 | -589.97 |
| **Total Comprehensive Income for the period** | **-** | **-** | **-** | **-** | **3,172.28** | **-** | **-589.97** | **2,582.31** |
| **Transactions with Owners in the capacity as Owners** | | | | | | | | |
| Transfer to reserve u/s. 45-IA of RBI Act, 1934 | - | - | 694.00 | - | -694.00 | - | - | - |
| Additions during the year in security premium | - | - | - | 11.98 | - | -10.70 | - | 1.28 |
| Share Issue Expense securities premium | - | - | - | - | - | - | - | - |
| Transfer during the year in General Reserve | - | 11.00 | - | - | -11.00 | - | - | - |
| Share based payment to employees (ESOP) | - | - | - | - | - | 8.23 | - | 8.23 |
| **Balance as at March 31, 2022** | **-** | **151.35** | **3,176.30** | **6,897.96** | **10,411.66** | **12.10** | **-229.92** | **20,419.45** |

As per our report of even date attached herewith

For, **Arman Financial Services Limited**

**For, Talati & Talati LLP**
Chartered Accountants
[Firm Regd. No. 110758W/W100377]

**[Kushal Talati]**
Partner
[M.No.188150]

**Place:** Ahmedabad
**Date:** 30.05.2023

**Jayendra Patel**
Vice Chairman & Managing Director
(DIN - 00011814)

**Vivek Modi**
Chief Financial Officer

**Aalok Patel**
Joint Managing Director
(DIN - 02482747)

**Jaimish Patel**
Company Secretary
(M. No. A42244)

# Consolidated Statement of Cash Flow

for the year ended March 31, 2023

(₹ in Lakhs)

| | Particulars | For the year ended March 31, 2023 | | For the year ended March 31, 2022 | |
|---|---|---|---|---|---|
| A: | **Cash from Operating Activities:** | | | | |
| | Net profit before taxation | | 12,495.37 | | 4,551.82 |
| | **Adjustment For:** | | | | |
| | Depreciation and amortisation | 87.59 | | 67.38 | |
| | Interest Income | (38,672.03) | | (22,056.71) | |
| | Net gain on equity instruments measured through profit and loss | 7.25 | | (17.69) | |
| | Finance cost Expense | 17,199.63 | | 8,924.95 | |
| | Provision for impairment on financial assets | 188.30 | | 1,268.63 | |
| | Depreciation on Right of Use Assets | 27.90 | | 27.90 | |
| | (Profit) / loss on sale of property, plant and equipment | - | | 0.57 | |
| | Gain On Assignment of Assets (Net of Expense) | (1,877.61) | | (579.07) | |
| | Loss / (Profit) on sale of Current Investment | (207.62) | | (146.72) | |
| | Remeasurement of define benefit plan | (46.60) | | 2.28 | |
| | Employee Stock Option Plan Expense | 16.76 | | 8.23 | |
| | Interest on shortfall of advance Tax | - | | 36.12 | |
| | Financial Guarantee Income | - | (23,276.43) | - | (12,464.13) |
| | **Operating profit before working Capital changes:** | | **(10,781.06)** | | **(7,912.30)** |
| | **Adjustment For Increase/(Decrease) in Operating Assets:** | | | | |
| | Loans and Advances | (48,649.59) | | (33,578.69) | |
| | Financial Assets | 1,222.41 | | (593.53) | |
| | Non Financial Assets | (7.61) | | (27.05) | |
| | Bank balance other than Cash and Cash equivalents | (33,728.40) | | 1,398.66 | |
| | **Adjustment For Increase/(Decrease) in Operating Liabilities:** | | | | |
| | Trade Payables | 34.56 | | 41.68 | |
| | Other Non Financial liability | 188.28 | | (20.37) | |
| | Other Financial Liabilities | 152.02 | | 390.03 | |
| | Subordinated Debts | 269.83 | | - | |
| | Provision | 2,045.79 | (78,472.70) | 26.20 | (32,363.07) |
| | | | | | |
| | **Cash Generated From Operations** | | **(89,253.76)** | | **(40,275.38)** |
| | Interest Income Received | 37,685.39 | | 22,355.79 | |
| | Finance Cost Paid | (17,535.05) | | (8,395.72) | |
| | Income tax paid | (2,662.68) | 17,487.67 | (1,754.95) | 12,205.12 |
| | | | | | |
| | **Net Cash From Operating Activities:** | | **(71,766.09)** | | **(28,070.26)** |
| B: | **Cash Flow From Investing Activities:** | | | | |
| | Purchase of Property, Plant & Equipment | (236.10) | | (87.39) | |
| | Sale of Property, Plant & Equipment | - | | 0.18 | |
| | Purchase of investments | (48,752.21) | | (50,845.53) | |
| | Sale of investments | 47,726.68 | | 50,735.92 | |
| | **Net Cash from Investment Activities:** | | **(1,261.63)** | | **(196.82)** |

# Consolidated Statement of Cash Flow (contd.)

for the year ended March 31, 2023 (₹ in Lakhs)

| | Particulars | For the year ended March 31, 2023 | | For the year ended March 31, 2022 | |
|---|---|---|---|---|---|
| C: | **Cash Flow From Financing Activities :** | | | | |
| | Proceeds from issue of share capital (including Premium) | 0.38 | | 1.60 | |
| | Proceeds from issue of OCRPS (including Premium) | 3,824.96 | | - | |
| | Proceeds from issue of CCD | 7,679.97 | | - | |
| | Proceeds from long term borrowings | 1,25,215.22 | | 72,235.36 | |
| | Repayment of borrowings | (84,123.56) | | (40,978.32) | |
| | Repayment of CCD | (485.92) | | - | |
| | Net increase / (decrease) in working capital borrowings | 16,011.85 | | (4,209.51) | |
| | Repayment of Principal Component of Lease Liability | (25.83) | | (21.06) | |
| | **Net Cash from Financing Activities:** | | **68,097.07** | | **27,028.06** |
| | **Net Increase/(Decrease) in Cash & Cash Equivalents** | | **(4,930.65)** | | **(1,239.01)** |
| | Cash & cash equivalents at the beginning of the year | | 7,552.76 | | 8,791.77 |
| | Cash & cash equivalents at the end of the year | | 2,622.12 | | 7,552.76 |

**Notes :**

1 **Cash and bank balance at the end of the year comprises:**

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Cash on hand | 64.86 | 90.82 |
| Balance with Bank | 2,557.25 | 7,461.95 |
| **Cash & cash equivalents as per Balance Sheet** | **2,622.12** | **7,552.76** |

2 The above cash flow statement has been prepared under the "Indirect Method" set out in Ind AS - 7 on statement of cash flows specified under section 133 of the Companies Act, 2013.

3 **Change in liabilities arising from financing activities:**

| Particulars | March 31, 2022 | Cash Flows | Non Cash Changes | March 31, 2023 |
|---|---|---|---|---|
| Debt Securities | 19,507.59 | 5,095.92 | (268.03) | 24,335.49 |
| Borrowing other than debt Securities | 76,961.46 | 59,201.65 | (6,415.94) | 1,29,747.16 |
| **Total** | **96,469.05** | **64,297.56** | **(6,683.97)** | **1,54,082.65** |

**For, Talati & Talati LLP**
Chartered Accountants
[Firm Regd. No. 110758W/W100377]

**[Kushal Talati]**
Partner
[M.No.188150]

**Place:** Ahmedabad
**Date:** 30.05.2023

**For, Arman Financial Services Limited**

**Jayendra Patel**
Vice Chairman & Managing Director
(DIN - 00011814)

**Vivek Modi**
Chief Financial Officer

**Aalok Patel**
Joint Managing Director
(DIN - 02482747)

**Jaimish Patel**
Company Secretary
(M. No. A42244)

# Notes Forming Part of the Consolidated Financial Statements

for the year ended March 31, 2023

## 1.CORPORATE INFORMATION

Arman Financial Services Limited (the "Holding Company") together with its subsidiary Namra Finance Limited (herein after referred to as the "Company") are public companies domiciled in India. The Holding Company is registered as a deposit taking non-banking finance company ("NBFC") with Reserve Bank of India ("RBI"). Namra Finance Limited is registered as a non-deposit taking Micro Finance Institution ("NBFC-MFI") with Reserve Bank of India ("RBI"). The Group is engaged in the business of providing Small and Medium Enterprise loans ("SME"), Two-Wheeler loans ("TW") and Micro Finance JLG Loans. The Holding Company's equity shares are listed on two recognised stock exchanges in India i.e. BSE Limited ("BSE") and the National Stock Exchange of India Limited ("NSE").

The Company's registered office is at 502-503, Sakar III, Opp. Old High Court, Off. Ashram Road, Ahmedabad - 380014, Gujarat, INDIA.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance and principle of Consolidation

The standalone financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (the "Ind AS") prescribed under section 133 of the Companies Act, 2013 (the "Act").

**Principle of Consolidation**

**i) Subsidiaries: -**

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which controls commences until the date on which control ceases.

**ii) Non-Controlling Interest ("NCI")**

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition. Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

**iii) Loss of control**

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value on the date the control is lost. Any resulting gain or loss is recognized in profit or loss.

**iv) Transactions eliminated on consolidation**

The financial statements of the Holding Company and its subsidiary used in the consolidation procedure are drawn up to the same reporting date i.e. March 31, 2023. The financial statements of the Holding Company and its subsidiary are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses. Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment. The Group follows uniform accounting policies for like transactions and other events in similar circumstances.

The following subsidiary company has been considered in the preparation of the consolidated financial statements:

| Name of Entity | Relationship | Country | Ownership Held By | % of holding And Voting Power as at | |
|---|---|---|---|---|---|
| | | | | March 31, 2023 | March 31, 2022 |
| Namra Finance Limited | Subsidiary Company | India | Arman Financial Services Limited | 100% | 100% |

## 2.2 Basis of measurement

The standalone financial statements have been prepared on historical cost basis except for following assets and liabilities which have been measured at fair value amount:

i) Loans at fair value through other comprehensive income ("FVOCI") and

ii) Defined benefit plans - plan assets

iii) Investment in units of mutual funds at fair value through Profit & Loss ('FVTPL')

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

**Functional and presentation currency**

The standalone financial statements are presented in Indian Rupees which is the currency of the primary economic environment in which the Company operates (the "functional currency"). The values are rounded to the nearest Lakhs, except when otherwise indicated.

## 2.3 Use of estimates, judgements and assumptions

The preparation of the standalone financial statements in conformity with Ind AS requires management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

**Judgements**

In the process of applying the Company's accounting policies, management has made judgements, which have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**i) Business model assessment**

Classification and measurement of financial assets depends on the results of business model and the solely payments of principal and interest ("SPPI") test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the standalone financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

**i) Fair value of financial instruments**

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. For further details about determination of fair value refer note 3.8 and note 42.

### ii) Effective interest rate ("EIR") method

The Company's EIR methodology, as explained in Note 3.1(A), recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and lifecycle of the instruments, as well as expected changes to interest rates and other fee income/ expense that are integral parts of the instrument.

### iii) Impairment of financial asset

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Company's expected credit loss ("ECL") calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

a) The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a life time expected credit loss ("LTECL") basis.

b) Development of ECL models, including the various formulas and the choice of inputs.

c) Determination of associations between macroeconomic scenarios and economic inputs, such as gross domestic products, lending interest rates and collateral values, and the effect on probability of default ("PD"), exposure at default ("EAD") and loss given default ("LGD").

d) Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into ECL models.

### iv) Provisions and other contingent liabilities

The Company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration and regulatory investigations and proceedings in the ordinary course of the Company's business.

When the Company can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Company records a provision against the case. Where the outflow is considered to be probable, but a reliable estimate cannot be made, a contingent liability is disclosed.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Company takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

For further details on provisions and other contingencies refer note 3.15.

These estimates and judgements are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances. Management believes that the estimates used in preparation of the standalone financial statements are prudent and reasonable.

## 2.4 Presentation of the standalone financial statements

The Company presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date and more than 12 months after the reporting date is presented in Note 41.

Financial assets and financial liability 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:

i) The normal course of business

ii) The event of default

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Recognition of interest income

#### A. EIR method

Under Ind AS 109, interest income is recorded using the effective interest rate method for all financial instruments measured at amortised cost and financial instrument measured at FVOCI. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the financial instrument.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest income in the statement of profit and loss.

#### B. Interest income

The Company calculates interest income by applying 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 on the net basis. If the financial asset cures and is no longer credit impaired, the Company reverts to calculating interest income on a gross basis.

### 3.2 Financial instrument - initial recognition

#### A. Date of recognition

Debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

#### B. Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments (Refer note 3.3(A)). Financial instruments are initially measured at their fair value (as defined in Note 3.8), except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from this amount.

#### C. Measurement categories of financial assets and liabilities

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

i) Amortised cost

ii) FVOCI

iii) FVTPL

### 3.3 Financial assets and liabilities

#### A. Financial assets

**Business model assessment**

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

a. How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's key management personnel.

b. The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.

c. managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

d. The expected frequency, value and timing of sales are also important aspects of the Company's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

#### SPPI test

As a second step of its classification process, the Company assesses the contractual terms of financial assets to identify whether they meet SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of financial asset (for example, if there are repayments of principal or amortisation of the premium/ discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the period for which the interest rate is set. In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

Accordingly, financial assets are measured as follows:

**i) Financial assets carried at amortised cost ("AC")**

A financial asset is measured at amortised cost if it is held with in a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**ii) Financial assets measured at FVOCI**

A financial asset is measured at FVOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Since, the loans and advances are held to sale and collect contractual cash flows, they are measured at FVOCI.

**iii) Financial assets at fair value through profit or loss ("FVTPL")**

A financial asset which is not classified in any of the above categories are measured at FVTPL.

**iv) Investments in Mutual Funds**

All investments in Mutual Funds are measured at fair value, with value changes recognised in Statement of Profit and Loss ("FVTPL").

#### B. Financial liability

**i) Initial recognition and measurement**

All financial liability are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liability, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition.

**ii) Subsequent measurement**

Financial liabilities are carried at amortized cost using the effective interest method.

### 3.4 Reclassification of financial assets and liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Company did not reclassify any of its financial assets or liabilities in the year ended March 31, 2023 and March 31, 2022.

### 3.5 Derecognition of financial assets and liabilities

#### A. Derecognition of financial assets due to substantial modification of terms and conditions

The Company derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. Where the substantial modification is because of financial difficulties of the borrower and the old loan was classified as credit-impaired, the new loan will initially be identified as originated credit-impaired financial asset. On satisfactory performance of the new loan, the new loan is transferred to stage I or stage II of ECL.

#### B. Derecognition of financial assets other than due to substantial modification

**i) Financial assets**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. On derecognition of a financial asset in its entirety, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in the statement of profit and loss. Accordingly, gain on sale or derecognition of assigned portfolio are recorded upfront in the statement of profit and loss as per Ind AS 109. Also, the Company recognises servicing income as a percentage of interest spread over tenure of loan in cases where it retains the obligation to service the transferred financial asset. As per the guidelines of RBI, the company is required to retain certain portion of the loan assigned to parties in its books as Minimum Retention Requirement ("MRR"). Therefore, it continues to recognise the portion retained by it as MRR.

**ii) Financial liability**

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the statement of profit and loss.

## 3.6 Impairment of financial assets

### A. Overview of ECL principles

In accordance with Ind AS 109, the Company uses ECL model, for evaluating impairment of financial assets other than those measured at FVTPL. Expected credit losses are measured through a loss allowance at an amount equal to:

i) The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument) Both LTECLs and 12 months ECLs are calculated on collective basis.

Based on the above, the Company categorises its loans into Stage 1, Stage 2 and Stage 3, as described below:

**Stage 1:** When loans are first recognised, the Company recognises an allowance based on 12 months ECL. Stage 1 loans includes those loans where there is no significant credit risk observed and also includes facilities where the credit risk has been improved and the loan has been reclassified from stage 2 or stage 3.

**Stage 2:** When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the life time ECL. Stage 2 loans also includes facilities where the credit risk has improved and the loan has been reclassified from stage 3.

**Stage 3:** Loans considered credit impaired are the loans which are past due for more than 90 days. The Company records an allowance for life time ECL.

**Loan commitments:** When estimating LTECLs for undrawn loan commitments, the Company estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down.

### B. Calculation of ECLs

The mechanics of ECL calculations are outlined below and the key elements are, as follows:

**PD** Probability of Default ("PD") is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

**EAD** Exposure at Default ("EAD") is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest LGD Loss Given Default ("LGD") is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

The Company has calculated PD, EAD and LGD to determine impairment loss on the portfolio of loans and discounted at an approximation to the EIR. At every reporting date, the above calculated PDs, EAD and LGDs are reviewed and changes in the forward-looking estimates are analysed.

The mechanics of the ECL method are summarised below:

**Stage 1:** The 12 months ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12 months ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-months default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

**Stage 2:** When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument.

The expected cash shortfalls are discounted by an approximation to the original EIR.

**Stage 3:** For loans considered credit-impaired, the Company recognises the lifetime expected credit losses for these loans. The method is similar to that for stage 2 assets, with the PD set at 100%.

### C. Loans and advances measured at FVOCI

The ECLs for loans and advances measured at FVOCI do not reduce the carrying amount of these financial assets in the balance sheet, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets.

### D. Forward looking information

In its ECL models, the Company relies on a broad range of forward looking macro parameters and estimated the impact on the default at a given point of time.

i) Gross fixed investment (% of GDP)

ii) Lending interest rates

iii) Deposit interest rates

### 3.7 Write-offs

Financial assets are written off when the Company has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to impairment on financial instruments in the statement of profit and loss.

### 3.8 Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company has taken into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 financial instruments: Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date;

- Level 2 financial instruments: Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads; and

- Level 3 financial instruments: Those that include one or more unobservable input that is significant to the measurement as whole.

3.9 **(I) Recognition of other income**

Revenue (other than for those items to which Ind AS 109 - Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115 - Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found within Ind ASs. The Company recognises revenue from contracts with customers based on a five step model as set out in Ind AS 115:

**Step 1:** Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

**Step 2:** Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

**Step 3:** Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

**Step 4:** Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

**Step 5:** Recognise revenue when (or as) the Company satisfies a performance obligation

A. **Dividend income**

Dividend income (including from FVOCI investments) is recognised when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably. This is generally when the shareholders approve the dividend.

B. **Income from assignment transactions**

Income from assignment transactions i.e. present value of excess interest spread is recognised when the related loan assets are de-recognised. Interest income is also recognised on carrying value of assets over the remaining period of such assets.

C. **Other interest income**

Other interest income is recognised on a time proportionate basis.

D. **Other Charges in Respect of Loans**

Income in case of late payment charges are recognized when there is no significant uncertainty of regarding its recovery.

**3.9 (II) Recognition of other expense**

A. **Borrowing costs**

Borrowing costs are the interest and other costs that the Company incurs in connection with the borrowing of funds. Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets.

A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

All other borrowing costs are charged to the statement of profit and loss for the period for which they are incurred.

3.10 **Cash and cash equivalents**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

3.11 **Property, plant and equipment**

Property, plant and equipment ("PPE") are carried at cost, less accumulated depreciation and impairment losses, if any. The cost of PPE comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use and other incidental expenses. Subsequent expenditure on PPE after it purchase is capitalized only if it is probable that the future economic benefits will flow to the enterprise and the cost of the item can be measured reliably. Depreciation is calculated using the straight-line method to write down the cost of property and equipment to their residual values over their estimated useful lives which are in line with as specified under schedule II of the Act. Land is not depreciated. The estimated useful lives are, as follows:

i) Buildings - 60 years
ii) Vehicles - 8 years
iii) Office equipment - 3 to 10 years
iv) Furniture and fixtures - 10 years

Depreciation is provided on a pro-rata basis from the date on which such asset is ready for its intended use. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. PPE is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised.

**3.12 Intangible assets**

The Company's intangible assets include the value of software. An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives (three years) using the straight-line method, and is included in depreciation and amortisation in the statement of profit and loss.

**3.13 Impairment of non-financial assets - property, plant and equipments and intangible assets**

The carrying values of assets / cash generating units at the each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and if the carrying amount of these assets exceeds their recoverable amount, impairment loss is recognised in the statement of profit and loss as an expense, for such excess amount. The recoverable amount is the greater of the net selling price and value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the statement of profit and loss.

**3.14 Corporate guarantees**

Corporate guarantees are initially recognised in the standalone financial statements (within "other non-financial liabilities") at fair value, being the notional commission. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Any increase in the liability relating to financial guarantees is recorded in the statement of profit and loss. The notional commission is recognised in the statement of profit and loss under the head fees and commission income on a straight line basis over the life of the guarantee.

**3.15 Retirement and other employee benefits**

**Defined contribution plans**

The Company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

**Defined benefit plans**

The Company pays gratuity to the employees whoever has completed five years of service with the Company at the time of resignation / retirement. The gratuity is paid @15 days salary for every completed year of service as per the Payment of Gratuity Act, 1972.

The gratuity liability amount is contributed by the Company to the Life insurance corporation of India who administers the fund of the Company.

The liability in respect of gratuity and other post-employment benefits is calculated using the Projected Unit Credit Method and spread over the period during which the benefit is expected to be derived from employees' services. As per Ind AS 19, the service cost and the net interest cost are charged to the statement of profit and loss. Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI.

**Short-term employee benefits**

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages etc. and the expected cost of ex-gratia are recognised in the period in which the employee renders the related service. A liability is recognised for the amount expected to be paid when there is a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. The cost of short-term compensated absences is accounted as under:

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

## 3.16 Provisions, contingent liabilities and contingent assets

### A. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

### B. Contingent liability

A possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or; present obligation that arises from past events where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability are disclosed as contingent liability and not provided for.

### C. Contingent asset

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are neither recognised nor disclosed except when realisation of income is virtually certain, related asset is disclosed.

## 3.17 Taxes

### A. Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. Current tax is the amount of tax payable on the taxable income for the period as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961.

### B. Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the standalone financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of deferred tax liabilities and assets are reviewed at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity).

Deferred tax items are recognised in correlation to the underlying transaction either in OCI or equity.

Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off.

### C. Goods and services tax paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the goods and services tax paid, except when the tax incurred on a purchase of assets or availing of services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

**3.18 Earnings per share**

Basic earnings per share ("EPS") is computed by dividing the profit after tax (i.e. profit attributable to ordinary equity holders) by the weighted average number of equity shares outstanding during the year.

Diluted EPS is computed by dividing the profit after tax (i.e. profit attributable to ordinary equity holders) as adjusted for after-tax amount of dividends and interest recognised in the period in respect of the dilutive potential ordinary shares and is adjusted for any other changes in income or expense that would result from the conversion of the dilutive potential ordinary shares, by the weighted average number of equity shares considered for deriving basic earnings per share as increased by the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits, right issue and bonus shares, as appropriate.

**3.19 Dividends on ordinary shares**

The Company recognises a liability to make cash or non-cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the Act, final dividend is authorised when it is approved by the shareholders and interim dividend is authorised when the it is approved by the Board of Directors of the Company. A corresponding amount is recognised directly in equity. Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity. Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit and loss.

**4. Standards issued but not yet effective**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

- Ind AS 1 – Presentation of Financial Statements

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.

- Ind AS 12 – Income Taxes

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company is evaluating the impact, if any, in its financial statements.

- Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

*(All amounts are in Lakhs unless otherwise stated)*

| 1. Cash and Cash Equivalent | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Cash on hand | 64.86 | 90.82 |
| Balance with banks | 2,557.25 | 7,461.95 |
| **Total** | **2,622.12** | **7,552.76** |

| 2. Other Bank Balance | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **In fixed deposit accounts:** | | |
| Deposits given as security against borrowings | 9,571.26 | 5,346.53 |
| Fixed Deposits given as security against overdraft facilities (Refer Note 2.2) | 30,100.00 | - |
| Other Deposits (i.e., free from any encumbrance) | 1,839.41 | 1,489.05 |
| Earmarked balances with banks (Refer Note 2.1) | 20.00 | 15.27 |
| Less: Interest Accrued but not due on Bank Deposits (Refer Note 5) | (1,120.99) | (169.59) |
| **Total** | **40,409.67** | **6,681.27** |

2.1 Earmarked balance with banks represents ₹20 Lakhs (As at March 31, 2022 ₹15.27 Lakhs) in Unpaid Dividend and CSR Deposit Accounts.

2.2 Deposits includes deposits of ₹30,100 Lakhs (P.Y. ₹ NIL) given to bank for Overdraft facility. Overdraft utilized of ₹16,844.05 Lakhs

| 3. Loans | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **At FVOCI:** | | |
| Secured by Tangible Asset | 6,014.53 | 4,636.32 |
| Unsecured Loans | 1,54,986.05 | 1,08,414.39 |
| Less : Impairment Loss allowance | (6,681.33) | (6,531.69) |
| | **1,54,319.25** | **1,06,519.02** |
| Less: Interest Due but not Received on Loans and Advances (Note No.5) | (648.50) | (758.35) |
| **Total** | **1,53,670.75** | **1,05,760.67** |
| **(1) Loans In India** | | |
| Public Sector | - | - |
| Others | 1,53,670.75 | 1,05,760.67 |
| | **1,53,670.75** | **1,05,760.67** |
| **(2) Loans Outside India** | - | - |
| **Total** | **1,53,670.75** | **1,05,760.67** |

*(All amounts are in Lakhs unless otherwise stated)*

**3.1 An analysis of changes in the gross carrying amount and the corresponding ECL Allowances:**

| Particulars | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|
| **Gross carrying amount as at March 31, 2021** | **72,321.29** | **3,418.17** | **3,737.24** | **79,476.70** |
| New Assets originated* | 90,604.28 | 320.77 | 213.35 | 91,138.39 |
| **Net transfer between stages** | | | | |
| Transfer from stage 1 | (6,101.53) | 3,537.42 | 2,564.11 | - |
| Transfer from stage 2 | 234.87 | (1,713.94) | 1,479.07 | - |
| Transfer from stage 3 | 12.76 | 70.71 | (83.47) | - |
| Assets derecognised or collected | 53,974.78 | 541.91 | 807.28 | 55,323.98 |
| Write - offs | 519.00 | 367.88 | 2,111.86 | 2,998.75 |
| **Gross carrying amount as at March 31, 2022** | **1,02,577.88** | **4,723.34** | **4,991.15** | **1,12,292.37** |
| New Assets originated* | 1,51,586.90 | 766.72 | 563.65 | 1,52,917.27 |
| **Net transfer between stages** | | | | |
| Transfer from stage 1 | (2,951.68) | 1,023.97 | 1,927.71 | - |
| Transfer from stage 2 | 851.16 | (1,408.59) | 557.43 | - |
| Transfer from stage 3 | 2.92 | 1.94 | (4.86) | - |
| Assets derecognised or collected | 97,727.56 | 1,444.10 | 780.34 | 99,952.01 |
| Write - offs | 191.38 | 1,934.18 | 2,779.98 | 4,905.55 |
| **Gross carrying amount as at March 31, 2023** | **1,54,148.23** | **1,729.09** | **4,474.76** | **1,60,352.09** |

*Note: New assets originated are those assets which have either remained in stage 1 or have become stage 2 or 3 at the year end.

**3.2 Reconciliation of ECL balance is given below:**

| Particulars | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|
| **ECL Allowances as at March 31, 2021** | **902.97** | **1,083.77** | **3,167.93** | **5,154.67** |
| Addition During the Year | 813.26 | 1,498.30 | 3,795.29 | 6,106.85 |
| Reversal During the Year | (809.84) | (1,126.62) | (2,793.37) | (4,729.83) |
| **ECL Allowances as at March 31, 2022** | **906.39** | **1,455.45** | **4,169.85** | **6,531.69** |
| Addition During the Year | 1,449.38 | 517.74 | 2,846.70 | 4,813.81 |
| Reversal During the Year | (537.05) | (1,334.26) | (2,792.87) | (4,664.17) |
| **ECL Allowances as at March 31, 2023** | **1,818.72** | **638.93** | **4,223.68** | **6,681.33** |

Note: Increase in ECLs of the portfolio was driven by an increase in the gross size of the portfolio and movements between stages as a result of increases in credit risk. The significant increase in economic activities post easing of lockdown by the state governments due to Covid-19 had resulted in improvement in business operations of the Company. As a matter of prudence, during the financial year ended March 31, 2023, the Company has written off (Net) ₹4,284.92 Lakhs. The Total ECL provision as at March 31,2023 of ₹6,681.33 Lakhs out of which ₹2,204.51 Lakhs is retained by the company towards management overlay on account of COVID-19. The additional ECL provision retained on account of COVID-19 is based on the Company's historical experience, collection efficiencies post lockdown, internal assessment and other emerging forward looking factors on account of the pandemic. However, the actual impact may vary due to prevailing uncertainty caused by the pandemic. The Company's management is continuously monitoring the situation and the economic factors affecting the operations of the Company.

**3.3** Loans secured by hypothecation of assets (vehicles) are secured by hypothecation of the assets (vehicles) under finance. In the opinion of the Board, the market value of the hypothecated assets (vehicle) as on Balance Sheet date is more than the amount of loan outstanding.

*(All amounts are in Lakhs unless otherwise stated)*

| 4. | Investments (At Cost) | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| A | **At Fair Value Through Profit & Loss (FVTPL)** | | |
| | **In Mutual Funds** | | |
| | Nil Unit (As at 31.03.21: 9,27,603.39 Units) of SBI Credit Risk Fund -Regular -Growth | - | 335.42 |
| | 9,08,465.69 Units (As at 31.03.21: Nil Unit) SBI Magnum Gilt Fund Regular Growth | 500.86 | - |
| | 6,98,053.498 Units (As at 31.03.21: Nil Unit) SBI Magnum Medium Duration Fund Regular Growth | 300.00 | - |
| B | **At Amortised Cost** | | |
| | **In Pass through certificates under securitization transactions** | | |
| | 1,87,87,291 Units (As at March 31, 2021 - Nil Unit) of HLF Sydney PTC, Face Value of ₹1/- each. | 174.07 | 158.33 |
| | 1,13,53,428 Units (As at March 31, 2021 - Nil Unit) Nabsam Albany PTC, Face Value of ₹1/- each. | 108.17 | 97.99 |
| | 2,15,98,529 Units (As at 31-3-2022 - Nil) of Nimbus 2022 MFI Dunedin, Face Value of ₹1 Each. | 203.65 | - |
| | 1,87,70,074 Units (As at 31-03-2022 - NIL) of Nimbus 2022 MFI Hamilton, Face Value of ₹1 Each | 173.75 | - |
| | 1,23,40,361 Units (As at 31-03-2022 - NIL) of NFL EMERALD 2022, Face Value of ₹1 Each. | 108.74 | - |
| | 1,82,47,719 units (As at 31-03-2022 - NIL) of MFSL 2022 Lynx , Face Value of ₹1 Each | 161.11 | - |
| | 1,00,000 Units (As at 31-03-2022 - NIL) of Sheryl 06 2022. Face Value of ₹1 Each | 0.89 | - |
| | 41,13,949 Units (As at 31-03-2022 - Nil) of Victor July 2022, Face Value ₹1 Each | 37.78 | - |
| | 61,92,788 Units (As at 31-03-2022 - Nil) of Nimbus 2022 MFI Brampton, Face Value of ₹1 Each | 56.74 | - |
| | 1,30,41,310 Units (As at 31.03.22- Nil unit) of Roger July 2022 PTC , Face Value of ₹1 Each. | 122.17 | - |
| | | **1,947.93** | **591.74** |
| | **(1) Investment In India** | 1,947.93 | 591.74 |
| | **(2) Investment outside India** | - | - |
| | **Total** | **1,947.93** | **591.74** |

**Note:**

Investments represents investments of ₹0.01 Lacs (P.Y. ₹. 0 Lacs) given as collateral security against borrowing from Financial Institution.

*(All amounts are in Lakhs unless otherwise stated)*

4.1 For the investment in subsidiary entity, the Company has opted for the exemption provided in para D15(b)(ii) of Ind AS 101 and accordingly the same has been measured at previous GAAP carrying amount.

4.2 As per para 10 of Ind AS 27, the Company has opted to value the investments in subsidiary entity at cost.

4.3 Namra Finance Limited (CIN: U65999GJ2012PLC069596) is wholly owned subsidiary Company. The Arman Financial Services Limited has investment in subsidiary company's 4,53,60,000 (As At 31.03.22, 3,32,60,000) Equity Shares of ₹10/- each fully paid up

| 5. Other Financial Assets | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Interest Due but not Received on Loans and Advances (Note No.3) | 648.50 | 758.35 |
| Interest Accrued but not due on Bank Deposits (Note No.2) | 1,120.99 | 169.59 |
| Deposits | 25.48 | 413.19 |
| Other Advances | 1,632.35 | 450.49 |
| Fair valuation of Derivative Instrument measured Through Profit & Loss Account | - | 8.12 |
| Less : Provision on Interest Receivable on Credit Impaired Loans and Advances | (538.72) | (500.06) |
| **Total** | **2,888.59** | **1,299.67** |

5.1 Deposits includes deposits ₹ Nil Lakhs (P.Y. ₹384.49 Lakhs), given as collateral security against loans from financial Institutes.

**5.2 Reconciliation of Provision on Interest Receivable on Credit Impaired Loans given below:**

| | | |
|---|---|---|
| **ECL Allowances As at beginning of the year** | **500.06** | **608.45** |
| Addition During the Year | 382.02 | 260.53 |
| Reversal During the Year | (343.36) | (368.92) |
| **ECL Allowances As at end of the year** | **538.72** | **500.06** |

5.3 There are no dues/loans from directors or other officers of the company or any firm or private company in which any director is a partner or director or a member.

*(All amounts are in Lakhs unless otherwise stated)*

| 6. | Deferred Tax | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| A | **Defferred Tax Assets on Account of:** | | |
| | Provision for employee benefits that are allowable for tax purpose in the year of payment | 50.26 | 29.13 |
| | Financial assets measured at amortised cost | 430.58 | 279.34 |
| | Shares issue expenses that are allowable for tax purpose on deferred basis | 5.32 | 1.16 |
| | Provision for CSR | - | 13.06 |
| | Fair valuation of financial instruments through Other Comprehensive Income | 226.96 | 76.96 |
| | Impairment on Financial Assets | 1,711.68 | 1,698.68 |
| | **Total Deferred Tax Assets** | **2,424.81** | **2,098.32** |
| B | **Deferred Tax Liability on Account of:** | | |
| | Difference in written down value as per Companies Act and Income Tax Act | (13.77) | (12.30) |
| | Financial liabilities measured at amortised cost | (340.38) | (174.42) |
| | Fair valuation of Derivative Contract measured Through Profit & Loss Account | - | (2.04) |
| | Interest Receivable on NPA Assets | (135.59) | (125.86) |
| | Fair valuation of Investment in Mutual Fund | (0.22) | (24.00) |
| | Direct Assignment Income Receivable -DA | (388.34) | (108.69) |
| | **Total Deferred Tax Liabilities** | **(878.30)** | **(447.31)** |
| | **Total Asset/(Liability) (Net)** | **1,546.51** | **1,651.02** |

**6.1 The following table shows deferred tax recorded in the balance sheet and changes recorded in the income tax expense:**

| Particulars | As at March 31, 2022 | (Charged)/ credited to statement of profit and loss | (Charged)/ credited to other compreh-ensive income | As at March 31, 2023 |
|---|---|---|---|---|
| **Assets** | | | | |
| Provision for employee benefits that are allowable for tax purpose in the year of payment | 29.13 | 9.40 | 11.73 | 50.26 |
| Shares issue expenses that are allowable for tax purpose on deferred basis | 1.16 | 4.17 | - | 5.32 |
| Impairment on Financial Assets | 1,698.68 | 13.00 | - | 1,711.68 |
| Financial assets measured at amortised cost | 279.34 | 151.25 | - | 430.58 |
| Provision for CSR | 13.06 | (13.06) | - | - |
| Fair valuation of financial instruments through Other Comprehensive Income | 76.96 | - | 150.00 | 226.96 |

*(All amounts are in Lakhs unless otherwise stated)*

| Particulars | As at March 31, 2022 | (Charged)/ credited to statement of profit and loss | (Charged)/ credited to other compreh-ensive income | As at March 31, 2023 |
|---|---|---|---|---|
| **Liabilities** | | | | |
| Difference in written down value as per Companies Act and Income Tax Act | (12.30) | (1.47) | - | (13.77) |
| Financial liabilities measured at amortised cost | (174.42) | (165.96) | - | (340.38) |
| Interest Receivable on NPA Assets | (125.86) | (9.73) | - | (135.59) |
| Fair valuation of Derivative Contract measured Through Profit & Loss Account | (2.04) | 2.04 | - | - |
| Fair valuation of Investment in Mutual Fund | (24.00) | 23.78 | - | (0.22) |
| Direct Assignment Income Receivable -DA | (108.69) | (279.65) | - | (388.34) |
| **Total Asset/(Liability) (Net)** | **1,651.02** | **(266.24)** | **161.73** | **1,546.51** |

| Particulars | As at March 31, 2021 | (Charged)/ credited to statement of profit and loss | (Charged)/ credited to other comprehensive income | As at March 31, 2022 |
|---|---|---|---|---|
| **Assets** | | | | |
| Provision for employee benefits | 22.54 | 7.17 | (0.57) | 29.13 |
| Share Issue Expense that are alloable for tax purpose in the year of payment | 1.73 | (0.58) | - | 1.16 |
| Impairment on financial asset | 1,450.46 | 248.22 | - | 1,698.68 |
| Financial assets measured at amortised cost | 135.55 | 143.78 | - | 279.34 |
| Provision for CSR | - | 13.06 | - | 13.06 |
| Fair valuation of financial instruments through OCI | (122.04) | (0.00) | 198.99 | 76.96 |
| **Liabilities** | | | | |
| Difference in written down value as per Companies Act and Income Tax Act | (11.53) | (0.77) | - | (12.30) |
| Financial liabilities measured at amortised cost | (118.90) | (55.52) | - | (174.42) |
| NPA Interest Receivable | - | (125.86) | - | (125.86) |
| Fair valuation of Derivative Contract measured Through Profit & Loss Account | (1.52) | (0.53) | - | (2.04) |
| Fair valuation of Investment in Mutual Fund | (19.55) | (4.45) | - | (24.00) |
| Direct Assignment Income Receivable -DA | - | (108.69) | - | (108.69) |
| **Total Asset/(Liability) (Net)** | **1,336.75** | **115.84** | **198.42** | **1,651.02** |

*(All amounts are in Lakhs unless otherwise stated)*

## 7. Property, Plant & Equipment

| Carrying Value | Buildings | Furniture & Fixtures | Office Equipment | Vehicles | Computers | Total Property, Plant & Equipment | Intangible Assets | Intangible asset under development | Total Assets | Right of Use Assets |
|---|---|---|---|---|---|---|---|---|---|---|
| **At March 31, 2021** | **149.49** | **141.20** | **52.92** | **150.42** | **119.90** | **613.93** | **56.82** | **-** | **0.01** | **88.72** |
| Addition | 14.58 | 5.31 | 6.09 | 27.76 | 9.93 | 63.67 | 21.10 | 2.62 | 0.00 | 90.68 |
| Disposal | - | - | - | - | 1.40 | 1.40 | - | - | 0.00 | - |
| Other Adjustment | - | - | - | - | - | - | - | - | - | - |
| **At March 31, 2022** | **164.07** | **146.52** | **59.01** | **178.18** | **128.43** | **676.21** | **77.92** | **2.62** | **0.01** | **179.40** |
| Addition | 17.44 | 2.99 | 12.69 | 30.82 | 166.16 | 230.10 | 8.61 | - | 0.00 | - |
| Disposal | - | - | - | - | - | - | - | - | - | - |
| Other Adjustment | - | - | - | - | - | - | - | 2.62 | 0.00 | - |
| **At March 31, 2023** | **181.51** | **149.51** | **71.70** | **209.00** | **294.58** | **906.30** | **86.53** | **-** | **0.01** | **179.40** |
| **Accumulated Depreciation** | **Buildings** | **Furniture & Fixtures** | **Office Equipment** | **Vehicles** | **Computers** | **Total Property, Plant & Equipment** | **Intangible Assets** | **Intangible asset under development** | **Total Assets** | **Right of Use Assets** |
| **At March 31, 2021** | **44.44** | **43.58** | **31.19** | **94.69** | **74.01** | **0.00** | **34.28** | **-** | **0.00** | **29.57** |
| Change for the year | 10.20 | 4.40 | 9.23 | 24.15 | 11.10 | 0.00 | 8.30 | - | 0.00 | **27.90** |
| Disposal | - | - | - | - | 0.65 | 0.00 | - | - | 0.00 | - |
| **At March 31, 2022** | **54.65** | **47.98** | **40.42** | **118.84** | **84.46** | **0.00** | **42.58** | **-** | **0.00** | **57.47** |
| Change for the year | 11.99 | 4.32 | 11.22 | 25.62 | 24.53 | 0.00 | 9.91 | - | 0.00 | **27.90** |
| Disposal | - | - | - | - | - | - | - | - | - | - |
| **At March 31, 2023** | **66.64** | **52.30** | **51.64** | **144.46** | **108.99** | **0.00** | **52.49** | **-** | **0.00** | **85.37** |
| | | | | | | | | | | |
| **Net Carrying Value** | | | | | | | | | | |
| At March 31, 2022 | 109.42 | 98.54 | 18.59 | 59.34 | 43.97 | 329.86 | 35.34 | 2.62 | 367.81 | 121.93 |
| **At March 31, 2023** | **114.88** | **97.21** | **20.06** | **64.54** | **185.59** | **482.28** | **34.04** | **-** | **516.32** | **94.03** |

for the year ended March 31, 2023 (All amounts are in Lakhs unless otherwise stated)

7.1

A. **Intangible assets under development aging schedule :**

| Intangible assets under development | March 31, 2023 | | | | Total |
|---|---|---|---|---|---|
| | Amount in CWIP for a period of | | | | |
| | Less than 1 year | 1-2 Years | 2-3 Years | More than 3 years | |
| Projects in progress | - | - | - | - | - |
| Projects temporarily suspended | - | - | - | - | - |

| Intangible assets under development | March 31, 2022 | | | | Total |
|---|---|---|---|---|---|
| | Amount in CWIP for a period of | | | | |
| | Less than 1 year | 1-2 Years | 2-3 Years | More than 3 years | |
| Projects in progress | 2.62 | 0.00 | 0.00 | 0.00 | 2.62 |
| Projects temporarily suspended | - | - | - | - | - |

B. **For Intangible assets under development, whose completion is overdue or has exceeded its cost compared to its original plan :**

| Intangible assets under development | March 31, 2023 | | | | Total |
|---|---|---|---|---|---|
| | To be completed in | | | | |
| | Less than 1 year | 1-2 Years | 2-3 Years | More than 3 years | |
| Project 1 | - | - | - | - | - |
| **Project 2** | - | - | - | - | - |

| Intangible assets under development | March 31, 2022 | | | | Total |
|---|---|---|---|---|---|
| | To be completed in | | | | |
| | Less than 1 year | 1-2 Years | 2-3 Years | More than 3 years | |
| Project 1 | - | - | - | - | - |
| Project 2 | - | - | - | - | - |

**(a) Capitalised Borrowing Cost :** Borrowing Cost Capitalised on Property, Plant and Equipment during the year ₹. Nil (PY. ₹. Nil).

**(b) Contractual Obligations:** Refer Note.31 for disclosure of Contractual Commitments for the acquisition of property, Plant & Equipment.

**(c)** Title deeds of immovable property (other than proper taken on lease by duly executed lease agreement) are held in the name of the company.

**(d)** No proceedings have been initiated or pending against the company for holding any benami property under the Benami transactions (Prohibition) Act,1988 (45 of 1988) and the rules made thereunder.

*(All amounts are in Lakhs unless otherwise stated)*

| 8. Other Non - Financial Assets | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Prepaid Expenses | 12.35 | 9.36 |
| Balance with Government Authorities | 54.64 | 23.54 |
| Advances to staff | 13.61 | 19.16 |
| Advance to Suppliers | 39.90 | 60.82 |
| **Total** | **120.49** | **112.89** |

| 9. Trade Payables | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Total outstanding dues of micro enterprises and small enterprises | - | - |
| Total outstanding dues of other than micro enterprises and small enterprises | 161.88 | 154.88 |
| **Total** | **161.88** | **154.88** |

**9.1 Trade Payable ageing schedule :**

| AS on March 31, 2023 | MSME Trade Payable | | Other than MSME Trade Payables | |
|---|---|---|---|---|
| | Disputed | Undisputed | Disputed | Undisputed |
| Outstanding Less than 1 Years | - | - | - | 161.88 |
| Outstanding between 1 year to 2 Years | - | - | - | 0.37 |
| Outstanding between 2 year to 3 Years | - | - | - | - |
| Outstanding More than 3 Years | - | - | - | - |

| As on March 31, 2022 | MSME Trade Payable | | Other than MSME Trade Payables | |
|---|---|---|---|---|
| | Disputed | Undisputed | Disputed | Undisputed |
| Outstanding Less than 1 Years | - | - | - | 154.88 |
| Outstanding between 1 year to 2 Years | - | - | - | 0.37 |
| Outstanding between 2 year to 3 Years | - | - | - | - |
| Outstanding More than 3 Years | - | - | - | - |

*Dues to Micro and Small enterprises have been determined to the extent such parties have been identified on the basis of the information collected by the Management. This has been relied upon by the Auditors.

*(All amounts are in Lakhs unless otherwise stated)*

**9.2** Under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act") which came into force from October 2, 2006, certain disclosures are required to be made relating to micro, small and medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments. The disclosure as required by section 22 of MSMED Act has been given below:

| Sr No | Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| 1 | Principal amount payable to suppliers as at year end | - | - |
| 2 | Interest due thereon as at year end | - | - |
| 3 | Interest amount for delayed payments to suppliers pursuant to provisions of MSMED Act actually paid during the year, irrespective of the year to which the interest relates. | - | - |
| 4 | Amount of delayed payment actually made to suppliers during the year | - | - |
| 5 | The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006 | - | - |
| 6 | Interest accrued and remaining unpaid at the end of the year | - | - |
| 7 | The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006. | - | - |

| 10. Debt Securities (At Amortised Cost) | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Secured Debenture (Refer note 10.1)** | | |
| 11.80% Secured, Redeemable, Non Convertible Debenture of ₹10 Lakh Each (C.Y. 300 Unit, P.Y. 300) | 2,000.00 | 3,000.00 |
| 11.30% Secured, Redeemable, Non Convertible Debenture of ₹1000 Each (C.Y. 2,88,750 Unit, P.Y. Nil) | 2,887.50 | - |
| 13.15% Secured, Redeemable, Non Convertible Debenture of ₹10 Lakh Each (C.Y. Nil Unit, P.Y. 378) | - | 3,780.00 |
| 9.90% Secured, Redeemable, Principal Protect - Market Linked Debenture of ₹1 Lakh Each (C.Y. 2500 Unit, P.Y. Nil) | 2,500.00 | - |
| 9.90% Secured, Redeemable, Principal Protect - Market Linked Debenture of ₹10 Lakh Each (C.Y. 200 Unit, P.Y. Nil) | 2,000.00 | - |
| 11.20% Secured, Redeemable, Non Convertible Debenture of ₹1,000/- each (C.Y. 2,22,654 Units, P.Y. Nil Units) | 2,226.54 | 2,226.54 |
| 11.80% Secured, Redeemable, Non Convertible Debenture of ₹10,000/- each (C.Y. 34,550 Units, P.Y. Nil Units) | 3,455.00 | 3,455.00 |
| 12.39% Secured, Redeemable, Non Convertible Debenture of ₹10,000/- each (C.Y. 48,750 Units ,P.Y. 48,750 Units) | 4,875.00 | 4,875.00 |
| Market Linked Secured, Redeemable, Non Convertible Debenture of ₹10 Lakh Each (368 Unit as at 31.03.23, Nil Units) | 3,680.00 | - |

# Notes Forming Part of the Consolidated Financial Statements

for the year ended March 31, 2023

*(All amounts are in Lakhs unless otherwise stated)*

| Debt Securities (At Amortised Cost) (contd..) | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Market Linked Secured, Redeemable, Non Convertible Debenture of ₹1 Lakh each (C.Y. 2,350 Units, P.Y. 2,350 Units) | - | 2,350.00 |
| **Unsecured Debenture (Refer note 11.1)** | | |
| Debt Component of 15% Unsecured Compulsory Convertible Debenture of ₹1230 Each | 1,047.33 | - |
| Less: Unamortised borrowing costs | (335.88) | (178.95) |
| **Total Debt Securities** | **24,335.49** | **19,507.59** |
| Debt Securities in India | 24,335.49 | 19,507.59 |
| Debt Securities Outside India | - | - |
| **Total** | **24,335.49** | **19,507.59** |

**10.1 Details of terms of Redemption/ Repayment and security provided in respect of Debt Securities:**

| Particular | As at March 31, 2023 | As at March 31, 2022 | Terms of Redemption / Repayment | Security |
|---|---|---|---|---|
| 378, 13.15% Secured, Redeemable, Non Convertible Debenture of ₹10 Lakh Each | - | 3,780.00 | 99.99% on 03-03-2023 and Remaining Bullet Payment at the end of 60 Months From 03-03-2020 | Secured Under Hypothecation of Specific Assets Portfolio |
| 48,750, 12.39% Secured, Redeemable, Non Convertible Debenture of ₹10,000 Each | 4,875.00 | 4,875.00 | 99.99% on 12 November 2023 and Remaining Bullet Payment at the end of 60 Months From 12 November 2020 | Secured Under Hypothecation of Specific Asset Portfolio |
| 2,350, Market Linked Secured, Redeemable, Non Convertible Debenture of ₹1 Lakh Each | - | 2,350.00 | Bullet Payment at the end of 18 Months From 27 March 2021 | Secured Under Hypothecation of Specific Asset Portfolio |
| Market Linked Secured, Redeemable, Non Convertible Debenture of ₹10 Lakh Each (368 Unit as at 31.03.23, Nil Unit as at 31.03.22) | 3,680.00 | - | Bullet Payment at the end of 24 Months From 06 October 2021 | Secured Under Hypothecation of Specific Asset Portfolio |
| 2,22,654, 11.20% Secured, Redeemable, Non Convertible Debenture of ₹1,000 Each | 2,226.54 | 2,226.54 | Bullet Payment at the end of 24 Months From 11 March 2022 | Secured Under Hypothecation of Specific Asset Portfolio |
| 300, 11.80% Secured, Redeemable, Non Convertible Debenture of ₹10 Lakh Each | 2,000.00 | 3,000.00 | 33.33% on 31-12-2022, 33.33% on 31-12-2023 & Remaining 33.34% Payment at the end of 34 Months From 23-03-2022 | Secured Under Hypothecation of Specific Assets Portfolio |

*(All amounts are in Lakhs unless otherwise stated)*

**Details of terms of Redemption/ Repayment and security provided in respect of Debt Securities (contdd.):**

| Particular | As at March 31, 2023 | As at March 31, 2022 | Terms of Redemption / Repayment | Security |
|---|---|---|---|---|
| Debt Component of 15% Unsecured Compulsory Convertible Debenture of ₹1230 Each | 1,047.33 | - | 24% on 30-06-2023, 25% on 30-09-2023, 26% on 31-12-2023 & Remaining 25% Payment at the end of 18 Months From 28-09-2022 | - |
| 9.90% Secured, Redeemable, Principal Protect - Market Linked Debenture of ₹10 Lakh Each | 2,000.00 | - | 100% on 04-04-2024 and Remaining Bullet Payment at the end of 18 Months From 04-10-2022 | Secured Under Hypothecation of Specific Assets Portfolio |
| 11.30% Secured, Redeemable, Non Convertible Debenture of ₹1000 Each | 2,887.50 | - | 99.99% on 16-06-2025 and Remaining Bullet Payment at the end of 36 Months From 14-12-2022 | Secured Under Hypothecation of Specific Assets Portfolio |
| 9.90% Secured, Redeemable, Principal Protect - Market Linked Debenture of ₹1 Lakh Each | 2,500.00 | - | 100% on 27-07-2024 and Remaining Bullet Payment at the end of 18 Months From 24-01-2023 | Secured Under Hypothecation of Specific Assets Portfolio |
| 34,550, 11.80% Secured, Redeemable, Non Convertible Debenture of ₹10,000 Each | 3,455.00 | 3,455.00 | 99.99% on 13 May 2023 and Remaining Bullet Payment at the end of 24 Months From 13 May 2023 | Secured Under Hypothecation of Specific Asset Portfolio |
| **Total Debt Securities** | **24,671.37** | **19,686.54** | | |

| 11. Borrowings (at Amortized Cost) | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Term Loans** | | |
| **Secured** | | |
| From Banks | 54,655.01 | 38,891.84 |
| From Financial Institutions | 58,541.14 | 37,027.98 |
| Less: Unamortised borrowing costs | (1,016.55) | (514.07) |
| | **1,12,179.60** | **75,405.75** |
| **Loans repayable on demand from banks** | 723.51 | 1,555.71 |
| **Overdraft from banks - Secured against Fixed Deposit** | 16,844.05 | - |
| **Total Borrowings** | **1,29,747.16** | **76,961.46** |
| | | |
| Borrowings in India | 1,29,747.16 | 72,848.05 |
| Borrowings Outside India | - | 4,113.41 |
| **Total** | **1,29,747.16** | **76,961.46** |

*(All amounts are in Lakhs unless otherwise stated)*

**11.1 Security:-**

Term Loans & Working Capital Loans are secured under hypothecation of exclusive first charge on specific assets portfolio & personal guarantee of some of the directors. The same are further secured by cash collateral security in the form of fixed deposit which are shown under "Other Bank Balance".

**11.2 Interest:**

Term loan and Loans repayable on demand from banks carries an interest rate ranging from 6.43% to 15.00% p.a.

**11.3** The Company has not defaulted in repayment of borrowings and interest.

**11.4** The Company has borrowed funds from banks and finacial institutions on the basis of security of book debts.It has filed quarterly returns or statements of book debts with banks and finacial institutions and the said returns/ statements are in agreement with books of accounts.

**11.5 Details of terms of Redemption/ Repayment and security provided in respect of Borrowings:**

| Particular | March 31, 2023 | March 31, 2022 | Terms of Redemption / Repayment | Security |
|---|---|---|---|---|
| **Borrowings (Other than Debt Securities)** | | | | |
| Term Loan From Bank 1 | - | 138.89 | Repayable in 36 monthly installments starting from 31 July 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Bank 2 | - | 85.71 | Repayable in 24 monthly installments starting from 31 December 2020 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Bank 3 | - | 457.14 | Repayable in 24 monthly installments starting from 04 March 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Bank 4 | 285.71 | 500.00 | Repayable in 24 monthly installments starting from 10 March 2022 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Bank 5 | 1,254.55 | 1,800.55 | Repayable in 36 monthly installments starting from 31 March 2022 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed, Bank Deposit and Personal Guarantee of Some of the Directors. |
| Term Loan From Bank 6 | - | 4,130.00 | Bullet Payment at the end of 36 Months From 17 March 2020 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Bank 7 | - | 306.61 | Repayable in 36 Months (Monthly installments) starting From 02 February 2020 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |

*(All amounts are in Lakhs unless otherwise stated)*

**Details of terms of Redemption/ Repayment and security provided in respect of Borrowings (Contd..):**

| Particular | March 31, 2023 | March 31, 2022 | Terms of Redemption / Repayment | Security |
|---|---|---|---|---|
| Term Loan From Bank 8 | 27.63 | 194.42 | Repayable in 36 Months (Monthly installments) starting From 31 May 2020 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Bank 9 | 1,499.08 | - | Repayable in 24 Months (Monthly installments) starting From 31 August 2022 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Bank 10 | - | 3.59 | Repayable in 24 Months (Monthly installments) starting From 30 April 2020 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Bank 11 | - | 2.70 | Repayable in 36 Months (Monthly installments) starting From 15 April 2019 | Secured against the car |
| Term Loan From Bank 12 | - | 466.71 | Repayable in 27 Months (Monthly installments) starting From 31 May 2020 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Bank 13 | - | 929.59 | Repayable in 18 Monthly installments Starting From 10th June 2021 | Secured by a first and exclusive charge on receivables Assigned to the Bank of the company |
| Term Loan From Bank 14 | - | 1,107.40 | Repayable in 18 Monthly installments Starting From 15th August 2021 | Secured by a first and exclusive charge on receivables Assigned to the Bank of the company |
| Term Loan From Bank 15 | 1,085.48 | 1,818.19 | Repayable in 33 Months (Monthly installments) starting From 30th January 2022 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Bank 16 | 514.60 | 878.49 | Repayable in 36 Monthly installments from 08 Sep 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Bank 17 | 513.23 | 877.94 | Repayable in 36 Monthly installments from 15 Oct 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Bank 18 | 1,359.37 | 2,271.84 | Repayable in 36 Monthly installments from 28 Sep 2021 | Secured by a first and exclusive charge on receivables Assigned to the Bank of the company |
| Term Loan From Bank 19 | 1,250.01 | 2,083.33 | Repayable in 36 Monthly installments from 31 Aug 2020 | Secured by a first and exclusive charge on receivables Assigned to the Bank of the company |

# Notes Forming Part of the Consolidated Financial Statements

for the year ended March 31, 2023

*(All amounts are in Lakhs unless otherwise stated)*

**Details of terms of Redemption/ Repayment and security provided in respect of Borrowings (Contd..):**

| Particular | March 31, 2023 | March 31, 2022 | Terms of Redemption / Repayment | Security |
|---|---|---|---|---|
| Term Loan From Bank 20 | 1,187.50 | 1,937.50 | Repayable in 36 Monthly installments from 29 Nov 2021 | Secured by a first and exclusive charge on receivables Assigned to the Bank of the company |
| Term Loan From Bank 21 | 545.45 | 1,636.36 | Repayable in 24 Monthly installments from 30 Sep 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Bank 22 | 272.73 | 500.00 | Repayable in 24 Monthly installments from 30 Mar 2022 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Bank 23 | - | 1,420.00 | Repayable in 21 Monthly installments Starting From 30th June 2021 | Secured by a first and exclusive charge on receivables Assigned to the Bank of the company |
| Term Loan From Bank 24 | 2,227.27 | 5,500.00 | Repayable in 24 Months (Monthly installments) starting From 29th Nov'21 and 15th Dec'21 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Bank 25 | - | 2,807.73 | Repayable in 12 Months (Monthly installments) starting From 25th April 2022 | Secured by a first and exclusive charge on receivables Assigned to the Bank of the company |
| Term Loan From Bank 26 | 1,067.45 | 3,048.65 | Repayable in 18 Monthly installments from 16 Mar 2022 | Secured by a first and exclusive charge on receivables Assigned to the Bank of the company |
| Term Loan From Bank 27 | 1,395.50 | - | Repayable in 24 Monthly installments from 21 Jan 2023 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Bank 28 | 2,697.87 | - | Repayable in 30 Monthly installments from 17 Dec 2022 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Bank 29 | 1,999.97 | - | Repayable in 26 Monthly installments from 14 Feb 2023 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Bank 30 | 452.06 | - | Repayable in 36 Monthly installments from 15 Oct 2022 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Bank 31 | 1,818.19 | - | Repayable in 36 Monthly installments from 29 Sep 2022 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |

*(All amounts are in Lakhs unless otherwise stated)*

**Details of terms of Redemption/ Repayment and security provided in respect of Borrowings (Contd..):**

| Particular | March 31, 2023 | March 31, 2022 | Terms of Redemption / Repayment | Security |
|---|---|---|---|---|
| Term Loan From Bank 32 | 1,866.67 | - | Repayable in 24 Monthly installments from 30 Sep 2022 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Bank 33 | - | 736.12 | Repayable in 18 Monthly installments Starting From 17th April 2021 | Secured by a first and exclusive charge on receivables Assigned to the Bank of the company |
| Term Loan From Bank 34 | 1,000.00 | - | Repayable in 24 Monthly installments from 30 Dec 2022 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Bank 35 | 1,200.00 | - | Repayable in 24 Monthly installments from 20 Feb 2023 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Bank 36 | 1,238.10 | - | Repayable in 27 Monthly installments from 20 May 2022 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Bank 37 | 550.00 | - | Repayable in 36 Monthly installments from 18 Nov 2022 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Bank 38 | 550.00 | - | Repayable in 36 Monthly installments from 18 Dec 2022 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Bank 39 | 566.58 | - | Repayable in 36 Monthly installments from 18 Nov 2023 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Bank 40 | 999.69 | - | Repayable in 27 Monthly installments from 30 Apr 2022 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Bank 41 | 6,400.00 | - | Repayable in 36 Monthly installments from 30 Dec 2022 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Bank 42 | 1,749.91 | - | Repayable in 24 Monthly installments from 16 Aug 2022 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |

*(All amounts are in Lakhs unless otherwise stated)*

**Details of terms of Redemption/ Repayment and security provided in respect of Borrowings (Contd..):**

| Particular | March 31, 2023 | March 31, 2022 | Terms of Redemption / Repayment | Security |
|---|---|---|---|---|
| Term Loan From Bank 43 | 1,999.41 | - | Repayable in 36 Monthly installments from 10 Feb 2023 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Bank 44 | - | 989.72 | Repayable in 18 Monthly installments Starting From 9th May 2021 | Secured by a first and exclusive charge on receivables Assigned to the Bank of the company |
| Term Loan From Bank 45 | 1,416.67 | - | Repayable in 24 Monthly installments from 24 Aug 2022 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Bank 46 | 1,125.00 | - | Repayable in 24 Monthly installments from 27 Sep 2022 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Bank 47 | 1,933.33 | - | Repayable in 30 Monthly installments from 31 Mar 2023 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Bank 48 | 1,925.74 | - | Repayable in 18 Monthly installments from 16 Aug 2022 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Bank 49 | 3,094.03 | - | Repayable in 18 Monthly installments from 07 Oct 2022 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Bank 50 | 2,701.40 | - | Repayable in 18 Monthly installments from 28 Apr 2023 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Bank 51 | 111.66 | - | Repayable in 36 Monthly installments from 05 Nov 2022 | Secured by a first and exclusive charge on the vehicle acquired with the loan |
| Term Loan From Bank 52 | 218.26 | - | Repayable in Monthly installments from 26 Jun 2022 | Secured by a first and exclusive charge on the vehicle acquired with the loan |
| Term Loan From Bank 53 | 1,979.29 | - | Repayable in Monthly installments from 01 Jan 2023 | Secured by a first and exclusive charge on the vehicle acquired with the loan |
| Term Loan From Bank 54 | - | 625.00 | Repayable in 36 Months quarterly installments starting From 16 April 2018 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |

# Notes Forming Part of the Consolidated Financial Statements

for the year ended March 31, 2023

*(All amounts are in Lakhs unless otherwise stated)*

**Details of terms of Redemption/ Repayment and security provided in respect of Borrowings (Contd..):**

| Particular | March 31, 2023 | March 31, 2022 | Terms of Redemption / Repayment | Security |
|---|---|---|---|---|
| Term Loan From Bank 55 | 211.98 | 726.55 | Repayable in 35 Monthly installments Starting From 31st October 2020 | Secured by a first and exclusive charge on receivables Assigned to the Bank of the company |
| Term Loan From Bank 56 | 363.64 | 727.28 | Repayable in 36 Monthly installments from 31 Mar 2021 | Secured by a first and exclusive charge on receivables Assigned to the Bank of the company |
| Term Loan From Bank 57 | - | 183.81 | Repayable in 24 Months (Monthly installments) starting From 31 May 2020 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| **Total Term Loans From Banks** | **54,655.01** | **38,891.82** | | |
| Term Loan From Financial Institution 1 | - | 1,500.00 | Repayable in 2 installments of 35 Crore and 15 Crore on 31st December 2021 and 31st July 2022 respectively | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 2 | - | 285.71 | Repayable in 21 Monthly installments starting From 10 July 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 3 | 87.50 | - | Repayable in 24 Monthly installments from 24 Jun 2022 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 4 | 204.17 | - | Repayable in 24 Monthly installments from 24 Jun 2022 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 5 | 87.50 | - | Repayable in 24 Monthly installments from 24 Jun 2022 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 6 | 112.50 | - | Repayable in 24 Monthly installments from 21 Oct 2022 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 7 | 112.50 | - | Repayable in 24 Monthly installments from 21 Oct 2022 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 8 | 112.50 | - | Repayable in 24 Monthly installments from 21 Oct 2022 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |

*(All amounts are in Lakhs unless otherwise stated)*

**Details of terms of Redemption/ Repayment and security provided in respect of Borrowings (Contd..):**

| Particular | March 31, 2023 | March 31, 2022 | Terms of Redemption / Repayment | Security |
|---|---|---|---|---|
| Term Loan From Financial Institution 9 | 262.50 | - | Repayable in 24 Monthly installments from 21 Oct 2022 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 10 | 262.50 | - | Repayable in 24 Monthly installments from 21 Oct 2022 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 11 | 262.50 | - | Repayable in 24 Monthly installments from 21 Oct 2022 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 12 | 306.25 | - | Repayable in 24 Monthly installments from 25 Jan 2023 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 13 | - | 285.71 | Repayable in 21 Monthly installments starting From 10 July 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 14 | 131.25 | - | Repayable in 24 Monthly installments from 25 Jan 2023 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 15 | 306.25 | - | Repayable in 24 Monthly installments from 25 Jan 2023 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 16 | 131.25 | - | Repayable in 24 Monthly installments from 25 Jan 2023 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 17 | 306.25 | - | Repayable in 24 Monthly installments from 25 Jan 2023 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 18 | 131.25 | - | Repayable in 24 Monthly installments from 25 Jan 2023 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 19 | 306.25 | - | Repayable in 24 Monthly installments from 25 Jan 2023 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |

*(All amounts are in Lakhs unless otherwise stated)*

**Details of terms of Redemption/ Repayment and security provided in respect of Borrowings (Contd..):**

| Particular | March 31, 2023 | March 31, 2022 | Terms of Redemption / Repayment | Security |
|---|---|---|---|---|
| Term Loan From Financial Institution 20 | 131.25 | - | Repayable in 24 Monthly installments from 25 Jan 2023 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 21 | 306.25 | - | Repayable in 24 Monthly installments from 25 Jan 2023 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 22 | 131.25 | - | Repayable in 24 Monthly installments from 25 Jan 2023 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 23 | 306.25 | - | Repayable in 24 Monthly installments from 25 Jan 2023 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 24 | - | 285.71 | Repayable in 21 Monthly installments starting From 10 July 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 25 | 131.25 | - | Repayable in 24 Monthly installments from 25 Jan 2023 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 26 | 350.00 | - | Repayable in 24 Monthly installments from 24 Apr 2023 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 27 | 150.00 | - | Repayable in 24 Monthly installments from 24 Apr 2023 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 28 | 350.00 | - | Repayable in 24 Monthly installments from 24 Apr 2023 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 29 | 150.00 | - | Repayable in 24 Monthly installments from 24 Apr 2023 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 30 | 350.00 | - | Repayable in 24 Monthly installments from 24 Apr 2023 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |

# Notes Forming Part of the Consolidated Financial Statements

for the year ended March 31, 2023

*(All amounts are in Lakhs unless otherwise stated)*

**Details of terms of Redemption/ Repayment and security provided in respect of Borrowings (Contd..):**

| Particular | March 31, 2023 | March 31, 2022 | Terms of Redemption / Repayment | Security |
|---|---|---|---|---|
| Term Loan From Financial Institution 31 | 150.00 | - | Repayable in 24 Monthly installments from 24 Apr 2023 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 32 | 350.00 | - | Repayable in 24 Monthly installments from 24 Apr 2023 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 33 | 150.00 | - | Repayable in 24 Monthly installments from 24 Apr 2023 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 34 | 875.00 | - | Repayable in 24 Monthly installments from 04 Jan 2022 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 35 | 1,313.78 | - | Repayable in 24 Monthly installments from 22 Oct 2022 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 36 | 1,149.98 | - | Repayable in 24 Monthly installments from 31 Mar 2023 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 37 | 1,102.56 | - | Repayable in 24 Monthly installments from 09 Sep 2022 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 38 | 1,357.29 | - | Repayable in 18 Monthly installments from 15 Oct 2022 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 39 | 1,047.34 | - | Repayable in 18 Monthly installments from 15 Sep 2022 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 40 | 2,021.67 | - | Repayable in 18 Monthly installments from 08 Sep 2022 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 41 | 741.15 | - | Repayable in 18 Monthly installments from 12 Aug 2022 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |

*(All amounts are in Lakhs unless otherwise stated)*

**Details of terms of Redemption/ Repayment and security provided in respect of Borrowings (Contd..):**

| Particular | March 31, 2023 | March 31, 2022 | Terms of Redemption / Repayment | Security |
|---|---|---|---|---|
| Term Loan From Financial Institution 42 | 992.76 | - | Repayable in 18 Monthly installments from 19 Sep 2022 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 43 | 3,000.00 | - | Repayable in 24 Monthly installments from 23 Apr 2023 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 44 | 4,074.15 | - | Repayable in 24 Monthly installments from 07 Nov 2023 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 45 | 126.39 | 243.06 | Repayable in 36 Months (Monthly installments) starting From 31 March 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 46 | 2,000.00 | - | Repayable in 24 Monthly installments from 15 Apr 2023 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 47 | 999.48 | - | Repayable in 24 Monthly installments from 22 Mar 2023 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 48 | 2,500.00 | - | Repayable in 36 Monthly installments from 25 Apr 2023 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 49 | 2,219.43 | - | Repayable in 24 Monthly installments from 24 Jan 2023 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 50 | 1,600.00 | - | Repayable in 27 Monthly installments from 25 Jan 2023 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 51 | 695.00 | - | Repayable in 24 Monthly installments from 22 Aug 2022 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 52 | 1,024.89 | - | Bullet repayment at end of the transaction | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |

*(All amounts are in Lakhs unless otherwise stated)*

**Details of terms of Redemption/ Repayment and security provided in respect of Borrowings (Contd..):**

| Particular | March 31, 2023 | March 31, 2022 | Terms of Redemption / Repayment | Security |
|---|---|---|---|---|
| Term Loan From Financial Institution 53 | 126.39 | 243.06 | Repayable in 36 Months (Monthly installments) starting From 31 March 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 54 | 126.39 | 243.06 | Repayable in 36 Months (Monthly installments) starting From 31 March 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 55 | 126.39 | 243.06 | Repayable in 36 Months (Monthly installments) starting From 31 March 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 56 | - | 46.45 | Repayable in 24 Monthly installments starting From 15 June 2020 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 57 | - | 46.45 | Repayable in 24 Monthly installments starting From 15 June 2020 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 58 | 875.00 | 1,458.25 | Repayable in 36 Monthly installments starting From 31 January 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 59 | 54.17 | 104.17 | Repayable in 36 Months (Monthly installments) starting From 31 March 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 60 | 54.17 | 104.17 | Repayable in 36 Months (Monthly installments) starting From 31 March 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 61 | 54.17 | 104.17 | Repayable in 36 Months (Monthly installments) starting From 31 March 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 62 | 54.17 | 104.17 | Repayable in 36 Months (Monthly installments) starting From 31 March 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 63 | - | 41.67 | Repayable in 36 Months (Monthly installments) starting From 25 October 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |

*(All amounts are in Lakhs unless otherwise stated)*

**Details of terms of Redemption/ Repayment and security provided in respect of Borrowings (Contd..):**

| Particular | March 31, 2023 | March 31, 2022 | Terms of Redemption / Repayment | Security |
|---|---|---|---|---|
| Term Loan From Financial Institution 64 | - | 41.67 | Repayable in 36 Months (Monthly installments) starting From 25 October 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 65 | - | 34.72 | Repayable in 36 Months (Monthly installments) starting From 25 September 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 66 | - | 34.72 | Repayable in 36 Months (Monthly installments) starting From 25 September 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 67 | - | 34.72 | Repayable in 36 Months (Monthly installments) starting From 25 September 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 68 | - | 34.72 | Repayable in 36 Months (Monthly installments) starting From 25 September 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 69 | - | 750.00 | Repayable in 4 Half Yearly installments starting From 31 October 2020 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 70 | - | 34.72 | Repayable in 36 Months (Monthly installments) starting From 25 September 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 71 | - | 44.34 | Repayable in 36 Months (Monthly installments) starting From 15 September 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 72 | - | 33.33 | Repayable in 36 Months (Monthly installments) starting From 25 October 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 73 | - | 13.04 | Repayable in 36 Months (Monthly installments) starting From 15 April 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 74 | - | 300.00 | Repayable in 24 Months (Monthly installments) starting From 10 June 2020 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |

# Notes Forming Part of the Consolidated Financial Statements

for the year ended March 31, 2023

*(All amounts are in Lakhs unless otherwise stated)*

**Details of terms of Redemption/ Repayment and security provided in respect of Borrowings (Contd..):**

| Particular | March 31, 2023 | March 31, 2022 | Terms of Redemption / Repayment | Security |
|---|---|---|---|---|
| Term Loan From Financial Institution 75 | 139.91 | 280.00 | Repayable in 60 Months Half Yearly installments starting From 31 January 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 76 | 0.46 | 864.76 | Repayable in 20 Months (Monthly installments) starting From 13 September 2021 (pay in date) | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 77 | 450.00 | 1,500.00 | Repayable in 2 bullet payment over 18 Months (Monthly installments) on 31 October 22 & 30th April 2023 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 78 | - | 185.37 | Repayable in 36 Months (Monthly installments) starting From 22 August 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 79 | - | 1,400.00 | Repayable in 10 Months (Monthly installments) starting From 10th January 2022 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 80 | 1,900.00 | 3,000.00 | Repayable in 30 Months (Monthly installments) starting From 10th May 2022 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 81 | 624.85 | 1,375.00 | Repayable in 36 Months (Monthly installments) starting From 10th May 2022 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 82 | 175.00 | 291.67 | Repayable in 36 Months (Monthly installments) starting From 25 oct 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 83 | 75.00 | 125.00 | Repayable in 36 Months (Monthly installments) starting From 25 oct 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 84 | 175.00 | 291.67 | Repayable in 36 Months (Monthly installments) starting From 25 oct 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |

*(All amounts are in Lakhs unless otherwise stated)*

**Details of terms of Redemption/ Repayment and security provided in respect of Borrowings (Contd..):**

| Particular | March 31, 2023 | March 31, 2022 | Terms of Redemption / Repayment | Security |
|---|---|---|---|---|
| Term Loan From Financial Institution 85 | 75.00 | 125.00 | Repayable in 36 Months (Monthly installments) starting From 25 oct 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 86 | 175.00 | 291.67 | Repayable in 36 Months (Monthly installments) starting From 25 oct 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 87 | 75.00 | 125.00 | Repayable in 36 Months (Monthly installments) starting From 25 oct 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 88 | 175.00 | 291.67 | Repayable in 36 Months (Monthly installments) starting From 25 oct 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 89 | 75.00 | 125.00 | Repayable in 36 Months (Monthly installments) starting From 25 oct 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 90 | 175.00 | 350.00 | Repayable in 24 Months (Monthly installments) starting From 25 APR 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 91 | 75.00 | 150.00 | Repayable in 24 Months (Monthly installments) starting From 25 APR 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 92 | 175.00 | 350.00 | Repayable in 24 Months (Monthly installments) starting From 25 APR 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 93 | 75.00 | 150.00 | Repayable in 24 Months (Monthly installments) starting From 25 APR 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 94 | 175.00 | 350.00 | Repayable in 24 Months (Monthly installments) starting From 25 APR 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 95 | 75.00 | 150.00 | Repayable in 24 Months (Monthly installments) starting From 25 APR 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |

*(All amounts are in Lakhs unless otherwise stated)*

**Details of terms of Redemption/ Repayment and security provided in respect of Borrowings (Contd..):**

| Particular | March 31, 2023 | March 31, 2022 | Terms of Redemption / Repayment | Security |
|---|---|---|---|---|
| Term Loan From Financial Institution 96 | 175.00 | 350.00 | Repayable in 24 Months (Monthly installments) starting From 25 APR 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 97 | 75.00 | 150.00 | Repayable in 24 Months (Monthly installments) starting From 25 APR 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 98 | 175.00 | 350.00 | Repayable in 24 Months (Monthly installments) starting From 25 APR 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 99 | 75.00 | 150.00 | Repayable in 24 Months (Monthly installments) starting From 25 APR 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 100 | 175.00 | 350.00 | Repayable in 24 Months (Monthly installments) starting From 25 APR 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 101 | 75.00 | 150.00 | Repayable in 24 Months (Monthly installments) starting From 25 APR 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 102 | 1,021.44 | 1,988.32 | Repayable in 30 Months (Monthly installments) starting From 06 September 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 103 | 1,107.36 | 2,063.88 | Repayable in 30 Months (Monthly installments) starting From 05 October 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 104 | 285.71 | 500.00 | Repayable in 24 Months (Monthly installments) starting From 15 April 2022 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 105 | 285.71 | 500.00 | Repayable in 24 Months (Monthly installments) starting From 15 April 2022 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 106 | 255.43 | 766.30 | Repayable in 24 Months (Monthly installments) starting From 31st October 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |

*(All amounts are in Lakhs unless otherwise stated)*

**Details of terms of Redemption/ Repayment and security provided in respect of Borrowings (Contd..):**

| Particular | March 31, 2023 | March 31, 2022 | Terms of Redemption / Repayment | Security |
|---|---|---|---|---|
| Term Loan From Financial Institution 107 | 397.70 | 2,986.52 | Repayable in 15 Months (Monthly installments) starting From 15 April 2022-Pay in date | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 108 | 367.73 | 1,782.08 | Repayable in 17 Months (Monthly installments) starting From 24 April 2022-Pay in date | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 109 | - | 285.71 | Repayable in 21 Monthly installments starting From 10 July 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 110 | 357.14 | - | Repayable in 24 Monthly installments from 01 Jun 2022 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 111 | 357.14 | - | Repayable in 24 Monthly installments from 01 Jun 2022 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 112 | 404.76 | - | Repayable in 24 Monthly installments from 31 Jul 2022 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 113 | 323.81 | - | Repayable in 24 Monthly installments from 31 Jul 2022 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 114 | 1,200.00 | - | Repayable in 27 Monthly installments from 15 Feb 2023 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 115 | 204.17 | - | Repayable in 24 Monthly installments from 24 Jun 2022 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 116 | 87.50 | - | Repayable in 24 Monthly installments from 24 Jun 2022 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 117 | 204.17 | - | Repayable in 24 Monthly installments from 24 Jun 2022 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |

*(All amounts are in Lakhs unless otherwise stated)*

**Details of terms of Redemption/ Repayment and security provided in respect of Borrowings (Contd..):**

| Particular | March 31, 2023 | March 31, 2022 | Terms of Redemption / Repayment | Security |
|---|---|---|---|---|
| Term Loan From Financial Institution 118 | 87.50 | - | Repayable in 24 Monthly installments from 24 Jun 2022 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 119 | 204.17 | - | Repayable in 24 Monthly installments from 24 Jun 2022 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 120 | - | 13.07 | Repayable in 36 monthly installments starting from 15 April 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 121 | 477.08 | 855.83 | Repayable in 30 monthly installments starting from 30 September 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 122 | 125.00 | 375.00 | Repayable in 24 monthly installments starting from 04 October 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 123 | 125.00 | 375.00 | Repayable in 24 monthly installments starting from 18 October 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 124 | 130.43 | 391.30 | Repayable in 24 monthly installments starting from 18 October 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 125 | 285.71 | 500.00 | Repayable in 24 monthly installments starting from 16 March 2022 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 126 | 285.71 | 500.00 | Repayable in 24 monthly installments starting from 16 March 2022 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 127 | 243.06 | 350.00 | Repayable in 36 monthly installments starting from 31 March 2022 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 128 | 104.17 | 150.00 | Repayable in 36 monthly installments starting from 31 March 2022 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |

*(All amounts are in Lakhs unless otherwise stated)*

**Details of terms of Redemption/ Repayment and security provided in respect of Borrowings (Contd..):**

| Particular | March 31, 2023 | March 31, 2022 | Terms of Redemption / Repayment | Security |
|---|---|---|---|---|
| Term Loan From Financial Institution 129 | 243.06 | 350.00 | Repayable in 36 monthly installments starting from 31 March 2022 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 130 | 104.17 | 150.00 | Repayable in 36 monthly installments starting from 31 March 2022 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 131 | - | 424.66 | Repayable in 36 monthly installments starting from 22 July 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 132 | 1,259.54 | - | Repayable in 18 monthly installments starting from 01 August 2022 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 133 | 428.57 | - | Repayable in 24 monthly installments starting from 27 September 2022 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 134 | 428.57 | - | Repayable in 24 monthly installments starting from 27 September 2022 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 135 | 900.00 | - | Repayable in 24 monthly installments starting from 28 December 2022 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 136 | 1,200.00 | - | Repayable in 36 monthly installments starting from 31 December 2022 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 137 | 2,293.58 | - | Repayable in 21 monthly installments starting from 16 March 2023 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 138 | - | 41.67 | Repayable in 36 monthly installments starting from 04 October 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 139 | - | 41.67 | Repayable in 36 monthly installments starting from 04 October 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |

*(All amounts are in Lakhs unless otherwise stated)*

**Details of terms of Redemption/ Repayment and security provided in respect of Borrowings (Contd..):**

| Particular | March 31, 2023 | March 31, 2022 | Terms of Redemption / Repayment | Security |
|---|---|---|---|---|
| Term Loan From Financial Institution 140 | - | 41.67 | Repayable in 36 monthly installments starting from 04 October 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 141 | - | 41.67 | Repayable in 36 monthly installments starting from 04 October 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 142 | 145.83 | 395.83 | Repayable in 27 monthly installments starting from 30 July 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 143 | 145.83 | 395.83 | Repayable in 27 monthly installments starting from 30 July 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 144 | 408.29 | 795.31 | Repayable in 30 monthly installments starting from 06 August 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| **Total Term Loan From Financial Institution** | **58,541.14** | **37,027.98** | | |
| **Loans repayable on demand from banks** | | | | |
| Cash Credit Facility From Bank 1 | 90.32 | 94.32 | - | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed and Bank Deposit. |
| Cash Credit Facility From Bank 2 | - | 178.52 | - | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed, Bank Deposit and Personal Guarantee of Some of the Directors. |
| Cash Credit Facility From Bank 3 | - | 339.63 | - | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed and Bank Deposit. |
| Cash Credit Facility From Bank 4 | 633.19 | 905.95 | - | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed, Bank Deposit and Personal Guarantee of Some of the Directors. |

*(All amounts are in Lakhs unless otherwise stated)*

**Details of terms of Redemption/ Repayment and security provided in respect of Borrowings (Contd..):**

| Particular | March 31, 2023 | March 31, 2022 | Terms of Redemption / Repayment | Security |
|---|---|---|---|---|
| Cash Credit Facility From Bank 5 | - | 37.29 | - | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed, Bank Deposit and Personal Guarantee of Some of the Directors. |
| Overdraft facility on Fixed Deposit 1 | 2,832.66 | - | - | Secured by a first and exclusive charge Bank Deposits |
| Overdraft facility on Fixed Deposit 2 | 2,301.47 | - | - | Secured by a first and exclusive charge on specific Fixed Deposits |
| Overdraft facility on Fixed Deposit 3 | 2,365.99 | - | - | Secured by a first and exclusive charge Bank Deposits |
| Overdraft facility on Fixed Deposit 4 | 3,978.82 | - | - | Secured by a first and exclusive charge on specific Fixed Deposits |
| Overdraft facility on Fixed Deposit 5 | 2,851.90 | - | - | Secured by a first and exclusive charge on specific Fixed Deposits |
| Overdraft facility on Fixed Deposit 6 | 792.23 | - | - | Secured by a first and exclusive charge on specific Fixed Deposits |
| Overdraft facility on Fixed Deposit 7 | 370.94 | - | - | Secured by a first and exclusive charge on specific Fixed Deposits |
| Overdraft facility on Fixed Deposit 8 | 1,350.03 | - | - | Secured by a first and exclusive charge on specific Fixed Deposits |
| **Total Loans repayable on demand from banks** | **17,567.56** | **1,555.71** | | |

| 12. Subordinated Liabilities | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Liability component of Optionally Convertible Redemption Preference Shares (Refer Note 18.2)** | | |
| 3,10,972 10% OCRPS issued at face value at ₹10 each on 28th September 2022 | 3,858.45 | - |
| **Unsecured** | | |
| 15%, Unsecured Subordinated Term Loan in India | 2,500.00 | 2,500.00 |
| Unsecured Subordinated Debt outside India | - | - |
| **Total** | **6,358.45** | **2,500.00** |

*(All amounts are in Lakhs unless otherwise stated)*

**12.1 Details of terms of Redemption/ Repayment of Subordinated Liabilities:**

| Sr No | Particular | As at March 31, 2023 | As at March 31, 2022 | Terms of Redemption / Repayment | Security |
|---|---|---|---|---|---|
| 1 | Subordinated Term Loan From Bank 1 | 500.00 | 500.00 | Single Bullet Payment at the end of 84 Months from 23rd June, 2017 | Unsecured |
| 2 | Subordinated Term Loan From Bank 2 | 1,000.00 | 1,000.00 | Single Bullet Payment at the end of 84 Months from 23rd June, 2017 | Unsecured |
| 3 | Subordinated Term Loan From Bank 3 | 1,000.00 | 1,000.00 | 50% Payment at the end of 66 Months from 30th Nov,2021 & remaining 50% Payment at the end of 72 Months from 30th Nov,2021 | Unsecured |

| 13. Other Financial Liabilities | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Interest accrued but not due on Borrowings | 1,267.65 | 943.65 |
| Interest Payable on CCD | 180.65 | - |
| Payable to Employees | 560.25 | 444.43 |
| Other Insurance Payable | 87.92 | 192.01 |
| Hospicash Insurance Payable | 476.88 | - |
| Micro Insurance Payable | 1,195.17 | 759.26 |
| Security deposits received from Borrowers | 27.92 | 26.90 |
| CSR Payable | 8.26 | 51.91 |
| Other expenses payable | 62.41 | 16.84 |
| Unpaid dividend | 11.74 | 15.27 |
| Payable toward assignment and transactions | 1,639.56 | 639.71 |
| Lease Liability - Right of Use Assets | 110.99 | 136.82 |
| **Total** | **5,629.41** | **3,226.80** |

13.1 Unpaid dividend outstanding as on March 31, 2023 is not due for transfer to investor education and protection fund by the Company.

| 14. Provisions | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Provisions for employee benefits - Gratuity | 199.71 | 115.74 |
| **Total** | **199.71** | **115.74** |

| 15. Current Tax (Net) | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Advance Tax and TDS | 4,444.95 | 2,802.45 |
| Less: Provision for Tax | (4,904.50) | (3,076.68) |
| **Total** | **(459.56)** | **(274.23)** |

*(All amounts are in Lakhs unless otherwise stated)*

| 16 Other Non Financial Liabilities | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Other statutory dues | 97.98 | 69.45 |
| TDS payable | 257.72 | 61.00 |
| **Total** | **355.70** | **130.45** |

| 17 Equity Share Capital | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Authorized Shares** | | |
| 1,40,00,000 Equity Shares of ₹10/- each (As at March 31, 2022: 1,50,00,000 Equity Shares of ₹10/- each): 1,50,00,000 Equity Shares of ₹10/- each) | 1,400.00 | 1,500.00 |
| **Total** | **1,400.00** | **1,500.00** |
| **Issued, subscribed and fully paid-up shares:** | | |
| 8492334 Equity Shares of (As at March 31, 2022: 84,91,584 Equity Shares) of ₹10/- each fully paid up (Ordinary) | 849.23 | 849.16 |
| **Total** | **849.23** | **849.16** |

**17.1 The reconciliation of the number of shares outstanding and the amount of ordinary equity share capital as at March 31, 2023 & March 31, 2022 is set out below:**

| Particulars | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| | No. of Shares | (₹ In Lakhs) | No. of Shares | (₹ In Lakhs) |
| **Ordinary Equity Shares:** | | | | |
| Outstanding at the beginning of the year | 84,91,584 | 849.16 | 84,88,384 | 848.84 |
| Issued during the year | 750 | 0.08 | 3,200 | 0.32 |
| **Outstanding at the end of the year** | **84,92,334** | **849.23** | **84,91,584** | **849.16** |

**17.2 Details of shareholders holding more than 5 % of ordinary shares of the Company are as follows:**

| Class of shares / Name of shareholder | March 31, 2023 | | March 31, 2022 | |
|---|---|---|---|---|
| | Number of shares held" | % holding in that class of shares | Number of shares held | % holding in that class of shares |
| Jayendrabhai Patel | 4,27,937 | 5.04% | 4,27,937 | 5.04% |
| Ritaben Patel | 4,36,089 | 5.14% | 4,36,089 | 5.14% |
| Mukul Agrawal | 4,00,000 | 4.71% | 4,29,262 | 5.06% |
| Elevation Capital V Limited | 18,90,417 | 22.26% | 18,90,417 | 22.26% |
| Namra Holdings & Consultancy Services LLP | 9,48,308 | 11.17% | 9,48,308 | 11.17% |

*(All amounts are in Lakhs unless otherwise stated)*

### 17.3 Shares reserved for issue under options

For details of shares reserved for issue under the Employees Stock Option Plan (ESOP) refer note 38.

### 17.4 Terms / rights attached to equity shares

In respect of Ordinary Equity Shares having face value of ₹10/-. Each holder of Ordinary Equity Share is entitled to 1 vote per share.

In the event of liquidation of the Company, the holders of both type of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by shareholders.

| 18. Other Equity (Refer Note 18.1) | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **A. Reserves and Surplus** | | |
| **i. General Reserve** | | |
| Balance as per last financial statement | 151.35 | 140.35 |
| Add: Transfer from statement of profit and loss | 11.00 | 11.00 |
| **Closing Balance** | **162.35** | **151.35** |
| **ii. Special Reserve u/s 45-IC of the RBI Act, 1934** | | |
| Balance as per last financial statement | 3,176.30 | 2,482.30 |
| Add: Transfer from statement of profit and loss | 1,912.00 | 694.00 |
| **Closing Balance** | **5,088.30** | **3,176.30** |
| **iii. Securities Premium** | | |
| Balance as per last financial statement | 6,897.96 | 6,885.98 |
| Add: Share Premium on shares issued during the year | 5.41 | 11.98 |
| Less: Share Issue Expenses | - | - |
| **Closing Balance** | **6,903.37** | **6,897.96** |
| **iv. Share Based Payment Reserve** | | |
| Balance as per last financial statements | 12.10 | 14.58 |
| Add/(Less): Stock option expenditure for the year | 16.76 | 15.00 |
| Less: amount transferred towards option expired unexercised | - | 6.77 |
| Less: Reversal of ESOP reserve on exercised option of stock option | 5.11 | 10.70 |
| **Closing Balance** | **23.75** | **12.10** |
| **v. Surplus in the Statement of Profit and Loss** | | |
| Balance as per last financial statement | 10,411.66 | 7,944.38 |
| Add : Profit for the year | 9,381.13 | 3,172.28 |
| Less: Appropriations | - | - |
| Amount transferred to General Reserve | (11.00) | (11.00) |
| Amount transferred to Special Reserve u/s 45-IC of RBI Act, 1934 | (1,912.00) | (694.00) |
| **Closing Balance** | **17,869.78** | **10,411.66** |

*(All amounts are in Lakhs unless otherwise stated)*

| 18. Other Equity (Refer Note 18.1) (contd..) | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **B. Other Comprehensive Income** | | |
| Balance as per last financial statement | (229.92) | 360.05 |
| Additions during the year | (480.87) | (589.97) |
| **Closing Balance** | **(710.79)** | **(229.92)** |
| **C. Equity Component of Financial Instruments** | | |
| **i. Equity Component of Compulsory Convertible Debentures** | | |
| Balance as at the beginning of the period | - | - |
| Additions during the year | 6,146.73 | - |
| **Closing Balance** | **6,146.73** | **-** |
| **ii. Equity component of Optionally Convertible Redeemable Preference shares** | | |
| Balance as at the beginning of the period | - | - |
| Transactions with owners in their capacity as owners | 236.33 | - |
| **Closing Balance** | **236.33** | **-** |
| **Total** | **35,719.82** | **20,419.45** |

### 18.1 Nature and Purpose of Reserve

**1 Reserve u/s. 45-IA of the Reserve Bank of India Act, 1934 (the "RBI Act, 1934"):**

Reserve u/s 45-IA of RBI Act, 1934 is created in accordance with section 45 IC(1) of the RBI Act, 1934. As per Section 45 IC(2) of the RBI Act,1934, no appropriation of any sum from this reserve fund shall be made by the NBFC except for the purpose as may be specified by RBI.

**2 Securities premium:**

Security premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes in accordance with the provisions of section 52 of the Act.

**3 Surplus in the statement of profit and loss:**

Surplus in the statement of profit and loss is the accumulated available profit of the Company carried forward from earlier years. These reserves are free reserves which can be utilised for any purpose as may be required.

**4 FVOCI - loans and advances:**

The Company has elected to recognise changes in the fair value of loans and advances in other comprehensive income. These changes are accumulated within the FVOCI - loans and advances reserve within equity.

**5 FVOCI - Remeasurement of the defined benefit liabilities:**

Remeasurement of the net defined benefit liabilities comprise actuarial gain or loss, return on plan assets excluding interest and the effect of asset ceiling, if any.

**6 General reserve:**

The Company has transferred a portion of the net profit to general reserve before declaring dividend pursuant to the provision of erstwhile Companies Act.

**7 Share Based Payment Reserve:**

The reserve is used to recognise the fair value of the options issued to employees of the Company and subsidiary ompanies under Company's employee stock option plan.

*(All amounts are in Lakhs unless otherwise stated)*

**18.2 Disclosures in relation to Compound Instruments:**

**1 Term of conversion of Compulsory Convertible Debenture**

The CCDs shall be converted into equity shares on the earlier of following events:

(i) the Investor electing to convert the CCDs into equity shares by issuing a conversion notice to the Company; and

(ii) the date of expiry of 18 (eighteen) months from the date of allotment of CCDs (28th September 2022).

It shall be convertible into equity shares at a conversion price of ₹1,230/- per share at a price being not lower than the minimum price calculated under the SEBI Regulations.

**2 Disclosures for Optionally Convertible Redeemable Preference shares**

| | Preference Share Capital | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| A | **Authorized Shares** | | |
| | 10,00,000 Preference Shares of ₹10/- each (As at March 31, 2022: Nil Preference Shares of ₹10/- each) | 100.00 | Nil |
| | **Total** | **100.00** | **Nil** |
| B | **Issued, subscribed and fully paid-up shares:** | | |
| | 3,10,972 Preference Shares of ₹10/- each (As at March 31, 2022: NIl Preference Shares of ₹10/- each) | 31.10 | Nil |
| | **Total** | **31.10** | **Nil** |

**C The reconciliation of no. of preference shares outstanding & amount of preference share capital as at March 31, 2023 & March 31, 2022 is set out below:**

| Particulars | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| | No. of Shares | ₹ in Lakhs | No. of Shares | ₹ in Lakhs |
| **Ordinary Preference Shares:** | | | | |
| Outstanding at the beginning of the year | Nil | Nil | Nil | Nil |
| Issued during the year | 3,10,972 | 31.10 | Nil | Nil |
| **Outstanding at the end of the year** | **3,10,972** | **31.10** | **Nil** | **Nil** |

**D Details of shareholders holding more than 5 % of preference shares of the Company are as follows:**

| Class of shares / Name of shareholder | March 31, 2023 | | March 31, 2022 | |
|---|---|---|---|---|
| | Number of shares held" | % holding in that class of shares | Number of shares held | % holding in that class of shares |
| Pratul Krishnakant Shroff | 81,300 | 26.14% | - | 0.00% |
| RRM Enterprises Private Limited | 40,650 | 13.07% | - | 0.00% |
| Sandeep Kapadia | 40,650 | 13.07% | - | 0.00% |
| Amlan Hasmukh Shah and Minoti | 24,390 | 7.84% | - | 0.00% |
| Fundscorner Fintech Solutions Private Limited | 22,357 | 7.19% | - | 0.00% |
| Rajiv Narpatmal Bhandari | 20,325 | 6.54% | - | 0.00% |
| Himanjana Ramesh Patel | 16,260 | 5.23% | - | 0.00% |

*(All amounts are in Lakhs unless otherwise stated)*

**E Equity shares reserved for issue under option to convert Optionally Convertible Redeemable Preference shares to equity shares**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Equity shares reserved for issue under option | 3,10,972 | Nil |

**F Terms / rights attached to preference shares**

The Company has preference shares having a par value of ₹ 10/- per share. Preference shares shall carry voting rights as prescribed under the provisions of the Companies Act, 2013 and/or the Articles. The preference share shall carry a cumulative right of dividend at a fixed amount of ₹123/- (Indian Rupees One Hundred and Twenty Three only) per annum out of the profits of the Company and the payment of such dividend shall have priority over any dividend rights of the equity shares of the Company. The preference shares shall carry a preferential right vis-à-vis equity shares of the Company with respect to payment of dividend and repayment of capital. The OCRPS shall not be entitled to participate in the surplus funds, surplus assets and profits of the Company on winding up, which may remain after the entire capital has been repaid.

**G Terms of conversion attached to Optionally Convertible Redeemable Preference shares**

The OCRPS, upon issue, will be convertible into equivalent number of equity shares of ₹10/- (Indian Rupees Ten only) at the option of the Proposed Allottee within a period not exceeding 18 (eighteen) months from the Allotment Date (i.e., 28th September 2022). The right to seek conversion of the OCRPS can be exercised by the Proposed Allottee, at its discretion, in respect of all or some OCRPS held by it.

**H Terms of redemption of preference shares**

In the event the Allottee chooses not to convert the OCRPS within 18 (eighteen) months from the Allotment Date, such OCRPS will be redeemed in the following manner:

(i) At the option of the Proposed Allottee, all or some of the OCRPS can be redeemed, by providing a written notice to the Company within 15 (fifteen) business days from the expiry of 18 (eighteen) months from the Allotment Date.

(ii) If the option under (i) has not been exercised by the Proposed Allottee, then, all or some of the OCRPS can be redeemed at the option of the Proposed Allottee, by providing a written notice to the Company within 15 (fifteen) business days from the expiry of 24 (twenty four) months from the Allotment Date.

(iii) If the option under (i) or (ii) has not been exercised by the Proposed Allottee, then, all but not less than all of the OCRPS shall be compulsorily redeemed by the Company, within a period of 30 (thirty) days from the expiry of 36 (thirty six) months from the Allotment Date.

*(All amounts are in Lakhs unless otherwise stated)*

**19. Interest Income (Amortised Cost)**

| Particulars | Year ended March 31, 2023 | | Year ended March 31, 2022 | |
|---|---|---|---|---|
| | On Financial assets measured at FVOCI | On Financial assets measured at Amortised Cost | On Financial assets measured at FVOCI | On Financial assets measured at Amortised Cost |
| Interest on Loans | 37,213.00 | - | 21,560.69 | - |
| Interest on Deposits as Security | - | 1,459.03 | - | 496.02 |
| **Total** | **37,213.00** | **1,459.03** | **21,560.69** | **496.02** |
| **Total Interest** | | **38,672.03** | | **22,056.71** |

**20. Gain on Assignment of Financial Assets**

| Particulars | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Gain on Assignment of Assets (Net of Expense) | 1,877.61 | 579.07 |
| **Total** | **1,877.61** | **579.07** |

**21. Fees and Commission Income**

| Particulars | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Loan Processing fees Income | 1,187.79 | 598.99 |
| Service Fees and facilitation Charges | 318.27 | - |
| Other Fees and Charges | 134.07 | 99.28 |
| **Total** | **1,640.12** | **698.28** |

**22. Net Gain on Fair Value Changes**

| Particulars | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Income from Investment in Mutual Fund- Fair value through Profit & Loss | 0.86 | 17.69 |
| Net Gain/(Loss) on fair value of derivative contracts measured at fair value through profit or loss | (8.12) | 2.09 |
| Profit on Sale of Investment | 207.62 | 146.72 |
| **Total** | **200.36** | **166.50** |

**23. Other Income**

| Particulars | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Others | 0.34 | 0.00 |
| **Total** | **0.34** | **0.00** |

*(All amounts are in Lakhs unless otherwise stated)*

**24. Finance Costs (on financial liabilities measured at amortized cost)**

| Particulars | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Interest on Borrowings | 11,268.35 | 5,952.69 |
| Interest on Debt Securities | 2,878.87 | 2,061.73 |
| Interest on Subordinated Liabilities | 375.00 | 273.54 |
| Other interest expense | 1,549.61 | 150.67 |
| Other Borrowing Costs | 1,117.78 | 494.52 |
| Interest Expences on Lease Liability | 10.01 | 11.88 |
| **Total** | **17,199.63** | **8,945.03** |

**25. Impairment of Loan Assets (on financial assets measured at FVOCI)**

| Particulars | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Bad debts written off (Net) | 4,284.92 | 2,464.55 |
| Expected Credit Loss (Net) | 188.30 | 1,268.63 |
| **Total** | **4,473.22** | **3,733.18** |

**25.1 Details of Expected Credit Loss on loans and Interest Receivable on Credit Impaired Asset please Refer Note 3.2 and 5.2 of Financial Statement.**

**26. Employee Benefit Expenses**

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Salaries and wages | 4,902.89 | 3,774.95 |
| Contribution to provident and other funds | 362.41 | 266.80 |
| Gratuity | 45.58 | 34.18 |
| Staff welfare expenses | 154.41 | 109.34 |
| **Total** | **5,465.29** | **4,185.26** |

**26.1 Employee Benefit Plan:**

Disclosure in respect of employee benefits under Ind AS 19 - Employee Benefit are as under:

**a) Defined contribution plan:**

The Company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans. The Company's contribution to provident fund aggregating ₹ 0 Lakhs (March 31, 2022: ₹ 0 Lakhs) has been recognised in the statement of profit and loss under the head employee benefits expense

**b) Defined benefit plan:**

Financial assets not measured at fair value:

The Company operates a defined benefit plan (the "gratuity plan") covering eligible employees. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age/ resignation date.

*(All amounts are in Lakhs unless otherwise stated)*

The defined benefit plans expose the Company to risks such as actuarial risk, investment risk, liquidity risk, market risk, legislative risk.

These are discussed as follows:"

**Actuarial risk:** It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

Adverse salary growth experience: Salary hikes that are higher than the assumed salary escalation will result into an increase in obligation at a rate that is higher than expected.

Variability in mortality rates: If actual mortality rates are higher than assumed mortality rate assumption than the gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cash flow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption than the gratuity benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

**Investment risk:** For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

**Liquidity risk:** Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign / retire from the Company, there can be strain on the cash flows.

**Market risk:** Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in defined benefit obligation of the plan benefits and vice versa. This assumption depends on the yields on the government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

**Legislative risk:** Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation/ regulation. The government may amend the Payment of Gratuity Act, 1972, thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the defined benefit obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

The status of gratuity plan required under Ind AS 19 is an under:

| | Reconciliation of opening and closing balances of defined benefit obligation | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|
| I | **Opening Defined Benefit Obligation** | **117.44** | **90.28** |
| | Transfer in/(out) obligation | - | - |
| | Current service cost | 39.43 | 29.67 |
| | Interest cost | 6.96 | 5.04 |
| | Components of actuarial gain/losses on obligations: | - | - |
| | Due to Change in financial assumptions | (8.64) | (2.22) |
| | Due to change in demographic assumption | - | - |
| | Due to experience adjustments | 54.19 | (3.12) |
| | Past service cost | - | - |
| | Loss (gain) on curtailments | - | - |

*(All amounts are in Lakhs unless otherwise stated)*

| Reconciliation of opening and closing balances of defined benefit obligation (Contd..) | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Liabilities extinguished on settlements | - | - |
| Liabilities assumed in an amalgamation in the nature of purchase | - | - |
| Exchange differences on foreign plans | - | - |
| Benefits paid | (9.64) | (2.23) |
| **Closing Defined Benefit Obligation** | **199.73** | **117.44** |

| II | Reconciliation of plan assets | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|
| | **Opening value of plan assets** | **1.69** | **0.73** |
| | Transfer in/(out) plan assets | - | - |
| | Expense deducted from the fund | - | - |
| | Interest Income | 0.81 | 0.54 |
| | Return on plan assets excluding amounts included in interest income | (1.06) | (3.06) |
| | Assets Distributed on settlements | - | - |
| | Contribution by the company | - | 5.70 |
| | Assets acquired in an amalgamation in the nature of purchase | - | - |
| | Exchange difference on foreign plans | - | - |
| | Benefits paid | (1.43) | (2.23) |
| | **Fair value of plan assets at the end of the year** | **0.02** | **1.69** |

| III | Reconciliation of net defined benefit liability | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|
| | **Net opening provision in books of accounts** | **115.74** | **89.55** |
| | Transfer in/(out) obligation | - | - |
| | Transfer (in)/out plan assets | - | - |
| | Employee Benefit Expense as per Note 26 | 45.58 | 34.18 |
| | Amounts recognized in Other Comprehensive Income | 46.60 | (2.28) |
| | | **207.93** | **121.44** |
| | Benefits paid by the Company | (7.41) | (3.70) |
| | Contributions to plan assets | (0.80) | (2.00) |
| | **Closing provision in books of accounts** | **199.71** | **115.74** |

*(All amounts are in Lakhs unless otherwise stated)*

| IV | Composition of plan assets | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|
| | Government of India Securities | 0.00% | 0.00% |
| | High quality corporate bonds | 0.00% | 0.00% |
| | Equity shares of listed companies | 0.00% | 0.00% |
| | Property | 0.00% | 0.00% |
| | Policy of Insurance | 100.00% | 100.00% |
| | **Total** | **100.00%** | **100.00%** |

| V | Expense recognised during the year | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|
| | Current service cost | 39.43 | 29.67 |
| | Interest cost | 6.15 | 4.50 |
| | Past service cost | - | - |
| | **Expense recognised in the statement of profit and loss** | **45.58** | **34.18** |

| VI | Other comprehensive income | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|
| | Components of actuarial gains/losses on obligations: | | |
| | Due to change in financial assumptions | (8.64) | (2.22) |
| | Due to change in demographic assumption | - | - |
| | Due to experience adjustments | 54.19 | (3.12) |
| | Return of plan assets excluding amounts included in interest income | 1.06 | 3.06 |
| | **Components of defined benefits cost/(income) recognised in other comprehensive income** | **46.60** | **(2.28)** |

| VII | Principal actuarial assumptions | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|
| | Discount rate (per annum) | 6.40% | 6.00% |
| | Rate of return on plan assets (per annum) | 6.00% | 6.00% |
| | Annual increase in salary cost | 6.00% | 6.00% |
| | **Withdrawal rates per annum** | | |
| | 25 and below | 25% | 25% |
| | 26 to 35 | 25% | 25% |
| | 36 to 45 | 20% | 25% |
| | 46 to 55 | 10% | 5% |
| | 56 and above | 5% | 5% |

The discount rate is based on the prevailing market yield of government of India's bond as at the balance sheet date for the estimated terms of the obligations

*(All amounts are in Lakhs unless otherwise stated)*

**VIII) Sensitivity analysis**

Sensitivity analysis is performed by varying a single parameter while keeping all the other parameters unchanged.

| Particulars | For the year ended March 31, 2023 | | For the year ended March 31, 2022 | |
|---|---|---|---|---|
| | Decrease | Increase | Decrease | Increase |
| Discount rate (- / +0.5%) | 204.43 | 195.26 | 120.48 | 114.55 |
| (% change compared to base due to sensitivity | 2.35% | -2.24% | 2.75% | -2.61% |
| Salary growth rate (- / + 0.5%) | 195.20 | 204.44 | 114.53 | 120.47 |
| (% change compared to base due to sensitivity | -2.27% | 2.35% | -2.62% | 2.74% |
| Withdrawal rate (W.R.) (W.R.*x 90%/W.R.x 110%) | 203.09 | 196.39 | 120.68 | 114.34 |
| (% change compared to base due to sensitivity | 1.68% | -1.67% | 3.28% | -3.10% |

**IX) Asset liability matching strategies**

The Company contributes to the insurance fund based on estimated liability of next financial year end. The projected liability statements is obtained from the actuarial valuer.

**X) Effect of plan on the company's future cash flows**

**a) Funding arrangements and funding policy**

The Company has purchased an insurance policy to provide for payment of gratuity to the employees. Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the Company. Any deficit in the assets arising as a result of such valuation is funded by the Company.

**b) Maturity analysis of defined benefit obligation**

The Weighted Average Duration (Years) as at valuation date is 4.96 years.

| Particulars | Cash flows (₹) | Distributions (%) |
|---|---|---|
| 1st Following year | 38.02 | 12.54% |
| 2nd Following year | 30.77 | 10.15% |
| 3rd Following year | 28.04 | 9.25% |
| 4th Following year | 26.69 | 8.81% |
| 5th Following year | 25.19 | 8.31% |
| Sum of years 6 to 10 | 80.39 | 26.52% |

The future accrual is not considered in arriving at the above cash-flows

*(All amounts are in Lakhs unless otherwise stated)*

**XI) The expected contribution for the next year is ₹72.75 Lakhs**

**27. Depreciation and Amortisation**

| Particulars | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Depreciation of Property, Plant & Equipment | 77.68 | 59.08 |
| Amortization of Right of use Asset | 27.90 | 27.90 |
| Amortisation of Intangible Asset | 9.91 | 8.30 |
| **Total** | **115.49** | **95.27** |

**28. Other Expenses**

| Particulars | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Electricity & fuel charges | 58.02 | 46.12 |
| Repairs to Building | 41.12 | 16.11 |
| Insurance | 25.32 | 31.18 |
| Collection Expense | 50.55 | 34.39 |
| Rent | 355.96 | 300.69 |
| Rates & taxes | 45.42 | 23.66 |
| Bank Charges | 26.04 | 40.19 |
| Stationery & printing | 102.47 | 82.49 |
| Advertisement expenses | 0.87 | 0.69 |
| Communication | 63.64 | 82.45 |
| Traveling & conveyance expenses | 1,004.76 | 747.53 |
| Professional fees | 439.76 | 267.87 |
| Auditor's Remuneration | | |
| Audit fees | 15.72 | 13.81 |
| For Tax Audit | 1.00 | 0.75 |
| For certification | 0.32 | 1.18 |
| For Others | 3.60 | 5.30 |
| | **20.63** | **21.03** |
| Corporate social responsibility expenditure (Refer Note 32) | 108.15 | 64.52 |
| Director sitting fees | 7.93 | 7.80 |
| Marketing & incentive expenses | 88.88 | 91.61 |
| Loss/(Gain) due To Moratorium Recognised at Effective Interest Rate Method | - | (39.73) |
| Net Loss on Derecognition of Property, Plant & Equipment | - | 0.57 |
| General charges (including security charges & membership fees etc.) | 201.94 | 170.81 |
| **Total** | **2,641.47** | **1,989.99** |

*(All amounts are in Lakhs unless otherwise stated)*

## 29. Tax Expenses

**The Components of income tax expense for the years ended March 31, 2023 and March 31, 2022 are:**

| Particulars | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Current Tax | 2,832.90 | 1,495.10 |
| Adjustment in respect of current tax of prior years | 15.10 | 0.28 |
| Deferred tax | 266.24 | (115.84) |
| **Total Tax Expense** | **3,114.24** | **1,379.54** |
| Total tax charge | | |
| Current Tax | 2,848.00 | 1,495.38 |
| Deferred Tax | 266.24 | (115.84) |

## 29.1 Reconciliation of the total tax charge

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the years ended March 31, 2023 and March 31, 2022 is, as follows:

| Particulars | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Accounting profit before tax expense | 12,495.37 | 4,551.82 |
| Income tax rate % | 25.168% | 25.168% |
| **Computed tax expense** | **3,144.83** | **1,145.60** |
| | | |
| **Tax effect of :** | | |
| Exempted Items | (419.34) | 256.33 |
| Additional deduction | (265.62) | (114.97) |
| Non Deductible items | 178.15 | 10.04 |
| Adjustment on Account of Change in Tax Rate | 1.69 | 0.07 |
| Others | 474.53 | 82.46 |
| **Tax expense Recognised in the Statement of Profit and Loss** | **3,114.24** | **1,379.54** |
| Effective Tax Rate | **24.92%** | **30.31%** |

*(All amounts are in Lakhs unless otherwise stated)*

**30. Earning Per Share:**

| Particulars | | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|
| **Numerator used for calculating Basic Earning per share (PAT)** | **₹ In Lakhs** | **9,381.13** | **3,172.28** |
| Dilutive impact of Employee Share Options Scheme | **₹ In Lakhs** | - | - |
| Dilutive impact of Compulsorily Convertible Debentures | **₹ In Lakhs** | 73.54 | - |
| Dilutive impact of Optionally Convertible Redeemable Preference Shares | **₹ In Lakhs** | - | - |
| **Numerator used for calculating Diluted Earning per share (PAT)** | **₹ In Lakhs** | **9,454.67** | **3,172.28** |
| **Weighted average no. of shares used as denominator for calculating basic earnings per share** | **Shares in Lakhs** | **84.92** | **84.90** |
| **Effect of dilution:** | | | |
| Dilutive impact of Employee Share Options Scheme | **Shares in Lakhs** | 0.04 | 0.03 |
| Dilutive impact of Compulsorily Convertible Debentures | **Shares in Lakhs** | 3.16 | - |
| Dilutive impact of Optionally Convertible Redeemable Preference Shares | **Shares in Lakhs** | - | - |
| **Weighted average no. of shares used as denominator for calculating diluted earnings per share** | **Shares in Lakhs** | **88.13** | **84.93** |
| Nominal value per Share | **In ₹** | 10.00 | 10.00 |
| Basic earnings per share | **In ₹** | 110.47 | 37.36 |
| Diluted earnings per share | **In ₹** | 107.28 | 37.35 |

**31. Contingent liabilities not provided for:**

| Particulars | Year Ended March 31, 2023 | Year Ended March 31, 2022 |
|---|---|---|
| **Contingent liabilities** | | |
| **(A) Guarantees given on behalf of subsidiary company : (Refer note below)** | | |
| Amount of guarantees | 48,280.00 | 23,850.00 |
| Amount of loans outstanding | 38,212.19 | 12,663.87 |
| **(B) Disputed Demand of Tax** | | |
| i) Income Tax Act | 613.24 | 762.22 |
| ii) TDS | - | - |

**Notes:**

Guarantees are given by the Company to various banks and Financial Institution on behalf of Subsidiary company for the loan taken and accordingly, the same has been shown as contingent liability.

*(All amounts are in Lakhs unless otherwise stated)*

**32. Corporate Social Responsibility ("CSR") expenses:**

The gross amount required to be spent by the Group during the year towards CSR is ₹74.04 Lakhs (March 31, 2022: 63.01 Lakhs) as per section 135 of the Act. Details of amount spent towards CSR as below:

| Sr. No. | Particulars | In Cash | Transferred to unspent CSR a/c U/s 135(6) | Yet to be paid in Cash | Total |
|---|---|---|---|---|---|
| 1 | Construction/ acquisition of assets | - | - | - | - |
| 2 | Other purpose (Other than 1 above) | 74.04 | - | - | 74.04 |

**33. Leasing Arrangements:**

The Group has entered into leave and license agreements for taking office premises along with furniture and fixtures as applicable and Branch premises on rental basis ranging from 11 to 60 months. The Company has given refundable, interest free security deposits under certain agreements. Certain agreements contain provision for renewal and further there are no sub-leases.

**I. Amount Recognized in Statement of Profit and Loss:**

| Particulars | Year Ended March 31, 2023 | Year Ended March 31, 2022 |
|---|---|---|
| i) Expenses related to Short Term Lease | 355.96 | 300.68 |
| ii) Lease Expenses (Interest Expense - Finance Cost) | 11.01 | 11.88 |
| iii) Depreciation charge for right-of-use assets | 27.90 | 27.90 |
| **Total** | **394.87** | **340.46** |

**II. Amounts recognised in statement of cash flows (including Interest Component)**

| Particulars | Year Ended March 31, 2023 | Year Ended March 31, 2022 |
|---|---|---|
| Total cash outflow for leases | 35.84 | 32.94 |

**III. Additions to right-of-use assets**

| Particulars | Year Ended March 31, 2023 | Year Ended March 31, 2022 |
|---|---|---|
| Addition to Right of used assets added | - | 90.68 |

**IV. Maturity analysis of lease liabilities**

| Particulars | Year Ended March 31, 2023 | Year Ended March 31, 2022 |
|---|---|---|
| **Maturity Analysis of contractual undiscounted cash flows:** | | |
| Within one year | 36.80 | 35.84 |
| After one year but not more than five years | 91.98 | 130.36 |
| More than five years | - | - |
| **Total undiscounted lease liabilities as at March 31, 2021** | **128.78** | **166.20** |
| **Balances of Lease Liabilities** | | |
| Non-Current | 82.03 | 110.99 |
| Current | 28.97 | 25.83 |
| **Total Lease Liability** | **111.00** | **136.82** |

*(All amounts are in Lakhs unless otherwise stated)*

**34. Segment Reporting:**

Operating segment are components of the Group whose operating results are regularly reviewed by the Chief Operating Decision Maker ("CODM") to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

The Group is engaged primarily on the business of "Financing" only, taking into account the risks and returns, the organization structure and the internal reporting systems. All the operations of the Group are in India. All non-current assets of the Group are located in India. Accordingly, there are no separate reportable segments as per Ind AS 108 – "Operating segments".

**35. Related Party Disclosures as required by IND AS 24 - Related Party Disclosure:**

List of related parties with whom transactions have taken place during the year:

**A) Key Managerial Personnel**

Mr. Jayendra Patel (Vice Chairman & Managing Director)

Mr. Aalok Patel (Joint Managing Director)

Mr. Vivek Modi (Chief Financial Officer)

Mr. Jaimish Patel (Company Secretary)

**B) Non-Executive Directors and Relatives of Key Managerial Personnel**

| Name of Party | Related party Relationship |
|---|---|
| Mr. Alok Prasad | Independent Director |
| Mr. K. D. Shah | Independent Director (upto 12-08-2021) |
| Mr. Yash K Shah | Independent Director |
| Mr. Ramakant Nagpal | Independent Director |
| Mrs. Geetaben Solanki | Independent Director |
| Mrs. Ritaben Patel | Non Executive Director |
| Mr. Aakash Patel | Non Executive Director |
| Jayendra Patel (HUF) | Key Managerial personnel is Karta |
| Mrs. Sajni Patel | Relative of Key Managerial Personnel |
| Aalok Patel (HUF) | Key Managerial personnel is Karta |
| Aakash Patel (HUF) | Director is Karta |

**C) List of entities in which KMP have control or significant influence with whom transactions have occurred during the year**

| | |
|---|---|
| Namra Holdings & Consultancy Services LLP | Key Managerial Personnel is partner |
| Raj Enterprise | Key Managerial personnel is proprietor |
| J. B. Patel & Co. | Key Managerial personnel is co-owner |
| Arman Foundation | Key Managerial personnel is Trustee |

*(All amounts are in Lakhs unless otherwise stated)*

**D) Details of Transactions with related parties carried out in the ordinary course of business:**

| Particulars | Year Ended March 31, 2023 | | | |
|---|---|---|---|---|
| | Key Managerial Personnel | Director and Relatives of person who has control or significant influence on KMP | Entities in which KMP have control or significant influence | Total |
| **Expenses** | | | | |
| Remuneration & perquisites Paid | 140.20 | - | - | 140.20 |
| Sitting fees | - | 7.90 | - | 7.90 |
| Interest expenses | 25.78 | 89.22 | 80.91 | 195.92 |
| Rent paid | - | 22.18 | - | 22.18 |
| CSR Expenses | - | - | 30.91 | 30.91 |
| **Unsecured Loan** | | | | |
| Unsecured Loan Taken | 358.58 | 2,246.84 | 2,504.71 | 5,110.13 |
| Unsecured Loan Repaid (Including Interest) | 384.36 | 2,336.06 | 2,585.62 | 5,306.04 |

| Particulars | Year Ended March 31, 2022 | | | |
|---|---|---|---|---|
| | Key Managerial Personnel | Director and Relatives of person who has control or significant influence on KMP | Entities in which KMP have control or significant influence | Total |
| **Expenses** | | | | |
| Remuneration & perquisites Paid | 117.76 | - | - | 117.76 |
| Sitting fees | - | 7.80 | - | 7.80 |
| Interest expenses | 4.61 | 74.05 | 35.60 | 114.26 |
| Rent paid | - | 21.13 | - | 21.13 |
| Dividend paid | - | - | - | - |
| **Unsecured Loan** | | | | |
| Unsecured Loan Taken | 43.80 | 579.83 | 515.00 | 1,138.63 |
| Unsecured Loan Repaid (Including Interest) | 48.81 | 653.88 | 550.60 | 1,253.29 |

*(All amounts are in Lakhs unless otherwise stated)*

**E)** List of transactions, out of the transaction reported in the above table, where the transaction entered into with single party exceeds 10% of the total related party transactions of similar nature are as under:

**Unsecured loan taken**

| SRN | Name of relative | 2022-23 | 2021-22 |
|---|---|---|---|
| 1 | Aakash Patel (HUF) | 210.24 | 189.58 |
| 2 | Aalok PATEL | 106.62 | - |
| 3 | Aalok PATEL (HUF) | 2.07 | - |
| 4 | Jayendra Patel | 251.96 | 41.50 |
| 5 | Jayendra Patel (HUF) | 24.23 | 121.00 |
| 6 | Namra Holdings & Consultancy Services LLP | 2,474.30 | 515.00 |
| 7 | Raaj Enterprise | 30.41 | - |
| 8 | Ritaben Patel | 110.30 | 240.25 |

**Unsecured loan repayments**

| SRN | Name of relative | 2022-23 | 2021-22 |
|---|---|---|---|
| 1 | Aakash Patel (HUF) | 238.48 | 216.18 |
| 2 | Aalok PATEL | 107.49 | - |
| 3 | Aalok PATEL (HUF) | 2.35 | - |
| 4 | Jayendra Patel | 276.87 | 45.76 |
| 5 | Jayendra Patel (HUF) | 27.42 | 135.88 |
| 6 | Namra Holdings & Consultancy Services LLP | 2,551.26 | 550.60 |
| 7 | Raaj Enterprise | 34.36 | - |
| 8 | Ritaben Patel | 119.71 | 268.77 |

**Remuneration & Perquisites Paid:**

| SRN | Name of relative | 2022-23 | 2021-22 |
|---|---|---|---|
| 1 | Aalok Patel | 40.02 | 35.00 |
| 2 | Jaimish Patel | 10.83 | 6.81 |
| 3 | Jayendra Patel | 56.27 | 50.63 |
| 4 | Vivek Modi | 33.08 | 26.40 |

**Interest expenses**

| SRN | Name of relative | 2022-23 | 2021-22 |
|---|---|---|---|
| 1 | Aakash Patel (HUF) | 28.24 | 26.59 |
| 2 | Aalok Patel | 0.87 | - |
| 3 | Aalok Patel (HUF) | 0.28 | - |
| 4 | Jayendra Patel | 24.91 | - |
| 5 | Jayendra Patel (HUF) | 3.19 | 14.88 |
| 6 | Namra Holdings & Consultancy Services LLP | 125.06 | 35.60 |
| 7 | Raaj Enterprise | 3.95 | - |
| 8 | Ritaben Patel | 9.41 | 28.52 |

*(All amounts are in Lakhs unless otherwise stated)*

**Sitting fees**

| SRN | Name of relative | 2022-23 | 2021-22 |
|---|---|---|---|
| 1 | Alok Prasad | 2.13 | 1.72 |
| 2 | Geetaben Solanki | 0.83 | 0.85 |
| 3 | K. D. Shah | - | 0.57 |
| 4 | Ramakant Nagpal | 2.20 | 2.52 |
| 5 | Ritaben Patel | 1.35 | 1.15 |
| 6 | Yash Shah | 1.40 | 0.97 |

**Rent paid**

| SRN | Name of relative | 2022-23 | 2021-22 |
|---|---|---|---|
| 1 | J. B. Patel & Co. | 0.21 | 0.21 |
| 2 | Ritaben Patel | 17.62 | 16.78 |
| 3 | Mrs. Sajni Patel | 2.17 | - |
| 4 | Aakash Patel (HUF) | 2.17 | - |

**CSR Expenses**

| SRN | Name of relative | 2022-23 | 2021-22 |
|---|---|---|---|
| 1 | Arman Foundation | 30.91 | - |

**F) Outstanding Credit Balance of Salary Payable as Follows**

| SRN | Name of relative | 2022-23 | 2021-22 |
|---|---|---|---|
| 1 | Jayendra Patel | 2.47 | 0.83 |
| 2 | Aalok Patel | 1.49 | 4.64 |
| 3 | Vivek Modi | 1.17 | 2.20 |
| 4 | Jaimish Patel | 0.84 | 0.48 |

**H)** Key managerial personnel who are under the employment of the Group are entitled to post employment benefits and other employee benefits recognised as per Ind AS 19 - Employee Benefits in the financial statements.

| Particulars | Year Ended March 31, 2023 | Year Ended March 31, 2022 |
|---|---|---|
| Post-employment benefits | 7.78 | 2.05 |
| Share Based Payment | - | - |
| **Total** | **7.78** | **2.05** |

**36.** There have been no events after the reporting date that require disclosure in these financial statements.

**37.** Under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act") which came into force from October 2, 2006, certain disclosures are required to be made relating to micro, small and medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments. The disclosure as required by section 22 of MSMED Act has been given below:

*(All amounts are in Lakhs unless otherwise stated)*

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Principal amount payable to suppliers as at year end | - | - |
| Interest due thereon as at year end | - | - |
| Interest amount for delayed payments to suppliers pursuant to provisions of MSMED Act actually paid during the year, irrespective of the year to which the interest relates. | - | - |
| Amount of delayed payment actually made to suppliers during the year | - | - |
| The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006 | - | - |
| Interest accrued and remaining unpaid at the end of the year | - | - |
| The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006. | - | - |

## 38. Stock Option Scheme

The Group has instituted 'ARMAN-EMPLOYEE STOCK OPTION PLAN 2016' ("ESOP 2016"), pursuant to the approval of the shareholders of the company at their annual general meeting held on September 22, 2016.

During the year ended March 31, 2023, Group has granted 4,500 new stock options (P.Y. 2,000) under the scheme of 'ARMAN-EMPLOYEE STOCK OPTION PLAN 2016' ("ESOP 2016"). The details are as under.

**Details of grant and exercise of such options are as follows:**

| Scheme | ESOP-2016 | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Tranches | ESOP-2016 -1 | | | ESOP-2016 -2 | | | ESOP-2016 -3 | | ESOP-2016-4 | ESOP-2016-5 | ESOP-2016-6 |
| No. of options granted | 97,500 | | | 9,000 | | | 2,500 | | 3,500 | 2,000 | 4,500 |
| Date of grant | May 26, 2017 | | | May 25, 2018 | | | October 13, 2018 | | Feb 12, 2021 | Feb 14, 2022 | Feb 14, 2023 |
| No of Employees | 55 | | | 3 | | | 1 | | 6 | 2 | 2 |
| Financial Year (F.Y.) | F.Y. 2018-19 | F.Y. 2019-20 | F.Y. 2020-21 | F.Y. 2019-20 | F.Y. 2020-21 | F.Y. 2021-22 | F.Y. 2019-20 | F.Y. 2020-21 | F.Y. 2022-23 | F.Y. 2022-23 | F.Y. 2022-23 |
| No. of employees who have exercised the option | 49 | 48 | 45 | 2 | 2 | 2 | 1 | 1 | 5 | - | - |
| No. of options exercised | 27,645 | 26,595 | 34,340 | 2,400 | 2,400 | 3,200 | 750 | 750 | 750 | - | - |

*(All amounts are in Lakhs unless otherwise stated)*

| Particulars | ESOP 2016 |
|---|---|
| Date of Grant | May 26, 2017; May 25, 2018; October 13, 2018; February 12, 2021; February 14, 2022 and February 14, 2023 |
| Date of board meeting, where ESOP were approved | 11-Aug-16 |
| Date of committee meeting where grant of options were approved | May 26, 2017; May 25, 2018; October 13, 2018; February 12, 2021; February 14, 2022 and February 14, 2023 |
| Date of Shareholder's approval | September 22, 2016 |
| No. of options granted | 1,19,000 out of 1,25,000 |
| Method of Settlement | Through allotment of one equity share for each option granted |
| Vesting conditions | The actual vesting of options will depend on continuation to hold the services being provided to the Group at the time of exercise of options. |
| Vesting period | Option will be vested at the End of Year from the Grant Date:- |
| | 1 – 30% End of Year |
| | 2 – 30% End of Year |
| | 3 – 40% End of Year |
| | Subject to lock in period of one year from the date of transfer of shares and other terms as stipulated in the Scheme and prescribed under the law in force. |
| Exercise period | It shall commence from the date of vesting of options and expire not later than 3 months from the vesting date of each grant of options |

**Details of Vesting and Exercise of Options (ESOP 2016):**

| Vesting Date | Vested Options | No of Option Exercised |
|---|---:|---:|
| May 26, 2018 | 29,250 | 27,645 |
| May 25, 2019 | 2,700 | 2,400 |
| May 26, 2019 | 28,485 | 26,595 |
| October 13, 2019 | 750 | 750 |
| May 25, 2020 | 34,660 | 34,340 |
| May 26, 2020 | 2,400 | 2,400 |
| October 13, 2020 | 750 | 750 |
| May 24, 2021 | 3,200 | 3,200 |
| February 14, 2022 | 1,050 | 750 |

*(All amounts are in Lakhs unless otherwise stated)*

**The following table sets forth a summary of ESOP 2016:**

| Particulars | 2022-23 | 2021-22 |
|---|---|---|
| Options | | |
| Outstanding at the beginning of the year | 4,500 | 7,700 |
| Vested but not exercised at the beginning of the year | - | - |
| Granted during the year | 4,500 | 2,000 |
| Forfeited during the year | - | 2,000 |
| Exercised during the year | 750 | 3,200 |
| Expired during the year | - | - |
| Outstanding at the end of the year | 8,250 | 4,500 |
| Exercisable at the end of the year | 8,250 | 4,500 |
| Weighted average exercise price per option | ₹50/- | ₹50/- |

**The Group has recognised share based payment expense of ₹17.27 Lakhs (March 31, 2022: ₹15 Lakhs) during the year as proportionate cost.**

| Scheme | ESOP-2016 | | | | | |
|---|---|---|---|---|---|---|
| **Tranches** | **ESOP-2016-1** | **ESOP-2016-2** | **ESOP-2016-3** | **ESOP-2016-4** | **ESOP-2016-5** | **ESOP-2016-6** |
| Date of grant | 26.05.2017 | 25.05.2018 | 13.10.2018 | 12.02.2021 | 14.02.2022 | 14.02.2023 |
| Date of Board approval | 11.08.2016 | | | | | |
| Date of Shareholder's approval | 22.09.2016 | | | | | |
| Number of options granted | 97,500 | 9,000 | 2,500 | 3,500 | 2,000 | 4,500 |
| Exercise price | ₹50/- | | | | | |
| Method of Settlement | Through allotment of one equity share for each option granted. | | | | | |
| Vesting period | I.30% of the options at the end of one year from the date of grant; | | | | | |
| | II.30% of the options at the end of the two years from the date of grant; | | | | | |
| | III.40% of the Options at the end of the three years from the date of grant. | | | | | |
| Exercise period | 3 months from the date of vesting | | | | | |
| Vesting conditions | The Option holders are required to continue to hold the services being provided to the Group at the time of exercise of options. | | | | | |
| Name of the plan | 'ARMAN-EMPLOYEE STOCK OPTION PLAN 2016' ("ESOP 2016") | | | | | |

*(All amounts are in Lakhs unless otherwise stated)*

**39.** The Board of Directors has not recommended any dividend for the financial year 2022-23 (P.Y. Dividend Nil per equity share of face value of ₹10/- each).

**40.** Additional Information As required by Paragraph 2 of the general Instruction for Preparation of the Consolidated Financial Statements to the Schedule III of the Act

| Name of the entity | Net Assets i.e. Total assets minus Total liabilities | | Share in Profit or Loss | | Share in Other Comprehensive income | |
|---|---|---|---|---|---|---|
| | As % of Consolidated net assets | Amounts | As % of Consolidated Profit & Loss | Amounts | As % of Consolidated net assets | Amounts |
| **Parent** | | | | | | |
| Arman Financial Services Limited | 61.97% | 22,660.58 | 26.68% | 2,502.69 | 24.40% | (117.35) |
| **Subsidiaries Indian** | | | | | | |
| Namra Finance Limited | 38.03% | 13,908.47 | 73.32% | 6,878.44 | 75.60% | (363.52) |
| Foreign | - | - | - | - | - | - |
| **Minority interests in all subsidiaries associates (investments as per the equity method)** | | | | | | |
| **Parent Subsidiaries Indian** | | | | | | |
| Namra Finance Limited | - | - | - | - | - | - |
| **Foreign** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Total** | 100.00% | 36,569.05 | 100.00% | 9,381.13 | 100.00% | (480.87) |

**41. The Amount expected to be Recovered or Settled within or after 12 months from reporting date:**

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

| Particulars | Note No. | As at March 31, 2023 | | | As at March 31, 2022 | | |
|---|---|---|---|---|---|---|---|
| | | Within 12 Months | After 12 Months | Total | Within 12 Months | After 12 Months | Total |
| **ASSETS** | | | | | | | |
| **Financial Assets** | | | | | | | |
| Cash and cash equivalents | 1 | 2,622.12 | - | 2,622.12 | 7,552.76 | - | 7,552.76 |
| Bank Balance other than above | 2 | 37,885.39 | 2,524.28 | 40,409.67 | 5,072.52 | 1,608.75 | 6,681.27 |
| Loans | 3 | 1,17,382.24 | 36,288.51 | 1,53,670.75 | 73,653.76 | 32,106.91 | 1,05,760.67 |
| Investments | 4 | 2,154.18 | -206.25 | 1,947.93 | 591.74 | - | 591.74 |
| Other Financial assets | 5 | 2,817.31 | 71.28 | 2,888.59 | 937.85 | 361.81 | 1,299.67 |

## Notes Forming Part of the Consolidated Financial Statements

for the year ended March 31, 2023

*(All amounts are in Lakhs unless otherwise stated)*

| Particulars | Note No. | As at March 31, 2023 | | | As at March 31, 2022 | | |
|---|---|---|---|---|---|---|---|
| | | Within 12 Months | After 12 Months | Total | Within 12 Months | After 12 Months | Total |
| **Non-financial Assets** | | | | | | | |
| Deferred tax Assets (Net) | 6 | 1,546.51 | - | 1,546.51 | 1,651.02 | - | 1,651.02 |
| Property, Plant and Equipment & Other Intangible assets | 7 | - | 516.32 | 516.32 | - | 365.20 | 365.20 |
| Intangible assset under development | 7 | - | - | - | - | 2.62 | 2.62 |
| Right of Use Assets | 7 | - | 94.03 | 94.03 | - | 121.93 | 121.93 |
| Other non-financial assets | 8 | 120.49 | - | 120.49 | 112.89 | - | 112.89 |
| **Total Assets** | | **1,64,528.24** | **39,288.17** | **2,03,816.41** | **89,572.55** | **34,567.22** | **1,24,139.76** |
| **LIABILITIES AND EQUITY** | | | | | | | |
| **LIABILITIES** | | | | | | | |
| **Financial Liabilities** | | | | | | | |
| Trade Payables | 9 | | | | | | |
| (a) total outstanding dues of micro enterprises and small enterprises | | - | - | - | - | - | - |
| (b) total outstanding dues of creditors other than micro enterprises and small enterprises | | 161.88 | - | 161.88 | 188.46 | - | 188.46 |
| Debt Securities | 10 | 13,870.71 | 10,464.78 | 24,335.49 | 6,129.62 | 13,377.97 | 19,507.59 |
| Borrowings (Other than Debt Securities) | 11 | 76,507.41 | 53,239.75 | 1,29,747.16 | 58,735.88 | 18,225.58 | 76,961.46 |
| Subordinated Liabilities | 12 | 3,858.45 | 2,500.00 | 6,358.45 | - | 2,500.00 | 2,500.00 |
| Other financial liabilities | 13 | 5,362.65 | 266.76 | 5,629.41 | 3,100.55 | 126.24 | 3,226.80 |
| **Non-Financial Liabilities** | | | | | | | |
| Provisions | 14 | 58.05 | 141.66 | 199.71 | 39.44 | 76.31 | 115.74 |
| Current Tax Liabilities (Net) | 15 | 459.56 | - | 459.56 | 274.23 | - | 274.23 |
| Other non-financial liabilities | 16 | 98.77 | 256.93 | 355.70 | 96.87 | - | 96.87 |

*(All amounts are in Lakhs unless otherwise stated)*

| Particulars | Note No. | As at March 31, 2023 | | | As at March 31, 2022 | | |
|---|---|---|---|---|---|---|---|
| | | Within 12 Months | After 12 Months | Total | Within 12 Months | After 12 Months | Total |
| **EQUITY** | | | | | | | |
| Equity Share capital | 17 | - | 849.23 | 849.23 | - | 849.16 | 849.16 |
| Other Equity | 18 | - | 35,719.82 | 35,719.82 | - | 20,419.45 | 20,419.45 |
| **Total Liabilities and Equity** | | **1,00,377.48** | **1,03,438.93** | **2,03,816.41** | **68,565.05** | **55,574.72** | **1,24,139.76** |

**42. Fair Value Measurements:**

**A. Financial instrument by category and their fair value**

| As at March 31, 2023 | Note No. | Carrying Amount | | | Fair Value | | | |
|---|---|---|---|---|---|---|---|---|
| | | Amortised Cost | FVOCI | FVTPL | Level 1 | Level 2 | Level 3 | Total |
| **Financial Assets** | | | | | | | | |
| Loans | 3 | - | 1,53,670.75 | - | - | - | 1,53,670.75 | 1,53,670.75 |
| Fair valuation of Derivative Instrument measured Through Profit & Loss Account | 5 | - | - | - | - | - | - | - |
| Cash and Cash Equivalents | 1 | 2,622.12 | - | - | 2,622.12 | - | - | 2,622.12 |
| Bank Balances other than cash and Cash Equivalent (including Interest Accrued but not due on Bank Deposits) | 2 | 41,530.66 | - | - | - | 41,530.66 | - | 41,530.66 |
| Investments | 4 | 1,147.06 | | 800.86 | 800.86 | - | 1,147.06 | 1,947.93 |
| Security Deposits | 5 | 25.48 | - | - | - | - | 25.48 | 25.48 |
| Other Advance | 5 | 1,632.35 | - | - | - | - | 1,632.35 | 1,632.35 |
| Interest Due but not Received on Loans and Advances | 5 | 109.77 | - | - | - | - | 109.77 | 109.77 |
| **Total** | | **47,067.44** | **1,53,670.75** | **800.86** | **3,422.98** | **41,530.66** | **1,56,585.42** | **2,01,539.06** |

*(All amounts are in Lakhs unless otherwise stated)*

| As at March 31, 2023 | Note No. | Carrying Amount | | | Fair Value | | | |
|---|---|---|---|---|---|---|---|---|
| | | Amortised Cost | FVOCI | FVTPL | Level 1 | Level 2 | Level 3 | Total |
| **Financial Liabilities** | | | | | | | | |
| Other Payable | 9 | 161.88 | - | - | - | - | 161.88 | 161.88 |
| Debt Securities | 10 | 24,335.49 | - | - | - | - | 24,335.49 | 24,335.49 |
| Borrowings (Other than Debt Securities) | 11 | 1,29,747.16 | - | - | - | - | 1,29,747.16 | 1,29,747.16 |
| Subordinated Liabilities | 12 | 6,358.45 | - | - | - | - | 6,358.45 | 6,358.45 |
| Other financial liabilities | 13 | 5,629.41 | - | - | - | - | 5,629.41 | 5,629.41 |
| **Total Financial Liabilities** | | **1,66,232.39** | **-** | **-** | **-** | **-** | **1,66,232.39** | **1,66,232.39** |

| As at March 31, 2022 | Note No. | Carrying Amount | | | Fair Value | | | |
|---|---|---|---|---|---|---|---|---|
| | | Amortised Cost | FVOCI | FVTPL | Level 1 | Level 2 | Level 3 | Total |
| **Financial Assets** | | | | | | | | |
| Loans | 3 | - | 1,05,760.67 | - | - | - | 1,05,760.67 | 1,05,760.67 |
| Fair valuation of Derivative Instrument measured Through Profit & Loss Account | 5 | 8.12 | - | - | 8.12 | - | - | 8.12 |
| Cash and Cash Equivalents | 1 | 7,552.76 | - | - | 7,552.76 | - | - | 7,552.76 |
| Bank Balances other than cash and Cash Equivalent (including Interest Accrued but not due on Bank Deposits) | 2 | 6,850.86 | - | - | - | 6,850.86 | - | 6,850.86 |
| Investments | 4 | 256.32 | - | 335.42 | 335.42 | - | 256.32 | 591.74 |
| Security Deposits | 5 | 413.19 | - | - | - | - | 413.19 | 413.19 |
| Other Advance | 5 | 450.49 | - | - | - | - | 450.49 | 450.49 |
| Interest Due but not Received on Loans and Advances | 5 | 258.29 | - | - | - | - | 258.29 | 258.29 |
| **Total** | | **15,790.02** | **1,05,760.67** | **335.42** | **7,896.30** | **6,850.86** | **1,07,138.96** | **1,21,886.12** |

*(All amounts are in Lakhs unless otherwise stated)*

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Financial Liabilities** | | | | | | | | |
| Other Payable | 9 | 154.88 | - | - | - | - | 154.88 | 154.88 |
| Debt Securities | 10 | 19,507.59 | - | - | - | - | 19,507.59 | 19,507.59 |
| Borrowings (Other than Debt Securities) | 11 | 76,961.46 | - | - | - | - | 76,961.46 | 76,961.46 |
| Subordinated Liabilities | 12 | 2,500.00 | - | - | - | - | 2,500.00 | 2,500.00 |
| Other financial liabilities | 13 | 3,226.80 | - | - | - | - | 3,226.80 | 3,226.80 |
| **Total Financial Liabilties** | | **1,02,350.73** | **-** | **-** | **-** | **-** | **1,02,350.73** | **1,02,350.73** |

B **Reconciliation of level 3 fair value measurement is as follows:**

| Loans | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Balance at the beginning of the year | 1,05,761 | 74,322 |
| Addition during the year | 1,52,917 | 91,138 |
| Amount derecognised / repaid during the year | (99,952) | (55,324) |
| Amount written off | (4,906) | (2,999) |
| Gains/(losses) recognised in statement of profit or loss | (150) | (1,377) |
| **Balance at the end of the year** | **1,53,671** | **1,05,761** |

C **Measurement of fair values**

**I. Valuation techniques and significant unobservable inputs**

The carrying amounts of financial assets and liabilities which are at amortised cost are considered to be the same as their fair values as there is no material differences from the carrying values presented.

**II. Financial instruments - fair value**

The fair value of financial instruments as referred to in note (A) above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurement).

The categories used are as follows:

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices;

Level 2: The fair value of financial instruments that are not traded in active market is determined using valuation technique which maximizes the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value on instrument are observable, the instrument is included in level 2; and

Level 3: If one or more of significant input is not based on observable market data, the instrument is included in level 3."

**III. Transfers between levels I and II**

There has been no transfer in between level I and level II.

**IV. Valuation techniques**

**Loans**

The Company has computed fair value of the loans and advances through OCI considering its business model. These have been fair valued using the base of the interest rate of loan disbursed in the last fifteen days of the year end which is an observable input and therefore these has been considered to be fair valued using Level 3 inputs.

**D Capital**

The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of the local banking supervisor, RBI. The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI.

The Company has complied in full with all its externally imposed capital requirements over the reported period. Equity share capital and other equity are considered for the purpose of Company's capital management.

**D.1 Capital management**

The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximize shareholder value.

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

**43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES:**

The Company's principal financial liabilities comprise borrowings and trade payables. The main purpose of these financial liabilities is to finance the Company's operations and to support its operations. The Company's financial assets include loan and advances, cash and cash equivalents that derive directly from its operations.

The Company is exposed to credit risk, liquidity risk and market risk. The Company's board of directors has an overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company's risk management committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

**I Credit Risk**

Credit risk is the risk of financial loss to the Company if a customer or counter-party to financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers and loans.

The carrying amounts of financial assets represent the maximum credit risk exposure.

**Loans and advances:**

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry.

*(All amounts are in Lakhs unless otherwise stated)*

The risk management committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, financial statements, credit agency information, industry information etc.

The Company's exposure to credit risk for loans and advances by type of counterparty is as follows:

| Particulars | Carrying amount | |
|---|---|---|
| | As at March 31, 2023 | As at March 31, 2022 |
| Retail assets (Refer Note 3) | 1,53,670.75 | 1,05,760.67 |
| Loans to NBFC-to Create the underlying assets (Refer Note 3) | - | - |
| **Total** | **1,53,670.75** | **1,05,760.67** |

An impairment analysis is performed at each reporting date based on the facts and circumstances existing on that date to identify expected losses on account of time value of money and credit risk. For the purposes of this analysis, the loan receivables are categorised into groups based on days past due. Each group is then assessed for impairment using the ECL model as per the provisions of Ind AS 109 - financial instruments.

As per Ind AS 109, Company is required to group the portfolio based on the shared risk characteristics. Company has assessed the risk and its impact on the various portfolios and has divided the portfolio into following groups.

**a** TW Loans

**b** SME Loans

**c** Retail Asset Channel Loans

**d** Microfinance

**Staging:**

As per the requirement of Ind AS 109 general approach all financial instruments are allocated to stage 1 on initial recognition except originated credit-impaired financial assets which are considered to be under stage 3 on day of origination. However, if a significant increase in credit risk is identified at the reporting date compared with the initial recognition, then an instrument is transferred to stage 2. If there is objective evidence of impairment, then the asset is credit impaired and transferred to stage 3.

The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments

For financial assets in stage 1, the impairment calculated based on defaults that are possible in next twelve months, whereas for financial instrument in stage 2 and stage 3 the ECL calculation considers default event for the lifespan of the instrument

As per Ind AS 109, Company assesses whether there is a significant increase in credit risk at the reporting date from the initial recognition. Company has staged the assets based on the Day past dues criteria and other market factors which significantly impacts the portfolio.

| Days past dues status | Stage | Provisions |
|---|---|---|
| Current | Stage 1 | 12 months provision |
| 1-30 days | Stage 1 | 12 months provision |
| 31-60 days | Stage 2 | Lifetime Provision |
| 61-90 days | Stage 2 | Lifetime Provision |
| 90+ days | Stage 3 | Lifetime Provision |

*(All amounts are in Lakhs unless otherwise stated)*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company is exposed to credit risk from its operating activities, cash and cash equivalents and other financial instruments.

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to the customer credit risk management. Outstanding customer receivables are regularly monitored and taken up on case to case basis. The Company has adopted a policy of dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit scores of its counterparties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management team on a regular basis. The Company evaluates the concentration of risk with respect to loan receivables as low, as its customers are located in several jurisdictions representing large number of minor receivables operating in largely independent markets. The credit risk on cash and bank balances and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

**EXPECTED CREDIT LOSS FOR LOANS:**

The Company considers default in all cases when the borrower becomes 90 days past due on its contractual payments. 'TheExpected Credit Loss (ECL) is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets. ECL is the product of the Probability of Default, Exposure at Default and Loss Given Default.

**Marginal probability of default:**

PD is defined as the probability of whether borrowers will default on their obligations in the future. Historical PD is derived from NBFC internal data calibrated with forward looking macroeconomic factors. For computation of probability of default ("PD"), Vasicek Single Factor Model was used to forecast the PD term structure over lifetime of loans. As per Vasicek model, given long term PD and current macroeconomic conditions, conditional PD corresponding to current macroeconomic condition is estimated. Company has worked out on PD based on the last five years historical data.

**Marginal probability:**

The PDs derived from the Vasicek model, are the cumulative PDs, stating that the borrower can default in any of the given years, however to compute the loss for any given year, these cumulative PDs have to be converted to marginal PDs. Marginal PDs is probability that the obligor will default in a given year, conditional on it having survived till the end of the previous year.

**Conditional marginal probability:**

As per Ind AS 109, expected loss has to be calculated as an unbiased and probability-weighted amount for multiple scenarios.

Based on the historical loss experience, adjustments need to be made on the average PD computed to give effect of the current conditions which is done through management overlay by assigning probability weightages to different scenarios.

**LGD:**

LGD is an estimate of the loss from a transaction given that a default occurs. Under Ind AS 109, lifetime LGD's are defined as a collection of LGD's estimates applicable to different future periods. Various approaches are available to compute the LGD. Company has considered workout LGD approach. The following steps are performed to calculate the LGD:

1) Analysis of historical credit impaired accounts at cohort level.

2) The computation consists of five components, which are:

(All amounts are in Lakhs unless otherwise stated)

a) Outstanding balance (POS).

b) Recovery amount (discounted yearly) by initial contractual rate.

c) Expected recovery amount (for incomplete recoveries), discounted to reporting date using initial contractual rate.

d) Collateral (security) amount.

The formula for the computation is as below:

% Recovery rate = (discounted recovery amount + security amount + discounted estimated recovery) / (total POS)

% LGD = 1 – recovery rate

**EAD:**

As per Ind AS 109, EAD is estimation of the extent to which the financial entity may be exposed to counterparty in the event of default and at the time of counterparty's default. Company has modelled EAD based on the contractual and behavioral cash flows till the lifetime of the loans considering the expected prepayments. Company has considered expected cash flows for all the loans at DPD bucket level for each of the segments, which was used for computation of ECL. Moreover, the EAD comprised of principal component, accrued interest and also the future interest for the outstanding exposure. So discounting was done for computation of expected credit loss.

**Discounting:**

As per Ind AS 109, ECL is computed by estimating the timing of the expected credit shortfalls associated with the defaults and discounting them using effective interest rate.

Changes in ECL allowances in relation to loans from beginning to end of reporting period:

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Opening provision of ECL | 6,531.69 | 5,154.67 |
| Addition during the year | 4,813.81 | 6,106.85 |
| Utilization / reversal during the year | (4,664.17) | (4,729.83) |
| Closing provision of ECL | 6,681.33 | 6,531.69 |

**II Liquidity Risk:**

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with its financial liabilities. The Company's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due.

The Company is monitoring its liquidity risk by estimating the future inflows and outflows during the start of the year and planned accordingly the funding requirement. The Company manages its liquidity by unutilized cash credit facility, term loans and direct assignment.

The composition of the Company's liability mix ensures healthy asset liability maturity pattern and well diverse resource mix.

Capital adequacy ratio of the Holding Company, as on 31 March 2022 is 32.61% against regulatory norms of 15%. Tier I capital is 17.35% as against requirement of 10%. Tier II capital is 15.27% which may increase from time to time depending on the requirement and also as a source of structural liquidity to strengthen asset liability maturity pattern.

Capital adequacy ratio of the Subsidiary Company, as on 31 March 2022 is 25.62% against regulatory norms of 15%. Tier I capital is 23.62% as against requirement of 10%. Tier II capital is 2% which may increase from time to time depending on the requirement and also as a source of structural liquidity to strengthen asset liability maturity pattern.

*(All amounts are in Lakhs unless otherwise stated)*

The total cash credit limit available to the Company is ₹963 Lakhs spread across 4 banks. The utilization level is maintained in such a way that ensures sufficient liquidity on hand. Majority of the Company's portfolio is MSME loans which qualifies as Priority Sector Lending. During the year, the Company has maintained around 5% to 10% of assets under management as off book through direct assignment transactions. It is with door to door maturity and without recourse to the Company. This further strengthens the liability management.

The table below summarizes the maturity profile of the Company's non derivative financial liabilities based on contractual undiscounted payments along with its carrying value as at the balance sheet date.

| | 1 Day to 30/31 Days (One Month) | Over One Month up to 2 Months | Over 2 Months up to 3 Months | Over 3 Months up to 6 Months | Over 6 Months up to 1 Year | Over 1 Year up to 3 Years | Over 3 Year up to 5 Years | Over 5 Years | Total |
|---|---|---|---|---|---|---|---|---|---|
| **As at March 31, 2023** | | | | | | | | | |
| Debt Securities (Refer Note 11) | - | 3,454.29 | 197.57 | 216.38 | 10,002.47 | 10,464.77 | - | - | 24,335.49 |
| Borrowings & Subordinated Liabilities (Refer Note 12 & 13) | 7,148.41 | 7,764.81 | 7,827.78 | 23,529.54 | 33,082.19 | 55,752.88 | - | 1,000.00 | 1,36,105.62 |
| **As at March 31, 2022** | | | | | | | | | |
| Debt Securities (Refer Note 11) | - | - | - | 2,350.00 | 4,779.62 | 12,377.98 | - | - | 19,507.60 |
| Borrowings & Subordinated Liabilities (Refer Note 12 & 13) | 6,622.78 | 4,322.64 | 4,420.38 | 15,980.46 | 26,968.95 | 20,118.47 | 27.78 | 1,000.00 | 79,461.46 |

**III Market risk :**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk includes interest rate risk and foreign currency risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

**IV Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's investment in bank deposits and variable interest rate borrowings and lending. Whenever there is a change in borrowing interest rate for the Company, necessary change is reflected in the lending interest rates over the timeline in order to mitigate the risk of change in interest rates of borrowings.

The sensitivity analysis has been carried out based on the exposure to interest rates for bank deposits, lending and borrowings carried at variable rate.

*(All amounts are in Lakhs unless otherwise stated)*

| Particulars | For the year ended on March 31, 2023 | |
|---|---|---|
| Change in interest rates | 50 bp increase | 50 bp decrease |
| **Bank Deposits** | **40,409.67** | **40,409.67** |
| Impact on profit for the year | 202.05 | (202.05) |
| **Variable Rate Borrowings** | **1,29,747.16** | **1,29,747.16** |
| Impact on profit for the year | (648.74) | 648.74 |

**V Foreign currency risk:**

As at March 31, 2023, the company has no outstanding foreign currency borrowings (March 31, 2022: Euro 5 million). The Company has undertaken principal swaps and cross currency swaps to hedge the foreign currency risk of the ECB principals. Whereas the company has entered into floating to fixed coupon only swaps and interest rate swaps along with forward contracts to hedge the floating interest and foreign currency risk of the coupon payments. All the derivative instruments are purely for hedging the underlying ECB transactions as per applicable RBI guidelines and not for any speculative purpose.

The Company is exposed to foreign exchange risk arising from foreign currency transactions. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the functional currency of the Company. To mitigate the Company's exposure to foreign currency risk, non-rupee cash flows are monitored and derivative contracts are entered into in accordance with the Company's risk management policies.

**VI Foreign currency risk exposure**

The Company exposure to foreign currency risk at the end of the reporting period expressed in ₹, are as follows:

| Particulars | Currency | March 31, 2023 | March 31, 2022 |
|---|---|---|---|
| Financial liabilities | | | |
| External commercial borrowings (Refer Note 11) | Euro | - | 4,150.37 |
| (including interest accrued) | | | |
| (Gain)/loss: Derivative contract | | - | (8.12) |

**Sensitivity**

The sensitivity of profit and loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Euro Sensitivity | | |
| Inr/Euro-increase by 5% | - | (207.52) |
| Inr/Euro-decrease by 5% | - | 207.52 |

* Holding all other variables constant

**44** The significant increase in economic activities post easing of lockdown by the state governments due to Covid-19 had resulted in improvement in business operations of the Company. As a matter of prudence, during the financial year ended March 31, 2023, the Company has written off (Net) ₹4,284.92 Lakhs. The Total ECL provision as at March 31,2023 of ₹6,681.33 Lakhs out of which ₹2,204.51 Lakhs is retained by the company towards management overlay on account of COVID-19. The additional ECL provision retained on account of COVID-19 is based on the Company's historical experience, collection efficiencies post lockdown, internal assessment and other emerging forward

*(All amounts are in Lakhs unless otherwise stated)*

looking factors on account of the pandemic. However, the actual impact may vary due to prevailing uncertainty caused by the pandemic. The Company's management is continuously monitoring the situation and the economic factors affecting the operations of the Company.

45 Previous year's figures have been regrouped and rearranged wherever necessary, to make them comparable with those of current year.

As per our report of even date attached herewith

**For, Talati & Talati LLP**
Chartered Accountants
[Firm Regd. No. 110758W/W100377]

**[Kushal Talati]**
Partner
[M.No.188150]

**Place:** Ahmedabad
**Date:** 30.05.2023

For, **Arman Financial Services Limited**

**Jayendra Patel**
Vice Chairman & Managing Director
(DIN - 00011814)

**Vivek Modi**
Chief Financial Officer

**Aalok Patel**
Joint Managing Director
(DIN - 02482747)

**Jaimish Patel**
Company Secretary
(M. No. A42244)

# INDEPENDENT AUDITOR'S REPORT

To,
The Members of
**ARMAN FINANCIAL SERVICES LIMITED**

**Report on the Audit of the Consolidated Financial Statements**

## OPINION

We have audited the accompanying Consolidated Financial Statements of Arman Financial Services Limited ("Herein after referred to as "the Holding Company"), and its Subsidiary – Namra Finance Limited (the Holding Company and its subsidiary together referred to as "the Group" ) which comprise the Consolidated Balance Sheet as at March 31, 2022, the Consolidated statement of Profit and Loss (Including other Comprehensive Income), the Consolidated statement for Changes in Equity and the Consolidated statement of Cashflows for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information ("herein after referred to as "the Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditor on separate financial statements of a subsidiary – Namra Finance Limited as were audited by the other auditor, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (the 'Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at March 31, 2022, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year ended.

## BASIS FOR OPINION

We conducted our audit of the Consolidated Financial Statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained along with the consideration of audit reports of the other auditors referred to in the "Other Matters" paragraph below is sufficient and appropriate to provide a basis for our opinion on the Consolidated Financial Statements.

## EMPHASIS OF MATTER

As described in Note 3 to the Consolidated Financial Statements, additional Expected Credit Loss (ECL) Provision on account of COVID-19 pandemic is based on Company's Collection Experience post Lockdown, internal assessment and other emerging forward looking factors on account of the Pandemic. During the Current Financial Year, Management of Holding Company has reduced Additional Expected Credit Loss (ECL) Provision which was provided as a part of additional Management Overlay in previous Financial year 2020-21 on account of uncertainties related to COVID-19 Pandemic, Considering Company's Collection Experience in respect of new Disbursements post Lockdown. However, the actual impact may vary due to prevailing uncertainty caused by the Pandemic. Our opinion is not modified in respect of the above matters.

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional, judgment, were of most significance in our audit of the, Consolidated financial statements of the current period. These matters were addressed in the context of our audit, of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**Key audit matters identified in our audit is in respect of Provision for Expected Credit Losses on loans as follows:**

**Provision for Expected Credit Losses on loans [Refer Para 3.6 for the accounting policy and Note 3 for the related disclosures]**

| Key Audit Matter | How our audit addressed the key audit matter |
|---|---|
| As at March 31, 2022 the Group has financial assets (loans) amounting to ₹1,05,760.67 Lakhs. As per Ind AS 109 - Financial Instruments, the Company is required to recognise allowance for expected credit losses on financial assets. Under Ind-AS framework, the management had to estimate the provision for expected credit losses as at March 31, 2022. Expected credit loss cannot be measured precisely, but can only be estimated through use of statistics. The calculation of expected credit losses is complex and requires exercise of judgment around both the timing of recognition of impairment provisions and estimation of the amount of provisions required in relation to loss events. Further, due to COVID Pandemic and moratorium granted by the company, the calculation of expected credit loss had further challenges as the future outcome is dependent on various events, the outcome of which is uncertain. The management has recognised a provision of ₹1,268.62 Lakhs in Consolidated Statement of Profit and Loss for the year ended March 31, 2022. Considering the significance of above matter to the Consolidated financial statements and since the matter required our significant attention to test the calculation of expected credit losses, we have identified this as a key audit matter for current year audit. | Our audit procedures in relation to expected credit losses were focused on obtaining sufficient appropriate audit evidence as to whether the expected credit losses recognised in the Consolidated financial statements were reasonable and the related disclosures made by the management were adequate. These procedures included, but not limited, to the following:<br>a) Obtaining an understanding of the model adopted by the Company for calculation of expected credit losses including how management calculated expected credit losses and the appropriate data on which the calculation is based;<br>b) Testing the accuracy of inputs through substantive procedures and assessing the reasonableness of the assumptions used;<br>c) Developing a point estimate by making reference to the ECL recognised by entities that carry comparable financial assets;<br>d) testing the arithmetical calculation of ECL;<br>e) Verifying the adequacy of the related disclosures; and<br>f) Obtaining written representations from management whether they believe significant assumptions used in calculation of expected credit losses are reasonable. |

## OTHER INFORMATION

The Holding Company's management and the Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance. We have nothing to report in this regard.

## MANAGEMENT'S RESPONSIBILITIES FOR CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's Management and the Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit / loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act.

The respective Management and the Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by Management and the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and the Board of Directors of the companies included in the Group are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of each company.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Group has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities of the Holding Company and its Subsidiary to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the Consolidated Financial Statements of which we are the independent auditors. For the other entities included in the Consolidated Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the Consolidated Financial Statement regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## OTHER MATTER

We did not audit the financial statements of a subsidiary Namra Finance Limited included in the consolidated financial Statements, whose financial statements (before consolidation adjustments) reflects total assets of ₹1,00,720.99 Lakhs as at March 31, 2022 and total revenues (Including Other Income) ₹17,304.29 Lakhs for the year ended on March 31, 2022 respectively, total net profit after tax of ₹1,844.55 Lakhs for the year ended March 31, 2022 respectively, total comprehensive income of ₹1,378.19 Lakhs for the year ended on March 31, 2022 and net cash inflow of ₹565.62 Lakhs for the year ended on March 31, 2022, as considered in the consolidated Financial Statements. The independent auditor's report on financial statements of this entity has been furnished to us and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiary, is based solely on the report of the other auditors.

The Consolidated Financial Statement includes comparative financial statements for the year ended on March 31, 2021 which has been audited by the then auditor "Samir M Shah & Associates, Chartered Accountants"; whose report dated June 24, 2021 expressed an unmodified opinion on those consolidated financial statements.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. With respect to matters specified in paragraph 3 (xxi) and 4 of the Companies (Auditor's Report) Order, 2020 ("the Order" or "CARO"), issued by the Central Government of India in terms of sub- section 11 of section 143 of the Act, according to the information and explanations given to us and based on the CARO reports issued by the respective auditors of companies included in the consolidated financial statements, to which reporting under CARO is applicable, we report as under:

   There are no qualifications or adverse remarks in the Companies (Auditors Report) Order (CARO) reports of the companies included in the consolidated financial statements. Accordingly, the requirement to report on clause 3(xxi) of the Order is not applicable to the Holding Company.

2. As required by Section 143 (3) of the Act, we report to the extent applicable, that

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of Consolidated Financial Statements.

   b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books.

   c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of Consolidated Financial Statements;

   d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act;

   e) On the basis of the written representations received from the directors of Holding Company as on March 31, 2022 taken on record by the Board of Directors of the Holding Company, and the report of the statutory auditor of its subsidiary company incorporated in India, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164(2) of the Act;

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and its subsidiary and the operating effectiveness of such controls, refer to our separate Report in **"Annexure A";** and

3. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies(Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   a) The Consolidated Financial Statement disclose the impact of pending litigations on its financial position in its Consolidated Financial Statements – Refer Note 31 to the Consolidated Financial Statements.

   b) The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.

   c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Group.

   d) (i) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:

      - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company or
      - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

      (ii) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall:

      - directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Party or
      - provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries; and

      (iii) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under subclause (d) (i) and (d) (ii) contain any material mis-statement.

   e) The Company has not declared any Dividend during the year as prescribed under Section 123 of the Companies Act, 2013.

4. With respect to the matter to be included in the Auditor's report under section 197 (16):

In our opinion and according to the information and explanations given to us and based on the report of the statutory auditor of a subsidiary company incorporated in India which was not audited by us, the remuneration paid during the current year by the Holding Company and its subsidiary company to its directors is in accordance with the provisions of Section 197 of the Act.

For, **Talati and Talati LLP**
Chartered Accountants
FRN: 110758W/W100377

**CA Kushal U. Talati**
Partner
UDIN: 22188150AMQCFL6299
Membership No. 188150

Place: Ahmedabad
Date: May 30, 2022

# ANNEXURE A to Independent Auditor's Report

**On Consolidated Financial Statements Of Arman Financial Services Limited for the year ended on March 31, 2022.**

**(Referred to in Paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date)**

**(Referred to in paragraph 2(f) under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date)**

## OPINION

We have audited the internal financial controls over financial reporting of Arman Financial Services Limited as of March 31, 2022, in conjunction with our audit of the Consolidated financial statements of the Company for the year ended on that date.

In our opinion, the Group has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31 2022, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

## MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Board of Directors of the Group are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by these entities considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI).

These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective Holding Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

## AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Group's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company and its subsidiary's internal financial controls system over financial reporting.

## MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

The Group's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Consolidated Financial Statements for external purposes in accordance with generally accepted accounting principles. The Group's internal financial control over financial reporting includes those policies and procedures that

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Holding Company;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of Consolidated Financial Statements in accordance with

generally accepted accounting principles, and that receipts and expenditures of the Holding Company are being made only in accordance with authorizations of management and directors of the Holding Company; and

3. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Group assets that could have a material effect on the Consolidated Financial Statements.

## INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## OTHER MATTERS

Our aforesaid report under Section 143 (3) (i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to the consolidated financial statements insofar as it relates to a subsidiary company, which is a company incorporated in India, is based on the corresponding report of the auditor of such company incorporated in India.

For, **Talati and Talati LLP**
Chartered Accountants
FRN: 110758W/W100377

**CA Kushal U. Talati**
Partner
UDIN: 22188150AMQCFL6299
Membership No. 188150

Place: Ahmedabad
Date: May 30, 2022

# *Consolidated* **Balance Sheet**

as at March 31, 2022

(₹ in Lakhs)

| Particulars | Note | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|---|
| **ASSETS** | | | |
| **(1) Financial Assets** | | | |
| (a) Cash and cash equivalents | 1 | 7,552.76 | 8,791.77 |
| (b) Bank Balance other than (a) above | 2 | 6,681.27 | 8,045.65 |
| (c) Loans | 3 | 1,05,760.67 | 74,262.69 |
| (d) Investments | 4 | 591.74 | 317.73 |
| (e) Other financial assets | 5 | 1,299.67 | 789.30 |
| **(2) Non-financial Assets** | | | |
| (a) Current tax assets (Net) | 6 | - | - |
| (b) Deferred tax Assets (Net) | 7 | 1,651.02 | 1,336.75 |
| (c) Property, Plant and Equipment & Other Intangible asssets | 8 | 365.20 | 348.55 |
| (d) Intangible assets under development | 8 | 2.62 | - |
| (e) Right-of-Use Assets | 8 | 121.93 | 59.15 |
| (f) Other non-financial assets | 9 | 111.52 | 84.47 |
| **Total Assets** | | **1,24,138.40** | **94,036.05** |
| **LIABILITIES AND EQUITY** | | | |
| **LIABILITIES** | | | |
| **(1) Financial Liabilities** | | | |
| (a) Other Payables | | | |
| (i) total outstanding dues of micro enterprises and small enterprises | 10 | - | - |
| (ii) total outstanding dues of creditors other than micro enterprises and small enterprises | | 117.77 | 76.09 |
| (b) Debt Securities | 11 | 19,507.59 | 17,760.55 |
| (c) Borrowings (Other than Debt Securities) | 12 | 76,961.46 | 52,881.55 |
| (d) Subordinated Liabilities | 13 | 2,500.00 | 1,500.00 |
| (e) Other financial liabilities | 14 | 3,297.49 | 2,449.71 |
| **(2) Non-Financial Liabilities** | | | |
| (a) Provisions | 15 | 115.74 | 89.55 |
| (b) Current Tax Liaiblities (Net) | 6 | 274.23 | 486.78 |
| (c) Other non-financial liabilities | 16 | 95.51 | 115.88 |
| **EQUITY** | | | |
| **(1)** Equity share capital | 17 | 849.16 | 848.84 |
| **(2)** Other equity | 18 | 20,419.44 | 17,827.11 |
| **Total Liabilities and Equity** | | **1,24,138.40** | **94,036.05** |
| See accompanying notes to the financial statements | **1 to 43** | | |

As per our report of even date attached herewith

For, **Talati & Talati LLP**
Chartered Accountants
[Firm Regd. No. 110758W/W100377]

**[Kushal Talati]**
Partner
[M.No.188150]
UDIN: 22188150AMQCFL6299

**Place:** Ahmedabad
**Date:** 30.05.2022

For, **Arman Financial Services Limited**

**Jayendra Patel**
Vice Chairman & Managing Director
(DIN - 00011814)

**Vivek Modi**
Chief Financial Officer

**Aalok Patel**
Joint Managing Director
(DIN - 02482747)

**Jaimish Patel**
Company Secretary
(M. No. A42244)

# *Consolidated Statement of* **Profit & Loss**

for the year ended March 31, 2022 (₹ in Lakhs)

| | Particulars | Note | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|---|---|---|---|---|
| **(1)** | **Revenue from operations** | | | |
| | Interest Income based on Effective Interest Method | 19 | 22,056.71 | 18,564.13 |
| | Gain on Assignment of Financial Assets | 20 | 579.07 | - |
| | Fees and Commission Income | 21 | 598.99 | 506.40 |
| | Income from Investment in Mutual Fund (At Fair value through Profit & Loss) | 22 | 166.50 | 365.74 |
| | **Total revenue from operations (1)** | | **23,401.27** | **19,436.27** |
| **(2)** | Other income | 23 | 99.28 | 67.62 |
| **(3)** | **Total income (1+2)** | | **23,500.56** | **19,503.90** |
| **(4)** | **Expenses** | | | |
| | Finance Costs | 24 | 8,945.03 | 7,922.51 |
| | Impairment of Financial Assets | 25 | 3,733.18 | 5,459.22 |
| | Employee Benefits Expenses | 26 | 4,185.26 | 3,556.60 |
| | Depreciation, amortization and impairment | 27 | 95.27 | 80.98 |
| | Others expenses | 28 | 1,989.99 | 1,308.24 |
| | Total Expenses (4) | | **18,948.73** | **18,327.55** |
| **(5)** | **Profit / (loss) before tax (3-4)** | | **4,551.82** | **1,176.35** |
| **(6)** | **Tax expense:** | | | |
| | (1) Current tax | 29 | 1,495.10 | 1,089.70 |
| | (2) Short / (excess) provision of income tax/deffered tax of earlier years | 29 | 0.28 | 6.36 |
| | (3) Deferred tax | 29 | (115.84) | (981.31) |
| **(7)** | **Profit/(loss) for the period (5-6)** | | **3,172.28** | **1,061.60** |
| **(8)** | **Other comprehensive income** | | | |
| | (A) (i) Items that will not be reclassified to profit or loss | | | |
| | - Remeasurement of defined benefit obligations | | 2.28 | 21.62 |
| | (ii) Income tax relating to items that will not be reclassified to profit or loss | | (0.57) | (5.44) |
| | **Sub total (A)** | | **1.71** | **16.18** |
| | (B) (i) Items that will be reclassified to profit or loss | | | |
| | - Fair valuation gain / (loss) on financial instruments measured at FVOCI | | (790.66) | 468.05 |
| | (ii) Income tax relating to items that will be reclassified to profit or loss | | 198.99 | (117.80) |
| | **Sub total (B)** | | **(591.67)** | **350.25** |
| | **Other comprehensive income (A + B)** | | **(589.96)** | **366.42** |
| **(9)** | **Total comprehensive income for the period (7+8) (Comprising Profit (Loss) and other comprehensive income for the period)** | | **2,582.32** | **1,428.03** |
| | **Earnings per equity share** | | | |
| | Basic (₹) | 30 | 37.36 | 12.53 |
| | Diluted (₹) | 30 | 37.35 | 12.53 |
| | See accompanying notes to the financial statements | **1 to 43** | | |

As per our report of even date attached herewith

For, **Arman Financial Services Limited**

For, **Talati & Talati LLP**
Chartered Accountants
[Firm Regd. No. 110758W/W100377]

**[Kushal Talati]**
Partner
[M.No.188150]
UDIN: 22188150AMQCFL6299

**Jayendra Patel**
Vice Chairman & Managing Director
(DIN - 00011814)

**Vivek Modi**
Chief Financial Officer

**Aalok Patel**
Joint Managing Director
(DIN - 02482747)

**Jaimish Patel**
Company Secretary
(M. No. A42244)

**Place:** Ahmedabad
**Date:** 30.05.2022

# *Consolidated Statement of* **Changes in Equity**

for the year ended March 31, 2022

(₹ in Lakhs)

**(A) Equity share capital (Refer Note 17)**

**FY - 2021-22**

| Particulars | Balance as at March 31, 2021 | Changes in Equity share capital due to prior period errors | Restated Balance as at March 31, 2021 | Changes during the year | Balance as at March 31, 2022 |
|---|---|---|---|---|---|
| Ordinary Equity share capital | 848.84 | - | 848.84 | 0.32 | 849.16 |

**FY - 2020-21**

| Particulars | Balance as at March 31, 2020 | Changes in Equity share capital due to prior period errors | Restated Balance as at March 31, 2020 | Changes during the year | Balance as at March 31, 2021 |
|---|---|---|---|---|---|
| Ordinary Equity share capital | 845.09 | - | 845.09 | 3.75 | 848.84 |

**(B) Other equity (Refer note 18)**

| Particulars | Equity component of compound financial instruments | Reserves and surplus | | | | | Other Compre-hensive Income | Total |
|---|---|---|---|---|---|---|---|---|
| | | General Reserve | Reserve u/s. 45-IC of RBI Act, 1934 | Securities premium | Retained earnings | Share Based Payment Reserve | | |
| **FY 2021-22** | | | | | | | | |
| **Balance as at March 31, 2021** | **-** | **140.35** | **2,482.30** | **6,885.97** | **7,944.37** | **14.06** | **360.05** | **17,827.11** |
| Profit for the year | - | - | - | - | 3,172.79 | - | - | 3,172.79 |
| Other comprehensive income (net of taxes) | - | - | - | - | - | - | (589.97) | (589.97) |
| **Total Comprehensive Income for the period** | **-** | **-** | **-** | **-** | **3,172.79** | **-** | **(589.97)** | **2,582.83** |
| **Transactions with Owners in the capacity as Owners** | | | | | | | | |
| Transfer to reserve u/s. 45-IA of RBI Act, 1934 | - | - | 694.00 | - | (694.00) | - | - | - |
| Additions during the year in securities premium | - | - | - | 11.98 | - | (10.70) | - | 1.28 |
| Transfer during the year in General Reserve | - | 11.00 | - | - | (11.00) | - | - | - |
| Share based payment to employees (ESOP) (Refer note 17) | - | - | - | - | - | 8.23 | - | 8.23 |
| **Balance as at March 31, 2022** | **-** | **151.35** | **3,176.30** | **6,897.95** | **10,411.66** | **11.59** | **(229.92)** | **20,419.44** |
| **FY 2020-21** | | | | | | | | |
| **Balance as at March 31, 2020** | **-** | **129.35** | **2,224.30** | **6,812.96** | **7,151.77** | **65.44** | **(6.37)** | **16,377.45** |
| Profit for the year | - | - | - | - | 1,061.60 | - | - | 1,061.60 |
| Other comprehensive income (net of taxes) | - | - | - | - | - | - | 366.42 | 366.42 |
| **Total Comprehensive Income for the period** | **-** | **-** | **-** | **-** | **1,061.60** | **-** | **366.42** | **1,428.03** |
| Transfer to reserve u/s. 45-IA of RBI Act, 1934 | - | - | 258.00 | - | (258.00) | - | - | - |
| Additions during the year in securities premium | - | - | - | 73.01 | - | (58.02) | - | 14.99 |
| Share Issue Expense securities premium | - | - | - | - | - | - | - | - |
| Transfer during the year in General Reserve | - | 11.00 | - | - | (11.00) | - | - | - |
| Share based payment to employees (ESOP) (Refer note 17) | - | - | - | - | - | 6.65 | - | 6.65 |
| **Balance as at March 31, 2021** | **-** | **140.35** | **2,482.30** | **6,885.97** | **7,944.37** | **14.07** | **360.05** | **17,827.12** |

# Consolidated Statement Cash Flow

for the year ended March 31, 2022

(₹ in Lakhs)

| | Particulars | For the year ended March 31, 2022 | | For the year ended March 31, 2021 | |
|---|---|---|---|---|---|
| A | **Cash from Operating Activities:** | | | | |
| | Net profit before taxation | | 4,551.82 | | 1,176.35 |
| | **Adjustment For:** | | | | |
| | Depreciation and amortisation | 67.38 | | 66.19 | |
| | Interest Income | (22,056.71) | | (18,564.13) | |
| | Net gain on equity instruments measured through profit and loss | (17.69) | | (23.63) | |
| | Finance cost Expense | 8,924.95 | | 7,666.68 | |
| | Provision for impairment on financial assets | 1,268.63 | | 3,812.18 | |
| | Depreciation on Right of Use Assets | 27.90 | | 14.79 | |
| | (Profit) / loss on sale of property, plant and equipment | 0.57 | | - | |
| | Gain On Assignment of Assets (Net of Expense) | (579.07) | | - | |
| | Loss / (Profit) on sale of Current Investment | (146.72) | | (164.29) | |
| | Remeaurement of define benefit plan | 2.28 | | 21.62 | |
| | Employee Stock Option Plan Expense | 8.23 | | 6.65 | |
| | Interest on shortfall of advance Tax | 36.12 | | 78.00 | |
| | Financial Gaurantee Income | - | | - | |
| | | | **(12,464.13)** | | (7,085.95) |
| | **Operating profit before working Capital changes :** | | **(7,912.30)** | | **(5,909.60)** |
| | **Adjustment For Increase / (Decrease) in Operating Assets:** | | | | |
| | Loans and Advances | (33,578.69) | | 223.49 | |
| | Financial Assets | (593.53) | | 348.39 | |
| | Non Financial Assets | (27.05) | | 10.39 | |
| | Bank balance other than Cash and Cash equivalents | 1,398.66 | | (4,190.90) | |
| | **Adjustment For Increase/(Decrease) in Operating Liabilities:** | | | | |
| | Trade Payables | 41.68 | | (1.91) | |
| | Other Non Financial liability | (20.37) | | (10.80) | |
| | Other Financial Liabilities | 390.03 | | 158.23 | |
| | Provision | 26.20 | **(32,363.07)** | 9.57 | **(3,453.55)** |
| | **Cash Generated From Operations** | | **(40,275.38)** | | **(9,363.14)** |
| | Interest Income Received | 22,355.79 | | 18,163.23 | |
| | Finance Cost Paid | (8,395.72) | | (7,571.96) | |
| | Income tax paid | (1,754.95) | **12,205.12** | (636.98) | **9,954.29** |
| | **Net Cash From Operating Activities** | | **(28,070.26)** | | **591.15** |
| B | **Cash Flow From Investing Activities:** | | | | |
| | Purchase of Property, Plant & Equipment | (87.39) | | (44.12) | |
| | Sale of Property, Plant & Equipment | 0.18 | | - | |
| | Purchase of investments | (50,845.53) | | (32,975.00) | |
| | Sale of investments | 50,735.92 | | 33,171.09 | |
| | **Net Cash from Investment Activities:** | | **(196.82)** | | **151.98** |
| C | **Cash Flow From Financing Activities :** | | | | |
| | Proceeds from issue of share capital (including Premium) | 1.60 | | 18.75 | |
| | Dividend paid | - | | (2.63) | |
| | Share Issue Expense | - | | - | |
| | Proceeds from long term borrowings | 72,235.36 | | 36,877.46 | |
| | Repayment of borrowings | (40,978.32) | | (38,335.06) | |
| | Net increase / (decrease) in working capital borrowings | (4,209.51) | | 3,672.79 | |
| | Repayment of Principal Component of Lease Liability | (21.06) | | (11.60) | |
| | **Net Cash from Financing Activities:** | | **27,028.07** | | **2,219.70** |
| | **Net Increase/(Decrease) in Cash & Cash Equivalents** | | **(1,239.01)** | | **2,962.82** |
| | Cash & cash equivalents at the beginning of the year | | 8,791.77 | | 5,828.95 |
| | Cash & cash equivalents at the end of the year | | 7,552.76 | | 8,791.77 |

**As per our report of even date attached herewith**

**Notes :**

1. **Cash and bank balance at the end of the year comprises:**

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Cash on hand | 90.82 | 122.85 |
| Balance with Bank | 7,461.95 | 8,668.93 |
| **Total** | **7,552.76** | **8,791.77** |
| Bank deposit with original maturity of 3 months or less | - | - |
| **Cash & cash equivalents as per Balance Sheet** | **7,552.76** | **8,791.77** |

2. The above cash flow statement has been prepared under the "Indirect Method" set out in Ind AS - 7 on statement of cash flows specfied under section 133 of the Companies Act, 2013.

3 . **Change in liabilities arising from financing activities:**

| Particulars | March 31, 2021 | Cash Flows | Non Cash Changes | March 31, 2022 |
|---|---|---|---|---|
| Debt Securities | 17,760.55 | 1,531.54 | 215.50 | 19,507.59 |
| Borrowing other than debt Securities | 52,881.55 | 27,047.53 | (2,967.63) | 76,961.46 |
| **Total** | **70,642.11** | **28,579.07** | **(2,752.12)** | **96,469.05** |

As per our report of even date attached herewith

For, **Talati & Talati LLP**
Chartered Accountants
[Firm Regd. No. 110758W/W100377]

**[Kushal Talati]**
Partner
[M.No.188150]
UDIN: 22188150AMQCFL6299

**Place:** Ahmedabad
**Date:** 30.05.2022

For, **Arman Financial Services Limited**

**Jayendra Patel**
Vice Chairman & Managing Director
(DIN - 00011814)

**Vivek Modi**
Chief Financial Officer

**Aalok Patel**
Joint Managing Director
(DIN - 02482747)

**Jaimish Patel**
Company Secretary
(M. No. A42244)

# Notes Forming Part of the Consolidated Financial Statements
for the year ended March 31, 2022

## 1. CORPORATE INFORMATION

Arman Financial Services Limited (the "Holding Company") together with its subsidiary Namra Finance Limited (herein after referred to as the "Company") are public companies domiciled in India. The Holding Company is registered as a deposit taking non-banking finance company ("NBFC") with Reserve Bank of India ("RBI"). Namra Finance Limited is registered as a non-deposit taking Micro Finance Institution ("NBFC-MFI") with Reserve Bank of India ("RBI"). The Group is engaged in the business of providing Small and Medium Enterprise loans ("SME"), Two-Wheeler loans ("TW") and Micro Finance JLG Loans. The Holding Company's equity shares are listed on two recognised stock exchanges in India i.e. BSE Limited ("BSE") and the National Stock Exchange of India Limited ("NSE").

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance and principle of Consolidation

The standalone financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (the "Ind AS") prescribed under section 133 of the Companies Act, 2013 (the "Act").

**Principle of Consolidation**

**i) Subsidiaries: -**

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which controls commences until the date on which control ceases.

**ii) Non-Controlling Interest ("NCI")**

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition. Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

**iii) Loss of control**

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value on the date the control is lost. Any resulting gain or loss is recognized in profit or loss.

**iv) Transactions eliminated on consolidation**

The financial statements of the Holding Company and its subsidiary used in the consolidation procedure are drawn up to the same reporting date i.e. March 31, 2021. The financial statements of the Holding Company and its subsidiary are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses. Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment. The Group follows uniform accounting policies for like transactions and other events in similar circumstances.

**v) The following subsidiary company has been considered in the preparation of the consolidated financial statements:**

| Name of Entity | Relationship | Country | Ownership Held By | % of holding And Voting Power as at | |
|---|---|---|---|---|---|
| | | | | March 31, 2022 | March 31, 2021 |
| Namra Finance Limited | Subsidiary Company | India | Arman Financial Services Liimted | 100% | 100% |

### 2.2 Basis of measurement

The standalone financial statements have been prepared on historical cost basis except for following assets and liabilities which have been measured at fair value amount:

i) Loans at fair value through other comprehensive income ("FVOCI") and

ii) Defined benefit plans - plan assets

iii) Investment in units of mutual funds at fair value through Profit & Loss ('FVTPL')

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

**Functional and presentation currency**

The standalone financial statements are presented in Indian Rupees which is the currency of the primary economic environment in which the Company operates (the "functional currency"). The values are rounded to the nearest Lakhs, except when otherwise indicated.

## 2.3 Use of estimates, judgements and assumptions

The preparation of the standalone financial statements in conformity with Ind AS requires management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

**Judgements**

In the process of applying the Company's accounting policies, management has made judgements, which have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**i) Business model assessment**

Classification and measurement of financial assets depends on the results of business model and the solely payments of principal and interest ("SPPI") test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the standalone financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

**i) Fair value of financial instruments**

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. For further details about determination of fair value refer note 3.8 and note 42.

**ii) Effective interest rate ("EIR") method**

The Company's EIR methodology, as explained in Note 3.1(A), recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and lifecycle of the instruments, as well as expected changes to interest rates and other fee income/ expense that are integral parts of the instrument.

**iii) Impairment of financial asset**

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Company's expected credit loss ("ECL") calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

a) The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a life time expected credit loss ("LTECL") basis.

b) Development of ECL models, including the various formulas and the choice of inputs.

c) Determination of associations between macroeconomic scenarios and economic inputs, such as gross domestic products, lending interest rates and collateral values, and the effect on probability of default ("PD"), exposure at default ("EAD") and loss given default ("LGD").

d) Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into ECL models.

**iv) Provisions and other contingent liabilities**

The Company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration and regulatory investigations and proceedings in the ordinary course of the Company's business.

When the Company can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Company records a provision against the case. Where the outflow is considered to be probable, but a reliable estimate cannot be made, a contingent liability is disclosed.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Company takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

For further details on provisions and other contingencies refer note 3.16.

These estimates and judgements are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances. Management believes that the estimates used in preparation of the standalone financial statements are prudent and reasonable.

### 2.4 Presentation of the standalone financial statements

The Company presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date and more than 12 months after the reporting date is presented in Note 41.

Financial assets and financial liability 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:

i) The normal course of business
ii) The event of default

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Recognition of interest income

**A. EIR method**

Under Ind AS 109, interest income is recorded using the effective interest rate method for all financial instruments measured at amortised cost and financial instrument measured at FVOCI. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the financial instrument.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest income in the statement of profit and loss.

**B. Interest income**

The Company calculates interest income by applying 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 on the net basis. If the financial asset cures and is no longer credit impaired, the Company reverts to calculating interest income on a gross basis.

## 3.2 Financial instrument - initial recognition

**A. Date of recognition**

Debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

**B. Initial measurement of financial instruments**

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments (Refer note 3.3(A)). Financial instruments are initially measured at their fair value (as defined in Note No 3.7), except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from this amount.

**C. Measurement categories of financial assets and liabilities**

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

i) Amortised cost
ii) FVOCI
iii) FVTPL

## 3.3 Financial assets and liabilities

**A. Financial assets**

**Business model assessment**

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

a. How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's key management personnel.

b. The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.

c. Managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

d. The expected frequency, value and timing of sales are also important aspects of the Company's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

**SPPI test**

As a second step of its classification process, the Company assesses the contractual terms of financial assets to identify whether they meet SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of financial asset (for example, if there are repayments of principal or amortisation of the premium/ discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the period for which the interest rate is set. In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

**Accordingly, financial assets are measured as follows:**

**i) Financial assets carried at amortised cost ("AC")**

A financial asset is measured at amortised cost if it is held with in a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**ii) Financial assets measured at FVOCI**

A financial asset is measured at FVOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Since, the loans and advances are held to sale and collect contractual cash flows, they are measured at FVOCI.

**iii) Financial assets at fair value through profit or loss ("FVTPL")**

A financial asset which is not classified in any of the above categories are measured at FVTPL.

**iv) Investments in Mutual Funds**

All investments in Mutual Funds are measured at fair value, with value changes recognised in Statement of Profit and Loss ("FVTPL").

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**B. Financial liability**

**i) Initial recognition and measurement**

All financial liability are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liability, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition.

**ii) Subsequent measurement**

Financial liabilities are carried at amortized cost using the effective interest method.

## 3.4 Reclassification of financial assets and liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Company did not reclassify any of its financial assets or liabilities in the year ended March 31, 2021 and March 31, 2020.

## 3.5 Derecognition of financial assets and liabilities

**A. Derecognition of financial assets due to substantial modification of terms and conditions**

The Company derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. Where the substantial modification is because of financial difficulties of the borrower and the old loan was classified as credit-impaired, the new loan will initially be identified as originated credit-impaired financial asset. On satisfactory performance of the new loan, the new loan is transferred to stage I or stage II of ECL.

**B. Derecognition of financial assets other than due to substantial modification**

**i) Financial assets**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. On derecognition of a financial asset in its entirety, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in the statement of profit and loss. Accordingly, gain on sale or derecognition of assigned portfolio are recorded upfront in the statement of profit and loss as per Ind AS 109. Also, the Company recognises servicing income as a percentage of interest spread over tenure of loan in cases where it retains the obligation to service the transferred financial asset. As per the guidelines of RBI, the company is required to retain certain portion of the loan assigned to parties in its books as Minimum Retention Requirement ("MRR"). Therefore, it continues to recognise the portion retained by it as MRR.

**ii) Financial liability**

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the statement of profit and loss.

## 3.6 Impairment of financial assets

**A. Overview of ECL principles**

In accordance with Ind AS 109, the Company uses ECL model, for evaluating impairment of financial assets other than those measured at FVTPL. Expected credit losses are measured through a loss allowance at an amount equal to:

i) The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument) Both LTECLs and 12 months ECLs are calculated on collective basis.

Based on the above, the Company categorises its loans into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1: When loans are first recognised, the Company recognises an allowance based on 12 months ECL. Stage 1 loans includes those loans where there is no significant credit risk observed and also includes facilities where the credit risk has been improved and the loan has been reclassified from stage 2 or stage 3.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the life time ECL. Stage 2 loans also includes facilities where the credit risk has improved and the loan has been reclassified from stage 3.

Stage 3: Loans considered credit impaired are the loans which are past due for more than 90 days. The Company records an allowance for life time ECL.

Loan commitments: When estimating LTECLs for undrawn loan commitments, the Company estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down.

**B. Calculation of ECLs**

The mechanics of ECL calculations are outlined below and the key elements are, as follows:

**PD** Probability of Default ("PD") is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

**EAD** Exposure at Default ("EAD") is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest **LGD** Loss Given Default ("LGD") is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

The Company has calculated PD, EAD and LGD to determine impairment loss on the portfolio of loans and discounted at an approximation to the EIR. At every reporting date, the above calculated PDs, EAD and LGDs are reviewed and changes in the forward looking estimates are analysed.

The mechanics of the ECL method are summarised below:

**Stage 1:** The 12 months ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12 months ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-months default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

**Stage 2:** When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument.

The expected cash shortfalls are discounted by an approximation to the original EIR.

. **Stage 3:** For loans considered credit-impaired, the Company recognises the lifetime expected credit losses for these loans. The method is similar to that for stage 2 assets, with the PD set at 100%.

**C. Loans and advances measured at FVOCI**

The ECLs for loans and advances measured at FVOCI do not reduce the carrying amount of these financial assets in the balance sheet, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets.

**D. Forward looking information**

In its ECL models, the Company relies on a broad range of forward looking macro parameters and estimated the impact on the default at a given point of time.

i) Gross fixed investment (% of GDP)

ii) Lending interest rates

iii) Deposit interest rates

## 3.7 Write-offs

Financial assets are written off when the Company has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to impairment on financial instruments in the statement of profit and loss.

## 3.8 Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company has taken into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- **Level 1 financial instruments:** Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date;
- **Level 2 financial instruments:** Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads; and
- **Level 3 financial instruments:** Those that include

one or more unobservable input that is significant to the measurement as whole.

### 3.9 (I) Recognition of other income

Revenue (other than for those items to which Ind AS 109 - Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115 - Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found within Ind ASs. The Company recognises revenue from contracts with customers based on a five step model as set out in Ind AS 115:

**Step 1:** Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

**Step 2:** Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

**Step 3:** Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

**Step 4:** Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

**Step 5:** Recognise revenue when (or as) the Company satisfies a performance obligation

**A. Dividend income**

Dividend income (including from FVOCI investments) is recognised when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably. This is generally when the shareholders approve the dividend.

**B. Income from assignment transactions**

Income from assignment transactions i.e. present value of excess interest spread is recognised when the related loan assets are de-recognised. Interest income is also recognised on carrying value of assets over the remaining period of such assets.

**C. Other interest income**

Other interest income is recognised on a time proportionate basis.

**D. Other Charges in Respect of Loans**

Income in case of late payment charges are recognized when there is no significant uncertainty of regarding its recovery.

### 3.9 (II) Recognition of other expense

**A. Borrowing costs**

Borrowing costs are the interest and other costs that the Company incurs in connection with the borrowing of funds. Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets.

A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to the statement of profit and loss for the period for which they are incurred.

### 3.10 Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

### 3.11 Property, plant and equipment

Property, plant and equipment ("PPE") are carried at cost, less accumulated depreciation and impairment losses, if any. The cost of PPE comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use and other incidental expenses. Subsequent expenditure on PPE after it purchase is capitalized only if it is probable that the future economic benefits will flow to the enterprise and the cost of the item can be measured reliably. Depreciation is calculated using the straight line method to write down the cost of property and equipment to their residual values over their estimated useful lives which are in line with as specified under schedule II of the Act. Land is not depreciated. The estimated useful lives are, as follows:

i) Buildings - 60 years
ii) Vehicles - 8 years
iii) Office equipment - 3 to 10 years
iv) Furniture and fixtures - 10 years

Depreciation is provided on a pro-rata basis from the date on which such asset is ready for its intended use. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. PPE is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised.

## 3.12 Intangible assets

The Company's intangible assets include the value of software. An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives (three years) using the straight-line method, and is included in depreciation and amortisation in the statement of profit and loss.

## 3.13 Impairment of non financial assets - property, plant and equipments and intangible assets

The carrying values of assets / cash generating units at the each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and if the carrying amount of these assets exceeds their recoverable amount, impairment loss is recognised in the statement of profit and loss as an expense, for such excess amount. The recoverable amount is the greater of the net selling price and value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the statement of profit and loss.

## 3.14 Corporate guarantees

Corporate guarantees are initially recognised in the standalone financial statements (within "other non-financial liabilities") at fair value, being the notional commission. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Any increase in the liability relating to financial guarantees is recorded in the statement of profit and loss. The notional commission is recognised in the statement of profit and loss under the head fees and commission income on a straight line basis over the life of the guarantee.

## 3.15 Retirement and other employee benefits Defined contribution plans

The Company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

**Defined benefit plans**

The Company pays gratuity to the employees whoever has completed five years of service with the Company at the time of resignation / retirement. The gratuity is paid @15 days salary for every completed year of service as per the Payment of Gratuity Act, 1972.

The gratuity liability amount is contributed by the Company to the Life insurance corporation of India who administers the fund of the Company.

The liability in respect of gratuity and other post-employment benefits is calculated using the Projected Unit Credit Method and spread over the period during which the benefit is expected to be derived from employees' services. As per Ind AS 19, the service cost and the net interest cost are charged to the statement of profit and loss. Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI.

**Short-term employee benefits**

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages etc. and the expected cost of ex-gratia are recognised in the period in which the employee renders the related service. A liability is recognised for the amount expected to be paid when there is a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. The cost of short-term compensated absences is accounted as under:

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

## 3.16 Provisions, contingent liabilities and contingent assets

**A. Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

**B. Contingent liability**

A possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or; present obligation that arises from past events where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability are disclosed as contingent liability and not provided for.

**C. Contingent asset**

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are neither recognised nor disclosed except when realisation of income is virtually certain, related asset is disclosed.

## 3.17 Taxes

**A. Current tax**

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. Current tax is the amount of tax payable on the taxable income for the period as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961.

**B. Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the standalone financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of deferred tax liabilities and assets are reviewed at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss either in other comprehensive income or in equity.

Deferred tax items are recognised in correlation to the underlying transaction either in OCI or equity.

Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off.

C. **Goods and services tax paid on acquisition of assets or on incurring expenses**

Expenses and assets are recognised net of the goods and services tax paid, except when the tax incurred on a purchase of assets or availing of services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

### 3.18 Earnings per share

Basic earnings per share ("EPS") is computed by dividing the profit after tax (i.e., profit attributable to ordinary equity holders) by the weighted average number of equity shares outstanding during the year.

Diluted EPS is computed by dividing the profit after tax (i.e. profit attributable to ordinary equity holders) as adjusted for after-tax amount of dividends and interest recognised in the period in respect of the dilutive potential ordinary shares and is adjusted for any other changes in income or expense that would result from the conversion of the dilutive potential ordinary shares, by the weighted average number of equity shares considered for deriving basic earnings per share as increased by the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits, right issue and bonus shares, as appropriate.

### 3.19 Dividends on ordinary shares

The Company recognises a liability to make cash or non-cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the Act, final dividend is authorised when it is approved by the shareholders and interim dividend is authorised when the it is approved by the Board of Directors of the Company. A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit and loss.

## 4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standards) Amendment Rules, 2022 vide notification no. G.S.R 255(E) dated March 23, 2022. Given below are the amendment made in brief and their possible impact on the financial statements of the company.

The company will be apply the amendments from April 1, 2022 being the effective date of the amendments:

- **Ind AS 101 – First-time adoption of Indian Accounting Standards:**

  The amendment removes the conflict between the requirements of paragraph D16(a) of Ind AS 101 which provides exemptions where a subsidiary adopts Ind AS later than its parent and the exemptions on cumulative translation differences. The amendment permits the subsidiary to measure cumulative translation differences at the carrying amount included in the parent's consolidated financial statements. Similar exemption is available to associate and joint venture that uses the exemption in paragraph D16(a) of Ind AS 101. Paragraph D16(a) of Ind AS 101 provides that the subsidiary can measure its assets and liabilities at the carrying amounts in parent's consolidated financial statements. The amendment is applicable for entities adopting Ind AS from April 1, 2022. As the company has already adopted Ind AS. there is no impact of this amendment on the company.

- **Ind AS 103 – Business Combinations:**

  The amendments are made to enable change of reference to Conceptual Framework for Financial Reporting under Indian Accounting Standards issued by The Institute of Chartered Accountants of India and have no impact on the financial statements of the company. The amendments are applicable for business combinations having acquisition date on or after April 1, 2022.

- **Ind AS 109 – Financial Instruments:**

  The amendments clarify that only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf will be included in calculating the discounted present value of the cash flow under the new terms on modification of financial liability. The amendment is applicable for modification / exchange of financial liabilities on or after April 1, 2022. The amendment has no impact on the financial statements of the company.

- **Ind AS 16 – Property, Plant and Equipment:**

  The amendment creates a carve-out from IAS 16. IAS 16 requires any sale proceeds and cost of samples produced when testing whether the asset is functioning properly to be recognised in profit or loss whereas the amendment clarifies that the same shall be deducted from the cost of the property, plant and equipment. No transition provisions have been specified and therefore, this amendment shall be applicable retrospectively. The company has been following the practice as clarified by the amendment and hence no impact on the financial statements of the company.

- **Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets:**

  The paragraph clarifies what cost needs to be considered in the costs to fulfil a contract while determining whether the contract is onerous. Changes previous practice of considering only incremental costs in the costs to fulfil a contract for determination of onerous contract. Now apart from incremental costs, the costs to fulfil a contact includes an allocation of directly attributable costs. The amendments apply to unfulfilled onerous contracts as on April 1, 2022. As the company does not have any onerous contract, the said amendment has no impact on the financial statements of the company.

- **Ind AS 41 – Agriculture:**

  The amendment removes taxation cash flows from paragraph 22 indicating tax cash flows must be included in the fair value less costs to sell. The amendment is applicable to fair value measurements on or after April 1, 2022. Ind AS 41 is not applicable to the company and hence has no impact on the financial statements of the company.

# Notes Forming Part of the Consolidated Financial Statements
for the year ended March 31, 2022

(₹ in Lakhs)

| 1. Cash and Bank Balance | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Cash on hand | 90.82 | 122.85 |
| Balance with banks | 7,461.95 | 8,668.93 |
| **Total** | **7,552.76** | **8,791.77** |

(₹ in Lakhs)

| 2. Other Bank Balance | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **In fixed deposit accounts:** | | |
| Deposits given as security against borrowings and other commitments | 6,835.58 | 8,238.34 |
| Earmarked balances with banks | 15.27 | 17.88 |
| Less: Interest Accrued but not due on Bank Deposits (Refer Note 5) | (169.59) | (210.57) |
| **Total** | **6,681.27** | **8,045.65** |

2.1 Deposits includes deposits given as cash collateral security against bank loans.

2.2 Earmarked balance with banks represents ₹15.27 Lakhs (As at March 31, 2021 ₹17.88 Lakhs) in Unpaid Dividend Account.

(₹ in Lakhs)

| 3. Loans | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **At Amortised Cost:** | | |
| Inter Corporate Deposit | - | - |
| **At FVOCI:** | | |
| Secured by Tangible Asset | 4,636.32 | 4,662.29 |
| Unsecured Loans | 1,08,414.39 | 75,666.08 |
| Less: Impairment Loss Allownaces | (6,531.69) | (5,154.67) |
| **Total Loans** | **1,06,519.02** | **75,173.70** |
| Less: Interest Due but not Received on Loans and Advances (Note No.5) | (758.35) | (911.01) |
| | **1,05,760.67** | **74,262.69** |
| **(1) Loans In India** | | |
| Public Sector | - | - |
| Others | 1,05,760.67 | 74,262.69 |
| | **1,05,760.67** | **74,262.69** |
| **(2) Loans Outside India** | - | - |
| **Total** | **1,05,760.67** | **74,262.69** |

# Notes Forming Part of the Consolidated Financial Statements
for the year ended March 31, 2022

**3.1 An analysis of changes in the gross carrying amount and the corresponding ECL Allowances:** (₹ in Lakhs)

| Particulars | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|
| **Gross carrying amount as at March 31, 2020** | **77,829.31** | **1,068.73** | **902.23** | **79,800.27** |
| New Assets originated* | 47,012.56 | 26.39 | 7.05 | 47,046.00 |
| **Net transfer between stages** | - | - | - | |
| Transfer from stage 1 | (7,980.17) | 3,389.73 | 4,590.45 | - |
| Transfer from stage 2 | 43.73 | (486.05) | 442.33 | - |
| Transfer from stage 3 | 3.74 | 4.47 | (8.21) | - |
| Assets derecognised or collected | 44,587.86 | 585.09 | 461.62 | 45,634.58 |
| Write - offs | - | - | 1,734.99 | 1,734.99 |
| **Gross carrying amount as at March 31, 2021** | **72,321.29** | **3,418.17** | **3,737.24** | **79,476.70** |
| New Assets originated* | 90,604.28 | 320.77 | 213.35 | 91,138.40 |
| **Net transfer between stages** | | | | |
| Transfer from stage 1 | (6,101.54) | 3,537.42 | 2,564.11 | (0.01) |
| Transfer from stage 2 | 234.87 | (1,713.94) | 1,479.07 | - |
| Transfer from stage 3 | 12.76 | 70.71 | (83.47) | - |
| Assets derecognised or collected | 53,974.78 | 541.91 | 807.28 | 55,323.98 |
| Write - offs | 519.00 | 367.88 | 2,111.86 | 2,998.75 |
| **Gross carrying amount as at March 31, 2022** | **1,02,577.87** | **4,723.34** | **4,991.15** | **1,12,292.36** |

***Note**: New assets originated are those assets which have either remained in stage 1 or have become stage 2 or 3 at the year end

**3.2 Reconciliation of ECL balance is given below:** (₹ in Lakhs)

| Particulars | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|
| **ECL Allowances as at March 31, 2020** | **819.28** | **359.44** | **731.90** | **1,910.62** |
| Addition During the Year | 426.47 | 992.34 | 3,920.46 | 5,339.27 |
| Reversal During the Year | (342.78) | (268.01) | (1,484.42) | (2,095.22) |
| **ECL Allowances as at March 31, 2021** | **902.97** | **1,083.77** | **3,167.93** | **5,154.67** |
| Addition During the Year | 813.26 | 1,498.30 | 3,795.29 | 6,106.85 |
| Reversal During the Year | (809.84) | (1,126.62) | (2,793.37) | (4,729.83) |
| **ECL Allowances as at March 31, 2022** | **906.39** | **1,455.45** | **4,169.85** | **6,531.69** |

**Note:** Increase in ECLs of the portfolio was driven by an increase in the gross size of the portfolio and movements between stages as a result of increases in credit risk.The significant increase in economic activities post easing of lockdown by the state governments due to COVID-19 had resulted in improvement in business operations of the Company. As a matter of prudence, during the financial year ended March 31, 2022, the Company has written off (Net) ₹2,464.55 Lakhs. The Total ECL provision as at March 31,2022 of ₹6,531.69 Lakhs out of which ₹2,033.96 Lakhs is retained by the company towards management overlay on account of COVID-19. The additional ECL provision retained on account of COVID-19 is based on the Company's historical experience, collection efficiencies post lockdown, internal assessment and other emerging forward looking factors on account of the pandemic. However, the actual impact may vary due to prevailing uncertainty caused by the pandemic. The Company's management is continuously monitoring the situation and the economic factors affecting the operations of the Company.

**3.3** Loans secured by hypothecation of assets (vehicles) are secured by hypothecation of the assets (vehicles) under finance. In the opinion of the Board, the market value of the hypothecated assets (vehicle) as on Balance Sheet date is more than the amount of loan outstanding.

# Notes Forming Part of the Consolidated Financial Statements

for the year ended March 31, 2022

(₹ in Lakhs)

| 4. | Investments (At Cost) | | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|---|---|
| | **A** | **At Fair Value Through Profit & Loss (FVTPL)** | | |
| | | **In Mutual Funds** | | |
| | | 9,27,603.39 Units (As at March 31, 2021 - 9,27,603.39 Unit) of SBI Credit Risk Fund -Regular -Growth | 335.42 | 317.73 |
| | **B** | **At Amortised Cost** | | |
| | | **In Pass through certificates under securitization transactions** | | |
| | | 1,87,87,291 Units (As at March 31, 2021 - Nil Unit) of HLF Sydney PTC , Face Value of ₹1/- each. | 158.33 | - |
| | | 1,13,53,428 Units (As at March 31, 2021 - Nil Unit) Nabsam Albany PTC, Face Value of ₹1/- each. | 97.99 | - |
| | | | **591.74** | **317.73** |
| | | **(1) Investment In India** | 591.74 | 317.73 |
| | | **(2) Investment outside India** | - | - |
| | | **Total** | **591.74** | **317.73** |

**Note:**

Investments represents investments given as cash collateral security against working capital and term loans.

(₹ in Lakhs)

| 5. | Other Financial Assets | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|---|
| | Interest Due but not Received on Loans and Advances (Note No.3) | 758.35 | 911.01 |
| | Interest Accrued but not due on Bank Deposits (Note No.2) | 169.59 | 210.57 |
| | Deposits | 413.19 | 233.72 |
| | Other Advances | 450.49 | 36.43 |
| | Fair valuation of Derivative Instrument measured Through Profit & Loss Account | 8.12 | 6.02 |
| | Less : Provision on Interest Receivable on Credit Impaired Loans and Advances | (500.06) | (608.45) |
| | **Total** | **1,299.67** | **789.30** |

5.1 Deposits includes deposits ₹384.49 Lakhs (P.Y. ₹207.86 Lakhs), given as collateral security against loans from financial Institutes.

**5.2 Reconciliation of Provision on Interest Receivable on Credit Impaired Loans given below:** (₹ in Lakhs)

| Pariculars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **ECL Allowances As at beginning of the year** | **608.45** | **40.32** |
| Addition During the Year | 260.53 | 607.28 |
| Reversal During the Year | (368.92) | (39.14) |
| **ECL Allowances As at end of the year** | **500.06** | **608.45** |

(₹ in Lakhs)

| 6. | Current Tax (Net) | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|---|
| | Advance Tax and TDS | 2,802.45 | 3,299.48 |
| | Less: Provision for Tax | (3,076.68) | (3,786.26) |
| | **Total** | **(274.23)** | **(486.78)** |

(₹ in Lakhs)

| 7. | Deferred Tax | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|---|
| A. | **Defferred Tax Assets on Account of:** | | |
| | Provision for employee benefits that are allowable for tax purpose in the year of payment | 29.13 | 22.54 |
| | Financial assets measured at amortised cost | 279.34 | 135.55 |
| | Shares issue expenses that are allowable for tax purpose on deferred basis | 1.16 | 1.73 |
| | Provision for CSR | 13.06 | - |
| | Impairment on Financial Assets | 1,698.67 | 1,450.46 |
| | **Total Deferred Tax Assets** | **2,021.36** | **1,610.28** |
| B. | **Defferred Tax Liability on Account of:** | | |
| | Difference in written down value as per Companies Act and Income Tax Act | (12.30) | (11.53) |
| | Financial liabilities measured at amortised cost | (174.42) | (118.90) |
| | Fair valuation of Derivative Contract measured Through Profit & Loss Account | (2.04) | (1.52) |
| | Interest Receivable on NPA Assets | (125.85) | - |
| | Fair valuation of financial instruments through Other Comprehensive Income | 76.96 | (122.04) |
| | Fair valuation of Investment in Mutual Fund | (24.00) | (19.55) |
| | Direct Assignment Income Receivable -DA | (108.69) | - |
| | **Total Deferred Tax Liabilities** | **(370.34)** | **(273.53)** |
| | **Total Asset/(Liability) (Net)** | **1,651.02** | **1,336.75** |

**7.1 The following table shows deferred tax recorded in the balance sheet and changes recorded in the income tax expense:**

(₹ in Lakhs)

| Particulars | March 31, 2021 | (Charged)/ credited to Other Equity | (Charged)/ credited to statement of profit and loss | (Charged)/ credited to other comprehensive income | As at March 31, 2022 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Provision for employee benefits that are allowable for tax purpose in the year of payment | 22.54 | - | 7.17 | (0.57) | 29.13 |
| Financial assets measured at amortised cost | 135.55 | - | 143.78 | - | 279.33 |
| Shares issue expenses that are allowable for tax purpose on deferred basis | 1.73 | - | (0.58) | - | 1.16 |
| Impairment on Financial Assets | 1,450.46 | - | 248.22 | - | 1,698.68 |
| Provision for CSR | - | - | 13.06 | - | 13.06 |

*Contd..*

| Particulars | March 31, 2021 | (Charged)/ credited to Other Equity | (Charged)/ credited to statement of profit and loss | (Charged)/ credited to other comprehen-sive income | As at March 31, 2022 |
|---|---|---|---|---|---|
| **Liabilities** | | | | | |
| Difference in written down value as per Companies Act and Income Tax Act | (11.53) | - | (0.77) | - | (12.30) |
| Financial liabilities measured at amortised cost | (118.90) | - | (55.52) | - | (174.42) |
| Interest Receivable on NPA Assets | - | - | (125.86) | - | (125.86) |
| Fair valuation of financial instruments through Other Comprehensive Income | (122.04) | - | 155.35 | 43.65 | 76.96 |
| Fair valuation of Derivative Contract measured Through Profit & Loss Account | (1.52) | - | (0.53) | - | (2.04) |
| Fair valuation of Investment in Mutual Fund | (19.55) | - | (4.45) | - | (24.00) |
| Direct Assignment Income Receivable -DA | - | - | (108.68) | - | (108.68) |
| **Total Asset/(Liability) (Net)** | **1,336.75** | **-** | **271.20** | **43.07** | **1,651.02** |

(₹ in Lakhs)

| Particulars | March 31, 2022 | (Charged)/ credited to Other Equity | (Charged)/ credited to statement of profit and loss | (Charged)/ credited to other comprehen-sive income | As at March 31, 2021 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Provision for employee benefits that are allowable for tax purpose in the year of payment | 20.13 | - | 7.85 | (5.44) | 22.54 |
| Financial assets measured at amortised cost | 144.52 | - | (8.97) | - | 135.55 |
| Shares issue expenses that are allowable for tax purpose on deferred basis | 2.69 | - | (0.96) | - | 1.73 |
| Fair valuation of Derivative Contract measured Through Profit & Loss Account | 43.24 | - | (44.75) | - | (1.52) |
| **Impairment on Financial Assets** | **491.01** | **-** | **959.45** | **-** | **1,450.46** |
| Difference in written down value as per Companies Act and Income Tax Act | (13.90) | - | 2.37 | - | (11.53) |
| Financial liabilities measured at amortised cost | (156.73) | - | 37.83 | - | (118.90) |
| Income Taxable on Realised Basis | (33.99) | - | 33.99 | - | - |
| Fair valuation of Investment in Mutual Fund | (14.05) | - | (5.49) | - | (19.55) |
| Fair valuation of financial instruments through Other Comprehensive Income | (4.24) | - | - | (117.80) | (122.04) |
| **Total Asset/(Liability) (Net)** | **478.68** | **-** | **981.30** | **(123.24)** | **1,336.75** |

**8. Property, Plant & Equipment**

(₹ in Lakhs)

| Carrying Value | Buildings | Furniture & Fixtures | Office Equipments | Vehicles | Computers | Total Property, Plant & Equipment | Intangible Assets | Intangible asset under development | Total Assets | Right of Use Assets |
|---|---|---|---|---|---|---|---|---|---|---|
| **At March 31, 2020** | **136.39** | **140.24** | **50.29** | **135.08** | **119.90** | **581.91** | **44.72** | **-** | **626.63** | **88.72** |
| Addition | - | 14.06 | 2.62 | 15.34 | - | 32.02 | 12.10 | - | 44.12 | **-** |
| Disposal | - | - | - | - | - | - | - | - | - | **-** |
| Other Adjustment | - | - | - | - | - | - | - | - | - | **-** |
| **At March 31, 2021** | **136.39** | **154.30** | **52.92** | **150.42** | **119.90** | **613.93** | **56.82** | **-** | **670.75** | **88.72** |
| Addition | - | 19.90 | 6.09 | 27.76 | 9.93 | 63.67 | 21.10 | 2.62 | 87.39 | **90.68** |
| Disposal | - | - | - | - | 1.40 | 1.40 | - | - | 1.40 | **-** |
| Other Adjustment | - | - | - | - | - | - | - | - | - | **-** |
| **At March 31, 2022** | **136.39** | **174.19** | **59.01** | **178.18** | **128.43** | **676.21** | **77.92** | **-** | **754.12** | **179.40** |

| Accumulated Depreciation | Buildings | Furniture & Fixtures | Office Equipments | Vehicles | Computers | Total Property, Plant & Equipment | Intangible Assets | Intangible asset under development | Total Assets | Right of Use Assets |
|---|---|---|---|---|---|---|---|---|---|---|
| **At March 31, 2020** | **18.70** | **55.08** | **23.37** | **70.02** | **61.82** | **228.98** | **27.03** | **-** | **256.01** | **14.79** |
| Change for the year | 2.15 | 12.09 | 7.82 | 24.67 | 12.19 | 58.93 | 7.26 | - | 66.19 | **14.79** |
| Disposal | - | - | - | - | - | - | - | - | - | **-** |
| **At March 31, 2021** | **20.85** | **67.17** | **31.19** | **94.69** | **74.01** | **287.91** | **34.28** | **-** | **322.20** | **29.57** |
| Change for the year | 2.15 | 12.45 | 9.23 | 24.15 | 11.10 | 59.08 | 8.30 | - | 67.38 | **27.90** |
| Disposal | - | - | - | - | 0.65 | 0.65 | - | - | 0.65 | **-** |
| **At March 31, 2022** | **23.01** | **79.62** | **40.42** | **118.84** | **84.46** | **346.35** | **42.58** | **-** | **388.93** | **57.47** |
| | | | | | | | | | | |
| Net Carrying Value | | | | | | | | | | |
| **At March 31, 2021** | **115.54** | **87.13** | **21.72** | **55.73** | **45.90** | **326.02** | **22.54** | **-** | **348.55** | **59.15** |
| **At March 31, 2022** | **113.39** | **94.57** | **18.59** | **59.34** | **43.97** | **329.86** | **35.34** | **2.62** | **365.20** | **121.93** |

# Notes Forming Part of the Consolidated Financial Statements
for the year ended March 31, 2022

(₹ in Lakhs)

| 9. | Other Non - Financial Assets | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|---|
| | Prepaid Expenses | 9.36 | 12.19 |
| | Balance with Government Authorities | 22.18 | - |
| | Advances to staff | 19.16 | 12.94 |
| | Advance to Suppliers | 60.82 | 59.34 |
| | **Total** | **111.52** | **84.47** |

(₹ in Lakhs)

| 10. | Other Payables | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|---|
| | Total outstanding dues of micro enterprises and small enterprises | - | - |
| | Total outstanding dues of other than micro enterprises and small enterprises | 117.77 | 76.09 |
| | **Total** | **117.77** | **76.09** |

(₹ in Lakhs)

| 11. | Debt Securities (At Amortised Cost) | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|---|
| | **Secured Debenture (Refer note 11.1)** | | |
| | 12.60% Secured, Redeemable, Non Convertible Debenture of ₹10 Lakh Each (C.Y. 275 Units, P.Y. 275 Units) | - | 2,750.00 |
| | 13.15% Secured, Redeemable, Non Convertible Debenture of ₹10 Lakhs each (C.Y. 378 Units, P.Y. 378 Units) | 3,780.00 | 3,780.00 |
| | 13.10% Secured, Redeemable, Non Convertible Debenture of ₹10 Lakh Each (C.Y. Nil, P.Y. 415 Units) | - | 4,150.00 |
| | 12.39% Secured, Redeemable, Non Convertible Debenture of ₹10,000/- each (C.Y. 48,750 Units ,P.Y. 48,750 Units) | 4,875.00 | 4,875.00 |
| | Market Linked Secured, Redeemable, Non Convertible Debenture of ₹1 Lakh each (C.Y. 2,350 Units,P.Y. 2,350 Units) | 2,350.00 | 2,350.00 |
| | 11.80% Secured, Redeemable, Non Convertible Debenture of ₹10 Lakhs each (C.Y. 300 Units, P.Y. Nil Units) | 3,000.00 | - |
| | 11.20% Secured, Redeemable, Non Convertible Debenture of ₹1,000/- each (C.Y. 2,22,654 Units, P.Y. Nil Units) | 2,226.54 | - |
| | 11.80% Secured, Redeemable, Non Convertible Debenture of ₹10,000/- each (C.Y. 34,550 Units, P.Y. Nil Units) | 3,455.00 | - |
| | Less: Unamortised borrowing costs | (178.95) | (144.45) |
| | **Total Debt Securities** | **19,507.59** | **17,760.55** |
| | Debt Securities in India | 5,312.21 | 2,341.93 |
| | Debt Securities Outside India | 14,195.38 | 15,418.62 |
| | **Total** | **19,507.59** | **17,760.55** |

**11.1 Details of terms of Redemption/ Repayment and security provided in respect of Debt Securities:**

(₹ in Lakhs)

| Particular | As at March 31, 2022 | As at March 31, 2021 | Terms of Redemption / Repayment | Security |
|---|---|---|---|---|
| 275, 12.60% Secured, Redeemable, Non Convertible Debenture of ₹10 Lakhs each | - | 2,750.00 | Bullet Payment at the end of the tenor of 42 Months from 19-09-2018 | Secured Under Hypothecation of Specific Assets Portfolio |
| 378, 13.15% Secured, Redeemable, Non Convertible Debenture of ₹10 Lakhs each | 3,780.00 | 3,780.00 | Bullet Payment at the end of the tenor of 60 Months From 03-03-2020 | Secured Under Hypothecation of Specific Assets Portfolio |
| 415, 13.10% Secured, Redeemable, Non Convertible Debenture of ₹10 Lakhs each | - | 4,150.00 | Bullet Payment at the end of 24 Months From 21 May 2019 | Secured Under Hypothecation of Specific Assets Portfolio |
| 48,750, 12.39% Secured, Redeemable, Non Convertible Debenture of ₹10,000 each | 4,875.00 | 4,875.00 | 99.99% on 12 November 2023 and Remaining Bullet Payment at the end of 60 Months From 12 November 2020 | Secured Under Hypothecation of Specific Assets Portfolio |
| 2,350, Market Linked Secured, Redeemable, Non Convertible Debenture of ₹1 Lakh each | 2,350.00 | 2,350.00 | Bullet Payment at the end of 18 Months From 27 September 2022 | Secured Under Hypothecation of Specific Assets Portfolio |
| 300, 11.80% Secured, Redeemable, Non Convertible Debenture of ₹10 Lakhs each | 3,000.00 | - | 33.33% on 31-12-2022, 33.33% on 31-12-2023 & Remaining 33.34% Payment at the end of 34 Months From 23-03-2022 | Secured Under Hypothecation of Specific Assets Portfolio |
| 2,22,654, 11.20% Secured, Redeemable, Non Convertible Debenture of ₹1,000 each | 2,226.54 | - | Bullet Payment at the end of 24 Months From 11 March 2022 | Secured Under Hypothecation of Specific Assets Portfolio |
| 34,550, 11.80% Secured, Redeemable, Non Convertible Debenture of ₹10,000 each | 3,455.00 | - | 99.99% on 13 May 2023 and Remaining Bullet Payment at the end of 24 Months From 13 May 2023 | Secured Under Hypothecation of Specific Assets Portfolio |
| **Total Debt Securities** | **19,686.54** | **17,905.00** | | |

(₹ in Lakhs)

| 12. Borrowings (at Amortized Cost) | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Term Loans** | | |
| **Secured** | | |
| From Banks | 38,891.84 | 22,717.33 |
| From Financial Institutions | 37,027.98 | 24,598.98 |
| Less: Unamortised borrowing costs | (514.07) | (327.98) |
| | **75,405.75** | **46,988.32** |
| Loans repayable on demand from banks | 1,555.71 | 5,893.23 |
| **Loans from Related Parties** | | |
| From Directors and their relatives | - | - |
| Inter Corporate Deposits - Unsecured | - | - |
| Total Borrowings | 76,961.46 | 52,881.55 |
| Borrowings in India | 72,848.05 | 48,914.13 |
| Borrowings Outside India | 4,113.41 | 4,095.44 |
| **Total** | **76,961.46** | **52,881.55** |

**12.1 Security:-**

Term Loans & Working Capital Loans are secured under hypothecation of exclusive first charge on specific assets portfolio & personal guarantee of some of the directors. The same are further secured by cash collateral security in the form of fixed deposit which are shown under "Other Bank Balance".

**12.2 Interest:**

Term loan and Loans repayable on demand from banks carries an interest rate ranging from 6.43% to 15.00% p.a.

**12.3 Details of terms of Redemption/ Repayment and security provided in respect of Borrowings:** (₹ in Lakhs)

| Particular | March 31, 2022 | March 31, 2021 | Terms of Redemption / Repayment | Security |
|---|---|---|---|---|
| **Borrowings (Other than Debt Securities)** | | | | |
| Term Loan From Banks - 1 | 4,130.00 | 4,130.00 | Bullet Payment at the end of the tenor | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Banks - 2 | 466.71 | 2,708.10 | Repayable in 27 Months Monthly installments starting From 31 May 2020 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Banks - 3 | 1,420.00 | 2,500.00 | "Repayable in 21 Monthly installments Starting From 30th June 2021" | Secured by a first and exclusive charge on receivables Assigned to the Bank of the company |
| Term Loan From Banks - 4 | 736.12 | 2,493.43 | Repayable in 18 Monthly installments Starting From 17th April 2021 | Secured by a first and exclusive charge on receivables Assigned to the Bank of the company |
| Term Loan From Banks - 5 | 989.72 | 2,159.03 | Repayable in 18 Monthly installments Starting From 9th May 2021 | Secured by a first and exclusive charge on receivables Assigned to the Bank of the company |
| Term Loan From Banks - 6 | 625.00 | 1,250.00 | Repayable in 36 Months quarterly installments starting From 16 April 2018 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |

# Notes Forming Part of the Consolidated Financial Statements

for the year ended March 31, 2022

| Particular | March 31, 2022 | March 31, 2021 | Terms of Redemption / Repayment | Security |
|---|---|---|---|---|
| Term Loan From Banks - 7 | 726.55 | 1,243.02 | Repayable in 35 Monthly installments Starting From 31st October 2020 | Secured by a first and exclusive charge on receivables Assigned to the Bank of the company |
| Term Loan From Banks - 8 | 727.28 | 1,000.00 | Repayable in 11 Quarterly installments Starting From 30th September 2020 | Secured by a first and exclusive charge on receivables Assigned to the Bank of the company |
| Term Loan From Banks - 9 | 183.81 | 831.24 | Repayable in 24 Months Monthly installments starting From 31 May 2020 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Banks - 10 | 306.61 | 649.83 | Repayable in 36 Months Monthly installments starting From 02 February 2020 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Banks - 11 | - | 500.00 | Repayable in 36 Months quarterly installments starting From 30 April 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Banks - 12 | 194.42 | 361.10 | Repayable in 36 Months Monthly installments starting From 31 May 2020 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Banks - 13 | - | 272.73 | Repayable in 24 Months Monthly installments starting From 30 December 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Banks - 14 | 3.59 | 264.81 | Repayable in 24 Months Monthly installments starting From 30 April 2020 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Banks - 15 | - | 241.36 | Repayable in 36 Months Monthly installments starting From 30 April 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Banks - 16 | - | 187.50 | Repayable in 24 Months Monthly installments starting From 29 July 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Banks - 17 | - | 178.00 | Repayable in 24 Months Monthly installments starting From 30 October 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Banks - 18 | - | 43.04 | Repayable in 36 Months Monthly installments starting From 06 August 2018 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Banks - 19 | 2.70 | 9.68 | Repayable in 36 Months Monthly installments starting From 15 April 2019 | Secured Against the CAR |
| Term Loan From Banks - 20 | 929.59 | - | Repayable in 18 Monthly installments Starting From 10th June 2021 | Secured by a first and exclusive charge on receivables Assigned to the Bank of the company |
| Term Loan From Banks - 21 | 1,107.40 | - | Repayable in 18 Monthly installments Starting From 15th Augustl 2021 | Secured by a first and exclusive charge on receivables Assigned to the Bank of the company |

| Particular | March 31, 2022 | March 31, 2021 | Terms of Redemption / Repayment | Security |
|---|---|---|---|---|
| Term Loan From Banks - 22 | 1,818.19 | - | Repayable in 33 Months Monthly installments starting From 30th January 2022 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Banks - 23 | 878.49 | - | Repayable in 33 Months Monthly installments starting From 30th December 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Banks - 24 | 877.94 | - | Repayable in 33 Months Monthly installments starting From 30th December 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Banks - 25 | 2,271.84 | - | Repayable in 33 Months Monthly installments starting From 28th January 2022 | Secured by a first and exclusive charge on receivables Assigned to the Bank of the company |
| Term Loan From Banks - 26 | 2,083.33 | - | Repayable in 36 Months Monthly installments starting From 25th October 2021 | Secured by a first and exclusive charge on receivables Assigned to the Bank of the company |
| Term Loan From Banks - 27 | 1,937.50 | - | Repayable in 32 Months Monthly installments starting From 1st April 2022 | Secured by a first and exclusive charge on receivables Assigned to the Bank of the company |
| Term Loan From Banks - 28 | 1,636.36 | - | Repayable in 22 Months Monthly installments starting From 10th December 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Banks - 29 | 500.00 | - | Repayable in 22 Months Monthly installments starting From 10th June 2022 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Banks - 30 | 5,500.00 | - | Repayable in 22 Months Monthly installments starting From 5th February 2022 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Banks - 31 | 2,807.73 | - | Repayable in 12 Months Monthly installments starting From 25th April 2022 | Secured by a first and exclusive charge on receivables Assigned to the Bank of the company |
| Term Loan From Banks - 32 | 3,048.65 | - | Repayable in 19 Months Monthly installments starting From 20th April 2022 | Secured by a first and exclusive charge on receivables Assigned to the Bank of the company |
| Term Loan From Bank- 33 | - | 222.22 | Repayable in 36 monthly installments Stating From from 15 December 2018 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Bank- 34 | 138.89 | 472.22 | "Repayable in 36 monthly installments Stating From from 18 September 2019" | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Bank - 35 | 85.71 | 200.00 | "Repayable in 21 monthly installments Stating From from 30 April 2021" | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |

| Particular | March 31, 2022 | March 31, 2021 | Terms of Redemption / Repayment | Security |
|---|---|---|---|---|
| Term Loan From Bank - 36 | 457.14 | 800.00 | "Repayable in 21 monthly installments Stating From from 31 July 2021" | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Bank - 37 | 500.00 | - | "Repayable in 21 monthly installments Stating From from 30 June 2022" | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Bank - 38 | 1,800.55 | - | "Repayable in 33 monthly installments Stating From from 25 June 2022" | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed, Bank Deposit and Personal Guarantee of Some of the Directors. |
| **Total Term Loans From Banks** | **38,891.82** | **22,717.33** | | |
| Term Loan From Financial Institution - 1 | 1,500.00 | 5,000.00 | Repayable in 2 installments of 35 Crore and 15 Crore on 31st December 2021 and 31st July 2022 respectively | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 2 | 1,458.25 | 2,291.65 | Repayable in 36 Monthly installments Stating From 31 January 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 3 | 750.00 | 2,250.00 | Repayable in 4 Half Yearly installments Stating From 31 October 2020 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 4 | 300.00 | 1,500.00 | Repayable in 24 Months Monthly installments Stating From 10 June 2020 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 5 | 280.00 | 875.00 | Repayable in 60 Months Half Yearly installments Stating From 31 January 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 6 | 185.37 | 693.40 | Repayable in 36 Months Monthly installments Stating From 22 August 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 7 | - | 647.31 | Repayable in 36 Months Monthly installments Stating From 27 December 2018 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 8 | - | 500.06 | Repayable in 36 Months Monthly installments Stating From 29 June 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 9 | 285.71 | 500.00 | Repayable in 21 Monthly installments Stating From 10 July 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 10 | 285.71 | 500.00 | Repayable in 21 Monthly installments Stating From 10 July 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 11 | 285.71 | 500.00 | Repayable in 21 Monthly installments Stating From 10 July 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 12 | 285.71 | 500.00 | Repayable in 21 Monthly installments Stating From 10 July 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |

# Notes Forming Part of the Consolidated Financial Statements
for the year ended March 31, 2022

| Particular | March 31, 2022 | March 31, 2021 | Terms of Redemption / Repayment | Security |
|---|---|---|---|---|
| Term Loan From Financial Institution - 13 | - | 388.00 | Repayable in 9 Monthly installments Stating From 10 August 2020 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 14 | 243.06 | 350.00 | Repayable in 36 Months Monthly installments Stating From 31 March 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 15 | 243.06 | 350.00 | Repayable in 36 Months Monthly installments Stating From 31 March 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 16 | 243.06 | 350.00 | Repayable in 36 Months Monthly installments Stating From 31 March 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 17 | 243.06 | 350.00 | Repayable in 36 Months Monthly installments Stating From 31 March 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 18 | 46.45 | 308.09 | Repayable in 24 Monthly installments Stating From 15 June 2020 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 19 | 46.45 | 308.09 | Repayable in 24 Monthly installments Stating From 15 June 2020 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 20 | - | 250.13 | Repayable in 36 Months Monthly installments Stating From 27 September 2018 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 21 | - | 176.87 | Repayable in 36 Months Monthly installments Stating From 27 March 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 22 | - | 161.26 | Repayable in 36 Months Monthly installments Stating From 27 February 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 23 | - | 157.01 | Repayable in 36 Months Monthly installments Stating From 29 April 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 24 | 104.17 | 150.00 | Repayable in 36 Months Monthly installments Stating From 31 March 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 25 | 104.17 | 150.00 | Repayable in 36 Months Monthly installments Stating From 31 March 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 26 | 104.17 | 150.00 | Repayable in 36 Months Monthly installments Stating From 31 March 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 27 | 104.17 | 150.00 | Repayable in 36 Months Monthly installments Stating From 31 March 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 28 | - | 146.44 | Repayable in 36 Months Monthly installments Stating From 28 January 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 29 | 41.67 | 125.00 | Repayable in 36 Months Monthly installments Stating From 25 October 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |

# Notes Forming Part of the Consolidated Financial Statements

for the year ended March 31, 2022

| Particular | March 31, 2022 | March 31, 2021 | Terms of Redemption / Repayment | Security |
|---|---|---|---|---|
| Term Loan From Financial Institution - 30 | 41.67 | 125.00 | Repayable in 36 Months Monthly installments Stating From 25 October 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 31 | 34.72 | 118.06 | Repayable in 36 Months Monthly installments Stating From 25 September 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 32 | 34.72 | 118.06 | Repayable in 36 Months Monthly installments Stating From 25 September 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 33 | 34.72 | 118.06 | Repayable in 36 Months Monthly installments Stating From 25 September 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 34 | 34.72 | 118.06 | Repayable in 36 Months Monthly installments Stating From 25 September 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 35 | 34.72 | 118.06 | Repayable in 36 Months Monthly installments Stating From 25 September 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 36 | - | 115.72 | Repayable in 36 Months Monthly installments Stating From 29 April 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 37 | 44.34 | 114.53 | Repayable in 36 Months Monthly installments Stating From 15 September 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 38 | - | 113.91 | Repayable in 24 Months Monthly installments Stating From 03 November 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 39 | 33.33 | 100.00 | Repayable in 36 Months Monthly installments Stating From 25 October 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 40 | - | 98.86 | Repayable in 36 Months Monthly installments Stating From 29 October 2018 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 41 | - | 88.89 | Repayable in 36 Months Monthly installments Stating From 25 December 2018 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 42 | 13.04 | 87.16 | Repayable in 36 months Monthly installments Stating From 15 April 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 43 | - | 83.33 | Repayable in 36 Months Monthly installments Stating From 25 April 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 44 | - | 83.33 | Repayable in 36 Months Monthly installments Stating From 25 April 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 45 | - | 83.33 | Repayable in 36 Months Monthly installments Stating From 25 April 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 46 | - | 78.69 | Repayable in 36 Months Monthly installments Stating From 27 December 2018 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |

# Notes Forming Part of the Consolidated Financial Statements

for the year ended March 31, 2022

| Particular | March 31, 2022 | March 31, 2021 | Terms of Redemption / Repayment | Security |
|---|---|---|---|---|
| Term Loan From Financial Institution - 47 | - | 69.50 | Repayable in 36 Months Monthly installments Stating From 27 November 2018 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 48 | - | 52.49 | Repayable in 36 Months Monthly installments Stating From 27 December 2018 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 49 | - | 48.61 | Repayable in 36 Months Monthly installments Stating From 25 September 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 50 | - | 48.61 | Repayable in 36 Months Monthly installments Stating From 25 September 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 51 | - | 35.06 | Repayable in 36 Months Monthly installments Stating From 25 December 2018 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 52 | - | 33.33 | Repayable in 36 Months Monthly installments Stating From 25 December 2018 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 53 | - | 33.33 | Repayable in 36 Months Monthly installments Stating From 25 December 2018 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 54 | - | 33.33 | Repayable in 36 Months Monthly installments Stating From 25 December 2018 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 55 | 864.76 | - | Repayable in 20 Months Monthly installments Stating From 13 september 2021 (pay in date) | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 56 | 1,500.00 | - | Repayable in 2 bullet payment over 18 Months Monthly installments on 31 October 22 & 30th April 2023 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 57 | 1,400.00 | - | Repayable in 10 Months Monthly installments Stating From 10th January 2022 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 58 | 3,000.00 | - | Repayable in 30 Months Monthly installments Stating From 10th May 2022 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 59 | 1,375.00 | - | Repayable in 36 Months Monthly installments Stating From 10th May 2022 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 60 | 291.67 | - | Repayable in 36 Months Monthly installments Stating From 25 oct 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 61 | 125.00 | - | Repayable in 36 Months Monthly installments Stating From 25 oct 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 62 | 291.67 | - | Repayable in 36 Months Monthly installments Stating From 25 oct 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |

| Particular | March 31, 2022 | March 31, 2021 | Terms of Redemption / Repayment | Security |
|---|---|---|---|---|
| Term Loan From Financial Institution - 63 | 125.00 | - | Repayable in 36 Months Monthly installments Stating From 25 oct 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 64 | 291.67 | - | Repayable in 36 Months Monthly installments Stating From 25 oct 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 65 | 125.00 | - | Repayable in 36 Months Monthly installments Stating From 25 oct 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 66 | 291.67 | - | Repayable in 36 Months Monthly installments Stating From 25 oct 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 67 | 125.00 | - | Repayable in 36 Months Monthly installments Stating From 25 oct 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 68 | 350.00 | - | Repayable in 24 Months Monthly installments Stating From 25 APR 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 69 | 150.00 | - | Repayable in 24 Months Monthly installments Stating From 25 APR 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 70 | 350.00 | - | Repayable in 24 Months Monthly installments Stating From 25 APR 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 71 | 150.00 | - | Repayable in 24 Months Monthly installments Stating From 25 APR 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 72 | 350.00 | - | Repayable in 24 Months Monthly installments Stating From 25 APR 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 73 | 150.00 | - | Repayable in 24 Months Monthly installments Stating From 25 APR 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 74 | 350.00 | - | Repayable in 24 Months Monthly installments Stating From 25 APR 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 75 | 150.00 | - | Repayable in 24 Months Monthly installments Stating From 25 APR 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 76 | 350.00 | - | Repayable in 24 Months Monthly installments Stating From 25 APR 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 77 | 150.00 | - | Repayable in 24 Months Monthly installments Stating From 25 APR 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 78 | 350.00 | - | Repayable in 24 Months Monthly installments Stating From 25 APR 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 79 | 150.00 | - | Repayable in 24 Months Monthly installments Stating From 25 APR 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |

| Particular | March 31, 2022 | March 31, 2021 | Terms of Redemption / Repayment | Security |
|---|---|---|---|---|
| Term Loan From Financial Institution - 80 | 1,988.32 | - | Repayable in 30 Months Monthly installments Stating From 06 September 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 81 | 2,063.88 | - | Repayable in 30 Months Monthly installments Stating From 05 October 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 82 | 500.00 | - | Repayable in 24 Months Monthly installments Stating From 15 April 2022 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 83 | 500.00 | - | Repayable in 24 Months Monthly installments Stating From 15 April 2022 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 84 | 766.30 | - | Repayable in 24 Months Monthly installments Stating From 31st october 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 85 | 2,986.52 | - | Repayable in 15 months Months Monthly installments Stating From 15 April 2022-Pay in date | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution - 86 | 1,782.08 | - | Repayable in 17 Months Monthly installments Stating From 24 april 2022-Pay in date | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 87 | - | 333.33 | "Repayable in 12 Quarterly installments Stating From from 31 May 2019" | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 89 | - | 166.90 | "Repayable in 36 monthly installments Stating From from 03 September 2018" | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 90 | 795.31 | 199.48 | "Repayable in 30 monthly installments Stating From from 02 October 2018" | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 91 | 855.83 | - | "Repayable in 30 monthly installments Stating From from 02 October 2018" | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 92 | - | 76.37 | "Repayable in 24 monthly installments Stating From from 01 May 2019" | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 93 | 13.07 | 87.33 | "Repayable in 36 monthly installments Stating From from 15 April 2019" | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 94 | 424.66 | 936.95 | "Repayable in 36 monthly installments Stating From from 31 January 2020" | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 95 | - | 403.00 | "Repayable in 36 monthly installments Stating From from 31 January 2020" | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 96 | 41.67 | 125.00 | "Repayable in 36 monthly installments Stating From from 25 October 2019" | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |

# Notes Forming Part of the Consolidated Financial Statements

for the year ended March 31, 2022

| Particular | March 31, 2022 | March 31, 2021 | Terms of Redemption / Repayment | Security |
|---|---|---|---|---|
| Term Loan From Financial Institution 97 | 41.67 | 125.00 | "Repayable in 36 monthly installments Stating From from 25 October 2019" | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 98 | 41.67 | 125.00 | "Repayable in 36 monthly installments Stating From from 25 October 2019" | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 99 | 41.67 | 125.00 | "Repayable in 36 monthly installments Stating From from 25 October 2019" | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 100 | 350.00 | - | "Repayable in 36 monthly installments Stating From from 25 April 2022" | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 101 | 150.00 | - | "Repayable in 36 monthly installments Stating From from 25 April 2022" | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 102 | 350.00 | - | "Repayable in 36 monthly installments Stating From from 25 April 2022" | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 103 | 150.00 | - | "Repayable in 36 monthly installments Stating From from 25 April 2022" | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 104 | 395.83 | - | "Repayable in 24 monthly installments Stating From from 15 November 2021" | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 105 | 395.83 | - | "Repayable in 24 monthly installments Stating From from 15 November 2021" | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 106 | 500.00 | - | "Repayable in 21 monthly installments Stating From from 15 July 2022" | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 107 | 500.00 | - | "Repayable in 21 monthly installments Stating From from 15 July 2022" | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 108 | 375.00 | - | "Repayable in 24 monthly installments Stating From from 31 October 2021" | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 109 | 375.00 | - | "Repayable in 24 monthly installments Stating From from 31 October 2021" | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 110 | 391.30 | - | "Repayable in 24 monthly installments Stating From from 30 November 2021" | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| **Total Term Loan From Financial Institution** | **37,027.98** | **24,598.98** | | |
| **Loans repayable on demand from banks** | | | | |
| Cash Credit Facility From Bank 1 | 94.32 | 97.84 | - | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed and Bank Deposit. |

# Notes Forming Part of the Consolidated Financial Statements

for the year ended March 31, 2022

| Particular | March 31, 2022 | March 31, 2021 | Terms of Redemption / Repayment | Security |
|---|---|---|---|---|
| Cash Credit Facility From Bank 2 | - | 207.30 | - | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed and lien on investment in Mututal Funds. |
| Cash Credit Facility From Bank 3 | - | 1,606.21 | - | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed and lien on investment in Mututal Funds. |
| Cash Credit Facility From Bank 4 | - | 32.18 | Facility has been closed Sep 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed and Bank Deposit. |
| Cash Credit Facility From Bank 5 | 178.52 | 125.15 | - | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed, Bank Deposit and Personal Guarantee of Some of the Directors. |
| Cash Credit Facility From Bank 6 | - | 1,885.27 | CC facility converted to Term Loan Facility of ₹1800 Lakhs on 31-03-2022 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed, Bank Deposit and Personal Guarantee of Some of the Directors. |
| Cash Credit Facility From Bank 7 | 339.63 | 464.08 | - | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed and Bank Deposit. |
| Cash Credit Facility From Bank 8 | 905.95 | 643.73 | - | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed, Bank Deposit and Personal Guarantee of Some of the Directors. |
| Cash Credit Facility From Bank 9 | 37.29 | 30.88 | - | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed, Bank Deposit and Personal Guarantee of Some of the Directors. |
| Over Draft Facility From Bank 1 | - | 800.58 | OD facility Closed | Secured by a first and exclusive charge Bank Deposits |
| | | | | |
| **Total Loans repayable on demand from banks** | **1,555.71** | **5,893.23** | | |

12.4 Details of terms of Repayment and security provided in respect of borrowings:

12.5 The Company has borrowed funds from banks and finacial institutions on the basis of security of book debts.It has filed quarterly returns or statements of book debts with banks and finacial institutions and the said returns/statements are in agreement with books of accounts.

(₹ in Lakhs)

| 13. Subordinated Liabilities (At Cost) | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Unsecured** | | |
| 15%, Unsecured Subordinated Term Loan in India | 2,500.00 | 1,500.00 |
| Unsecured Subordinated Debt outside India | - | - |
| **Total** | **2,500.00** | **1,500.00** |

**13.1 Details of terms of Redemption/ Repayment of Subordinated Liabilities:** (₹ in Lakhs)

| Particular | As at March 31, 2022 | As at March 31, 2021 | Terms of Redemption / Repayment | Security |
|---|---|---|---|---|
| Subordinated Term Loan From Bank 1 | 500.00 | 500.00 | Single Bullet Payment at the end of 84 Months from 23rd June, 2017 | Unsecured |
| Subordinated Term Loan From Bank 2 | 1,000.00 | 1,000.00 | Single Bullet Payment at the end of 84 Months from 23rd June, 2017 | Unsecured |
| Subordinated Term Loan From Bank 3 | 1,000.00 | - | 50% Payment at the end of 66 Months from 30th Nov,2021 & remaining 50% Payment at the end of 72 Months fro 30th Nov,2021 | Unsecured |

(₹ in Lakhs)

| 14. Other Financial Liabilities | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Interest accrued but not due on Borrowings | 943.65 | 555.52 |
| Payable to Employees | 444.43 | 416.35 |
| Micro Insurance Payable | 786.16 | 746.10 |
| Security deposits received from Borrowers | 192.01 | 163.00 |
| Unpaid expenses | 139.44 | 85.14 |
| Unpaid dividend | 15.27 | 17.88 |
| Payable towards assignment and transactions | 639.71 | 398.53 |
| Lease Liability - Right of Use Assets | 136.82 | 67.20 |
| **Total** | **3,297.49** | **2,449.71** |

14.1 Unpaid dividend outstanding as on March 31, 2022 is not due for transfer to investor education and protection fund by the Company.

**14.2 Trade Payable ageing schedule** (₹ in Lakhs)

| As on March 31, 2022 | MSME Trade Payable | | Other than MSME Trade Payables | |
|---|---|---|---|---|
| | Disputed | Undisputed | Disputed | Undisputed |
| Outstanding Less than 1 Years | - | - | - | 188.06 |
| Outstanding between 1 year to 2 Years | - | - | - | 0.40 |
| Outstanding between 2 year to 3 Years | - | - | - | - |
| Outstanding More than 3 Years | - | - | - | - |

# Notes Forming Part of the Consolidated Financial Statements

for the year ended March 31, 2022

| As on March 31, 2021 | MSME Trade Payable | | Other than MSME Trade Payables | |
|---|---|---|---|---|
| | Disputed | Undisputed | Disputed | Undisputed |
| Outstanding Less than 1 Years | - | - | - | 126.01 |
| Outstanding between 1 year to 2 Years | - | - | - | - |
| Outstanding between 2 year to 3 Years | - | - | - | - |
| Outstanding More than 3 Years | - | - | - | - |

*Dues to Micro and Small enterprises have been determined to the extent such parties have been identified on the basis of the information collected by the Management.This has been relied upon by the Auditors.

(₹ in Lakhs)

| 15. | Provisions | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|---|
| | Provisions for employee benefits - Gratuity | 115.74 | 89.55 |
| | **Total** | **115.74** | **89.55** |

(₹ in Lakhs)

| 16. | Other Non Financial Liabilities | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|---|
| | Other statutory dues | 34.51 | 42.28 |
| | TDS payable | 61.00 | 73.59 |
| | **Total** | **95.51** | **115.88** |

(₹ in Lakhs)

| 17. | Equity Share Capital | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|---|
| | **Authorized Shares** | | |
| | 1,50,00,000 Equity Shares of ₹10/- each (As at March 31, 2021: 1,50,00,000 Equity Shares of ₹10/- each) | 1,500.00 | 1,500.00 |
| | **Total** | **1,500.00** | **1,500.00** |
| | **Issued, subscribed and fully paid-up shares:** | | |
| | 84,91,584 Equity Shares of (As at March 31, 2021: 84,88,384 Equity Shares) of ₹10/- each fully paid up (Ordinary) | 849.16 | 848.84 |
| | **Total** | **849.16** | **848.84** |

**17.1 The reconciliation of the number of shares outstanding and the amount of ordinary equity share capital as at March 31, 2022 & March 31, 2021 is set out below:**

| Particulars | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|
| | No. of Shares | (₹ In Lakhs) | No. of Shares | (₹ In Lakhs) |
| **Ordinary Equity Shares:** | | | | |
| Outstanidng at the beinning of the year | 84,88,384 | 848.84 | 84,50,894 | 845.09 |
| Issued during the year | 3,200 | 0.32 | 37,490 | 3.75 |
| **Outstanding at the end of the year** | **84,91,584** | **849.16** | **84,88,384** | **848.84** |

# Notes Forming Part of the Consolidated Financial Statements

for the year ended March 31, 2022

**17.2 Details of shareholders holding more than 5 % of ordinary shares of the Company are as follows:**

| Class of shares / Name of shareholder | March 31, 2022 | | March 31, 2021 | |
|---|---|---|---|---|
| | Number of shares held | % holding in that class of shares | Number of shares held | % holding in that class of shares |
| Jayendrabhai Patel | 4,27,937 | 5.04% | 4,27,937 | 5.04% |
| Ritaben Patel | 4,36,089 | 5.14% | 4,36,089 | 5.14% |
| Mukul Agrawal | 4,29,262 | 5.06% | 4,29,262 | 5.06% |
| Elevation Capital V Limited | 18,90,417 | 22.26% | 18,90,417 | 22.27% |
| Namra Holdings & Consultancy Services LLP | 9,48,308 | 11.17% | 9,48,308 | 11.17% |

**17.3 Shares reserved for issue under options**

For details of shares reserved for issue under the Employees Stock Option Plan (ESOP) refer note 38.

**17.4 Terms / rights attached to equity shares**

(i) In respect of Ordinary Equity Shares having face value of ₹10/-. Each holder of Ordinary Equity Share is entitled to 1 vote per share.

(ii) In the event of liquidation of the Company, the holders of both type of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by shareholders.

| 18. Other Equity (Refer Note 18.1) | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **A. Reserves and Surplus** | | |
| **i. General Reserve** | | |
| Balance as per last financial statement | 140.35 | 129.35 |
| Add: Transfer from statement of profit and loss | 11.00 | 11.00 |
| **Closing Balance** | **151.35** | **140.35** |
| **ii. Special Reserve u/s 45-IC of the RBI Act, 1934** | | |
| Balance as per last financial statement | 2,482.30 | 2,224.30 |
| Add: Transfer from statement of profit and loss | 694.00 | 258.00 |
| **Closing Balance** | **3,176.30** | **2,482.30** |
| **iii. Securities Premium** | | |
| Balance as per last financial statement | 6,885.97 | 6,812.96 |
| Add: Share Premium on shares issued duing the year | 11.98 | 73.01 |
| Less: Share Issue Expenses | - | - |
| | **6,897.95** | **6,885.97** |
| **iv. Share Based Payment Reserve** | | |
| Balance as per last fiancial statements | 14.06 | 65.43 |
| Add/(Less): Stock option expenditure for the year | 15.00 | 9.11 |
| Less: amount transferred towards option expired unexercised | 6.77 | 2.46 |
| Less: Reversal of ESOP reserve on exercised option of stock option | 10.70 | 58.02 |
| **Closing Balance** | **11.59** | **14.06** |
| **v. Surplus in the Statement of Profit and Loss** | | |
| Balance as per last financial statement | 7,944.37 | 7,151.77 |
| Add : Profit for the year | 3,172.79 | 1,061.60 |
| **Less: Appropriations** | | |
| Amount transferred to General Reserve | (11.00) | (11.00) |
| Amount transferred to Special Reserve u/s 45-IC of RBI Act, 1934 | (694.00) | (258.00) |
| **Closing Balance** | **10,411.66** | **7,944.37** |

| | | |
|---|---|---|
| **B. Other Comprehensive Income** | | |
| Balance as per last financial statement | 360.05 | (6.38) |
| Additions during the year | (589.97) | 366.42 |
| **Closing Balance** | **(229.92)** | **360.05** |
| **Total** | **20,419.44** | **17,827.11** |

**18.1 NATURE AND PURPOSE OF RESERVE**

1 **Reserve u/s. 45-IA of the Reserve Bank of India Act, 1934 (the "RBI Act, 1934"):**

Reserve u/s 45-IA of RBI Act, 1934 is created in accordance with section 45 IC(1) of the RBI Act, 1934. As per Section 45 IC(2) of the RBI Act,1934, no appropriation of any sum from this reserve fund shall be made by the NBFC except for the purpose as may be specified by RBI.

2 **Securities premium:**

Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes in accordance with the provisions of section 52 of the Act.

3 **Surplus in the statement of profit and loss:**

Surplus in the statement of profit and loss is the accumulated available profit of the Company carried forward from earlier years. These reserve are free reserves which can be utilised for any purpose as may be required.

4 **FVOCI - loans and advances:**

The Company has elected to recognise changes in the fair value of loans and advances in other comprehensive income. These changes are accumulated within the FVOCI - loans and advances reserve within equity.

5 **FVOCI - Remeasurement of the defined benefit liabilities:**

Remeasurement of the net defined benefit liabilities comprise actuarial gain or loss, return on plan assets excluding interest and the effect of asset ceiling, if any.

6 **General reserve:**

The Company has transferred a portion of the net profit to general reserve before declaring dividend pursuant to the provision of erstwhile Companies Act.

7 **Share Based Payment Reserve:**

The reserve is used to recognise the fair value of the options issued to employees of the Company and subsidiary ompanies under Company's employee stock option plan.

**19. Interest Income (Amortised Cost)** (₹in Lakhs)

| Particulars | Year ended March 31, 2022 | | Year ended March 31, 2021 | |
|---|---|---|---|---|
| | On Financial assets measured at FVOCI | On Financial assets measured at Amortised Cost | On Financial assets measured at FVOCI | On Financial assets measured at Amortised Cost |
| Interest on Loans | 21,560.69 | - | 18,147.13 | - |
| Interets on Deposits as Security | - | 496.02 | - | 406.12 |
| Interets on Others | - | - | - | 10.88 |
| **Total** | **21,560.69** | **496.02** | **18,147.13** | **417.00** |
| **Total Interest** | **22056.71** | | **18564.13** | |

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for the year ended March 31, 2022

**20. Gain on Assignment of Financial Assets** (₹in Lakhs)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Gain on Assignment of Assets (Net of Expense) | 579.07 | - |
| **Total** | **579.07** | **-** |

**21. Fees and Commission Income** (₹in Lakhs)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Loan Processing fees Income | 598.99 | 506.40 |
| **Total** | **598.99** | **506.40** |

**22. Net Gain on Fair Value Changes** (₹in Lakhs)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Income from Investment in Mutual Fund- Fair value through Profit & Loss | 17.69 | 23.63 |
| Net Gain/(Loss) on fair value of derivative contracts measured at fair value through profit or loss | 2.09 | 177.82 |
| Profit on Sale of Investment | 146.72 | 164.29 |
| **Total** | **166.50** | **365.74** |

**23. Other Income** (₹in Lakhs)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Income from Loan | 84.78 | 65.57 |
| Others | 14.50 | 2.05 |
| **Total** | **99.28** | **67.62** |

**24. Finance Costs (on financial liabilities measured at amortized cost)** (₹in Lakhs)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Interest on Borrowings | 5,952.69 | 5,418.81 |
| Interest on Debt Securities | 2,061.73 | 1,594.87 |
| Interest on Subordinated Liabilities | 273.54 | 225.37 |
| Other interest expense | 150.67 | 142.31 |
| Other Borrowing Costs | 494.52 | 535.26 |
| Interest Expenes on Lease Liability | 11.88 | 5.89 |
| **Total** | **8,945.03** | **7,922.51** |

**25. Impairment of Loan Assets (on financial assets measured at FVOCI)** (₹in Lakhs)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Bad debts written off (Net) | 2,464.55 | 1,647.04 |
| Expected Credit Loss (Net) | 1,268.63 | 3,812.18 |
| **Total** | **3,733.18** | **5,459.22** |

**25.1 Details of Expected Credit Loss on loans and Interest Receivable on Credit Impaired Asset please Refer Note 3.2 and 5.2 of Financial Statement.**

**26. Employee Benefit Expenses**

(₹in Lakhs)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Salaries and wages | 3,774.95 | 3,238.52 |
| Contribution to provident and other funds | 266.80 | 199.13 |
| Gratuity | 34.18 | 33.97 |
| Staff welfare expenses | 109.34 | 84.98 |
| **Total** | **4,185.26** | **3,556.60** |

**26.1 Employee Benefit Plan:**

Disclosure in respect of employee benefits under Ind AS 19 - Employee Benefit are as under:

**a) Defined contribution plan:**

The Company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans. The Company's contribution to provident fund aggregating ₹174.81 Lakhs (March 31, 2021: ₹162.94 Lakhs) has been recognised in the statement of profit and loss under the head employee benefits expense.

**b) Defined benefit plan:**

Financial assets not measured at fair value:

The Company operates a defined benefit plan (the "gratuity plan") covering eligible employees. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age/ resignation date.

The defined benefit plans expose the Company to risks such as actuarial risk, investment risk, liquidity risk, market risk, legislative risk.

These are discussed as follows:

**Actuarial risk:** It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

Adverse salary growth experience: Salary hikes that are higher than the assumed salary escalation will result into an increase in obligation at a rate that is higher than expected.

Variability in mortality rates: If actual mortality rates are higher than assumed mortality rate assumption than the gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cash flow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption than the gratuity benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

**Investment risk:** For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

**Liquidity risk:** Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign / retire from the Company, there can be strain on the cash flows.

**Market risk:** Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in defined benefit obligation of the plan benefits and vice versa. This assumption depends on the yields on the government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

**Legislative risk:** Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation/ regulation. The government may amend the Payment of Gratuity Act, 1972, thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the defined benefit obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

The status of gratuity plan required under Ind AS 19 is an under: (₹in Lakhs)

| I | Reconciliation of opening and closing balances of defined benefit obligation | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|---|
| | **Opening Defined Benefit Obligation** | **90.28** | **84.77** |
| | Transfer in/(out) obligation | - | - |
| | Current service cost | 29.67 | 30.03 |
| | Interest cost | 5.04 | 4.96 |
| | Components of actuarial gain/losses on obligations: | - | - |
| | Due to Change in financial assumptions | (2.22) | 1.06 |
| | Due to change in demographic assumption | - | - |
| | Due to experience adjustments | (3.12) | (29.10) |
| | Past service cost | - | - |
| | Loss (gain) on curtailments | - | - |
| | Liabilities extinguished on settlements | - | - |
| | Liabilities assumed in an amalgamation in the nature of purchase | - | - |
| | Exchange differences on foreign plans | - | - |
| | Benefits paid | (2.22) | (1.44) |
| | **Closing Defined Benefit Obligation** | **117.43** | **90.28** |

(₹in Lakhs)

| II | Reconciliation of plan assets | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|---|
| | Opening value of plan assets | 0.73 | 4.78 |
| | Transfer in/(out) plan assets | - | - |
| | Expense deducted from the fund | - | - |
| | Interest Income | 0.54 | 1.02 |
| | Return on plan assets excluding amounts included in interest income | (3.06) | (6.43) |
| | Assets Distributed on settlements | - | - |
| | Contribution by the company | 5.70 | 2.79 |
| | Assets acquired in an amalgamation in the nature of purchase | - | - |
| | Exchange difference on foreign plans | - | - |
| | Benefits paid | (2.22) | (1.44) |
| | **Fair value of plan assets at the end of the year** | **1.69** | **0.73** |

(₹in Lakhs)

| III | Reconciliation of net defined benefit liability | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|---|
| | Net opening provision in books of accounts | 89.55 | 79.98 |
| | Transfer in/(out) obligation | - | - |
| | Transfer (in)/out plan assets | - | - |
| | Employee Benefit Expense as per note 26 | 34.17 | 33.97 |
| | Amounts recognized in Other Comprehensive Income | (2.29) | (21.62) |
| | | **121.44** | **92.34** |
| | Benefits paid by the Company | (3.70) | (2.03) |
| | Contributions to plan assets | (2.00) | (0.76) |
| | **Closing provision in books of accounts** | **115.74** | **89.55** |

| IV | Composition of plan assets | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|---|
| | Government of India Securities | 0% | 0% |
| | High quality corporate bonds | 0% | 0% |
| | Equity shares of listed companies | 0% | 0% |
| | Property | 0% | 0% |
| | Policy of Insurance | 100% | 100% |
| | **Total** | **100%** | **100%** |

(₹in Lakhs)

| V | Expense recognised during the year | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|---|
| | Current service cost | 29.68 | 30.03 |
| | Interest cost | 4.50 | 3.94 |
| | Past service cost | - | - |
| | Expense recognised in the statement of profit and loss | **34.17** | **33.97** |

(₹in Lakhs)

| VI | Other comprehensive income | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|---|
| | Components of acturial gains/losses on obligations: | | |
| | Due to change in financial assumptions | (2.21) | 1.06 |
| | Due to change in demographic assumption | - | - |
| | Due to experience adjustments | (3.12) | (29.10) |
| | Return of plan assets excluding amounts included in interest income | 3.05 | 6.43 |
| | **Components of defined benefits cost recognised in other comprehensive income** | **(2.28)** | **(21.62)** |

| VII | Principal actuarial assumptions | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|---|
| | Discount rate (per annum) | 6.40% | 6.00% |
| | Rate of return on plan assets (per annum) | 6.00% | 6.00% |
| | Annual increase in salary cost | 6.00% | 6.00% |
| | Withdrawal rates per annum | | |
| | 25 and below | 25% | 25% |
| | 26 to 35 | 25% | 25% |
| | 36 to 45 | 20% | 25% |
| | 46 to 55 | 10% | 5% |
| | 56 and above | 5% | 5% |

The discount rate is based on the prevailing market yield of government of India's bond as at the balance sheet date for the estimated terms of the obligations

**VIII) Sensitivity analysis**

Sensitivity analysis is performed by varying a single parameter while keeping all the other parameters unchanged.

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2022 | | For the year ended March 31, 2021 | |
|---|---|---|---|---|
| | Decrease | Increase | Decrease | Increase |
| Discount rate (- / +0.5%) | 120.48 | 114.55 | 92.77 | 87.92 |
| (% change compared to base due to sensitivity | 0.03 | (0.02) | 0.03 | (0.03) |
| Salary growth rate (- / + 0.5%) | 114.52 | 120.47 | 87.91 | 92.75 |
| (% change compared to base due to sensitivity | (0.02) | 0.03 | (0.03) | 0.03 |
| Withdrawal rate (W.R.) (W.R.*x 90%/W.R.x 110%) | 120.68 | 114.34 | 93.25 | 87.48 |
| (% change compared to base due to sensitivity | 0.03 | (0.02) | 0.03 | (0.03) |

**IX) Asset liability matching strategies**

The Company contributes to the insurance fund based on estimated liability of next financial year end. The projected liability statements is obtained from the actuarial valuer.

**X) Effect of plan on the company's future cash flows**

**a) Funding arrangements and funding policy**

The Company has purchased an insurance policy to provide for payment of gratuity to the employees. Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the Company. Any deficit in the assets arising as a result of such valuation is funded by the Company.

**b) Maturity analysis of defined benefit obligation**

The Weighted Average Duration (Years) as at valuation date is 4.91 years.

| Particulars | Cash flows (₹ Lakhs) | Distributions (%) |
|---|---|---|
| 1st Following year | 17.52 | 10.10% |
| 2nd Following year | 15.93 | 9.18% |
| 3rd Following year | 17.26 | 9.95% |
| 4th Following year | 15.83 | 9.12% |
| 5th Following year | 14.94 | 8.61% |
| Sum of years 6 to 10 | 48.92 | 28.19% |

The future accrual is not considered in arriving at the above cash-flows

# Notes Forming Part of the Consolidated Financial Statements
for the year ended March 31, 2022

**XI)** The expected contribution for the next year is ₹39.44 Lakhs.

**27. Depreciation and Amortisation**

(₹in Lakhs)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Depreciation of Property, Plant & Equipment | 59.08 | 58.93 |
| Amortization of Right of use Asset | 27.90 | 14.79 |
| Amortisation of Intangible Asset | 8.30 | 7.26 |
| **Total** | **95.27** | **80.98** |

**28. Other Expenses**

(₹in Lakhs)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Electricity & fuel charges | 46.12 | 33.69 |
| Repairs to Building | 16.11 | 25.79 |
| Insurance | 31.18 | 22.48 |
| Collection Expense | 34.39 | 11.59 |
| Rent | 300.69 | 250.51 |
| Rates & taxes | 23.66 | 10.81 |
| Bank Charges | 40.19 | 70.78 |
| Stationery & printing | 82.49 | 51.36 |
| Advertisement expenses | 0.69 | 0.39 |
| Communication | 82.45 | 65.99 |
| Traveling & conveyance expenses | 747.53 | 448.71 |
| Professional fees | 267.87 | 172.64 |
| **Auditor's Remuneration** | | |
| Audit fees | 13.81 | 8.90 |
| For Tax Audit | 0.75 | 0.75 |
| For certification | 1.18 | 1.54 |
| For Others | 5.30 | 3.52 |
| | **21.03** | **14.70** |
| Corporate social responsibility expenditure (Refer Note 32) | 64.52 | 36.12 |
| Director sitting fees | 7.80 | 5.95 |
| Marketing & incentive expenses | 91.61 | 43.53 |
| Loss/(Gain) due To Moratorium Recognised at Effective Interest Rate Method | (39.73) | (66.66) |
| Net Loss on Derecognition of Property, Plant & Equipment | 0.57 | - |
| General charges (including security charges & membership fees etc.) | 170.81 | 109.86 |
| **Total** | **1,989.99** | **1,308.24** |

## 29. Tax Expenses

**The Components of income tax expense for the years ended March 31, 2022 and March 31, 2021 are:**

(₹in Lakhs)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Current Tax | 1,495.10 | 1,089.70 |
| Adjustment in respect of current tax of prior years | 0.28 | 6.36 |
| Deferred tax | (115.84) | (981.31) |
| **Total Tax Expense** | **1,379.54** | **114.75** |
| Total tax charge | | |
| Current Tax | 1,495.38 | 1,096.06 |
| Deferred Tax | (115.84) | (981.31) |

### 29.1 Reconciliation of the total tax charge

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the years ended March 31, 2022 and March 31, 2021 is, as follows: (₹in Lakhs)

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Accounting profit before tax expense | 4,551.82 | 1,176.35 |
| Income tax rate (%) | 25.168% | 25.168% |
| **Computed tax expense** | **1,145.60** | **296.06** |
| **Tax effect of :** | | |
| Exempted Items | 226.80 | (133.57) |
| Additional deduction | (100.37) | (66.52) |
| Non Deductible items | 25.11 | 12.94 |
| Adjustment on Account of Change in Tax Rate | (0.07) | (0.72) |
| Others | 82.47 | 6.56 |
| **Tax expense Recognised in the Statement of Profit and Loss** | **1,379.54** | **114.75** |

## 30. Earnings per share

(₹in Lakhs)

| Particulars | | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|---|
| Numerator used for calculating Basic Earning per share (PAT) | ₹ Lakhs | 3,172.28 | 1,061.60 |
| Numerator used for calculating Diluted Earning per share (PAT) | ₹ Lakhs | 3,172.28 | 1,061.60 |
| Weighted average no. of shares used as denominator for calculating basic earnings per share | Shares | 84,90,041 | 84,71,225 |
| Effect of dilution: | | | |
| Employee Stock Options | Shares | 2,513 | 4,391 |
| **Weighted average no. of shares used as denominator for calculating diluted earnings per share** | Shares | **84,92,554** | **84,75,616** |
| Nominal value per Share | In ₹ | 10.00 | 10.00 |
| Basic earnings per share | In ₹ | 37.36 | 12.53 |
| Diluted earnings per share | In ₹ | 37.35 | 12.53 |

**31 . Contingent liabilities not provided for:** (₹in Lakhs)

| PARTICULARS | Year Ended March 31, 2022 | Year Ended March 31, 2021 |
|---|---|---|
| **(A) Contingent liabilities** | | |
| (A) Guarantees given on behalf of subsidiary company : | | |
| a) To banks | | |
| Amount of guarantees | 23,850.00 | 23,250.00 |
| Amount of loans outstanding | 12,663.87 | 13,187.81 |
| **(B) Disputed Demand of Tax** | | |
| i) Income Tax Act | 762.22 | 792.37 |

**32. Corporate social responsibility ("CSR") expenses:**

The gross amount required to be spent by the Group during the year towards CSR is ₹63.01 Lakhs (March 31, 2021: ₹71.91 Lakhs) as per section 135 of the Act. Details of amount spent towards CSR as below:

(₹in Lakhs)

| Sr. No. | Particulars | In Cash | Transferred to unspent CSR a/c U/s 135(6) | Yet to be paid in Cash | Total |
|---|---|---|---|---|---|
| 1 | Construction/ acquisition of assets | - | - | - | - |
| 2 | Other purpose (Other than 1 above) | 12.61 | 51.91 | - | 64.52 |

**Reason for shortfall in current year: Due to execution of ongoing project.**

Nature of CSR activities: To provide financial support for construction of occupational therapy center and also provide healthcare support to the needy people of the society.

**33. Leasing Arrangements:**

The Group has entered into leave and license agreements for taking office premises along with furniture and fixtures as applicable and Branch premises on rental basis ranging from 11 to 60 months. The Company has given refundable, interest free security deposits under certain agreements. Certain agreements contain provision for renewal and further there are no sub-leases.

**i) Amount Recognized in Profit & loss Account During the year** (₹in Lakhs)

| PARTICULARS | Year Ended March 31, 2022 | Year Ended March 31, 2021 |
|---|---|---|
| i) Expenses related to Short Term Lease | 300.68 | 250.50 |
| ii) Lease Expenses (Interest Expense - Finance Cost) | 11.88 | 5.89 |
| | 27.90 | 14.79 |
| | **340.46** | **271.18** |

**ii) Amounts recognised in statement of cash flows (including Interest Component)** (₹in Lakhs)

| PARTICULARS | Year Ended March 31, 2022 | Year Ended March 31, 2021 |
|---|---|---|
| Total cash outflow for leases | 32.94 | 17.48 |

**iii) Additions to right-of-use assets**

(₹in Lakhs)

| PARTICULARS | Year Ended March 31, 2022 | Year Ended March 31, 2021 |
|---|---|---|
| Addition to Right of used assets added | 90.68 | - |

**iv) Amount Recognized in Profit & loss Account During the year**

(₹in Lakhs)

| PARTICULARS | Year Ended March 31, 2022 | Year Ended March 31, 2021 |
|---|---|---|
| **Maturity Analysis of contractual undiscounted cash flows:** | | |
| Within one year | 35.84 | 18.36 |
| After one year but not more than five years | 130.36 | 60.77 |
| More than five years | - | - |
| **Total undiscounted lease liabilities as at March 31, 2021** | **166.20** | **79.13** |
| **Balances of Lease Liabilities** | | |
| Non-Current | 110.99 | 53.73 |
| Current | 25.83 | 13.47 |
| **Total Lease Liability** | **136.82** | **67.20** |

**34. Segment Reporting:**

Operating segment are components of the Group whose operating results are regularly reviewed by the Chief Operating Decision Maker (“CODM”) to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

The Group is engaged primarily on the business of “Financing” only, taking into account the risks and returns, the organization structure and the internal reporting systems. All the operations of the Group are in India. All non-current assets of the Group are located in India. Accordingly, there are no separate reportable segments as per Ind AS 108 – “Operating segments”.

**35. Related Party Disclosures as required by IND AS 24 - Related Party Disclosure:**

List of related parties with whom transactions have taken place during the year:

**A. Key Managerial Personnel**

Mr. Jayendra Patel (Vice Chairman & Managing Director)

Mr. Aalok Patel (Joint Managing Director)

Mr. Vivek Modi (Chief Financial Officer)

Mr. Jaimish Patel (Company Secretary)

**B. Other Directors and Relatives of Key Managerial Personnel**

| Name of Party | Related party Relationship |
|---|---|
| Mr. Alok Prasad | Independent Director |
| Mr. K. D. Shah | Independent Director |
| Mr. Yash K Shah | Independent Director |
| Mr. Ramakant Nagpal | Independent Director |
| Mrs. Geetaben Solanki | Independent Director |
| Mrs. Ritaben Patel | Non Executive Director |
| Mr. Aakash Patel | Non Executive Director |

| | |
|---|---|
| Jayendra Patel (HUF) | Key Managerial personnel is Karta |
| Raj Enterprise | Key Managerial personnel is proprietor |
| J. B. Patel & Co. | Key Managerial personnel is co-owner |
| Mrs. Sajni Patel | Relative of Key Managerial Personnel |
| Aalok Patel (HUF) | Key Managerial personnel is Karta |
| Aakash Patel (HUF) | Director is Karta |

**C. List of entities in which KMP have control or significant influence with whom transactions have occurred during the year**

Namra Holdings & Consultancy Services LLP — Key Managerial Personnel is partner

**D. Details of Transactions with related parties carried out in the ordinary course of business:** (₹in Lakhs)

| Particulars | Year Ended March 31, 2022 | | | |
|---|---|---|---|---|
| | **Key Managerial Personnel** | **Other Directors and Relatives of person who has control or significant influence on KMP** | **Entities in which KMP have control or significant influence** | **Total** |
| **Expenses** | | | | |
| Remuneration & perquisites Paid | 117.76 | - | - | 117.76 |
| Sitting fees | - | 7.80 | - | 7.80 |
| Interest expenses | **4.61** | **74.05** | **35.60** | **114.26** |
| Rent paid | - | 21.13 | - | 21.13 |
| Dividend paid | - | - | - | - |
| **Unsecured Loan** | | | | |
| Unsecured Loan Taken | **43.80** | **579.83** | **515.00** | **1,138.63** |
| Unsecured Loan Repaid (Including Interest) | 48.81 | 653.88 | 550.60 | 1,253.29 |

| Particulars | Year Ended March 31, 2021 | | | |
|---|---|---|---|---|
| | **Key Managerial Personnel** | **Other Directors and Relatives of person who has control or significant influence on KMP** | **Entities in which KMP have control or significant influence** | **Total** |
| **Expenses** | | | | |
| Remuneration & perquisites Paid | 107.14 | - | - | 107.14 |
| Sitting fees | - | 5.95 | - | 5.95 |
| Interest expenses | 7.13 | 43.65 | 12.59 | 63.37 |
| Rent paid | - | 20.13 | - | 20.13 |
| Dividend paid | - | - | - | - |
| | | | | |
| **Unsecured Loan** | | | | |
| Unsecured Loan Taken | 147.25 | 506.05 | 229.50 | 882.80 |
| Unsecured Loan Repaid (Including Interest) | 154.38 | 549.70 | 242.10 | 946.18 |

# Notes Forming Part of the Consolidated Financial Statements

for the year ended March 31, 2022

**E.** List of transactions, out of the transaction reported in the above table, where the transaction entered into with single party exceeds 10% of the total related party transactions of similar nature are as under:

**Unsecured Loans Given and Repayments**

**Unsecured loan taken:** (₹in Lakhs)

| SRN | Name of relative | 2021-22 | 2020-21 |
|---|---|---|---|
| 1 | Aakash Patel (HUF) | 189.58 | 180.80 |
| 2 | Aalok Patel | - | - |
| 3 | Jayendra Patel | 41.50 | 101.00 |
| 4 | Jayendra Patel (HUF) | 121.00 | 106.00 |
| 5 | Ritaben Patel | 240.25 | 194.00 |
| 6 | Namra Holdings & Consultancy Services LLP | 515.00 | 229.50 |

**Unsecured Loan Repayments:** (₹in Lakhs)

| SRN | Name of relative | 2021-22 | 2020-21 |
|---|---|---|---|
| 1 | Aakash Patel (HUF) | 216.18 | 195.36 |
| 2 | Aalok Patel | - | - |
| 3 | Jayendra Patel | 45.76 | 105.25 |
| 4 | Jayendra Patel (HUF) | 135.88 | 115.48 |
| 5 | Ritaben Patel | 268.77 | 210.78 |
| 6 | Namra Holdings & Consultancy Services LLP | 550.60 | 242.10 |

**Remuneration & Perquisites Paid:** (₹in Lakhs)

| SRN | Name of relative | 2021-22 | 2020-21 |
|---|---|---|---|
| 1 | Jayendra Patel | 20.13 | 19.92 |
| 2 | Aalok Patel | 9.96 | 9.96 |
| 5 | Vivek Modi | 26.40 | 24.00 |

**Interest expenses** (₹in Lakhs)

| SRN | Name of relative | 2021-22 | 2020-21 |
|---|---|---|---|
| 1 | Aalok Patel | - | - |
| 2 | Jayendra Patel | - | - |
| 3 | Jayendra Patel (HUF) | 14.88 | 9.48 |
| 4 | Aakash Patel (HUF) | 26.59 | 14.56 |
| 5 | Namra Holdings & Consultancy Services LLP | - | - |
| 6 | Ritaben Patel | 28.52 | 16.78 |

**Sitting fees:** (₹in Lakhs)

| SRN | Name of relative | 2021-22 | 2020-21 |
|---|---|---|---|
| 1 | Alok Prasad | 1.72 | 1.23 |
| 2 | K. D. Shah | 0.57 | 1.15 |
| 3 | Ramakant Nagpal | 1.67 | 1.08 |
| 4 | Ritaben Patel | 0.75 | 1.00 |
| 5 | Geetaben Solanki | 0.85 | 0.58 |
| 6 | Yash K Shah | 0.97 | - |

**Rent paid** (₹in Lakhs)

| SRN | Name of relative | 2021-22 | 2020-21 |
|---|---|---|---|
| 1 | J. B. Patel & Co. | 0.21 | 0.21 |

**F. Outstanding Credit Balance of Salary Payable as Follows** (₹in Lakhs)

| SRN | Name of relative | 2021-22 | 2020-21 |
|---|---|---|---|
| 1 | Aalok Patel | 0.83 | 1.69 |
| 2 | Jayendra Patel | 4.64 | 3.36 |
| 3 | Vivek Modi | 2.20 | 2.00 |
| 4 | Jaimish Patel | 0.48 | 0.43 |

**H.** Key managerial personnel who are under the employment of the Group are entitled to post employment benefits and other employee benefits recognised as per Ind AS 19 - Employee Benefits in the financial statements.

Transactions with key management personnel are as follows:

(₹in Lakhs)

| SRN | Name of relative | 2021-22 | 2020-21 |
|---|---|---|---|
| 1 | Post-employment benefits | 2.05 | 0.83 |
| 2 | Share Based Payment | 8.69 | 8.06 |
| | **Total** | **10.74** | **8.89** |

**36.** There have been no events after the reporting date that require disclosure in these financial statements..

**37.** Under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act") which came into force from October 2, 2006, certain disclosures are required to be made relating to micro, small and medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments. The disclosure as required by section 22 of MSMED Act has been given below:

| Particulars | 2021-22 | 2020-21 |
|---|---|---|
| Principal amount payable to suppliers as at year end | - | - |
| Interest due thereon as at year end | - | - |
| Interest amount for delayed payments to suppliers pursuant to provisions of MSMED Act actually paid during the year, irrespective of the year to which the interest relates. | - | - |
| Amount of delayed payment actually made to suppliers during the year | - | - |
| The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006 | - | - |
| Interest accrued and remaining unpaid at the end of the year | - | - |
| The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006. | - | - |

**38. Stock Option Scheme**

The Group has instituted 'ARMAN-EMPLOYEE STOCK OPTION PLAN 2016' ("ESOP 2016"), pursuant to the approval of the shareholders of the company at their annual general meeting held on September 22, 2016

During the year ended March 31, 2022, Group has granted 2,000 new stock options (P.Y. 3,500) under the scheme of 'ARMAN-EMPLOYEE STOCK OPTION PLAN 2016' ("ESOP 2016"). The details are as under.

Details of grant and exercise of such options are as follows:

| Scheme | ESOP-2016 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Tranches** | **ESOP-2016 -1** | | | **ESOP-2016 -2** | | **ESOP-2016 -3** | | **ESOP-2016 -4** | **ESOP-2016-5** |
| No. of options granted | 97,500 | | | 9,000 | | 2,500 | | 3,500 | 2,000 |
| Date of grant | May 26, 2017 | | | May 25, 2018 | | October 13, 2018 | | February 12, 2021 | February 14, 2022 |
| No of Employees | 55 | | | 3 | | 1 | | 6 | 2 |
| Financial Year (F.Y.) | F.Y. 2018-19 | F.Y. 2019-20 | F.Y. 2020-21 | F.Y. 2019-20 | F.Y. 2020-21 | F.Y. 2019-20 | F.Y. 2020-21 | F.Y. 2020-21 | F.Y. 2021-22 |
| No. of employees who have exercised the option | 49 | 48 | 45 | 2 | 2 | 1 | 1 | - | - |
| No. of options exercised | 27,645 | 26,595 | 34,340 | 2,400 | 2,400 | 750 | 750 | - | - |

| Particulars | ESOP 2016 |
|---|---|
| Date of Grant | May 26, 2017; May 25, 2018; October 13, 2018; February 12, 2021; and February 14, 2022 |
| Date of board meeting, where ESOP were approved | 11-Aug-16 |
| Date of committee meeting where grant of options were approved | May 26, 2017; May 25, 2018; October 13, 2018; February 12, 2021; and February 14, 2022 |
| Date of Shareholder's approval | September 22, 2016 |
| No. of options granted | 1,14,500 out of 1,25,000 |
| Method of Settelment | Through allotment of one equity share for each option granted |
| Vesting conditions | The actual vesting of options will depend on continuation to hold the services being provided to the Group at the time of exercise of options. |
| Vesting period | Option will be vested at the End of Year from the Grant Date:- |
| | 1 – 30% End of Year |
| | 2 – 30% End of Year |
| | 3 – 40% End of Year |
| | Subject to lock in period of one year from the date of transfer of shares and other terms as stipulated in the Scheme and prescribed under the law in force. |
| Exercise period | It shall commence from the date of vesting of options and expire not later than 3 months from the vesting date of each grant of options |

**Details of Vesting and Exercise of Options (ESOP 2016):**

| Vesting Date | Vested Options | No of Option Exercised |
|---|---|---|
| May 26, 2018 | 29,250 | 27,645 |
| May 25, 2019 | 2,700 | 2,400 |
| May 26, 2019 | 28,485 | 26,595 |
| October 13, 2019 | 750 | 750 |
| May 25, 2020 | 34,660 | 34,340 |
| May 26, 2020 | 2,400 | 2,400 |
| October 13, 2020 | 750 | 750 |
| May 24, 2021 | 3,200 | 3,200 |

The following table sets forth a summary of ESOP 2016:

| Particulars | 2021-22 | 2020-21 |
|---|---|---|
| Options | | |
| Outstanding at the beginning of the year | 7,700 | 42,410 |
| Vested but not exercised at the beginning of the year | - | - |
| Granted during the year | 2,000 | 3,500 |
| Forfeited during the year | 2,000 | 400 |
| Exercised during the year | 3,200 | 37,490 |
| **Expired during the year** | **-** | **320** |
| Outstanding at the end of the year | 4,500 | 7,700 |
| Exercisable at the end of the year | 4,500 | 7,700 |
| Weighted average exercise price per option | ₹50/- | ₹50/- |

The Group has recognised share based payment expense of ₹15.00 Lakhs (March 31, 2021: ₹9.11 Lakhs) during the year as proportionate cost.

| Scheme | ESOP-2016 | | | | |
|---|---|---|---|---|---|
| **Tranches** | **ESOP-2016 -1** | **ESOP-2016 -2** | **ESOP-2016 -3** | **ESOP-2016 -4** | **ESOP-2016 -5** |
| Date of grant | 26.05.2017 | 25.05.2018 | 13.10.2018 | 12.02.2021 | 14.02.2022 |
| Date of Board approval | 11.08.2016 | | | | |
| Date of Shareholder's approval | 22.09.2016 | | | | |
| Number of options granted | 97,500 | 9,000 | 2,500 | 3,500 | 2,000 |
| Exercise price | ₹50/- | | | | |
| Method of Settlement | Through allotment of one equity share for each option granted. | | | | |
| | I. 30% of the options at the end of one year from the date of grant; | | | | |
| | II. 30% of the options at the end of the two years from the date of grant; | | | | |
| | III. 40% of the Options at the end of the three years from the date of grant. | | | | |
| Vesting period | 3 months from the date of vesting | | | | |
| Exercise period | The Option holders are required to continue to hold the services being provided to the Group at the time of exercise of options. | | | | |
| Vesting conditions | 'ARMAN-EMPLOYEE STOCK OPTION PLAN 2016' ("ESOP 2016") | | | | |

**39.** The Board of Directors has not recommended any dividend for the financial year 2021-22 (P.Y. Dividend Nil per equity share of face value of ₹10/- each).

# Notes Forming Part of the Consolidated Financial Statements

for the year ended March 31, 2022

40. Additional Information As required by Paragraph 2 of the general Instruction for Preparation of the Consolidated Financial Statements to the Schedule III of the Act: (₹ in Lakhs)

| Name of the entity | Net Assets i.e. Total assets minus Total liabilities | | Share in Profit or Loss | | Share in Other Comprehensive income | |
|---|---|---|---|---|---|---|
| | As % of Consolidated net assets | Amounts | As % of Consolidated Profit & Loss | Amounts | As % of Consolidated net assets | Amounts |
| **Parent** | | | | | | |
| Arman Financial Services Limited | 64.46% | 13,710.57 | 38.71% | 1,228.10 | 20.95% | (123.61) |
| **Subsidiaries Indian** | | | | | | |
| Namra Finance Limited | 35.54% | 7,558.03 | 61.29% | 1,944.18 | 79.05% | (466.36) |
| Foreign | - | - | - | - | - | - |
| **Minority interests in all subsidiaries associates (investments as per the equity method)** | | | | | | |
| **Parent Subsidiaries Indian** | | | | | | |
| Namra Finance Limited | - | - | - | - | - | - |
| Foreign | - | - | - | - | - | - |
| **Total** | **100.00%** | **21,268.60** | **100.00%** | **3,172.28** | **100.00%** | **(589.97)** |

41. **The Amount expected to be Recovered or Setteled within or after 12 months from reporting date:**

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

| Particulars | Note No. | As at March 31, 2022 | | | As at March 31, 2021 | | |
|---|---|---|---|---|---|---|---|
| | | Within 12 Months | After 12 Months | Total | Within 12 Months | After 12 Months | Total |
| **ASSETS** | | | | | | | |
| **Financial Assets** | | | | | | | |
| Cash and cash equivalents | 1 | 7,552.76 | - | **7,552.76** | 8,791.77 | - | **8,791.77** |
| Bank Balance other than above | 2 | 5,072.52 | 1,608.75 | **6,681.27** | 5,671.40 | 2,374.25 | **8,045.65** |
| Loans | 3 | 73,653.76 | 32,106.91 | **1,05,760.67** | 49,945.62 | 24,317.07 | **74,262.69** |
| Investments | 4 | 591.74 | - | **591.74** | 317.73 | - | **317.73** |
| Other Financial assets | 5 | 937.85 | 361.81 | **1,299.67** | 687.15 | 102.15 | **789.30** |
| | | | | | | | |
| **Non-financial Assets** | | | | | | | |
| Current tax assets (Net) | 6 | - | - | **-** | - | - | **-** |
| Deferred tax Assets (Net) | 7 | 1,651.02 | - | **1,651.02** | 1,336.75 | - | **1,336.75** |
| Property, Plant and Equipment & Other Intangible assets | 8 | - | 365.20 | **365.20** | - | 348.55 | **348.55** |
| Intangible assset under development | 8 | - | 2.62 | **2.62** | - | - | **-** |
| Right of Use Assets | 8 | - | 121.93 | **121.93** | - | 59.15 | **59.15** |
| Other non-financial assets | 9 | 111.52 | - | **111.52** | 84.47 | - | **84.47** |
| **Total Assets** | | **89,571.18** | **34,567.22** | **1,24,138.40** | **66,834.88** | **27,201.17** | **94,036.05** |

| Particulars | Note No. | As at March 31, 2022 | | | As at March 31, 2021 | | |
|---|---|---|---|---|---|---|---|
| | | Within 12 Months | After 12 Months | Total | Within 12 Months | After 12 Months | Total |
| **LIABILITIES AND EQUITY** | | | | | | | |
| **LIABILITIES** | | | | | | | |
| **Financial Liabilities** | | | | | | | |
| **(I) Other Payables** | 10 | | | | | | |
| **(i) total outstanding dues of micro enterprises and small enterprises** | | - | - | - | - | - | - |
| **(ii) total outstanding dues of creditors other than micro enterprises and small enterprises** | | 117.77 | - | 117.77 | 76.09 | - | 76.09 |
| Debt Securities | 11 | 6,129.62 | 13,377.97 | 19,507.59 | 6,883.91 | 10,876.64 | 17,760.55 |
| Borrowings (Other than Debt Securities) | 12 | 58,735.88 | 18,225.58 | 76,961.46 | 33,735.28 | 19,146.27 | 52,881.55 |
| Subordinated Liabilities | 13 | - | 2,500.00 | 2,500.00 | - | 1,500.00 | 1,500.00 |
| Other financial liabilities | 14 | 3,171.25 | 126.24 | 3,297.49 | 2,365.73 | 83.98 | 2,449.71 |
| **Non-Financial Liabilities** | | | | | | | |
| Provisions | 15 | 39.44 | 76.31 | 115.74 | 29.68 | 59.87 | 89.55 |
| Current Tax Liabilities (Net) | 6 | 274.23 | - | 274.23 | 486.78 | - | 486.78 |
| Other non-financial liabilities | 16 | 95.51 | - | 95.51 | 115.87 | - | 115.87 |
| | | | | | | | |
| **EQUITY** | | | | | | | |
| Equity Share capital | 17 | - | 849.16 | 849.16 | - | 848.84 | 848.84 |
| Other Equity | 18 | - | 20,419.44 | 20,419.44 | - | 17,827.11 | 17,827.11 |
| **Total Liabilities and Equity** | | **68,563.69** | **55,574.71** | **1,24,138.40** | **43,693.35** | **50,342.70** | **94,036.05** |

**42. Fair Value Measurements:**

**A. Financial instrument by category and their fair value** (₹ in Lakhs)

| As at March 31, 2022 | Note No. | Carrying Amount | | Fair Value | | | |
|---|---|---|---|---|---|---|---|
| | | Amortised Cost | FVOCI | Level 1 | Level 2 | Level 3 | Total |
| **Financial Assets Measured at Fair value** | | | | | | | |
| Loans | 3 | - | 1,05,760.67 | - | 1,05,760.67 | - | 1,05,760.67 |
| Investment in Units of Mutual Funds | 4 | 591.74 | - | 591.74 | - | - | 591.74 |
| Fair valuation of Derivative Instrument measured Through Profit & Loss Account | 5 | 8.12 | - | 8.12 | - | - | 8.12 |
| **Financial Assets Not Measured at Fair value** | | | | | | | |
| Cash and Cash Equivalents | 1 | 7,552.76 | - | - | - | - | - |
| Bank Balances other than cash and Cash Equivalent | 2 | 6,681.27 | - | - | - | - | - |
| Security Deposits | 5 | 413.19 | - | - | - | - | - |
| Other Advance | 5 | 450.49 | - | - | - | - | - |
| Interest Due but not Received on Loans and Advances | 5 | 758.35 | - | - | - | - | - |

| As at March 31, 2022 | Note No. | Carrying Amount | | Fair Value | | | |
|---|---|---|---|---|---|---|---|
| | | Amortised Cost | FVOCI | Level 1 | Level 2 | Level 3 | Total |
| Interest Accrued but not due on Bank Deposits | 5 | 169.59 | - | - | - | - | - |
| **Total** | | **16,625.50** | **1,05,760.67** | **599.85** | **1,05,760.67** | **-** | **1,06,360.53** |
| **Financial Liabilities Not Measured at Fair value** | | | | | | | |
| Other Payable | 10 | 117.77 | - | - | - | - | - |
| Debt Securities | 11 | 19,507.59 | - | - | - | 19,507.59 | 19,507.59 |
| Borrowings (Other than Debt Securities) | 12 | 76,961.46 | - | - | - | 76,961.46 | 76,961.46 |
| Subordinated Liabilities | 13 | 2,500.00 | - | - | - | 2,500.00 | 2,500.00 |
| Other financial liabilities | 14 | 3,297.49 | - | - | - | - | - |
| **Total Financial Liabilties** | | **1,02,384.31** | **-** | **-** | **-** | **98,969.05** | **98,969.05** |

| As at March 31, 2021 | Note No. | Carrying Amount | | Fair Value | | | |
|---|---|---|---|---|---|---|---|
| | | Amortised Cost | FVOCI | Level 1 | Level 2 | Level 3 | Total |
| **Financial Assets Measured at Fair value** | | | | | | | |
| Loans | 3 | - | 74,262.69 | - | 74,262.69 | - | 74,262.69 |
| Investment in Units of Mutual Funds | 4 | 317.73 | | 317.73 | - | - | 317.73 |
| Fair valuation of Derivative Instrument measured Through Profit & Loss Account | 5 | 6.02 | - | 6.02 | - | - | 6.02 |
| **Financial Assets Not Measured at Fair value** | | | | | | | |
| Cash and Cash Equivalents | 1 | 8,791.77 | - | - | - | - | - |
| Bank Balances other than cash and Cash Equivalent | 2 | 8,045.65 | - | - | - | - | - |
| Security Deposits | 5 | 233.72 | - | - | - | - | - |
| Other Advance | 5 | 36.43 | - | - | - | - | - |
| Interest Due but not Received on Loans and Advances | 5 | 911.01 | - | - | - | - | - |
| Interest Accrued but not due on Bank Deposits | 5 | 210.57 | - | - | - | - | - |
| **Total** | | **18,552.90** | **74,262.69** | **323.75** | **74,262.69** | **-** | **74,586.44** |
| **Financial Liabilities Not Measured at Fair value** | | | | | | | |
| Other Payable | 10 | 76.09 | - | - | - | - | - |
| Debt Securities | 11 | 17,760.55 | - | - | - | 17,760.55 | 17,760.55 |
| Borrowings (Other than Debt Securities) | 12 | 52,881.55 | - | - | - | 52,881.55 | 52,881.55 |
| Subordinated Liabilities | 13 | 1,500.00 | - | - | - | 1,500.00 | 1,500.00 |
| Other financial liabilities | 14 | 2,449.71 | - | - | - | - | - |
| **Total Financial Liabilties** | | **74,667.91** | **-** | **-** | **-** | **72,142.11** | **72,142.11** |

The Company has not disclosed the fair values for cash and cash equivalents, bank balances, Security Deposits, other Advances, interest Due but not received on loans and advances and Interest Accrued but not due on Bank Deposits bank deposits and other financial liabilities as these are short term in nature and their carrying amounts are a reasonable approximation of fair value.

**B Measurement of fair values**

**I. Valuation techniques and significant unobservable inputs**

The carrying amounts of financial assets and liabilities which are at amortised cost are considered to be the same as their fair values as there is no material differences from the carrying values presented.

**II. Financial instruments - fair value**

“The fair value of financial instruments as referred to in note (A) above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurement).

The categories used are as follows:

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices;

Level 2: The fair value of financial instruments that are not traded in active market is determined using valuation technique which maximizes the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value on instrument are observable, the instrument is included in level 2; and

Level 3: If one or more of significant input is not based on observable market data, the instrument is included in level 3.”

**III. Transfers between levels I and II**

There has been no transfer in between level I and level II.

**IV. Valuation techniques**

**Loans**

The Company has computed fair value of the loans and advances through OCI considering its business model. These have been fair valued using the base of the interest rate of loan disbursed in the last seven days of the year end which is an observable input and therefore these has been considered to be fair valued using Level 3 inputs.

**C Capital**

The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of the local banking supervisor, RBI. The adequacy of the Company’s capital is monitored using, among other measures, the regulations issued by RBI.

The Company has complied in full with all its externally imposed capital requirements over the reported period. Equity share capital and other equity are considered for the purpose of Company’s capital management.

**C.1 Capital management**

The primary objectives of the Company’s capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximize shareholder value.

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board

## 43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES:

The Company's principal financial liabilities comprise borrowings and trade payables. The main purpose of these financial liabilities is to finance the Company's operations and to support its operations. The Company's financial assets include loan and advances, cash and cash equivalents that derive directly from its operations.

The Company is exposed to credit risk, liquidity risk and market risk. The Company's board of directors has an overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company's risk management committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

### I Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counter-party to financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers and loans.

The carrying amounts of financial assets represent the maximum credit risk exposure.

**Loans and advances:**

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry.

The risk management committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, financial statements, credit agency information, industry information etc.

The Company's exposure to credit risk for loans and advances by type of counterparty is as follows:

(₹ in Lakhs)

| Particulars | Carrying amount | |
|---|---|---|
| | March 31, 2022 | March 31, 2021 |
| Retail assets (Refer Note 3) | 1,05,760.67 | 74,262.69 |
| Loans to NBFC-to Create the underlying assets (Refer Note 3) | - | - |
| **Total** | **1,05,760.67** | **74,262.69** |

An impairment analysis is performed at each reporting date based on the facts and circumstances existing on that date to identify expected losses on account of time value of money and credit risk. For the purposes of this analysis, the loan receivables are categorised into groups based on days past due. Each group is then assessed for impairment using the ECL model as per the provisions of Ind AS 109 - financial instruments.

As per Ind AS 109, Company is required to group the portfolio based on the shared risk characteristics. Company has assessed the risk and its impact on the various portfolios and has divided the portfolio into following groups.

a) TW Loans
b) SME Loans
c) Retail Asset Channel Loans
d) Microfinance

**Staging:**

As per the requirement of Ind AS 109 general approach all financial instruments are allocated to stage 1 on initial recognition except originated credit-impaired financial assets which are considered to be under stage 3 on day of origination. However, if a significant increase in credit risk is identified at the reporting date compared with the initial recognition, then an instrument is transferred to stage 2. If there is objective evidence of impairment, then the asset is credit impaired and transferred to stage 3.

The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments

For financial assets in stage 1, the impairment calculated based on defaults that are possible in next twelve months, whereas for financial instrument in stage 2 and stage 3 the ECL calculation considers default event for the lifespan of the instrument

As per Ind AS 109, Company assesses whether there is a significant increase in credit risk at the reporting date from the initial recognition. Company has staged the assets based on the Day past dues criteria and other market factors which significantly impacts the portfolio.

| Days past dues status | Stage | Provisions |
|---|---|---|
| Current | Stage 1 | 12 months provision |
| 1-30 days | Stage 1 | 12 months provision |
| 31-60 days | Stage 2 | Lifetime Provision |
| 61-90 days | Stage 2 | Lifetime Provision |
| 90+ days | Stage 3 | Lifetime Provision |

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company is exposed to credit risk from its operating activities , cash and cash equivalents and other financial instruments.

Customer credit risk is managed by each business unit subject to the Company’s established policy, procedures and control relating to the customer credit risk management. Outstanding customer receivables are regularly monitored and taken up on case to case basis. The Company has adopted a policy of dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company’s exposure and the credit scores of its counterparties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management team on a regular basis. The Company evaluates the concentration of risk with respect to loan receivables as low, as its customers are located in several jurisdictions representing large number of minor receivables operating in largely independent markets.The credit risk on cash and bank balances and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

**EXPECTED CREDIT LOSS FOR LOANS:**

The Company considers default in all cases when the borrower becomes 90 days past due on its contractual payments. ‘TheExpected Credit Loss (ECL) is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets. ECL is the product of the Probability of Default, Exposure at Default and Loss Given Default.

**Marginal probability of default:**

PD is defined as the probability of whether borrowers will default on their obligations in the future. Historical PD is derived from NBFC internal data calibrated with forward looking macroeconomic factors. For computation of probability of default (“PD”), Vasicek Single Factor Model was used to forecast the PD term structure over lifetime of loans. As per Vasicek model, given long term PD and current macroeconomic conditions, conditional PD corresponding to current macroeconomic condition is estimated. Company has worked out on PD based on the last five years historical data.

**Marginal probability:**

The PDs derived from the Vasicek model, are the cumulative PDs, stating that the borrower can default in any of the given years, however to compute the loss for any given year, these cumulative PDs have to be converted to marginal PDs. Marginal PDs is probability that the obligor will default in a given year, conditional on it having survived till the end of the previous year.

**Conditional marginal probability:**

As per Ind AS 109, expected loss has to be calculated as an unbiased and probability-weighted amount for multiple scenarios.

Based on the historical loss experience, adjustments need to be made on the average PD computed to give effect of the current conditions which is done through management overlay by assigning probability weightages to different scenarios."

**LGD:**

LGD is an estimate of the loss from a transaction given that a default occurs. Under Ind AS 109, lifetime LGD's are defined as a collection of LGD's estimates applicable to different future periods.

Various approaches are available to compute the LGD. Company has considered workout LGD approach. The following steps are performed to calculate the LGD:"

1) Analysis of historical credit impaired accounts at cohort level.
2) The computation consists of five components, which are:
   a) Outstanding balance (POS).
   b) Recovery amount (discounted yearly) by initial contractual rate.
   c) Expected recovery amount (for incomplete recoveries), discounted to reporting date using initial contractual rate.
   d) Collateral (security) amount.

The formula for the computation is as below:

% Recovery rate = (discounted recovery amount + security amount + discounted estimated recovery) / (total POS)

% LGD = 1 – recovery rate

**EAD:**

As per Ind AS 109, EAD is estimation of the extent to which the financial entity may be exposed to counterparty in the event of default and at the time of counterparty's default. Company has modelled EAD based on the contractual and behavioral cash flows till the lifetime of the loans considering the expected prepayments. Company has considered expected cash flows for all the loans at DPD bucket level for each of the segments, which was used for computation of ECL. Moreover, the EAD comprised of principal component, accrued interest and also the future interest for the outstanding exposure. So discounting was done for computation of expected credit loss.

**Discounting:**

As per Ind AS 109, ECL is computed by estimating the timing of the expected credit shortfalls associated with the defaults and discounting them using effective interest rate."

Changes in ECL allowances in relation to loans from beginning to end of reporting period: (₹ in Lakhs)

| Particulars | 31st March 2022 | 31st March 2021 |
|---|---|---|
| Opening provision of ECL | 5,154.67 | 1,910.62 |
| Addition during the year | 6,106.85 | 5,339.27 |
| Utilization / reversal during the year | (4,729.83) | (2,095.22) |
| Closing provision of ECL | 6,531.69 | 5,154.67 |

**II Liquidity Risk:**

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with its financial liabilities. The Company's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due.

The Company is monitoring its liquidity risk by estimating the future inflows and outflows during the start of the year and planned accordingly the funding requirement. The Company manages its liquidity by unutilized cash credit facility, term loans and direct assignment.

The composition of the Company's liability mix ensures healthy asset liability maturity pattern and well diverse resource mix.

Capital adequacy ratio of the Holding Company, as on 31 March 2022 is 29.10% against regulatory norms of 15%. Tier I capital is 26.91% as against requirement of 10%. Tier II capital is 2.19% which may increase from time to time depending on the requirement and also as a source of structural liquidity to strengthen asset liability maturity pattern.

Capital adequacy ratio of the Subsidiary Company, as on 31 March 2022 is 18.78% against regulatory norms of 15%. Tier I capital is 16.03% as against requirement of 10%. Tier II capital is 2.75% which may increase from time to time depending on the requirement and also as a source of structural liquidity to strengthen asset liability maturity pattern.

The total cash credit limit available to the Company is ₹1,960 Lakhs spread across 6 banks. The utilization level is maintained in such a way that ensures sufficient liquidity on hand.Majority of the Company's portfolio is MSME loans which qualifies as Priority Sector Lending. During the year, the Company has maintained around 5% to 10% of assets under management as off book through direct assignment transactions. It is with door to door maturity and without recourse to the Company. This further strengthens the liability management.

The table below summarizes the maturity profile of the Company's non derivative financial liabilities based on contractual undiscounted payments along with its carrying value as at the balance sheet date. (₹ in Lakhs)

| Particulars | 1 Day to 30/31 Days (One Month) | Over One Month up to 2 Months | Over 2 Months up to 3 Months | Over 3 Months up to 6 Months | Over 6 Months up to 1 Year | Over 1 Year up to 3 Years | Over 3 Year up to 5 Years | Over 5 Years | Total |
|---|---|---|---|---|---|---|---|---|---|
| **As at March 31, 2022** | | | | | | | | | |
| Debt Securities (Refer Note 11) | - | - | - | 2,350.00 | 4,779.62 | 12,377.98 | - | - | 19,507.60 |
| Borrowings & Subordinated Liabilities (Refer Note 12 & 13) | 6,622.78 | 4,322.64 | 4,420.38 | 15,980.46 | 26,968.95 | 20,118.47 | 27.78 | 1,000.00 | 79,461.46 |
| **As at March 31, 2021** | | | | | | | | | |
| Debt Securities (Refer Note 11) | - | 4,146.03 | - | - | 2,737.88 | 10,876.64 | - | - | 17,760.55 |
| Borrowings & Subordinated Liabilities (Refer Note 12 & 13) | 9,038.41 | 1,850.16 | 1,944.37 | 6,817.89 | 14,084.45 | 19,091.10 | 1,555.17 | - | 54,381.55 |

**III Market risk :**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk includes interest rate risk and foreign currency risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

**IV Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's investment in bank deposits and variable interest rate borrowings and lending. Whenever there is a change in borrowing interest rate for the Company, necessary change is reflected in the lending interest rates over the timeline in order to mitigate the risk of change in interest rates of borrowings

The sensitivity analysis have been carried out based on the exposure to interest rates for bank deposits, lending and borrowings carried at variable rate.

(₹ in Lakhs)

| Particulars | For the year ended on March 31, 2022 | |
|---|---|---|
| Change in interest rates | 50 bp increase | 50 bp decrease |
| Bank Deposits | 6,666.00 | 6,666.00 |
| Impact on profit for the year | 33.33 | (33.33) |
| Variable Rate Borrowings | 76,961.46 | 76,961.46 |
| Impact on profit for the year | (384.81) | 384.81 |

**V Foreign currency risk:**

As at March 31, 2022, the company has outstanding foreign currency borrowings of Euro 5 million (March 31, 2021: Euro 5 million ). The Company has undertaken principal swaps and cross currency swaps to hedge the foreign currency risk of the ECB principals. Whereas the company has entered into floating to fixed coupon only swaps and interest rate swaps along with forward contracts to hedge the floating interest and foreign currency risk of the coupon payments. All the derivative instruments are purely for hedging the underlying ECB transactions as per applicable RBI guidelines and not for any speculative purpose.

The Company is exposed to foreign exchange risk arising from foreign currency transactions. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the functional currency of the Company. To mitigate the Company's exposure to foreign currency risk, non-rupee cash flows are monitored and derivative contracts are entered into in accordance with the Company's risk management policies.

**VI Foreign currency risk exposure**

The Company exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows:

(₹ in Lakhs)

| Particulars | Currency | March 31, 2022 | March 31, 2021 |
|---|---|---|---|
| **Financial liabilities** | | | |
| External commercial borrowings (Refer Note 11) | Euro | 4,150.37 | 4,151.80 |
| (including interest accrued) | | | |
| (Gain)/loss: Derivative contract | | (8.12) | (6.02) |

**Sensitivity**

The sensitivity of profit and loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

(₹ in Lakhs)

| Particulars | March 31, 2022 | March 31, 2021 |
|---|---|---|
| Euro Sensitivity | | |
| Inr/Euro-increase by 5% | (207.52) | (207.59) |
| Inr/Euro-decrease by 5% | 207.52 | 207.59 |

* Holding all other variables constant

# Notes Forming Part of the Consolidated Financial Statements

for the year ended March 31, 2022

44. The significant increase in economic activities post easing of lockdown by the state governments due to COVID-19 had resulted in improvement in business operations of the Company. As a matter of prudence, during the financial year ended March 31, 2022, the Company has written off (Net) ₹2,464.55 lacs. The ECL provision of ₹2,033.96 lacs is retained by the company as at March 31, 2022 towards management overlay on account of COVID-19. The additional ECL provision retained on account of COVID-19 is based on the Company's historical experience, collection efficiencies post lockdown, internal assessment and other emerging forward looking factors on account of the pandemic. However, the actual impact may vary due to prevailing uncertainty caused by the pandemic. The Company's management is continuously monitoring the situation and the economic factors affecting the operations of the Company.

45. Previous year's figures have been regrouped and rearranged wherever necessary, to make them comparable with those of current year.

As per our report of even date attached herewith

For, **Talati & Talati LLP**
Chartered Accountants
[Firm Regd. No. 110758W/W100377]

**[Kushal Talati]**
Partner
[M.No.188150]
UDIN: 22188150AMQCFL6299

**Place:** Ahmedabad
**Date:** 30.05.2022

For, **Arman Financial Services Limited**

**Jayendra Patel**
Vice Chairman & Managing Director
(DIN - 00011814)

**Vivek Modi**
Chief Financial Officer

**Aalok Patel**
Joint Managing Director
(DIN - 02482747)

**Jaimish Patel**
Company Secretary
(M. No. A42244)

# Independent
# Auditor's Report

To,

The Members of

**ARMAN FINANCIAL SERVICES LIMITED**

Ahmedabad

**Report on the Audit of the Consolidated Financial Statements**

**OPINION**

**1.** We have audited the accompanying Consolidated Financial Statements of **Arman Financial Services Limited** (hereinafter referred to as the 'Holding Company") and its subsidiary (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated Balance Sheet as at March 31, 2021 and the consolidated statement of Profit and Loss, (the consolidated and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (hereinafter referred to as "the consolidated financial statements").

**2.** In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (the 'Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Company as at March 31, 2021 and its consolidated profit and its consolidated cash flows for the year ended on that date.

**BASIS FOR OPINION**

**3.** We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by ICAI, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Companies Act, 2013. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**EMPHASIS OF MATTERS**

**4.** As described in Note 44 to the Standalone Financial Results, the extent to which the COVID-19 pandemic will impact the company's operations and financial performance is dependent on future developments, which are highly uncertain.

Our opinion is not modified in respect of the above matters.

**KEY AUDIT MATTERS**

**5.** Key audit matters are those matters that, in our professional, judgment, were of most significance in our audit of the, standalone financial statements of the current period. These matters were addressed in the context of our audit, of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion, on these matters.

Key audit matters identified in our audit is in respect of Provision for Expected Credit Losses on loans as follows:

**Provision for Expected Credit Losses on loans**

[Refer para 3.6 for the accounting policy and Note 3.1 for the related disclosures]

| Key Audit Matter | How our audit addressed the key audit matter |
|---|---|
| As at March 31, 2021, the Group has financial assets (loans) amounting to Rs. 74322.03 Lakhs. As per Ind AS 109- Financial Instruments, the Group is required to recognise allowance for expected credit losses on financial assets.<br><br>Under Ind-AS framework, the management had to estimate the provision for expected credit losses at each Balance at March 31, 2021. Expected credit loss cannot be measured precisely, but can only be estimated through use of statistics. The calculation of expected credit losses is complex and requires exercise of judgment around both the timing of recognition of impairment provisions and estimation of the amount of provisions required in relation to loss events. Further, due to COVID Pandemic and moratorium granted by the company, the calculation of expected credit loss had further challenges as the future outcome is dependent on various events, the outcome of which is uncertain.<br><br>The management has recognised a provision of Rs. 3812.18 Lakhs in the Consolidated Statement of Profit and Loss for the year ended March 31, 2021.<br><br>Considering the significance of the above matter to the consolidated financial statements and since the matter required our significant attention to test the calculation of expected credit losses, we have identified this as a key audit matter for current year audit. | Our audit procedures in relation to expected credit losses were focused on obtaining sufficient appropriate audit evidence as to whether the expected credit losses recognised in the consolidated financial statements were reasonable and the related disclosures in the consolidated financial statements made by the management were adequate. These procedures included, but not limited, to the following:<br><br>(a) obtaining an understanding of the model adopted by the Group for calculation of expected credit losses including how management of holding company calculated the expected credit losses and the appropriateness data on which the calculation is based;<br><br>(b) testing the accuracy of inputs through substantive procedures and assessing the reasonableness of the assumptions used;<br><br>(c) developing a point estimate by making reference to the expected credit losses recognised by entities that carry comparable financial assets;<br><br>(d) testing the arithmetical calculation of the expected credit losses;<br><br>(e) verifying the adequacy of the related disclosures; and<br><br>(f) obtaining written representations from management whether they believe significant assumptions used in calculation of expected credit losses are reasonable. |

**INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON**

**6.** The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and as may be legally advised.

**RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

**7.** The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Associates and Jointly controlled entities in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

**8.** In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for assessing the ability of the Group and of its associates and jointly controlled entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

**9.** The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for overseeing the financial reporting process of the Group and of its associates and jointly controlled entities.

**AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

**10.** Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

**11.** As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates and jointly controlled entities to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and jointly controlled entities to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

**12.** We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**13.** We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**14.** From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**15. Other Matters**

(a) We did not audit the financial statements / financial information of one subsidiary, whose financial statements / financial information reflect total assets of Rs. 71,608.07 Lakhs as at March 31, 2021, total revenues of Rs. 13,397.57 Lakhs and net cash out flows amounting to Rs. 1,922.73 Lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

(b) Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

**16.** As required by Section 143 (3) of the Act, we report, to the extent applicable, that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements.;

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

(d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2021 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies, its associate companies and jointly controlled companies incorporated in India is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in Annexure A.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. the consolidated financial statement has disclosed the impact of pending litigations on its financial position in the Consolidated financial statements; (Refer Note 31 to the financial statements);

ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India.

**For, Samir M Shah & Associates**
Chartered Accountants,
[Firm Regd. No. 122377W]

**(Sneha Jethani)**
Partner
[M. No. 160932]
UDIN: 21160932AAAABC7633

Place: Ahmedabad
Date: 24.06.2021

# Annexure "A"
## To Independent Auditor's Report

Referred to in paragraph 16(f) of our Report of even date to the Members of **ARMAN FINANCIAL SERVICES LIMITED** for the year ended March 31, 2021.

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **ARMAN FINANCIAL SERVICES LIMITED** as of March 31, 2021, in conjunction with our audit of the Consolidated financial statements of the Company for the year ended on that date.

### MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the guidance note on audit of internal financial controls over financial reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the guidance note on audit of internal financial controls over financial reporting (the "Guidance Note") and the standards on auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, with reference to Consolidated Financial Statements. Those standards and the guidance note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that: (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

### INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**OPINION**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the guidance note on audit of internal financial controls over financial reporting issued by the Institute of Chartered Accountants of India.

**For, Samir M Shah & Associates**
Chartered Accountants,
[Firm Regd. No. 122377W]

**(Sneha Jethani)**
Partner
[M. No. 160932]
UDIN: 21160932AAAABC7633

Place: Ahmedabad
Date: 24.06.2021

# **Consolidated** Balance Sheet

as at March 31, 2021

(₹ in lakhs)

| | Particulars | Note | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|---|---|
| | **ASSETS** | | | |
| **(1)** | **Financial Assets** | | | |
| (a) | Cash and cash equivalents | 1 | 8,791.78 | 5,828.95 |
| (b) | Bank Balance other than (a) above | 2 | 8,045.65 | 3,854.74 |
| (c) | Loans | 3 | 74,322.03 | 77,889.66 |
| (d) | Investments | 4 | 317.73 | 325.90 |
| (e) | Other Financial assets | 5 | 760.66 | 708.14 |
| **(2)** | **Non-financial Assets** | | | |
| (a) | Current tax assets (Net) | 6 | - | 50.31 |
| (b) | Deferred tax Assets (Net) | 7 | 1,336.75 | 478.68 |
| (c) | Property, Plant and Equipment | 8 | 326.02 | 352.93 |
| (d) | Other Intangible assets | 8 | 22.54 | 17.69 |
| (e) | Right of Use Assets | 8 | 59.15 | 73.93 |
| (f) | Other non-financial assets | 9 | 25.14 | 35.53 |
| | **Total Assets** | | **94,007.43** | **89,616.46** |
| | **LIABILITIES AND EQUITY** | | | |
| | **LIABILITIES** | | | |
| **(1)** | **Financial Liabilities** | | | |
| (a) | Other Payables | 10 | | |
| | (i) total outstanding dues of micro enterprises and small enterprises | | - | - |
| | (ii) total outstanding dues of creditors other than micro enterprises and small enterprises | | 76.09 | 78.00 |
| (b) | Debt Securities | 11 | 17,760.55 | 10,570.98 |
| (c) | Borrowings (Other than Debt Securities) | 12 | 52,881.55 | 57,705.62 |
| (d) | Subordinated Liabilities | 13 | 1,500.00 | 1,500.00 |
| (e) | Other financial liabilities | 14 | 2,421.06 | 2,332.66 |
| **(2)** | **Non-Financial Liabilities** | | | |
| (a) | Provisions | 15 | 89.55 | 79.98 |
| (b) | Current Tax Liaiblities (Net) | 6 | 486.78 | Nil |
| (c) | Other non-financial liabilities | 16 | 115.88 | 126.68 |
| | **EQUITY** | | | |
| (1) | Equity Share capital | 17 | 848.84 | 845.09 |
| (2) | Other Equity | 18 | 17,827.13 | 16,377.45 |
| | **Total Liabilities and Equity** | | **94,007.43** | **89,616.46** |

As per our report of even date attached herewith

For, **Samir M Shah & Associates**
Chartered Accountants
[Firm Regd. No. 122377W]

**[Sneha Jethani]**
Partner
[M.No.160932]
UDIN: 21160932AAAABC7633

Place: Ahmedabad
Date: 24.06.2021

For & on behalf of the Board of Directors of
**Arman Financial Services Limited**

**Jayendra Patel**
Vice Chairman & Managing Director
(DIN - 00011814)

**Vivek Modi**
Chief Financial Officer

**Aalok Patel**
Joint Managing Director
(DIN - 02482747)

**Jaimish Patel**
Company Secretary
(M. No. A42244)

# Consolidated Statement of Profit & Loss

for the year ended March 31, 2021

(₹ in lakhs)

| | Particulars | Note | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|---|---|
| (1) | **REVENUE FROM OPERATIONS** | | | |
| | Interest Income based on Effective Interest Method | 19 | 18,564.13 | 20,037.87 |
| | Gain on Assignment of Financial Assets | 20 | - | 450.33 |
| | Fees and Commission Income | 21 | 506.40 | 646.04 |
| | Income from Investment in Mutual Fund (At Fair value through Profit & Loss) | 22 | 23.63 | 16.46 |
| | **Total Revenue from operations (1)** | | **19,094.16** | **21,150.70** |
| (2) | Other Income | 23 | 231.91 | 364.00 |
| (3) | **Total Income (1+2)** | | **19,326.07** | **21,514.70** |
| (4) | **Expenses** | | | |
| | Finance Costs | 24 | 7,744.68 | 8,759.37 |
| | Impairment of Financial Assets | 25 | 5,459.22 | 2,000.85 |
| | Employee Benefits Expenses | 26 | 3,556.60 | 3,645.67 |
| | Depreciation, amortization and impairment | 27 | 80.98 | 79.84 |
| | Others expenses | 28 | 1,308.24 | 1,651.35 |
| | **Total Expenses (4)** | | **18,149.72** | **16,137.08** |
| (5) | **PROFIT / (LOSS) BEFORE TAX (3-4)** | | **1,176.36** | **5,377.62** |
| (6) | **Tax Expense:** | | | |
| | (1) Current Tax | **29** | **1,089.70** | **1,423.40** |
| | (2) Short / (excess) Provision of Income Tax of earlier years | 29 | 6.36 | (2.78) |
| | (3) Deferred Tax | 29 | (981.31) | (195.00) |
| (7) | **Profit/(loss) for the period (5-6)** | | **1,061.61** | **4,152.00** |
| (8) | **Other Comprehensive Income** | | | |
| | (A) (i) Items that will not be reclassified to profit or loss | | | |
| | - Remeasurement of Defined Benefit Obligations | | 21.62 | (11.67) |
| | (ii) Income tax relating to items that will not be reclassified to profit or loss | | (5.44) | 2.94 |
| | **Subtotal (A)** | | **16.18** | **(8.73)** |
| | (B) (i) Items that will be reclassified to profit or loss | | | |
| | - Net change in value of loans measured at fair value through Other Comprehensive Income | | 468.05 | 85.68 |
| | (ii) Income tax relating to items that will be reclassified to profit or loss | | (117.80) | (24.28) |
| | **Subtotal (B)** | | **350.25** | **61.40** |
| | **Other Comprehensive Income (A + B)** | | **366.43** | **52.67** |
| (9) | **Total Comprehensive Income for the period (7+8) (Comprising Profit (Loss) and other Comprehensive Income for the period)** | | **1,428.04** | **4,204.67** |
| (10) | **Earnings per equity share** | | | |
| | Basic (Rs.) | 30 | 12.53 | 55.80 |
| | Diluted (Rs.) | 30 | 12.53 | 55.54 |

As per our report of even date attached herewith

**For, Samir M Shah & Associates**
Chartered Accountants
[Firm Regd. No. 122377W]

**[Sneha Jethani]**
Partner
[M.No.160932]
UDIN: 21160932AAAABC7633

Place: Ahmedabad
Date: 24.06.2021

For & on behalf of the Board of Directors of
**Arman Financial Services Limited**

**Jayendra Patel**
Vice Chairman & Managing Director
(DIN - 00011814)

**Vivek Modi**
Chief Financial Officer

**Aalok Patel**
Joint Managing Director
(DIN - 02482747)

**Jaimish Patel**
Company Secretary
(M. No. A42244)

# Statement of Change in Equity

for the Year Ended March 31, 2021

**(A) Equity share capital (Refer Note 17)**

(₹ In lakhs)

| Particulars | Balance As at March 31, 2019 | Changes during the year | Balance as at March 31, 2020 | Changes during the year | Balance as at March 31, 2021 |
|---|---|---|---|---|---|
| Ordinary Equity share capital | 574.78 | 270.31 | 845.09 | 3.75 | 848.84 |
| Class "A" Ordinary Equity shares | 120.45 | (120.45) | - | - | - |

**(B) Other equity (Refer note 18)**

(₹ In lakhs)

| Particulars | Equity component of compound financial instruments | Reserves and surplus | | | | | Other Comprehensive Income | Total |
|---|---|---|---|---|---|---|---|---|
| | | General Reserve | Reserve u/s. 45-IA of RBI Act, 1934 | Security premium | Retained earnings | Share Based Payment Reserve | | |
| **Balance as at March 31, 2019** | **4,292.41** | **118.35** | **1,355.30** | **1,241.01** | **4,591.97** | **86.15** | **(59.05)** | **11,626.15** |
| Profit for the year | - | - | - | - | 4,152.00 | - | - | 4,152.00 |
| Other comprehensive income (net of taxes) | - | - | - | - | - | - | 52.67 | 52.67 |
| **Total Comprehensive Income for the period** | **-** | **-** | **-** | **-** | **4,152.00** | **-** | **52.67** | **4,204.67** |
| **Transactions with Owners in the capacity as Owners** | | | | | | | | |
| Final Dividend on equity shares including dividend distribution tax ("DDT") | - | - | - | - | (117.34) | - | - | (117.34) |
| Transfer to reserve u/s. 45-IA of RBI Act, 1934 | - | - | 869.00 | - | (869.00) | - | - | - |
| Additions during the year in Security premium | - | - | - | 583.44 | - | (47.18) | - | 536.26 |
| Share Issue Expense Security premium | - | - | - | (11.48) | - | - | - | (11.48) |
| Transfer during the year in General Reserve | - | 11.00 | - | - | (11.00) | - | - | - |
| Share based payment to employees (ESOP) (Refer note 18) | - | - | - | - | - | 26.46 | - | 26.46 |
| Issue of Compulsory Convertible Debenture | 112.73 | - | - | - | - | - | - | 112.73 |
| Conversion of Compulsory Convertible Debenture | (4,405.15) | - | - | 5,000.00 | (594.85) | - | - | - |
| **Balance as at March 31, 2020** | **-** | **129.35** | **2,224.30** | **6,812.96** | **7,151.78** | **65.44** | **(6.38)** | **16,377.45** |

# Statement of Change in Equity

for the Year Ended March 31, 2021

| Particulars | Equity component of compound financial instruments | Reserves and surplus | | | | | Other Comprehensive Income | Total |
|---|---|---|---|---|---|---|---|---|
| | | General Reserve | Reserve u/s. 45-IA of RBI Act, 1934 | Security premium | Retained earnings | Share Based Payment Reserve | | |
| Profit for the year | - | - | - | - | 1,061.61 | - | - | 1,061.61 |
| Other comprehensive income (net of taxes) | - | - | - | - | - | - | 366.43 | 366.43 |
| **Total Comprehensive Income for the period** | **-** | **-** | **-** | **-** | **1,061.61** | **-** | **366.43** | **1,428.04** |
| **Transactions with Owners in the capacity as Owners** | | | | | | | | |
| Transfer to reserve u/s. 45-IA of RBI Act, 1934 | - | - | 258.00 | - | (258.00) | - | - | - |
| Additions during the year in Security premium | - | - | - | 73.01 | - | (58.02) | - | 15.00 |
| Transfer during the year in General Reserve | - | 11.00 | - | - | (11.00) | - | - | - |
| Share based payment to employees (ESOP) (Refer note 18) | - | - | - | - | - | 6.65 | - | 6.65 |
| **Balance as at March 31, 2021** | **-** | **140.35** | **2,482.30** | **6,885.98** | **7,944.39** | **14.07** | **360.05** | **17,827.14** |

As per our report of even date attached herewith

For, **Samir M Shah & Associates**
Chartered Accountants
[Firm Regd. No. 122377W]

**[Sneha Jethani]**
Partner
[M.No.160932]
UDIN: 21160932AAAABC7633

Place: Ahmedabad
Date: 24.06.2021

For & on behalf of the Board of Directors of
**Arman Financial Services Limited**

**Jayendra Patel**
Vice Chairman & Managing Director
(DIN - 00011814)

**Vivek Modi**
Chief Financial Officer

**Aalok Patel**
Joint Managing Director
(DIN - 02482747)

**Jaimish Patel**
Company Secretary
(M. No. A42244)

# **Statement** of Cash Flow

for the year ended March 31, 2021

(₹ In Lakhs)

| | PARTICULARS | Year ended March 31, 2021 | | Year ended March 31, 2020 | |
|---|---|---|---|---|---|
| A: | **Cash from Operating Activities:** | | | | |
| | Net profit before taxation | | 1,176.36 | | 5,377.62 |
| | **Adjustment For:** | | | | |
| | Depreciation and amortisation | 66.19 | | 65.05 | |
| | Interest Income | (18,564.13) | | (20,037.87) | |
| | Net gain on equity instruments measured through profit and loss | (23.63) | | (16.46) | |
| | Finance cost Expense | 7,666.68 | | 8,748.57 | |
| | Provision for impairment on financial assets | 3,812.18 | | 1,150.66 | |
| | Depreciation on Right of Use Assets | 14.79 | | 14.79 | |
| | Loss / (Profit) on sale of Current Investment | (164.29) | | (252.45) | |
| | Remeasurement of defined benefit plan | 21.62 | | (11.67) | |
| | Employee Stock Option Plan Expense | 6.65 | | 26.46 | |
| | Interest on shortfall of advance Tax | 78.00 | | 10.80 | |
| | Financial Gaurantee Income | Nil | | Nil | |
| | | | (7,085.96) | | (10,302.12) |
| | **Operating profit before working Capital changes:** | | **(5,909.60)** | | **(4,924.50)** |
| | **Adjustment For Increase/(Decrease) in Operating Assets:** | | | | |
| | Loans and Advances | 223.49 | | (11,909.81) | |
| | Financial Assets | 348.39 | | (239.55) | |
| | Non Financial Assets | 10.39 | | 23.66 | |
| | Bank balance other than Cash and Cash equivalents | (4,190.90) | | (832.82) | |
| | **Adjustment For Increase/(Decrease) in Operating Liabilities:** | | | | |
| | Trade Payables | (1.91) | | (18.91) | |
| | Other Non Financial liability | (10.80) | | (9.28) | |
| | Other Financial Liabilities | 158.23 | | 669.73 | |
| | Provision | 9.57 | (3,453.54) | 33.11 | (12,283.87) |
| | **Cash Generated From Operations** | | **(9,363.14)** | | **(17,208.37)** |
| | Interest Income Received | 18,163.23 | | 20,021.17 | |
| | Finance Cost Paid | (7,571.96) | | (8,612.26) | |
| | Income tax paid | (636.98) | 9,954.29 | (1,775.28) | 9,633.63 |
| | **Net Cash From Operating Activities:** | | **591.15** | | **(7,574.74)** |
| B: | **Cash Flow From Investing Activities:** | | | | |
| | Purchase of Property, Plant & Equipment | (44.12) | | (84.77) | |
| | Purchase of investments | (32,975.00) | | (55,290.00) | |
| | Sale of investments | 33,171.09 | | 55,564.64 | |
| | **Net Cash from Investment Activities:** | | **151.97** | | **189.87** |
| C: | **Cash Flow From Financing Activities :** | | | | |
| | Proceeds from issue of share capital (including Premium) | 18.74 | | 14.87 | |
| | Dividend paid | (2.63) | | (115.70) | |
| | Share Issue Expense | - | | (11.48) | |
| | Proceeds from long term borrowings | 36,877.46 | | 54,204.63 | |
| | Repayment of borrowings | (38,335.06) | | 42,776.14 | |
| | Net increase / (decrease) in working capital borrowings | 3,672.79 | | (1,924.48) | |
| | Repayment of Principal Component of Lease Liability | (11.60) | | (9.91) | |
| | **Net Cash from Financing Activities:** | | **2,219.70** | | **9,381.80** |
| | **Net Increase/(Decrease) in Cash & Cash Equivalents** | | **2,962.83** | | **1,996.93** |
| | Cash & cash equivalents at the beginning of the year | | 5,828.95 | | 3,832.02 |
| | Cash & cash equivalents at the end of the year | | 8,791.78 | | 5,828.95 |

# Statement of Cash Flow

for the year ended March 31, 2021

**Notes :**

1 **Cash and bank balance at the end of the year comprises:** (₹ In Lakhs)

| Particulars | As At March 31, 2021 | As At March 31, 2020 |
|---|---|---|
| Cash on hand | 122.85 | 76.17 |
| Balance with Bank | 8,668.93 | 5,752.78 |
| Total | 8,791.78 | 5,828.95 |
| Bank deposit with original maturity of 3 months or less | Nil | Nil |
| Cash & cash equivalents as per Balance Sheet | 8,791.78 | 5,828.95 |

2 The above cash flow statement has been prepared under the "Indirect Method" set out in Ind AS - 7 on statement of cash flows specfied under section 133 of the Companies Act, 2013.

3 **Non cash financing and investing Activities:**

During the Previous Year, the convertible instruments were conveted into equity shares of the Company. Refer note 17.4 and 17.6 for non cash financing and investing Activities of the company.

4 **Change in liabilities arising from financing activities:**

| Particulars | March 31, 2020 | Cash Flows (Net) | Non Cash Changes | March 31, 2021 |
|---|---|---|---|---|
| Debt Securities | 10,570.98 | 7,225.00 | (35.43) | 17,760.55 |
| Borrowing other than debt Securities | 57,705.62 | (5,009.81) | 185.74 | 52,881.55 |
| **Total** | **68,276.61** | **2,215.19** | **150.31** | **70,642.11** |

As per our report of even date attached herewith

**For, Samir M Shah & Associates**
Chartered Accountants
[Firm Regd. No. 122377W]

**[Sneha Jethani]**
Partner
[M.No.160932]
UDIN: 21160932AAAABC7633

Place: Ahmedabad
Date: 24.06.2021

For & on behalf of the Board of Directors of
**Arman Financial Services Limited**

**Jayendra Patel**
Vice Chairman & Managing Director
(DIN - 00011814)

**Vivek Modi**
Chief Financial Officer

**Aalok Patel**
Joint Managing Director
(DIN - 02482747)

**Jaimish Patel**
Company Secretary
(M. No. A42244)

1. **CORPORATE INFORMATION**

Arman Financial Services Limited (the "Holding Company") together with its subsidiary Namra Finance Limited (herein after referred to as the "Company") are public companies domiciled in India. The Holding Company is registered as a deposit taking non-banking finance company ("NBFC") with Reserve Bank of India ("RBI"). Namra Finance Limited is registered as a non-deposit taking Micro Finance Institution ("NBFC-MFI") with Reserve Bank of India ("RBI"). The Group is engaged in the business of providing Small and Medium Enterprise loans ("SME"), Two-Wheeler loans ("TW") and Micro Finance JLG Loans. The Holding Company's equity shares are listed on two recognised stock exchanges in India i.e. BSE Limited ("BSE") and the National Stock Exchange of India Limited ("NSE").

The Company's registered office is at 502-503, Sakar III, Opp. Old High Court, Off. Ashram Road, Ahmedabad - 380 014, Gujarat. INDIA.

2. **BASIS OF PREPARATION**

**2.1 Statement of compliance and principle of Consolidation**

The standalone financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (the "Ind AS") prescribed under section 133 of the Companies Act, 2013 (the "Act").

**Principle of Consolidation**

**i) Subsidiaries**: -

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which controls commences until the date on which control ceases.

**ii) Non-Controlling Interest ("NCI")**

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition. Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

**iii) Loss of control**

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value on the date the control is lost. Any resulting gain or loss is recognized in profit or loss.

**iv) Transactions eliminated on consolidation**

The financial statements of the Holding Company and its subsidiary used in the consolidation procedure are drawn up to the same reporting date i.e. 31 March 2021. The financial statements of the Holding Company and its subsidiary are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses. Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment. The Group follows uniform accounting policies for like transactions and other events in similar circumstances.

**v) The following subsidiary company has been considered in the preparation of the consolidated financial statements:**

| Name of Entity | Relation-ship | Country | Owner-ship Held By | % of holding And Voting Power as at | |
|---|---|---|---|---|---|
| | | | | 31-03-21 | 31-03-20 |
| NAMRA Finance Limited | Subsidiary Company | INDIA | Arman Financial services Liimted | 100% | 100% |

**2.2 Basis of measurement**

The standalone financial statements have been prepared on historical cost basis except for following assets and liabilities which have been measured at fair value amount:

i) Loans at fair value through other comprehensive income ("FVOCI") and

ii) Defined benefit plans - plan assets

iii) Investment in units of mutual funds at fair value through Profit & Loss ('FVTPL')

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

**Functional and presentation currency**

The standalone financial statements are presented in Indian Rupees () which is the currency of the primary economic environment in which the Company operates (the "functional currency"). The values are rounded to the nearest lakhs, except when otherwise indicated.

**2.3 Use of estimates, judgements and assumptions**

The preparation of the standalone financial statements in conformity with Ind AS requires management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

**Judgements**

In the process of applying the Company's accounting policies, management has made judgements, which have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

i) **Business model assessment**

Classification and measurement of financial assets depends on the results of business model and the solely payments of principal and interest ("SPPI") test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the standalone financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

i) **Fair value of financial instruments**

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. For further details about determination of fair value refer note 3.8 and note 42.

ii) **Effective interest rate ("EIR") method**

The Company's EIR methodology, as explained in Note 3.1 (A), recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and lifecycle of the instruments, as well as expected changes to interest rates and other fee income/ expense that are integral parts of the instrument.

**iii) Impairment of financial asset**

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Company's expected credit loss ("ECL") calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

a) The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a life time expected credit loss ("LTECL") basis.

b) Development of ECL models, including the various formulas and the choice of inputs.

c) Determination of associations between macroeconomic scenarios and economic inputs, such as gross domestic products, lending interest rates and collateral values, and the effect on probability of default ("PD"), exposure at default ("EAD") and loss given default ("LGD").

d) Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into ECL models.

**iv) Provisions and other contingent liabilities**

The Company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration and regulatory investigations and proceedings in the ordinary course of the Company's business.

When the Company can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Company records a provision against the case. Where the outflow is considered to be probable, but a reliable estimate cannot be made, a contingent liability is disclosed.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Company takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

For further details on provisions and other contingencies refer note 3.16.

These estimates and judgements are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances. Management believes that the estimates used in preparation of the standalone financial statements are prudent and reasonable.

**2.4 Presentation of the standalone financial statements**

The Company presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date and more than 12 months after the reporting date is presented in Note 41.

Financial assets and financial liability 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:

**i)** The normal course of business

**ii)** The event of default

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

3.1 **Recognition of interest income**

A. **EIR method**

Under Ind AS 109, interest income is recorded using the effective interest rate method for all financial instruments measured at amortised cost and financial instrument measured at FVOCI. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the financial instrument.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest income in the statement of profit and loss.

B. **Interest income**

The Company calculates interest income by applying 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 on the net basis. If the financial asset cures and is no longer credit impaired, the Company reverts to calculating interest income on a gross basis.

3.2 **Financial instrument - initial recognition**

A. **Date of recognition**

Debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

B. **Initial measurement of financial instruments**

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments (Refer note 3.3(A)). Financial instruments are initially measured at their fair value (as defined in Note 3.9), except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from this amount.

C. **Measurement categories of financial assets and liabilities**

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

i) Amortised cost

ii) FVOCI

iii) FVTPL

3.3 **Financial assets and liabilities**

A. **Financial assets**

**Business model assessment**

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

**a.** How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's key management personnel.

**b.** The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.

**c.** managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

**d.** The expected frequency, value and timing of sales are also important aspects of the Company's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

**SPPI test**

As a second step of its classification process, the Company assesses the contractual terms of financial assets to identify whether they meet SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of financial asset (for example, if there are repayments of principal or amortisation of the premium/ discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the period for which the interest rate is set. In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

**Accordingly, financial assets are measured as follows:**

i) **Financial assets carried at amortised cost ("AC")**

A financial asset is measured at amortised cost if it is held with in a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii) **Financial assets measured at FVOCI**

A financial asset is measured at FVOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Since, the loans and advances are held to sale and collect contractual cash flows, they are measured at FVOCI.

iii) **Financial assets at fair value through profit or loss ("FVTPL")**

A financial asset which is not classified in any of the above categories are measured at FVTPL.

iv) **Investments in Mutual Funds**

All investments in Mutual Funds are measured at fair value, with value changes recognised in Statement of Profit and Loss ("FVTPL").

**B. Financial liability**

i) **Initial recognition and measurement**

All financial liability are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liability, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition.

ii) **Subsequent measurement**

Financial liabilities are carried at amortized cost using the effective interest method.

**3.4 Reclassification of financial assets and liabilities**

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Company did not reclassify any of its financial assets or liabilities in the year ended March 31, 2021 and March 31, 2020.

**3.5 Derecognition of financial assets and liabilities**

**A. Derecognition of financial assets due to substantial modification of terms and conditions**

The Company derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. Where the substantial modification is because of financial difficulties of the borrower and the old loan was classified as credit-impaired, the new loan will initially be identified as originated credit-impaired financial asset. On satisfactory performance of the new loan, the new loan is transferred to stage I or stage II of ECL.

**B. Derecognition of financial assets other than due to substantial modification**

i) **Financial assets**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. On derecognition of a financial asset in its entirety, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in the statement of profit and loss. Accordingly, gain on sale or derecognition of assigned portfolio are recorded upfront in the statement of profit and loss as per Ind AS 109. Also, the Company recognises servicing income as a percentage of interest spread over tenure of loan in cases where it retains the obligation to service the transferred financial asset. As per the guidelines of RBI, the company is required to retain certain portion of the loan assigned to parties in its books as Minimum Retention Requirement ("MRR"). Therefore, it continues to recognise the portion retained by it as MRR.

ii) **Financial liability**

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the statement of profit and loss.

**3.6 Impairment of financial assets**

**A. Overview of ECL principles**

In accordance with Ind AS 109, the Company uses ECL model, for evaluating impairment of financial assets other than those measured at FVTPL. Expected credit losses are measured through a loss allowance at an amount equal to:

i) The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument) Both LTECLs and 12 months ECLs are calculated on collective basis.

Based on the above, the Company categorises its loans into Stage 1, Stage 2 and Stage 3, as described below:

**Stage 1:** When loans are first recognised, the Company recognises an allowance based on 12 months ECL. Stage 1 loans includes those loans where there is no significant credit risk observed and also includes facilities where the credit risk has been improved and the loan has been reclassified from stage 2 or stage 3.

**Stage 2:** When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the life time ECL. Stage 2 loans also includes facilities where the credit risk has improved and the loan has been reclassified from stage 3.

**Stage 3:** Loans considered credit impaired are the loans which are past due for more than 90 days. The Company records an allowance for life time ECL.

**Loan commitments:** When estimating LTECLs for undrawn loan commitments, the Company estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down.

**B. Calculation of ECLs**

The mechanics of ECL calculations are outlined below and the key elements are, as follows:

**PD** Probability of Default ("PD") is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

**EAD** Exposure at Default ("EAD") is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest **LGD** Loss Given Default ("LGD") is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

The Company has calculated PD, EAD and LGD to determine impairment loss on the portfolio of loans and discounted at an approximation to the EIR. At every reporting date, the above calculated PDs, EAD and LGDs are reviewed and changes in the forward-looking estimates are analysed.

The mechanics of the ECL method are summarised below:

**Stage 1:** The 12 months ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12 months ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-months default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

**Stage 2:** When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument.

The expected cash shortfalls are discounted by an approximation to the original EIR.

**Stage 3:** For loans considered credit-impaired, the Company recognises the lifetime expected credit losses for these loans. The method is similar to that for stage 2 assets, with the PD set at 100%.

**C. Loans and advances measured at FVOCI**

The ECLs for loans and advances measured at FVOCI do not reduce the carrying amount of these financial assets in the balance sheet, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets.

**D. Forward looking information**

In its ECL models, the Company relies on a broad range of forward looking macro parameters and estimated the impact on the default at a given point of time.

i) Gross fixed investment (% of GDP)

ii) Lending interest rates

iii) Deposit interest rates

**3.7 Write-offs**

Financial assets are written off when the Company has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to impairment on financial instruments in the statement of profit and loss.

**3.8 Determination of fair value**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company has taken into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- **Level 1 financial instruments:** Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date;
- **Level 2 financial instruments:** Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads; and
- **Level 3 financial instruments:** Those that include one or more unobservable input that is significant to the measurement as whole.

**3.9 (I) Recognition of other income**

Revenue (other than for those items to which Ind AS 109 - Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115 - Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found within Ind ASs. The Company recognises revenue from contracts with customers based on a five step model as set out in Ind AS 115 :

**Step 1:** Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

**Step 2:** Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

**Step 3:** Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

**Step 4:** Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

**Step 5:** Recognise revenue when (or as) the Company satisfies a performance obligation

A. **Dividend income**

Dividend income (including from FVOCI investments) is recognised when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably. This is generally when the shareholders approve the dividend.

B. **Income from assignment transactions**

Income from assignment transactions i.e. present value of excess interest spread is recognised when the related loan assets are de-recognised. Interest income is also recognised on carrying value of assets over the remaining period of such assets.

C. **Other interest income**

Other interest income is recognised on a time proportionate basis.

D. **Other Charges in Respect of Loans**

Income in case of late payment charges are recognized when there is no significant uncertainty of regarding its recovery.

**3.9 (II) Recognition of other expense**

A. **Borrowing costs**

Borrowing costs are the interest and other costs that the Company incurs in connection with the borrowing of funds. Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets.

A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

All other borrowing costs are charged to the statement of profit and loss for the period for which they are incurred.

**3.10 Cash and cash equivalents**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

**3.11 Property, plant and equipment**

Property, plant and equipment ("PPE") are carried at cost, less accumulated depreciation and impairment losses, if any. The cost of PPE comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use and other incidental expenses. Subsequent expenditure on PPE after it purchase is capitalized only if it is probable that the future economic benefits will flow to the enterprise and the cost of the item can be measured reliably. Depreciation is calculated using the straight-line method to write down the cost of property and equipment to their residual values over their estimated useful lives which are in line with as specified under schedule II of the Act. Land is not depreciated. The estimated useful lives are, as follows:

i) Buildings - 60 years

ii) Vehicles - 8 years

iii) Office equipment - 3 to 10 years

iv) Furniture and fixtures - 10 years

Depreciation is provided on a pro-rata basis from the date on which such asset is ready for its intended use. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. PPE is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised.

**3.12 Intangible assets**

The Company's intangible assets include the value of software. An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives (three years) using the straight-line method, and is included in depreciation and amortisation in the statement of profit and loss.

**3.13 Impairment of non-financial assets - property, plant and equipments and intangible assets**

The carrying values of assets / cash generating units at the each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and if the carrying amount of these assets exceeds their recoverable amount, impairment loss is recognised in the statement of profit and loss as an expense, for such excess amount. The recoverable amount is the greater of the net selling price and value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the statement of profit and loss.

**3.14 Corporate guarantees**

Corporate guarantees are initially recognised in the standalone financial statements (within "other non-financial liabilities") at fair value, being the notional commission. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Any increase in the liability relating to financial guarantees is recorded in the statement of profit and loss. The notional commission is recognised in the statement of profit and loss under the head fees and commission income on a straight line basis over the life of the guarantee.

**3.15 Retirement and other employee benefits Defined contribution plans**

The Company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

**Defined benefit plans**

The Company pays gratuity to the employees whoever has completed five years of service with the Company at the time of resignation / retirement. The gratuity is paid @15 days salary for every completed year of service as per the Payment of Gratuity Act, 1972.

The gratuity liability amount is contributed by the Company to the Life insurance corporation of India who administers the fund of the Company.

The liability in respect of gratuity and other post-employment benefits is calculated using the Projected Unit Credit Method and spread over the period during which the benefit is expected to be derived from employees' services. As per Ind AS 19, the service cost and the net interest cost are charged to the statement of profit and loss. Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI.

**Short-term employee benefits**

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages etc. and the expected cost of ex-gratia are recognised in the period in which the employee renders the related service. A liability is recognised for the amount expected to be paid when there is a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. The cost of short-term compensated absences is accounted as under:

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

**3.16 Provisions, contingent liabilities and contingent assets**

**A. Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

**B. Contingent liability**

A possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or; present obligation that arises from past events where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability are disclosed as contingent liability and not provided for.

**C. Contingent asset**

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are neither recognised nor disclosed except when realisation of income is virtually certain, related asset is disclosed.

**3.17 Taxes**

**A. Current tax**

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. Current tax is the amount of tax payable on the taxable income for the period as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961.

**B. Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the standalone financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of deferred tax liabilities and assets are reviewed at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity).

Deferred tax items are recognised in correlation to the underlying transaction either in OCI or equity.

Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off.

**C. Goods and services tax paid on acquisition of assets or on incurring expenses**

Expenses and assets are recognised net of the goods and services tax paid, except when the tax incurred on a purchase of assets or availing of services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

**3.18 Earnings per share**

Basic earnings per share ("EPS") is computed by dividing the profit after tax (i.e. profit attributable to ordinary equity holders) by the weighted average number of equity shares outstanding during the year.

Diluted EPS is computed by dividing the profit after tax (i.e. profit attributable to ordinary equity holders) as adjusted for after-tax amount of dividends and interest recognised in the period in respect of the dilutive potential ordinary shares and is adjusted for any other changes in income or expense that would result from the conversion of the dilutive potential ordinary shares, by the weighted average number of equity shares considered for deriving basic earnings per share as increased by the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits, right issue and bonus shares, as appropriate.

### 3.19 Dividends on ordinary shares

The Company recognises a liability to make cash or non-cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the Act, final dividend is authorised when it is approved by the shareholders and interim dividend is authorised when the it is approved by the Board of Directors of the Company. A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit and loss.

## 4 STANDARDS ISSUED BUT NOT YET EFFECTIVE:

The ministry of corporate affairs vide notification no. G.S.R. 419(E) dated 18th June 2021 has notified amendment that will be effective from the beginning of the next financial year, that is, 1 April 2021, except for amendments to Ind AS 116, Leases, extending the practical expedient for recognising any lease rent concessions due to COVID-19 till 30 June 2022 as variable lease payments which may be applied for the current financial year ended on 31 March 2021. These amendments can be broadly categorised into the following:

a. Amendments related to changing reference to new conceptual framework for financial reporting from the old framework for the preparation and presentation of financial statements both issued by The Institute of Chartered Accountants of India. These amendments do not have impact on the financial position, performance or cash flows of the company.

b. Amendments to Ind AS 116, Leases, related to lease rent concessions due to COVID-19 where the practical expedient for recognising any lease rent concessions due to COVID-19 till 30 June 2022 as variable lease payments. The company is in the process of collecting the required information and therefore will apply the amendment in the next financial year.

c. Amendments related to interest rate benchmark reform.

   The term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark, including the replacement of an interest rate benchmark with an alternative benchmark rate such as that resulting from the recommendations set out in the Financial Stability Board's July 2014 report 'Reforming Major Interest Rate Benchmarks'. The company is evaluating the impact of such amendments. Based on current understanding, the amendments may increase the disclosures related to the reform and as such are less likely to have any material impact on the financial position and performance of the company.

(₹ in Lakhs)

| 1 | Cash and Cash Equivalent | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|---|
| | Cash on hand | 122.85 | 76.17 |
| | Balance with banks | 8,668.93 | 5,752.78 |
| | **Total** | **8,791.78** | **5,828.95** |

(₹ in Lakhs)

| 2 | Bank Balance | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|---|
| | In fixed deposit accounts: | | |
| | Deposits given as security against borrowings and other commitments | 8,238.34 | 3,867.30 |
| | Earmarked balances with banks | 17.88 | 20.51 |
| | Less: Interest Accrued but not due on Bank Deposits (Refer Note 5) | (210.57) | (33.06) |
| | **Total** | **8,045.65** | **3,854.74** |

**2.1** Deposits includes deposits given as cash collateral security against bank loans.

**2.2** Earmarked balance with banks represents Rs. 17.88 lakhs (As at 31 March 2020 Rs. 20.51 lakhs) in Unpaid Dividend Account.

(₹ in Lakhs)

| 3 | Loans | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|---|
| | **At FVOCI:** | | |
| | Secured by Tangible Asset | 4,184.31 | 9,152.06 |
| | Unsecured Loans | 71,048.74 | 68,857.09 |
| | **Total Loans** | **75,233.05** | **78,009.14** |
| | Less: Interest Due but not Received on Loans and Advances (Note No.5) | (911.02) | (119.49) |
| | | **74,322.03** | **77,889.66** |
| | **(1) Loans In India** | | |
| | Public Sector | - | - |
| | Others | 74,322.03 | 77,889.66 |
| | | **74,322.03** | **77,889.66** |
| | **(2) Loans Outside India** | - | - |
| | **Total** | **74,322.03** | **77,889.66** |

**3.1 An analysis of changes in the gross carrying amount and the corresponding ECL Allowances:**

(₹ in Lakhs)

| Particulars | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|
| Gross carrying amount as at March 31, 2019 | 66,702.03 | 471.03 | 672.05 | 67,845.11 |
| **New Assets originated*** | **69,223.29** | **504.68** | **297.15** | **70,025.12** |
| Net transfer between stages | | | | |
| Transfer from stage 1 | (1,627.26) | 607.86 | 1,019.40 | - |
| Transfer from stage 2 | 16.65 | (250.15) | 233.50 | - |
| Transfer from stage 3 | 2.88 | 3.62 | (6.50) | - |
| Assets derecognised or collected | 56,488.28 | 268.31 | 406.82 | 57,163.41 |
| Write - offs | - | - | 906.55 | 906.55 |
| **Gross carrying amount as at March 31, 2020** | **77,829.31** | **1,068.73** | **902.23** | **79,800.27** |
| New Assets originated* | 47,012.56 | 26.39 | 7.05 | 47,046.00 |
| Net transfer between stages | | | | |
| Transfer from stage 1 | (7,980.17) | 3,389.73 | 4,590.45 | - |
| Transfer from stage 2 | 43.73 | (486.05) | 442.33 | - |
| Transfer from stage 3 | 3.74 | 4.47 | (8.21) | - |
| Assets derecognised or collected | 44,587.86 | 585.09 | 461.62 | 45,634.58 |
| Write - offs | - | - | 1,734.99 | 1,734.99 |
| **Gross carrying amount as at March 31, 2021** | **72,321.29** | **3,418.17** | **3,737.24** | **79,476.70** |

***Note**: New assets originated are those assets which have either remained in stage 1 or have become stage 2 or 3 at the year end

**3.2 Reconciliation of ECL balance is given below:**

(₹ in Lakhs)

| Particulars | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|
| **ECL Allowances as at March 31, 2019** | **343.82** | **85.03** | **320.47** | **749.32** |
| Addition During the Year | 757.02 | 342.77 | 654.88 | 1,754.67 |
| Reversal During the Year | (281.56) | (68.36) | (243.45) | (593.37) |
| **ECL Allowances as at March 31, 2020** | **819.28** | **359.44** | **731.90** | **1,910.62** |
| Addition During the Year | 426.47 | 992.34 | 3,920.46 | 5,339.27 |
| Reversal During the Year | (342.78) | (268.01) | (1,484.42) | (2,095.22) |
| **ECL Allowances as at March 31, 2021** | **902.97** | **1,083.77** | **3,167.93** | **5,154.67** |

**Note:** Increase in ECLs of the portfolio was driven by an increase in the gross size of the portfolio and movements between stages as a result of increases in credit risk.

**3.3** Loans secured by hypothecation of assets (vehicles) are secured by hypothecation of the assets (vehicles) under finance. In the opinion of the Board, the market value of the hypothecated assets (vehicle) as on Balance Sheet date is more than the amount of loan outstanding.

(₹ in Lakhs)

| 4 | Investments (At Cost) | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|---|
| | 9,27,603.39 Units (As at 31.03.20: 9,27,603.39 Units) of SBI Credit Risk Fund -Regular -Growth | 317.73 | 294.10 |
| | Nil Units (As at 31.03.20: 3,00,000 Unit) of SBI Dual Advantage Fund - Series XXII -Regular -Growth | - | 31.80 |
| | | **317.73** | **325.90** |
| | (1) Investment In India | 317.73 | 325.90 |
| | (2) Investment outside India | - | - |
| | **Total** | **317.73** | **325.90** |

**Note:** Investments represents investments given as cash collateral security against working capital and term loans.

(₹ in Lakhs)

| 5 | Other Financial Assets | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|---|
| | Interest Due but not Received on Loans and Advances (Note No.3) | 911.02 | 119.49 |
| | Interest Accrued but not due on Bank Deposits (Note No.2) | 210.57 | 33.06 |
| | Deposits | 233.72 | 444.94 |
| | Other Advances | 13.80 | 150.97 |
| | Less : Provision on Interest Receivable on Credit Impaired Loans and Advances | (608.45) | (40.33) |
| | **Total** | **760.66** | **708.14** |

**5.1** Deposits includes deposits of Rs. 207.86 lakhs (P.Y. Rs. 418.81 lakhs), given as collateral security against loans from financial Institutes.

**5.2** Reconciliation of Provision on Interest Receivable on Credit Impaired Loans given below:

(₹ in Lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **ECL Allowances As at beginning of the year** | 40.32 | 50.95 |
| Addition During the Year | 607.28 | 39.25 |
| Reversal During the Year | (39.14) | (49.89) |
| **ECL Allowances As at end of the year** | **608.45** | **40.32** |

(₹ in Lakhs)

| 6 | Current Tax (Net) | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|---|
| | Advance Tax and TDS | 3,299.48 | 2,662.50 |
| | Less: Provision for Tax | (3,786.26) | (2,612.20) |
| | **Total** | **(486.78)** | **50.31** |

(₹ in Lakhs)

| 7 | Deferred Tax | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|---|
| A | **Defferred Tax Assets on Account of:** | | |
| | Provision for employee benefits that are allowable for tax purpose in the year of payment | 22.54 | 20.13 |
| | Financial assets measured at amortised cost | 135.55 | 144.52 |
| | Shares issue expenses that are allowable for tax purpose on deferred basis | 1.73 | 2.69 |
| | Fair valuation of Derivative Contract measured Through Profit & Loss Account | - | 43.24 |
| | Impairment on Financial Assets | 1,450.47 | 491.01 |
| | **Total Deferred Tax Assets** | **1,610.29** | **701.59** |
| B | **Defferred Tax Liability on Account of:** | | |
| | Difference in written down value as per Companies Act and Income Tax Act | (11.53) | (13.90) |
| | Financial liabilities measured at amortised cost | (118.90) | (156.73) |
| | Income Taxable on Realised Basis | - | (33.99) |
| | Fair valuation of Derivative Contract measured Through Profit & Loss Account | (1.52) | - |
| | Fair valuation of financial instruments through Other Comprehensive Income | (122.04) | (4.24) |
| | Fair valuation of Investment in Mutual Fund | (19.55) | (14.05) |
| | **Total Deferred Tax Liabilities** | **(273.53)** | **(222.91)** |
| | **Total Asset/(Liability) (Net)** | **1,336.75** | **478.68** |

**7.1** The following table shows deferred tax recorded in the balance sheet and changes recorded in the income tax expense:

(₹ in Lakhs)

| Particulars | As at March 31, 2020 | (Charged)/ credited to Other Equity | (Charged)/ credited to statement of profit and loss | (Charged)/ credited to other comprehensive income | As at March 31, 2021 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Provision for employee benefits that are allowable for tax purpose in the year of payment | 20.13 | - | 7.85 | (5.44) | 22.54 |
| Financial assets measured at amortised cost | 144.52 | - | (8.97) | - | 135.55 |
| Shares issue expenses that are allowable for tax purpose on deferred basis | 2.69 | - | (0.96) | - | 1.73 |
| Fair valuation of Derivative Contract measured Through Profit & Loss Account | 43.24 | - | (43.24) | - | - |
| Impairment on Financial Assets | 491.01 | - | 959.45 | - | 1,450.46 |
| **Liabilities** | | | | | |
| Difference in written down value as per Companies Act and Income Tax Act | (13.90) | - | 2.37 | - | (11.53) |
| Financial liabilities measured at amortised cost | (156.73) | - | 37.83 | - | (118.90) |
| Income Taxable on Realised Basis | (33.99) | - | 33.99 | - | - |
| Fair valuation of financial instruments through Other Comprehensive Income | (4.24) | - | - | (117.80) | (122.04) |
| Fair valuation of Derivative Contract measured Through Profit & Loss Account | - | - | (1.52) | - | (1.52) |
| Fair valuation of Investment in Mutual Fund | (14.06) | - | (5.49) | - | (19.55) |
| **Total Asset/(Liability) (Net)** | **478.68** | **-** | **981.31** | **(123.24)** | **1,336.75** |

(₹ in Lakhs)

| Particulars | As at March 31, 2019 | (Charged)/ credited to Other Equity | (Charged)/ credited to statement of profit and loss | (Charged)/ credited to other comprehensive income | As at March 31, 2020 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Provision for employee benefits that are allowable for tax purpose in the year of payment | 13.65 | - | 3.54 | 2.94 | 20.13 |
| Financial assets measured at amortised cost | 159.02 | - | (14.50) | - | 144.52 |
| Shares issue expenses that are allowable for tax purpose on deferred basis | 1.20 | - | 1.50 | - | 2.69 |
| Fair valuation of Derivative Contract measured Through Profit & Loss Account | - | - | 43.24 | - | 43.24 |
| Fair valuation of financial instruments through Other Comprehensive Income | 20.05 | - | - | (20.05) | - |
| Impairment on Financial Assets | 233.04 | - | 257.97 | - | 491.01 |
| | | | | | |
| **Liabilities** | | | | | |
| Difference in written down value as per Companies Act and Income Tax Act | (14.89) | - | 0.99 | - | (13.90) |
| Financial liabilities measured at amortised cost | (89.14) | - | (67.60) | - | (156.73) |
| Income Taxable on Realised Basis | - | - | (33.99) | - | (33.99) |
| Financial liabilities in Respect of Compulsorily Convertible Debenture measured at amortised cost | (112.73) | 112.73 | - | - | - |
| Fair valuation of Investment in Mutual Fund | (17.90) | - | 3.85 | - | (14.06) |
| Fair valuation of financial instruments through Other Comprehensive Income | - | - | - | (4.24) | (4.24) |
| **Total Asset/(Liability) (Net)** | **192.30** | **112.73** | **195.00** | **(21.35)** | **478.68** |

**8 Property, Plant & Equipment**

(₹. In Lakhs)

| Carrying Value | Buildings | Furniture & Fixtures | Office Equipments | Vehicles | Computers | Total Property, Plant & Equipment | Intangible Assets | Total Assets | Right of Use Assets |
|---|---|---|---|---|---|---|---|---|---|
| **As at March 31, 2019** | **130.45** | **122.58** | **33.16** | **97.76** | **113.19** | **497.14** | **44.72** | **541.86** | **-** |
| Addition | 5.94 | 21.05 | 17.13 | - | 44.04 | 88.16 | - | 88.16 | 88.72 |
| Disposal | - | - | - | - | - | - | - | - | - |
| Other Adjustment | - | 3.39 | - | - | - | 3.39 | - | 3.39 | - |
| **As at March 31, 2020** | **136.39** | **140.24** | **50.29** | **97.76** | **157.22** | **581.91** | **44.72** | **626.63** | **88.72** |
| Addition | - | 14.06 | 2.62 | - | 15.34 | 32.02 | 12.10 | 44.12 | - |
| Disposal | - | - | - | - | - | - | - | - | - |
| Other Adjustment | - | - | - | - | - | - | - | - | - |
| **As at March 31, 2021** | **136.39** | **154.30** | **52.92** | **97.76** | **172.56** | **613.93** | **56.82** | **670.75** | **88.72** |

| Accumulated Depreciation | Buildings | Furniture & Fixtures | Office Equipments | Vehicles | Computers | Total Property, Plant & Equipment | Intangible Assets | Total Assets | Right of Use Assets |
|---|---|---|---|---|---|---|---|---|---|
| **As at March 31, 2019** | **16.54** | **43.88** | **16.12** | **23.45** | **72.14** | **172.12** | **18.84** | **190.96** | **-** |
| Change for the year | 2.16 | 11.20 | 7.25 | 12.10 | 24.16 | 56.86 | 8.19 | 65.05 | 14.79 |
| Disposal | - | - | - | - | - | - | - | - | - |
| **As at March 31, 2020** | **18.70** | **55.08** | **23.37** | **35.54** | **96.30** | **228.98** | **27.03** | **256.01** | **14.79** |
| Change for the year | 2.16 | 12.09 | 7.82 | 12.07 | 24.80 | 58.93 | 7.26 | 66.19 | 14.79 |
| Disposal | - | - | - | - | - | - | - | - | - |
| **As at March 31, 2021** | **20.85** | **67.17** | **31.19** | **47.61** | **121.09** | **287.91** | **34.28** | **322.20** | **29.57** |
| | | | | | | | | | |
| **Net Carrying Value** | | | | | | | | | |
| **As at March 31, 2020** | **117.70** | **85.16** | **26.92** | **62.22** | **60.93** | **352.93** | **17.69** | **370.62** | **73.93** |
| **As at March 31, 2021** | **115.54** | **87.13** | **21.72** | **50.15** | **51.47** | **326.02** | **22.54** | **348.55** | **59.15** |

(₹ In Lakhs)

| 9 | Other Non - Financial Assets | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|---|
| | Prepaid Expenses | 12.19 | 15.34 |
| | Balance with Government Authorities | - | 9.79 |
| | Advances to staff | 12.95 | 10.40 |
| | **Total** | **25.14** | **35.53** |

(₹ in Lakhs)

| 10 | Other Payables | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|---|
| | Total outstanding dues of micro enterprises and small enterprises | - | - |
| | Total outstanding dues of other than micro enterprises and small enterprises | 76.09 | 78.00 |
| | **Total** | **76.09** | **78.00** |

10.1 Refer Note No. 37 for disclosure requied under Section 22 of MSMED Act.

(₹ in Lakhs)

| 11 | Debt Securities (At Amortised Cost) | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|---|
| | Secured Debenture (Refer note 11.1) | | |
| | 12.60% Secured, Redeemable, Non Convertible Debenture of Rs. 10 Lakh each (C.Y. 275 Unit, P.Y. 275 Unit) | 2,750.00 | 2,750.00 |
| | 13.15% Secured, Redeemable, Non Convertible Debenture of Rs.10 Lakh each (C.Y. 378 Unit, P.Y. 378 Unit) | 3,780.00 | 3,780.00 |
| | 13.10% Secured, Redeemable, Non Convertible Debenture of Rs.1 Lakh each (4150 Unit as at 31.03.21, 4150 Unit as at 31.03.20) | 4,150.00 | 4,150.00 |
| | 12.39% Secured, Redeemable, Non Convertible Debenture of Rs.10000 each (48,750 Unit as at 31.03.21, Nil as at 31.03.20) | 4,875.00 | - |
| | Market Linked Secured, Redeemable, Non Convertible Debenture of Rs.1 Lakh each (2,350 Unit as at 31.03.21, Nil as at 31.03.20) | 2,350.00 | - |
| | Less: Unamortised borrowing costs | (144.45) | (109.02) |
| | **Total Debt Securities** | **17,760.55** | **10,570.98** |
| | Debt Securities in India | 2,341.93 | Nil |
| | Debt Securities Outside India | 15,418.62 | 10,570.98 |
| | **Total** | **17,760.55** | **10,570.98** |

**11.1** Details of terms of Redemption/ Repayment and security provided in respect of Debt Securities:

(₹ in Lakhs)

| Particular | 31st March, 2021 | 31st March, 2020 | Terms of Redemption / Repayment | Security |
|---|---|---|---|---|
| 275, 12.60% Secured, Redeemable, Non Convertible Debenture of Rs.10 Lakh Each | 2,750.00 | 2,750.00 | Bullet Payment at the end of the tenor of 42 Months from 19-09-2018 | Secured Under Hypothecation of Specific Assets Portfolio |

| Particular | 31st March, 2021 | 31st March, 2020 | Terms of Redemption / Repayment | Security |
|---|---|---|---|---|
| 378, 13.15% Secured, Redeemable, Non Convertible Debenture of Rs.10 Lakh Each | 3,780.00 | 3,780.00 | Bullet Payment at the end of the tenor of 60 Months From 03-03-2020 | Secured Under Hypothecation of Specific Assets Portfolio |
| 4150, 13.10% Secured, Redeemable, Non Convertible Debenture of Rs.10 Lakh Each | 4,150.00 | 4,150.00 | Bullet Payment at the end of 24 Months From 21 May 2019 | Secured Under Hypothecation of Specific Assets Portfolio |
| 48,750, 12.39% Secured, Redeemable, Non Convertible Debenture of Rs.10,000 Each | 4,875.00 | - | 99.99% on 12 November 2023 and Remaining Bullet Payment at the end of 60 Months From 12 November 2020 | Secured Under Hypothecation of Specific Assets Portfolio |
| 2,350, Market Linked Secured, Redeemable, Non Convertible Debenture of Rs.1 Lakh Each | 2,350.00 | - | Bullet Payment at the end of 18 Months From 27 September 2022 | Secured Under Hypothecation of Specific Assets Portfolio |
| **Total Debt Securities** | **17,905.00** | **10,680.00** | | |

(₹ in Lakhs)

| 12 | Borrowings (at amortized cost) | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|---|
| | **Term Loans** | | |
| | Secured | | |
| | From Banks | 22,717.33 | 30,023.85 |
| | From Financial Institutions | 24,598.98 | 25,851.60 |
| | Less: Unamortised borrowing costs | (327.99) | (513.73) |
| | | **46,988.32** | **55,361.73** |
| | Loans repayable on demand from banks | 5,893.23 | 2,343.90 |
| | **Total Borrowings** | **52,881.55** | **57,705.62** |
| | Borrowings in India | 48,786.11 | 53,628.15 |
| | Borrowings Outside India | 4,095.44 | 4,077.48 |
| | **Total** | **52,881.55** | **57,705.62** |

**Security:-**

12.1 Term Loans & Working Capital Loans are secured under hypothecation of exclusive first charge on specific assets portfolio & personal guarantee of some of the directors. The same are further secured by cash collateral security in the form of fixed deposit which are shown under "Other Bank Balance".

**Interest:**

12.2 Term loan and Loans repayable on demand from banks carries an interest rate ranging from 6.43% to 15.00% p.a.

**12.3: Details of terms of Redemption/ Repayment and security provided in respect of Borrowings:** (₹ In Lakhs)

| Particular | March 31, 2021 | March 31, 2020 | Terms of Redemption / Repayment | Security |
|---|---|---|---|---|
| **Borrowings (Other than Debt Securities)** | | | | |
| Term Loan From Bank 1 | - | 4.23 | Repayable in 36 monthly installments Stating From from 05 February 2017 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Bank 2 | - | 125.00 | Repayable in 36 monthly installments Stating From from 27 January 2018 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Bank 3 | 222.22 | 555.56 | Repayable in 36 monthly installments Stating From from 15 December 2018 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Bank 4 | - | 233.60 | Repayable in 17 monthly installments Stating From from 17 April 2019 | Secured by a first and exclusive charge on specific receivables of the company sold out to the SPV |
| Term Loan From Bank 5 | 472.22 | 805.56 | Repayable in 36 monthly installments Stating From from 18 September 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Bank 6 | 200.00 | - | Repayable in 21 monthly installments Stating From from 30 April 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Bank 7 | 800.00 | - | Repayable in 21 monthly installments Stating From from 31 July 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Bank 8 | - | 333.33 | Repayable in 24 Months Monthly installments starting From 15 December 2018 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Bank 9 | 43.04 | 216.39 | Repayable in 36 Months Monthly installments starting From 06 August 2018 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Bank 10 | 1,250.00 | 1,875.00 | Repayable in 36 Months quarterly installments starting From 16 April 2018 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Bank 11 | 500.00 | 1,500.00 | Repayable in 36 Months quarterly installments starting From 30 April 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Bank 12 | - | 238.64 | Repayable in 24 Months Monthly installments starting From 30 March 2018 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Bank 13 | - | 90.91 | Repayable in 36 Months quarterly installments starting From 27 March 2018 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Bank 14 | - | 95.24 | Repayable in 24 Months Monthly installments starting From 29 May 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Bank 15 | - | 1,166.10 | Repayable in 30 Months Monthly installments starting From 31 August 2018 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |

| Particular | March 31, 2021 | March 31, 2020 | Terms of Redemption / Repayment | Security |
|---|---|---|---|---|
| Term Loan From Bank 16 | - | 121.26 | Repayable in 36 Months Monthly installments starting From 31 March 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Bank 17 | 241.36 | 642.30 | Repayable in 36 Months Monthly installments starting From 30 April 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Bank 18 | - | 81.03 | Repayable in 30 Months quarterly installments starting From 30 December 2017 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Bank 19 | 9.68 | 14.13 | Repayable in 36 Months Monthly installments starting From 15 April 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Bank 20 | - | 505.23 | Repayable in 24 Months Monthly installments starting From 14 April 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Bank 21 | - | 290.16 | Repayable in 14 Months Monthly installments starting From 27 May 2019 | Secured by a first and exclusive charge on receivables Assigned to the Bank of the company |
| Term Loan From Bank 22 | - | 137.81 | Repayable in 14 Months Monthly installments starting From 14 April 2019 | Secured by a first and exclusive charge on receivables Assigned to the Bank of the company |
| Term Loan From Bank 23 | - | 92.96 | Repayable in 14 Months Monthly installments starting From 27 April 2019 | Secured by a first and exclusive charge on receivables Assigned to the Bank of the company |
| Term Loan From Bank 24 | 187.50 | 937.50 | Repayable in 24 Months Monthly installments starting From 29 July 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Bank 25 | 649.83 | 951.97 | Repayable in 36 Months Monthly installments starting From 02 February 2020 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Bank 26 | 272.73 | 818.18 | Repayable in 24 Months Monthly installments starting From 30 December 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Bank 27 | 178.00 | 526.00 | Repayable in 24 Months Monthly installments starting From 30 October 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Bank 28 | - | 775.49 | Repayable in 24 Months Monthly installments starting From 26 October 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Bank 29 | - | 1,909.09 | Repayable in 22 Months Monthly installments starting From 10 March 2020 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Bank 30 | 4,130.00 | 4,130.00 | Repayable in 36 Months starting From 17 March 2020 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |

| Particular | March 31, 2021 | March 31, 2020 | Terms of Redemption / Repayment | Security |
|---|---|---|---|---|
| Term Loan From Bank 31 | 264.81 | 504.89 | Repayable in 24 Months Monthly installments starting From 30 April 2020 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Bank 32 | 831.24 | 1,514.67 | Repayable in 24 Months Monthly installments starting From 31 May 2020 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Bank 33 | 2,708.10 | 5,045.38 | Repayable in 27 Months Monthly installments starting From 31 May 2020 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Bank 34 | 361.10 | 500.00 | Repayable in 36 Months Monthly installments starting From 31 May 2020 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Bank 35 | - | 966.92 | Repayable in 14 Months Monthly installments starting From 17 October 2019 | Secured by a first and exclusive charge on receivables Assigned to the Bank of the company |
| Term Loan From Bank 36 | - | 1,662.27 | Repayable in 13 Monthly installments Starting From 12 October 2019 | Secured by a first and exclusive charge on receivables Assigned to the Bank of the company |
| Term Loan From Bank 37 | - | 657.06 | Repayable in 13 Monthly installments Stating From 28 November 2019 | Secured by a first and exclusive charge on receivables Assigned to the Bank of the company |
| Term Loan From Bank 38 | 2,500.00 | - | Repayable in 21 Monthly installments Starting From 30th June 2021 | Secured by a first and exclusive charge on receivables Assigned to the Bank of the company |
| Term Loan From Bank 39 | 1,243.02 | - | Repayable in 35 Monthly installments Starting From 31st October 2020 | Secured by a first and exclusive charge on receivables Assigned to the Bank of the company |
| Term Loan From Bank 40 | 1,000.00 | - | Repayable in 11 Quarterly installments Starting From 30th September 2020 | Secured by a first and exclusive charge on receivables Assigned to the Bank of the company |
| Term Loan From Bank 41 | 2,493.43 | - | Repayable in 18 Monthly installments Starting From 17th April 2021 | Secured by a first and exclusive charge on receivables Assigned to the Bank of the company |
| Term Loan From Bank 42 | 2,159.03 | - | Repayable in 18 Monthly installments Starting From 9th May 2021 | Secured by a first and exclusive charge on receivables Assigned to the Bank of the company |
| **Total Term Loans From Banks** | **22,717.33** | **30,023.85** | | |
| Term Loan From Financial Institution 1 | - | 709.50 | Repayable in 36 monthly installments Stating From from 30 April 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 2 | - | 83.33 | Repayable in 36 monthly installments Stating From from 29 July 2017 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |

| Particular | March 31, 2021 | March 31, 2020 | Terms of Redemption / Repayment | Security |
|---|---|---|---|---|
| Term Loan From Financial Institution 3 | - | 125.00 | Repayable in 36 monthly installments Stating From from 25 January 2018 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 4 | 333.33 | 666.67 | Repayable in 12 Quarterly installments Stating From from 31 May 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 5 | 166.90 | 522.67 | Repayable in 36 monthly installments Stating From from 03 September 2018 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 6 | 199.48 | 551.91 | Repayable in 36 monthly installments Stating From from 02 October 2018 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 7 | - | 75.00 | Repayable in 30 monthly installments Stating From from 15 January 2018 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 8 | 76.37 | 286.20 | Repayable in 24 monthly installments Stating From from 01 May 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 9 | 87.33 | 141.95 | Repayable in 36 monthly installments Stating From from 15 April 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 10 | 936.95 | 1,393.75 | Repayable in 36 monthly installments Stating From from 31 January 2020 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 11 | 403.00 | 887.56 | Repayable in 36 monthly installments Stating From from 31 January 2020 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 12 | 125.00 | 208.33 | Repayable in 36 monthly installments Stating From from 25 October 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 13 | 125.00 | 208.33 | "Repayable in 36 monthly installments Stating From from 25 October 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 14 | 125.00 | 208.33 | Repayable in 36 monthly installments Stating From from 25 October 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 15 | 125.00 | 208.33 | Repayable in 36 monthly installments Stating From from 25 October 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 16 | 647.31 | 1,514.09 | Repayable in 36 Months Monthly installments Stating From 27 December 2018 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 17 | - | 243.34 | Repayable in 36 Months Monthly installments Stating From 22 March 2018 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |

| Particular | March 31, 2021 | March 31, 2020 | Terms of Redemption / Repayment | Security |
|---|---|---|---|---|
| Term Loan From Financial Institution 18 | - | 500.00 | Repayable in 36 Months Monthly installments Stating From 27 June 2018 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 19 | 500.06 | 1,333.36 | Repayable in 36 Months Monthly installments Stating From 29 June 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 20 | - | 710.28 | Repayable in 36 Months Monthly installments Stating From 30 April 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 21 | 33.33 | 166.67 | Repayable in 36 Months Monthly installments Stating From 25 December 2018 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 22 | 35.06 | 166.67 | Repayable in 36 Months Monthly installments Stating From 25 December 2018 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 23 | 88.89 | 222.22 | Repayable in 36 Months Monthly installments Stating From 25 December 2018 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 24 | - | 277.78 | Repayable in 36 Months Monthly installments Stating From 25 December 2017 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 25 | - | 277.78 | Repayable in 36 Months Monthly installments Stating From 25 December 2017 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 26 | - | 175.00 | Repayable in 36 Months Monthly installments Stating From 25 January 2018 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 27 | - | 200.00 | Repayable in 36 Months Monthly installments Stating From 25 January 2018 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 28 | - | 166.67 | Repayable in 36 Months Monthly installments Stating From 25 April 2018 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 29 | - | 166.67 | Repayable in 36 Months Monthly installments Stating From 25 April 2018 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 30 | 33.33 | 166.67 | Repayable in 36 Months Monthly installments Stating From 25 December 2018 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 31 | 33.33 | 166.67 | Repayable in 36 Months Monthly installments Stating From 25 December 2018 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 32 | 875.00 | 1,925.00 | Repayable in 60 Months Half Yearly installments Stating From 31 January 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |

| Particular | March 31, 2021 | March 31, 2020 | Terms of Redemption / Repayment | Security |
|---|---|---|---|---|
| Term Loan From Financial Institution 33 | 250.13 | 785.91 | Repayable in 36 Months Monthly installments Stating From 27 September 2018 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 34 | 52.49 | 121.52 | Repayable in 36 Months Monthly installments Stating From 27 December 2018 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 35 | 115.72 | 214.25 | Repayable in 36 Months Monthly installments Stating From 29 April 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 36 | 69.50 | 174.83 | Repayable in 36 Months Monthly installments Stating From 27 November 2018 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 37 | 78.69 | 182.36 | Repayable in 36 Months Monthly installments Stating From 27 December 2018 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 38 | 98.86 | 274.29 | Repayable in 36 Months Monthly installments Stating From 29 October 2018 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 39 | 146.44 | 316.56 | Repayable in 36 Months Monthly installments Stating From 28 January 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 40 | 161.26 | 329.19 | Repayable in 36 Months Monthly installments Stating From 27 February 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 41 | 176.87 | 343.29 | Repayable in 36 Months Monthly installments Stating From 27 March 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 42 | 157.01 | 288.07 | Repayable in 36 Months Monthly installments Stating From 29 April 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 43 | - | 32.10 | Repayable in 24 Months Monthly installments Stating From 01 May 2018 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 44 | 87.16 | 141.80 | Repayable in 36 months Monthly installments Stating From 15 April 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 45 | 113.91 | 563.92 | Repayable in 24 Months Monthly installments Stating From 03 November 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 46 | 693.40 | 1,136.52 | Repayable in 36 Months Monthly installments Stating From 22 August 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 47 | 83.33 | 250.00 | Repayable in 36 Months Monthly installments Stating From 25 April 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |

| Particular | March 31, 2021 | March 31, 2020 | Terms of Redemption / Repayment | Security |
|---|---|---|---|---|
| Term Loan From Financial Institution 48 | 83.33 | 250.06 | Repayable in 36 Months Monthly installments Stating From 25 April 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 49 | 83.33 | 249.94 | Repayable in 36 Months Monthly installments Stating From 25 April 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 50 | 48.61 | 131.94 | Repayable in 36 Months Monthly installments Stating From 25 September 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 51 | 48.61 | 131.94 | Repayable in 36 Months Monthly installments Stating From 25 September 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 52 | 118.06 | 201.39 | Repayable in 36 Months Monthly installments Stating From 25 September 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 53 | 118.06 | 201.39 | Repayable in 36 Months Monthly installments Stating From 25 September 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 54 | 118.06 | 201.39 | Repayable in 36 Months Monthly installments Stating From 25 September 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 55 | 118.06 | 201.39 | Repayable in 36 Months Monthly installments Stating From 25 September 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 56 | 118.06 | 201.39 | Repayable in 36 Months Monthly installments Stating From 25 September 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 57 | - | 201.39 | Repayable in 36 Months Monthly installments Stating From 25 September 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 58 | - | 201.39 | Repayable in 36 Months Monthly installments Stating From 25 September 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 59 | - | 201.39 | Repayable in 36 Months Monthly installments Stating From 25 September 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 60 | - | 208.33 | Repayable in 36 Months Monthly installments Stating From 25 October 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 61 | 125.00 | 208.33 | Repayable in 36 Months Monthly installments Stating From 25 October 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 62 | 1,500.00 | 2,500.00 | Repayable in 24 Months Monthly installments Stating From 10 June 2020 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |

| Particular | March 31, 2021 | March 31, 2020 | Terms of Redemption / Repayment | Security |
|---|---|---|---|---|
| Term Loan From Financial Institution 63 | - | 208.33 | Repayable in 36 Months Monthly installments Stating From 25 October 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 64 | 125.00 | 208.33 | Repayable in 36 Months Monthly installments Stating From 25 October 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 65 | 100.00 | 166.67 | Repayable in 36 Months Monthly installments Stating From 25 October 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 66 | 114.53 | 166.28 | Repayable in 36 Months Monthly installments Stating From 15 September 2019 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 67 | 350.00 | - | Repayable in 36 Months Monthly installments Stating From 31 March 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 68 | 150.00 | - | Repayable in 36 Months Monthly installments Stating From 31 March 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 69 | 350.00 | - | Repayable in 36 Months Monthly installments Stating From 31 March 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 70 | 150.00 | - | Repayable in 36 Months Monthly installments Stating From 31 March 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 71 | 350.00 | - | Repayable in 36 Months Monthly installments Stating From 31 March 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 72 | 150.00 | - | Repayable in 36 Months Monthly installments Stating From 31 March 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 73 | 350.00 | - | Repayable in 36 Months Monthly installments Stating From 31 March 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 74 | 150.00 | - | Repayable in 36 Months Monthly installments Stating From 31 March 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 75 | 2,250.00 | - | Repayable in 4 Half Yearly installments Stating From 31 October 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 76 | 5,000.00 | - | Repayable in 2 installments of 35 crore and 15 crore on 31st December 2021 and 31st July 2022 respectively | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 77 | 388.00 | - | Repayable in 9 Monthly installments Stating From 10 August 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |

| Particular | March 31, 2021 | March 31, 2020 | Terms of Redemption / Repayment | Security |
|---|---|---|---|---|
| Term Loan From Financial Institution 78 | 2,291.65 | - | Repayable in 36 Monthly installments Stating From 31 January 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 79 | 308.09 | - | Repayable in 24 Monthly installments Stating From 15 June 2020 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 80 | 308.09 | - | Repayable in 24 Monthly installments Stating From 15 June 2020 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 81 | 500.00 | - | Repayable in 21 Monthly installments Stating From 10 July 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 82 | 500.00 | - | Repayable in 21 Monthly installments Stating From 10 July 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 83 | 500.00 | - | Repayable in 21 Monthly installments Stating From 10 July 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| Term Loan From Financial Institution 84 | 500.00 | - | Repayable in 21 Monthly installments Stating From 10 July 2021 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed. |
| **Total Term Loan From Financial Institution** | **24,598.98** | **25,851.60** | | |
| | | | | |
| **Loans repayable on demand from banks** | | | | |
| Cash Credit Facility From Bank 1 | 32.18 | 39.41 | - | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed and Bank Deposit. |
| Cash Credit Facility From Bank 2 | 125.15 | 99.64 | - | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed, Bank Deposit and Personal Guarantee of Some of the Directors. |
| Cash Credit Facility From Bank 3 | 1,885.27 | 1,594.20 | - | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed, Bank Deposit and Personal Guarantee of Some of the Directors. |
| Cash Credit Facility From Bank 4 | 464.08 | 117.28 | - | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed and Bank Deposit. |

| Particular | March 31, 2021 | March 31, 2020 | Terms of Redemption / Repayment | Security |
|---|---|---|---|---|
| Cash Credit Facility From Bank 5 | 643.73 | 326.03 | - | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed, Bank Deposit and Personal Guarantee of Some of the Directors. |
| Cash Credit Facility From Bank 6 | 30.88 | - | - | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed, Bank Deposit and Personal Guarantee of Some of the Directors. |
| Cash Credit Facility From Bank 7 | 97.84 | 79.93 | - | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed and Bank Deposit. |
| Cash Credit Facility From Bank 8 | 207.30 | 87.42 | - | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed and lien on investment in Mututal Funds. |
| Over Draft Facility From Bank 1 | 1,606.22 | - | - | Secured by a first and exclusive charge Bank Deposits |
| Over Draft Facility From Bank 2 | 800.58 | - | - | Secured by a first and exclusive charge Bank Deposits |
| **Total Loans repayable on demand from banks** | **5,893.23** | **2,343.90** | | |

(₹ in Lakhs)

| 13 | Subordinated Liabilities | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|---|
| | **Unsecured** | | |
| | 15%, Unsecured Subordinated Term Loan in India | 1,500.00 | 1,500.00 |
| | Unsecured Subordinated Debt outside India | - | - |
| | **Total** | **1,500.00** | **1,500.00** |

**13.1 Details of terms of Redemption/ Repayment of Subordinated Liabilities:** (₹ in Lakhs)

| Particular | March 31, 2021 | March 31, 2020 | Terms of Redemption / Repayment | Security |
|---|---|---|---|---|
| Subordinated Term Loan From Bank 1 | 1,500.00 | 1,500.00 | Single Bullet Payment at the end of 84 Months from June 23, 2017 | Unsecured |

(₹ in Lakhs)

| 14 | Other Financial Liabilities | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|---|
| | Interest accrued but not due on Borrowings | 555.52 | 433.28 |
| | Payable to Employees | 416.35 | 89.35 |
| | Micro Insurance Payable | 720.60 | 705.77 |
| | Security deposits received from Borrowers | 25.50 | 24.97 |
| | Unpaid expenses | 225.51 | 281.02 |
| | Unpaid dividend | 17.88 | 20.51 |
| | Payable towards assignment and transactions | 398.53 | 527.16 |
| | Fair valuation of Derivative Instrument measured Through Profit & Loss Account | (6.02) | 171.80 |
| | Lease Liability - Right of Use Assets | 67.20 | 78.80 |
| | **Total** | **2,421.06** | **2,332.66** |

**Security:-**

14.1 Unpaid dividend outstanding as on March 31, 2021 is not due for transfer to investor education and protection fund by the Company.

(₹ in Lakhs)

| 15 | Provisions | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|---|
| | Provisions for employee benefits - Gratuity | 89.55 | 79.98 |
| | **Total** | **89.55** | **79.98** |

(₹ in Lakhs)

| 16 | Other Non Financial Liabilities | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|---|
| | Other statutory dues | 42.29 | 37.70 |
| | TDS payable | 73.59 | 88.98 |
| | **Total** | **115.88** | **126.68** |

(₹ in Lakhs)

| 17 | Equity Share Capital | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|---|
| **Authorized Shares** | | | |
| | 1,50,00,000 Equity Shares of Rs. 10 each (As at 31 March 2020: 1,50,00,000 Equity Shares of Rs. 10 each) | 1,500.00 | 1,500.00 |
| | Nil Shares (As at 31 March 2020: Nil) Class "A" Ordinary Equity shares of par value of Rs. 10/- each | - | - |
| | **Total** | **1,500.00** | **1,500.00** |

(₹ in Lakhs)

| 17 | Equity Share Capital (Contd...) | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|---|
| **Issued, subscribed and fully paid-up shares:** | | | |
| | 84,88,384 Equity Shares of (As at 31 March 2020: 84,50,894 Equity Shares) of Rs. 10 each fully paid up (Ordinary) | 848.84 | 845.09 |
| | Nil Shares of (As at 31 March 2020: Nil ) of Rs. 10 each fully paid up (Class "A") | - | - |
| | **Total** | **848.84** | **845.09** |

**17.1 The reconciliation of the number of shares outstanding and the amount of ordinary equity share capital as at March 31, 2021 & March 31, 2020 is set out below:**

| Particulars | As at March 31, 2021 | | As at March 31, 2020 | |
|---|---|---|---|---|
| | No. of Shares | (Rs. In Lakhs) | No. of Shares | (Rs. In Lakhs) |
| Ordinary Equity Shares: | | | | |
| Outstanding at the beinning of the year | 84,50,894 | 845.09 | 57,47,824 | 574.78 |
| Issued during the year | 37,490 | 3.75 | 27,03,070 | 270.31 |
| Outstanding at the end of the year | 84,88,384 | 848.84 | 84,50,894 | 845.09 |

**17.2 The reconciliation of the number of shares outstanding and the amount of Class "A" ordinary equity share capital as at March 31, 2021 & March 31, 2020 is set out below**

| PARTICULARS | As at March 31, 2021 | | As at March 31, 2020 | |
|---|---|---|---|---|
| | No. of Shares | (Rs. In Lakhs) | No. of Shares | (Rs. In Lakhs) |
| Equity Shares | | | | |
| Outstanidng at the beinning of the year | - | - | 12,04,474 | 120.45 |
| Converted to Ordinary Equity Share | - | - | (12,04,474) | (120.45) |
| Issued during the year | - | - | - | - |
| Outstanding at the end of the year | - | - | - | - |

**17.3 Details of shareholders holding more than 5 % of ordinary shares of the Company are as follows:**

| Name of shareholder | As at March 31, 2021 | | As at March 31, 2020 | |
|---|---|---|---|---|
| | Number of shares held | % holding in that class of shares | Number of shares held | % holding in that class of shares |
| Jayendrabhai Patel | 4,27,937 | 5.04 | 4,12,987 | 4.89 |
| Ritaben Patel | 4,36,089 | 5.14 | 4,21,139 | 4.98 |
| Mukul Agrawal | 4,29,262 | 5.06 | 4,34,262 | 5.14 |
| Saif Partners India V Limited | 18,90,417 | 22.27 | 18,90,417 | 22.37 |
| Namra Holdings & Consultancy Services LLP | 9,48,308 | 11.17 | 9,48,308 | 11.22 |

**17.4 Conversion of Compulsorily Convertible Instruments**

10% Compulsorily Convertible Debentures were converted into 18,90,417 equity shares having face value of Rs. 10 each at a premium of Rs. 290 per equity share on 11th October 2019.

**17.5 Extinguishment of Class "A" ordinary shares**

Pursuant to approval of the scheme of arrangement by Hon'ble NCLT, Ahmedabad bench, vide it's order dated November 18, 2019, 12,04,474 Class "A" ordinary shares of Rs. 10/- each were extinguished and 7,82,908 ordinary equity shares of Rs. 10/- each were allotted to the holder of the Class "A" ordinary equity shares. The premium of Rs. 42,15,660/- on extinguishment of Class 'A' Equity and fresh issue of Ordinary Equity, were credited to share premium account.

**17.6 Shares reserved for issue under options**

For details of shares reserved for issue under the Employees Stock Option Plan (ESOP) refer note 38.

**17.7 Terms / rights attached to equity shares**

(i) In respect of Ordinary Equity Shares having face value of Rs. 10/-. Each holder of Ordinary Equity Share is entitled to 1 vote per share.

(ii) In the event of liquidation, the holders of both type of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by shareholders.

**18 Other Equity (Refer Note 18.1)** (₹ in Lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **A. Reserves and Surplus** | | |
| **i. General Reserve** | | |
| Balance as per last financial statement | 129.35 | 118.35 |
| Add: Transfer from statement of profit and loss | 11.00 | 11.00 |
| **Closing Balance** | **140.35** | **129.35** |
| | | |
| **ii. Special Reserve u/s 45-IC of the RBI Act, 1934** | | |
| Balance as per last financial statement | 2,224.30 | 1,355.30 |
| Add: Transfer from statement of profit and loss | 258.00 | 869.00 |
| **Closing Balance** | **2,482.30** | **2,224.30** |
| | | |
| **iii. Security Premium** | | |
| Balance as per last financial statement | 6,812.96 | 1,241.01 |
| Add: Share Premium on shares issued duing the year | 73.01 | 5,583.44 |
| Less: Share Issue Expenses | - | 11.48 |
| **Closing Balance** | **6,885.98** | **6,812.96** |

(₹ in Lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **iv. Share Based Payment Reserve** | | |
| Balance as per last fiancial statements | 65.44 | 86.15 |
| Add/(Less): Stock option expenditure for the year | 9.11 | 30.11 |
| Less: amount transferred towards option expired unexercised | 2.46 | 3.65 |
| Less: transferred to security premium on exercise of stock option | 58.02 | 47.18 |
| **Closing Balance** | **14.07** | **65.44** |
| | | |
| **v. Surplus in the Statement of Profit and Loss** | | |
| Balance as per last financial statement | 7,151.78 | 4,591.97 |
| Add : Profit for the year | 1,061.61 | 4,152.00 |
| **Less: Appropriations** | | |
| Amount transferred to General Reserve | (11.00) | (11.00) |
| Amount transferred to Special Reserve u/s 45-IC of RBI Act, 1934 | (258.00) | (869.00) |
| Conversion of Compulsory Convertible Debenture | Nil | (594.85) |
| Dividend Paid | Nil | (97.33) |
| Tax paid on Dividend | Nil | (20.01) |
| **Closing Balance** | **7,944.38** | **7,151.78** |
| | | |
| | | |
| **B. Other Comprehensive Income** | | |
| Balance as per last financial statement | (6.38) | (59.05) |
| Additions during the year | 366.43 | 52.67 |
| Closing Balance | **360.05** | **(6.38)** |
| | | |
| **C. Equity Component of Financial Instruments** | | |
| Balance as per last financial statement | Nil | 4,292.41 |
| Additions during the year | Nil | Nil |
| Converted to equity shares during the year | Nil | (4,405.15) |
| Reversal of Deffered Tax Impact on Compulsory Convertible Debenture | Nil | 112.73 |
| Closing Balance | Nil | Nil |
| **Total** | **17,827.13** | **16,377.45** |

### 18.1 NATURE AND PURPOSE OF RESERVE

1 **Reserve under Section 45-IA of the Reserve Bank of India Act, 1934 (the "RBI Act, 1934"):**

Reserve under Section 45-IA of RBI Act, 1934 is created in accordance with section 45 IC(1) of the RBI Act, 1934. As per Section 45 IC(2) of the RBI Act,1934, no appropriation of any sum from this reserve fund shall be made by the NBFC except for the purpose as may be specified by RBI.

2 **Security premium:**

Security premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes in accordance with the provisions of section 52 of the Act

3 **Surplus in the statement of profit and loss:**

Surplus in the statement of profit and loss is the accumulated available profit of the Company carried forward from earlier years. These reserve are free reserves which can be utilised for any purpose as may be required.

4 **FVOCI - loans and advances:**

The Company has elected to recognise changes in the fair value of loans and advances in other comprehensive income. These changes are accumulated within the FVOCI - loans and advances reserve within equity.

5 **FVOCI - Remeasurement of the defined benefit liabilities:**

Remeasurement of the net defined benefit liabilities comprise actuarial gain or loss, return on plan assets excluding interest and the effect of asset ceiling, if any

6 **General reserve:**

The Company has transferred a portion of the net profit to general reserve before declaring dividend pursuant to the provision of erstwhile Companies Act.

7 **Equity component of compound financial instruments:**

Compulsorily Convertible Debentures issued by the Company have been classified as compound financial instruments and recognised at amortised cost. The difference between transaction value and amortised cost has been recognised as a separate component in other equity.

8 **Share Based Payment Reserve:**

The reserve is used to recognise the fair value of the options issued to employees of the Company and subsidiary  Companies under Company's employee stock option plan.

**19 Interest Income (Amortised Cost)** (₹ in Lakhs)

| Particulars | Year ended March 31, 2021 | | Year ended March 31, 2020 | |
|---|---|---|---|---|
| | On Financial assets measured at FVOCI | On Financial assets measured at Amortised Cost | On Financial assets measured at FVOCI | On Financial assets measured at Amortised Cost |
| Interest on Loans | 18,147.13 | - | 19,764.40 | - |
| Interets on Deposits as Security | - | 406.12 | - | 262.62 |
| Interets on Others | - | 10.89 | - | 10.85 |
| **Total** | **18,147.13** | **417.01** | **19,764.40** | **273.47** |
| **Total Interest** | | **18,564.13** | | **20,037.87** |

**20 Gain on Assignment of Financial Assets** (₹ in Lakhs)

| Particulars | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|---|---|
| Gain on Assignment of Assets (Net of Expense) | - | 450.33 |
| **Total** | **-** | **450.33** |

**21 Fees and Commission Income** (₹ in Lakhs)

| Particulars | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|---|---|
| Loan Processing fees Income | 506.40 | 646.04 |
| **Total** | **506.40** | **646.04** |

**22 Income from Investment in Mutual Fund (At Fair value through Profit & Loss)** (₹ in Lakhs)

| Particulars | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|---|---|
| Income from Investment in Mutual Fund | 23.63 | 16.46 |
| **Total** | **23.63** | **16.46** |

**23 Other Income** (₹ in Lakhs)

| Particulars | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|---|---|
| Profit on Sale of Current Investment | 164.29 | 252.45 |
| Income from Loan | 67.62 | 111.54 |
| **Total** | **231.91** | **364.00** |

**24 Finance Costs (on financial liabilities measured at amortized cost)** (₹ in Lakhs)

| Particulars | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|---|---|
| Interest on Borrowings | 5,418.81 | 6,720.73 |
| Interest on Debt Securities | 1,594.87 | 1,218.60 |
| Interest on Subordinated Liabilities | 225.37 | 232.30 |
| Other interest expense | 148.19 | 128.61 |
| Net loss on fair value of derivative contracts mandatorily measured at fair value through profit or loss | (177.82) | 171.80 |
| Other Borrowing Costs | 535.26 | 287.33 |
| **Total** | **7,744.68** | **8,759.37** |

**25 Impairment of Loan Assets (on financial assets measured at FVOCI)** (₹ in Lakhs)

| Particulars | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|---|---|
| Bad debts written off (Net) | 1,647.04 | 850.18 |
| Expected Credit Loss(Net) | 3,812.18 | 1,150.66 |
| **Total** | **5,459.22** | **2,000.85** |

**25.1 Details of expected credit loss on loans and interest receivable on credit Impaired asset please refer note 3.2 and 5.2 of the financial statement.**

**26 Employee Benefit Expenses** (₹ in Lakhs)

| Particulars | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|---|---|
| Salaries and wages | 3,238.52 | 3,360.23 |
| Contribution to provident and other funds | 199.13 | 189.38 |
| Gratuity | 33.97 | 26.74 |
| Staff welfare expenses | 84.98 | 69.32 |
| **Total** | **3,556.60** | **3,645.67** |

**26.1 Employee Benefit Plan:**

Disclosure in respect of employee benefits under Ind AS 19 - Employee Benefit are as under:

**a) Defined contribution plan:**

The Group's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans. The Group's contribution to provident fund aggregating Rs. 174.81 lakhs (31st March, 2020: Rs. 162.94 lakhs) has been recognised in the statement of profit and loss under the head employee benefits expense

**b) Defined benefit plan:**

Financial assets not measured at fair value:

The Group operates a defined benefit plan (the "gratuity plan") covering eligible employees. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age/ resignation date.

The defined benefit plans expose the Group to risks such as actuarial risk, investment risk, liquidity risk, market risk, legislative risk.

These are discussed as follows:

**Actuarial risk:** It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

**Adverse salary growth experience:** Salary hikes that are higher than the assumed salary escalation will result into an increase in obligation at a rate that is higher than expected.

**Variability in mortality rates:** If actual mortality rates are higher than assumed mortality rate assumption than the gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cash flow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

**Variability in withdrawal rates:** If actual withdrawal rates are higher than assumed withdrawal rate assumption than the gratuity benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

**Investment risk:** For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

**Liquidity risk:** Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign / retire from the Group, there can be strain on the cash flows.

**Market risk:** Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in defined benefit obligation of the plan benefits and vice versa. This assumption depends on the yields on the government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

**Legislative risk:** Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation/ regulation. The government may amend the Payment of Gratuity Act, 1972, thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the defined benefit obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

The status of gratuity plan required under Ind AS 19 is an under:

(₹ in Lakhs)

| I) | Reconciliation of opening and closing balances of defined benefit obligation | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|---|---|---|
| | **Opening Defined Benefit Obligation** | **84.77** | **48.04** |
| | Transfer in/(out) obligation | - | - |
| | Current service cost | 30.03 | 24.16 |
| | Interest cost | 4.96 | 3.03 |
| | **Components of actuarial gain/losses on obligations:** | | |
| | Due to Change in financial assumptions | 1.06 | 3.14 |
| | Due to change in demographic assumption | - | 0.84 |
| | Due to experience adjustments | (29.10) | 7.43 |
| | Past service cost | - | - |
| | Loss (gain) on curtailments | - | - |
| | Liabilities extinguished on settlements | - | - |
| | Liabilities assumed in an amalgamation in the nature of purchase | - | - |
| | Exchange differences on foreign plans | - | - |
| | Benefits paid | (1.44) | (1.87) |
| | **Closing Defined Benefit Obligation** | **90.28** | **84.77** |

(₹ in Lakhs)

| II) | Reconciliation of plan assets | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|---|---|---|
| | Opening value of plan assets | 4.79 | 1.16 |
| | Transfer in/(out) plan assets | - | - |
| | Expense deducted from the fund | - | - |
| | Interest Income | 1.02 | 0.45 |
| | Return on plan assets excluding amounts included in interest income | (6.43) | (0.25) |
| | Assets Distributed on settlements | - | - |
| | Comtribution by the company | 2.79 | 5.30 |
| | Assets acquired in an amalgamation in the nature of purchase | - | - |
| | Exchange difference on foreign plans | - | - |
| | Benefits paid | (1.44) | (1.87) |
| | Fair value of plan assets at the end of the year | 0.73 | 4.79 |

(₹ in Lakhs)

| III) | Reconciliation of net defined benefit liability | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|---|---|---|
| | Net opening provision in books of accounts | 79.99 | 46.88 |
| | Transfer in/(out) obligation | - | - |
| | Transfer (in)/out plan assets | - | - |
| | Employee Benefit Expense as per note 26 | 33.96 | 26.74 |
| | Amounts recognized in Other Comprehensive Income | (21.62) | 11.67 |
| | | **92.34** | **85.29** |
| | Benefits paid by the Company | - | - |
| | Contributions to plan assets | (2.79) | (5.30) |
| | **Closing provision in books of accounts** | **89.55** | **79.99** |

| IV) | Composition of plan assets | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|---|---|---|
| | Government of India Securities | 0% | 0% |
| | High quality corporate bonds | 0% | 0% |
| | Equity shares of listed companies | 0% | 0% |
| | Property | 0% | 0% |
| | Policy of Insurance | 100% | 100% |
| | **Total** | **100%** | **100%** |

(₹ in Lakhs)

| V) | Expense recognised during the year | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|---|---|---|
| | Current service cost | 30.03 | 24.16 |
| | Interest cost | 3.94 | 2.58 |
| | Past service cost | - | - |
| | **Expense recognised in the statement of profit and loss** | **33.97** | **26.74** |

(₹ in Lakhs)

| VI) | Other comprehensive income | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|---|---|---|
| | Components of acturial gains/losses on obligations: | | |
| | Due to change in financial assumptions | 1.06 | 3.14 |
| | Due to change in demographic assumption | - | 0.84 |
| | Due to experience adjustments | (29.10) | 7.43 |
| | Return of plan assets excluding amounts included in interest income | 6.43 | 0.25 |
| | components of defined benefits cost recognised in other comprehensive income | (21.62) | 11.66 |

| VII) | Principal acturial assumptions | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|---|---|---|
| | Discount rate (per annum) | 6.00% | 6.25% |
| | Rate of return on plan assets (per annum) | 6.00% | 6.25% |
| | Annual increase in salary cost | 6.00% | 6.00% |
| | Withdrawal rates per annum | | |
| | 25 and below | 25% | 25% |
| | 26 to 35 | 25% | 25% |
| | 36 to 45 | 20% | 25% |
| | 46 to 55 | 10% | 5% |
| | 56 and above | 5% | 5% |

The discount rate is based on the prevailing market yield of government of India's bond as at the balance sheet date for the estimated terms of the obligations

**VIII) Sensitivity analysis**

Sensitivity analysis is performed by varying a single parameter while keeping all the other parameters unchanged. Sensitivity analysis fails to focus on the interrelationship between underlying parameters. Hence, the results may vary if two or more variables are changed simultaneously.

The method used does not indicate anything about the likelihood of change in any parameter and the extent of the change if any.

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2021 | | For the year ended March 31, 2020 | |
|---|---|---|---|---|
| | Decrease | Increase | Decrease | Increase |
| Discount rate (- / +0.5%) | 92.77 | 87.92 | 87.16 | 82.50 |
| (% change compared to base due to sensitivity) | 2.75% | -2.61% | 2.82% | -2.68% |
| Salary growth rate (- / + 0.5%) | 87.91 | 92.75 | 82.49 | 87.15 |
| (% change compared to base due to sensitivity) | -2.62% | 2.74% | -2.70% | 2.81% |
| Withdrawal rate (W.R.) (W.R.*x 90%/W.R.x 110%) | 93.25 | 87.48 | 88.29 | 81.45 |
| (% change compared to base due to sensitivity) | 3.28% | -3.10% | 4.16% | -3.92% |

**IX) Asset liability matching strategies**

The Company contributes to the insurance fund based on estimated liability of next financial year end. The projected liability statements is obtained from the actuarial valuer.

**X) Effect of plan on the company's future cash flows**

**a) Funding arrangements and funding policy**

The Company has purchased an insurance policy to provide for payment of gratuity to the employees. Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the Company. Any deficit in the assets arising as a result of such valuation is funded by the Company.

**b) Maturity analysis of defined benefit obligation**

The Weighted Average Duration (Years) as at valuation date is 5.05 years.

| | Cash Flows (Rs. in Lakhs) | Distributions (%) |
|---|---|---|
| 1st Following year | 13.22 | 10.00% |
| 2nd Following year | 9.91 | 7.50% |
| 3rd Following year | 12.02 | 9.09% |
| 4th Following year | 12.61 | 9.54% |
| 5th Following year | 11.44 | 8.66% |
| Sum of years 6 to 10 | 39.51 | 29.90% |

The future accrual is not considered in arriving at the above cash-flows

**XI)** The expected contribution for the next year is Rs. 29.67 lakhs

**27 Depreciation and Amortisation** (₹ in Lakhs)

| Particulars | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|---|---|
| Depreciation of Property, Plant & Equipment | 58.93 | 56.86 |
| Amortization of Right of use Asset | 14.79 | 14.79 |
| Amortisation of Intangible Asset | 7.26 | 8.19 |
| **Total** | **80.98** | **79.84** |

**28 Other Expenses** (₹ in Lakhs)

| Particulars | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|---|---|
| Electricity & fuel charges | 33.70 | 34.93 |
| Repairs to Building | 25.79 | 14.44 |
| Insurance | 22.48 | 31.48 |
| Collection Expense | 11.59 | - |
| Rent (Refer note 33) | 250.51 | 243.19 |
| Rates & taxes | 10.81 | 18.67 |

(₹ in Lakhs)

| Particulars | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|---|---|
| Bank Charges | 70.78 | 78.36 |
| Stationery & printing | 51.36 | 87.48 |
| Advertisement expenses | 0.39 | 1.73 |
| Communication | 65.99 | 77.00 |
| Traveling & conveyance expenses | 448.71 | 470.61 |
| Professional fees | 172.64 | 230.43 |
| | | |
| **Auditor's Remuneration** | | |
| Audit fees | 8.90 | 8.90 |
| For Tax Audit | 0.75 | 0.75 |
| For certification | 3.32 | 0.78 |
| For Others | 1.74 | 0.55 |
| | **14.70** | **10.98** |
| Corporate social responsibility expenditure (Refer Note 32) | 36.12 | 3.39 |
| Director sitting fees | 5.95 | 6.78 |
| Marketing & incentive expenses | 43.60 | 131.36 |
| Loss/(Gain) due To Moratorium Recognised at Effective Interest Rate Method | (66.66) | 106.39 |
| General charges (including security charges & membership fees etc.) | 109.80 | 104.15 |
| **Total** | **1,308.24** | **1,651.35** |

## 29 Tax Expenses

The Components of income tax expense for the years ended March 31, 2021 and March 31, 2020 are:

(₹ in Lakhs)

| Particulars | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|---|---|
| Current Tax | 1,089.70 | 1,423.40 |
| Adjustment in respect of current tax of prior years | 6.36 | (2.78) |
| Deferred tax | (981.31) | (195.00) |
| Total Tax Expense | 114.75 | 1,225.62 |
| Total tax charge | | |
| Current Tax | 1,096.06 | 1,420.62 |
| Deferred Tax | (981.31) | (195.00) |

### 29.1 Reconciliation of the total tax charge

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the years ended 31st March, 2021 and 31st March, 2020 is, as follows:

(₹ in Lakhs)

| Particulars | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|---|---|
| Accounting profit before tax expense | 1,176.36 | 5,377.62 |
| Income tax rate % | 25.17% | 25.17% |
| **Computed tax expense** | **296.07** | **1,353.44** |
| | | |
| Tax effect of : | | |
| Tax effect of Permanent differences | (121.35) | 23.38 |
| Tax effect of deductible expenses | (66.52) | (123.86) |
| Tax effect of Income taxes at different rate | (0.42) | (25.10) |
| Tax Effect on other adjustments | 6.98 | (2.24) |
| **Tax expense Recognised in the Statement of Profit and Loss** | **114.75** | **1,225.62** |

**30 Earning Per Share:**

| Particulars | Unit | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|---|---|---|
| Numerator used for calculating Basic Earning per share (PAT) | Rs. In Lakhs | 1,061.61 | 4,152.00 |
| Dilutive impact of compulsorily convertible debentures | Rs. In Lakhs | - | - |
| Numerator used for calculating Diluted Earning per share (PAT) | Rs. In Lakhs | 1,061.61 | 4,152.00 |
| | | | |
| Weighted average no. of shares used as denominator for calculating basic earnings per share | Shares | 84,71,225 | 74,40,395 |
| Effect of dilution: | | | |
| Compulsorily Convertible Debentures | | - | - |
| Employee Stock Options | Shares | 4,391 | 35,670 |
| Weighted average no. of shares used as denominator for calculating diluted earnings per share | Shares | **84,75,615** | **74,76,065** |
| | | | |
| Nominal value per Share | In Rs. | 10.00 | 10.00 |
| Basic earnings per share | In Rs. | 12.53 | 55.80 |
| Diluted earnings per share | In Rs. | 12.53 | 55.54 |

**31 Contingent liabilities not provided for:**

(₹ in Lakhs)

| PARTICULARS | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|---|---|
| **Contingent liabilities** | | |
| Disputed Demand of Tax | | |
| i) Income Tax Act | 792.37 | 791.71 |
| ii) TDS | 0.74 | 0.45 |

## 32 Corporate social responsibility ("CSR") expenses:

The gross amount required to be spent by the Group during the year towards CSR is Rs. 71.91 lakhs (March 31, 2020: Rs. 37.59 lakhs) as per section 135 of the Act. Details of amount spent towards CSR as below:

(₹ in Lakhs)

| Sr. No. | Particulars | In Cash | Transferred to unspent CSR a/c U/s 135(6) | Yet to be paid in Cash | Total |
|---|---|---|---|---|---|
| 1 | Construction/ acquisition of assets | - | - | - | - |
| 2 | other purpose (Other than 1 above) | 36.29 | 35.62 | - | 71.91 |

## 33 Leasing Arrangements:

The Group has entered into leave and license agreements for taking office premises along with furniture and fixtures as applicable and Branch premises on rental basis ranging from 11 to 60 months. The Company has given refundable, interest free security deposits under certain agreements. Certain agreements contain provision for renewal and further there are no sub-leases.

### I. Amount Recognized in Profit & loss Account During the year

(₹ in Lakhs)

| Particulars | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|---|---|
| i) Expenses related to Short Term Lease | 250.50 | 243.19 |
| ii) Lease Expenses (Interest Expense - Finance Cost) | 5.89 | 6.74 |
| **Total** | **256.39** | **249.93** |

### II. Amounts recognised in statement of cash flows (including Interest Component)

(₹ in Lakhs)

| Particulars | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|---|---|
| Total cash outflow for leases | 17.48 | 16.65 |

### III. Maturity analysis of lease liabilities

(₹ in Lakhs)

| Particulars | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|---|---|
| **Maturity Analysis of contractual undiscounted cash flows:** | | |
| Within one year | 18.36 | 17.49 |
| After one year but not more than five years | 60.77 | 79.13 |
| More than five years | Nil | Nil |
| Total undiscounted lease liabilities as at March 31, 2021 | 79.13 | 96.62 |
| **Balances of Lease Liabilities** | | |
| Non-Current | 53.73 | 67.20 |
| Current | 13.47 | 11.60 |
| **Total Lease Liability** | **67.20** | **78.80** |

**34 Segment Reporting:**

Operating segment are components of the Group whose operating results are regularly reviewed by the Chief Operating Decision Maker ("CODM") to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

The Group is engaged primarily on the business of "Financing" only, taking into account the risks and returns, the organization structure and the internal reporting systems. All the operations of the Group are in India. All non-current assets of the Group are located in India. Accordingly, there are no separate reportable segments as per Ind AS 108 – "Operating segments".

**35 Related Party Disclosures as required by IND AS 24 - Related Party Disclosure:**

List of related parties with whom transactions have taken place during the year:

**A) Key Managerial Personnel (KMP)**

Mr. Jayendra Patel

Mr. Aalok Patel

Mr. Vivek Modi (Chief Financial Officer)

Mr. Jaimish Patel (Company Secretary)

**B) Non Executive Director & Relatives of Key Managerial Personnel (KMP)**

| **Name of Party** | **Related Party Relationship** |
|---|---|
| Mr. Alok Prasad | Independent Director |
| Mr. K. D. Shah | Independent Director |
| Mr. Ramakant Nagpal | Independent Director |
| Mrs. Geetaben Solanki | Independent Director |
| Mrs. Ritaben Patel | Non Executive Director & Relative of KMP |
| Mr. Aakash Patel | Non Executive Director & Relative of KMP |
| Jayendra Patel - HUF | KMP is Karta |
| Raj Enterprise | KMP is proprietor |
| J. B. Patel & Co. | KMP is co-owner |
| Mrs. Sajni Patel | Relative of KMP |
| Aalok Patel - HUF | KMP is Karta |
| Aakash Patel - HUF | Director is Karta |

**C) List of entities in which KMP have control or significant influence with whom transactions have occurred during the year**

| | |
|---|---|
| Namra Holdings & Consultancy Services LLP | KMPs are partners |

**D) Details of Transactions with related parties carried out in the ordinary course of business:**

(₹ in Lakhs)

| Particulars | Year Ended March 31, 2021 | | | |
|---|---|---|---|---|
| | Key Managerial Personnel | Director and Relatives of person who has control or significant influence on KMP | Entities in which KMP have control or significant influence | Total |
| **Expenses** | | | | |
| Remuneration & perquisites Paid | 106.60 | - | - | 106.60 |
| Sitting fees | - | 5.95 | - | 5.95 |
| Interest expenses | 7.13 | 43.65 | 12.59 | 63.37 |
| Rent paid | - | 20.13 | - | 20.13 |
| | | | | |
| **Unsecured Loan** | | | | |
| Unsecured Loan Taken | 147.25 | 506.05 | 229.50 | 882.80 |
| Unsecured Loan Repaid (Including Interest) | 154.38 | 549.70 | 242.10 | 946.18 |

(₹ in Lakhs)

| Particulars | Year Ended March 31, 2020 | | | |
|---|---|---|---|---|
| | Key Managerial Personnel | Director and Relatives of person who has control or significant influence on KMP | Entities in which KMP have control or significant influence | Total |
| **Expenses** | | | | |
| Remuneration & perquisites Paid | 106.62 | - | - | 106.62 |
| Sitting fees | - | 6.78 | - | 6.78 |
| Interest expenses | 40.64 | 47.36 | 34.73 | 122.72 |
| Rent paid | - | 19.19 | - | 19.19 |
| Dividend paid | 7.51 | 11.38 | 19.18 | 38.07 |
| | | | | |
| **Unsecured Loan** | | | | |
| Unsecured Loan Taken | 451.25 | 418.74 | 250.50 | 1,120.49 |
| Unsecured Loan Repaid (Including Interest) | 487.83 | 461.37 | 281.75 | 1,230.94 |

E) List of transactions, out of the transaction reported in the above table, where the transaction entered in to with single party exceeds 10% of the total related party transactions of similar nature are as under:

**Unsecured Loan Taken:** (₹ In lakhs)

| SRN | Name of Relative | Year Ended March 31, 2021 | Year Ended March 31, 2020 |
|---|---|---|---|
| 1 | Aakash J Patel - HUF | 180.80 | 97.49 |
| 2 | Aalok J Patel | 46.25 | 167.00 |
| 3 | Jayendra B Patel | 101.00 | 284.25 |
| 4 | Jayendra B Patel - HUF | 106.00 | 104.75 |
| 5 | Ritaben J Patel | 194.00 | 156.00 |
| 6 | Namra Holdings & Consultancy Services LLP | 229.50 | 250.50 |

**Unsecured Loan Repayments:** (₹ In lakhs)

| SRN | Name of Relative | Year Ended March 31, 2021 | Year Ended March 31, 2020 |
|---|---|---|---|
| 1 | Aakash J Patel - HUF | 195.36 | 109.83 |
| 2 | Aalok J Patel | 49.13 | 181.79 |
| 3 | Jayendra B Patel | 105.25 | 306.03 |
| 4 | Jayendra B Patel - HUF | 115.48 | 113.78 |
| 5 | Ritaben J Patel | 210.78 | 173.12 |
| 6 | Namra Holdings & Consultancy Services LLP | 242.10 | 281.75 |

**Remuneration & Perquisites Paid:** (₹ In lakhs)

| SRN | Name of Relative | Year Ended March 31, 2021 | Year Ended March 31, 2020 |
|---|---|---|---|
| 1 | Jayendra B Patel | 46.42 | 46.42 |
| 2 | Aalok J Patel | 31.00 | 31.00 |
| 3 | Vivek Modi | 24.00 | 24.00 |

**Interest expenses** (₹ In lakhs)

| SRN | Name of Relative | Year Ended March 31, 2021 | Year Ended March 31, 2020 |
|---|---|---|---|
| 1 | Aalok J Patel | 2.89 | 16.44 |
| 2 | Jayendra B Patel | 4.25 | 24.20 |
| 3 | Jayendra B Patel - HUF | 9.48 | 10.03 |
| 4 | Aakash J Patel - HUF | 14.56 | 13.70 |
| 5 | Namra Holdings & Consultancy Services LLP | 12.59 | 34.73 |
| 6 | Ritaben J Patel | 16.78 | 19.02 |

**Sitting fees** (₹ In lakhs)

| SRN | Name of Relative | Year Ended March 31, 2021 | Year Ended March 31, 2020 |
|---|---|---|---|
| 1 | Alok Prasad | 1.23 | 1.65 |
| 2 | K. D. Shah | 1.15 | 1.58 |
| 3 | Ramakant Nagpal | 1.48 | 1.68 |
| 4 | Ritaben J Patel | 1.40 | 1.63 |
| 5 | Geetaben Solanki | 0.58 | - |

**Rent paid** (₹ In lakhs)

| SRN | Name of Relative | Year Ended March 31, 2021 | Year Ended March 31, 2020 |
|---|---|---|---|
| 1 | Ritaben J Patel | 15.99 | 15.22 |

**Dividend paid** (₹ In lakhs)

| SRN | Name of Relative | Year Ended March 31, 2021 | Year Ended March 31, 2020 |
|---|---|---|---|
| 1 | Aakash J Patel | - | 3.90 |
| 2 | Jayendra B Patel | - | 4.04 |
| 3 | Ritaben J Patel | - | 4.15 |
| 4 | Namra Holdings & Consultancy Services LLP | - | 19.18 |

**F) Outstanding Credit Balance of Salary Payable as Follows** (₹ In lakhs)

| SRN | Name of Relative | Year Ended March 31, 2021 | Year Ended March 31, 2020 |
|---|---|---|---|
| 1 | Aalok J Patel | 1.69 | - |
| 2 | Jayendra B Patel | 3.36 | - |
| 3 | Vivek Modi | 2.00 | - |
| 4 | Jaimish Patel | 0.43 | - |

**G) Outstanding Debit Balance of Staff Loan as Follows** (₹ In lakhs)

| SRN | Name of Relative | Year Ended March 31, 2021 | Year Ended March 31, 2020 |
|---|---|---|---|
| 1 | Jaimish Patel | 0.21 | 0.05 |

**H)** Key managerial personnel who are under the employment of the Group are entitled to post employment benefits and other employee benefits recognised as per Ind AS 19 - Employee Benefits in the financial statements.

**Transactions with key management personnel are as follows:** (₹ In lakhs)

| Name of Relative | Year Ended March 31, 2021 | Year Ended March 31, 2020 |
|---|---|---|
| Post-employment benefits | 0.83 | 0.96 |
| Share Based Payment | 8.06 | 7.68 |
| **Total** | **8.89** | **8.64** |

**36** There have been no events after the reporting date that require disclosure in these financial statements.

**37** Under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act") which came into force from October 2, 2006, certain disclosures are required to be made relating to micro, small and medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments. The disclosure as required by section 22 of MSMED Act has been given below:

(₹ In lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Principal amount payable to suppliers as at year end | - | - |
| Interest due thereon as at year end | - | - |
| Interest amount for delayed payments to suppliers pursuant to provisions of MSMED Act actually paid during the year, irrespective of the year to which the interest relates. | - | - |
| Amount of delayed payment actually made to suppliers during the year | - | - |
| The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006 | - | - |
| Interest accrued and remaining unpaid at the end of the year | - | - |
| The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006. | - | - |

**Note**: Dues to Micro and Small enterprises have been determined to the extent such parties have been identified on the basis of the information collected by the Management.

**38 Stock Option Scheme**

The Group has instituted 'ARMAN-EMPLOYEE STOCK OPTION PLAN 2016' ("ESOP 2016"), pursuant to the approval of the shareholders of the Company at their annual general meeting held on 22.09.2016.

During the year ended March 31, 2021, Company has granted 3,500 new stock options under the scheme of 'ARMAN-EMPLOYEE STOCK OPTION PLAN 2016' ("ESOP 2016"). The details are as under.

Employee stock option schemes:

ESOP 2016: 1,25,000 equity shares of Rs. 10/- each at a premium of Rs. 40/- each were allotted to Group Employees on September 22, 2016. Details of grant and exercise of such options are as follows:

| Scheme | ESOP-2016 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Tranches | ESOP-2016 -1 | | | ESOP-2016 -2 | | ESOP-2016 -3 | | ESOP-2016-4 |
| No. of options granted | 97,500 | | | 9,000 | | 2,500 | | 3,500 |
| Date of grant | 26.05.2017 | | | 25.05.2018 | | 13.10.2018 | | 12.02.2021 |
| No of Employees | 55 | | | 3 | | 1 | | 6 |
| Financial Year (F.Y.) | F.Y. 2018-19 | F.Y. 2019-20 | F.Y. 2020-21 | F.Y. 2019-20 | F.Y. 2020-21 | F.Y. 2019-20 | F.Y. 2020-21 | F.Y. 2020-21 |
| No. of employees who have exercised the option | 49 | 48 | 45 | 2 | 2 | 1 | 1 | - |
| No. of options exercised | 27,645 | 26,595 | 34,340 | 2,400 | 2,400 | 750 | 750 | - |

| Particulars | ESOP 2016 |
|---|---|
| Date of Grant | 26 May 2017, 25 May 2018, 13 October 2018, 12 February, 2021 |
| Date of board meeting, where ESOP were approved | 11/Aug/2016 |
| Date of committee meeting where grant of options were approved | 26 May 2017, 25 May 2018, 13 October 2018, 12 February, 2021 |
| Date of Shareholder's approval | 22/Sep/2016 |
| No. of options granted | 1,12,500 out of 1,25,000 |
| Method of Settelment | Through allotment of one equity share for each option granted |
| Vesting conditions | The actual vesting of options will depend on continuation to hold the services being provided to the Group at the time of exercise of options. |
| Vesting period | Option will be vested at the End of Year from the Grant Date:-<br>1 – 30% End of Year<br>2 – 30% End of Year<br>3 – 40% End of Year<br>Subject to lock in period of one year from the date of transfer of shares and other terms as stipulated in the Scheme and prescribed under the law in force. |
| Exercise period | It shall commence from the date of vesting of options and expire not later than 3 months from the vesting date of each grant of options |

**Details of Vesting and Exercise of Options (ESOP 2016):**

| Vesting Date | Vested Options | No of Option Exercised |
|---|---|---|
| 26-May-18 | 29,250 | 27,645 |
| 25-May-19 | 2,700 | 2,400 |
| 26-May-19 | 28,485 | 26,595 |
| 13-Oct-19 | 750 | 750 |
| 25-May-20 | 34,660 | 34,340 |
| 26-May-20 | 2,400 | 2,400 |
| 13-Oct-20 | 750 | 750 |

**The following table sets forth a summary of ESOP 2016:**

| Particulars | 2020-21 | 2019-20 |
|---|---|---|
| Outstanding at the beginning of the year | 42,410 | 77,965 |
| Vested but not exercised at the beginning of the year | Nil | Nil |
| Granted during the year | 3,500 | Nil |
| Forfeited during the year | 400 | 3,920 |
| Exercised during the year | 37,490 | 29,745 |
| Expired during the year | 320 | 1,890 |
| Outstanding at the end of the year | 7,700 | 42,410 |
| Exercisable at the end of the year | 7,700 | 42,410 |
| Weighted average exercise price per option | Rs. 50/- | Rs. 50/- |

The fair value of the options granted is determined on the date of the grant using the "Black-Scholes option pricing model" with the following assumptions, as certified by an independent valuer:

| Vesting Date | 25-May-21 | 13-Oct-21 | 12-Feb-21 | 12-Feb-22 | 12-Feb-23 |
|---|---|---|---|---|---|
| **Date of Grant** | **25-May-18** | **13-Oct-18** | | **12-Feb-21** | |
| Stock Price as on Grant Date (Rs.) | 380 | 449 | 729.9 | 729.9 | 729.9 |
| Exercise price (Rs.) | 50 | 50 | 50 | 50 | 50 |
| Expected volatility (%) | 50.97% | 50.97% | 50.97% | 50.97% | 50.97% |
| Expected option life (weighted average) (Years) | 3.13 | 3.30 | 1.12 | 2.13 | 3.12 |
| Expected dividends yield | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Risk free interest rate (%) | 8.00% | 7.90% | 3.98% | 4.52% | 5.00% |
| Fair Value of Option (Rs.) | 341.26 | 410.61 | 682.08 | 684.46 | 687.09 |

The group has recognised share based payment expense of Rs. 9.11 Lakhs (March 31, 2020: Rs. 30.11 Lakhs) during the year as proportionate cost.

| Scheme | ESOP-2016 | | | |
|---|---|---|---|---|
| **Tranches** | **ESOP-2016 -1** | **ESOP-2016 -2** | **ESOP-2016 -3** | **ESOP-2016 -4** |
| Date of grant | 26.05.2017 | 25.05.2018 | 13.10.2018 | 12.02.2021 |
| Date of Board approval | 11.08.2016 | 11.08.2016 | 11.08.2016 | 11.08.2016 |
| Date of Shareholder's approval | 22.09.2016 | 22.09.2016 | 22.09.2016 | 22.09.2016 |
| Number of options granted | 97,500 | 9,000 | 2,500 | 3,500 |
| Exercise price | Rs. 50/- | | | |
| Method of Settlement | Through allotment of one equity share for each option granted. | | | |
| Vesting period | I. 30% of the options at the end of one year from the date of grant; | | | |
| | II. 30% of the options at the end of the two years from the date of grant; | | | |
| | III. 40% of the Options at the end of the three years from the date of grant. | | | |
| Exercise period | 3 months from the date of vesting | | | |
| Vesting conditions | The Option holders are required to continue to hold the services being provided to the Group at the time of exercise of options. | | | |
| Name of the plan | 'ARMAN-EMPLOYEE STOCK OPTION PLAN 2016' ("ESOP 2016") | | | |

39 The Board of Directors has not recommended any dividend for the financial year 2020-21

40 Additional information As required by paragraph 2 of the general instruction for preparation of the Consolidated Financial Statements to the Schedule III of the Act

(₹ in lakhs)

| Name of the entity | Net Assets i.e. Total assets minus Total liabilities | | Share in Profit or Loss | | Share in Other Comprehensive income | |
|---|---|---|---|---|---|---|
| | As % of Consolidated net assets | Amounts | As % of Consolidated Profit & Loss | Amounts | As % of Consolidated net assets | Amounts |
| | | | | | | |
| **Parent** | | | | | | |
| Arman Financial Services Limited | 66.94% | 12,501.92 | 35.18% | 373.46 | 48.94% | 179.34 |
| | | | | | | |
| **Subsidiaries Indian** | | | | | | |
| Namra Finance Limited | 33.06% | 6,174.03 | 64.82% | 688.15 | 51.06% | 187.10 |
| Foreign | - | - | - | - | - | - |
| | | | | | | |
| **Minority interests in all subsidiaries associates (investments as per the equity method)** | | | | | | |
| Parent Subsidiaries Indian | | | | | | |
| Namra Finance Limited | - | - | - | - | - | - |
| Foreign | - | - | - | - | - | - |
| **Total** | **100.00%** | **18,675.95** | **100.00%** | **1,061.61** | **100.00%** | **366.44** |

41. The Amount expected to be Recovered or Setteled within or after 12 months from reporting date:

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

(₹ In Lakhs)

| Particulars | Note No. | As at March 31, 2021 | | | As at March 31, 2020 | | |
|---|---|---|---|---|---|---|---|
| | | Within 12 Months | After 12 Months | Total | Within 12 Months | After 12 Months | Total |
| **ASSETS** | | | | | | | |
| **Financial Assets** | | | | | | | |
| Cash and cash equivalents | 1 | 8,791.77 | - | 8,791.77 | 5,828.95 | - | 5,828.95 |
| Bank Balance other than above | 2 | 5,671.40 | 2,374.25 | 8,045.65 | 2,929.70 | 925.04 | 3,854.74 |
| Loans | 3 | 50,004.96 | 24,317.07 | 74,322.03 | 48,519.20 | 29,370.45 | 77,889.65 |
| Investments | 4 | 317.73 | - | 317.73 | 325.90 | - | 325.90 |
| Other Financial assets | 5 | 658.51 | 102.15 | 760.65 | 560.47 | 147.67 | 708.14 |
| | | | | | | | |
| **Non-financial Assets** | | | | | | | |
| Current tax assets (Net) | 6 | - | - | - | 50.31 | - | 50.31 |
| Deferred tax Assets (Net) | 7 | 1,336.75 | - | 1,336.75 | 478.69 | - | 478.69 |
| Property, Plant and Equipment | 8 | - | 326.02 | 326.02 | - | 352.93 | 352.93 |
| Other Intangible assets | 8 | - | 22.54 | 22.54 | - | 17.69 | 17.69 |
| Right of Use Assets | 8 | - | 59.15 | 59.15 | - | 73.93 | 73.93 |
| Other non-financial assets | 9 | 25.14 | - | 25.14 | 35.53 | - | 35.53 |
| | | | | | | | |
| **Total Assets** | | **66,806.26** | **27,201.17** | **94,007.43** | **58,728.74** | **30,887.72** | **89,616.46** |

| Particulars | Note No. | As at March 31, 2021 | | | As at March 31, 2020 | | |
|---|---|---|---|---|---|---|---|
| | | Within 12 Months | After 12 Months | Total | Within 12 Months | After 12 Months | Total |
| **LIABILITIES AND EQUITY** | | | | | | | |
| **LIABILITIES** | | | | | | | |
| Financial Liabilities | | | | | | | |
| (I) Other Payables | 10 | | | | | | |
| (i) total outstanding dues of micro enterprises and small enterprises | | - | - | - | - | - | - |
| (ii) total outstanding dues of creditors other than micro enterprises and small enterprises | | 76.09 | - | 76.09 | 78.00 | - | 78.00 |
| Debt Securities | 11 | 6,883.92 | 10,876.64 | 17,760.55 | - | 10,570.98 | 10,570.98 |
| Borrowings (Other than Debt Securities) | 12 | 33,735.28 | 19,146.27 | 52,881.55 | 30,398.20 | 27,307.42 | 57,705.62 |
| Subordinated Liabilities | 13 | - | 1,500.00 | 1,500.00 | - | 1,500.00 | 1,500.00 |
| Other financial liabilities | 14 | 2,337.09 | 83.97 | 2,421.06 | 2,265.46 | 67.20 | 2,332.66 |
| | | | | | | | |
| **Non-Financial Liabilities** | | | | | | | |
| Provisions | 15 | 29.67 | 59.87 | 89.55 | 33.91 | 46.07 | 79.98 |
| Current Tax Liabilities (Net) | 6 | 486.78 | - | 486.78 | - | - | - |
| Other non-financial liabilities | 16 | 115.88 | - | 115.88 | 126.68 | - | 126.68 |
| | | | | | | | |
| **EQUITY** | | | | | | | |
| Equity Share capital | 17 | - | 848.84 | 848.84 | - | 845.09 | 845.09 |
| Other Equity | 18 | - | 17,827.13 | 17,827.13 | - | 16,377.45 | 16,377.45 |
| **Total Liabilities and Equity** | | **43,664.72** | **50,342.72** | **94,007.43** | **32,902.25** | **56,714.22** | **89,616.46** |

## 42 Fair Value Measurements:

### A Financial instrument by category and their fair value

(₹ in Lakhs)

| As at March 31, 2021 | Note No. | Carrying Amount | | Fair Value | | | |
|---|---|---|---|---|---|---|---|
| | | Amortised Cost | FVOCI | Level 1 | Level 2 | Level 3 | Total |
| **Financial Assets Measured at Fair value** | | | | | | | |
| Loans | 3 | - | 74,322.03 | - | 74,322.03 | - | 74,322.03 |
| Investment in Units of Mutual Funds | 4 | 317.73 | - | 317.73 | - | - | - |
| Financial Assets Not Measured at Fair value | | | | | | | |
| Cash and Cash Equivalents | 1 | 8,791.78 | - | - | - | - | - |
| Bank Balances other than cash and Cash Equivalent | 2 | 8,045.65 | - | - | - | - | - |
| Security Deposits | 5 | 233.72 | - | - | - | - | - |
| Other Advance | 5 | 13.80 | - | - | - | - | - |
| Interest Due but not Received on Loans and Advances | 5 | 911.02 | - | - | - | - | - |
| Interest Accrued but not due on Bank Deposits | 5 | 210.57 | - | - | - | - | - |
| **Total** | | **18,524.26** | **74,322.03** | **317.73** | **74,322.03** | **-** | **74,322.03** |
| | | | | | | | |
| **Financial Liabilities Not Measured at Fair value** | | | | | | | |
| Debt Securities | 11 | 17,760.55 | - | - | - | 17,760.55 | 17,760.55 |
| Borrowings (Other than Debt Securities) | 12 | 52,881.55 | - | - | - | 52,881.55 | 52,881.55 |
| Subordinated Liabilities | 13 | 1,500.00 | - | - | - | 1,500.00 | 1,500.00 |
| Other financial liabilities | 14 | 2,421.06 | - | - | - | 2,421.06 | 2,421.06 |
| **Total Financial Liabilties** | | **74,563.17** | **-** | **-** | **-** | **74,563.17** | **74,563.17** |

| As at March 31, 2020 | Note No. | Carrying Amount | | Fair Value | | | |
|---|---|---|---|---|---|---|---|
| | | Amortised Cost | FVOCI | Level 1 | Level 2 | Level 3 | Total |
| **Financial Assets Measured at Fair value** | | | | | | | |
| Loans | 3 | - | 77,889.66 | - | 77,889.66 | - | 77,889.66 |
| Investment in Units of Mutual Funds | 4 | 325.90 | - | 325.90 | - | - | 325.90 |
| Financial Assets Not Measured at Fair value | | | | | | | |
| Cash and Cash Equivalents | 1 | 5,828.95 | - | - | - | - | - |
| Bank Balances other than cash and Cash Equivalent | 2 | 3,854.74 | - | - | - | - | - |
| Security Deposits | 5 | 444.94 | - | - | - | - | - |
| Other Advance | 5 | 150.97 | - | - | - | - | - |
| Interest Due but not Received on Loans and Advances | 5 | 119.49 | - | - | - | - | - |
| Interest Accrued but not due on Bank Deposits | 5 | 33.06 | - | - | - | - | - |
| **Total** | | **10,758.07** | **77,889.66** | **325.90** | **77,889.66** | **-** | **78,215.56** |
| **Financial Liabilities Not Measured at Fair value** | | | | | | | |
| Debt Securities | 11 | 10,570.98 | - | - | - | 10,570.98 | 10,570.98 |
| Borrowings (Other than Debt Securities) | 12 | 57,705.62 | - | - | - | 57,705.62 | 57,705.62 |
| Subordinated Liabilities | 13 | 1,500.00 | - | - | - | 1,500.00 | 1,500.00 |
| Other financial liabilities | 14 | 2,332.66 | - | - | - | 2,332.66 | 2,332.66 |
| **Total Financial Liabilties** | | **72,109.27** | **-** | **-** | **-** | **72,109.27** | **72,109.27** |

The Group has not disclosed the fair values for cash and cash equivalents, bank balances, Security Deposits, other Advances, interest Due but not received on loans and advances and Interest Accrued but not due on Bank Deposits bank deposits and other financial liabilities as these are short term in nature and their carrying amounts are a reasonable approximation of fair value.

**B Measurement of fair values**

**I. Valuation techniques and significant unobservable inputs**

The carrying amounts of financial assets and liabilities which are at amortised cost are considered to be the same as their fair values as there is no material differences from the carrying values presented.

**II. Financial instruments - fair value**

The fair value of financial instruments as referred to in note (A) above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurement).

The categories used are as follows:

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices;

Level 2: The fair value of financial instruments that are not traded in active market is determined using valuation technique which maximizes the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value on instrument are observable, the instrument is included in level 2; and

Level 3: If one or more of significant input is not based on observable market data, the instrument is included in level 3.

**III. Transfers between levels I and II**

There has been no transfer in between level I and level II.

**IV. Valuation techniques**

**Loans**

The Group has computed fair value of the loans and advances through OCI considering its business model. These have been fair valued using the base of the interest rate of loan disbursed in the last seven days of the year end which is an observable input and therefore these has been considered to be fair valued using Level 3 inputs.

**C Capital**

The Group maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of the local banking supervisor, RBI. The adequacy of the Group's capital is monitored using, among other measures, the regulations issued by RBI.

The Group has complied in full with all its externally imposed capital requirements over the reported period. Equity share capital and other equity are considered for the purpose of Group's capital management.

**C.1 Capital management**

The primary objectives of the Group's capital management policy are to ensure that the Group complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximize shareholder value.

The Group manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board

**43 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES:**

The Group's principal financial liabilities comprise borrowings and trade payables. The main purpose of these financial liabilities is to finance the Group's operations and to support its operations. The Group's financial assets include loan and advances, cash and cash equivalents that derive directly from its operations.

The Group is exposed to credit risk, liquidity risk and market risk. The Group's board of directors has an overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group's risk management committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

**I Credit Risk**

Credit risk is the risk of financial loss to the Group if a customer or counter-party to financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and loans.

The carrying amounts of financial assets represent the maximum credit risk exposure.

Loans and advances:

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry.

The risk management committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information etc.

**The Group's exposure to credit risk for loans and advances by type of counterparty is as follows:**

(₹ In Lakhs)

| Particulars | Carrying amount | |
|---|---|---|
| | As at March 31, 2021 | As at March 31, 2020 |
| Retail assets (Refer Note 3) | 74,322.03 | 77,889.65 |
| Loans to NBFC-to Create the underlying assets (Refer Note 3) | - | - |
| **Total** | **74,322.03** | **77,889.65** |

An impairment analysis is performed at each reporting date based on the facts and circumstances existing on that date to identify expected losses on account of time value of money and credit risk. For the purposes of this analysis, the loan receivables are categorised into groups based on days past due. Each group is then assessed for impairment using the ECL model as per the provisions of Ind AS 109 - financial instruments.

Notes Forming part of Consolidated Financial Statements
for year ended March 31, 2021

As per Ind AS 109, Group is required to group the portfolio based on the shared risk characteristics. Group has assessed the risk and its impact on the various portfolios and has divided the portfolio into following groups.

a TW Loans

b SME Loans

c Retail Asset Channel Loans

d Microfinance

**Staging:**

As per the requirement of Ind AS 109 general approach all financial instruments are allocated to stage 1 on initial recognition except originated credit-impaired financial assets which are considered to be under stage 3 on day of origination. However, if a significant increase in credit risk is identified at the reporting date compared with the initial recognition, then an instrument is transferred to stage 2. If there is objective evidence of impairment, then the asset is credit impaired and transferred to stage 3.

The Group considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

For financial assets in stage 1, the impairment calculated based on defaults that are possible in next twelve months, whereas for financial instrument in stage 2 and stage 3 the ECL calculation considers default event for the lifespan of the instrument.

As per Ind AS 109, Group assesses whether there is a significant increase in credit risk at the reporting date from the initial recognition. Group has staged the assets based on the Day past dues criteria and other market factors which significantly impacts the portfolio.

| Days past dues status | Stage | Provisions |
|---|---|---|
| Current | Stage 1 | 12 months provision |
| 1-30 days | Stage 1 | 12 months provision |
| 31-60 days | Stage 2 | Lifetime Provision |
| 61-90 days | Stage 2 | Lifetime Provision |
| 90+ days | Stage 3 | Lifetime Provision |

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group. The Group is exposed to credit risk from its operating activities , cash and cash equivalents and other financial instruments.

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to the customer credit risk management. Outstanding customer receivables are regularly monitored and taken up on case to case basis. The Group has adopted a policy of dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit scores of its counterparties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management team on a regular basis. The Group evaluates the concentration of risk with respect to loan receivables as low, as its customers are located in several jurisdictions representing large number of minor receivables operating in largely independent markets.The credit risk on cash and bank balances and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

**EXPECTED CREDIT LOSS FOR LOANS:**

The Group considers default in all cases when the borrower becomes 90 days past due on its contractual payments. The Expected Credit Loss (ECL) is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets. ECL is the product of the Probability of Default, Exposure at Default and Loss Given Default

**Marginal probability of default:**

PD is defined as the probability of whether borrowers will default on their obligations in the future. Historical PD is derived from NBFC internal data calibrated with forward looking macroeconomic factors. For computation of probability of default ("PD"), Vasicek Single Factor Model was used to forecast the PD term structure over lifetime of loans. As per Vasicek model, given long term PD and current macroeconomic conditions, conditional PD corresponding to current macroeconomic condition is estimated. Group has worked out on PD based on the last five years historical data.

**Marginal probability:**

The PDs derived from the Vasicek model, are the cumulative PDs, stating that the borrower can default in any of the given years, however to compute the loss for any given year, these cumulative PDs have to be converted to marginal PDs. Marginal PDs is probability that the obligor will default in a given year, conditional on it having survived till the end of the previous year.

**Conditional marginal probability:**

As per Ind AS 109, expected loss has to be calculated as an unbiased and probability-weighted amount for multiple scenarios.

Based on the historical loss experience, adjustments need to be made on the average PD computed to give effect of the current conditions which is done through management overlay by assigning probability weightages to different scenarios.

**LGD:**

LGD is an estimate of the loss from a transaction given that a default occurs. Under Ind AS 109, lifetime LGD's are defined as a collection of LGD's estimates applicable to different future periods.

Various approaches are available to compute the LGD. Group has considered workout LGD approach. The following steps are performed to calculate the LGD:

1) Analysis of historical credit impaired accounts at cohort level.
2) The computation consists of five components, which are:
    a) Outstanding balance (POS).
    b) Recovery amount (discounted yearly) by initial contractual rate.
    c) Expected recovery amount (for incomplete recoveries), discounted to reporting date using initial contractual rate.
    d) Collateral (security) amount.

    The formula for the computation is as below:

    % Recovery rate = (discounted recovery amount + security amount + discounted estimated recovery) / (total POS)

    % LGD = 1 – recovery rate

**EAD:**

As per Ind AS 109, EAD is estimation of the extent to which the financial entity may be exposed to counterparty in the event of default and at the time of counterparty's default. Group has modelled EAD based on the contractual and behavioral cash flows till the lifetime of the loans considering the expected prepayments. Group has considered expected cash flows for all the loans at DPD bucket level for each of the segments, which was used for computation of ECL. Moreover, the EAD comprised of principal component, accrued interest and also the future interest for the outstanding exposure. So discounting was done for computation of expected credit loss.

**Discounting:**

As per Ind AS 109, ECL is computed by estimating the timing of the expected credit shortfalls associated with the defaults and discounting them using effective interest rate.

**Changes in ECL allowances in relation to loans from beginning to end of reporting period:**

(₹ in Lakhs)

| Particulars | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|---|---|
| Opening provision of ECL | 1,910.62 | 749.32 |
| Addition during the year | 5,339.27 | 1,754.67 |
| Utilization / reversal during the year | (2,095.22) | (593.37) |
| Closing provision of ECL | 5,154.67 | 1,910.62 |

**Liquidity Risk:**

Liquidity risk is the risk that the Group will encounter difficulty in meeting its obligations associated with its financial liabilities. The Group's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due.

The Group is monitoring its liquidity risk by estimating the future inflows and outflows during the start of the year and planned accordingly the funding requirement. The Group manages its liquidity by unutilized cash credit facility, term loans and direct assignment.

The composition of the Group's liability mix ensures healthy asset liability maturity pattern and well diverse resource mix.

Capital adequacy ratio of the Holding Company, as on 31 March 2021 is 48.80% against regulatory norms of 15%. Tier I capital is 45.36% as against requirement of 10%. Tier II capital is 3.44% which may increase from time to time depending on the requirement and also as a source of structural liquidity to strengthen asset liability maturity pattern.

Capital adequacy ratio of the Subsidiary Company, as on 31 March 2021 is 20.32% against regulatory norms of 15%. Tier I capital is 17.69% as against requirement of 10%. Tier II capital is 2.63% which may increase from time to time depending on the requirement and also as a source of structural liquidity to strengthen asset liability maturity pattern.

The total cash credit limit available to the Group is Rs. 4,954 lakhs spread across 7 banks. The utilization level is maintained in such a way that ensures sufficient liquidity on hand.Majority of the Group's portfolio is MSME loans which qualifies as Priority Sector Lending. During the year, the Group has maintained around 5% to 10% of assets under management as off book through direct assignment transactions. It is with door to door maturity and without recourse to the Group. This further strengthens the liability management.

The table below summarizes the maturity profile of the Group's non derivative financial liabilities based on contractual undiscounted payments along with its carrying value as at the balance sheet date.

(₹ In Lakhs)

| Particulars | 1 Day to 30/31 Days 1 Month | Over 1 Month up to 2 Months | Over 2 Months up to 3 Months | Over 3 Months up to 6 Months | Over 6 Months up to 1 Year | Over 1 Year up to 3 Years | Over 3 Year up to 5 Years | Over 5 Years | Total |
|---|---|---|---|---|---|---|---|---|---|
| Debt Securities (Refer Note 11) | - | 4,146.03 | - | - | 2,737.88 | 10,876.64 | - | - | 17,760.55 |
| Borrowings & Subordinated Liabilities (Refer Note 12 & 13) | 9,038.41 | 1,850.16 | 1,944.37 | 6,817.89 | 14,084.45 | 19,091.10 | 1,555.17 | - | 54,381.55 |
| Trade Payables | - | - | - | - | - | - | - | - | - |
| As at March 31, 2020 | | | | | | | | | |
| Debt Securities (Refer Note 11) | - | - | - | - | - | 6,839.18 | 3,731.80 | - | 10,570.98 |
| Borrowings & Subordinated Liabilities (Refer Note 12 & 13) | 1,856.56 | 2,044.22 | 3,920.95 | 10,583.60 | 11,992.85 | 20,662.56 | 8,144.87 | - | 59,205.62 |
| Trade Payables | - | - | - | - | - | - | - | - | - |

III Market risk :

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk includes interest rate risk and foreign currency risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

IV Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's investment in bank deposits and variable interest rate borrowings and lending. Whenever there is a change in borrowing interest rate for the Group, necessary change is reflected in the lending interest rates over the timeline in order to mitigate the risk of change in interest rates of borrowings.

The sensitivity analysis have been carried out based on the exposure to interest rates for bank deposits, lending and borrowings carried at variable rate.

(₹ In Lakhs)

| Change in interest rates | As at March 31, 2021 | |
|---|---|---|
| | 50 bp increase | 50 bp decrease |
| **Bank Deposits** | 8,027.77 | 8,027.77 |
| Impact on profit for the year | 40.14 | (40.14) |
| **Variable Rate Borrowings** | 52,881.55 | 52,881.55 |
| Impact on profit for the year | (264.41) | 264.41 |

**V Foreign currency risk:**

As at March 31, 2021, the Group has outstanding foreign currency borrowings of Euro 5 million (March 31, 2020: Euro 5 million ). The Group has undertaken principal swaps and cross currency swaps to hedge the foreign currency risk of the ECB principals. Whereas the Group has entered into floating to fixed coupon only swaps and interest rate swaps along with forward contracts to hedge the floating interest and foreign currency risk of the coupon payments. All the derivative instruments are purely for hedging the underlying ECB transactions as per applicable RBI guidelines and not for any speculative purpose.

The Group is exposed to foreign exchange risk arising from foreign currency transactions. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the functional currency of the Group. To mitigate the Group's exposure to foreign currency risk, non-rupee cash flows are monitored and derivative contracts are entered into in accordance with the Group's risk management policies.

**VI Foreign currency risk exposure**

The Group exposure to foreign currency risk at the end of the reporting period expressed In Indian Rupees are as follows:

(₹ In Lakhs)

| Particulars | Currency | March 31, 2021 | March 31, 2020 |
|---|---|---|---|
| Financial liabilities | | | |
| External commercial borrowings (Refer Note 11) | Euro | 4,151.80 | 4,150.37 |
| (including interest accrued) | | | |
| (Gain)/loss: Derivative contract | | (6.02) | 171.80 |

**Sensitivity***

The sensitivity of profit and loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

(Rs. In Lakhs)

| Particulars | For the Year Ended March 31, 2021 | For the Year Ended March 31, 2020 |
|---|---|---|
| Euro Sensitivity | | |
| INR / Euro-increase by 5% | (207.59) | (207.52) |
| INR / Euro-decrease by 5% | 207.59 | 207.52 |

* Holding all other variables constant

**44** With the outbreak of COVID-19 pandemic, the Indian government announced a lockdown in March 2020. Subsequently, the national lockdown was lifted by the government, but regional lockdowns continue to be implemented in areas with a significant number of COVID-19 cases. In order to mitigate the burden of debt servicing brought about by disruptions on account of COVID-19 pandemic and to ensure the continuity of viable businesses, the RBI through its circulars dated March 27, 2020 and April 17, 2020, permitted lenders including NBFCs to grant moratorium, on the payment of all instalments and/ or interest, falling due between March 01, 2020 and May 31, 2020 to their borrowers. This period was extended by RBI till August 31, 2020 through its circular dated May 23, 2020. The Company accordingly extended the moratorium option to its borrowers in accordance with its Board approved policies. In respect of such accounts that were granted moratorium, the asset classification remained standstill during the moratorium period. The impact of COVID-19, including changes in customer behaviour and pandemic fears, as well as restrictions on business and individual activities, has led to significant volatility in global and Indian financial markets and a significant decrease in economic activities, which may persist even after the restrictions related to the COVID-19 outbreak are lifted. The slowdown during the year has led to a decrease in loan originations and in collection efforts' efficiency. The extent to which the COVID-19 pandemic, including the current "second wave" that has significantly increased the number of cases in India, will continue to impact the company's operations and financial results will depend on ongoing as well as future developments, which are highly uncertain. The relaxations announced in the lockdowns / restrictions by state governments, that imposed during the "second wave", since last week of May 2021 has helped the company's employees to contact the borrowers and resume business activities.

**45** Previous year's figures have been regrouped and rearranged wherever necessary, to make them comparable with those of current year.

**For, Samir M Shah & Associates**
Chartered Accountants
[Firm Regd. No. 122377W]

**[Sneha Jethani]**
Partner
[M.No.160932]
UDIN: 21160932AAAABC7633

Place: Ahmedabad
Date: 24.06.2021

For & on behalf of the Board of Directors of
**Arman Financial Services Limited**

**Jayendra Patel**
Vice Chairman & Managing Director
(DIN - 00011814)

**Vivek Modi**
Chief Financial Officer

**Aalok Patel**
Joint Managing Director
(DIN - 02482747)

**Jaimish Patel**
Company Secretary
(M. No. A42244)

## GENERAL INFORMATION

- Our Company was originally incorporated as '*Arman Lease and Finance Private Limited*' on November 26, 1992, as a private limited company under the Companies Act, 1956, pursuant to a certificate of incorporation granted by the Registrar of Companies, Gujarat, Dadra & Nagar Haveli. Subsequently, pursuant to a special resolution passed at the meeting of the shareholders of our Company at an extraordinary general meeting held on September 30, 1993, our Company became a public limited company and the name of our Company was changed to '*Arman Lease and Finance Limited*' and consequently, a fresh certificate of incorporation, dated December 22, 1993, was issued by the Registrar of Companies, Gujarat, Dadra & Nagar Haveli. Subsequently, a fresh certificate of incorporation, dated November 27, 2008, was issued by the RoC in relation to the change of name from to '*Arman Lease and Finance Limited*' to *'Arman Financial Services Limited'*. The Company received a license to carry on the business of non-banking financial institution from the Reserve Bank of India ("**RBI**") on October 29, 2007, pursuant to a certificate of registration bearing no. 01.00066 and has been categorised as a NBFC Investment and Credit Company ("**NBFC – ICC**") carrying on the business of a non-banking financial institution without accepting public deposits by RBI on May 12, 2023, pursuant to certificate of registration bearing number B.01.00066.

- For further details, see the section titled, "*Organisational Structure of our Company*" on page 166.

- The Equity Shares of our Company were listed on BSE Limited and the NSE Limited on October 23, 1993. Our Company has received in-principle approvals to list the Equity Shares to be issued pursuant to the Issue from each BSE and NSE on December 19, 2023, under Regulation 28(1) of the SEBI Listing Regulations.

- Our Registered and Corporate Office is located at 502-503, Sakar III, Opposite Old High Court, Off Ashram Road, Ahmedabad, Gujarat – 380014 India.

- The CIN of the Company is L55910GJ1992PLC018623.

- The website of our Company is www.armanindia.com.

- The authorised share capital of our Company is ₹150,000,000 divided into 14,000,000 Equity Shares of ₹10 each and 1,000,000 Optionally Convertible Redeemable Preference Shares of ₹10 each.

- The Issue was authorised and approved by the Board pursuant to the resolution dated August 14, 2023, and by the Members pursuant to the special resolution dated September 29, 2023. Our Company has been authorised to raise funds up to ₹ 3,500 million by way of issue of securities including the Equity Shares.

- In compliance with Regulation 173A of the SEBI ICDR Regulations, our Company has appointed CARE Ratings Limited as the Monitoring Agency, for monitoring the utilisation of the proceeds in relation to the Issue. The Monitoring Agency will submit its report to us on a quarterly basis in accordance with the SEBI ICDR Regulations.

- Copies of our Memorandum of Association and Articles of Association will be available for inspection between 9:30 am to 5:30 p.m. during the Bid/Issue on any weekday (except Saturdays and public holidays) at our Corporate Office.

- Except as disclosed in this Placement Document, our Company has obtained all necessary consents, approvals and authorisations as may be required in connection with the Issue.

- There has been no material change in the financial or trading position of our Company since September 30, 2023, the date of the Unaudited Consolidated Financial Statements prepared in accordance with applicable accounting standards included in this Placement Document, except as disclosed herein.

- Except as disclosed in this Placement Document, there are no material litigation or arbitration proceedings against or affecting us, or our assets or revenues, nor are we aware of any pending or threatened litigation or arbitration proceedings, which are or might be material in the context of this Issue. For further details, see "*Legal Proceedings*" on page 211.

- As on the date of this Placement Document, M/s Talati & Talati LLP, Chartered Accountants, having Firm Registration No. 110758W/W110377 is the statutory auditor of our Company.

- No change in the control of our Company will occur consequent to the Issue.

- Our Company is in compliance with the minimum public shareholding requirements as required under the SEBI Listing Regulations and Rule 19A of the SCRR.

- The Floor Price is ₹ 2,309.51 per Equity Share, calculated in accordance with the provisions of Chapter VI of the SEBI ICDR Regulations, as certified by our Statutory Auditor, Talati & Talati LLP, Chartered Accountants. Our Company has offered a discount of ₹ 114.51 per Equity Share, equivalent to 4.96% on the Floor Price in accordance with the approval of our Board resolution dated August 14, 2023, and the shareholders of the Company accorded through a special resolution dated September 29, 2023, and Regulation 176(1) of the SEBI ICDR Regulations.

- Our Company and the BRLM accept no responsibility for statements made otherwise than in this Placement Document and anyone placing reliance on any other source of information, including our website, would be doing so at their own risk.

- Jaimish Patel is the Company Secretary and Compliance Officer of our Company. His details are as follows:

**Jaimish Patel**
*Company Secretary and Compliance Officer*
502-503, Sakar III,
Opposite Old High Court,
Off Ashram Road,
Ahmedabad – 380014
Gujarat, India
**Tel**: +91 9898800702
**E-mail**: secretarial@armanindia.com

## DETAILS OF PROPOSED ALLOTTEES

In compliance with the requirements of Chapter VI of the SEBI ICDR Regulations, Allotment shall be made at the sole and absolute discretion of our Company, in consultation with the BRLM, to Eligible QIBs. The names of the proposed Allottees and such allotment as the percentage of post-Issue capital that may be held by them is set forth below. These details of the proposed Allottees, assuming that the Equity Shares are Allotted to them pursuant to the Issue, will be included in this Placement Document to be sent to such proposed Allottees.

| S. No. | Name of the proposed Allottees | Percentage of the post-Issue share capital held (%)(1)(2) |
|---|---|---|
| 1. | SUNDARAM MUTUAL FUND A/C SUNDARAM SMALL CAP FUND | 0.70 |
| 2. | SUNDARAM MUTUAL FUND A/C SUNDARAM FLEXI CAP FUND | 0.47 |
| 3. | SUNDARAM MUTUAL FUND A/C SUNDARAM FOCUSED FUND | 0.70 |
| 4. | KOTAK MAHINDRA LIFE INSURANCE COMPANY LTD. | 1.17 |
| 5. | INDIA ACORN FUND LTD | 0.33 |
| 6. | WHITE OAK INDIA EQUITY FUND II | 0.13 |
| 7. | WHITE OAK INDIA SELECT EQUITY FUND | 0.11 |
| 8. | WHITE OAK INDIA EQUITY FUND IV | 0.18 |
| 9. | WHITE OAK INDIA EQUITY FUND V | 0.13 |
| 10. | WHITE OAK INDIA EQUITY FUND VI | 0.05 |
| 11. | ASHOKA INDIA EQUITY INVESTMENT TRUST PLC | 0.47 |
| 12. | WHITEOAK CAPITAL FLEXI CAP FUND | 0.56 |
| 13. | WHITEOAK CAPITAL MULTI CAP FUND | 0.13 |
| 14. | WHITEOAK CAPITAL BALANCED ADVANTAGE FUND | 0.07 |
| 15. | WHITEOAK CAPITAL ELSS TAX SAVER FUND | 0.03 |
| 16. | WHITEOAK CAPITAL LARGE AND MID CAP FUND | 0.15 |
| 17. | UTI - BANKING AND FINANCIAL SERVICES FUND | 0.93 |
| 18. | UTI SMALL CAP FUND . | 0.93 |
| 19. | BOFA SECURITIES EUROPE SA - ODI | 0.91 |
| 20. | SOCIETE GENERALE - ODI | 1.04 |
| 21. | QUANTUM-STATE INVESTMENT FUND | 0.33 |
| 22. | VIKASA INDIA EIF I FUND | 0.23 |
| 23. | PRAMERICA LIFE INSURANCE LIMITED | 0.23 |
| 24. | SAINT CAPITAL FUND | 0.15 |
| 25. | SWYOM INDIA ALPHA FUND . | 0.05 |
| 26. | OPTIMIX WHOLESALE GLOBAL EMERGING MARKETS SHARE TRUST | 0.56 |

*(1) Based on the proposed Allotment in this Issue, subject to completion of Allotment.*

*(2) The post-Issue shareholding (in percentage terms) of the Allottees has been disclosed on the basis of their respective PAN, except in case of Mutual Funds, insurance companies, and Eligible FPIs (investing through different sub accounts having common PAN across such sub accounts) wherein their respective DP ID and Client ID has been considered.*

## DECLARATION

Our Company certifies that all relevant provisions of Chapter VI read with Schedule VII of the SEBI ICDR Regulations have been complied with and no statement made in this Placement Document is contrary to the provisions of Chapter VI and Schedule VII of the SEBI ICDR Regulations and that all approvals and permissions required to carry on our Company's business have been obtained, are currently valid and have been complied with. Our Company further certifies that all the statements in this Placement Document are true and correct.

**Signed by:**

__________________________

**Aalok Jayendra Patel**
*Joint Managing Director*

**Date:** 22/12/2023
**Place:** Ahmedabad

## DECLARATION

We, the Board of the Company, certify that:

(i) the Company has complied with the provisions of the Companies Act, 2013 and the rules made thereunder;

(ii) the compliance with the Companies Act, 2013 and the rules thereunder does not imply that payment of dividend or interest or repayment of preference shares or debentures, if applicable, is guaranteed by the Central Government;

(iii) the monies received under the Issue shall be used only for the purposes and objects indicated in this Placement Document (which includes disclosures prescribed under Form PAS-4).

**SIGNED ON BEHALF OF THE BOARD OF DIRECTORS**

**Signed by:**

___________________________

**Aalok Jayendra Patel**
*Joint Managing Director*

I am authorized by the Issue and Allotment Committee, a committee of the Board of the Company, *vide* resolution dated December 19, 2023 to sign this form and declare that all the requirements of Companies Act, 2013 and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and the Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

Signed:

___________________________

**Aalok Jayendra Patel**
*Joint Managing Director*

**Date:** 22/12/2023
**Place:** Ahmedabad

**ARMAN FINANCIAL SERVICES LIMITED**
**CIN:** L55910GJ1992PLC018623

**Registered Office and Corporate Office**

502-503, Sakar III, Opposite Old High Court,
Off Ashram Road, Ahmedabad – 380014, Gujarat, India.
**Tel:** + 91 79 4050 7000
**Email:** secretarial@armanindia.com
**Website**: www.armanindia.com

**Contact Person:**

**Jaimish Patel**
**Designation**: Company Secretary and Compliance Officer
**Tel**: +91 9898800702
**E-mail**: secretarial@armanindia.com
**Address:**502-503, Sakar III,
Opposite Old High Court,
Off Ashram Road,
Ahmedabad – 380014
Gujarat, India

**BOOK RUNNING LEAD MANAGER**

**JM Financial Limited**
7th floor, Cnergy Appasaheb Marathe Marg
Prabhadevi Mumbai,
400 025 Maharashtra, India

**STATUTORY AUDITORS OF OUR COMPANY**

**M/s Talati & Talati LLP, Chartered Accountants**
Ambica Chambers, Old High Ct Rd,
Navrangpura,
Ahmedabad, Gujarat - 380014

**LEGAL COUNSEL TO OUR COMPANY**

**Trilegal**
One World Centre
10th Floor, Tower 2A and 2B
Senapati Bapat Marg
Lower Parel (West), Mumbai - 400 013
Maharashtra, India

**LEGAL COUNSEL TO THE BOOK RUNNING LEAD MANAGER**

**Shardul Amarchand Mangaldas & Co**
Amarchand Towers,
216, Okhla Industrial Estate Phase III,
New Delhi - 110 020, India

**INTERNATIONAL LEGAL COUNSEL TO THE BOOK RUNNING LEAD MANAGER WITH RESPECT TO SELLING AND TRANSFER RESTRICTIONS**

**Hogan Lovells Lee & Lee**
50 Collyer Quay
#10-01 OUE Bayfront
Singapore - 049321

# APPLICATION FORM

*"An indicative form of the Application Form is set forth below:"*

<table>
<tr><td>

**ARMAN FINANCIAL SERVICES LIMITED**

(*Incorporated in the Republic of India under the provisions of the Companies Act, 1956*)<br>
**Registered and Corporate Office**: 502-503, Sakar III, Opposite Old High Court, Off Ashram Road, Ahmedabad – 380014 Gujarat, India.<br>
**Telephone:** + 91 79 4050 7000<br>
**Contact Person:** Jaimish Patel, Company Secretary and Compliance Officer | **Email**: secretarial@armanindia.com;<br>
**Website**: www.armanindia.com<br>
**CIN**: L55910GJ1992PLC018623 | **LEI**: 335800YHQ1DBJH9K8G97 | **ISIN**: INE109C01017
</td><td>

**APPLICATION FORM**

**Name of Bidder**: __________________

**Form No:** ________________________

**Date:** ____________________________
</td></tr>
</table>

**QUALIFIED INSTITUTIONS PLACEMENT OF [●] EQUITY SHARES OF FACE VALUE ₹ 10 EACH (THE "EQUITY SHARES") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE ("ISSUE PRICE"), INCLUDING A PREMIUM OF ₹ [●] PER EQUITY SHARE, AGGREGATING TO ₹ [●] UNDER CHAPTER VI OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE "SEBI ICDR REGULATIONS") AND SECTION 42 OF THE COMPANIES ACT, 2013, AS AMENDED (THE "COMPANIES ACT"), READ WITH RULE 14 OF THE COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014, AS AMENDED (THE "PAS RULES"), AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT AND THE RULES MADE THEREUNDER BY ARMAN FINANCIAL SERVICES LIMITED (THE "COMPANY") (HEREINAFTER REFERRED TO AS THE "ISSUE"). THE APPLICABLE FLOOR PRICE OF THE EQUITY SHARES IS ₹ 2,309.51 AND THE COMPANY MAY OFFER A DISCOUNT ON THE FLOOR PRICE IN TERMS OF REGULATION 176(1) OF THE SEBI ICDR REGULATIONS AND IN ACCORDANCE WITH THE APPROVAL OF ITS SHAREHOLDERS.**

**Only Qualified Institutional Buyers ("QIBs") as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations and which (i) are not, (a) excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations or including foreign exchange laws; or other applicable laws ,or (b) which are not prohibited or debarred by any regulatory authority for buying or selling or dealing in securities or restricted from participating in the Issue under the SEBI ICDR Regulations and other applicable laws; (c) hold a valid and existing registration under the applicable laws in India (as applicable); and (d) are eligible to invest in the Issue and submit this Application Form, and (ii) are residents in India and Eligible FPIs (as defined herein below) participating through Schedule II of the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 ("FEMA Rules"), defined hereinafter or a multilateral or bilateral development financial institution eligible to invest in India under applicable law including the FEMA Rules; can submit this Application Form. The Equity Shares offered in the Issue have not been and will not be registered under the Securities Act of 1933, as amended (the "U.S. Securities Act"), or any state securities laws in the United States, and unless so registered, and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any applicable U.S. state securities laws. You understand that the Equity Shares offered in the Issue are being offered and sold only outside the United States in "offshore transactions", as defined in, and in reliance on, Regulation S under the U.S. Securities Act ("Regulation S") and you represent that you were outside the United States when the offer to purchase the Equity Shares was made to you and you are currently outside the United States and that you are not acquiring or subscribing for the Equity Shares as a result of any "directed selling efforts" (as defined in Regulation S). 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 jurisdictions. You should note and observe the solicitation and distribution restrictions contained in the sections "Selling Restrictions" and "Transfer Restrictions and Purchaser Restrictions" on pages 190 and 197, respectively in the accompanying preliminary placement document dated December 19, 2023 (the "PPD").**

**ELIGIBLE FPIs ARE PERMITTED TO PARTICIPATE IN THIS ISSUE, THROUGH PORTFOLIO INVESTMENT SCHEME UNDER SCHEDULE II OF THE FEMA RULES, SUBJECT TO COMPLIANCE WITH ALL APPLICABLE LAWS AND SUCH THAT THE SHAREHOLDING OF ELIGIBLE FPIs DO NOT EXCEED SPECIFIED LIMITS AS PRESCRIBED UNDER APPLICABLE LAWS IN THIS REGARD. ALLOTMENTS MADE TO AIFS AND VCFS IN THE ISSUE SHALL REMAIN SUBJECT TO THE RULES AND REGULATIONS APPLICABLE TO EACH OF THEM RESPECTIVELY, INCLUDING THE FEMA RULES. PURSUANT TO FDI POLICY READ ALONG WITH PRESS NOTE NO. 3 (2020 SERIES), DATED APRIL 17, 2020, ISSUED BY THE DEPARTMENT FOR PROMOTION OF INDUSTRY AND INTERNAL TRADE, GOVERNMENT OF INDIA, AND RULE 6 OF THE FEMA NON DEBT RULES, INVESTMENTS BY AN ENTITY OF A COUNTRY WHICH SHARES LAND BORDER WITH INDIA OR WHERE THE BENEFICIAL OWNER OF SUCH INVESTMENT €S SITUATED IN OR IS A CITIZEN OF SUCH COUNTRY, MAY ONLY BE MADE THROUGH THE GOVERNMENT APPROVAL ROUTE. OTHER ELIGIBLE NON-RESIDENT QIBS SHALL PARTICIPATE IN THE ISSUE UNDER SCHEDULE I OF FEMA RULES. FVCIs ARE NOT PERMITTED TO PARTICIPATE IN THE ISSUE.**

**To,**

**The Board of Directors**<br>
**ARMAN FINANCIAL SERVICES LIMITED**<br>
502-503, Sakar III, Opposite Old High Court,<br>
Off Ashram Road, Ahmedabad – 380014 Gujarat, India

| STATUS (Please ✓) | | | |
|---|---|---|---|
| **FI** | Scheduled Commercial Banks and Financial Institutions | **AIF** | Alternative Investment Fund* |
| **MF** | Mutual Funds | **IF** | Insurance Funds |
| **FPI** | Eligible Foreign Portfolio Investors** | **NIF** | National Investment Fund |
| **VCF** | Venture Capital Funds | **SI-NBFC** | Systemically Important Non-Banking Financial Companies |
| **IC** | Insurance Companies | **OTH** | Others (Please specify) |

Total shares currently held by QIB or QIBs belonging to the same group or those who are under common control. For details of what constitutes "*same group*" or "*common control*", see "*Application Form*" under *Issue Procedure* section of the PPD.<br>
** Sponsor and Manager should be Indian owned and controlled.*<br>
***Foreign portfolio investors as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended, other than individuals, corporate bodies and family offices who are not allowed to participate in the Issue*

**Dear Sirs,**

On the basis of the serially numbered PPD of the Company and subject to the terms and conditions contained therein, and in this Application Form, we hereby submit our Application Form for the Allotment of the Equity Shares in the Issue, at the terms and price indicated below. We confirm, that we have a valid and existing registration under applicable laws and regulations of India, and undertake to acquire, hold, manage or dispose of any Equity Shares that are Allotted to us in accordance with Chapter VI of the SEBI ICDR Regulations and undertake to comply with the SEBI ICDR Regulations, and all other applicable laws, including any reporting obligations and the terms and conditions mentioned in the PPD and this Application Form. We confirm that we are an eligible QIB as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations and are not: (a) excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations; and (b) restricted from participating in the Issue under the applicable laws, including SEBI ICDR Regulations. We are not a promoter of the Company (as defined in the SEBI ICDR Regulations), or any person related to the promoters of the Company, directly or indirectly and this Application Form does not directly or indirectly represent the promoter or promoter group or persons related to the promoter. Further, we confirm that we do not have any right under a shareholders' agreement or voting agreement entered into with promoters or persons related to promoters of the Company, veto rights or right to appoint any nominee director on the board of directors of the Company. We confirm that we are either an Eligible QIB which is resident in India, or an Eligible FPI, participating through Schedule II of the FEMA Non- Debt Rules or a multilateral or bilateral development financial institution eligible to invest in India under applicable law. We specifically confirm that our Bid for the Allotment of the Equity Shares is not in violation to the amendment made to Rule 6(a) of the FEMA Rules by the Central Government on April 22, 2020. We confirm that we are neither an AIF or VCF whose sponsor and manager is not Indian owned and controlled in terms of the FEMA Rules, nor an FVCI. We confirm that the signatory is authorized to apply on behalf of the Bidder and the Bidder has all the relevant approvals for applying in the Issue. We confirm that the Bid size / aggregate number of the Equity Shares applied for by us, and which may be Allocated to us thereon will not exceed the relevant regulatory or approved limits and further confirm that our Bid will not result in triggering an open offer under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended (the "**Takeover Regulations**").We confirm, that we have a valid and existing registration under applicable laws and regulations of India, and undertake to acquire, hold, manage or dispose of any Equity Shares that are Allotted to us in accordance with Chapter VI of the SEBI ICDR Regulations and undertake to comply with the SEBI ICDR Regulations, and all other applicable laws, including any reporting obligations and the terms and conditions mentioned in the PPD and this Application Form. We confirm that, in relation to our application, each foreign portfolio investor ("**FPI**") as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended (other than individuals, corporate bodies and family offices), and including persons who have been registered under these regulations (such FPIs, "**Eligible FPIs**"), have submitted a separate Application Form, and asset management companies or custodians of mutual funds have specified the details of each scheme for which the application is being made along with the Bid Amount and number of Equity Shares to be Allotted under each such scheme. We undertake that we will sign all such documents, provide such documents and do all such acts, if any, necessary on our part to enable us to be registered as the holder(s) of the Equity Shares that may be Allotted to us. We confirm that the signatory is authorized to apply on behalf of the Bidder and the Bidder has all the relevant authorisations. We note that the Company is entitled, in consultation with JM Financial Limited (the "**BRLM**"), in their sole discretion, to accept or reject this Application Form without assigning any reason thereof.

We hereby agree to accept the Equity Shares applied for, or such lesser number of Equity Shares as may be Allocated to us, subject to the provisions of the memorandum of association and articles of association of the Company, applicable laws and regulations, the terms of the PPD, Placement Document and the Confirmation of Allocation Note ("**CAN**"), when issued and the terms, conditions and agreements mentioned therein and request you to credit the same to our beneficiary account with the Depository Participant as per the details given below, subject to receipt of Application Form and the Bid Amount towards the Equity Shares that may be allocated to us. The amount payable by us as Bid Amount for the Equity Shares applied for has been/will be remitted to the designated bank account set out in this Application Form through electronic mode, along with this Application Form prior to the Bid/Issue Closing Date and such Bid Amount has been /will be transferred from a bank account maintained in our name. We acknowledge and agree that we shall not make any payment in cash or cheque. We are aware that (i) Allocation and Allotment in the Issue shall be at the sole discretion of the Company, in consultation with the BRLM; and (ii) in the event that Equity Shares that we have applied for are not Allotted to us in full or at all, and/or the Bid Amount is in excess of the amount equivalent to the product of the Equity Shares that will be Allocated to us and the Issue Price, or the Company is unable to issue and Allot the Equity Shares offered in the Issue, or if we withdraw the Bid before the Issue Closing date, or if there is a cancellation of the Issue, or the listing of the Equity Shares does not occur in the manner described in the PPD, the Placement Document, the SEBI ICDR Regulations and other applicable laws, the Bid Amount or a portion thereof, as applicable, will be refunded to the same bank account from which the Bid Amount was paid by us. Further, we agree to comply with the rules and regulations that are applicable to us, including in relation to the lock-in and transferability requirements. In this regard, we authorize the Company to issue instructions to the depositories for such lock-in and transferability requirements, as may be applicable to us.

We acknowledge ,agree and consent that (i) our names, address, contact details, PAN, bank account details and the number of Equity Shares Allotted, along with other relevant information as may be required, will be recorded by the Company in the format prescribed in terms of the PAS Rules; (ii) in the event that any Equity Shares are Allocated to us in the Issue, we are aware pursuant to the requirements under Form PAS-4 of the PAS Rules that our names (as proposed Allottees) and the percentage of our post-Issue shareholding in the Company will be disclosed in the Placement Document, and we are further aware that disclosure of such details in relation to us in the Placement Document will not guarantee Allotment to us, as Allotment in the Issue shall continue to be at the sole discretion of the Company, in consultation with the BRLM; and (iii) in the event that Equity Shares are Allotted to us in the Issue, the Company will place our name in the register of members of the Company as a holder of such Equity Shares that may be Allotted to us and in the Form PAS-3 filed by the Company with the Registrar of Companies, Gujarat at Ahmedabad (the "**RoC**") as required in terms of the PAS Rules. Further, we are aware and agree that if we, together with any other QIBs belonging to the same group or under common control, are Allotted more than 5% of the Equity Shares in the Issue, the Company shall be required to disclose our name, along with the names of such other Allottees and the number of Equity Shares Allotted to us and to such other Allottees, on the websites of the National Stock Exchange of India Limited and BSE Limited (together, the "**Stock Exchanges**"), and we consent to such disclosures. In addition, we confirm that we are eligible to invest in Equity Shares under the SEBI ICDR Regulations, circulars issued by the RBI and other applicable laws.

By signing and/or submitting this Application Form, we hereby confirm and agree that the representations, warranties, acknowledgements and agreements as provided in the sections "*Notice to Investors*", "*Representations by Investors*", "*Issue Procedure*", "*Selling Restrictions*" and "*Transfer Restrictions and Purchaser Representations"* sections of the PPD and the terms, conditions and agreements mentioned herein are true and correct and acknowledge and agree that these representations and warranties are given by us for the benefit of the Company and the BRLM, each of whom is entitled to rely on, and is relying on, these representations and warranties in consummating the Issue.

By signing and/or submitting this Application Form, we hereby represent, warrant, acknowledge and agree as follows: (1) we have been provided with a serially numbered copy of the PPD along with the Application Form, have read it in its entirety including in particular, the section "***Risk Factors***" therein and we have relied only on the information contained in the PPD and not on any other information obtained by us either from the Company, the BRLM or from any other source, including publicly available information; (2) we will abide by the PPD and the Placement Document, this Application Form, the CAN, when issued, and the terms, conditions and agreements contained therein; (3) that if Equity Shares are Allotted to us pursuant to the Issue, we shall not sell such Equity Shares otherwise than on the floor of a recognised stock exchange in India for a period of one year from the date of Allotment; (4) we will not have the right to withdraw our Bid or revise our Bid downwards after the Bid/Issue Closing Date; (5) we will not trade in the Equity Shares credited to our beneficiary account maintained with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges; (6) Equity Shares shall be Allocated and Allotted at the sole and absolute discretion of the Company, in consultation with the BRLM, and the submission of this Application Form and payment of the corresponding Bid Amount by us does not guarantee any Allocation or Allotment of Equity Shares to us in full or in part; (7) in terms of the requirements of the Companies Act, upon Allocation, the Company will be required to disclose names and percentage of our post-Issue shareholding of the proposed Allottees in the Placement Document; however, disclosure of such details in relation to us in the Placement Document will not guarantee Allotment to us, as Allotment in the Issue shall continue to be at the sole discretion of the Company, in consultation with the BRLM; (8) the number of Equity Shares Allotted to us pursuant to the Issue, together with other Allottees that belong to the same group or are under common control as us, shall not exceed 50% of the Issue and we shall provide all necessary information in this regard to the Company and the BRLM. For the purposes of this representation: The expression 'belong to the same group' shall derive meaning from Regulation 180(2) of the SEBI ICDR Regulations, i.e., entities where (i) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; (ii) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (iii) there is a common director, excluding nominee and independent directors, among the Eligible QIBs, its subsidiary or holding company and any other QIB; and 'control' shall have the same meaning as is assigned to it under Regulation 2(1)(e) of the Takeover Regulations; (9) We agree to accept the Equity Shares applied for, or such lesser number of Equity Shares as may be Allocated to us, subject to the provisions of the memorandum of association and articles of association of the Company, applicable laws and regulations, the terms of the PPD and the Placement Document, this Application Form, the CAN upon its issuance and the terms, conditions and agreements mentioned therein and request you to credit the same to our beneficiary account with the Depository Participant as per the details given below.

By signing and/or submitting this Application Form, we further represent, warrant and agree that we have such knowledge and experience in financial and business matters that we are capable of evaluating the merits and risks of the prospective investment in the Equity Shares and we understand the risks involved in making an investment in the Equity Shares. No action has been taken by us or any of our affiliates or representatives to permit a public offering of the Equity Shares in any jurisdiction. We satisfy any and all relevant suitability standards for investors in Equity Shares, have the ability to bear the economic risk of our investment in the Equity Shares, have adequate means of providing for our current and contingent needs, have no need for liquidity with respect to our investment in Equity Shares and are able to sustain a complete loss of our investment in the Equity Shares. We acknowledge that once a duly filled Application Form is submitted by an Eligible QIB, whether signed or not, and the Bid Amount has been transferred to the Escrow Account (as detailed below), such Application Form constitutes an irrevocable offer and cannot be withdrawn or revised downwards after the Issue Closing Date. In case Bids are being made on behalf of the Eligible QIB and this Application Form is unsigned, we confirm that we are authorized to submit this Application Form and provide necessary instructions for transfer of the Bid Amount to the Escrow Account, on behalf of the Eligible QIB.

We confirm that we are eligible to invest and hold the Equity Shares of the Company in accordance with press note no. 3 (2020 Series), dated April 17, 2020, issued by the Department for Promotion of Industry and Internal Trade, Government of India, wherein if the beneficial owner of the Equity Shares is situated in or is a citizen of a country which shares land border with India, foreign direct investments can only be made through the Government approval route, as prescribed in the FEMA Rules.

We acknowledge that the Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. By signing this Application Form and checking the applicable box above, we hereby represent, warrant, acknowledge and agree that we are located outside the United States and purchasing the Equity Shares in an "offshore transaction" (as defined in, and in reliance on, Regulation S) complying with Rule 903 or Rule 904 of Regulation S and the applicable laws of the jurisdictions where such offers and sales are made.

<table>
<tr><th colspan="4">BIDDER DETAILS (in Block Letters)</th></tr>
<tr><td>NAME OF BIDDER*</td><td colspan="3"></td></tr>
<tr><td>NATIONALITY</td><td colspan="3"></td></tr>
<tr><td>REGISTERED ADDRESS</td><td colspan="3"></td></tr>
<tr><td>CITY AND CODE</td><td colspan="3"></td></tr>
<tr><td>COUNTRY</td><td colspan="3"></td></tr>
<tr><td>TELEPHONE NO.</td><td></td><td>FAX.</td><td></td></tr>
<tr><td>EMAIL ID</td><td colspan="3"></td></tr>
<tr><td>FOR ELIGIBLE FPIs**</td><td colspan="3">SEBI FPI REGISTRATION NO. ____________________________________________________________</td></tr>
<tr><td>FOR MFs</td><td colspan="3">SEBI MF REGISTRATION NO. ____________________________________________________________</td></tr>
<tr><td>FOR AIFs***</td><td colspan="3">SEBI AIF REGISTRATION NO. ____________________________________________________________</td></tr>
<tr><td>FOR VCFs***</td><td colspan="3">SEBI VCF REGISTRATION NO. ____________________________________________________________</td></tr>
<tr><td>FOR SI-NBFC</td><td colspan="3">RBI REGISTRATION DETAILS____________________________________________________________</td></tr>
<tr><td>FOR INSURANCE COMPANIES</td><td colspan="3">IRDAI REGISTRATION DETAILS ____________________________________________________________</td></tr>
<tr><td colspan="4">*Name should exactly match with the name in which the beneficiary account is held. Bid Amount payable on Equity Shares applied for by joint holders shall be paid from the bank account of the person whose name appears first in the application. Mutual Fund Bidders are requested to provide details of the Bids made by each scheme of the Mutual Fund. Each Eligible FPI is required to fill a separate Application Form. Further, any discrepancy in the name as mentioned in this Application Form with the depository records would render the application invalid and liable to be rejected at the sole discretion of the Issuer and the BRLM.<br>**In case you are an FPI holding a valid certificate of registration and eligible to invest in the Issue, please mention your SEBI FPI Registration Number.<br>***Allotments made to AIFs and VCFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirement. AIFs and VCFs should independently consult their own counsel and advisors as to investment in and related matters concerning the Issue.</td></tr>
</table>

We are aware that the number of Equity Shares in the Company held by us, together with the number of Equity Shares, if any, allocated to us in the Issue will be aggregated to disclose the percentage of our post-Issue shareholding in the Company in the Placement Document in line with the requirements under Form PAS-4 of the PAS Rules. For such information, the BRLM will rely on the information provided by the Registrar for obtaining details of our shareholding and we consent and authorize such disclosure in the Placement Document.

| ESCROW ACCOUNT - BANK ACCOUNT DETAILS FOR PAYMENT OF AMOUNT THROUGH ELECTRONIC FUND TRANSFER<br>REMITTANCE BY WAY OF ELECTRONIC FUND TRANSFER<br>BY [2 PM] (IST), [DATE], [DAY], being the Issue Closing Date | |
|---|---|
| **Name of the Account** | ARMAN FINANCIAL SERVICES LIMITED QIP ESCROW |
| **Name of the Bank** | ICICI Bank Limited |
| **Address of the Branch of the Bank** | Capital Market Division, 163, 5th Floor, H. T. Parekh Marg, Backbay Reclamation, Churchgate, Mumbai-400020 |
| **Legal Entity Identifier Code** | 335800YHQ1DBJH9K8G97 |
| **Account Type** | Escrow Account |
| **Account Number** | 000405153360 |
| **IFSC** | ICIC0000004 |
| **Tel No.** | + 91 79 4050 7000 |
| **E-mail** | secretarial@armanindia.com |

The Bid Amount should be transferred pursuant to the Application Form. All payments must be made only by way of electronic funds transfer, in favour of "Arman Financial Services Limited QIP Escrow". Payment of the entire Bid Amount should be made along with the Application Form on or before the closure of the Bid/Issue Period, i.e., prior to the Bid/Issue Closing Date. **The payment for subscription to the Equity Shares Allotted in the Issue shall be made only from the bank account of the person subscribing to the Equity Shares and in case of joint holders, from the bank account of the person whose name appears first in the Application Form.**

| DEPOSITORY ACCOUNT DETAILS | | |
|---|---|---|
| Depository Name (Please ✓) | National Security Depository Limited | Central Depository Services (India) Limited |
| Depository Participant Name | | |
| DP – ID | I N | |
| Beneficiary Account Number | | (16-digit beneficiary account. No. to be mentioned above) |
| The Demographic details like address, bank account details etc., will be obtained from the Depositories as per the beneficiary account given above. **However, for the purpose of refund, if any, only the bank details as mentioned below, from which remittance towards subscription has been made, will be considered.** | | |

The Bidders are responsible for the accuracy of the bank account details mentioned below and acknowledge that the successful processing of refunds if, any, shall be dependent on the accuracy of the bank account details provided by them. The Company and the BRLM shall not be liable in any manner for refunds that are not processed due to incorrect bank account details.

| RUPEE BANK ACCOUNT DETAILS (FOR REMITTANCE) | | | |
|---|---|---|---|
| Bank Account Number | | IFSC Code | |
| Bank Name | | Bank Branch Address | |
| **NO. OF EQUITY SHARES BID** | | **PRICE PER EQUITY SHARE (RUPEES)** | |
| (In figures) | (In words) | (In figures) | (In words) |
| | | | |
| **BID AMOUNT (RUPEES)** | | | |
| (In Figures) | | (In Words) | |
| | | | |

| DETAILS OF CONTACT PERSON | | | |
|---|---|---|---|
| **NAME** | | | |
| **ADDRESS** | | | |
| **TEL. NO.** | | **FAX NO.** | |
| **EMAIL** | | | |

| OTHER DETAILS | |
|---|---|
| **PAN*** | |
| **Date of Application** | |
| Signature of Authorised Signatory<br>*(may be signed either physically or digitally)*** | |

**ENCLOSURES ATTACHED**

Attested/ certified true copy of the following:
- ☐ Copy of PAN Card or PAN allotment letter
- ☐ Copy of FPI Registration Certificate /MF Registration certificate / SEBI certificate of registration for AIFs/VCF/SI-NBFC/IC/IF
- ☐ Certified copy of the certificate of registration issued by the RBI as an SI-NBFC/ a Scheduled Commercial Bank
- ☐ Copy of notification as a public financial institution
- ☐ FIRC
- ☐ Copy of IRDAI registration certificate
- ☐ Intimation of being part of the same group
- ☐ Certified true copy of power of attorney
- ☐ Other, please specify

**It is to be specifically noted that the Bidder should not submit the GIR Number or any other identification number instead of the PAN as the applications are liable to be rejected on this ground, unless the Bidder is exempted from the requirement of obtaining a PAN number under the Income-tax Act, 1961.*

***A physical copy of the Application Form and relevant documents as required to be provided along with the Application Form shall be submitted as soon as practical.*

**** The Application Form is liable to be rejected if any information provided is incomplete and / or inadequate.*

*Note:*

*(1) Capitalized terms used but not defined herein shall have the same meaning as ascribed to them in the PPD, unless specifically defined herein.*

*(2) The application form is liable to be rejected if any information provided is incomplete or inadequate at the discretion of the Company in consultation with the BRLM. The duly filed Application Form along with all enclosures shall be submitted to the BRLM either through electronic form at the email mentioned in the PPD or through physical deliver at the address mentioned in PPD.*

*(3) This Application Form, the PPD and the Placement Document sent to you/ be sent to you, either in physical form or electronic form or both, are specific to you and you may not distribute or forward the same and are subject to disclaimer and restrictions contained in or accompanying these documents.*

*(Note: The format of the Application Form included herein above is indicative and for the illustrative purposes only and no Bids in this Issue can be made through the sample Application Form. The Company, in consultation with the BRLM, shall identify Eligible QIBs and circulate serially numbered copies of this Preliminary Placement Document and the Application Form, specifically addressed to such Eligible QIBs. Any application to be made in the Issue should be made only upon receipt of serially numbered copies of this Preliminary Placement Document and the Application Form and not on the basis of the indicative format above.)*