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

Red Herring Prospectus
Dated November 16, 2023
(Please read Section 32 of the Companies Act, 2013)
100% Book Built Offer

FEDBANK FINANCIAL SERVICES LIMITED

Corporate Identity Number: **U65910MH1995PLC364635**

REGISTERED AND CORPORATE OFFICE	CONTACT PERSON	EMAIL AND TELEPHONE	WEBSITE
Kanakia Wall Street, A Wing 5th Floor, Unit No. 511 Andheri Kurla Road, Andheri (East) Mumbai 400 093 Maharashtra, India	Rajaraman Sundaresan *Company Secretary and Compliance Officer*	**Email:** cs@fedfina.com **Telephone:** +91 22 6852 0601	www.fedfina.com

THE PROMOTER OF OUR COMPANY IS THE FEDERAL BANK LIMITED

DETAILS OF THE OFFER TO THE PUBLIC

TYPE	FRESH ISSUE SIZE	OFFER FOR SALE SIZE	TOTAL OFFER SIZE	ELIGIBILITY AND RESERVATIONS AMONG QIBS, NIBS, RIBS AND ELIGIBLE EMPLOYEES
Fresh Issue and Offer for Sale	Fresh Issue of up to [●] Equity Shares aggregating up to ₹ 6,000.00 million	Offer for Sale of up to 35,161,723 Equity Shares aggregating up to ₹ [●] million	Up to [●] Equity Shares aggregating up to ₹ [●] million	The Offer is being made pursuant to Regulation 6(1) of the SEBI ICDR Regulations. For further details, see "*Other Regulatory and Statutory Disclosures – Eligibility for the Offer*" on page 440. For details in relation to share reservation among QIBs, NIBs, RIBs and Eligible Employees, see "*Offer Structure*" on page 461.

OFFER FOR SALE BY THE PROMOTER/ INVESTOR SELLING SHAREHOLDER

NAME OF SELLING SHAREHOLDER	TYPE	NO. OF EQUITY SHARES OFFERED	WEIGHTED AVERAGE COST OF ACQUISITION PER EQUITY SHARE (IN ₹)*
The Federal Bank Limited	Promoter	Up to 5,474,670 Equity Shares	19.34
True North Fund VI LLP	Investor Selling Shareholder	Up to 29,687,053 Equity Shares	45.22

**As certified by M/s R U Kamath & Co by way of their certificate dated November 16, 2023.*

For details of weighted average cost of acquisition at which Equity Shares were acquired by our Promoter and the Selling Shareholders in the one year, eighteen months and three years preceding the date of this Red Herring Prospectus, see "Offer Document Summary - Weighted average cost of acquisition at which Equity Shares were acquired by our Promoter and the Selling Shareholders in the one year, eighteen months and three years preceding the date of this Red Herring Prospectus" on page 21.

RISKS IN RELATION TO THE FIRST OFFER

The face value of the Equity Shares is ₹10. The Floor Price, Cap Price and the Offer Price, as determined by our Company in consultation with the Book Running Lead Managers ("**BRLMs**"), on the basis of the assessment of market demand for the Equity Shares by way of the Book Building Process, as stated under "*Basis for Offer Price*" on page 111 should not be considered to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares nor regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISK

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

ISSUER'S AND THE SELLING SHAREHOLDERS' ABSOLUTE RESPONSIBILITY
Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Red Herring Prospectus contains all information with regard to our Company and the Offer, which is material in the context of the Offer, that the information contained in this Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect. Each of the Selling Shareholders, severally and not jointly, accepts responsibility for and confirms only such statements specifically made or confirmed by such Selling Shareholders in this Red Herring Prospectus to the extent of information specifically pertaining to itself and its respective portion of the Offered Shares in the Offer for Sale and assumes responsibility that such statements are true and correct in all material respects and not misleading in any material respect. Each of the Selling Shareholders, severally and not jointly, assume no responsibility for any other statement, including, inter alia, any of the statements made by or relating to the Company or its business or any of the other Selling Shareholder in this Red Herring Prospectus.

LISTING
The Equity Shares offered through this Red Herring Prospectus are proposed to be listed on the Stock Exchanges being BSE Limited ("**BSE**") and National Stock Exchange of India Limited ("**NSE**"). For the purposes of the Offer, the Designated Stock Exchange shall be National Stock Exchange of India Limited.

BOOK RUNNING LEAD MANAGERS		
NAME AND LOGO	**CONTACT PERSON**	**EMAIL AND TELEPHONE**
ICICI Securities Limited	Shekher Asnani/Gaurav Mittal	**Tel:** +91 22 6807 7100 **E-mail:** fedfina.ipo@icicisecurities.com
BNP Paribas	Piyush Ramchandani	**Tel:** +91 22 3370 4000 **E-mail:** DL.Fedfina.IPO@bnpparibas.com
Equirus Capital Private Limited*	Ankesh Jain	**Tel:** +91 22 4332 0700 **E-mail:** fedfina.ipo@equirus.com
JM Financial Limited	Prachee Dhuri	**Tel:** +91 22 6630 3030 **E-mail:** fedfina.ipo@jmfl.com

REGISTRAR TO THE OFFER		
NAME	**CONTACT PERSON**	**EMAIL AND TELEPHONE**
Link Intime India Private Limited	Shanti Gopalkrishnan	**E-mail:** fedbankfinancialservices.ipo@linkintime.co.in **Tel:** +91 22 4918 6000

BID/ OFFER PERIOD					
ANCHOR INVESTOR BID/OFFER PERIOD OPENS / CLOSES ON	**TUESDAY, NOVEMBER 21, 2023(1)**	**BID / OFFER OPENS ON**	**WEDNESDAY, NOVEMBER 22, 2023**	**BID / OFFER CLOSES ON**	**FRIDAY, NOVEMBER 24, 2023 ^**

* *Equirus has signed the due diligence certificate and has been disclosed as a BRLM for the Offer. Equirus and our Company are associates in terms of the SEBI Merchant Bankers Regulations. Accordingly, in compliance with the proviso to Regulation 21A(1) of the SEBI Merchant Bankers Regulations read with Regulation 23(3) of the SEBI ICDR Regulations, Equirus would be involved only in the marketing of the Offer.*

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

^ *UPI mandate end time shall be at 5:00 PM on Bid/ Offer Closing Date.*

Red Herring Prospectus
Dated: November 16, 2023
(Please read Section 32 of the Companies Act, 2013)
100% Book Built Offer

FEDBANK FINANCIAL SERVICES LIMITED

Our Company was incorporated as '*Fedbank Financial Services Limited*' on April 17, 1995 in Kerala at Kochi as a public limited company under the Companies Act, 1956, and was granted a certificate of incorporation by the Registrar of Companies, Kerala at Kochi. Our Company received a certificate of commencement of business issued by the Registrar of Companies, Kerala at Kochi dated July 17, 1995. Subsequently, pursuant to a change in our registered office by way of a resolution passed by our shareholders on February 10, 2021, a certificate of registration in relation to the change of state was issued by the Registrar of Companies, Maharashtra at Mumbai on July 26, 2021. For further details on the change in the registered office of our Company, see "*History and Certain Corporate Matters*" on page 243. Our Company is registered with the Reserve Bank of India ("**RBI**") to carry on the business of a non-banking financial institution without accepting public deposits (certificate of registration no. N-16.00187). For details, see "*Government and Other Approvals*" on page 437.

Registered and Corporate Office: Kanakia Wall Street, A Wing, 5th Floor, Unit No. 511, Andheri Kurla Road, Andheri (East), Mumbai 400 093, Maharashtra, India
Tel: +91 22 6852 0601; **Website**: www.fedfina.com; **Contact Person**: Rajaraman Sundaresan, Company Secretary and Compliance Officer; **E-mail**: cs@fedfina.com
Corporate Identity Number: U65910MH1995PLC364635

OUR PROMOTER: THE FEDERAL BANK LIMITED

INITIAL PUBLIC OFFER OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹10 EACH ("EQUITY SHARES") OF FEDBANK FINANCIAL SERVICES LIMITED ("COMPANY" OR "ISSUER") FOR CASH AT A PRICE OF ₹[●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹[●] PER EQUITY SHARE) ("OFFER PRICE") AGGREGATING UP TO ₹[●] MILLION (THE "OFFER") COMPRISING A FRESH ISSUE OF UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹ 6,000 MILLION (THE "FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO 35,161,723 EQUITY SHARES AGGREGATING UP TO ₹[●] MILLION (THE "OFFER FOR SALE"), COMPRISING UP TO 5,474,670 EQUITY SHARES AGGREGATING UP TO ₹[●] MILLION BY THE FEDERAL BANK LIMITED ("PROMOTER SELLING SHAREHOLDER") AND UP TO 29,687,053 EQUITY SHARES AGGREGATING UP TO ₹[●] MILLION BY TRUE NORTH FUND VI LLP ("INVESTOR SELLING SHAREHOLDER", AND TOGETHER WITH THE PROMOTER SELLING SHAREHOLDER, THE "SELLING SHAREHOLDERS", AND SUCH EQUITY SHARES OFFERED BY THE SELLING SHAREHOLDERS, THE "OFFERED SHARES").

THIS OFFER INCLUDES A RESERVATION OF UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹100 MILLION FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES (THE "EMPLOYEE RESERVATION PORTION"). OUR COMPANY IN CONSULTATION WITH THE BRLMS, MAY OFFER A DISCOUNT OF UP TO [●]% (EQUIVALENT OF ₹[●] PER EQUITY SHARE) OF THE OFFER PRICE TO ELIGIBLE EMPLOYEE BIDDING IN THE EMPLOYEE RESERVATION PORTION ("EMPLOYEE DISCOUNT"), SUBJECT TO NECESSARY APPROVALS AS MAY BE REQUIRED. THE OFFER LESS THE EMPLOYEE RESERVATION PORTION IS HEREINAFTER REFERRED TO AS THE "NET OFFER". THE OFFER AND THE NET OFFER WILL CONSTITUTE [●]% AND [●]% OF OUR POST-OFFER PAID-UP EQUITY SHARE CAPITAL, RESPECTIVELY.

THE FACE VALUE OF EQUITY SHARES IS ₹10 EACH. THE PRICE BAND AND EMPLOYEE DISCOUNT, IF ANY, SHALL BE DECIDED BY OUR COMPANY IN CONSULTATION WITH THE BRLMS, AND THE MINIMUM BID LOD, SHALL BE DECIDED BY OUR COMPANY AND SELLING SHAREHOLDERS, IN CONSULTATION WITH THE BRLMS, AND WILL BE ADVERTISED IN ALL EDITIONS OF THE FINANCIAL EXPRESS, AN ENGLISH NATIONAL DAILY NEWSPAPER, ALL EDITIONS OF JANSATTA, A HINDI NATIONAL DAILY NEWSPAPER AND THE MUMBAI EDITION OF NAVSHAKTI, A MARATHI DAILY NEWSPAPER (MARATHI BEING THE REGIONAL LANGUAGE OF MAHARASHTRA, WHERE OUR REGISTERED AND CORPORATE OFFICE IS LOCATED), EACH WITH WIDE CIRCULATION, AT LEAST TWO WORKING DAYS PRIOR TO THE BID/ OFFER OPENING DATE AND SHALL BE MADE AVAILABLE TO BSE LIMITED ("BSE") AND NATIONAL STOCK EXCHANGE OF INDIA LIMITED ("NSE", AND TOGETHER WITH BSE, THE "STOCK EXCHANGES") FOR THE PURPOSE OF UPLOADING ON THEIR RESPECTIVE WEBSITES IN ACCORDANCE WITH SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE "SEBI ICDR REGULATIONS").

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

The Offer is being made through the Book Building Process, in terms of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended ("**SCRR**") read with Regulation 31 of the SEBI ICDR Regulations and in compliance with Regulation 6(1) of the SEBI ICDR Regulations, wherein not more than 50% of the Net Offer shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("**QIBs**") ("**QIB Portion**"), provided that our Company and the Selling Shareholders may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations ("**Anchor Investor Portion**"), of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription, or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Further, 5% of the Net QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis only to Mutual Funds, and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Offer Price. However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining QIB Portion for proportionate allocation to QIBs. Further, not less than 15% of the Net Offer shall be available for allocation to Non-Institutional Bidders of which (a) one third shall be reserved for applicants with application size of more than ₹200,000 and up to ₹1,000,000; and (b) two third shall be reserved for applicants with application size of more than ₹1,000,000, provided that the unsubscribed portion in either of such sub-categories may be allocated to applicants in the other sub-category of Non-Institutional Bidders and not less than 35% of the Net Offer shall be available for allocation to Retail Individual Bidders ("**RIBs**") in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. Further, Equity Shares will be allocated on a proportionate basis to Eligible Employees applying under the Employee Reservation Portion, subject to valid Bids received from them at or above the Offer Price. All potential Bidders (except Anchor Investors) are required to mandatorily utilise the Application Supported by Blocked Amount ("**ASBA**") process providing details of their respective ASBA accounts, and UPI ID in case of UPI Bidders (defined hereinafter), in which the corresponding Bid Amounts will be blocked by the SCSBs to participate in the Offer. Anchor Investors are not permitted to participate in the Offer through the ASBA process. Further, Equity Shares will be allocated on a proportionate basis to Eligible Employees applying under the Employee Reservation Portion, subject to valid Bids received from them at or above the Offer Price. For details, see "*Offer Procedure*" on page 465.

RISKS IN RELATION TO THE FIRST OFFER

This being the first public issue of our Company, there has been no formal market for the Equity Shares of our Company. The face value of the Equity Shares is ₹10. The Floor Price, Cap Price and the Offer Price, as determined and justified by our Company in consultation with the BRLMs, in accordance with the SEBI ICDR Regulations, as stated under "*Basis for Offer Price*" on page 111 should not be considered to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares nor regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISK

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

ISSUER'S AND THE SELLING SHAREHOLDERS' ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Red Herring Prospectus contains all information with regard to our Company and the Offer, which is material in the context of the Offer, that the information contained in this Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

Each of the Selling Shareholders, severally and not jointly, accepts responsibility for and confirms only such statements specifically made or confirmed by such Selling Shareholders in this Red Herring Prospectus to the extent of information specifically pertaining to itself and its respective portion of the Offered Shares in the Offer for Sale and assumes responsibility that such statements are true and correct in all material respects and not misleading in any material respect. Each of the Selling Shareholders, severally and not jointly, assume no responsibility for any other statement, including, inter alia, any of the statements made by or relating to the Company or its business or any of the other Selling Shareholder in this Red Herring Prospectus.

LISTING

The Equity Shares offered through this Red Herring Prospectus are proposed to be listed on the Stock Exchanges. Our Company has received 'in-principle' approvals from BSE and NSE for the listing of the Equity Shares pursuant to letters dated October 4, 2023 and October 3, 2023, respectively. For the purposes of the Offer, the Designated Stock Exchange shall be National Stock Exchange of India Limited. A signed copy of this Red Herring Prospectus and the Prospectus shall be delivered to the RoC in accordance with Sections 26(4) and 32 of the Companies Act 2013. For details of the material contracts and documents available for inspection from the date of this Red Herring Prospectus up to the Bid/ Offer Closing Date, see "*Material Contracts and Documents for Inspection*" on page 490.

BOOK RUNNING LEAD MANAGERS				REGISTRAR TO THE OFFER
ICICI Securities Limited ICICI Venture House Appasaheb Marathe Marg Prabhadevi Mumbai 400 025 Maharashtra, India **Tel:** +91 22 6807 7100 **E-mail:** fedfina.ipo@icicisecurities.com **Website:** www.icicisecurities.com **Investor grievance E-mail:** customercare@icicisecurities.com **Contact Person:** Shekher Asnani/Gaurav Mittal **SEBI Registration No.:** INM000011179	**BNP Paribas** 1-North Avenue, Maker Maxity Bandra Kurla Complex, Bandra (E) Mumbai 400 051 Maharashtra, India **Tel:** +91 22 3370 4000 **E-mail:** DL.Fedfina.IPO@bnpparibas.com **Website:** www.bnpparibas.co.in **Investor grievance e-mail:** indiainvestors.care@asia.bnpparibas.com **Contact person:** Piyush Ramchandani **SEBI Registration No.:** INM000011534	**Equirus Capital Private Limited*** 12th Floor, C Wing, Marathon Futurex N M Joshi Marg, Lower Parel Mumbai 400 013 Maharashtra, India **Tel:** +91 22 4332 0700 **E-mail:** fedfina.ipo@equirus.com **Website:** www.equirus.com **Investor grievance e-mail:** investorsgrievance@equirus.com **Contact person:** Ankesh Jain **SEBI Registration No.:** INM000011286	**JM Financial Limited** 7th Floor, Cnergy Appasaheb Marathe Marg, Prabhadevi Mumbai 400 025 Maharashtra, India **Tel:** +91 22 6630 3030 **E-mail:** fedfina.ipo@jmfl.com **Website:** www.jmfl.com **Investor Grievance E-mail:** grievance.ibd@jmfl.com **Contact Person:** Prachee Dhuri **SEBI Registration No.:** INM000010361	**Link Intime India Private Limited** C-101, 1st Floor, 247 Park L.B.S. Marg, Vikhroli West Mumbai 400 083 Maharashtra, India **Tel:** +91 22 4918 6000 **E-mail**: fedbankfinancialservices.ipo@linkintime.co.in **Website**: www.linkintime.co.in **Investor Grievance ID:** fedbankfinancialservices.ipo@linkintime.co.in **Contact Person:** Shanti Gopalkrishnan **SEBI Registration No.:** INR000004058

BID/ OFFER PERIOD

BID/ OFFER OPENS ON	**WEDNESDAY, NOVEMBER 22, 2023[(1)]**	**BID/ OFFER CLOSES ON**	**FRIDAY, NOVEMBER 24, 2023^**

** Equirus has signed the due diligence certificate and has been disclosed as a BRLM for the Offer. Equirus and our Company are associates in terms of the SEBI Merchant Bankers Regulations. Accordingly, in compliance with the proviso to Regulation 21A(1) of the SEBI Merchant Bankers Regulations read with Regulation 23(3) of the SEBI ICDR Regulations, Equirus would be involved only in the marketing of the Offer.*

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

^ UPI mandate end time shall be at 5:00 PM on Bid/ Offer Closing Date.

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SECTION I: GENERAL

DEFINITIONS AND ABBREVIATIONS

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

The words and expressions used in this Red Herring Prospectus but not defined herein shall have, to the extent applicable, the same meaning ascribed to such terms under the SEBI ICDR Regulations, the Companies Act, the SCRA, the Depositories Act and the rules and regulations made thereunder, as applicable. Notwithstanding the foregoing, the terms used in "Industry Overview", "Key Regulations and Policies", "Statement of Possible Special Tax Benefits", "Restated Financial Information", "Basis for Offer Price", "History and Certain Corporate Matters", "Selected Statistical Information", "Financial Indebtedness", "Outstanding Litigation and Material Developments", "Other Regulatory and Statutory Disclosures", and "Description of Equity Shares and Terms of Articles of Association" on pages 128, 229, 123, 297, 111, 243, 276, 427,431, 439 and 485, respectively shall have the meaning ascribed to them in the relevant section.

General Terms

Term	Description
"our Company", "the Company", "the Issuer", "we", "us" or "our"	Fedbank Financial Services Limited, a company incorporated under the Companies Act, 1956 and registered as a non-banking financial institution without accepting public deposits with the RBI (certificate of registration no. N-16.00187), having its Registered and Corporate Office at Kanakia Wall Street, A Wing, 5th Floor, Unit No. 511, Andheri Kurla Road, Andheri (East), Mumbai – 400 093, Maharashtra, India.Our Company has no subsidiary as on the date of this Red Herring Prospectus.

Company and Selling Shareholders Related Terms

Term	Description
"Articles of Association" or "AoA"	Articles of association of our Company, as amended from time to time
Audit Committee	The audit committee of the Board of our Company, constituted in accordance with the applicable provisions of the Companies Act, 2013, the SEBI Listing Regulations, guidelines issued by the RBI from time to time, and as described in "*Our Management – Audit Committee*" on page 257
"Auditors" or "Statutory Auditors"	B S R & Co. LLP, Chartered Accountants, the current statutory auditors of our Company
"Board" or "Board of Directors"	Board of directors of our Company, as constituted from time to time
Capital Raising Committee	Capital Raising Committee of our Board, as described in "*Our Management – Capital Raising Committee*" on page 262
Chief Financial Officer	C. V. Ganesh, the Chief Financial Officer of our Company. For details, see "*Our Management – Key Managerial Personnel*" on page 266
Company Secretary and Compliance Officer	Rajaraman Sundaresan, the Company Secretary and Compliance Officer of our Company. For details, see "*Our Management – Key Managerial Personnel*" on page 266
"Corporate Social Responsibility Committee" or "CSR Committee"	The corporate social responsibility committee of the Board of our Company constituted in accordance with the applicable provisions of the Companies Act, 2013 and as described in "*Our Management – Corporate Social Responsibility Committee*" on page 262
CRISIL	CRISIL Limited
CRISIL MI&A	CRISIL Market Intelligence and Analytics
CRISIL Report	Report titled "*Analysis of NBFC sector and select asset classes in India*" dated October 2023, prepared and issued by CRISIL Market Intelligence & Analytics (MI&A), a division of CRISIL, which has been commissioned and paid for by our Company in connection with the Offer for an agreed fee, pursuant to addendum no. 3 dated June 14, 2023 and addendum no. 4 dated October 9, 2023 to the agreement for services dated October 22, 2021 entered into between our Company and CRISIL. The Report shall be available on the website of our Company, at https://fedfina.com/investor/disclosure/, from the date of this Red Herring Prospectus till the Bid/ Offer Closing Date
Director(s)	The directors on the Board of our Company
Equity Shares	Equity shares of face value of ₹10 each of our Company
ESOP 2018	Fedbank Financial Services Limited Employee Stock Option Plan 2018
First Amendment Agreement	Amendment agreement dated July 19, 2023, executed among the SHA Parties
Group Companies	Niva Bupa Health Insurance Company Limited and Equirus Insurance Broking Private Limited, have been identified as our group companies in accordance with the SEBI ICDR Regulations and the Materiality Policy. For details, see "*Our Group Companies*" on page 273
Independent Director(s)	Independent director(s) on our Board. For details of the Independent Directors, see "*Our Management*" on page 252
Investor Selling Shareholder	True North Fund VI LLP
"Key Managerial Personnel" or "KMP"	Key managerial personnel of our Company, identified in accordance with Regulation 2(1)(bb) of the SEBI ICDR Regulations as described in "*Our Management – Key Managerial Personnel*" on page 266

Term	Description
"Managing Director" and "Chief Executive Officer"	Anil Kothuri, the Managing Director and Chief Executive Officer of our Company. For details, see "*Our Management*" on page 252
Materiality Policy	The policy adopted by our Board for identification of group companies in its meeting dated June 21, 2023, for material outstanding litigation in its meeting dated July 17, 2023 and for outstanding dues to material creditors of our Company in its meeting dated June 21, 2023, in accordance with the disclosure requirements under the SEBI ICDR Regulations for the purpose of disclosure in the Draft Red Herring Prospectus, this Red Herring Prospectus and Prospectus
"Memorandum of Association" or "MoA"	Memorandum of association of our Company, as amended from time to time
Nomination and Remuneration Committee	Nomination and remuneration committee of our Board, constituted in accordance with the applicable provisions of the Companies Act, 2013, the SEBI Listing Regulations and guidelines issued by the RBI from time to time and as described in "*Our Management – Nomination and Remuneration Committee*" on page 260
Non-Executive Director/(s)	Non-executive director(s) of our Company. For further details of our Non-Executive Directors, see "*Our Management*" on page 252
"OCRPS" or "Preference Shares"	Optionally convertible redeemable preference shares of face value ₹10 each of our Company. Pursuant to Board resolutions each dated February 14, 2022, 2,000,000 OCRPS were redeemed by our Company for an aggregate amount of ₹ 84.20 million and 2,729,730 OCRPS were converted into 2,729,730 Equity Shares. Accordingly, there are no outstanding OCRPS as on the date of this Red Herring Prospectus.
Promoter Group	Persons and entities constituting the promoter group of our Company in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations, as disclosed in "*Our Promoter and Promoter Group*" on page 269
"Promoter" or "Federal Bank" or "Promoter Selling Shareholder"	The promoter of our Company, namely The Federal Bank Limited
Registered and Corporate Office	Registered and corporate office of our Company is situated at Kanakia Wall Street, A Wing, 5th Floor, Unit No. 511, Andheri Kurla Road, Andheri (East), Mumbai – 400 093, Maharashtra, India
"Registrar of Companies" or "RoC"	Registrar of Companies, Maharashtra at Mumbai
Restated Financial Information	The restated financial information of our Company comprising the restated statement of assets and liabilities as at June 30, 2023, June 30, 2022, March 31, 2023, March 31, 2022 and March 31, 2021, the restated statement of profit and loss (including other comprehensive income), restated cash flow statement for each of the three-months periods ended June 30, 2023 and June 30, 2022, and the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021, the summary statement of significant accounting policies, and other explanatory information prepared by our Company in terms of the requirements of Section 26 of Part I of Chapter III of the Companies Act, 2013, as amended, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended and the Guidance Note on Reports on Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India, as amended from time to time
Risk Management Committee	The risk management committee of our Board constituted in accordance with the Companies Act, 2013 as described in "*Our Management – Risk Management Committee*" on page 259
Second Amendment Agreement	Amendment agreement dated November 13, 2023, executed among the SHA Parties
Selling Shareholders	Collectively, the Promoter Selling Shareholder and the Investor Selling Shareholder
"Senior Management Personnel" or "SMP"	Senior Management Personnel of our Company in accordance with Regulation 2(1)(bbbb) of the SEBI ICDR Regulations, as described in "*Our Management – Senior Management Personnel*" on page 266
SHA	Shareholders' agreement dated May 11, 2018 executed among our Company, Federal Bank and True North Enterprise Private Limited, as supplemented by the deed of adherence dated October 29, 2018 executed by True North Fund VI LLP and amended pursuant to the SHA Amendment Agreements
SHA Amendment Agreements	Together, the First Amendment Agreement and the Second Amendment Agreement
SHA Parties	Our Company, Federal Bank and True North Fund VI LLP
Shareholders	The holders of the Equity Shares from time to time
Stakeholders' Relationship Committee	The stakeholders' relationship committee of the Board of our Company, constituted in accordance with the applicable provisions of the Companies Act, 2013 and the SEBI Listing Regulations and as described in "*Our Management - Stakeholders' Relationship Committee*" on page 261

Offer Related Terms

Term	Description
Abridged Prospectus	Abridged prospectus means a memorandum containing such salient features of a prospectus as may be specified by the SEBI in this behalf
Acknowledgement Slip	The slip or document issued by the relevant Designated Intermediary(ies) to a Bidder as proof of registration of the Bid cum Application Form
"Allot" or "Allotment" or "Allotted"	Unless the context otherwise requires, allotment of the Equity Shares pursuant to the Fresh Issue and transfer of Offered Shares pursuant to the Offer for Sale to the successful Bidders
Allotment Advice	Note or advice or intimation of Allotment sent to the successful Bidders who have been or are to be Allotted the Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange
Allottee	A successful Bidder to whom the Equity Shares are Allotted

Term	Description
Anchor Investor	A Qualified Institutional Buyer, applying under the Anchor Investor Portion in accordance with the requirements specified in the SEBI ICDR Regulations and this Red Herring Prospectus and who has Bid for an amount of at least ₹100 million. For further details, see "*Offer Procedure*" on page 465
Anchor Investor Allocation Price	Price at which Equity Shares will be allocated to Anchor Investors in terms of this Red Herring Prospectus and the Prospectus, which will be decided by our Company in consultation with the BRLMs, during the Anchor Investor Bid/Offer Period
Anchor Investor Application Form	Application form used by an Anchor Investor to make a Bid in the Anchor Investor Portion and which will be considered as an application for Allotment in terms of this Red Herring Prospectus and Prospectus
Anchor Investor Bid/Offer Period	The day being one Working Day prior to the Bid/ Offer Opening Date, on which Bids by Anchor Investors shall be submitted and allocation to Anchor Investors shall be completed
Anchor Investor Offer Price	Final price at which the Equity Shares will be Allotted to Anchor Investors in terms of this Red Herring Prospectus and the Prospectus, which price will be equal to or higher than the Offer Price but not higher than the Cap Price. The Anchor Investor Offer Price will be decided by our Company in consultation with the BRLMs
Anchor Investor Pay-in Date	With respect to Anchor Investor(s), the Anchor Investor Bid/Offer Period, and in the event the Anchor Investor Allocation Price is lower than the Anchor Investor Offer Price, no later than two Working Days after the Bid/ Offer Closing Date
Anchor Investor Portion	Up to 60% of the QIB Portion which may be allocated by our Company and the Selling Shareholders, in consultation with the BRLMs, to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price, in accordance with the SEBI ICDR Regulations
"Application Supported by Blocked Amount" or "ASBA"	Application, whether physical or electronic, used by ASBA Bidders to make a Bid and authorising an SCSB to block the Bid Amount in the ASBA Account and will include applications made by UPI Bidders using the UPI Mechanism where made available where the Bid Amount will be blocked upon acceptance of UPI Mandate Request by UPI Bidders using the UPI Mechanism
ASBA Account	Bank account maintained with an SCSB by an ASBA Bidder, as specified in the ASBA Form submitted by ASBA Bidders for blocking the Bid Amount mentioned in the relevant ASBA Form and includes the account of UPI Bidder which is blocked upon acceptance of a UPI Mandate Request made by the UPI Bidders using the UPI Mechanism
ASBA Bid	A Bid made by an ASBA Bidder
ASBA Bidder(s)	All Bidders except Anchor Investors
ASBA Form	Application form, whether physical or electronic, used by ASBA Bidders to submit Bids, which will be considered as the application for Allotment in terms of this Red Herring Prospectus and the Prospectus
Bankers to the Offer	Collectively, Escrow Collection Bank, Public Offer Account Bank, Sponsor Banks and Refund Bank, as the case may be
Basis of Allotment	Basis on which Equity Shares will be Allotted to successful Bidders under the Offer and which is described in "*Offer Structure*" beginning on page 461
Bid	Indication to make an offer during the Bid/ Offer Period by an ASBA Bidder pursuant to submission of the ASBA Form, or during the Anchor Investor Bid/ Offer Period by an Anchor Investor, pursuant to submission of the Anchor Investor Application Form, to subscribe to or purchase the Equity Shares at a price within the Price Band, including all revisions and modifications thereto as permitted under the SEBI ICDR Regulations and in terms of this Red Herring Prospectus and the Bid cum Application Form. The term "Bidding" shall be construed accordingly
Bid Amount	The highest value of optional Bids indicated in the Bid cum Application Form and payable by the Bidder and, in the case of RIBs Bidding at the Cut off Price, the Cap Price multiplied by the number of Equity Shares Bid for by such Retail Individual Bidder and mentioned in the Bid cum Application Form and payable by the Bidder or blocked in the ASBA Account of the ASBA Bidder, as the case may be, upon submission of the Bid, as applicable. Eligible Employees applying in the Employee Reservation Portion can apply at the Cut-Off Price and the Bid Amount shall be the Cap Price (net of Employee Discount, if any) multiplied by the number of Equity Shares Bid for such Eligible Employee and mentioned in the Bid cum Application Form. The maximum Bid Amount under the Employee Reservation Portion by an Eligible Employee shall not exceed ₹500,000 (net of Employee Discount, if any). However, the initial Allotment to an Eligible Employee in the Employee Reservation Portion shall not exceed ₹200,000 (net of Employee Discount, if any) in value. Only in the event of undersubscription in the Employee Reservation Portion, the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹200,000, subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹500,000
Bid cum Application Form	Anchor Investor Application Form or the ASBA Form, as the context requires
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter
Bid/ Offer Closing Date	Except in relation to any Bids received from the Anchor Investors, the date after which the Designated Intermediaries will not accept any Bids, which shall be notified in all editions of The Financial Express,

Term	Description
	an English national daily newspaper, all editions of Jansatta, a Hindi national daily newspaper and the Mumbai edition of Navshakti, a Marathi daily newspaper (Marathi being the regional language of Maharashtra, where our Registered and Corporate Office is located), each with wide circulation, and in case of any such extension, the extended Bid/Offer Closing Date shall also be notified on the website and terminals of the Syndicate Member and communicated to the intermediaries Designated Intermediaries and the Sponsor Banks, as required under the SEBI ICDR Regulations. In case of any revision, the extended Bid/ Offer Closing Date shall be widely disseminated by notification to the Stock Exchanges, and also be notified on the websites of the BRLMs and at the terminals of the Syndicate Members, which shall also be notified in an advertisement in same newspapers in which the Bid/Offer Opening Date was published, as required under the SEBI ICDR Regulations
Bid/ Offer Opening Date	Except in relation to any Bids received from the Anchor Investors, the date on which the Designated Intermediaries shall start accepting Bids, which shall be notified in all editions of The Financial Express, an English national daily newspaper, all editions of Jansatta, a Hindi national daily newspaper and the Mumbai edition of Navshakti, a Marathi daily newspaper (Marathi being the regional language of Maharashtra, where our Registered and Corporate Office is located), each with wide circulation
Bid/ Offer Period	Except in relation to Anchor Investors, the period between the Bid/ Offer Opening Date and the Bid/ Offer Closing Date, inclusive of both days, during which prospective Bidders can submit their Bids, including any revisions thereof, in accordance with the SEBI ICDR Regulations. Provided that the Bidding shall be kept open for a minimum of three Working Days for all categories of Bidders, other than Anchor Investors.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of this Red Herring Prospectus and the Bid cum Application Form and unless otherwise stated or implied, includes an ASBA Bidder and an Anchor Investor
Bidding Centres	Centres at which the Designated Intermediaries shall accept the ASBA Forms, i.e., Designated Branches for SCSBs, Specified Locations for the Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs
Book Building Process	Book building process, as provided in Schedule XIII of the SEBI ICDR Regulations, in terms of which the Offer is being made
"Book Running Lead Managers" or "BRLMs"	The book running lead managers to the Offer, namely, I-Sec, Equirus*, BNPP and JM Financial **Equirus has signed the due diligence certificate and has been disclosed as a BRLM for the Offer. Equirus and our Company are associates in terms of the SEBI Merchant Bankers Regulations. Accordingly, in compliance with the proviso to Regulation 21A(1) of the SEBI Merchant Bankers Regulations read with Regulation 23(3) of the SEBI ICDR Regulations, Equirus would be involved only in the marketing of the Offer.*
BNPP	BNP Paribas
Broker Centres	Centres notified by the Stock Exchanges where ASBA Bidders can submit the ASBA Forms to a Registered Broker. The details of such Broker Centres, along with the names and contact details of the Registered Brokers are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)
"CAN" or "Confirmation of "Allocation Note"	Notice or intimation of allocation of the Equity Shares sent to Anchor Investors, who have been allocated the Equity Shares, on or after the Anchor Investor Bid/ Offer Period
Cap Price	Higher end of the Price Band, above which the Offer Price and the Anchor Investor Offer Price will not be finalised and above which no Bids will be accepted
Cash Escrow and Sponsor Banks Agreement	Agreement dated November 16, 2023 entered into amongst our Company, the Selling Shareholders, the BRLMs, the Syndicate Members, the Registrar to the Offer and the Bankers to the Offer for, inter alia, collection of the Bid Amounts from the Anchor Investors, transfer of funds to the Public Offer Account and where applicable, remitting refunds (if any) on the terms and conditions thereof and the appointment of Sponsor Banks in accordance with the UPI Circulars
Client ID	Client identification number maintained with one of the Depositories in relation to demat account
"Collecting Depository Participant" or "CDP"	A depository participant as defined under the Depositories Act, 1996 registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations in terms of the circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, and the UPI Circulars issued by SEBI and the Stock Exchanges as per the list available on the websites of the Stock Exchanges
Cut-off Price	Offer Price, finalised by our Company in consultation with the BRLMs, which shall be any price within the Price Band. Only Retail Individual Bidders and Eligible Employees Bidding in the Employee Reservation Portion are entitled to Bid at the Cut-off Price (net of Employee Discount, if any). QIBs (including the Anchor Investors) and Non-Institutional Bidders are not entitled to Bid at the Cut-off Price
Demographic Details	The demographic details of the Bidders including the Bidders' address, name of the Bidders' father/husband, investor status, occupation, bank account details and UPI ID, wherever applicable
Designated CDP Locations	Such locations of the CDPs where Bidders can submit the ASBA Forms.

Term	Description
	The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com), as updated from time to time
Designated Date	The date on which the Escrow Collection Bank transfer funds from the Escrow Account to the Public Offer Account or the Refund Account, as the case may be, and the instructions are issued to the SCSBs (in case of UPI Bidders using UPI Mechanism), instruction issued through the Sponsor Banks) for the transfer of amounts blocked by the SCSBs in the ASBA Accounts to the Public Offer Account or are unblocked, as the case may be, after finalisation of the Basis of Allotment in terms of this Red Herring Prospectus following which Equity Shares will be Allotted in the Offer
Designated Intermediary(ies)	In relation to ASBA Forms submitted by RIBs by authorising an SCSB to block the Bid Amount in the ASBA Account, Designated Intermediaries shall mean SCSBs. In relation to ASBA Forms submitted by UPI Bidders (Bidding using the UPI Mechanism) where the Bid Amount will be blocked upon acceptance of UPI Mandate Request by such UPI Bidder using the UPI Mechanism, Designated Intermediaries shall mean Syndicate, sub-Syndicate/agents, Registered Brokers, CDPs and RTAs. In relation to ASBA Forms submitted by QIBs, Non-Institutional Bidders (not using the UPI Mechanism), Designated Intermediaries shall mean Syndicate, sub-Syndicate, SCSBs, Registered Brokers, the CDPs and RTAs
Designated RTA Locations	Such locations of the RTAs where Bidders (other than Anchor Investors) can submit the ASBA Forms to RTAs. The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com) and updated from time to time
Designated SCSB Branches	Such branches of the SCSBs which shall collect the ASBA Forms, a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes or at such other website as may be prescribed by SEBI from time to time
Designated Stock Exchange	NSE
"Draft Red Herring Prospectus" or "DRHP"	The draft red herring prospectus dated July 26, 2023 issued in accordance with the SEBI ICDR Regulations, which did not contain complete particulars of the price at which the Equity Shares will be Allotted and the size of the Offer
Eligible Employee(s)	All or any of the following: (a) a permanent employee of our Company or our Promoter (Federal Bank), working in India or outside India, (excluding such employees who are not eligible to invest in the Offer under applicable laws) as of the date of filing of this Red Herring Prospectus with the RoC and who continues to be a permanent employee of our Company or our Promoter (Federal Bank), until the submission of the Bid cum Application Form; and (b) a Director of our Company, whether whole time or not, who is eligible to apply under the Employee Reservation Portion under applicable law as on the date of filing of this Red Herring Prospectus with the RoC and who continues to be a Director of our Company, until the submission of the Bid cum Application Form, but not including Directors who either themselves or through their relatives or through any body corporate, directly or indirectly, hold more than 10% of the outstanding Equity Shares of our Company. The maximum Bid Amount under the Employee Reservation Portion by an Eligible Employee shall not exceed ₹500,000 (net of Employee Discount, if any). However, the initial Allotment to an Eligible Employee in the Employee Reservation Portion shall not exceed ₹200,000 (net of Employee Discount, if any). Only in the event of under-subscription in the Employee Reservation Portion, the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹200,000, subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹500,000
Employee Discount	Our Company, in consultation with the BRLMs, may offer a discount of up to [●]% to the Offer Price (equivalent of ₹ [●] per Equity Share) to Eligible Employee Bidding in the Employee Reservation Portion, subject to necessary approvals as may be required, and which shall be announced at least two Working Days prior to the Bid / Offer Opening Date
Eligible FPIs	FPIs from such jurisdictions outside India where it is not unlawful to make an offer / invitation under the Offer and in relation to whom the Bid cum Application Form and this Red Herring Prospectus constitute an invitation to subscribe to the Equity Shares
Eligible NRI(s)	NRI(s) from jurisdictions outside India where it is not unlawful to make an Offer or invitation under the Offer and in relation to whom the Bid cum Application Form and this Red Herring Prospectus will constitute an invitation to subscribe to or to purchase the Equity Shares
Employee Reservation Portion	The portion of the Offer being up to [●] Equity Shares, aggregating up to ₹100 million available for allocation to Eligible Employees, on a proportionate basis. Such portion shall not exceed 5% of the post-Offer Equity Share capital of our Company
Equirus	Equirus Capital Private Limited* **Equirus has signed the due diligence certificate and has been disclosed as a BRLM for the Offer. Equirus and our Company are associates in terms of the SEBI Merchant Bankers Regulations. Accordingly, in compliance with the proviso to Regulation 21A(1) of the SEBI Merchant Bankers Regulations read with Regulation 23(3) of the SEBI ICDR Regulations, Equirus would be involved only in the marketing of the Offer*

Term	Description
Escrow Account	Accounts opened with the Escrow Collection Bank and in whose favour the Anchor Investors will transfer money through NACH/direct credit/NEFT/RTGS in respect of the Bid Amount when submitting a Bid
Escrow Collection Bank	Bank which are a clearing members and registered with SEBI as banker(s) to an offer under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 and with whom the Escrow Account in relation to the Offer for Bids by Anchor Investors, has been opened, in this case being Axis Bank Limited
FCNR	Foreign currency non-resident account
First or sole Bidder	Bidder whose name shall be mentioned in the Bid cum Application Form or the Revision Form and in case of joint Bids, whose name shall also appear as the first holder of the beneficiary account held in joint names
Floor Price	Lower end of the Price Band, subject to any revision(s) thereto, not being less than the face value of Equity Shares, at or above which the Offer Price and the Anchor Investor Offer Price will be finalised and below which no Bids will be accepted
Fraudulent Borrower	A fraudulent borrower as defined under Regulation 2(1)(lll) of the SEBI ICDR Regulations
Fresh Issue	Fresh issue of up to [●] Equity Shares aggregating up to ₹ 6,000.00 million by our Company.
General Information Document	The General Information Document for investing in public issues prepared and issued in accordance with the SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/37 dated March 17, 2020, and the UPI Circulars, as amended from time to time. The General Information Document shall be available on the websites of the Stock Exchanges and the BRLMs
I-Sec	ICICI Securities Limited
JM Financial	JM Financial Limited
Maximum RIB Allottees	Maximum number of RIBs who can be allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIBs by the minimum Bid Lot, subject to valid Bids being received at or above the Offer Price
Minimum NII Application Size	Bid Amount of more than ₹ 200,000
Monitoring Agency	ICRA Limited, being a credit rating agency registered with SEBI
Monitoring Agency Agreement	Agreement dated November 16, 2023 entered into between our Company and the Monitoring Agency
Mutual Fund Portion	5% of the Net QIB Portion, or [●] Equity Shares which shall be available for allocation to Mutual Funds only, subject to valid Bids being received at or above the Offer Price
Net Offer	The Offer less the Employee Reservation Portion
Net Proceeds	Proceeds of the Fresh Issue less our Company's share of the Offer expenses. For further details regarding the use of the Net Proceeds and the Offer expenses, see "*Objects of the Offer*" on page 106
Net QIB Portion	The QIB Portion less the number of Equity Shares allocated to the Anchor Investors
Non-Institutional Bidders	All Bidders that are not QIBs (including Anchor Investors) and Retail Individual Bidders and who have Bid for Equity Shares for an amount of more than ₹200,000 (but not including NRIs other than Eligible NRIs)
Non-Institutional Portion	The portion of the Offer being not less than 15% of the Offer comprising [●] Equity Shares which shall be available for allocation to Non-Institutional Bidders, subject to valid Bids being received at or above the Offer Price, in the following manner: (a) one third of the portion available to Non-Institutional Bidders shall be reserved for applicants with application size of more than ₹200,000 and up to ₹1,000,000; (b) two third of the portion available to Non-Institutional Bidders shall be reserved for applicants with application size of more than ₹1,000,000: Provided that the unsubscribed portion in either of the sub-categories specified in clauses (a) or (b), may be allocated to applicants in the other sub-category of non-institutional investors
Non-Resident	Person resident outside India, as defined under FEMA and includes NRIs, FPIs and FVCIs
Offer	The initial public offer of Equity Shares comprising the Fresh Issue and the Offer for Sale. The Offer comprises the Net Offer and Employee Reservation Portion
Offer Agreement	Agreement dated July 26, 2023 as amended by the amendment agreement dated November 6, 2023 entered amongst our Company, the Selling Shareholders and the BRLMs, pursuant to which certain arrangements have been agreed to in relation to the Offer
Offer for Sale	The offer for sale of up to 35,161,723 Equity Shares aggregating up to ₹[●] million, comprising up to 5,474,670 Equity Shares aggregating up to ₹[●] million by the Promoter Selling Shareholder and up to 29,687,053 Equity Shares aggregating up to ₹[●] million by the Investor Selling Shareholder. For further information, please see "*The Offer*" on page 73
Offer Price	₹ [●] per Equity Share, being the final price (within the Price Band) at which Equity Shares will be Allotted to successful ASBA Bidders, as determined in accordance with the Book Building Process and in terms of this Red Herring Prospectus and the Prospectus. Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Offer Price, which will be decided by our Company in consultation with the BRLMs in terms of this Red Herring Prospectus. A discount of up to [●]% on the Offer Price (equivalent of ₹ [●] per Equity Share) may be offered to Eligible Employees Bidding in the Employee Reservation Portion, subject to necessary approvals as may be required. The Offer Price will be decided by our Company and the Selling Shareholders, in consultation with the BRLMs, on the Pricing Date in accordance with the Book Building Process and this Red Herring Prospectus

Term	Description
Offer Proceeds	The proceeds of the Fresh Issue which shall be available to our Company and the proceeds of the Offer for Sale which shall be available to the Selling Shareholders. For further information about use of the Offer Proceeds, see "*Objects of the Offer*" beginning on page 106
Offered Shares	Up to 35,161,723 Equity Shares aggregating up to ₹[●] million being offered by the Selling Shareholders in the Offer for Sale, comprising up to 5,474,670 Equity Shares aggregating up to ₹[●] million by the Promoter Selling Shareholder and up to 29,687,053 Equity Shares aggregating up to ₹[●] million by the Investor Selling Shareholder
Price Band	Price band of a minimum price of ₹[●] per Equity Share (Floor Price) and the maximum price of ₹[●] per Equity Share (Cap Price) including any revisions thereof. The Cap Price shall be at least 105% of the Floor Price. The Price Band will be decided by our Company in consultation with the BRLMs, and the minimum Bid Lot size for the Offer will be decided by our Company and Selling Shareholders, in consultation with the BRLMs, and will be advertised, at least two Working Days prior to the Bid/ Offer Opening Date, in all editions of The Financial Express, an English national daily newspaper, all editions of Jansatta, a Hindi national daily newspaper and the Mumbai edition of Navshakti, a Marathi daily newspaper (Marathi being the regional language of Maharashtra, where our Registered and Corporate Office is located), each with wide circulation and shall be made available to the Stock Exchanges for the purpose of uploading on their respective websites
Pricing Date	Date on which our Company in consultation with the BRLMs, will finalise the Offer Price
Prospectus	Prospectus to be filed with the RoC on or after the Pricing Date in accordance with Section 26 of the Companies Act, 2013, and the SEBI ICDR Regulations containing, *inter alia*, the Offer Price that is determined at the end of the Book Building Process, the size of the Offer and certain other information, including any addenda or corrigenda thereto
Public Offer Account	No lien and non-interest bearing account(s) opened with the Public Offer Account Bank, under Section 40(3) of the Companies Act, 2013 to receive monies from the Escrow Account(s) and ASBA Accounts on the Designated Date
Public Offer Account Bank	A bank which is a clearing member and registered with SEBI as a banker to an issue and with which the Public Offer Account has been opened, in this case being ICICI Bank Limited
"QIB Category" or "QIB Portion"	The portion of the Offer (including the Anchor Investor Portion) being not more than 50% of the Net Offer consisting of [●] Equity Shares which shall be available for allocation to QIBs (including Anchor Investors) in which allocation shall be on a discretionary basis, as determined by our Company and the Selling Shareholders, in consultation with the BRLMs, subject to valid Bids being received at or above the Offer Price or Anchor Investor Offer Price
"Qualified Institutional Buyers" or "QIBs" or "QIB Bidders"	Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations
"Red Herring Prospectus" or "RHP"	This Red Herring Prospectus dated November 16, 2023 issued in accordance with Section 32 of the Companies Act, 2013 and the provisions of the SEBI ICDR Regulations, which does not have complete particulars of the Offer Price and the size of the Offer, including any addenda or corrigenda thereto. This Red Herring Prospectus will be filed with the RoC at least three Working Days before the Bid/Offer Opening Date and will become the Prospectus upon filing with the RoC on or after the Pricing Date
Refund Account	No lien and non-interest bearing account opened with the Refund Bank, from which refunds, if any, of the whole or part of the Bid Amount to the Bidders shall be made
Refund Bank	Banker to the Offer and with whom the Refund Account has been opened, in this case being Axis Bank Limited
Registered Brokers	Stock brokers registered with SEBI under the SEBI (Stock Brokers) Regulations, 1992, with the Stock Exchanges having nationwide terminals, other than the BRLMs and the Syndicate Members and eligible to procure Bids in terms of Circular No. CIR/ CFD/ 14/ 2012 dated October 4, 2012, and the UPI Circulars
Registrar Agreement	Agreement dated July 17, 2023 entered into by and amongst our Company, the Selling Shareholders and the Registrar to the Offer, in relation to the responsibilities and obligations of the Registrar to the Offer pertaining to the Offer
"Registrar and Share Transfer Agents" or "RTAs"	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations, in terms of the SEBI RTA Master Circular, as per the list available on the websites of the Stock Exchanges, and the UPI Circulars
"Registrar to the Offer" or "Registrar"	Link Intime India Private Limited
"Retail Individual Bidder(s)" or "RIB(s)"	Individual Bidders, who have Bid for the Equity Shares for an amount not more than ₹200,000 in any of the bidding options in the Offer (including HUFs applying through their *karta* and Eligible NRIs)
Resident Indian	A person resident in India, as defined under FEMA
Retail Portion	Portion of the Offer being not less than 35% of the Net Offer consisting of [●] Equity Shares which shall be available for allocation to Retail Individual Bidders (subject to valid Bids being received at or above the Offer Price)
Revision Form	Form used by the Bidders to modify the quantity of the Equity Shares or the Bid Amount in any of their ASBA Form(s) or any previous Revision Form(s), as applicable. QIB Bidders and Non-Institutional Bidders are not allowed to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders and Eligible

Term	Description
	Employees Bidding in the Employee Reservation Portion can revise their Bids during the Bid/ Offer Period and withdraw their Bids until Bid/Offer Closing Date
SCORES	SEBI Complaints Redress System
"Self-Certified Syndicate Bank(s)" or "SCSB(s)"	The banks registered with SEBI, which offer the facility of ASBA services, (i) in relation to ASBA, where the Bid Amount will be blocked by authorising an SCSB, a list of which is available on the website of SEBI at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 and updated from time to time and at such other websites as may be prescribed by SEBI from time to time, (ii) in relation to UPI Bidders using the UPI Mechanism, a list of which is available on the website of SEBI at https://sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40 or such other website as may be prescribed by SEBI and updated from time to time. Applications through UPI in the Offer can be made only through the SCSBs mobile applications (apps) whose name appears on the SEBI website. A list of SCSBs and mobile application, which, are live for applying in public issues using UPI mechanism is available on to the website of SEBI at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=43. The said list shall be updated on the SEBI website
Share Escrow Agent	Escrow agent appointed pursuant to the Share Escrow Agreement, namely, Link Intime India Private Limited
Share Escrow Agreement	Agreement dated November 16, 2023 entered into amongst our Company, the Selling Shareholders and the Share Escrow Agent in connection with the transfer of the respective portions of the Offered Shares by each of the Selling Shareholders and credit of such Equity Shares to the demat account of the Allottees in accordance with the Basis of Allotment
Specified Locations	Bidding Centres where the Syndicate shall accept ASBA Forms from Bidders, a list of which is available on the website of SEBI (www.sebi.gov.in) and updated from time to time
Sponsor Banks	Axis Bank Limited and ICICI Bank Limited, being Bankers to the Offer, appointed by our Company to act as a conduit between the Stock Exchanges and NPCI in order to push the mandate collect requests and/or payment instructions of the UPI Bidders using the UPI Mechanism and carry out other responsibilities, in terms of the UPI Circulars
"Syndicate" or "Members of the Syndicate"	Together, the BRLMs and the Syndicate Members
Syndicate Agreement	Agreement dated November 16, 2023 entered into amongst our Company, the Selling Shareholders, the BRLMs, the Registrar and the Syndicate Members, in relation to collection of Bids by the Syndicate
Syndicate Members	Intermediaries (other than the BRLMs) registered with SEBI who are permitted to accept bids, applications and place order with respect to the Offer and carry out activities as an underwriter, namely, Equirus Securities Private Limited, JM Financial Services Limited and Sharekhan Limited
Sub-Syndicate Member(s)	The sub-syndicate members, if any, appointed by the Book Running Lead Managers and the Syndicate Members, to collect ASBA Forms and Revision Forms
Underwriters	[●]
Underwriting Agreement	Agreement to be entered into amongst our Company, the Selling Shareholders and the Underwriters on or after the Pricing Date but prior to filing of the Prospectus with the RoC
UPI	Unified payments interface which is an instant payment mechanism, developed by NPCI
UPI Bidders	Collectively, individual investors applying as (i) Retail Individual Bidders in the Retail Portion, (ii) Eligible Employees, under the Employee Reservation Portion, and (iii) Non-Institutional Bidders with an application size of up to ₹ 500,000 in the Non-Institutional Portion, and Bidding under the UPI Mechanism through ASBA Form(s) submitted with Syndicate Members, Registered Brokers, Collecting Depository Participants and Registrar and Share Transfer Agents. Pursuant to Circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/45 dated April 5, 2022 issued by SEBI, all individual investors applying in public issues where the application amount is up to ₹ 500,000 shall use UPI and shall provide their UPI ID in the bid-cum-application form submitted with: (i) a syndicate member, (ii) a stock broker registered with a recognized stock exchange (whose name is mentioned on the website of the stock exchange as eligible for such activity), (iii) a depository participant (whose name is mentioned on the website of the stock exchange as eligible for such activity), and (iv) a registrar to an issue and share transfer agent (whose name is mentioned on the website of the stock exchange as eligible for such activity)
UPI Circulars	SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018 to be read with SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, SEBI circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020, SEBI circular no. SEBI/HO/CFD/DIL-2/CIR/P/2021/2480/1/M dated March 16, 2021, SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021, SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022 (to the extent these circulars are not rescinded by the SEBI RTA Master Circular), SEBI RTA Master Circular (to the extent itns to UPI), SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/45 dated April 5, 2022, SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022, SEBI circular no. SEBI/HO/CFD/TPD1/CIR/P/2023/140 dated August 9, 2023, along with the circular issued by the National Stock Exchange of India Limited having reference no. 25/2022 dated August 3, 2022 and the

Term	Description
	circular issued by BSE Limited having reference no. 20220803-40 dated August 3, 2022 and any subsequent circulars or notifications issued by SEBI and Stock Exchanges in this regard
UPI ID	ID created on the UPI for single-window mobile payment system developed by the NPCI
UPI Mandate Request	A request (intimating the UPI Bidders) by way of a notification on the UPI linked mobile application and by way of an SMS on directing the UPI Bidders to such UPI linked mobile application) to the UPI Bidders initiated by the Sponsor Banks to authorise blocking of funds on the UPI application equivalent to Bid Amount and subsequent debit of funds in case of Allotment
UPI Mechanism	Process for applications by UPI Bidders submitted with intermediaries with UPI as mode of payment, in terms of the UPI Circulars
UPI PIN	Password to authenticate a UPI transaction
Wilful Defaulter	An entity or person categorised as a wilful defaulter by any bank or financial institution or consortium thereof, in terms of regulation 2(1)(lll) of the SEBI ICDR Regulations
Working Day	All days on which commercial banks in Mumbai are open for business. In respect of announcement of Price Band and Bid/Offer Period, Working Day shall mean all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business. In respect of the time period between the Bid/ Offer Closing Date and the listing of the Equity Shares on the Stock Exchanges, Working Day shall mean all trading days of the Stock Exchanges, excluding Sundays and bank holidays in India, as per circulars issued by SEBI and the UPI Circulars

Technical/Industry Related Terms/Abbreviations

Term	Description
Acuite	Acuité Ratings & Research Limited
ALM	Asset liability management
API	Application Programming Interface
ATS	Average ticket size
AUM	AUM (Assets Under Management) represents the aggregate of the Gross Loan Book and the derecognised portion of loans which have been transferred by our Company by way of direct assignment and are outstanding as of the last day of the relevant period.
CAGR	Compound annual growth rate
CARE	CARE Ratings Limited
CC	Cash credit facility
CCTV	Closed-circuit television
CIBIL	TransUnion CIBIL Limited
CMR	CIBIL MSME Rank
CP	Commercial papers
CRAR	Capital to risk (weighted) assets ratio, or capital adequacy ratio
CSR	Corporate social responsibility
DPD	Days past due
DSA	Direct selling agent
ECL	Expected credit loss
EMI	Equated monthly instalments
ERP	Enterprise resource planning
ESEI	Emerging self-employed individuals
ESG	Environmental, social and governance
GDP	Gross Domestic Product
GPS	Global Positioning System
Gold loan peer set	The players considered for this peer comparison are Muthoot Finance and Manappuram Finance *(Source: CRISIL Report)*
Gross Loan Book	Gross Loan Book represents the aggregate of future principal outstanding, principal overdue, interest overdue and interest accrued but not due from borrowers pertaining to loans held in our books as on the last day of the relevant period. These have been adjusted for expected credit loss on loan assets measured at fair value through offer comprehensive income.
"Gross NPA" or "GNPA" or "Stage 3 loans"	Gross NPA, GNPA or Stage 3 Loans refers to loans under our Gross Loan Book as of the last day of the relevant period or closing balance of Gross Loan Book which are classified as credit impaired loans in accordance with Ind AS 109 (Financial Instruments).
Gross Stage 3 Loans	Gross Stage 3 loans comprise of gross carrying amount of Stage 3 loan assets measured at amortized cost and at fair value through other comprehensive income.
HFC	Housing finance company
India Ratings	India Ratings and Research Private Limited
IRACP	Income recognition, asset classification and provisioning
IRACP Norms	Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances
KYC	Know your customer
LAP	Loan against property
LTV	Loan-to-value ratio
Medium Ticket LAP	Medium Ticket Loan Against Property products denotes loan against property done through a combination of verified income (documented) supported with assessed income – and against loan

Term	Description
	requirements typically exceeding ₹ 2.5 million at a borrower level and originated out of our regional metro-hubs. These loans are typically sourced through our direct selling agents.
MLD	Market linked debentures
MSME	Micro, small and medium enterprise
MSME peer set	The players considered for this peer comparison are Five Star Business Finance, Veritas Finance, and Vistaar Finance *(Source: CRISIL Report)*
NBFC	Non-banking financial company
NBFC Scale Based Regulations / NBFC Scale Based Directions	Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 dated October 19, 2023
NCD	Non-convertible debentures
"Net NPA" or "NNPA"	Gross NPA reduced by impairment loss allowance (i.e. ECLs allowance) made against these loans as of the last day of the relevant reporting period
NHB	National Housing Bank
NOF	Net Owned Fund, as defined in section 45-IA of the RBI Act, 1934, which means - (a) the aggregate of the paid-up equity capital and free reserves as disclosed in the latest balance-sheet of the company after deducting there from– (i) accumulated balance of loss; (ii) deferred revenue expenditure; and (iii) other intangible assets; and (b) further reduced by the amounts representing (1) investments of such company in shares of– (i) its subsidiaries; (ii) companies in the same group; (iii) all other non-banking financial companies; and (2) the book value of debentures, bonds, outstanding loans and advances (including hire-purchase and lease finance) made to, and deposits with,– (i) subsidiaries of such company; and (ii) companies in the same group, to the extent such amount exceeds ten per cent of (a) above. Our Company, in its calculation of NOF has considered the above formulae to the extent applicable to it
NPA	Non-performing asset
OD	Overdraft facility
Peer set	The players considered for this peer comparison are Aptus Value Housing Finance, our Company, HDB Financial Services, IIFL Finance, Manappuram Finance, Muthoot Finance, Repco Home Finance, Shriram City Union Finance, Five Star Business Finance, Veritas Finance, and Vistaar Finance *(Source: CRISIL Report)*
Resolution Framework	Collectively, the notification released by RBI dated August 6, 2020 titled "Resolution Framework for COVID-19-related Stress" and related notifications dated September 7, 2020, May 5, 2021 and August 6, 2021
Small Ticket LAP	Small Ticket Loan Against Property product denotes loan against property requirement for ticket sizes less than ₹ 2.5 million and originated in-house through our small-ticket LAP branches. These can be cases either on assessed income basis or on formal income basis or a combination of both
"Systemically Important NBFC" or "NBFC-ND-SI"	Systemically important non-banking financial company as defined under Regulation 2(1)(iii) of the SEBI ICDR Regulations
WCDL	Working capital demand loan
YoY	Year on year

Conventional and General Terms or Abbreviations

Term	Description
"₹" or "Rs." or "Rupees" or "INR"	Indian rupees
AGM	Annual general meeting
AIFs	Alternative investments funds
"Banking Regulation Act"	Banking Regulation Act, 1949
BSE	BSE Limited
CAGR	Compound annual growth rate
CSR	Corporate social responsibility
"Calendar Year"	A calendar year is a one-year period that begins on January 1 and ends on December 31, based on the commonly-used Gregorian calendar

Term	Description
"Category I AIF"	AIFs who are registered as "Category I Alternative Investment Funds" under the SEBI AIF Regulations
"Category II AIF"	AIFs who are registered as "Category II Alternative Investment Funds" under the SEBI AIF Regulations
"Category III AIF"	AIFs who are registered as "Category III Alternative Investment Funds" under the SEBI AIF Regulations
"Category I FPIs"	FPIs who are registered as "Category I Foreign Portfolio Investors" under the SEBI FPI Regulations
CBDT	The Central Board of Direct Taxes
CrPC	The Code of Criminal Procedure, 1973
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identity Number
"Companies Act" or "Companies Act, 2013"	Companies Act, 2013, along with the relevant rules made thereunder
"Companies Act, 1956"	Erstwhile Companies Act, 1956, along with the relevant rules made thereunder
"Depositories"	NSDL and CDSL
"Depositories Act"	The Depositories Act, 1996
DIN	Director Identification Number
DPIIT	Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (*earlier known as the Department of Industrial Policy and Promotion*)
DP ID	Depository Participant Identification
"DP" or "Depository Participant"	Depository participant as defined under the Depositories Act
EBITDA	Earnings before interest, taxes, depreciation, and amortisation. EBITDA is calculated as profit for the period plus income tax expense, depreciation and amortisation expense, and finance costs.
EGM	Extraordinary General Meeting
EPS	Earnings Per Share
FDI	Foreign direct investment
FDI Policy	The consolidated FDI Policy, effective from October 15, 2020, issued by the DPIIT, and any modifications thereto or substitutions thereof, issued from time to time
FEMA	Foreign Exchange Management Act, 1999, read with rules and regulations thereunder
"FEMA Non-debt Instruments Rules"	Foreign Exchange Management (Non-debt Instruments) Rules, 2019
"FEMA Regulations"	The Foreign Exchange Management (Non-debt Instruments) Rules, 2019, the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019 and the Foreign Exchange Management (Debt Instruments) Regulations, 2019, as applicable
"Financial Year" or "Fiscal" or "FY"	Unless stated otherwise, the period of 12 months ending March 31 of that particular year
FIR	First information report
FPI(s)	Foreign portfolio investors as defined under the SEBI FPI Regulations
FVCI(s)	Foreign venture capital investors as defined and registered under the SEBI FVCI Regulations
GAAR	General Anti-Avoidance Rules
GDP	Gross domestic product
"GoI" or "Government" or "Central Government"	Government of India
GST	Goods and Services Tax
HUF	Hindu Undivided Family
ICAI	The Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards
"Ind AS" or "Indian Accounting Standards"	Indian Accounting Standards notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended
India	Republic of India
"Indian GAAP" or "IGAAP"	Generally Accepted Accounting Principles in India
IPC	The Indian Penal Code, 1860
IPO	Initial public offering
IST	Indian Standard Time
IT	Information Technology
IT Act	The Income-tax Act, 1961
KYC	Know your customer
MSME	Micro, small and medium enterprises
Mutual Fund(s)	Mutual Fund(s) means mutual funds registered under the SEBI (Mutual Funds) Regulations, 1996
N.A.	Not applicable
NACH	National Automated Clearing House
NAV	Net Asset Value
NCDs	Non-Convertible Debentures
NEFT	National Electronic Funds Transfer
NPCI	National Payments Corporation of India
NRI	Person resident outside India, who is a citizen of India or a person of Indian origin, and shall have the meaning ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2016 or an overseas citizen of India cardholder within the meaning of section 7(A) of the Citizenship Act, 1955
NSDL	National Securities Depository Limited

Term	Description
NSE	National Stock Exchange of India Limited
"OCB" or "Overseas Corporate Body"	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on the date of commencement of the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs) Regulations, 2003 i.e., October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA. OCBs are not allowed to invest in the Offer
P/E	Price/earnings
P/E Ratio	Price/earnings ratio
PAN	Permanent account number
PAT	Profit after tax
RBI	The Reserve Bank of India
"RBI Act"	The Reserve Bank of India Act, 1934
"Regulation S"	Regulation S under the U.S. Securities Act
RTGS	Real Time Gross Settlement
"SARFAESI Act"	The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992
"SEBI AIF Regulations"	Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012
"SEBI FPI Regulations"	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019
"SEBI FVCI Regulations"	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
"SEBI ICDR Master Circular"	SEBI master circular bearing reference number SEBI/HO/CFD/PoD-2/P/CIR/2023/00094, dated June 21, 2023
"SEBI ICDR Regulations"	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
"SEBI Listing Regulations"	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
"SEBI Merchant Bankers Regulations"	SEBI (Merchant Bankers) Regulations, 1992
"SEBI RTA Master Circular"	SEBI master circular bearing number SEBI/HO/MIRSD/POD-1/P/CIR/2023/70 dated May 17, 2023
"SEBI SBEB & SE Regulations"	Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021
"SEBI VCF Regulations"	Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 as repealed pursuant to the SEBI AIF Regulations
"State Government"	The government of a state in India
"Stock Exchanges"	BSE and NSE
STT	Securities transaction tax
"Takeover Regulations"	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
U.S. GAAP	Generally Accepted Accounting Principles in the United States
"U.S. Securities Act"	U.S. Securities Act of 1933, as amended
"U.S." or "USA" or "United States"	The United States of America
"USD" or "US$"	United States Dollars
VCFs	Venture Capital Funds as defined in and registered with SEBI under the SEBI VCF Regulations

Key Performance Indicators

Term	Description
AUM	AUM represents Advances under Management as disclosed by the company as of the last day of the relevant period
AUM Growth	AUM growth represents growth in AUM for the relevant period over AUM of the previous period
AUM/Branch	AUM/Branch represents AUM divided by branch
AUM/Employee	AUM/Employee represents AUM divided by employees
"Basic EPS" or "Earnings per Share (Basic)"	Basic EPS as reported by the company represents EPS as computed in accordance with Indian Accounting Standard 33
Capital Adequacy Ratio	Capital adequacy ratio (%) as of the last day of the relevant fiscal year as reported by the company.
Cost of Borrowings	Cost of borrowings represents total interest expense divided by the average of total borrowing, expressed as a percentage
Credit cost to Average AUM	Credit cost to average AUM represents impairment on financial instruments divided by average AUM, expressed as percentage
Credit Ratings	Credit ratings represents the long term credit ratings of the company's various borrowing facilities on the basis of the assessment by independent rating agencies

"Diluted EPS" or "Earnings per Share (Diluted)"	Basic EPS as reported by the company represents EPS as computed in accordance with Indian Accounting Standard 33
Fee and Other Income	Fee and other income represents sum of fee and commission income and other income reported by the company
Gross NPA(%)	Gross NPA (%) refers to loans under our Gross Loan Book as of the last day of the relevant period or closing balance of Gross Loan Book which are classified as credit impaired loans in accordance with Ind AS 109 (Financial Instruments)
Net Interest Income	Net interest income represents total interest income minus total finance cost
Net Interest Income to Average AUM	Net interest income to average AUM represents net interest income divided by average AUM, expressed as percentage
Net Interest Margin	Net interest margin represents net interest income divided by average total assets, expressed as percentage
Net NPA(%)	Net NPA (%) refers to Gross NPA reduced by impairment loss allowance (i.e. ECLs allowance) made against these loans as of the last day of the relevant reporting period
Branches	Branches represents the geographical presence of the company by means of physical branches
States and UTs	States and union territories represents the geographical presence of the company by means of physical branches in the States and Union Territories of India
Operating Expenses to Average AUM	Operating expenses to average AUM represents operating expenses (sum of, Fee and commission expenses, Employee benefits expenses, Depreciation amortization and impairment and Other expenses) divided by average AUM, expressed as percentage
PAT to Average AUM	PAT to average AUM represents profit after tax divided by average AUM, expressed as percentage
Profit After Tax	Profit after tax represents the profit for the period as reported
Profit After Tax (%)	Profit After Tax (%) represents the Profit after tax for a period to the Total Revenue for the period, represented as a percentage
Provision Coverage Ratio	Provision coverage ratio represents the ratio of NPA provision including technical write off and Gross NPA, including technical write off.
Return on Total Average Assets	Return on total average assets (%) represents profit after tax divided by average total assets, expressed as percentage
Return on Average Equity	Return on average equity (%) represents profit after tax divided by average total shareholder equity, expressed as percentage
Shareholder Equity	Shareholder equity represents the sum of equity share capital and reserves and surplus as of the last day of the relevant fiscal year
Spread	Spread represents difference of yield on advances and cost of funds for the company
Total Borrowings to Shareholder Equity ratio	Total borrowings to shareholder equity ratio represents total borrowings (Sum of debt securities, borrowings (other than debt securities) and subordinated liabilities) to total shareholder equity
Total Revenue	Total revenue as reported by the company refers to the summation of total revenue from operations and the other income
Yield on Average Net Advances	Yield on average net advances represent interest income on loans and advances divided by average of net advances, expressed as percentage

OFFER DOCUMENT SUMMARY

The following is a general summary of the terms of the Offer and is not exhaustive, nor does it purport to contain a summary of all the disclosures in this Red Herring Prospectus or all details relevant to prospective investors. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing in "Risk Factors", "The Offer", "Capital Structure", "Objects of the Offer", "Industry Overview", "Our Business", "Our Promoter and Promoter Group", "Restated Financial Information", "Outstanding Litigation and Material Developments", "Offer Procedure" and "Description of Equity Shares and Terms of Articles of Association" beginning on pages 27, 73, 89, 106, 128, 201, 269, 297, 431, 465 and 485, respectively.

Summary of Business

We are a retail focused non-banking financial company promoted by The Federal Bank Limited. We are focused on catering to the micro, small and medium enterprises and emerging self-employed individuals sectors. We have a well-tailored suite of products targeted to match our customers' needs, which includes mortgage loans such as housing loans; small ticket loan against property; and medium ticket loan against property, unsecured business loans, and gold loans. Our mortgage loans, gold loans and our unsecured business loans had assets under management of ₹ 47,024.46 million, ₹ 31,241.72 million and ₹ 14,872.49 million as on June 30, 2023.

Summary of Industry

Housing finance and gold loans cover 46% and 12% of the retail loans industry, respectively, in India in Fiscal 2023. As of March 2023, CRISIL MI&A estimates the outstanding value of loans given out by organised financiers' – banks and non-banking financial companies – to be ₹ 6.1 trillion, with non-banking financial companies accounting for one-quarter of the market.

Our Promoter

Our Promoter is The Federal Bank Limited. For details, see "*Our Promoter and Promoter Group*" beginning on page 269.

Offer Size

Offer	Up to [●] Equity Shares aggregating up to ₹[●] million
of which	
Fresh Issue[(1)]	Up to [●] Equity Shares aggregating up to ₹ 6,000.00 million
Offer for Sale[(2)]	Up to 35,161,723 Equity Shares aggregating up to ₹[●] million by the Selling Shareholders
The Offer includes:	
Employee Reservation Portion[(3)]	Up to [●] Equity Shares aggregating up to ₹100 million
Net Offer	Up to [●] Equity Shares aggregating up to ₹[●] million

(1) *The Offer has been authorised by resolution of our Board dated June 21, 2023. The Fresh Issue has been authorised by a resolutions of our Board dated July 26, 2023 and November 6, 2023, and a special resolution of our Shareholders dated July 21, 2023. Our Board has taken on record the affirmative consent of the Selling Shareholders for the Offer under the SHA pursuant to its resolution dated July 17, 2023. Further, our Board has taken on record the approval for the Offer for Sale by the Selling Shareholders pursuant to its resolution dated November 6, 2023.*

(2) *The Equity Shares being offered by the Selling Shareholders have been held for a period of at least one year immediately preceding the date of the Draft Red Herring Prospectus with the SEBI, and are eligible for being offered for sale pursuant to the Offer in terms of the SEBI ICDR Regulations. For details of authorisations received for the Offer for Sale, see "Other Regulatory and Statutory Disclosures" on page 439.*

(3) *In the event of under-subscription in the Employee Reservation Portion (if any), the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹200,000 (net of Employee Discount, if any), subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹500,000 (net of Employee Discount, if any). The unsubscribed portion, if any, in the Employee Reservation Portion (after allocation up to ₹500,000), shall be added to the Net Offer. The Employee Reservation Portion shall not exceed 5% of our post-Offer paid-up Equity Share capital. For further details, see "Offer Structure" beginning on page 461.*

Objects of the Offer

Our Company proposes to utilise the Net Proceeds towards the following objects:

Particulars	Amount (in ₹ million)
For augmentation of our Company's Tier – I capital base	[●][(1)]
Net Proceeds	[●]

(1) *To be determined on finalisation of the Offer Price and updated in the Prospectus.*

Particulars	Amount* (in ₹ million)
Gross Proceeds of the Fresh Issue	Up to 6,000.00
(Less) Estimated Offer related expenses in relation to the Fresh Issue to be borne by the Company	[●][(1)(2)]
Net Proceeds	[●]

(1) *To be finalised upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC.*
(2) *For details, see "Objects of the Offer - Offer Expenses" on page 107.*

For details in relation to the composition of the Company's Tier – I and Tier – II capital as at June 30, 2023, June 30, 2022, March 31, 2023, March 31, 2022 and March 31, 2021, see "*Objects of the Offer - Proposed Schedule of Implementation and Deployment of Funds*" beginning on page 106.

Pre-Offer Shareholding of our Promoter, Promoter Group and the Selling Shareholders

The equity shareholding of our Promoter, Promoter Group and the Selling Shareholders as on the date of this Red Herring Prospectus is set forth below:

S. No.	Category of Shareholders	No. of Equity Shares	% of total pre-Offer paid-up Equity Share capital	No. of Equity Shares post-Offer	% of total post-Offer paid-up Equity Share capital
Promoter (also the Promoter Selling Shareholder)					
1.	The Federal Bank Limited	235,685,332*	72.28	[●]	[●]
Sub Total (A)		**235,685,332***	72.28	[●]	[●]
Promoter Group members (other than the Promoter)					
1.	Federal Operations and Services Limited	Nil	Nil	[●]	[●]
2.	Ageas Federal Life Insurance Company Limited	Nil	Nil	[●]	[●]
Sub Total (B)		**Nil**	**Nil**	[●]	[●]
Investor Selling Shareholder					
1.	True North Fund VI LLP	82,808,361	25.40	[●]	[●]
Sub Total (C)		**82,808,361**	**25.40**	[●]	[●]
Total (A) + (B) + (C)		**318,493,693**	**97.68**	[●]	[●]

**Includes 200 Equity Shares held by Shyam Srinivasan, 100 Equity Shares held by Lakshmanan Venkateswaran, 100 Equity Shares held by Shalini Warrier, one Equity Share held by Samir Pravinbhai Rajdev, one Equity Share held by Ashutosh Khajuria, one Equity Share held by Ajith Kumar K.K., one Equity Share held by Divakar Dixit and one Equity Share held by Sreekanth IV, on behalf of and as nominees of our Promoter.*

Details of the Investor Selling Shareholder

True North Fund VI LLP

<u>*Corporate Information*</u>

True North Fund VI LLP is a limited liability partnership incorporated on August 7, 2017, under the Limited Liability Partnership Act, 2008 with Limited Liability Partnership Identification number AAK-2395, having its registered office at Suite F9C, Grand Hyatt Plaza, Santacruz (East), Mumbai - 400 055, Maharashtra, India. True North Fund VI LLP is a Category II Alternative Investment Fund registered with Securities and Exchange Board of India bearing registration number IN/AIF2/17-18/0505 under the Securities and Exchange Board of India (Alternative Investment Fund) Regulations, 2012, as amended ("**AIF Regulations**"). As per the provisions of the AIF Regulations, True North Managers LLP ("**Sponsor**") is the sponsor of True North Fund VI LLP and True North Enterprise Private Limited ("**Manager**") is the manager of True North Fund VI LLP.

<u>*Partners*</u>

Set out below are the names of the partners of True North Fund VI LLP:

1. True North Managers LLP;
2. True North Enterprise Private Limited;
3. True North Fund VI;
4. The Asian Development Bank;
5. State Bank of India; and
6. Indium VI (Mauritius) Holdings Limited.

True North Fund VI LLP has 1 (one) limited partner, namely Indium VI (Mauritius) Holdings Limited, which has made capital contribution in excess of 10% of the total capital contribution of True North Fund VI LLP. However, there are no natural persons, who, whether acting alone or together, or through one or more juridical persons, have controlling ownership interest in True North Fund VI LLP, and Indium VI (Mauritius) Holdings Limited does not exercise any control over the day-to-day affairs of True North Fund VI LLP.

Designated Partners and Key Persons

The Designated Partners of True North Fund VI LLP are: (a) Mr. Surendra Ambalal Dave, as nominee of the Manager, and (b) Mr. Suresh Narsappa Talwar, as nominee of the Sponsor. Further, Mr. Vishal Nevatia, Mr. Srikrishna Dwaram and Mr. Divya Sehgal are the Key Persons of True North Fund VI LLP.

These Key Persons, collectively with the Designated Partners nominated by the Sponsor and Manager, exercise ultimate effective control over True North Fund VI LLP and are consequently the ultimate beneficial owners of True North Fund VI LLP.

Summary of Restated Financial Information

(₹ in million, except per share data)

Particulars	As at and for the three-months period ended June 30, 2023	As at and for the three-months period ended June 30, 2022	As at and for the Financial Year ended March 31, 2023	As at and for the Financial Year ended March 31, 2022	As at and for the Financial Year ended March 31, 2021
Equity Share capital	3,219.12	3,215.48	3,219.12	3,215.18	2,899.23
Net worth(1)	14,149.03	12,025.27	13,556.82	11,535.18	8,347.34
Revenue from operations	3,613.92	2,475.07	11,788.00	8,693.15	6,918.25
Profit for the year	538.83	437.57	1801.33	1,034.59	616.84
Earnings per equity share					
Basic	1.67*	1.36*	5.60	3.32	2.19
Diluted	1.67*	1.36*	5.59	3.31	2.18
Net asset value per Equity Share(2)	43.95	37.40	42.11	35.88	28.79
Total Borrowings(3)	76,195.16	54,974.36	71,358.23	50,168.35	43,280.92

** Not annualised.*

Notes:

(1) *Net worth is the aggregate of our Equity Share capital and other equity.*

(2) *Net asset value per Equity Share is net worth of our Company as at the end of the relevant period divided by the number of Equity Shares outstanding at the end of the relevant period.*

(3) *Total Borrowings represents the aggregate of debt securities, borrowings (other than debt securities) and subordinated liabilities outstanding as of the last day of the relevant period.*

For further details of the Restated Financial Information, see "*Restated Financial Information*" beginning on page 297.

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

There are no auditor qualifications which have not been given effect to in the Restated Financial Information.

Our Statutory Auditors have included a matter of emphasis in their audit report on our financial statements as at and for Fiscal 2021. For further details, see "*Risk Factors – 62. Our Statutory Auditors have included a matter of emphasis in their audit report on financial statements as at and for the year ended Fiscals 2021.*" on page 64.

Summary of Outstanding Litigation

A summary of outstanding litigation proceedings involving our Company, Promoter and Directors, in terms of the SEBI ICDR Regulations and the Materiality Policy approved by our Board, as on the date of this Red Herring Prospectus, is provided below:

Name of Entity	Criminal Proceedings	Tax Proceedings	Statutory or Regulatory Proceedings	Disciplinary actions by the SEBI or Stock Exchanges against our Promoter	Material Civil Litigation	Aggregate Amount (₹ in million)
Company						
By the Company	1,625(1)	Nil	N.A.	N.A.	3	3,634.68
Against the Company	3	3	1	N.A.	Nil	4.66
Directors						
By the Director	Nil	Nil	N.A.	N.A.	Nil	Nil
Against the Directors	Nil	Nil	Nil	N.A.	Nil	Nil
Promoter						

Name of Entity	Criminal Proceedings	Tax Proceedings	Statutory or Regulatory Proceedings	Disciplinary actions by the SEBI or Stock Exchanges against our Promoter	Material Civil Litigation	Aggregate Amount (₹ in million)
By the Promoter	61	Nil	N.A.	N.A.	2	16,018.91
Against the Promoter	1	12(3)(5)	Nil	1	2	17,411.82 (2)(4)

(1) *Includes 1,623 proceedings initiated by our Company against its borrowers in the ordinary course of business under the Negotiable Instruments Act, 1881.*

(2) *Excludes the amount paid by our Promoter pursuant to a fine imposed by NSE. For further details, see "Outstanding Litigation and Material Developments – Litigation involving our Promoter – Disciplinary actions including penalties imposed by SEBI or the Stock Exchanges" on page 434.*

(3) *There are 19 outstanding direct tax proceedings involving our Promoter, as on the date of this Red Herring Prospectus, pertaining to three categories of disputes, namely, (i) disallowances of certain expenses and deductions; (ii) disallowances of certain provisions created; and (iii) other disallowances, including club fees and other purposes written off, etc.*

(4) *Includes the aggregate tax impact of the outstanding direct tax proceedings involving our Promoter. However, the amounts which have been disallowed in these outstanding direct tax proceedings aggregate to ₹ 37,039.45 million.*

(5) *There are 44 outstanding indirect tax proceedings involving our Promoter, as on the date of this Red Herring Prospectus. While eight outstanding indirect tax proceedings relate to distinct issues, the remaining outstanding indirect tax proceedings involving our Promoter all pertain to appeals filed by our Promoter challenging the rejection of GST refunds by the competent authorities. There are 36 such outstanding proceedings with an aggregate amount of ₹ 65.93 million involved.*

For further details of the outstanding litigation proceedings involving our Company, Promoter and Directors, see "*Outstanding Litigation and Material Developments*" on page 431. As on the date of this Red Herring Prospectus, there are no outstanding litigation proceedings involving our Group Companies, the outcome of which may have a material impact on our Company.

Actions taken by statutory or regulatory authorities in the last five fiscals:

1. BSE has, pursuant to an email dated October 30, 2023, imposed a fine of ₹ 0.01 million on our Company for alleged non-compliance with Regulation 60(2) of the SEBI Listing Regulations, which require intimation to the stock exchanges of the record date for purposes of payment of interest, dividend and payment of redemption or repayment amount or for such purpose as specified by the stock exchanges. In relation to the alleged non-compliance with Regulation 60(2) for delay in furnishing intimation to BSE about the record date, our Company, pursuant to email dated October 31, 2023, submitted that the said regulation had been duly complied with and there had been no non-compliance by the Company. The matter is currently pending.

2. A show cause notice dated February 22, 2023, was issued by the RBI to our Company, pursuant to an inspection conducted by the RBI in reference to its financial position between June 13, 2022 and June 24, 2022 and other related correspondences between RBI and our Company. Pursuant to observations made by the RBI, in relation to delayed reporting of frauds and inadequate internal control systems of our Company in its letter dated July 28, 2021, a penalty of ₹ 0.88 million was imposed on our Company. We paid the fine on September 28, 2023 and the matter has been closed.

3. BSE had, pursuant to an email dated October 31, 2022, imposed a fine of ₹0.21 million for alleged non-compliance with Regulations 50(2) and 53(2) of the SEBI Listing Regulations, which require intimation about meeting of shareholders or holders of non-convertible securities and submission of annual report to the stock exchanges, respectively. In relation to the alleged non-compliance with Regulation 50(2) for delay in furnishing intimation to BSE about meeting of shareholders, our Company, pursuant to email dated November 7, 2022, submitted that the said regulation had been duly complied with and there had been no non-compliance by the Company. In relation to alleged non-compliance with Regulation 53(2) for delay in submission of annual report to BSE, our Company requested for a waiver pursuant to letter dated November 7, 2022, for delay in submission of the annual report, submitting that such delay was inadvertent and unintentional. Pursuant to emails dated September 8, 2023 sent by BSE, fine imposed on alleged violation of Regulation 50(2) was withdrawn and the penalty imposed on the alleged violation of Regulation 53(2) was partially waived. The balance fine has been paid by the Company and matters have been closed.

4. The RBI had imposed a penalty of ₹ 1.50 million on our Company on March 22, 2021, for failing to report frauds in certain accounts within the time periods from the detection of such frauds as specified in the Monitoring of Frauds Directions. The Company had paid the amount on March 24, 2021 and the matter has been closed.

Risk Factors

For details in relation to certain risks applicable to us, see "*Risk Factors*" beginning on page 27.

Summary of contingent liabilities of our Company

The details of our contingent liabilities as at June 30, 2023 are set forth in the table below:

Particulars	As at June 30, 2023
Disputed Income Taxes	4.65
Other sums contingently liable for – As per Payment of Bonus Act, 1979	2.30
Total	**6.95**

For details, see "*Restated Financial Information – Note 51 – Contingent Liabilities (to the extent not provided for)*" beginning on page 395.

Summary of Related Party Transactions

(₹ in million, unless otherwise stated)

Particulars	As at and for the three-months period ended June 30, 2023	% of Total Revenue from operations (%)	As at and for the three-months period ended June 30, 2022	% of Total Revenue from operations (%)	As at and for the Financial Year ended March 31, 2023	% of Total Revenue from operations	As at and for the Financial Year ended March 31, 2022	% of Total Revenue from operations	As at and for the Financial Year ended March 31, 2021	% of Total Revenue from operation
The Federal Bank Limited										
Income from distribution business	81.06	2.24%	70.41	2.85%	340.72	2.89%	260.27	2.99%	237.65	3.44%
Interest paid on pass-through certificate transactions	-	Nil	-	Nil	-	Nil	5.46	0.06%	0.83	0.01%
Sale consideration received on pass -through certificate transactions	-	Nil	-	Nil	-	Nil	-	Nil	203.96	2.95%
Interest paid on Cash Credit Facility & Term Loan	72.80	2.01%	106.64	4.31%	367.78	3.12%	532.26	6.12%	790.84	11.43%
Issuing & Paying Agent Charges	-	Nil	-	Nil	-	Nil	-	Nil	0.07	0.00%
Rent paid	-	Nil	-	Nil	-	Nil	-	Nil	0.1	0.00%
Processing Fees	-	Nil	-	Nil	-	Nil	10.06	0.12%	53.71	0.78%
Interest on NCD	57.93	1.60%	57.93	2.34%	232.35	1.97%	233.53	2.69%	120.9	1.75%
Rent for Sub leased premises	-	Nil	-	Nil	-	Nil	-	Nil	10.85	0.16%
Servicing Fee Income on Securitisation	-	Nil	-	Nil	-	Nil	-	Nil	0.5	0.01%
Interest Received on fixed deposits	-	Nil	-	-Nil	-	Nil	5.9	0.07%	1.29	0.02%
Term Loan Availed	3,400.00	94.08%	-	Nil	-	Nil	-	Nil	1,006.25	14.54%
Term Loan Repaid	566.01	15.66%	691.01	27.92%	2,620.27	22.23%	2,764.02	31.80%	3,020.27	43.66%
Working Capital loan repaid (net)	-	Nil	366.83	14.82%	-	Nil	-	Nil	134.5	1.94%

(₹ in million, unless otherwise stated)

Particulars	As at and for the three-months period ended June 30, 2023	% of Total Revenue from operations (%)	As at and for the three-months period ended June 30, 2022	% of Total Revenue from operations (%)	As at and for the Financial Year ended March 31, 2023	% of Total Revenue from operations	As at and for the Financial Year ended March 31, 2022	% of Total Revenue from operations	As at and for the Financial Year ended March 31, 2021	% of Total Revenue from operation
Cash Credit availed	132.63	3.67%	-	Nil	242.58	2.06%	-	Nil	-	Nil
Tier II Non Convertible Redeemable Debentures Issued	-	Nil	-	Nil	-	Nil	-	Nil	2,500	36.14%
Collateralised borrowing availed	-	Nil	-	Nil	-	Nil	-	Nil	203.96	2.95%
Collateralised borrowing repaid	-	Nil	-	Nil	-	Nil	189.99	2.19%	20.25	0.29%
Cash Credit Repaid	242.58	6.71%	-	Nil	313.19	2.66%	-	Nil	-	Nil
Bank Charges	-	Nil	-	Nil	0.41	0.00%	-	Nil	-	Nil
Equirus Insurance Broking Private Limited										
Staff Welfare Expenses	0.25	0.01%	-	Nil	-	Nil	-	Nil	-	Nil
Enterprises controlling voting power / significant influence										
Investment in Equity Shares by True North Fund VI LLP (Investor Selling Shareholder)	-	Nil	-	Nil	-	Nil	520	5.98%	205.92	2.98%
Investment in Equity Shares by The Federal Bank	-	Nil	-	Nil	-	Nil	1,479.9	17.02%	586.08	8.47%
Investment in Preference Shares by Anil Kothuri	-	Nil	-	Nil	-	Nil	189.66	2.18%	-	Nil
Transaction with Key Management Personnel										
Investment in Preference Share	-	Nil	-	Nil	-	Nil	189.66	2.18%	-	Nil
Redemption of Optionally Convertible Redeemable Preference Shares ("OCRPS")	-	Nil	-	Nil	-	Nil	84.2	0.97%	-	Nil
Issuance of Equity shares	-	Nil	-	Nil	-	Nil	114.92	1.32%	-	Nil

(₹ in million, unless otherwise stated)

Particulars	As at and for the three-months period ended June 30, 2023	% of Total Revenue from operations (%)	As at and for the three-months period ended June 30, 2022	% of Total Revenue from operations (%)	As at and for the Financial Year ended March 31, 2023	% of Total Revenue from operations	As at and for the Financial Year ended March 31, 2022	% of Total Revenue from operations	As at and for the Financial Year ended March 31, 2021	% of Total Revenue from operation
Enterprises over which related party has significant influence/control										
Re-imbursements of Expenses	0.72	0.02%	-	Nil	2.97	0.03%	-	Nil	-	Nil
Other Income	-	Nil	-	Nil	-		-	Nil	3.89	0.06%
ESOP - Key Management Personnel										
No. of Options granted under ESOS (in numbers)	-	NA	2,000,000	NA	2,000,000	NA	-	NA	1,200,000	NA
No. of Options outstanding under ESOS (in numbers)	4,095,351	NA	4,551,351	NA	4,321,351	NA	2,551,351	NA	2,551,351	NA

Details of salary and other emoluments to Key Managerial Personnel of the Company

(₹ in million)

Key Management Personnel	As at and for the three-months period ended June 30, 2023*	% of Total Revenue (%)	As at and for the three-months period ended June 30, 2022*	% of Total Revenue (%)	As at and for the Financial Year ended March 31, 2023*	% of Total Revenue (%)	As at and for the Financial Year ended March 31, 2022*	% of Total Revenue (%)	As at and for the Financial Year ended March 31, 2021*	% of Total Revenue (%)
Salary and employee benefits										
Remuneration to Managing Director	20.00	0.55%	18.50	0.75%	54.13	0.46%	27.34	0.31%	37.38	0.54%
Remuneration to Chief Financial Officer	8.14	0.23%	11.71	0.47%	18.48	0.16%	17.75	0.20%	15.49	0.22%
Remuneration to Company Secretary	1.49	0.04%	1.23	0.05%	3.59	0.03%	2.78	0.03%	2.60	0.04%
Share based benefit										
Managing Director	4.61	0.13%	7.45	0.30%	29.78	0.25%	4.39	0.05%	4.39	0.06%
Chief Financial Officer	0.80	0.02%	1.01	0.04%	3.42	0.03%	4.31	0.05%	4.86	0.07%
Company Secretary	0.05	0.00%	0.08	0.00%	0.34	0.00%	-	Nil	-	Nil

** In computation of above figures, the reimbursement of expenses and Director sitting fees has been excluded.*

For details of the related party transactions and as reported in the Restated Financial Information, see "*Restated Financial Information – Note 38: - Related Party Disclosures*" on page 354.

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

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

Financing Arrangements

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

Details of acquisition of specified securities by our Promoter, members of the Promoter Group, Selling Shareholders and other Shareholders with nominee director rights or other rights, in the last three years preceding the date of this Red Herring Prospectus

S. No.	Name of the acquirer/shareholder	Date of acquisition of Equity Shares	Number of Equity Shares acquired	Acquisition price per Equity Share
Promoter (also the Promoter Selling Shareholder)				
1.	The Federal Bank Limited	June 29, 2021	21,141,998	70
Investor Selling Shareholder				
1.	True North Fund VI LLP	June 29, 2021	7,428,270	70
Shareholders with nominee director rights or other rights				
1.	The Federal Bank Limited	June 29, 2021	21,141,998	70
2.	True North Fund VI LLP	June 29, 2021	7,428,270	70

The above details have been certified by M/s R U Kamath & Co by way of their certificate dated November 16, 2023.

Weighted average cost of acquisition at which Equity Shares were acquired by our Promoter and the Selling Shareholders in the one year, eighteen months and three years preceding the date of this Red Herring Prospectus

The weighted average cost of acquisition at which Equity Shares were acquired by our Promoter and the Selling Shareholders in (a) the one year preceding the date of this Red Herring Prospectus; (b) the 18 months preceding the date of this Red Herring Prospectus; and (c) the three years preceding the date of this Red Herring Prospectus, are as follows:

(a) Weighted average cost of acquisition at which Equity Shares were acquired by our Promoter and the Selling Shareholders in the one year preceding the date of this Red Herring Prospectus:

Name of the Promoter *(also the Promoter Selling Shareholder)*	Number of Equity Shares acquired in last one year	Weighted average cost of acquisition per Equity Share (in ₹)*
The Federal Bank Limited	Nil	Nil
Name of the Selling Shareholder	**Number of Equity Shares acquired in last one year**	**Weighted average cost of acquisition per Equity Share (in ₹)***
True North Fund VI LLP	Nil	Nil

*As certified by M/s R U Kamath & Co by way of their certificate dated November 16, 2023.

(b) Weighted average cost of acquisition at which Equity Shares were acquired by our Promoter and the Selling Shareholders in the eighteen months preceding the date of this Red Herring Prospectus:

Name of the Promoter *(also the Promoter Selling Shareholder)*	Number of Equity Shares acquired in last eighteen months	Weighted average cost of acquisition per Equity Share (in ₹)*
The Federal Bank Limited	Nil	Nil
Name of the Selling Shareholder	**Number of Equity Shares acquired in last eighteen months**	**Weighted average cost of acquisition per Equity Share (in ₹)***
True North Fund VI LLP	Nil	Nil

*As certified by M/s R U Kamath & Co by way of their certificate dated November 16, 2023.

(c) Weighted average cost of acquisition at which Equity Shares were acquired by our Promoter and the Selling Shareholders in the three years preceding the date of this Red Herring Prospectus:

Name of the Promoter *(also the Promoter Selling Shareholder)*	Number of Equity Shares acquired in last three years	Weighted average cost of acquisition per Equity Share (in ₹)*
The Federal Bank Limited	21,141,998	70.00
Name of the Selling Shareholder	**Number of Equity Shares acquired in last three years**	**Weighted average cost of acquisition per Equity Share (in ₹)***
True North Fund VI LLP	7,428,270	70.00

*As certified by M/s R U Kamath & Co by way of their certificate dated November 16, 2023.

Weighted average price at which specified securities were acquired by our Promoter and the Selling Shareholders in the one year preceding the date of this Red Herring Prospectus

Except as disclosed below, our Promoter and the Selling Shareholders have not acquired Equity Shares in the one year preceding the date of this Red Herring Prospectus. The weighted average price at which Equity Shares were acquired by our Promoter and the Selling Shareholders in the one year preceding the date of this Red Herring Prospectus is as follows:

S. No.	Category of Shareholders	Number of Equity Shares acquired in the one year preceding the date of this Red Herring Prospectus	Weighted average price per Equity Share (in ₹)*
Promoter (also the Promoter Selling Shareholder)			
1.	The Federal Bank Limited	Nil	Nil
Investor Selling Shareholder			
1.	True North Fund VI LLP	Nil	Nil

**As certified by M/s R U Kamath & Co by way of their certificate dated November 16, 2023.*

Average Cost of acquisition for our Promoter and the Selling Shareholders

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

S. No.	Category of Shareholders	Number of Equity Shares held	Average cost of Acquisition per Equity Share (in ₹)*
Promoter (also the Promoter Selling Shareholder)			
1.	The Federal Bank Limited	235,685,332	19.34
Investor Selling Shareholder			
1.	True North Fund VI LLP	82,808,361	45.22

**As certified by M/s R U Kamath & Co by way of their certificate dated November 16, 2023.*

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

Period	Weighted Average Cost of Acquisition (in ₹)	Cap Price is 'X' times the Weighted Average Cost of Acquisition	Range of acquisition price: Lowest Price - Highest Price (in ₹)
Last 1 year	52.44	-	30.00 – 72.37
Last eighteen months	51.79	-	30.00 – 72.37
Last 3 years	65.30	-	30.00 – 72.37

Details of pre-IPO placement

Our Company is not contemplating any pre-IPO placement.

Split or Consolidation of Equity Shares in the last one year

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

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

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

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

Certain Conventions

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

Unless otherwise specified, any time mentioned in this Red Herring Prospectus is in Indian Standard Time ("**IST**"). Unless indicated otherwise, all references to a year in this Red Herring Prospectus are to a calendar year.

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

Financial Data

Our Company's financial year commences on April 1 of the immediately preceding calendar year and ends on March 31 of that particular calendar year. Unless stated otherwise, all references in this Red Herring Prospectus to the terms Fiscal or FY or Financial Year, are to the 12 month period commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year. Unless stated otherwise, or the context requires otherwise, all references to a "year" in Red Herring Prospectus are to a calendar year.

Unless stated otherwise or the context otherwise requires, the financial data in this Red Herring Prospectus is derived from the restated statement of assets and liabilities as at June 30, 2023, June 30, 2022, March 31, 2023, March 31, 2022 and March 31, 2021, the restated profit and loss account (including other comprehensive income), the restated statement of profit and loss, restated cash flow statement for the three-months periods ended June 30, 2023 and June 30, 2022, and each of the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021, the summary statement of significant accounting policies, and other explanatory information prepared by our Company in terms of the requirements of Section 26 of Part I of Chapter III of the Companies Act, 2013, as amended, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended and the Guidance Note on Reports on Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India, as amended from time to time. For further information on our Company's financial information, see "*Restated Financial Information*" on page 297. For further information, see "*Restated Financial Information*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 297 and 398, respectively.

There are significant differences between Ind AS and U.S. GAAP and IFRS. Our Company does not provide reconciliation of its financial information to IFRS or U.S. GAAP. Our Company has not attempted to explain those differences or quantify their impact on the financial data included in this Red Herring Prospectus and it is urged that you consult your own advisors regarding such differences and their impact on our Company's financial data. For details in connection with risks involving differences between Ind AS, U.S. GAAP and IFRS, see "*Risk Factors – 71. Significant differences exist between the Indian Accounting Standards notified under Section 133 of the Companies Act, 2013, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles, such as International Financial Reporting Standards ("IFRS") and generally accepted accounting principles in the United States of America ("U.S. GAAP"), which may be material to investors' assessments of our financial condition, result of operations and cash flows.*" on page 68. The degree to which the financial information included in this Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting principles, policies and practices, the Companies Act and the SEBI ICDR Regulations. Any reliance by persons not familiar with Indian accounting principles, policies and practices on the financial disclosures presented in this Red Herring Prospectus should accordingly be limited.

In this Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off. All figures in decimals have been rounded off to the second decimal and all percentage figures have been rounded off to two decimal places. 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 numbers in a column or row in certain tables may not conform exactly to the total figure given for that column or row.

Unless the context otherwise indicates, any percentage amounts, or ratios as set forth in "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 27, 201 and 398, respectively, and elsewhere in this Red Herring Prospectus have been calculated on the basis of amounts derived from our Restated Financial Information.

Non-Generally Accepted Accounting Principles (Non-GAAP) Financial Measures

Certain non-GAAP financial measures and certain other statistical and operational information relating to our operations and financial performance, such as our average cost of borrowing, net NPA on AUM, provision coverage ratio, net worth, total borrowings to equity ratio, operating expenses to net income, return on total average assets, operating expenses to average total assets, pre provision operating profit, credit cost to average total assets, average yield on gross loan book, net interest margin to average total assets, net asset value per equity share, operating expenses, total borrowings to net worth, return on net worth and EBITDA ("**Non-GAAP Financial Measures**") have been included in this section and elsewhere in this Red Herring Prospectus. We compute and disclose such Non-GAAP Financial Measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of financial services businesses, many of which provide such Non-GAAP Financial Measures and other statistical and operational information when reporting their financial results. Such Non-GAAP Measures and other statistical and operational information are not measures of operating performance or liquidity defined by generally accepted accounting principles. These Non-GAAP Financial Measures and other statistical and other information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other banks in India or elsewhere. These Non-GAAP Financial Measures and other statistical and operational information have been reconciled to their nearest GAAP measure in "*Our Business*", "*Selected Statistical Information*", "*Other Financial Information*" and "*Capitalisation Statement*" on pages 201, 276, 397 and 426, respectively.

Currency and Units of Presentation

All references to:

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

Our Company has presented certain numerical information in this Red Herring Prospectus in "lakh", "million" and "crore" units or in whole numbers where the numbers have been too small to represent in such units. One million represents 1,000,000, one billion represents 1,000,000,000 and one trillion represents 1,000,000,000,000. One lakh represents 100,000 and one crore represents 10,000,000.

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

Exchange Rates

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

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Rupee and other foreign currencies:

Currency	As at				
	June 30, 2023	June 30, 2022	March 31, 2023	March 31, 2022	March 31, 2021
1 USD	82.04	78.94	82.22	75.80	73.50

Source: www.fbil.org.in

Industry and Market Data

Unless otherwise indicated, industry and market data used throughout this Red Herring Prospectus has been obtained or derived from the report titled "*Analysis of NBFC sector and select asset classes in India*", dated October 2023, prepared and issued by CRISIL MI&A, a division of CRISIL, available on https://fedfina.com/investor/disclosure/, which has been commissioned and paid for by our Company in connection with the Offer for an agreed fee, and has been obtained from publicly available information as well as other industry publications and sources. The CRISIL Report has been prepared at the request of our Company. CRISIL Limited is an independent agency and none of our Company, any of our Directors, our Promoters or the Book Running Lead Managers are related parties with CRISIL Limited. For risks in this regard, see "*Risk Factors – 60. Certain sections of this Red Herring Prospectus contain information from the report titled 'Analysis of NBFC sector and select asset classes in India' dated October 2023, ("CRISIL Report") which has been commissioned and paid for by us exclusively for the* *purpose of the Offer. The CRISIL Report, prepared and issued by CRISIL MI&A, a division of CRISIL, is not exhaustive and is based on certain assumptions and parameters / conditions and any reliance on such information for making an investment decision in the Offer is subject to inherent risks."* on page 63.

The data used in these sources may have been re-classified by us for the purposes of presentation. Data from these sources may also not be comparable. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates and assumptions that may prove to be incorrect.

The extent to which the market and industry data presented in this Red Herring Prospectus is meaningful depends upon the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which business of our Company is conducted, and methodologies and assumptions may vary widely among different industry sources.

The sections "*Offer Document Summary*", "*Industry Overview*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Conditions and Results of Operations*" of this Red Herring Prospectus contain data and statistics from the CRISIL Report which has been commissioned and paid for by our Company for an agreed fee and is available at https://fedfina.com/investor/disclosure/.

Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those disclosed in "*Risk Factors – 60. Certain sections of this Red Herring Prospectus contain information from the report titled 'Analysis of NBFC sector and select asset classes in India' dated October 2023, ("CRISIL Report") which has been commissioned and paid for by us exclusively for the purpose of the Offer. The CRISIL Report, prepared and issued by CRISIL MI&A, a division of CRISIL, is not exhaustive and is based on certain assumptions and parameters / conditions and any reliance on such information for making an investment decision in the Offer is subject to inherent risks.*" on page 63. Accordingly, no investment decision should be made solely on the basis of such information.

In accordance with the SEBI ICDR Regulations, the section "*Basis for Offer Price*" on page 111 includes information relating to our listed industry peer. Such information has been derived from publicly available sources.

Notice to Prospective Investors

The Equity Shares have not been recommended by any U.S. federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Red Herring Prospectus or approved or disapproved the Equity Shares. Any representation to the contrary is a criminal offence in the United States. In making an investment decision, investors must rely on their own examination of our Company and the terms of this Offer, including the merits and risks involved.

The Equity Shares offered in the Offer 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 state securities law. Accordingly, the Equity Shares are only being offered and sold outside the United States to investors that are not U.S. Persons, nor persons acquiring for the account or benefit of U.S. Persons, in "offshore transactions" as defined in and in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales occur. There will be no offering of securities in the United States.

FORWARD-LOOKING STATEMENTS

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

- our ability to sustain our growth or manage it effectively or execute our growth strategy effectively;
- the dependence on our ability to timely access cost effective sources of funding;
- our dependence on brand and reputation;
- possibility of asset-liability mismatches; and
- negative cash flows in the past and possibility of the same in the future.

For further discussion of factors that could cause the actual results to differ from the expectations, see "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 27, 201 and 398, respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated and are not a guarantee of future performance.

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

These statements are based on our management's belief and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based on are reasonable, any of these assumptions could prove to be inaccurate and the forward-looking statements based on these assumptions could be incorrect. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements as a guarantee of future performance. Neither our Company, the Selling Shareholders, our Promoter, our Directors, the BRLMs nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with the requirements of SEBI, our Company and Selling Shareholders shall ensure that investors in India are informed of material developments from the date of this Red Herring Prospectus until the time of the grant of listing and trading permission by the Stock Exchanges for the Offer. Further, each of the Selling Shareholders shall, severally and not jointly, ensure that investors in India are informed of material developments in relation to the statements and undertakings specifically made or confirmed by such Selling Shareholder in this Red Herring Prospectus and the Prospectus until the time of the grant of listing and trading permission by the Stock Exchanges for this Offer.

SECTION II: RISK FACTORS

An investment in Equity Shares involves a high degree of risk. You should carefully consider all the information in this Red Herring Prospectus, including the risks and uncertainties described below before making an investment in the Equity Shares. This section should be read in conjunction with "Industry Overview", "Our Business", "Selected Statistical Information", "Restated Financial Information", and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 128, 201, 276, 297 and 398, respectively, before making an investment decision in relation to the Equity Shares.

We have described the risks and uncertainties that we believe are material, but these risks and uncertainties may not be the only risks relevant to us, the Equity Shares, or the industries or geographies in which we currently operate or propose to operate. Unless specified or quantified in the relevant risk factor below, we are not in a position to quantify the financial or other implication of any of the risks mentioned in this section. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business, results of operations, financial condition and cash flows. If any or a combination of the following risks, or if any of the risks that are currently not known or deemed to be not relevant or material now actually occur or become material in the future, our business, cash flows, prospects, financial condition and results of operations could suffer, the trading price of the Equity Shares could decline, and you may lose all or part of your investment. For more details on our business and operations, see "Our Business", "Industry Overview", and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages 201, 128 and 398, respectively, as well as other financial information included elsewhere in this Red Herring Prospectus.

In making an investment decision, you must rely on your own examination of us and the terms of the Offer, including the merits and risks involved, and you should consult your tax, financial and legal advisors about the particular consequences of investing in the Offer. Prospective investors should pay particular attention to the fact that our Company is incorporated under the laws of India and is subject to a legal and regulatory environment which may differ in certain respects from that of other countries.

This Red Herring Prospectus also contains forward-looking statements that involve risks, assumptions, estimates and uncertainties and other factors, many of which are beyond our control. Our actual results could differ materially from those anticipated in these forward- looking statements as a result of certain factors, including but not limited to the considerations described below. For details, see "Forward-Looking Statements" on page 26.

Unless otherwise indicated, the financial information of our Company has been derived from the Restated Financial Statements.

Unless otherwise indicated, industry and market data used in this section has been derived from the CRISIL Report (extracts of which have been appropriately incorporated as part of "Industry Overview" on page 128), which has been prepared by CRISIL (which was appointed by us pursuant to addendum no. 3 dated June 14, 2023 to the agreement for services dated October 22, 2021) and exclusively commissioned and paid for by us in connection with the Offer. A copy of the CRISIL Report will be available on the website of our Company at https://fedfina.com/investor/disclosure/ from the date of filing of this Red Herring Prospectus until the Bid/Issue Closing Date. The data included herein includes excerpts from the CRISIL Report and may have been re-ordered by us for the purposes of presentation. Unless otherwise indicated, all financial, operational, industry and other related information derived from the CRISIL Report and included herein with respect to any particular year, refers to such information for the relevant year.

Internal Risks

Risks related to our business and industry

1. ***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. For further details in relation to liquidity risks, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Quantitative and Qualitative Analysis of Market Risks – Liquidity Risk*" on page 423. Asset and liability mismatch, which represents a situation when 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 our maturity profile of our assets and liabilities as of the respective dates:

	As of June 30,						As of March 31,								
	2023			2022			2023			2022			2021		
	Liabilities[(1)]	Assets[(2)]	Gap	Liabilities[(1)]	Assets[(2)]	Gap	Liabilities[(1)]	Assets[(2)]	Gap	Liabilities[(1)]	Assets[(2)]	Gap	Liabilities[(1)]	Assets[(2)]	Gap
	(₹ in million)														
Years															
Up to 1 year	29,456.95	55,856.68	26,399.73	27,989.24	36,899.33	8,910.09	31,327.67	57,557.93	26,230.26	22,442.18	40,001.28	17,559.10	17,480.86	37,908.06	20,427.20
Over 1	32,00	18,44	(13,56	21,64	12,89	(8,747	29,306.42	19,070.97	(10,235.45	22,527.6	11,609.1	(10,918.	18,723.	7,447.6	(11,27

	As of June 30,						As of March 31,								
	2023			2022			2023			2022			2021		
	Liabilities[1]	Assets[2]	Gap	Liabilities[1]	Assets[2]	Gap	Liabilities[1]	Assets[2]	Gap	Liabilities[1]	Assets[2]	Gap	Liabilities[1]	Assets[2]	Gap
	(₹ in million)														
year and up to 3 years	6.67	4.99	1.68)	0.49	2.62	.87)			)	4	7	47)	20	8	5.52)
Over 3 years and up to 5 years	14,849.95	12,902.32	(1,947.63)	7,002.39	9,501.71	2,499.32	15,521.84	13,209.68	(2,312.16)	5,949.84	8,782.27	2,832.43	7,369.91	4,401.88	(2,968.03)
Over 5 years	17,226.54	11,803.49	(5,423.05)	14,750.96	8,863.61	(5,887.35)	15,584.37	10,906.35	(4,678.02)	14,464.00	8,691.16	(5,772.84)	11,089.05	10,492.39	(596.66)
Total	**93,540.11**	**99,007.47**	**5,467.37**	**71,383.08**	**68,157.27**	**(3,225.81)**	**91,740.30**	**1,00,744.93**	**9,004.63**	**65,383.66**	**69,083.88**	**3,700.21**	**54,663.02**	**60,250.01**	**5,586.99**

Notes:
(1) Liabilities represent Total Financial Liabilities, Total Non-Financial Liabilities and Total Equity.
(2) Assets represents Total Financial Assets, Total Non-Financial Assets and Undrawn Committed Credit Lines.

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

The following table sets forth our cash flows for the periods indicated:

(₹ in million)

Particulars	For the three-months period ended June 30,		For Fiscals		
	2023	2022	2023	2022	2021
Net cash generated from / (used in) Operating Activities	(2,922.62)	(4,003.10)	(14,740.01)	(5778.93)	(3,712.30)
Net cash generated from / (used in) Investing Activities	1,359.99	389.40	(1,295.28)	(4169.20)	(705.25)
Net cash generated from / (used in) Financing Activities	3,100.77	3,776.94	16,315.23	5347.44	8,255.00
Net increase / (decrease) in cash and cash equivalents	**1,538.14**	**163.24**	**279.94**	**(4600.69)**	**3,837.46**

Such negative cash flows from operating activities for the three-months periods ended June 30, 2023 and 2022, and for Fiscals 2023, 2022 and 2021 were mainly attributable to finance costs, impairment of financial instruments and increase in loans on account of increased loan disbursals to our customers. Negative cash flows from investing activities were mainly attributable to investment in mutual fund and investment in government securities for Fiscal 2023, and mainly attributable to investment in mutual fund and investment in fixed deposit for Fiscals 2022 and 2021. Our negative cash and cash equivalents in Fiscal 2022 was mainly attributable to negative cash flows from operating activities and negative cash flows from investing activities.

For further details, see "*Restated Financial Information*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Cash flows*" on pages 297 and 419, respectively. We cannot assure you that our net cash flow will be positive in the future.

3. *As on June 30, 2023, 93.65% of our gross AUM was located in Gujarat, Maharashtra, Telangana, Andhra Pradesh, Tamil Nadu, Karnataka, Puducherry and Delhi. Accordingly, our operations are concentrated in six states and two union territories and any adverse developments in these regions could have an adverse effect on our business and results of operations.*

As of June 30, 2023, we conducted our operations through 584 branches, of which 237 branches were located in western and northern India in the states/union territory of Gujarat, Maharashtra and Delhi and 272 branches were located in southern India in states of Telangana, Andhra Pradesh, Tamil Nadu and Karnataka.

State/Territory	AUM (₹ in million)	Percentage Share of Gross AUM (%)
Karnataka	17,205.19	18.24%
Tamil Nadu	15,001.57	15.90%
Maharashtra	18,391.65	19.49%
Gujarat	11,493.36	12.18%
Telangana	8,529.53	9.04%
Andhra Pradesh	5,786.57	6.13%
Delhi	11,506.23	12.20%
Puducherry	436.43	0.46%
Total	88,350.53	93.65%

The retail lending and financial services markets in these regions may perform differently from and may be subject to market conditions that are different from, the retail lending and financial services markets in other regions in India. Consequently, any significant social, political or economic disruption, or natural calamities or civil disruptions in these regions, or changes in the policies of the state or local governments of these regions or the Government of India, could disrupt our business operations, require us to incur significant expenditure and change our business strategies. The occurrence of or our inability to effectively respond to any such event, could have an adverse effect on our business, results of operations, financial condition and cash flows.

4. ***Because we handle high volumes of cash and gold jewelry in a dispersed network of branches, 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.***

The following table sets forth our Company's cash in hand balance and gold balance as of the dates shown:

	As of June 30,		As of March 31,		
	2023	2022	2023	2022	2021
Cash in hand (₹ million)	179.20	209.10	133.90	168.40	74.69
Gold (Ton)	8.10	7.18	8.13	6.86	5.76

Our business involves carrying out cash and gold jewelry transactions that expose us to the risk of fraud by employees, agents, customers or third parties, theft, burglary, and misappropriation or unauthorized transactions by our employees. For instance, we have experienced the following instances of robbery and fraud by our employees:

Period	Particulars
Three-months period ended June 30, 2023	During this period, there were 2 instances of fraud against our Company by third parties amounting to ₹ 4.33 million out of which no amount has since been recovered by our Company. There were no instances of fraud against our Company by our employees.
Fiscal 2023	During the year, there were 10 instances of fraud against our Company by third parties amounting to ₹ 15.24 million out of which ₹ 11.57 million has since been recovered by our Company. There were five instances of fraud against our Company by our employees amounting to ₹ 161.47 million out of which ₹ 104.21 million has since been recovered by our Company.
Fiscal 2022	During the year, there were 19 instances of fraud against our Company by third parties amounting to ₹ 78.91 million out of which ₹ 1.53 million has since been recovered by our Company. There were nine instances of fraud against our Company by our employees amounting to ₹ 26.27 million out of which ₹ 9.99 million has since been recovered by our Company.
Fiscal 2021	During the year, there were 17 instances of fraud against our Company by third parties amounting to ₹ 44.72 million out of which ₹ 2.21 million has since been recovered by our Company. There were four instances of fraud against our Company by our employees amounting to ₹ 2.48 million out of which ₹ 2.31 million has since been recovered by our Company.

**As certified by M/s R U Kamath & Co by way of their certificate dated November 16, 2023.*

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 details, see "*– 28. Any failure or significant weakness of our internal controls, processes or systems could cause operational errors or incidents of fraud, which would adversely affect our business, profitability and reputation.*" on page 47. Our employees may also become targets or victims of theft, burglary and other crimes if they are present when these crimes are committed and may sustain physical and psychological injuries as a result. 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. For further details in relation to inspection by RBI pertaining to frauds, see "*- 13. We are subject to periodic inspection by the Reserve Bank of India. In the past, the RBI has imposed penalties for certain non-compliances with observations. Non-compliance with the observations of the Reserve Bank of India could adversely affect our business, financial condition, results of operations and cash flows.*" on page 35.

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. Additionally, we have received customer complaints in the past which relate to issues in respect of closure and foreclosure, customer service, transactions and interest rate, charges and fees. There can be no assurance that such complaints will not result in further legal actions or adverse publicity against us.

5. Our inability to maintain our capital adequacy ratio could adversely affect our business, results of operations and our financial performance.

The Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulations) Directions, 2023 ("**NBFC Scale Based Directions**") currently require NBFCs such as our Company to comply with a capital to risk (weighted) assets ratio, or capital adequacy ratio ("**CRAR**"), consisting of Tier I and Tier II capital. As per the NBFC Scale Based Directions, we are required to maintain a minimum capital ratio, consisting of Tier I capital and Tier II capital, of not less than 15.00% of its aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet items. In line with the NBFC Scale Based Directions, at a minimum, Tier I capital of an NBFC, at any point of time, cannot be less than 10.00%. For details, see "*Key Regulations and Policies*" on page 229. As of June 30, 2023, our CRAR was 19.71%, with Tier I capital comprising 14.70%. For further details on the CRAR of our peer set, see "*Industry Overview*" beginning on page 128.

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. We cannot assure you that we will be able to raise additional Tier I and Tier II capital in order to remain in compliance with applicable capital adequacy ratios. Our Tier I capital decreased from 18.38% as of March 31, 2022 to 15.09% as of March 31, 2023, and decreased from 16.50% as of June 30, 2022 to 14.70% as of June 30, 2023. This was primarily attributable to our Gross Loan Book growing at a faster rate as compared to our Tier I capital, thereby leading to a higher capital consumption. Further, the RBI may increase its current CRAR requirements, 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. For instance, RBI, in its risk assessment report and inspection report with respect to our financial position as on March 31, 2021, observed, among other things, that we had invested a substantial amount of surplus funds with a related party (our Promoter) which resulted in lower assessed NOF and CRAR. Our failure to comply with minimum capital adequacy requirements and NOF, under current or future regulations, may result in adverse actions being initiated by RBI, including imposition of penalties and may adversely affect our business, financial condition and results of operations. For further details on the RBI's observation in relation to, among others, our CRAR, please see "*– 13. We are subject to periodic inspection by the Reserve Bank of India. In the past, the RBI has imposed penalties for certain non-compliances with observations. Non-compliance with the observations of the Reserve Bank of India could adversely affect our business, financial condition, results of operations and cash flows.*" on page 35.

In accordance with the NBFC Scale Based Directions, NBFCs primarily engaged in lending against gold jewelry, with such loans comprising 50.00% or more of its financial assets, will be further subject to the requirement to maintain a minimum Tier I capital of 12.00% of aggregate risk weighted assets of on-balance sheet and of risk adjusted value of off-balance sheet items. While our gold loans do not currently comprise 50.00% or more of our financial assets, we cannot assure you that we will not increase the share of gold loans on our loan portfolio in the future, and thereby be subject to this additional CRAR requirement.

6. 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 June 30, 2023, our total borrowings were ₹ 76,195.16 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. One of our lenders, namely IDBI Bank Limited, in the normal course of business has a right to nominate directors on our Board under the lending arrangement. 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:

- effecting any change in the capital structure where the shareholding of the Promoter gets diluted below 51%;
- 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 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 and we have received consents from all of our lenders in relation to this Offer. However, we are yet to receive a waiver from IDBI Bank Limited in relation to their right to nominate directors to our Board. 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. In particular, as a result of the November 12 Circular and the resultant increase in our NPAs, our Company was in breach of the NPA covenants under our loan agreements with our Promoter, HDFC Bank Limited and The Karur Vysya Bank Limited. While we had obtained consent from the respective counterparties for such breach, and for the modification of NPA covenants, we cannot assure you that we will be given such relaxations in the future. 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. For further details of the November 12 Circular and the resultant increase in our NPAs, see *"– 12. We have a huge concentration of loans to emerging self-employed individuals ("ESEI") and micro, small and medium enterprises ("MSME"), and as of June 30, 2023, ESEI and MSME comprise 45.22% and 64.75% of our total loan profiles, respectively. The risk of non-payment or default by our borrowers may adversely affect our business, results of operations and financial condition.*" and "*Key Regulations and Policies - Reserve Bank of India's Master Circular - Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances dated April 1, 2023*" on pages 34 and 241, respectively. For further details in relation to risks relating to our inability to maintain the quality of our loan portfolio or manage our growing loan portfolio, see "- *14. As of June 30, 2023, our Gross NPA and Net NPA was ₹1,897.71 million and ₹1,473.85 million, respectively. We may be unable to maintain the quality of our loan portfolio or manage the growing loan portfolio which may result in significantly larger non-performing assets and provisions*" on page 36.

Our future borrowings may also contain similar restrictive provisions. If we fail to meet our debt service obligations or covenants provided under the financing agreements, the relevant lenders could declare us to be in default under the terms of our agreements or accelerate the maturity of our obligations. We cannot assure you that, in the event of any such acceleration, we will have sufficient resources to repay the borrowings.

7. Our business depends on a well-regarded and widely known brand, as well as the brand and reputation of our Promoter, Federal Bank, and the Federal Bank group entities, and any failure to maintain, protect and enhance our brand would harm our business.

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, 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 and collection 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.

Furthermore, we are associated with our Promoter, Federal Bank, and the "Federal Bank" brand in general. Our revenue, results of operation, business and prospects are, to a certain extent, dependent on the strength of the brand and reputation of our Promoter, Federal Bank, and the Federal Bank group entities. If the perception or reputation of the "Federal Bank" brand deteriorates due to reasons beyond our control, it could adversely affect our businesses, our reputation and the "Federal Bank" brand, which could materially and adversely affect our business and prospects.

In the future, we may be the target of incomplete, inaccurate, and misleading or false statements about our Company, our business, and our products and services that could damage our brand and materially deter people from adopting our services. Negative publicity about our Company or our management, including about our product quality and reliability, changes to our products and services, privacy and security practices, litigation, regulatory enforcement, and other actions, as well as the actions of our customers, even if inaccurate, could cause a loss of confidence in us. Our ability to respond to negative statements about us may be limited by legal prohibitions on permissible public communications by us during future periods.

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. Many social media platforms immediately publish the content that their subscribers and participants post, often without filters or checks on accuracy of the content posted. 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 inappropriate, 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.

Further, a failure of a cooperative bank, private sector bank, non-banking finance company or small finance bank or housing finance company could also affect the sentiment towards the NBFC industry in general and lead to a reduction in business for all NBFCs. Any damage to our brand or our reputation may result in withdrawal of business by our existing customers or loss of new business from potential customers, which would adversely affect our business, results of operations and financial condition.

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

We securitize and assign a portion of our receivables from our loan portfolio to banks and other financial institutions. Such securitization transactions and direct assignment transactions are undertaken by us on the basis of our internal estimates of funding requirements, and may vary from time to time. The following table sets forth our securitized and assigned assets and receivables as of the dates indicated:

Particulars	As of June 30,		As of March 31,		
	2023	2022	2023	2022	2021
Securitized and Assigned Assets (₹ in million)	11,831.33	5,236.60	10,925.53	4,931.42	2,959.89
Receivables securitized and assigned expressed as % of AUM (%)	12.54%	7.86%	12.05	7.97	6.09

We are also required to provide certain credit enhancements, such as cash collateral fixed deposit, bank guarantees, excess interest spread, and overcollateralization, in connection with our securitized receivables. There was a temporary shortfall in collections amounting to ₹ 2.48 million during the three-months period ended June 30, 2023 and last three Fiscals, which was adjusted from the credit enhancement provided by us to the investor. Further, in the event the bank or financial institution does not realize the receivables due under loans that have been assigned, the relevant bank or institution can enforce the underlying credit enhancements provided by our Company. Should such banks or any other financial institutions seek to enforce the underlying credit enhancements such as bank guarantees and fixed deposits, which are provided up to a specified percentage of the underlying loans, it could have an adverse effect on our financial condition and results of operations. This could also adversely impact our reputation and the willingness of future potential bidders to participate in subsequent assignments by our Company. Further, any change in RBI or other government regulations in relation to assignments/securitizations by NBFCs could have an adverse impact on our assignment/securitization program.

9. There are pending litigations against our Company and our Promoter. Any adverse decision in such proceedings may render us/them liable to liabilities/penalties and may adversely affect our business, cash flows and reputation.

Certain legal proceedings involving our Company and our Promoter are pending at different levels of adjudication before various courts, tribunals and authorities. In the event of adverse rulings in these proceedings or consequent levy of penalties, we may need to make payments or make provisions for future payments and which may increase expenses and current or contingent liabilities.

A summary of outstanding litigation proceedings involving our Company and our Promoter, as disclosed in "*Outstanding Litigation and Material Developments*" on page 431, in terms of the SEBI ICDR Regulations as of the date of this Red Herring Prospectus is provided below:

Name of Entity	Criminal Proceedings	Tax Proceedings	Statutory or Regulatory Proceedings	Disciplinary actions by the SEBI or Stock Exchanges against our Promoter	Material Civil Litigation	Aggregate Amount (₹ in million)
Company						
By the Company	1,625(1)	Nil	N.A.	N.A.	3	3,634.68
Against the Company	3	3	1	N.A.	Nil	4.66
Directors						
By the Director	Nil	Nil	N.A.	N.A.	Nil	Nil
Against the Directors	Nil	Nil	Nil	N.A.	Nil	Nil
Promoter						
By the Promoter	61	Nil	N.A.	N.A.	2	16,018.91

Name of Entity	Criminal Proceedings	Tax Proceedings	Statutory or Regulatory Proceedings	Disciplinary actions by the SEBI or Stock Exchanges against our Promoter	Material Civil Litigation	Aggregate Amount (₹ in million)
Against the Promoter	1	12(3)(5)	Nil	1	2	17,411.82(2)(4)

(1) Includes 1,623 proceedings initiated by our Company against its borrowers in the ordinary course of business under the Negotiable Instruments Act, 1881.

(2) Excludes the amount paid by our Promoter pursuant to a fine imposed by NSE. For further details, see "Outstanding Litigation and Material Developments – Litigation involving our Promoter – Disciplinary actions including penalties imposed by SEBI or the Stock Exchanges" on page 434.

(3) There are 19 outstanding direct tax proceedings involving our Promoter, as on the date of this Red Herring Prospectus, pertaining to three categories of disputes, namely, (i) disallowances of certain expenses and deductions; (ii) disallowances of certain provisions created; and (iii) other disallowances, including club fees and other purposes written off, etc.

(4) Includes the aggregate tax impact of the outstanding direct tax proceedings involving our Promoter. However, the amounts which have been disallowed in these outstanding direct tax proceedings aggregate to ₹ 37,039.45 million.

(5) There are 44 outstanding indirect tax proceedings involving our Promoter, as on the date of this Red Herring Prospectus. While eight outstanding indirect tax proceedings relate to distinct issues, the remaining outstanding indirect tax proceedings involving our Promoter all pertain to appeals filed by our Promoter challenging the rejection of GST refunds by the competent authorities. There are 36 such outstanding proceedings with an aggregate amount of ₹ 65.93 million involved.

For further details of the outstanding litigation proceedings involving our Company and our Promoter, see "*Outstanding Litigation and Material Developments*" beginning on page 431.

As on the date of this Red Herring Prospectus, there are no outstanding litigations involving our Directors. Further, as on the date of this Red Herring Prospectus, there are no outstanding litigation proceedings involving our Group Company, the outcome of which may have a material impact on our Company.

We cannot assure you that any of the outstanding litigation matters will be settled in favor of our Company or our Promoter, as the case may be, or that no further liability will arise out of these proceedings. The amount claimed in these proceedings have been disclosed to the extent ascertainable and include amounts claimed jointly and severally. With respect to the legal proceedings involving our Company, we are in the process of litigating these matters, and based on the assessment in accordance with applicable accounting standard. We have presently not made provision for any of the pending legal proceedings. For details of our contingent liabilities, see " *– 58. We have certain contingent liabilities, which, if materialized, may adversely affect our financial condition, cash flows and results of operations.*" and "*Summary of the Offer Document – Summary of contingent liabilities of our Company*" on pages 62 and 18, respectively.

In addition to the foregoing, we could also be adversely affected by complaints, claims or legal actions brought against us, before various forums such as courts, tribunals, consumer forums or sector-specific or other regulatory authorities in the ordinary course or otherwise, in relation to our products and services, our technology and/or intellectual property, our branding or marketing efforts or campaigns or any other acts/omissions. As a debt-listed company, we are also subject to queries from the stock exchanges from time to time. For instance, in the past we have received queries from BSE seeking information and/or clarification in relation to certain alleged non-compliances, including in relation to non-appointment of registrar and share transfer agent, delay in intimation of meeting of shareholders and delay in submission of annual report to the stock exchanges, which we have provided responses to. Further, BSE had pursuant to an email dated October 31, 2022, imposed a fine of ₹0.21 million for alleged non-compliance with Regulations 50(2) and 53(2) of the SEBI Listing Regulations, which require intimation about meeting of shareholders or holders of non-convertible securities and submission of annual report to the stock exchanges, respectively. However, our Company has challenged the imposition of the fine under Regulation 50(2) and requested for a waiver for the fine imposed under Regulation 53(2). For further details, please see "*Outstanding Litigation and Material Developments – Litigation involving our Company – Actions taken by statutory or regulatory authorities"* beginning on page 432. Further, claims, complaints or legal actions may be instituted against our employees, from time to time. There can be no assurance that such complaints or claims will not result in investigations, enquiries or legal actions by any courts, tribunals or regulatory authorities against us or that such complaints or claims will be decided in our favor or our employees' favor. Any adverse outcome in proceedings against our employees, may adversely impact our business, operations, financial condition, prospects or reputation.

If any new developments arise, such as change in Indian law or rulings against us by appellate courts or tribunals, we may need to make provisions that could increase our expenses and current liabilities. Further, such legal proceedings could divert management time and attention and consume financial resources. Any adverse outcome in any of these proceedings may have an adverse effect on our results of operations and financial condition.

10. We have entered into, and will continue to enter into, related party transactions which may potentially involve conflicts of interest.

In the ordinary course of our business, we enter into and will continue to enter into transactions with related parties. For details regarding our related party transactions, see "*Other Financial Information – Related Party Transaction*" on page 397. In the past, we have relied on financing from our Promoter, Federal Bank, including certain term loans, cash credit/working capital demand loans and non-convertible debentures, details of which are set out below:

(₹ in million)

Name of lender	Type of borrowing	Secured/ unsecured	Sanctioned amount	Outstanding amount as on June 30, 2023*
Federal Bank	Term loan	Secured	15,500.00	5,323.13
Federal Bank	CC/ WCDL	Secured	1,000.00	732.63
Federal Bank	NCD	Unsecured	2,347.00	2,347.00

Per IGAAP

For further details regarding the financing available from our Promoter, please see "*Financial Indebtedness*" on page 427. While we believe that all such related party transactions that we have entered into for Fiscals 2021, 2022 and 2023 and the three-months periods ended June 30, 2023, are conducted on an arms' length basis, contain commercially reasonable terms and are in compliance with applicable law, including Companies Act, we cannot assure you that we could not have achieved more favorable terms had such transactions been entered into with unrelated parties. It is likely that we may continue to enter into related party transaction in the future. Although all related party transaction that we may enter into post-listing will be subject to board or shareholder approval, as necessary under the Companies Act and the SEBI Listing Regulations, in the interest of the Company and its minority shareholders and in compliance with the SEBI Listing Regulations, we cannot assure you these arrangements in the future, or any future related party transactions that we may enter into, individually or in the aggregate, will not have an adverse effect on our business, financial condition, results of operations, cash flows and prospects. Further, any future transactions with our related parties could potentially involve conflicts of interest which may be detrimental to our Company. There can be no assurance that our Directors and executive officers will be able to address such conflicts of interests or others in the future.

11. Conflicts of interest may arise out of certain common business objectives shared by our Promoter and us.

Our Promoter, Federal Bank is a major Indian commercial bank in the private sector having over 1,366 banking outlets and over 1,920 ATMs/cash recyclers spread across 25 states, Delhi NCT and 4 union territories in India, and is listed in BSE, NSE and the London Stock Exchange. Our Promoter received a license to commence banking operations from the Reserve Bank of India on July 11, 1959. In the ordinary course of its activities, our Promoter may engage in activities where the interests of certain of its business divisions, its affiliates, or the interests of its clients may conflict with the interests of our shareholders. In particular, we may compete with existing and future NBFCs or financial services companies that our Promoter may establish or invest in. Certain of these divisions and entities have or may have a business or investment strategy similar to our business strategy and therefore may compete with us, which may present various conflicts of interest for our Promoter.

In the event that any such conflicts of interest arise, our Promoter may make decisions regarding our operations, financial structure or commercial transactions that may not be in our shareholders' best interests. It may also enable a competitor to take advantage of a corporate opportunity at our expense. Such decisions could have a material adverse effect on our business, financial condition, results of operations and prospects. Should we face any such conflicts in the future, they may not be resolved in our favor.

12. We have a huge concentration of loans to emerging self-employed individuals ("ESEI") and micro, small and medium enterprises ("MSME"), and as of June 30, 2023, ESEI and MSME comprise 45.22% and 64.75% of our total loan profiles, respectively. The risk of non-payment or default by our borrowers may adversely affect our business, results of operations and financial condition.

We primarily serve ESEIs and MSMEs. The following table sets forth the breakdown of our mortgage loan portfolio (being medium ticket LAP, small ticket LAP and housing loan) by categories of customers for the periods indicated:

Particulars		Three-month period ended June 30,		For Fiscal		
		2023	2022	2023	2022	2021
		(% of Mortgage Loan Portfolio)				
MSME	ESEI	73.84	72.32	73.27	72.11	68.66
	Non ESEI	24.56	24.27	24.80	24.14	23.46
Non MSME	ESEI	1.01	2.20	1.24	2.40	5.03
	Non ESEI	0.58	1.22	0.69	1.35	2.85
Total		**100.00**	**100.00**	**100.00**	**100.00**	**100.00**

The following table sets forth the breakdown of our mortgage loan and unsecured business loan portfolio by categories of customers for the periods indicated:

Particulars		Three-month period ended June 30,		For Fiscal		
		2023	2022	2023	2022	2021
		(% of mortgage loan and unsecured business loan portfolio)				
MSME	ESEI	68.14	66.05	67.48	65.31	63.73
	Non ESEI	30.55	31.06	30.90	31.44	29.35
	ESEI	0.78	1.70	0.96	1.87	4.19

Particulars		Three-month period ended June 30,		For Fiscal		
		2023	2022	2023	2022	2021
		(% of mortgage loan and unsecured business loan portfolio)				
Non MSME	Non ESEI	0.53	1.20	0.66	1.39	2.73
Total		**100.00**	**100.00**	**100.00**	**100.00**	**100.00**

The following table further sets forth the breakdown of our total loan portfolio by categories of customers for the periods indicated:

Particulars		Three-month period ended June 30,		For Fiscal		
		2023	2022	2023	2022	2021
		(% of total loan portfolio)				
MSME	ESEI	44.71	41.07	44.35	40.46	34.71
	Non ESEI	20.04	19.31	20.31	19.48	15.99
Non MSME	ESEI	0.51	1.05	0.63	1.16	2.28
	Non ESEI	0.35	0.75	0.44	0.86	1.49
	Gold loan and business correspondent customers	34.39	37.82	34.28	38.04	45.53
Total		**100.00**	**100.00**	**100.00**	**100.00**	**100.00**

For further details in relation to the product wise concentration in MSME and ESEI, see "*Selected Statistical Information – Product Wise Concentration in MSME and ESEI*" on page 289.

Our top 10 clients in the ESEI category borrowed amounts aggregating to (i) 1.14% and 1.20% of our mortgage loan portfolio in the three-months period ended June 30, 2023 and Fiscal 2023, respectively; and (ii) 0.94% and 0.98% of our mortgage loan and unsecured business portfolio in the same period. Our top 10 clients in the MSME category, borrowed amounts aggregating to (i) 0.94% and 0.97% of our mortgage loan portfolio in the three-months period ended June 30, 2023 and Fiscal 2023, respectively; and (ii) 0.71% and 0.73% of our instalment loan portfolio in the three-months period ended June 30, 2023 and Fiscal 2023, respectively. Our customers may default in 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 events such as the COVID-19 pandemic. For further details in relation to the customer wise of stage 3 mortgage loans and customer wise of stage 3 loans (excluding gold loans), see "*Selected Statistical Information – Customer wise % stage 3 mortgage loans"* and *"Selected Statistical Information – Customer Wise % stage 3 loans (excluding gold loans and others*)*" on page 289. In particular, our stage 3 loans from non-MSME mortgage loans customers was ₹55.56 million in Fiscal 2023, constituting 8.09% of our total Non-MSME mortgage loans, and was higher than the proportion of stage 3 loans from our MSME mortgage loans customers, which was ₹819.78 million in Fiscal 2023, constituting 2.14% of our total MSME mortgage loans. In addition, our customers may not have credit histories or formal income proofs such as tax returns and other formal documents that would enable us to assess their creditworthiness. Accordingly, we sometimes issue loans without formal documentation. 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 misrepresentation by our customers or employees or intermediaries such as direct sales agents. It may therefore be difficult for us to carry out the necessary credit risk analysis on all of our customers. Although we follow certain surrogate procedures to evaluate the credit profiles of our customers at the time of sanctioning a loan, we also rely on the value of the property provided as underlying collateral and the expertise of our appraising officers. We cannot assure you that our surrogate procedures will be sufficient to evaluate the credit profiles of our customers. The insufficiency of surrogate procedures may result in credit losses, which may adversely affect our business, results of operations and financial condition.

Further, individuals to whom we lend are often considered to be higher credit risk customers and are generally less financially resilient than large corporate borrowers due to their increased exposure to fluctuations in cash flows due to adverse economic conditions. In addition, a significant majority of our customer base belongs to the low to middle income group, who may be more likely to be affected by declining economic conditions than large corporate borrowers. Any decline in the economic conditions may impact the repayment capabilities of our borrowers, which may result in increase in defaults, thereby adversely affecting our business and financial condition. To the extent we are unable to successfully manage the risks associated with lending to individuals, it may become difficult for us to recover outstanding loan amounts provided to such customers. We cannot assure you that our risk management controls will be sufficient to prevent future losses on account of customer defaults, which may adversely affect our business, results of operations and financial condition.

13. ***We are subject to periodic inspection by the Reserve Bank of India. In the past, the RBI has imposed penalties for certain non-compliances with its observations. Non-compliance with the observations of the Reserve Bank of India could adversely affect our business, financial condition, results of operations and cash flows.***

We are subject to periodic inspections by the RBI on our operations, risk management systems, internal controls, regulatory compliance and credit monitoring systems, pursuant to which the RBI issues observations, directions and monitorable action plans on issues related to, among other things, any operational risks and regulatory non-compliances. During the course of finalizing inspections, the RBI inspection team shares its findings and recommendations with us and provides us an opportunity to provide clarifications, additional information and, where necessary, justification for a different position, if any, than that observed by the RBI. Upon final determination by the RBI of the inspection results, we are required to take actions specified therein by the RBI to its satisfaction.

In its risk assessment reports and inspection reports issued in respect of inspection years 2020-2021 and 2021-2022, RBI has made certain observations. These include, among other things: (i) certain non-compliances in fraud monitoring, fraud risk management and fraud reporting, as specified in the Master Direction – Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016 ("**Monitoring of Frauds Directions**"), (ii) delay in compliance with action points of the previous RBI inspection reports; (iii) non-adherence to certain corporate governance norms including related to related party transactions and rotation of auditors; (iv) certain control gaps in our gold auction policy, notwithstanding the fact they were raised in earlier reports, and (v) certain deficiencies in our IT infrastructure. While we have responded to the observations made by the RBI in their risk assessment report on August 8, 2022, pursuant to responses dated September 30, 2022, December 1, 2022, February 24, 2023 and June 7, 2023, respectively clarifying certain points and providing our reasons, there can be no assurance that the RBI may not issue further show cause notices or impose penalties or take other actions in relation the observations made.

While we have responded to such observations, directions and monitorable action plans in the past, we cannot assure you that RBI will not make similar or other observations in the future. In the event we are unable to resolve such deficiencies and other matters to RBI's satisfaction, or are otherwise in non-compliance with RBI's directions, RBI may take regulatory and supervisory action which many include charging penalties, penalizing our management, restricting our banking activities or otherwise enforcing increased scrutiny and control over our banking operations, including by way of withholding approvals, or issuing conditional approvals.

For instance, the RBI had imposed a penalty of ₹ 1.50 million on our Company on March 22, 2021, for failing to report frauds in certain accounts within the time periods from the detection of such frauds as specified in the Monitoring of Frauds Directions, and we paid the amount on March 24, 2021. Similar observations in relation to delayed reporting of frauds and inadequate internal control systems of our Company were made by the RBI pursuant to its letter dated July 28, 2021 and a penalty of ₹ 0.88 million was imposed on our Company, and we paid the amount on September 28, 2023. There have been no observations issued by the RBI which were not complied with by the Company including any pending compliances. For further details in relation to risk relating to inadequacy of internal controls, see "*– 28. Any failure or significant weakness of our internal controls, processes or systems could cause operational errors or incidents of fraud, which would adversely affect our business, profitability and reputation.*" on page 47. Imposition of any penalty or adverse finding by RBI during any future inspection may have an adverse effect on our reputation, business, financial condition, results of operations and cash flows.

14. ***As of June 30, 2023, our Gross NPA and Net NPA was ₹1,897.71 million and ₹1,473.85 million, respectively. We may be unable to maintain the quality of our loan portfolio or manage the growing loan portfolio which may result in significantly larger non-performing assets and provisions.***

Our ability to manage the credit quality of our loans, which we measure in part through NPAs , is a key driver of our results of operations. Our total loan portfolio has grown in the last few years, and we anticipate that the size of our loan portfolio will continue to grow in the future as we pursue our expansion strategy. For further details, see "*Selected Statistical Information*" beginning on page 276. We classify NPAs in accordance with NBFC Scale Based Directions and applicable Ind AS rules. Defaults by our customers for a period of 90 days or more result in such loans being classified as Stage 3 and NPA. The following table sets forth details of our Gross NPAs and Net NPAs as of the dates indicated:

Particulars	As of June 30,		As of March 31,		
	2023	2022	2023	2022	2021
Gross NPA(₹ in million)(1)	1,897.71	1,272.78	1,645.03	1,285.82	468.08
Gross NPA (%)(2)	2.26	2.05	2.03	2.23	1.01
Net NPA(3)	1,473.85	970.95	1,279.85	1,002.09	328.22
Net NPA (%)(4)	1.76	1.57	1.59	1.75	0.71

(1) Gross NPA refers to loans under our Gross Loan Book as of the last day of the relevant period or closing balance of Gross Loan Book which are classified as credit impaired loans in accordance with Ind AS 109 (Financial Instruments).
(2) Gross NPA (%) represents the Gross NPA as of the last day or the relevant day or period to the AUM as of the last day of the relevant period, represented as a percentage of the Gross Loan Book.
(3) Net NPA represents Gross NPA reduced by Impairment Loss Allowance (i.e., Expected Credit Loss Allowance or ECLs) made against these loans as of the last day of relevant reporting period.
(4) Net NPA % represents the Net NPA as of the last day or the relevant day or period to the net loan book as of the last day of the relevant period, represented as a percentage.

For further details of our product wise Gross NPA, see "*Selected Statistical Information – Product Wise Gross NPA*" on page 288. For further details on the NPAs of our peer set, see "*Industry Overview*" beginning on page 128.

In addition, on account of our recent growth, a significant portion of our loan portfolio is relatively new and was disbursed during the last 36 months. We believe that the risk of delinquency in retail loans typically emerges 18 to 36 months from disbursement, subject to external factors. As of June 30, 2023, loans aggregating to ₹ 76,114.95 million were disbursed in the three-months period ended June 30, 2023, and Fiscals 2023, 2022 and 2021, constituting 90.67% of our Gross Loan Book. As of June 30, 2023, out of these loans, loans aggregating to ₹ 765.94 million were Stage 3 loans, constituting Gross NPA% of 1.01% on such loans. We cannot assure you that we will be able to maintain or reduce our current levels of NPAs in the future. As the number of our loans that become NPAs increase, the credit quality of our loan portfolio decreases. Further, our bad debts write-off has increased from ₹ 394.99 million as of March 31, 2022 to ₹ 532.40 million as of March 31, 2023 due to the growth in the Gross Loan Book which has resulted in an increase in the total value of bad debts, and we cannot assure you that our bad debts write-offs will not increase thereby adversely impacting our financial position.

Further, as our loan portfolio grows, our NPAs may increase, and the current level of our provisions may not adequately cover any such increases. Negative trends or financial difficulties or general economic slowdown could unexpectedly increase delinquency rates. For instance, we witnessed an increase in our Gross NPA and Net NPA ratios between March 31, 2021 and March 31, 2022, primarily due to the impact of the COVID-19 pandemic on MSME customers. We continued to experience an increase of Gross NPA and Net NPA between June 30, 2022 and June 30, 2023 due to the continuing impact of the COVID-19 pandemic on certain customers who were adversely affected during that period. We cannot assure you that there will not be a significant increase in the portion of our loans that are classified as NPAs as our loan portfolio matures or as a result of changes in the applicable regulations. For example, RBI issued directions in 2014 which mandated a shorter time period for classifying assets as NPAs. Pursuant to such RBI directions, we decreased the time period for classifying our assets as NPAs from six months overdue to five months overdue in Fiscal 2016, four months overdue in Fiscal 2017 and three months overdue in Fiscal 2018. As a consequence, there was an increase in our Gross NPAs, and we had lost the regulatory arbitrage we enjoyed as against banks in relation to classification of assets as NPAs. Furthermore, on November 12, 2021, the RBI issued a circular (the "**November 12 Circular**") which clarified that the classification of borrower accounts as special mention accounts or 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). The RBI provided further clarification to the November 12 Circular by way of a notification dated February 15, 2022. This clarification by the RBI caused a spike in NPAs. For further details of the impact on such increase of NPAs on our obligations under our debt financing arrangements, see *"– 6. 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 30. For further details in relation to provisioning and bad debts written off, see "*Selected Statistical Information – Asset Quality – Provisioning and Write Offs*" on page 281.

As a part of the incentive package to help the Indian economy recover from the stagnation caused by the COVID-19 induced lockdown, the Ministry of Finance had announced various liquidity enhancement measures, including the provision of funding to certain specified sectors such as MSMEs. Any requirement to provide additional credits to sectors, where we have limited experience, may require us to dedicate substantial manpower and resources towards understanding the nuances of such sectors. Additionally, given our limited experience in these sectors, we may be subjected to an increased number of Stage 3 Loans. See also *"– 37. The resurgence of the COVID-19 pandemic may affect our business and operations in the future.*" on page 52.

15. We operate in a highly regulated industry and changes in the laws, rules and regulation applicable to us may adversely affect our business, financial condition and results of operations.

We operate in a highly regulated industry, and we have to adhere to various laws, rules and regulations. Our Company has a certificate of registration from the RBI to operate as an NBFC-ND-SI and is regulated by the RBI. Accordingly, legal and regulatory risks are inherent and substantial in our business. As we operate under licenses and registrations obtained from the applicable regulators, such as RBI and the Financial Intelligence Unit, India, we are subject to actions that may be taken by such regulators in the event of any non-compliance with any applicable policies, guidelines, circulars, notifications and regulations issued by the relevant regulators. For a description of the material laws, rules and regulations applicable to us, see "*Key Regulations and Policies*" on page 229.

Any failure or alleged failure to comply with the applicable laws, regulations or requirements could subject us to inspection, audit and enforcement actions by the relevant authority; suspension and revocation of the relevant license or approval; civil penalties including payment of damages to the aggrieved party; criminal penalties including payment of fines and imprisonment of concerned directors or employees; and mandatory conciliation and mediation with the aggrieved party or may also lead to an inability to carry forward our tax losses.

These actions or any failure to prevail in a possible civil or criminal litigation, may adversely affect our business, results of operations, financial condition, cash flows and reputation. In addition, responding to any action or litigation may result in a diversion of our management's attention and resources and an increase in professional fees and compliance costs.

Our premises, books of accounts, documents and records are subject to inspection by the RBI under the relevant laws and regulations. Consequently, the RBI may identify instances of non-compliance and deficiencies in our operations and issue warning letters, show cause notices or penalties for violations. For further details, see "- *13. We are subject to periodic inspection by the Reserve Bank of India. In the past, the RBI has imposed penalties for certain non-compliances with observations. Non-compliance with the observations of the Reserve Bank of India could adversely affect our business, financial condition, results of operations and cash flows.*" on page 35. Non-convertible debentures issued by our Company are listed on the debt segment of BSE. For details, see "*Financial Indebtedness*" on page 427. For further details of our continuous disclosure obligations as a debt listed company, see "*24. Being a debt listed company, our Company is subject to the continuous disclosure obligations under the SEBI Listing Regulations. Any non-compliance with the SEBI Listing Regulations may subject us to certain actions initiated by the stock exchanges, including, without limitation, the imposition of fines. Further, any breach of the covenants under our debenture trust deeds may subject us to enforcement actions by our debenture trustees.*" on page 44.

Moreover, the laws and regulations governing our business continue to evolve and may be amended, supplemented or changed at any time. We are exposed to the risk of varying and evolving interpretation of complex laws and regulations governing our business in India. Certain of these laws and regulations governing our business are relatively new and evolving, and their interpretation and enforcement may involve uncertainties. As a result, we may be required to seek and follow additional procedures, modify or adjust certain activities, restructure our ownership structure, obtain new and additional licenses and incur additional expenses to comply with such laws and regulations, which could adversely affect our future development and business.

Additionally, the RBI has been given a wider role in the management of NBFCs in adverse situations pursuant to the Finance Act, 2019 which came into force on August 1, 2019. 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 businesses to preserve the continuity of the activities of the NBFCs. The RBI had also issued guidelines on "Liquidity Risk Management Framework for Non-Banking Financial companies and Core Investment Companies" on November 4, 2019, which were repealed and replaced with the NBFC Scale Based Directions. The NBFC Scale Based Directions provide for a Liquidity Coverage Ratio for all non-deposit taking NBFCs with an asset size of ₹ 50,000 million and above with effect from December 1, 2020, which could increase our market risks for investments and reduce the funds that we have for loans, adversely affecting our business and results of operations.

The RBI had also constituted an Internal Working Group ("**IWG**") on June 12, 2020, to review extant guidelines on ownership and corporate structure for Indian private sector banks. The IWG submitted its report on November 20, 2020, under which it has made recommendation with regards to, among other things, the corporate structures of Non-Operative Financial Holding Companies ("**NOFHC**") and the conversion of banks licensed before 2013 thereto. In particular, the IWG recommends that, prior to such conversion, if a banking group entity desires to continue undertaking any lending activity, the same shall not be undertaken by the bank departmentally and the group entity shall be subject to the prudential norms as applicable to banks for the respective business activity. Additionally, banks should also not be allowed to invest in the equity / debt capital instruments of any of its existing subsidiaries. The RBI had considered comments received for the IWG report and issued its decision on November 26, 2021, according to which it had accepted 21 out of 33 recommendations made by the IWG, with the remaining recommendations still under examination. While the recommendations in relation to the conversion of banking groups into NOFHC and investment into existing subsidiaries were not accepted by the RBI on November 26, 2021, we cannot assure you that the RBI will eventually reject them and any such acceptance by the RBI (whether partially or entirely) may adversely affect our future development and business. In the event that RBI eventually accepts the aforesaid recommendations of the IWG pertaining to the conversion of banking groups into NOHFC and investment into existing subsidiaries, our Promoter, Federal Bank, may be constrained from pursuing product lines similar to the ones engaged in by our Company, till such time that Federal Bank adopts an NOFHC structure. Further, till such time that such NOFHC structure is in place, excluding any transition period which RBI may determine as appropriate, our Company may be constrained in terms of raising investments in the form of equity or debt from our Promoter, which may adversely affect our future development and business.

16. ***Our funding requirements and the proposed deployment of Net Proceeds have not been appraised by any bank or financial institution or any other independent agency and our management will have broad discretion over the use of the Net Proceeds.***

We intend to utilize the Net Proceeds of the Offer as set forth in "*Objects of the Offer*" beginning on page 106. The funding requirements mentioned as a part of the objects of the Offer are based on internal management estimates in view of past expenditures, and have not been appraised by any bank or financial institution. This is based on current conditions and is subject to change in light of changes in external circumstances, costs, business initiatives, other financial conditions or business strategies and since we have not presently entered into any definitive agreements for the use of Net Proceeds. Various risks and uncertainties, including those set forth in this section, may limit or delay our efforts to use the Net Proceeds to achieve profitable growth in our business. For example, any plan to invest in new businesses could be delayed due to a failure to receive regulatory approvals, technical difficulties, human resource, technological or other resource constraints, or for other unforeseen reasons, events or circumstances. We may also use funds for future businesses which may have risks significantly different from what we currently face or may expect.

Accordingly, use of the Net Proceeds for other purposes identified by our management may not result in actual growth of our business, increased profitability or an increase in the value of our business and your investment.

17. ***Though we have experienced growth in recent years, we may not be able to sustain our growth or manage it effectively or execute our growth strategy effectively. We reviewed our growth strategy in Fiscal 2022 to reduce our focus on our wholesale finance business. We may not be able to undertake similar changes in the future successfully or at all.***

We have experienced growth in recent years, and we have significantly expanded our operations and branch network. The following table sets forth our total revenue, profit after tax, AUM, number of branches and their respective year-on-year growths for the periods indicated:

Particulars	**As of and for three-months period ended June 30,**		**Year-on-Year growth**	**As of and for Fiscal**			**Year-on-Year growth**	
	2023	**2022**	**June 2023 v. June 2022**	**2023**	**2022**	**2021**	**2023 v. 2022**	**2022 v. 2021**
Total Revenue (₹ in million)	3,678.68	2,560.48	43.67%	12,146.80	8,836.37	6,975.66	37.46%	26.67%
Profit after Tax (₹ in million)	538.83	437.57	23.14%	1,801.33	1,034.59	616.84	74.11%	67.72%
AUM (₹ in million)	94,342.08	66,444.22	41.56%	90,696.04	61,872.04	48,624.31	46.59%	27.25%
Number of Branches	584	516	13.18%	575	516	359	11.43%	43.73%

For further details on our AUM for mortgage loans, gold loans, unsecured business loans and other loans, see "*Our Business – Description of our business and operations*" on page 211. However, we cannot assure you that our growth strategy will continue to be successful or that we will be able to continue to grow further, at the same rate or at all.

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, continuing to invest in our technology and digitization initiatives and undertaking regular marketing activities at our branches in the form of targeted marketing in the relevant catchment areas. Our ability to execute our growth strategies will depend, among other things, on our ability to grow our customer base, improve customer experience, avail a 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. While we historically had a concentration in 35 large accounts in Fiscal 2021 relating to loans to institutional borrowers, we have reduced our focus on that business and reduced our dependence on large institutional borrowers. Furthermore, as part of our growth strategy, and taking into consideration the relevant market conditions and opportunities, we may change the composition of our Total AUM which may result in a change in the proportions of mortgage loans, gold loans and unsecured business loans in our Total AUM. Any such change in the composition of our customer composition may impact our profitability, our asset-liability maturity profile and non-performing assets ("**NPAs**") 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. If we fail to implement these systems, processes, procedures and controls on a timely basis, we may not be able to meet our customers' needs, hire and retain new employees or operate our business effectively. Our ability to sustain our rate of growth also depends significantly upon our ability to select and retain key managerial personnel, investing in talent and employee training and maintaining effective risk management policies to address emerging challenges. Further, a number of external factors beyond our control could also affect our ability to continue to grow our business and loan portfolio, including, among other things, 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.

18. ***Our business and operations are dependent on our ability to timely access cost effective sources of funding. Any disruption in our sources of funding could have an adverse effect on our business, results of operations and financial condition.***

The liquidity and profitability of our business depends, in large part, on our timely access to, and the costs associated with, raising funds. Our financing requirements historically have been met from diversified sources, including term loans, proceeds from loans securitized, proceeds from the issuance of NCDs, proceeds from loans assigned and commercial papers to meet our capital requirements. In addition, we have access to capital from our Promoter, Federal Bank. The following table sets forth a breakdown of our source of funding as of June 30, 2023 and June 30, 2022, and March 31, 2023, March 31, 2022 and March 31, 2021:

Particulars	**As of June 30,**		**As of March 31,**		
	2023	**2022**	**2023**	**2022**	**2021**
	(₹ in million)				
Total Equity	14,149.03	12,025.57	13,556.82	11,535.18	8,347.34
Total Borrowings	76,195.16	54,974.36	71,358.23	50,168.35	43,280.92
Short-term	26,381.80	23,717.26	26,170.90	19,031.28	15,697.10
Long-term	49,813.36	31,257.10	45,187.33	31,137.07	27,583.82

The following table also sets forth a brief summary of our aggregate borrowings along with the average cost of borrowing for each type of borrowing as of June 30, 2023 and June 30, 2022, and March 31, 2023, March 31, 2022 and March 31, 2021:

Particulars	**As of June 30,**		**As of March 31,**		
	2023	**2022**	**2023**	**2022**	**2021**
	(in percentage)				
Term Loans*	2.13	1.86	7.84	7.77	8.57
NCD – Secured*	2.17	2.25	8.86	8.71	8.73
WCDL*	1.98	1.57	6.83	6.17	8.05
Commercial Papers*	2.02	1.52	6.50	6.16	6.63
Unsecured subordinated NCD*	2.48	2.48	9.90	9.90	9.90
Average Cost of Borrowing^	**2.22**	**1.86**	**7.77**	**7.44**	**8.30**

^ This is a Non-GAAP Measure. For reconciliation of Non-GAAP Measures, see "Selected Statistical Information - Non-GAAP reconciliations" on page 294.
** Calculated based on monthly average method*

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 international markets affecting the Indian economy including the effects of events such as the COVID-19 pandemic. 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. Volatility or depressed valuations or trading prices in the equity markets may similarly 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 and any new equity securities we issue could have rights, preferences and privileges superior to our existing shareholders.

In the past, certain NBFCs in India have defaulted in the repayment of their borrowings, which has adversely affected the availability and cost of borrowings to NBFCs in general. For example, according to the CRISIL Report, NBFCs suffered a blow after IL&FS defaulted in September 2018. NBFCs that did not have the advantage of size, rating and / or parentage had to grapple with a liquidity crisis and raising funds became difficult. *(Source: CRISIL Report)* For further details, see "*Industry Overview*" on page 128. Any such events in the future may lead to adverse perceptions about the retail loan industry, and the financial services sector as a whole, thereby affecting our ability to obtain financing at commercially reasonable terms. 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.

Our ability to raise debt to meet our funding requirements is also restricted by the limits prescribed under applicable regulations. For example, NBFC Scale Based Directions requires NBFCs to have a Net Owned Fund ("**NOF**") of at least ₹ 20 million. The following table sets forth our NOF for the periods indicated:

(₹ in million)

Particulars	**As of June 30,**		**As of March 31,**		
	2023	**2022**	**2023**	**2022**	**2021**
Net Owned Fund	12,809.46	10,999.50	12,279.30	10,868.68	8,043.26

We fund substantially all of the loans through borrowings under our several financial facilities. The following table sets forth the breakdown of our financial liabilities by interest rate type as of June 30, 2023:

Particulars	Amount (₹ in million)	% of Total Borrowings (%)
Fixed Interest Rate Financial Liabilities	9,832.20	12.90
Floating Interest Rate Financial Liabilities	66,362.96	87.10

Given the broad impact of COVID-19 on the financial markets, our ability to borrow money to fund our current and future customer demand during COVID-19 pandemic was uncertain. Our liquidity could be affected as our lenders reassess their exposure to NBFCs and either curtail access to financing facilities or impose higher costs to access such facilities. Our liquidity may be further constrained as there may be less demand by investors to acquire our loans in the secondary market. Even if such demand exists, we face a higher risk as a result of the COVID-19 pandemic stemming from our customers inability to repay the underlying loans. For further details on the impact of the COVID-19 pandemic, see "- *37. The resurgence of the COVID-19 pandemic may affect our business and operations in the future.*" on page 52. Due to the current monetary policy changes in India and globally, there has been a general increase in interest rates and as a result, our overall cost of borrowings may increase. A liquidity shortage for the industry as a whole may adversely affect our cash flows.

If we are unable to adequately maintain our cash resources and obtain adequate financing in a timely manner and on commercially reasonable terms, we may delay non-essential capital expenditures, implement cost cutting procedures, delay or reduce future hiring, or reduce our rate of future originations compared to current level. There can be no assurance that we can obtain sufficient sources of external capital to support the growth of our business, including from our Promoter. Delays in doing so or failure to do so may require us to reduce loan originations or limit our operations, which would harm our ability to pursue our business objectives as well as harm our business, results of operations and financial condition.

19. A significant portion of our business is derived from our gold loan products and the loss of business in relation to such gold loan products could adversely affect our business and prospects.

We are dependent on our gold loan products for a significant portion of our revenues. The following table sets forth details of our gold loan products for the periods indicated:

Particulars	For the three-months period ended June 30,		For Fiscal		
	2023	2022	2023	2022	2021
Gold Loan Products (₹ in million)	31,241.72	24,247.85	29,860.34	22,475.30	19,177.87
Gold Loan Products as % of AUM (%)	33.12%	36.38%	32.92%	36.33%	39.44%

However, our revenue from gold loan products may decline as a result of increased competition, regulatory action, litigation, or fluctuation in the demand for such products, which may adversely affect our business, results of operations, cash flows and financial condition. For further details in relation to risks associated with gold loan products, see "- *26. Our inability to adequately assess and recover the assessed or full value of gold collateral or amounts outstanding under defaulted gold loans in a timely manner, or at all, could adversely affect our business, results of operations and financial condition.*" on page 45.

20. 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.

Our credit ratings are set forth below as of the respective dates indicated:

Rating Agency	Instrument	As on the date of this Red Herring Prospectus	As on March 31, 2023	As on March 31, 2022	As on March 31, 2021
CARE	NCDs	AA/stable	AA/stable	AA-/stable	AA-/stable
CARE	Long-term / Short-term bank facilities	AA/stable, A1+	AA/stable, A1+	-	-
CARE	Long-term instruments – Subordinated debt	AA/stable	-	-	-
India Rating and Research Private Ltd.	Bank loans	AA-/positive	AA-/stable	AA-/stable	AA-/stable

Rating Agency	Instrument	As on the date of this Red Herring Prospectus	As on March 31, 2023	As on March 31, 2022	As on March 31, 2021
India Rating and Research Private Ltd.	NCDs	AA-/positive	AA-/stable	AA-/stable	AA-/stable
India Rating and Research Private Ltd.	NCDs – Subordinated debt	AA-/positive	AA-/stable	AA-/stable	AA-/stable
CRISIL	Commercial paper	A1+	A1+	A1+	A1+
ICRA Limited	Commercial paper	A1+	A1+	A1+	A1+
Acuite Ratings & Research Limited	Commercial paper	-	-	A1+	A1+

Additionally, the credit ratings of our Promoter, and the factors which impact it, as well as the level of our Promoter's shareholding in our Company, have an effect on our credit ratings, given the existing relationship between us and our Promoter.

Any downgrade in our credit ratings and outlook or the credit ratings and outlook of our Promoter 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 April 2020, CARE Ratings Limited revised our outlook from AA- /Stable to AA-/Negative. Further, our credit ratings had previously been withdrawn by Acuite Ratings & Research Limited and CARE in April 2022 and March 2021, respectively, on the request of our Company. For further details in relation to our borrowing costs, see "*Selected Statistical Information – Average cost of borrowing*" on page 285. In addition, any downgrade in our credit ratings or the credit ratings of our Promoter could 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 and adversely affect our business, results of operations and financial condition.

Further, as rating agencies continue to evaluate the financial services industry, it is possible that rating agencies will heighten the level of scrutiny that they apply to financial institutions or NBFCs in particular, increase the frequency and scope of their credit reviews, request additional information from companies that they rate, and potentially adjust their requirements employed in the rating agency models for maintenance of certain rating levels. It is possible that the outcome of any such review of us or our Promoter could adversely impact our ratings. For instance, during Fiscal 2020, credit ratings were reduced for NBFCs operating in a particular state as a result of a crisis in the NBFC industry. According to the CRISIL Report, a few NBFC companies experienced credit rating downgrades and/or negative outlook changes during Fiscal 2021. For further details, see "*Industry Overview*" on page 128.

21. ***We are affected by volatility in interest rates for both our lending and treasury operations, which could cause our net interest income and net interest margin to vary and consequently affect our profitability.***

Our results of operations depend substantially on the level of our net interest income, which is the difference between our interest income (mainly comprising interest income on loan portfolio, assigned portfolio, and interest income on investments and on deposits with banks) and our finance cost. Any change in interest rates would affect our interest expense on our floating interest-bearing liabilities as well as our net interest income and net interest margins. The following table sets forth our net interest income, net interest margins and floating interest-bearing liabilities for the periods indicated:

Particulars	For the three-month period ended June 30,		For Fiscal		
	2023	2022	2023	2022	2021
Net Interest Income (₹ in million)	1,776.47	1,357.78	6,380.18	4,742.41	3,449.17
Net Interest Margin (%)	2.05	2.22	8.99	8.92	8.00
Floating-interest Bearing Liabilities (%)	87.10	81.45	86.51	81.71	78.78

Interest rates could be affected by a variety of factors, including access to capital based on our business performance, the volume of loans we make to our customers, competition and regulatory requirements, as well as those beyond our control, including the monetary policies of the RBI, deregulation of the financial sector in India, domestic and international economic and political conditions and other factors, which have historically resulted in changes in interest rates in India. Such interest rates may also be affected by a change over time in the mix of the types of loans we provide to our customers, the mix of new and renewal loans and a shift among our channels of customer acquisition. According to the CRISIL Report, lower commodity prices, stable core inflation and softened food inflation are likely to lower inflation expectation in Fiscal 2024. This may in turn affect interest rates. As of February 2023, the benchmark repo rate has increased by 250 bps to 6.5% from the base level of 4.0% on October 2020. *(Source: CRISIL Report)*. For further details, see "*Industry Overview*" on page 128.

In a declining interest rate environment, if our cost of borrowings does not decline simultaneously or to the same extent as the yield on our interest-earning assets or if there is any increase in our cost of borrowings, it 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. Some of our customers may prepay their loans to take advantage of a declining interest rate environment. In addition, an increase in interest rates could result in our customers, particularly those with variable interest rate loans, prepaying their loans if less expensive loans are available from other sources, and the resultant decrease in assets may ultimately have an adverse impact on our asset-liability position. Even if such customers do not prepay their loans, an increase in interest rates may lead to an increase in defaults if our customers are unable to keep up with the increase, thereby adversely affecting our business and financial condition. If there is an increase in the interest rates, we pay on our borrowings, that we are unable to pass to our customers, we may find it difficult to compete with our competitors, who may have access to low-cost funds or lower cost deposits.

Further, our floating-interest bearing liabilities are linked to market interest rates, and we may have to pay interest at a higher rate than our competitors that may borrow only at fixed interest rates. An increase in general interest rates in the economy could also reduce the overall demand for retail loans and impact our growth.

Fluctuations in interest rates may also adversely affect our treasury operations. In a rising interest rate environment, especially if the rise is sudden or sharp, we could be adversely affected by the decline in the market value of our investments. While we take steps to minimize the risk of interest rate volatility, we currently do not enter into any specific interest rate hedging instruments to protect against interest rate volatility. Further, any interest rate hedging we enter into may not be effective.

22. Some of our Directors and our Promoter may have interests in entities in businesses similar to ours, which may result in conflicts of interest with us.

Some of our Directors may have investments or interests in entities engaged in businesses similar to ours, which may, in the future, result in conflicts of interest with us. For instance, Maninder Singh Juneja is a director on the board of (i) Fincare Business Services Limited, which is engaged in the business of providing loans to its group companies; and (ii) Home First Finance Company India Limited, which is engaged in the business of offering housing loans and loans against property for the purchase or construction of homes.

23. Our Promoter is subject to certain ongoing civil, criminal, tax, regulatory and disciplinary proceedings and any adverse outcome in these or other proceedings may lead to reputation risks.

Our Promoter is subject to certain ongoing civil, criminal, tax, regulatory and disciplinary proceedings, which are pending before various authorities. For further details of civil, criminal, tax, regulatory and disciplinary proceedings involving our Promoter, see "*Outstanding Litigation and Material Developments – Litigation involving our Promoter*" on page 433. Our Promoter operates in a highly regulated environment and is subject to regular scrutiny and actions from the RBI and other regulatory and statutory authorities from time to time, including imposition of penalties in relation to day-to-day activities and operations of our Promoter. For instance, in the last five years, RBI has imposed monetary penalties on and issued caution letters to our Promoter for (a) non-compliance with Sections 35, 35A, 46 and 47A of the Banking Regulation Act, 1949; (b) non-compliance with certain provision of the Reserve Bank of India (Frauds classification and reporting by commercial banks and select FIs) Directions, 2016, (c) non-compliance in relation to maintenance of currency chests during Fiscals 2019-2024; (d) non-replenishment of cash in ATMs coming under the jurisdictions in which our Promoter operates; (e) certain discrepancies observed on incognito visits to the branches of our Promoter; (f) non-adherence with the provision of Reserve Bank of India (Financial Services provided by Banks) Directions dated May 26, 2016; and (g) non-compliance with the timelines for implementation of SWIFT related controls in banks pursuant to RBI circular bearing reference number DBS (CO) CSITE/4493/ 31.01.015/2017-18 dated February 20, 2018 on "Time-bound implementation and strengthening of SWIFT- related operational controls". Our Promoter has paid the penalties imposed for such non-compliances and there has been no further correspondence from RBI in relation to these matters.

Pursuant to a letter dated July 15, 2021 ("**Letter**") issued by the RBI, our Promoter was advised to compute the excess charges collected during the Fiscal 2021 with respect to the service charges listed in the Letter and to refund the excess charges to its customers. In response to the Letter, our Promoter reversed an amount of ₹ 37.00 million and submitted their compliance to the RBI pursuant to emails dated August 14, 2021 and August 31, 2021.

Further, in the last five years, RBI has issued various show cause notices to our Promoter, including, inter alia, (a) show-cause notice dated April 25, 2018, for alleged non-compliance with Part C.15 (iv) of the Master Direction - Export of Goods and Services dated January 1, 2016; and (b) show-cause notice dated March 11, 2019 for alleged non-compliance with Sections 35, 35A, 46 and 47A of the Banking Regulation Act, 1949. Our Promoter has responded to these show-cause notices and there has been no adverse action taken by the RBI in relation to the same, post such responses by our Promoter. Additionally, RBI issued a show cause notice dated May 24, 2023 ("**Show Cause Notice**") to our Promoter, under Sections 35, 35A,46 and 47A of the Banking Regulation Act, 1949, on the grounds of alleged non-compliance with Section 65 of the Reserve Bank of India (Know Your Customer (KYC)) Directions, 2016. The Show Cause Notice alleged that 90 demand drafts (which aggregated to an amount of ₹ 289.05 million) were issued by our Promoter without incorporating the name of the purchaser on the face of the demand drafts. The RBI has stated in the Show Cause Notice that if a contravention or default referred to in section 46(4)(i) of the Banking Regulation Act, 1949 is made by a banking company, the RBI may impose a penalty not exceeding ₹ 10 million or twice the amount involved in such contravention or default where such amount is quantifiable, whichever is more, and where such contravention or default is a continuing one, a further penalty which may extend to ₹ 0.1 million for every day, after the first day, during which the contravention or default continues. Our Promoter submitted its responses to the Show Cause Notice by way of its letter dated June 13, 2023. A personal hearing in relation to the Show Cause Notice was scheduled by the RBI, by way of its email to our Promoter dated August 17, 2023, which was subsequently rescheduled for October 5, 2023, by way of an email from RBI dated September 13, 2023. Subsequently, by way of an order dated October 30, 2023, the RBI imposed a penalty of ₹ 3.00 million on our Promoter, in relation to the Show Cause Notice. Our Promoter has paid the penalty on November 9, 2023.

Our Promoter has also received displeasure letters from the RBI in the last five years for, inter alia, (a) non-compliances with the guidelines on unauthorised operations in internal/office accounts; and (b) non-compliance relating to of income recognition, asset classification and provisioning processes in banks. Further, our Promoter has also received a displeasure letter dated December 26, 2022 ("**Displeasure Letter**"), in relation to unsatisfactory compliance with the Master Direction on Digital Payment Security Controls dated February 18, 2021 ("**DPSC Directions**"). Our Promoter has responded to the Displeasure Letter, by way of its response dated March 7, 2023, stating its compliance with 69 out of the 70 controls prescribed in the DPSC Directions and informing the RBI of the steps taken to ensure compliance with the Displeasure Letter by December 31, 2023. No further correspondence has been received from the RBI, in relation to such displeasure letters, after the submission of responses by our Promoter.

Additionally, our Promoter has also received show-cause notices and warning letters from, and been subject to penalties imposed by, other regulatory authorities including, inter alia (a) show-cause notice dated November 1, 2018 issued by the Unique Identification Authority of India ("**UIDAI**") against our Promoter in relation to alleged non-compliance of directions of UIDAI by operators of our Promoter; (b) warning letter dated August 13, 2021 issued by the Financial Intelligence Unit - India under Section 13 of the Prevention of Money Laundering Act, 2002 ("**PMLA**") for non-compliance with the provisions of Section 12 of PMLA; (c) penalty imposed by Assistant Director, Directorate of Enforcement, Kochi for contravention of Section 6(3)(f) of FEMA, read with FEM (Deposit) Regulations, 2000 and FEM (Deposit) Regulations, 2016; (d) penalty imposed by the Inspecting Officer, Office of Shops and Establishments, Vasai Virar Municipal Corporation, Virar, for non-availability of the relevant shops and establishments license and non-display of our Promoter's name in Marathi language before the English language, on the signboard of our Promoter's branch.

Any adverse outcome in such proceedings and similar proceedings in the future, may divert the attention of the management of our Promoter, strain the financial resources and have an adverse impact on the reputation of our Promoter.

24. ***Being a debt listed company, our Company is subject to the continuous disclosure obligations under the SEBI Listing Regulations. Any non-compliance with the SEBI Listing Regulations may subject us to certain actions initiated by the stock exchanges, including, without limitation, the imposition of fines. Further, any breach of the covenants under our debenture trust deeds may subject us to enforcement actions by our debenture trustees.***

Our Company has NCDs listed on the debt segment of BSE and as of August 31, 2023, an amount of ₹ 7,500.00 million was outstanding in respect of our NCDs. As a debt listed company, our Company is subject to the continuous disclosure obligations under the SEBI Listing Regulations. This requires us to publish our quarterly financial results for every quarter within 45 days from the completion of the previous quarter. Under the SEBI Listing Regulations, while companies with listed equity shares are required to release their financial results within 45 days of the end of a quarter, newly listed companies may publish their quarterly financial results up to 21 days from the date of its equity shares being listed on the stock exchanges. As a result, debut issuers may release their quarterly results for the first time beyond the 45 days from the completion of a quarter. However, since we are a debt listed entity, we are unable to avail of the relief granted by the SEBI Listing Regulations for the release of our financial results for the quarter ended September 30, 2023. As on the date of this Red Herring Prospectus, we have not been able to release our quarterly unaudited results, accompanied by the limited review report issued by the Statutory Auditors, for the quarter ended September 30, 2023, to the BSE, and expect to be able to release the same only after the completion of this Offer. Non-compliance with SEBI Listing Regulations may subject us to certain actions initiated by the stock exchanges, including, without limitation, the imposition of fines. Further, our debenture trust deeds require us to submit a copy of the quarterly financial results to the respective debenture trustees on the same day the information is submitted to stock exchanges pursuant to the respective debenture trust deeds. While we have applied for waivers under the respective debenture trust deeds, to the extent applicable, as on the date of this Red Herring Prospectus, we have not received such waivers. In the event we are unable to obtain waivers for the same, we may be subject to certain enforcement actions by our debenture trustees, such as, without limitation, the acceleration of repayment of all amounts due after the debenture trustees obtain consent from the RBI, the release of the recovery expense fund after the debenture trustees obtain consent from the debenture holders, the enforcement of charge created over hypothecated assets and the levying of a default interest rate. Any such action taken by the stock exchanges or the debenture trustees may adversely affect our business, reputation, results of operations and financial condition.

25. ***After the completion of the Offer, our Promoter may be able to exert significant influence over our Company which may limit your ability to influence the outcome of matters submitted for approval of our Shareholders.***

Following the completion of the Offer, our Promoter will continue to hold more than 51% of our post-Offer Equity Share capital.

For details of the shareholding of our Promoter pre and post Offer, see "*Capital Structure*" on page 89. Such shareholdings could limit your ability to influence corporate matters requiring shareholder approval especially the resolutions which are required to be approved by way of special resolutions by the Shareholders under the provisions of the Companies Act. This concentration of ownership may delay, defer or even prevent a change in control of our Company and may make some transactions more difficult without the support of these shareholders. The interests of our significant Shareholders could conflict with our interests or the interests of our other shareholders. Any such conflict may adversely affect our ability to execute our business strategy or to operate our business.

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

Our loan products include, among others, gold loans to customers. Our gold loan products are secured by gold jewelry provided as collateral. The following table sets forth details of gold loan as a percentage of our Gross Loan Book, LTV, gross NPA, net NPA, average default percentage and percentage realization from collaterals as of and for the three-months periods ended June 30, 2023 and June 30, 2022, and Fiscal 2023, 2022 and 2021:

Gold Loan	Three-months period ended June 30,		As of and for Fiscal		
	2023	2022	2023	2022	2021
	(₹ in million, except percentages)				
As a percentage of Gross Loan Book	37.21%	39.04%	36.85%	39.01%	41.46%
LTV	71.75%	72.82%	72.33%	73.19%	72.10%
Gross NPA	273.76	177.79	254.60	291.69	34.58
Net NPA	242.00	174.78	237.11	283.23	34.56
Percentage realization from collaterals	91.92%	94.14%	93.66%	95.16%	95.96%

The value of the collateral used to back the gold loans extended by us may not be adequate and may not accurately reflect its liquidation value. It may decline in the future due to our inability to recover the assessed value of collateral in case of a default by our customer. We may face difficulties in recovering the amounts against the gold jewelry.

An economic downturn or sharp downward movement in the price of gold could result in a fall in collateral value. In the event of any decrease in the price of gold, customers may not repay their loans and the value of collateral gold jewelry securing the loans may decrease in value, resulting in losses which we may not be able to support. The following table sets forth the fluctuation in gold prices (based on the India Bullion and Jewellers Association) as of the respective dates:

	As of June 30,		As of		
	2023	2022	March 31, 2023	March 31, 2022	March 31, 2021
Gold (916 Purity) PM Rate (₹) (1)	53,178	46,591	54,732	47,159	40,478
Gold (22 carat) Rate (₹) (2)	5,461	4,676	5,244	4,716	4,156

Notes:

(1) The Gold (916 Purity) PM Rate is per 10 gram.
(2) The Gold (22 carat) Rate is per 1 gram and is the average of the last 30 days price of the Gold (916 Purity) PM Rate.

Although our risk management system is data driven and follows strict internal risk management guidelines on portfolio monitoring, no assurance can be given that if the price of gold decreases significantly, our financial condition and results of operations would not be adversely affected. The impact on our financial position and results of operations of a decrease in gold prices cannot be reasonably estimated because the market and competitive response to changes in gold prices is not pre-determinable.

Additionally, we may not be able to realize the assessed or full value of our collateral, due to, among other things, defects in the quality or purity of gold or wastage on melting gold jewelry into gold bars. In the case of a default where we are unable to recover principal and interest payments from the customer, we sell the collateral gold jewelry through auctions primarily to local jewelers and there can be no assurance that we will be able to sell such gold jewelry at prices sufficient to cover the amounts under default. Moreover, there may be delays associated with such auction process. A failure to recover the expected value of collateral security could expose us to a potential loss. Any such losses could adversely affect our financial condition and results of operations.

We may also be affected by failure of employees to comply with internal procedures and inaccurate appraisal of credit or financial worth of our clients. Failure by our employees to properly appraise the value of the collateral provides us with no recourse against the borrower and the loan sanction may eventually result in a bad debt on our books of accounts. In the event we are unable to check the risks arising out of such lapses, our business and results of operations may be adversely affected.

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

Our loan products include, among others, loans against property to customers. For mortgage loans, the primary collateral is real estate. The following table sets forth details of mortgage loans as a percentage of our Gross Loan Book, LTV, gross NPA, net NPA, average default percentage and percentage realization from collaterals as of and for the three-months periods ended June 30, 2023 and June 30, 2022, and Fiscal 2023, 2022 and 2021:

Mortgage Loan	**Three-months period ended June 30,**		**As of and for Fiscal**		
	2023	**2022**	**2023**	**2022**	**2021**
	(₹ in million, except percentages)				
As a percentage of Gross Loan Book	48.07%	44.46%	48.16%	44.34%	41.38%
LTV	51.37%	49.37%	51.12%	48.91%	47.83%
Gross NPA	1,130.01	804.85	875.21	692.20	301.74
Net NPA	917.23	654.76	712.67	547.28	254.37
Percentage realization from collaterals*	-	-	-	-	-

**Percentage realization for mortgage loans is not applicable as we have not conducted any auctions with respect to the underlying collateral from the three-months periods ended June 30, 2023 and June 30, 2022, and Fiscal 2021 to 2023.*

The value of the collateral used to back the mortgage loans extended by us may not be adequate and may not accurately reflect its liquidation value. It may decline in the future due to our inability to recover the assessed value of collateral in case of a default by our customer. We may face difficulties in recovering the amounts against the property collateral for various reasons as specified below:

Risks arising from property collateral

We may also encounter difficulties in repossessing and liquidating property we hold as collateral against our loan against property products. When a customer defaults under a financing facility, we typically repossess and then sell the collateral through an auction. However, we cannot assure you that we will be able to successfully repossess the collateral in the event of default under a loan agreement. We may face additional delay and expense in conducting an auction to sell the collateral and may face significant delay in repossessing collateral, as litigation against defaulting customers, even if governed by an arbitration clause, can be slow and expensive in India. Further, the collateral value of property is subject to the prevailing economic, political and social conditions in India. If the value of property collateral decreases significantly in value, it may result in losses which we may not be able to support. We may also face challenges in title verification of the collateral provided by the customer, as there is no central land registry in India and title to the property can be disputed, including on account of local land records not being duly updated, or not being maintained in a legible manner, or only being available in the local vernacular language, as well as on account of actual or alleged short payment of stamp duty or registration fees (which may render the title documents inadmissible in evidence, unless stamped prior to enforcement with payment of requisite penalties). Moreover, we may also not be able to sell the collateral at a price sufficient to cover the amount owed under the financing facility, or at all. In the event of any inability or delay in the repossession and liquidation of the collateral securing loans in default, we may incur losses, which could adversely affect our business, results of operations and financial condition.

Enforcement risk arising from property collateral

Following the introduction of the SARFAESI Act, 2002 and the extension of its application to NBFCs (but not including for loans below ₹ 2.00 million), we may now initiate recovery measures on a mortgaged collateral after 60 days' notice to a borrower whose loan has been classified as non-performing. However, the actual time taken for full foreclosure generally ranges between 18 to 24 months and depends on factors such as the periodicity of tribunal hearings and the borrower's decision to litigate. Further, in a case before the Supreme Court of India in 2004, while the constitutional validity of the SARFAESI Act was affirmed, the right of a defaulting borrower to appeal to the Debt Recovery Tribunal ("**DRT**") was also affirmed. The DRT has the power to issue a stay order prohibiting the lender from selling the assets of a defaulted borrower. As a result, we cannot assure you that any foreclosure proceedings would not be stayed by the DRT. In addition, we may be unable to realize the full value of our collateral, as a result of factors including delays in foreclosure proceedings. Further, in case insolvency proceedings are initiated under the Insolvency and Bankruptcy Code, 2016, as amended ("**IBC**") against a debtor to our Company, we may not have complete control over the recovery of amounts due to us. For details, see "- *51. The bankruptcy code in India may affect our rights to recover loans from our customers.*" on page 58. Any failure to recover the expected value of collateral security could expose us to a potential loss.

28. Any failure or significant weakness of our internal controls, 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 operations. For further details in relation to our risk management framework, see "*Our Business – Description of our Business and Operations – Risk Management Framework*" on page 223. The following table sets forth the fraud detected and reported for the periods indicated:

(₹ in million)

Particulars	For the three-months period ended June 30,		For Fiscal		
	2023	2022	2023	2022	2021
Fraud Detected and Reported	4.34	11.63	176.71	105.18	47.20

Our internal audit functions make an evaluation of the adequacy and effectiveness of internal systems on an ongoing basis so that business units adhere to our policies, compliance requirements and internal guidelines. While we periodically test and update our internal processes and systems, we are exposed to operational risks arising from the potential inadequacy or failure of internal processes or systems, and our actions may not be sufficient to ensure effective internal checks and balances in all circumstances. For further details in relation to inspection by RBI pertaining to fraud, see " *– 13. We are subject to periodic inspection by the Reserve Bank of India. In the past, the RBI has imposed penalties for certain non-compliances with observations. Non-compliance with the observations of the Reserve Bank of India could adversely affect our business, financial condition, results of operations and cash flows.*" on page 35.

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. Adverse publicity arising from disclosure of fraud may also have an adverse impact in our customers' confidence in our security measures. We cannot assure you that 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.

29. The Offer Price, market capitalization to total turnover and price to earnings ratio based on the Offer Price of our Company, may not be indicative of the market price of our Company on listing or thereafter. Our Equity Shares have never been publicly traded, and after the Offer, the Equity Shares may experience price and volume fluctuations, and an active trading market for the Equity Shares may not develop.

Our total revenue from operations for the three-months period ended June 30, 2023 and Fiscal 2023 was ₹ 3,613.92 million and ₹ 11,788.00 million, respectively, constituting 98.24% and 97.05% of our total revenue, respectively, and our profit / (loss) for the three-months period ended June 30, 2023 and Fiscal 2023 was ₹ 538.83 million and ₹ 1,801.33 million, respectively, constituting 14.65% and 14.83% of our total revenue, respectively. Our market capitalization to the multiple of total turnover for the three-months period ended June 30, 2023 is [●] times and our price to earnings ratio (based on our profit / (loss) for the three-months period ended June 30, 2023) calculated at the upper end of the price band is [●]. Our market capitalization to the multiple of total turnover for Fiscal 2023 is [●] times and our price to earnings ratio (based on our profit / (loss) for Fiscal 2023) calculated at the upper end of the price band is [●]. The determination of the Offer Price by our Company in consultation with the Book Running Lead Managers, is not based on a benchmark with our industry peers. For further details in relation to the comparison with listed industry peers, see "*Basis for the Offer Price*" on page 111. The Offer Price of the Equity Shares is proposed to be determined on the basis of assessment of market demand for the Equity Shares offered through a book-building process, and certain quantitative and qualitative factors as set out in "*Basis for Offer Price*" on page 111, and the Offer Price, multiples and ratios may not be indicative of the market price for the Equity Shares after the Offer, and you may lose all or part of your investment.

Prior to the Offer, there has been no public market for our Equity Shares, and an active trading market on the Stock Exchanges may not develop or be sustained after the Offer. Listing and quotation do not guarantee that a market for the Equity Shares will develop the liquidity of such market for the Equity Shares.

The market price of the Equity Shares may be subject to significant fluctuations in response to, among other factors, the failure of security analysts to cover the Equity Shares after this Offer, or changes in the estimates of our performance by analysts, the activities of competitors and suppliers, the activities of competitors and suppliers, future sales of the Equity Shares by our Company or our shareholders, variations in our operating results of our Company, market conditions specific to the industry we operate in, developments relating to India, volatility in securities markets in jurisdictions other than India, variations in the growth rate of financial indicators, variations in revenue or earnings estimates by research publications, and changes in economic, legal and other regulatory factors. We cannot assure you that an active market will develop, or that sustained trading will take place in the Equity Shares or provide any assurance regarding the price at which the Equity Shares will be traded after listing.

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

Our continued success will depend, in part, on our ability to respond to changing customer needs and emerging industry standards and practices on a cost-effective and timely basis. Our competitors include established Indian and foreign commercial banks, NBFCs, HFCs, small finance banks, lending platforms and the private unorganized and informal financiers who principally operate in the local market. For further details in relation to the market share of our Company and our competitors in the NBFC sector, see *"Industry Overview – Peer Comparison"* on page 190. For further details on the risks in relation to competition with banks and potential increase in competition brought about by changes in the laws and regulations governing our business and those adjacent to ours, see "- *31. We are subject to competition with commercial, regional rural and cooperative banks and if we do not compete effectively with such entities, our business, results of operations, cash flows and financial condition could be adversely affected.*" on page 48. More players in consumer-facing businesses with a repository of data (such as e-commerce companies and payment service providers) are expected to enter the lending business, intensifying competition. *(Source: CRISIL Report).* Our lending activity is not completely online and necessarily involves carrying out certain physical steps, such as physical verification and in-person visits. Furthermore, our cost of borrowings as an NBFC may be higher than some of our competitors, including banks and lenders which are better rated. As a result, many of our competitors may have operational advantages in terms of access to cost-effective sources of funding, and in implementing new technologies and rationalizing related operational costs. For instance, according to CRISIL, we have the highest cost to income ratio, and the lowest return on assets, among our peer set for three-months period ended June 30, 2023. For further details of our competitors, see "*Basis for Offer Price*" on page 111 and "*Industry Overview*" beginning on page 128.

Liberalization of the Indian financial services sector could also lead to a greater presence or new entries of Indian and foreign banks, NBFCs, HFCs and other entities operating in the financial services sector offering a wider range of products and services, having a large network of branches and ATMs with more potential to cross-sell their products. 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 increasingly competitive retail and MSMEs loans business. Further, according to CRISIL, NBFCs compete on the basis of operating efficiency, turnaround time, local connect and risk management process. We cannot assure you that we will be able to compete effectively with other NBFCs in these respects. 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.

Further, due to competitive pressures, we may be unable to successfully execute our growth strategy and offer products and services profitably or at reasonable returns and this may adversely affect our business, financial condition, results of operations and cash flows.

31. We are subject to competition with commercial, regional rural and cooperative banks and if we do not compete effectively with such entities, our business, results of operations, cash flows and financial condition could be adversely affected.

Our competitors include established Indian and foreign commercial banks, NBFCs, HFCs, small finance banks, lending platforms and the private unorganized and informal financiers who principally operate in the local market. More players in consumer-facing businesses with a repository of data (such as e-commerce companies and payment service providers) are expected to enter the lending business, intensifying competition. *(Source: CRISIL Report)*. For further details, see "*Industry Overview*" on page 128. In relation to our MSME focused business, while we believe that commercial banks, as well as regional rural and cooperative banks, have generally not directly targeted this segment for new customers, some banks do participate in this segment using different strategies. Further, most small finance banks which received approval from the RBI for the commencement of small finance banks operations are focused on low and middle income individuals and MSMEs. Further, some commercial banks are also beginning to directly compete for lower income segment customers in certain geographies, including through the business correspondent operating model. We face competition from these new and established players in our MSME focused businesses. Any such increased competition from other players could lead to lending rates offered by our competitors in the segments we operate in to be unviable for us or not profitable for us to provide, given our cost of borrowings.

Further, in the gold loans market, NBFCs slightly lost market share in Fiscal 2022 due to the increasing focus of banks (both public and private) towards gold loans and RBI permitting banks to offer gold loans at a higher LTV amidst the COVID-19 pandemic. *(Source: CRISIL Report)*. For further details, see "*Industry Overview*" on page 128. Such banks may also have large networks of branches and ATMs which allow them to benefit from the potential to cross-sell their loan products. 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. In particular, there are opportunities for regulatory arbitrage by commercial banks and NBFCs, given that we operate in a highly regulated industry. Any changes in the relevant laws or regulations by the RBI to correct, clarify or amend such regulatory subject matters may result in the diminishment of the available opportunities for regulatory arbitrage. For example, from August 6, 2020 to March 31, 2021, the RBI permitted banks to provide gold loans with a LTV of up to 90% for non-agricultural purposes, while NBFCs were still subject to the restriction of 75% for gold loan LTVs.

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. For further details on another instance of lost regulatory arbitrage, see "- *12. We have a huge concentration of loans to emerging self-employed individuals ("ESEI") and micro, small and medium enterprises ("MSME"), and as of June 30, 2023, ESEI and MSME comprise 45.22% and 64.75% of our total loan profiles, respectively. The risk of non-payment or default by our borrowers may adversely affect our business, results of operations and financial condition.*" on page 34.

32. Our financial performance may be materially and adversely affected by an inability to respond promptly and effectively to new technological innovations.

Our ability to respond to technological advances on a cost-effective and timely basis may have an impact on our financial performance. We have invested ₹ 4.75 million, ₹ 9.80 million, ₹ 82.68 million, ₹ 128.40 million and ₹ 40.10 million in our information technology and digital systems, in the three-months periods ended June 30, 2023 and June 30, 2022, and Fiscals 2023, 2022 and 2021, respectively, constituting 0.13%, 0.40%, 0.70%, 1.48% and 0.58% of our revenue from operations during the same periods. Technological innovation such as digital wallets, mobile operator banking, advancements in blockchain technology and cryptocurrencies, such as bitcoin, payment banks, internet banking through smart phones, could disrupt the financial services industry and increase competition as a whole. For our gold loan and loan against property products we need to complete certain steps that may not be capable of being digitized entirely. If we fail to adapt to such technological advances quickly and effectively it could affect the performance and features of our products and services and reduce our attractiveness to existing and potential customers hereby adversely affecting our business, financial condition, results of operations, and cash flows.

Our competitors may also make more significant and effective investments in innovation, growth of their businesses and enhancing their customer reach and engagement and may outcompete us in any of these areas. They may also be able to obtain certain licenses that we may be unable to obtain in the future, which may hinder our ability to offer certain services or access certain pools of liquidity that are the subject of such licenses. Increased investments made or innovative services offered by our competitors may require us to divert significant managerial, financial and human resources in order to remain competitive, and ultimately may reduce our market share and negatively impact the revenues growth and profitability of our business.

33. Any 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. For further details in relation to our branch network, see "*Our Business*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Significant Factors affecting our Financial Condition and Results of Operations – Expansion of branch network*" and "*Selected Statistical Information*" on pages 201, 402 and 276, respectively. 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. For instance, a number of states in India have enacted laws to regulate money-lending transactions and there are civil and criminal penalties prescribed for non-compliance with the relevant money lending statutes. These laws also establish a maximum rate of interest that can be charged to customers. There is however, ambiguity on whether NBFCs are required to comply with provisions of these state money-lending laws and are pending determination before various judicial forums in India. If it is judicially determined or clarified by relevant authorities that such statutes apply to NBFCs, our business in such states could be affected. To address these challenges, we may have to make significant investments that may not yield desired results or incur costs that we may not be able to recover. Our inability to expand our current operations or the sub-optimal performance of our new branches may adversely affect our business, financial condition, results of operations and cash flows.

We opened 280 branches in the three-months period ended June 30, 2023 and Fiscals 2023, 2022 and 2021, as specified in the table below:

State	Total number of branches as of June 30, 2023	Total number of branches opened	Three-months period ended June 30, 2023	Fiscal 2023	Fiscal 2022	Fiscal 2021
Maharashtra	107	53	-	18	25	10
Gujarat	92	50	-	6	29	15
Delhi NCR	38	26	-	5	11	10
Karnataka	89	27	2	5	15	5
Telangana	49	20	-	3	12	5
Tamil Nadu	77	21	2	3	15	1
Andhra Pradesh	57	18	-	4	14	-
Rajasthan	22	16	-	3	13	-
Uttar Pradesh	13	12	2	4	5	1
Punjab	9	9	-	2	2	5
Madhya Pradesh	10	9	-	3	6	-
Haryana	11	11	2	-	7	2
Goa	5	5	-	2	1	2
Dadra & Nagar Haveli	1	1	-	1	-	-
Pondicherry	2	1	-	-	1	-
Uttrakhand	1	1	1	-	-	-
Chandigarh	1	0	-	-	-	-
Grand Total	**584**	**280**	**9**	**59**	**156**	**56**

Further, we have not closed any branch in the three-months period ended June 30, 2023 and Fiscals 2023, 2022 and 2021.

34. We operate in a cyclical industry. With respect to our mortgage loans, in an economic downturn, we may not be able to grow our business or maintain levels of liquidity, loss minimization, and revenue growth to sustain our business and remain viable through the credit cycle.

We operate a "small business lending model" with gold loans as an important element of this model to provide us a countercyclical hedge for disruptions in the Indian economy and the retail loans industry. Gold loan lenders have performed well in scenarios of credit squeeze in the economy, while MSME lenders typically witness faster growth in the converse situation. *(Source: CRISIL Report)* For instance, according to CRISIL, gold loan market grew faster than the MSME loan market between Fiscal 2019 and 2022 when the economy was impacted by the NBFC liquidity crisis and COVID-19 pandemic. The following table sets forth details of gold and MSME lending for the respective periods:

	FY17	FY18	FY19	FY20	FY21	FY22	FY23E
Gold Loan Market (₹ billion)	2,315	2,508	2,875	3,262	4,709	5,524	6,100
Year-on-year growth (%)	-	8	15	13	44	17	10
MSME Loan Market (₹ trillion)	14	16	17	18	19	21	24
Year-on-year growth (%)	-	14	6	6	6	11	13

Note: E – Estimated
Source: CRISIL Report

For further details, see "*Industry Overview*" on page 128.

There can be no assurance that we will be able to grow our business or maintain levels of liquidity, loss minimization, and revenue growth to sustain our business and remain viable through the credit cycle. The timing, severity, and duration of an economic downturn can have significant negative impacts on small businesses and our ability to generate adequate revenue and to absorb expected and unexpected losses. We do not have all of the elements necessary to ensure sustainability of our business in all circumstances. In making a decision whether to extend credit to a new or existing customer, or determine appropriate pricing for a loan, our decision structure relies on our internal credit policy, market expertise and judgments in regard to underwriting. An economic downturn will place financial stress on our customers, potentially impacting our decision structure's ability to make accurate decisions. Small businesses are typically impacted before and more severely than large businesses. Our early warning and portfolio management capability to adapt in a manner that balances future revenue production and loss minimization will be tested in a downturn. The longevity and severity of a downturn will also place pressure on our lenders, who provide financing to us through our debt warehouses and our securitization/assignment transactions. There can be no assurance that our financing arrangements will remain available to us through any particular business or economic cycle. The timing and extent of a downturn may also require us to change, postpone or cancel our strategic initiatives or growth plans to pursue shorter-term sustainability. The longer and more severe an economic downturn, the greater the adverse impact on us, which could be material.

35. 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.

We use our technology platforms to assist with functions such as origination, underwriting, branch operations, risk management, customer service, collections and to perform data analytics. We have developed and used proprietary tools, cloud services, cloud-based central repository and mobility applications. We have systems for certain aspects of our customer engagement such as lead management, loan origination, loan management, as well as mobile applications. These are integrated with human resources management systems and a cloud-based central repository. Our operations depend on our ability to process a high volume of transactions across our network of branches, which are connected through computer systems, servers as well as on the cloud. For further details in relation to our information technology systems, see "*Our Business – Description of our business and operations – Information Technology*" on page 225. As part of our growth strategy, we intend to further develop and invest in our information technology systems and create an end-to-end digital process.

We may be subject to disruptions, failures or infiltrations of our information technology systems arising from events that are wholly or partially beyond our control (including, for example, damage or incapacitation by human error, natural disasters, electrical or telecommunication outages, sabotage, computer viruses, hacking, cyber-attacks or similar events, or loss of support services from third-parties, such as internet backbone providers), for which we may be held liable. The size and complexity of our computer systems may make them potentially vulnerable to breakdowns, system integration problems, malicious intrusion and computer viruses. Our financial, accounting or other data processing systems may fail to operate adequately, or at all, as a result of events that are beyond our control, including a disruption of electrical or communications services in markets in which we primarily operate. Our ability to operate and remain competitive will depend in part on our ability to maintain and upgrade our information technology systems on a timely and cost-effective basis. Although we have not experienced any significant disruptions to our information technology systems in the past, other than the ransomware attack in July 2022 as specified below, we cannot assure you that we will not encounter disruptions in the future.

In addition, our systems are potentially vulnerable to data security breaches, whether by employees, who may have a lack of experience with our newer information technology systems, or others, that may expose sensitive or confidential data to unauthorized persons. Data security breaches could lead to the loss of trade secrets or other intellectual property, or could lead to the public exposure of personal information (including sensitive financial and personal information) of our customers and employees, which could result in breaches of applicable data security laws and resultant imposition of monetary penalties. Security measures could be breached by third-party actions, intrusion into our software by hackers due to software flaws or due to employee error and malfeasance. In addition, we may be required under applicable regulations to notify individuals of data security breaches involving their personal data. For instance, from May 2022 to July 2022, our Company came under a ransomware attack resulting in the encryption of our user data and rendering the files unreadable. As a result of such attack, certain data, including personally identifiable data such as our customer's Permanent Account Numbers and addresses, were leaked by the attackers. While the impacted applications have since been restored and there was no financial loss suffered by us and we subsequently conducted an external investigation and reported the incident to the RBI in July 2022, and the Company has not received any further communication from the RBI in this regard, as on the date of this Red Herring Prospectus, we cannot assure you that we will not suffer from losses (including financial loss and/or penalties), reputational damage and civil liability as a result of this attack or that we will not experience such data security breaches or compromises of technology systems again in the future. Any such security breaches or compromises of technology systems in the future could result in institution of legal proceedings against us and potential imposition of penalties, which may have an adverse effect on our business, results of operations and reputation.

36. We rely on third-party vendors, software and information technology solutions, which may not perform satisfactorily.

We, among other things, use third party software, platforms, services and data storage services, -on cloud and on premises data centers. An infiltration of our information technology systems or the information technology systems of such third parties may compromise information and may result in significant data losses or theft of our or our customers' proprietary business or personally identifiable information. This could result in other negative consequences, including exposure to litigations, liabilities, remediation costs, disruption of internal operations, weakening of our competitive position, increased cybersecurity protection costs, damage to our reputation and loss of customer confidence, any of which could have a material adverse effect on our business, financial condition and results of operations. For example, under the Information Technology Act, 2000, we are subject to civil liability for wrongful loss or gain arising from any negligence by us in implementing and maintaining reasonable security practices and procedures with respect to sensitive personal data or information on our computer systems, networks, databases and software. Although we intend to continue to implement security technology and establish operational procedures to prevent break-ins, damage and failures, there can be no assurance that these security measures will always be adequate or successful. In addition, certain cyber incidents, such as surveillance, may remain undetected for an extended period. There is also the risk that we may lose customers for a cyber-incident, which might have occurred on the customer's own system or that of an unrelated third-party. Any cyber security breach could also subject us to additional regulatory scrutiny. Failed security measures could have a material adverse effect on our business, financial condition and results of operations. For further details of our disaster recovery plan, see "*Our Business – Description of our business and operations – Information Technology*" on page 225.

We are dependent on various external vendors for certain elements of our operations, such as loan processing applications, our cloud and fraud detection platforms, as well as digital channels for online payments, which we use and access through agreements with these external vendors. We are exposed to the risk that (i) external vendors or service providers may be unable to fulfil their contractual obligations to us (or will be subject to the same risk of operational errors by their respective employees); (ii) the vendors or their employees may be involved in any fraud or willful default and (iii) the risk that their (or their vendors') business continuity and data security systems prove to be inadequate. Failure to perform any of these functions by our external vendors or service providers could have a material adverse effect on our business, results of operations and cash flows. Certain of our external vendors operate in jurisdictions other than India, and some or all of the data and information stored by us on, among other things, the servers and data centers of such external vendors may be subject to information technology, and data protection laws of countries other than India. Any breach of such laws by us or the external vendor may expose us to liability under such laws, and/or trigger indemnity provisions under our arrangements with such vendors. We may also experience hurdles in enforcing our agreements and pursuing remedies, if required, against such external vendors in jurisdictions other than India. Any such adverse developments may adversely affect our results of operations.

As our technology infrastructure, products and services expand and become increasingly complex, we face increasingly serious risks to the performance and security of our technology infrastructure, products and services that may be caused by these third-party-developed components, including risks relating to incompatibilities among these components, service failures or delays or back-end procedures on hardware and software. We also need to continuously enhance our existing technology. We face the risk of our technology infrastructure becoming unstable and susceptible to security breaches. This instability or susceptibility could create serious challenges to the security and uninterrupted operation of our platforms, products and services, which would adversely affect our business and reputation.

37. The resurgence of the COVID-19 pandemic may affect our business and operations in the future.

The COVID-19 pandemic has had, and may continue to have, significant repercussions across local, national and global economies and financial markets. In the past, as a result of the implementation of lockdowns and other restrictive measures in response to the spread of the COVID-19 pandemic by the Government of India, the Indian economy, including the financial services sector, faced significant disruptions. This led to disruptions in our operations for certain periods, such as:

- Pursuant to RBI's directions, we granted moratorium to the loan instalments due during the period from March 1, 2020 to August 31, 2020 on the eligible loan accounts; the RBI also clarified that for all standard accounts as on February 29, 2020, the moratorium period will be excluded from days past-due ("**DPD**") calculation for the purpose of asset classification under the norms on income recognition and asset classification; moratorium was granted by us to 5,623 instalment loan customers for the period between March 1, 2020 and August 31, 2020;

- further, the RBI has released a notification dated August 6, 2020 titled "Resolution Framework for COVID-19-related Stress" and related notifications dated September 7, 2020, May 5, 2021 and August 6, 2021 (collectively, the "**Resolution Framework**"), which allowed a one-time restructuring of loans impacted by the COVID-19 pandemic to help lenders and customers reschedule repayment of instalments based on customers' present income and restoration of income in subsequent months; the restructuring will limit the potential increase in NPAs out of restructured loan accounts till a revised repayment schedule is agreed with such customers; these restructured accounts might become NPAs if customers fail to make payments as per the restructured schedule. We had extended the facility of restructuring of loans to customers upon their request until September 30, 2021. The restructured portfolio classified as standard totaled 1.87%, 2.23% and 4.60% of the total Gross Loan Book as of June 30, 2023, March 31, 2023 and March 31, 2022, respectively. For further details in relation to our restructured loan portfolio as on June 30, 2023, June 30, 2022, March 31, 2023, March 31, 2022, and March 31, 2021, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations - Significant Factors Affecting our Financial Condition and Results of Operations – Credit quality and provisioning*" on page 400; and

- by way of a circular dated April 7, 2021 on 'Asset Classification and Income Recognition following the expiry of COVID-19 regulatory package' (the "**Interest on Interest Circular**"), RBI has advised that all lending institutions are required put in place a board-approved policy to refund/ adjust the 'interest on interest' charged to the borrowers during the moratorium period, i.e. March 1, 2020 to August 31, 2020 in conformity with the above judgement; the above relief measures are applicable to all borrowers, including those who had availed of working capital facilities during the moratorium period, irrespective of whether moratorium had been fully or partially availed, or not availed; further, lending institutions are required to disclose the aggregate amount to be refunded/adjusted in respect of their borrowers based on such relief measures in their financial statements for the year ending March 31, 2021. However, the Interest-on-Interest Circular had no material impact on our financial results for the year ending March 31, 2021.

The resurgence of the COVID-19 pandemic or any future outbreak of another highly infectious or contagious disease may adversely affect our business, results of operations and financial condition. Further, COVID-19 may also have the effect of exacerbating many of the other risks described in this "*Risk Factors*" section. For further details, see "*Management's Discussion and Analysis of Factors Affecting Financial Condition and Results of Operations*" beginning on page 398.

38. There may be certain inadvertent discrepancies in our secretarial filings and/ or corporate records. We cannot assure you that no legal proceedings or regulatory actions will be initiated against us in the future in relation to any such discrepancies.

We manage our internal compliance by monitoring and evaluating internal controls and ensuring all relevant statutory and regulatory compliances. However, there can be no assurance that deficiencies in our internal controls will not arise, or that we will be able to implement, and continue to maintain, adequate measures to rectify or mitigate any such deficiencies in our internal controls, in a timely manner or at all.

We are unable to trace certain corporate filings, resolutions and challans in respect of certain corporate filings made by our Company, including the Forms 2 filed by our Company with the Registrar of Companies, Kerala at Kochi and the relevant resolutions of our Board in relation to the initial allotment of Equity Shares to our Promoter, and the further allotment of Equity Shares on May 22, 1997. Further, we are unable to trace the resolution of our Board in relation to the reduction of our paid-up Equity Share capital on March 5, 2001. The allotments for which no form filings or resolutions are available, aggregate to 14,999,300 shares, comprising 4.65% of our total paid-up Equity share capital as on date. For further details of such allotments, see "*Capital Structure – Notes to the Capital Structure - Share capital history of our Company*" on page 89. We have obtained a certificate dated February 10, 2022 from Shivlal Maurya, practicing company secretary in relation to such untraceable form filings. Further, we have (i) obtained a certificate dated November 7, 2023 from R. U. Kamath & Co., Chartered Accountants confirming the receipt of money and allotment of the Equity Shares in respect of these allotments, (ii) obtained an affidavit dated November 6, 2023, from our Promoter confirming payment of money and allotment of the Equity Shares in respect of these allotments, and (iii) executed an affidavit dated November 6, 2023, confirming receipt of money and allotment of the Equity Shares in respect of these allotments. Although it is unlikely to have a material financial impact on us, and no regulatory action/ litigation is pending against us in relation to any such discrepancies in our secretarial filings and/ or corporate records, we cannot assure you that we will not be subject to penalties imposed by regulatory authorities in this respect. Accordingly, we cannot assure you that we will not be subject to any action, including monetary penalties by statutory authorities on account of any such discrepancies in our secretarial filings and/ or corporate records, which may adversely affect our business, financial condition and reputation.

39. 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 resources to develop our risk management policies and procedures and aim to continue to do 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 interest rate policy, corporate governance policy, fair practices code, vigil mechanism, and know your customer and anti-money laundering policy. Our Board of Directors, the Risk Management Committee and the asset liability committee of our Company review our risk management policies from time to time. We also depend on our information technology systems to assist us with our risk management functions.

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. Some of our methods of managing risks are based on the use of observed historical market behavior 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. For further details in relation to inspection by RBI pertaining to risk management, see "*– 13. We are subject to periodic inspection by the Reserve Bank of India. In the past, the RBI has imposed penalties for certain non-compliances with observations. Non-compliance with the observations of the Reserve Bank of India could adversely affect our business, financial condition, results of operations and cash flows.*" on page 35.

Our earnings are dependent upon the effectiveness of our management of changes in credit 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.

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

Our operations in India are subject to government regulation and we are required to obtain and maintain certain statutory and regulatory licenses and approvals and we have obtained the necessary licenses and approvals required for our operations. While we have obtained the necessary approvals and licenses required for our operations, certain approvals have lapsed in their normal course and we have made applications to the appropriate authorities for renewal of such licenses and approvals. For further details, see "*Government and Other Approvals*" on page 437. In addition, we may apply for additional licenses and approvals, including the renewal of certain approvals which may expire from time to time, and approvals in the ordinary course of business. For instance, the LEI code number granted to our Company pursuant to a certificate from the Legal Entity Identifier India Limited is due for renewal on May 4, 2024, with an automated renewal valid up to May 4, 2025. Further, the registrations obtained by our Company under the relevant shops and establishment legislations for certain of its branches are due for renewal in Fiscals 2024, 2025 and 2026, as set out below:

Particulars	**Number of branches whose shops and establishments registrations are due for renewal**
Fiscal 2024	85
Fiscal 2025	17
Fiscal 2026	37
Total	**139**

If we are unable to obtain, maintain or renew all necessary licenses and approvals required for our continued operations or for continued provision of the services being offered by us, or if any of our approvals are withdrawn, this may have consequences, on operations that may be limited or suspended to that extent, which may have an adverse impact on our business and results of operations.

In the future, we may be required to obtain new registrations, permits and approvals for our business, as a result of change in current regulations or for any proposed expansion strategy or diversification into additional business lines or new financial products. There can be no assurance that the relevant authorities will issue any permits or approvals required by us in a timely manner, or at all, and/or on favorable terms and conditions. As part of our business operations, we have various branches spread across India. Certain approvals that are required to operate such branches expire from time to time. Accordingly, we have either made an application to the appropriate authorities for renewal of such approvals or are in the process of making such applications. There can be no assurance that the relevant authorities will renew such approvals in a timely manner or at all. If we fail to obtain any applicable approvals, licenses, registrations or consents in a timely manner or at all, some of our contracts with third parties may be terminated and we may not be able to undertake certain operations of our business which may affect our business, results of operations and cash flows. Also see *" – 15. We operate in a highly regulated industry and changes in the laws, rules and regulation applicable to us may adversely affect our business, financial condition and results of operations.*" on page 37.

A majority of these approvals are granted for a limited duration and are subject to numerous conditions. For example, our Company has a certificate of registration from the RBI to operate as an NBFC-ND-SI, which requires our Company to comply with certain terms and conditions for our Company to continue our NBFC operations. The RBI conducts an annual inspection of our Company's books of accounts and other records relating to our financial position every year. RBI Inspection is a regular exercise and is carried out periodically by RBI for banks, financial institutions and NBFCs. For further details in relation to inspection by RBI pertaining to fraud, see " *– 13. We are subject to periodic inspection by the Reserve Bank of India. In the past, the RBI has imposed penalties for certain non-compliances with observations. Non-compliance with the observations of the Reserve Bank of India could adversely affect our business, financial condition, results of operations and cash flows.*" on page 35. We cannot assure you that these approvals would not be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. If there is any failure by us to comply with the applicable regulations, or if the regulations governing our business are amended, we may incur increased costs, be subject to penalties, have our approvals and permits revoked or suffer a disruption in our operations, any of which could adversely affect our business.

41. We utilize the services of certain third parties for our operations and any interruption or deficiency in their services could have an adverse effect on our business.

We utilize the services of third parties from time to time in various aspects of our operations such as sourcing of customers, valuation of collateral properties and collection services. We generate customer leads from direct selling agents ("**DSAs**"). The following table sets forth details of the DSAs, customer leads and loans sanctioned for the respective periods:

	For the three-months period ended June 30,		**For Fiscal**		
	2023	**2022**	**2023**	**2022**	**2021**
Number of DSAs	209	204	358	305	241
Number of customer leads from DSAs	4,946	4,151	19,480	11,776	4,378
Number of loans sanctioned on account of leads from DSAs	1,867	1,631	7,936	4,617	1,915
Contribution to total disbursal from customer leads from DSAs (%)	15.66%	14.72%	20.23	15.14	7.42

However, our arrangements with DSAs are on a non-exclusive basis and they may work for our competitors in the future, which may adversely affect our ability to increase our customer base. We also engage with agencies in the regions in which we operate for services such as verification, credit appraisal, valuation and collection.

Our reliance on third parties may prevent us from being able to resolve operational problems internally or on a timely basis, which could lead to customer dissatisfaction or long-term disruption of our operations. Our operations also depend upon our third-party service providers to communicate appropriately and provide quality service which is satisfactory to our customers. We may also need to replace a third-party service provider if it experiences difficulties that interrupt or disrupt operations for a prolonged period of time or if an essential third-party service terminates. If these service arrangements are terminated for any reason without an immediately available substitute arrangement, our operations may be severely interrupted or delayed. If such interruption or delay were to continue for a substantial period of time, our business, prospects, financial condition and results of operations could be adversely affected. We also cannot assure you that we will be successful in continuing to receive uninterrupted and quality services from our third-party service providers or do so at the prevailing costs. Any disruption, negligence, fraud or inefficiency in the services provided by our third party service providers, or an increase in costs which we may not be able to pass on to our customers, whether entirely or in part, could adversely affect our business, financial result and reputation.

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

While deciding whether to extend credit to customers, we rely, to a significant extent, on the information furnished to us by the customers for certain key elements of the credit assessment process, including their income, assets, financial transactions and credit history. We follow the Know Your Customer ("**KYC**") guidelines prescribed by RBI for potential customers, verify their place of employment and residence, as applicable. We may also rely on certain representations from customers as to the accuracy and completeness of that information. For ascertaining the creditworthiness of the customers and encumbrances on the collateral provided, we may depend on the respective registrars and sub-registrars of assurances, local legal agencies and lawyers, credit information companies or credit bureaus, and on independent valuers in relation to the value of the collateral. Our reliance on any erroneous or misleading information may affect our judgement of credit worthiness of potential customers, and the value of and title to the collateral. 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.

Further, we target first time borrowers and such customers may not have credit histories supported by tax returns and other documents that would enable us to accurately assess their creditworthiness. Accordingly, we issue loans without insistence on formal documentation. We may also not receive updated information regarding any change in the financial condition of our customers or may receive inaccurate or incomplete information as a result of any fraudulent misrepresentation by our customers or employees. Moreover, the availability of accurate and comprehensive credit information on retail customers in India is more limited than for larger corporate customers, which reduces our ability to accurately assess the credit risk associated with such lending. Although as part of our credit policy, we conduct credit checks of all our customers, including with credit bureaus, conduct site-visits and personal discussions, we cannot assure you that such credit information will be accurate or comprehensive. 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.

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

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

Additionally, if we make errors in the development and validation of any of the underwriting models or tools that we use for the loans securing our debt warehouses or our securitization, such loans may experience higher delinquencies and losses, which could result in the principal of our securitized notes or other borrowings being required to be paid down, and we may no longer be able to borrow from those debt facilities to fund future loans. Moreover, if future performance of our customers' loans differs from past experience (driven by factors, including but not limited to, macroeconomic factors, policy actions by regulators, lending by other institutions and reliability of data used in the underwriting process), which experience has informed the development of the underwriting procedures employed by us, delinquency rates and losses to investors of our securitized debt from our customers' loans could increase, which could result in the principal of our debt securities or other borrowings being required to paid down, and we may no longer be able to borrow from those debt facilities to fund future loans. This inability to borrow from our debt facilities could further hinder our growth and harm our financial performance.

44. One of our Group Companies, Niva Bupa Health Insurance Company Limited ("Niva Bupa") has been subject to regulatory and statutory actions in the past.

One of our Group Companies, Niva Bupa is in the business of distribution and marketing of insurance products and is regulated by the IRDAI. Accordingly, it is subject to periodic inspections by the IRDAI. Regulatory actions for non-compliances and violations might extend to cautions, warnings, penalties, or cancellation of Niva Bupa's license for undertaking insurance business in India. In the past, Niva Bupa has received certain show cause notices from IRDAI, pursuant to which, IRDAI has imposed a penalty of ₹ 2.00 million on Niva Bupa pursuant to its order dated April 26, 2016, and ordered strict compliance with the Insurance Regulatory and Development Authority (Insurance Advertisements and Disclosure) Regulations, 2000 pursuant to its order dated October 31, 2017. While such orders do not have any direct impact on the business or prospects of our Company, however, there can be no assurance that any regulatory action against our group companies in the future will not cause an adverse impact on our brand and reputation.

45. We depend on our Key Managerial Personnel and Senior Management Personnel, as well as our experienced and capable employees, and any failure to attract, motivate, and retain our employees could adversely affect our business, results of operation and financial condition, or harm our ability to maintain and grow our business.

Our performance depends largely on the efforts and abilities of our Key Managerial Personnel, Senior Management Personnel, and our operational personnel. We believe that the inputs and experience of our senior management are valuable for the development of our business, operations and the strategic directions taken by our Company. We cannot assure you that these individuals will not leave us or join a competitor or that we will be able to retain such personnel or find adequate replacements in a timely manner, or at all. The following table sets forth our voluntary attrition rate of our employees, that is the resignation and exit of our employees due to various reasons (including exploring other career prospects and medical exigencies), for the periods indicated:

Particular	For the three-months period ended June 30,		For Fiscal		
	2023	2022	2023	2022	2021
Voluntary Attrition Rate (%)	6.60	7.96	31.54	29.70	18.56

The attrition rate in Fiscal 2021 was lower due to the COVID-19 pandemic. We may require a long period of time to hire and train replacement personnel when qualified personnel terminate their employment with our Company. We cannot assure you that we will be successful in hiring or retaining such personnel which could adversely affect our business. 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, or inability to attract or retain such persons may have an adverse effect on our business, results of operations and financial condition.

To maintain and grow our business, we will need to identify, hire, develop, motivate, and retain highly skilled employees. Identifying, recruiting, training, integrating, and retaining qualified individuals requires significant time, expense, and attention. We may need to invest significant amounts of cash and equity to attract and retain new employees and expend significant time and resources to identify, recruit, train, and integrate such employees, and we may never realize returns on these investments. If we are unable to effectively manage our hiring needs or successfully integrate and retain new hires, our efficiency, ability to meet forecasts, and employee morale, productivity, and engagement could suffer, which could adversely affect our business, financial condition, cash flows and results of operations.

Our future success is also significantly dependent upon the continued service of our executives and other key employees. If we lose the services of any member of management or any key personnel, we may not be able to find a suitable or qualified replacement, which could severely disrupt our business and growth. In addition, from time to time, there may be changes in our management team that may be disruptive to our business. If our management team, including any new hires that we make, fails to work together effectively and to execute our plans and strategies on a timely basis, our business could be harmed.

46. Our non-convertible debentures ("NCDs") are listed on BSE and we are subject to rules and regulations with respect to such listed NCDs. If we fail to comply with such rules and regulations, we may be subject to certain penal actions, which may have an adverse effect on our business, results of operations, financial condition and cash flows. Further, the trading in our NCDs has been and may continue to be limited or sporadic, which may affect our ability to raise debt financing in the future.

Our NCDs are listed on the debt segment of BSE. Our NCDs of ₹ 2.50 billion and ₹ 3.50 billion are rated IND AA-/Positive by

India Rating and Research Private Ltd. Our NCDs of ₹ 2.00 billion are rated CARE AA, Stable by CARE Ratings Limited. We are required to comply with various applicable rules and regulations, including the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended, and applicable provisions of the SEBI Listing Regulations, in terms of our listed NCDs, and the listing agreement entered into therein. If we fail to comply with such rules and regulations, we may be subject to certain penal actions, including, without limitation, restrictions on the further issuance of non-convertible securities by us or our Promoter and the freezing of transfers of securities, which may have an adverse effect on our business, results of operations, financial condition and cash flows. In the past, the BSE has imposed fines on us for certain alleged non-compliances with the SEBI Listing Regulations. Such fines imposed in the last five years are: (i) BSE had pursuant to an email dated October 31, 2022, imposed a fine of ₹0.21 million for alleged non-compliance with Regulations 50(2) and 53(2) of the SEBI Listing Regulations, which require intimation about meeting of shareholders or holders of non-convertible securities and submission of annual report to the stock exchanges, respectively. Our Company has paid the fine and the matter has been closed by BSE; (ii) BSE has, pursuant to an email dated October 30, 2023, imposed a fine of ₹ 0.01 million for alleged non-compliance with Regulation 60(2) of the SEBI Listing Regulations, which require intimation to the stock exchanges of the record date for purposes of payment of interest, dividend and payment of redemption or repayment amount or for such purpose as specified by the stock exchanges. In relation to the alleged non-compliance with Regulation 60(2) for delay in furnishing intimation to BSE about the record date, our Company, pursuant to email dated October 31, 2023, submitted that the said regulation had been duly complied with and there had been no non-compliance by the Company. The matter is currently pending.

Trading in our NCDs has been limited and we cannot assure you that the NCDs will be frequently traded on the BSE or that there would be any market for the NCDs. Further, we cannot predict if and to what extent a secondary market may develop for the NCDs or at what price the non-convertible debentures will trade in the secondary market or whether such market will be liquid or illiquid.

47. We are exposed to risks that may arise if our customers opt for balance transfers to other banks or financial institutions, or if customers face increased difficulties in refinancing their existing loans from other banks and financial institutions to our Company.

We offer our customers variable interest rate loans, which are linked to our reference rate. Based on market conditions, we price our loans at either a discount or a premium to our reference rate, which is determined primarily on the basis of our cost of borrowings. Customers with variable interest rates on their loans are exposed to increased equated monthly instalments ("**EMIs**") when the loans' interest rate adjusts upward, to the rate computed in accordance with the applicable index and margin. Such customers typically seek to refinance their loans through balance transfer to other banks and financial institutions, to avoid increased EMIs that may result from an upwards adjustment of the loans' interest rate. While refinancing of loans by other lenders could in certain circumstances be beneficial for our customers, it results in a loss of interest income expected from such loans over the course of their tenure. In addition, all NBFCs are prohibited from charging pre-payment penalties on any floating rate term loan sanctioned for purposes other than business to individual borrowers, thereby leading to a high incidence of balance transfer, and a high turnover of loan assets between lenders, causing lenders to incur increased origination costs. Some of our customers may be able to find balance transfer options at comparably lower interest rates or other financing alternatives which could have an adverse effect on our business, results of operations and financial condition.

In addition, increased difficulties for customers in refinancing their existing loan from another bank or financial institution, may also adversely affect our balance transfer loan originations. As competition in the financial services sector intensifies, some of our customers with variable interest rate loans may not be able to find balance transfer options at comparably lower interest rates or other financing alternatives. As a result, they may be exposed to the risks associated with increases in EMIs, which may lead to increased delinquency or default rates. Increased delinquency rates may also result in deterioration in credit quality of our loan portfolio, which could have an adverse effect on our business, results of operations and financial condition.

48. We conduct our business operations on leased premises, including our Registered and Corporate Office, and our inability to renew such leases may adversely affect our operations.

As of June 30, 2023, we conducted our operations through 584 branches, of which 480 have been taken on a lease and 104 have been taken on leave and license basis. The leave and license agreement in relation to our Registered and Corporate Office is valid for a term of five years starting from March 15, 2019 and we are undergoing discussions for its renewal. The typical period for which leases are generally entered into by our Company for its branches ranges from one to nine years. In the event that the existing lease is terminated or it is not renewed on commercially acceptable terms, we may suffer a disruption in our operations. For instance, one of our leave and license arrangements in Karnataka was terminated on a non-voluntary basis as the landlord had defaulted on one of its loans and its lender had taken possession of the premises in 2019. While we did not suffer disruptions and shifted to an alternate premises in November 2019, we cannot assure you that such instances will not occur in the future. Some of the lease or leave and license agreements may have expired in the ordinary course of business and we are currently involved in negotiations for the renewal of these lease or leave and license agreements. If alternative premises are not available at the same or similar costs, sizes or locations in a timely manner, our business, financial condition, cash flows and results of operations may be adversely affected. Further, any regulatory non-compliance by the landlords or adverse development relating to the landlords' title or ownership rights to such properties, including as a result of any non-compliance by the landlords, may entail disruptions to our operations, especially if we are forced to vacate leased space following any such developments. In addition, lease agreements are required to be duly registered and adequately stamped under Indian law and if our lease agreement or other agreements entered into by us, are not duly registered and adequately stamped, we may face challenges in enforcing them and they may be inadmissible as evidence in a court in India along with the requisite stamp duty prescribed under applicable Indian law being paid.

49. 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 maintain various insurance policies to safeguard against risks and unexpected events. For further details, see "*Our Business – Description of our business and operations – Insurance*" on page 227. The following table sets forth details of our insurance coverage as of the dates indicated:

Particulars	As of June 30,		As of March 31,		
	2023	2022	2023	2022	2021
Total Insurance Coverage (₹ in million)	52,117.14	47,475.46	47,684.51	46,482.78	38,219.29
Total Insurance Coverage as % of Total Assets (%)	55.37	67.78	52.57	70.90	69.92

We believe that the insurance coverage we maintain is reasonably adequate to cover the normal risks associated with the operation of our businesses. Our insurance policies, however, may not provide adequate coverage in certain circumstances, such as the COVID-19 pandemic and are subject to certain deductibles, exclusions and limits on coverage. We have in the past had certain of our insurance claims rejected, as follows:

Fiscal	Claim Amount (in ₹ million)	Policy Type	Particulars
2014	4.04	Fidelity Insurance Policy	Our insurance claim was rejected due to the non- availability of a charge sheet from the police.
2013	2.85	Fidelity Insurance Policy	The relevant staff was on third party pay roll and the relevant policy did not include contractual employees under the insurance cover.
2015	19.60	Burglary Insurance Policy, Fidelity Insurance Policy	Our insurance claim was rejected as the duplicate key was used and there was no forceful entry into branch.

While we entered into new insurance policies in February and April 2023, which we believe covers such instances going forward, and even if we have insurance for the incident giving rise to the loss, we may nevertheless be required to pay a significant deductible on any claim for recovery of such a loss, or the amount of the loss may exceed our coverage for the loss. We cannot assure you that any claim under the insurance policies maintained by us will be honored fully, in part or on time, or that we have obtained sufficient insurance to cover all potential losses.

In addition, our insurance coverage expires from time to time. We apply for the renewal of our insurance coverage in the normal course of our business, but we cannot assure you that such renewals will be granted in a timely manner, or at acceptable cost, or at all. 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.

50. Fluctuations in the market values of our investments could adversely affect our result of operations and financial condition.

As part of our treasury management, we have formulated a board-approved investment policy in accordance with the Notification No. DFC. 119 /DG(SPT)-98 dated January 31, 1998. Our investment policy prescribes policies for investments in mutual funds, fixed deposits, non-convertible debentures, subject to restrictions prescribed by our internal policies. The value of these investments depends on several factors beyond our control, including the domestic and international economic and political scenario, inflationary expectations and monetary policies. While our Company has recorded₹ 24.99 million and ₹ 16.66 million provision overlays as on June 30, 2023 and March 31, 2023 in the balance sheet, respectively, to reflect the decline in value of such investments, any decline in the value of these investments may still have an adverse effect on our results of operations and financial condition.

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

The IBC was notified on August 5, 2016. The IBC offers a uniform and comprehensive insolvency legislation encompassing all corporate persons, partnerships and individuals. It allows creditors to assess the viability of a debtor as a business decision, and agree upon a plan for its revival or a speedy liquidation. The IBC creates a new institutional framework, consisting of a regulator, insolvency professionals, information utilities and adjudicatory mechanisms, which will facilitate a formal and time-bound insolvency resolution and liquidation process.

In case insolvency proceedings are initiated against a debtor to our Company or a debtor files for voluntary insolvency, we may not have complete control over the recovery of amounts due to us. Under the IBC, upon invocation of an insolvency resolution process, a committee of creditors is constituted by the interim resolution professional, wherein each financial creditor is given a voting share proportionate to the debts owed to it. Any decision of the committee of creditors must be taken by a vote of not less than 51% of the voting share of all financial creditors. Any resolution plan approved by committee of creditors is binding upon all creditors, even if they vote against it.

In case a liquidation process is opted for, the IBC provides for a fixed order of priority in which proceeds from the sale of the debtor's assets are to be distributed. Before sale proceeds are distributed to a secured creditor, they are to be distributed for the costs of the insolvency resolution and liquidation processes and debts owed to workmen and other employees. Further, under this process, dues owed to the Central and State Governments rank below the claims of secured creditors, workmen and other employee dues and unsecured financial creditors. Further, pursuant to an amendment to the IBC, allottees in a real estate project are considered on par with financial creditors. Specifically, in relation to cases where we have extended construction finance to developers or builders for specific projects, allottees in such real estate projects will be considered on par with our Company in terms of priority of repayment. Moreover, other secured creditors may decide to opt out of the process, in which case they are permitted to realize their security interests in priority. Additionally, in cases where proceedings under the IBC are initiated against the builders or developers of projects where the allottees of the apartments are our borrowers and if the builder or developer fails to deliver the project, there may be delay in recovery of amounts from such borrowers.

In the past, our Company had, for instance, filed a claim of financial debt for ₹32.45 million against NRS Projects Private Limited ("**NRS Projects**") under the IBC before the Interim Resolution Profession, Ravi Kapoor on August 28, 2019, in relation to a sanctioned loan facility of ₹ 50.00 million to NRS Projects on March 25, 2016 against the mortgage of certain properties. When NRS Projects defaulted on its instalments, our Company filed an insolvency petition requesting initiation of the corporate insolvency resolution process ("**CIRP**") under the IBC. On July 25, 2019, the Ahmedabad bench of the National Company Law Tribunal ("**NCLT**") initiated the CIRP and appointed Ravi Kapoor as the Interim Resolution Professional. A resolution plan ("**Resolution Plan**"), submitted by Nimit Sangni, was approved by the committee of creditors with requisite majority. The insolvency resolution professional was authorized to make an application before the NCLT, Ahmedabad bench for approval of the Resolution Plan. The NCLT, by way of an order dated August 30, 2022, allowed the application and approved the Resolution Plan, holding that the approved Resolution Plan will become effective from the date of the order.

As on the date of this Red Herring Prospectus, while our Company has not initiated any ongoing insolvency proceedings against our borrowers, there are currently insolvency proceedings ongoing against 12 companies, initiated by third parties against the Company's borrowers, which are pending at various stage before various tribunals. Accordingly, if the provisions of the IBC are invoked against any of the borrowers of our Company, it may affect our Company's ability to recover our loans from the borrowers and enforcement of our Company's rights will be subject to the IBC.

52. ***A portion of our loans are unsecured. If borrowers under unsecured loans default and we are unable to recover such receivables in a timely manner or at all, our financial condition, results of operations and cash flows may be adversely affected.***

The following table sets forth details of our unsecured loans as of the dates indicated:

Particulars	As of June 30,		As of March 31,		
	2023	2022	2023	2022	2021
Unsecured Loans (₹ in million)	11,331.30	9,230.80	11,103.40	8,849.69	5,751.32
Unsecured Loans as % of Total Loans (%)	13.50%	14.86%	13.70%	15.36%	12.43%

Since these loans are unsecured, in the event of defaults by such customers, our ability to realize the amounts due to us would be restricted to initiating legal proceedings for recovery. There can be no guarantee as to the length of time it could take to conclude such legal proceedings or for the legal proceedings to result in a favorable decision to us. Any failure to recover the full amount of principal and interest on unsecured loans given to our customers could adversely affect our financial condition, results of operations and cash flows.

While the SARFAESI Act, 2002 has strengthened the ability of lenders to recover NPAs by granting lenders greater rights to enforce security and recover amounts owed from secured borrowers, it does not apply to loans below ₹ 2.00 million or unsecured loans and secured loans or where the remaining debt is below 20% of the original principal amount or any security interest for securing repayment of any financial asset not exceeding ₹ 100,000. Since the introduction of the IBC, the IBC has become the main framework under which insolvency proceedings against corporate persons are undertaken. While the IBC does not make any distinction between secured creditors and unsecured creditors during the corporate insolvency resolution process, the liquidation waterfall in case the company has to undergo liquidation depends on whether the creditor is secured or unsecured. As of June 30, 2023, we were an unsecured financial creditor for nine companies undergoing insolvency proceedings. The following table sets forth details of the outstanding amounts in respect of insolvency proceedings against companies, where we were an unsecured financial creditor, as of the dates indicated:

Particulars	As of June 30,		As of March 31,		
	2023	2022	2023	2022	2021
Outstanding Amount (₹ in million)	14.71	7.48	11.84	5.92	7.21
Outstanding Amount as % of Revenue of Operations (%)	0.41	0.30	0.10	0.07	0.10

There are no cases where we are a financial creditor for a company undergoing liquidation under the IBC.

These cases have been written off in Fiscal 2023, Fiscal 2022 and Fiscal 2021, respectively, except for cases disbursed under the Emergency Credit Line Guarantee Scheme. It is nonetheless possible for us to take a significant reduction in the amount owed to us both in case of insolvency resolution and liquidation, which could result in increased losses and decline in profits, and adversely affect our financial condition, results of operations and cash flows.

53. ***Our Promoter, Key Managerial Personnel, Senior Management Personnel and Directors have interests in us other than the reimbursement of expenses incurred and normal remuneration and benefits.***

Our Promoter, Directors, Key Managerial Personnel and Senior Management Personnel may be deemed to be interested to the extent of Equity Shares held by them, directly or indirectly, in our Company, as well as to the extent of any dividends, bonuses or other distributions on such shareholding. Additionally, some of our Directors, Key Managerial Personnel and Senior Management Personnel may also be regarded as interested to the extent of employee stock options granted by our Company and which may be granted to them from time to time pursuant to the ESOP 2018, as applicable. For details, see "*Capital Structure*" on page 89. Certain of our Directors are also nominees of some of our shareholders, and we have had related party transactions with such shareholders. Accordingly, these Directors may also said to be interested to the extent of such transactions.

We cannot assure you that our Promoter and Directors and our Key Managerial Personnel, if they are also our shareholders, will exercise their rights as shareholders to the benefit and best interest of our Company. For details, see "*Our Promoter and Promoter Group*", "*Our Management – Interests of Directors*" and "*Our Management – Interests of Key Managerial Personnel and Senior Management Personnel*" on pages 269, 256 and 267, respectively.

54. ***Acquisitions, strategic investments, entries into new businesses, and divestitures could disrupt our business, divert our management's attention, result in additional dilution to our shareholders, and harm our business.***

We may in the future seek to acquire or invest in new businesses or technologies that we believe could complement or expand our products and services, enhance our technical capabilities, or otherwise offer growth opportunities. We may be unable to find suitable acquisition candidates and to complete acquisitions on favorable terms, if at all, in the future. If we do complete acquisitions, we may not ultimately strengthen our competitive position or achieve our goals and any acquisitions we complete could be viewed negatively by customers or investors. Moreover, an acquisition, investment or business relationship may result in unforeseen operating difficulties and expenditures, including disrupting our ongoing operations, diverting management from their primary responsibilities, subjecting us to additional liabilities, increasing our expenses and adversely impacting our business, results of operations, cash flows and financial condition. Moreover, we may be exposed to unknown liabilities and the anticipated benefits of any acquisition, investment or business relationship may not be realized, if, for example, we fail to successfully integrate such acquisitions, or the technologies associated with such acquisitions, into our Company. We also may not achieve the anticipated benefits from the acquired businesses due to a number of factors, including difficulties resulting from the integration of information technology systems, accounting systems, culture or personnel; litigation; use of resources; or other disruption of our operations. Regulatory constraints, particularly competition regulations, may also affect the extent to which we can maximize the value of our acquisitions or investments. Acquisitions could also result in issuance of Equity Shares which could dilute the shareholding of our existing shareholders or the incurrence of debt. In addition, we may spend time and money on acquisitions or investments that do not increase our revenue. If an acquired business fails to meet our expectations, our business and results of operations may be adversely affected.

55. ***Regulatory or legislative developments regarding privacy and data security matters could adversely affect our ability to conduct our business.***

Numerous domestic and international laws and regulations address privacy and the collection, storing, sharing, use, disclosure, and protection of certain types of data. These laws, rules, and regulations evolve frequently and their scope may continually change, through new legislation, amendments to existing legislation, and changes in enforcement. Additionally, many laws and regulations relating to privacy and the collection, storing, sharing, use, disclosure, and protection of certain types of data are subject to varying degrees of enforcement and new and changing interpretations by courts or regulators. Changes in laws or regulations relating to privacy, data protection, and information security, particularly any new or modified laws or regulations, or changes to the interpretation or enforcement of such laws or regulations, that require enhanced protection of certain types of data or new obligations with regard to data retention, transfer, or disclosure, could greatly increase the cost of providing our platforms, require changes to our operations, or even prevent us from providing our platforms in jurisdictions in which we currently operate and in which we may operate in the future.

As part of our operations, we are required to comply with the Information Technology Act, 2000 ("**Information Technology Act**") and the rules thereof, each as amended which provides for civil and criminal liability including compensation to persons affected, penalties and imprisonment for various cyber related offenses, including unauthorized disclosure of confidential information and failure to protect sensitive personal data. India has already implemented certain privacy laws, including the Information Technology (Reasonable security practices and procedures or information) Rules, 2011, which impose limitations and restrictions on the collection, use, disclosure and transfer of personal information.

Additionally, the Digital Personal Data Protection Act, 2023 ("**DPDP Act**") was notified in August 2023 and replaces the existing data protection provisions, as contained in Section 43A of the Information Technology Act. The DPDP Act seeks to balance the rights of individuals to protect their personal data with the need to process personal data for lawful and other incidental purposes. The DPDP Act focuses on personal data protection for implementing organizational and technical measures in processing digital personal data and lays down norms for cross-border transfer of personal data including ensuring the accountability of entities processing personal data. The DPDP Act requires companies that collect and deal with high volumes of personal data to fulfil certain additional obligations such as appointment of a data protection officer for grievance redressal and a data auditor to evaluate compliance with the DPDP Act. The DPDP Act further provides that personal data may be processed only in accordance with the DPDP Act, and for a lawful purpose after obtaining the consent of the individual or for certain legitimate uses. 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. For further details, see "*Key Regulations and Policies*" on page 229.

Several jurisdictions have implemented new data protection regulations and others are considering imposing additional restrictions or regulations. We expect data protection regulations to continue to increase both in number, complexity and in the level of stringency. The entry into force of the General Data Protection Regulation (EU) 2016/679 ("**GDPR**"), in the European Union prompted various countries to begin processes to reform their data protection regimes. In many cases, these regulations have strict measures regulating both the transfer of data externally, and also the storage and transfer of data internally among the employees in the course of their work. Moreover, these regulations may have conflicting and/or inconsistent requirements, and compliance with one data protection regime does not necessarily entail compliance with another data protection regime, and compliance with one data protection regime could potentially create conflicts in compliance with another data protection regime. Any failure to comply with applicable data protection regimes could subject us to significant penalties and negative publicity, which could have a material adverse effect on our business, financial condition, reputation before our Customers and providers, and results of operations.

The introduction of new information technology legislation may also require us to modify our existing systems or invest in new technologies to ensure compliance with such applicable laws, which may require us to incur additional expenses and adversely affect our financial condition. Our failure to adhere to or successfully implement processes in response to changing regulatory requirements in this area could result in legal liability or impairment to our reputation in the marketplace, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

56. We may be unable to sufficiently obtain, maintain, protect, or enforce our intellectual property and other proprietary rights.

Intellectual property and other proprietary rights are important to the success of our business. Our ability to compete effectively is dependent in part upon our ability to obtain, maintain, protect, and enforce our intellectual property and other proprietary rights and to obtain licenses to use the intellectual property and proprietary rights of others, as may be required. We rely on trademarks to protect our intellectual property and other proprietary rights. For details, see "*Our Business – Description of our business and operations – Intellectual Property*" and "*Government and Other Approvals – Intellectual Property*" on pages 225 and 438, respectively. Nonetheless, the steps we take to obtain, maintain, protect, and enforce our intellectual property and other proprietary rights may be inadequate. We cannot assure that any future trademark, or service mark registrations will be issued for our pending or future applications or that any of our current or future copyrights, trademarks, or service marks (whether registered or unregistered) will be valid, enforceable, sufficiently broad in scope, provide adequate protection of our intellectual property or other proprietary rights, or provide us with any competitive advantage.

We may be unable to prevent competitors or other third parties from acquiring or using trademarks, service marks, or other intellectual property or other proprietary rights that are similar to, infringe upon, misappropriate, dilute, or otherwise violate or diminish the value of our trademarks and service marks and our other intellectual property and proprietary rights. In addition, we cannot guarantee that we have entered into agreements containing obligations of confidentiality with each party that has or may have had access to proprietary information, know-how, or trade secrets owned or held by us. Moreover, our contractual arrangements may not effectively prevent disclosure of, or control access to, our confidential or otherwise proprietary information or provide an adequate remedy in the event of an unauthorized disclosure. The measures we have put in place may not prevent misappropriation, infringement, or other violation of our intellectual property or other proprietary rights or information and any resulting loss of competitive advantage, and we may be required to litigate to protect our intellectual property or other proprietary rights or information from misappropriation, infringement, or other violation by others, which may be expensive, could cause a diversion of resources, and may not be successful, even when our rights have been infringed, misappropriated, or otherwise violated.

Furthermore, the legal standards relating to the validity, enforceability, and scope of protection of intellectual property and other proprietary rights are still evolving. Our intellectual property and other proprietary rights may not be sufficient to provide us with a competitive advantage and the value of our intellectual property and other proprietary rights could also diminish if others assert rights therein or ownership thereof, and we may be unable to successfully resolve any such conflicts in our favor or to our satisfaction.

57. Any failure by us to comply with applicable anti-money laundering, counter-terrorist financing and economic sanction laws and regulations could lead to penalties and may damage our reputation.

In accordance with the requirements applicable to our Company, we are mandated to comply with AML, combating-terrorism financing ("**CTF**") and KYC regulations in India. These laws and regulations require us, among other things, to adopt and enforce AML, CTF and KYC policies and procedures. In the ordinary course of our operations, we run the risk of failing to comply with the prescribed KYC procedures and the consequent risk of fraud and money laundering by 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. There may be instances in the past where we collected information that may be used by other parties in attempts to engage in money-laundering, terrorism financing and other illegal or improper activities. In addition, a number of jurisdictions (including India) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA. Pursuant to these provisions, as part of our KYC processes, we are required to collect and report certain information regarding US persons having accounts with us.

There can be no assurance that we will be able to fully control instances of any potential or attempted violation by other parties and may accordingly be subject to regulatory actions, including imposition of fines and other penalties by the relevant government agencies to whom we report to, including the Financial Intelligence Unit - India. Our business and reputation could suffer if any such parties use or attempt to use us for money-laundering, terrorism financing or illegal or improper purposes and such attempts are not detected or reported to the appropriate authorities in compliance with applicable regulatory requirements.

The Master Direction - Know Your Customer (KYC) Direction, 2016 ("**KYC Directions**") issued by the RBI states that regulated entities (which, among other things, includes scheduled commercial banks, all India financial institutions, all payment system providers and NBFCs) may obtain, for undertaking customer due diligence procedure, the Aadhaar number of a customer where such customer: (a) is desirous of receiving any benefit or subsidy under any scheme notified under section 7 of the Aadhaar (Targeted Delivery of Financial and Other subsidies, Benefits and Services) Act, 2016; or (b) decides to submit such Aadhar number voluntarily. In cases where the customer submits their Aadhaar number to the NBFC, the KYC Directions require the NBFCs to carry out authentication of the customer's Aadhaar number using e-KYC authentication facility provided by the Unique Identification Authority of India. Further, where such authentication of Aadhaar details is not required, the NBFCs are require to ensure that such customer redacts or blacks out their Aadhaar number through appropriate means. Any failure to comply with the applicable laws relating to Aadhar may expose our Company to penalties and regulatory scrutiny which may damage our reputation and lead to loss of customer confidence which could have a material adverse impact on our business, financial condition and results of operations. We may incur substantial compliance and monitoring costs if further rules and regulations are enacted, or if the existing regulations are enforced on a more stringent basis.

58. We have certain contingent liabilities, which, if materialized, may adversely affect our financial condition, cash flows and results of operations.

Our contingent liabilities as per Ind AS 37 as at June 30,2023, were as follows:

Particulars	As at June 30, 2023 (in ₹ million)
Disputed Income Taxes	4.65
Other sums contingently liable for – As per Payment of Bonus Act, 1979	2.30
Total	6.95

Our contingent liabilities as per Ind AS 37 were 0.05% of our Net Worth as of June 30, 2023. Our contingent liabilities may become actual liabilities and if a significant portion of these liabilities materializes, it could have an adverse effect on our results of operations, cash flows and financial condition. Further, there can be no assurance that we will not incur similar or increased levels of contingent liabilities in the current Fiscal or in the future.

59. 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 June 30,2023, we employed 3,732 personnel across our operations. Although we have not experienced any material employee unrest in the past, as on date of this Red Herring Prospectus, there are certain proceedings initiated by former employees against our Company. These proceedings relate to, among other things, payment of dues upon termination that are pending as on the date of this Red Herring Prospectus. While we believe these matters are not likely to adversely affect our business, financial condition, results of operations, cash flows and prospects, 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 or our management, 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. These actions are 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. Labor unions for banking employees organize strikes, and we may in the future be affected by strikes, work stoppages or other labor disputes if any portion of our workforce were to become part of a union in the future. In the event of a labor 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.

60. ***Certain sections of this Red Herring Prospectus contain information from the report titled 'Analysis of NBFC sector and select asset classes in India' dated October 2023, ("CRISIL Report") which has been commissioned and paid for by us exclusively for the purpose of the Offer. The CRISIL Report, prepared and issued by CRISIL MI&A, a division of CRISIL, is not exhaustive and is based on certain assumptions and parameters / conditions and any reliance on such information for making an investment decision in the Offer is subject to inherent risks.***

Pursuant to being engaged by us, CRISIL MI&A has prepared a report on our industry, "*Analysis of NBFC sector and select asset classes in India*" dated October 2023. Certain sections of this Red Herring Prospectus include information based on, or sourced from, the CRISIL Report or extracts of the CRISIL Report. We have exclusively commissioned and paid for the services of CRISIL for the CRISIL Report for the purpose of confirming our understanding of the industry in connection with the Offer. All such information in this Red Herring Prospectus indicates the CRISIL Report as its source, as applicable. Accordingly, any information in this Red Herring Prospectus sourced from, or based on, the CRISIL Report should be read taking into consideration the foregoing. We have also engaged CRISIL and CRISIL Ratings Limited to provide our short-term credit ratings. We have no other direct or indirect association with CRISIL other than as a consequence of the above engagements.

The CRISIL Report is not exhaustive and is based on certain assumptions, parameters and conditions made and identified by CRISIL. It also uses certain methodologies for market sizing and forecasting. Accordingly, investors should read the industry related disclosure in this Red Herring Prospectus in this context. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Further, the CRISIL Report is not a recommendation to invest / disinvest in any company covered in the CRISIL Report. Accordingly, prospective investors should not place undue reliance on, or base their investment decision solely on this information.

In view of the foregoing, you may not be able to seek legal recourse for any losses resulting from undertaking any investment in the Offer pursuant to reliance on the information in this Red Herring Prospectus based on, or derived from, the CRISIL Report. See "*Industry Overview*" on page 128. For the disclaimers associated with the CRISIL Report, see "*Certain Conventions, Presentation of Financial, Industry and Market Data and Currency of Presentation – Industry and Market Data*" on page 24.

61. ***We have presented certain supplemental information of our performance and liquidity which is not prepared under or required under the Indian Accounting Standards notified under Section 133 of the Companies Act, 2013, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS").***

This Red Herring Prospectus includes our average cost of borrowing, net NPA on AUM, provision coverage ratio, net worth, total borrowings to equity ratio, operating expenses to net income, return on total average assets, operating expenses to average total assets, pre provision operating profit, credit cost to average total assets, average yield on gross loan book, net interest margin to average total assets, net asset value per equity share, operating expenses, total borrowings to net worth, return on net worth and EBITDA (collectively "**Non-GAAP Measures**") and certain other industry measures related to our operations and financial performance, which are supplemental measures of our performance and liquidity and are not required by, or presented in accordance with, Ind AS, IFRS or US GAAP.

Further, these Non-GAAP Measures and industry measures are not a measurement of our financial performance or liquidity under Ind AS, Indian GAAP, IFRS or US GAAP and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the years/ period or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS, Indian GAAP, IFRS or US GAAP. In addition, such Non-GAAP Measures and industry measures are not standardized terms and may vary from any standard methodology that is applicable across the Indian retail credit industry, and therefore may not be comparable with financial or industry related statistical information of similar nomenclature computed and presented by other companies, and hence a direct comparison of these Non- GAAP Measures and industry measures between companies may not be possible. Other companies may calculate these Non-GAAP Measures and industry measures differently from us, limiting its usefulness as a comparative measure. Although such Non-GAAP Measures and industry measures are not a measure of performance calculated in accordance with applicable accounting standards, our Company's management believes that they are useful to an investor in evaluating us as they are widely used measures to evaluate a company's operating performance.

62. Our Statutory Auditors have included a matter of emphasis in their audit report on financial statements as at and for the year ended Fiscals 2021.

Our Statutory Auditors have included a matter of emphasis in their audit report on our financial statements as at and for Fiscal 2021 as follows, and does not modify the Statutory Auditors' opinion in respect of such matter.

"The Statutory Auditor has drawn attention to a specified note to the standalone Ind AS financial statements which describes the fact that the business risk in relation to the COVID-19 pandemic to remain elevated. Our Company has recorded a total additional provision overlay of ₹ 455.80 million to reflect deterioration in the macroeconomic outlook. The extent to which the COVID-19 pandemic would impact our Company's financial performance would depend on future developments, which are highly uncertain. The impact may be different from that estimated as at the approval of the Ind AS financial statements and we will continue to closely monitor any material changes to future economic conditions."

For further information, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Auditors' Qualifications and Emphasis of Matter*" on page 424. There can be no assurance that any similar remarks or matters of emphasis will not form part of our financial statements for the future fiscal periods, which could subject us to additional liabilities due to which our financial condition may be adversely affected.

External Risks

Risks related to India

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

Our business, financial condition and results of operations could be adversely affected by any change in the extensive central and state tax regime in India applicable to us and our business. Tax and other levies imposed by the central and state governments in India that affect our tax liability, include central and state taxes and other levies, income tax, turnover tax, goods and service tax ("**GST**"), stamp duty and other special taxes and surcharges, which are introduced on a temporary or permanent basis from time to time. This extensive central and state tax regime is subject to change from time to time. The final determination of our tax liability involves the interpretation of local tax laws and related regulations in each jurisdiction, as well as the significant use of estimates and assumptions regarding the scope of future operations and results achieved and the timing and nature of income earned, and expenditures incurred.

For instance, the Government of India had implemented two major reforms in Indian tax laws, namely the GST, and provisions relating to general anti-avoidance rules ("**GAAR**"). The indirect tax regime in India has undergone a complete overhaul. The indirect taxes on goods and services, such as central excise duty, service tax, central sales tax, state value added tax, surcharge and excise have been replaced by GST with effect from July 1, 2017. The GST regime is relatively new and therefore is subject to amendments and its interpretation by the relevant regulatory authorities. GAAR became effective from April 1, 2017. The tax consequences of the GAAR provisions being applied to an arrangement may result in, among others, a denial of tax benefit to us and our business. In the absence of substantial precedents on the subject, the application of these provisions is subjective. If the GAAR provisions are made applicable to us, it may have an adverse tax impact on us. Further, if the tax costs associated with certain of our transactions are greater than anticipated because of a particular tax risk materializing on account of new tax regulations and policies, it could affect our profitability from such transactions.

Our companies operating in India may choose not to claim any of the specified deductions or exemptions and claim the lower corporate tax of 22%, plus applicable surcharge, in which case, the minimum alternate tax provisions would not be applicable. Alternatively, we may choose to pay the higher rate of corporate tax, i.e., 30% or 25%, as the case may be, plus applicable surcharge and cess, after claiming the applicable deductions and exemptions or the minimum alternate tax at the rate of 15% of the book profits in accordance with Section 115JB of Income Tax Act, 1961 ("**IT Act**") plus applicable surcharge and cess. As such, there is no certainty on the impact that these amendments may have on our business and operations or on the industry in which we operate.

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 rate. 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. Investors should consult their own tax advisors about the consequences of investing or trading in the Equity Shares.

With several proposals to introduce further regulatory compliances, additional conditions to be met to receive benefits under existing regimes being introduced, upon any such proposals being notified, we may also become subject to *inter alia* additional compliances and increased associated costs. For instance, under the Finance Act, 2021, with effect from July 1, 2021, higher TDS rates may become applicable in the event of failure of certain compliances, including filing tax returns, or other conditions being proposed which could pose operational and implementation challenges given the large number of orders in invoices.

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

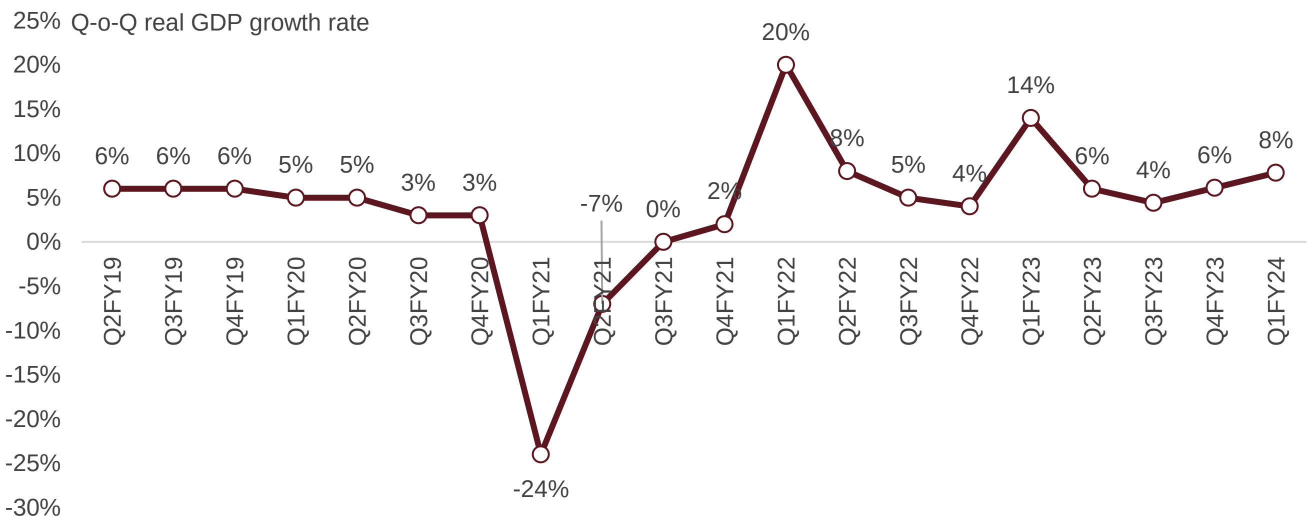
Inflation rates could be volatile, and we may face high inflation in the future as India had witnessed in the past. Increased inflation can contribute to an increase in interest rates and increased costs to our business, including increased finance costs as well as costs of transportation, salaries, and other expenses relevant to our business. Further, high inflation leading to higher interest rates may also lead to a slowdown in the economy and adversely impact credit demand and growth. Consequently, we may also be affected and fall short of business growth and profitability.

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 operating expenses, which we may not be able to pass on to our customers, whether entirely or in part, and the same may adversely affect our business and financial condition. In particular, we might not be able to reduce our costs or pass the increase in costs on to our customers. Further, given the typical correlation between inflation and interest rates, our cost of borrowings may increase. In such case, our business, results of operations, cash flows and financial condition may be adversely affected. For further details on the impact of interest rates, see "*– 21. We are affected by volatility in interest rates for both our lending and treasury operations, which could cause our net interest income and net interest margin to vary and consequently affect our profitability.*" on page 42.

According to the CRISIL Report, lower commodity prices, stable core inflation and softened food inflation are likely to lower inflation expectation in Fiscal 2024. For further details, see "*Industry Overview*" on page 128. While the Government of India through the RBI has previously initiated economic measures to combat high inflation rates, it is unclear whether these measures will remain in effect, and there can be no assurance that Indian inflation levels will not rise in the future. As a result, high inflation in India could have a material adverse effect on our financial condition and results of operations.

65. The growth rate of India's retail lending industry may not be sustainable.

We expect the retail lending industry in India to continue to grow as a result of anticipated growth in India's economy, increases in demand for credit and demographic changes. According to the CRISIL Report, India's quarter-on-quarter real GDP growth rates were as follows:



Source: CRISIL Report

For further details, see "*Industry Overview*" on page 128.

It is not clear how certain trends and events, such as the pace of India's economic growth and the development of domestic capital markets will affect India's retail financing industry. Consequently, there can be no assurance that the growth and development of India's retail lending industry will be sustainable.

66. The ability of foreign investors to invest in our Company may be constrained by Indian law, which may adversely affect the trading price of the Equity Shares.

Under foreign exchange regulations currently in force in India, transfer of shares between non-residents and residents are freely permitted (subject to certain exceptions), if they comply with the valuation and reporting requirements specified by the RBI, from time to time. If a transfer of shares is not in compliance with such requirements and fall under any of the exceptions specified by the RBI, then the RBI's prior approval is required. Additionally, non-resident shareholders who seek to repatriate proceeds from the sale shares outside India, may need to make certain filings with the Indian income tax authorities. As provided in the foreign exchange controls currently in effect in Indian, the RBI has provided that the price at which the Equity Shares are transferred be calculate 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. In terms of Press Note 3 of 2020, dated April 17, 2020, issued by the Department for Promotion of Industry and Internal Trade ("**DPIIT**"), as consolidated in the FDI Policy with effect from October 15, 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 an investment into India is situated in or is a citizen of any such country will require prior approval of the Government of India. Further, in the event of transfer of ownership of any existing or future foreign direct investment in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the aforesaid restriction/ purview, such subsequent change in the beneficial ownership will also require approval of the Government of India. Any such approval(s) would be subject to the discretion of the regulatory authorities. This may cause uncertainty and delays in our future investment plans and initiatives. We cannot assure you that any required approval from the relevant governmental agencies can be obtained on any particular terms or at all. For further details, see "*Restrictions on Foreign Ownership of Indian Securities*" on page 484.

67. A downgrade in ratings of India, may affect the trading price of the Equity Shares.

Our borrowing costs and our access to the debt capital markets depend significantly on the credit ratings of India. India's sovereign rating improved from Baa3 with a "negative" outlook to Baa3 with "stable" outlook by Moody's in October 2021and improved from BBB – with "negative" outlook to BBB – with "stable" outlook by Fitch in June 2022. DBRS confirmed India's rating as BBB "low" in May 2023. India's sovereign ratings from S&P is BBB with a "stable" outlook. Any further adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing and the interest rates and other commercial terms at which such financing is available, including raising any overseas additional financing. A downgrading of India's credit ratings may occur, for example, upon a change of government tax or fiscal policy, which are outside our control. This could have an adverse effect on our ability to fund our growth on favorable terms or at all, and consequently adversely affect our business, cash flows and financial performance and the price of the Equity Shares.

68. Political, macroeconomic, demographic and other changes could adversely affect economic conditions in India, and thus our business and results of operations.

Our Company is incorporated in India and derives the majority of its revenue from operations in India and the majority of its assets are located in India. Consequently, our performance and the market price of the Equity Shares may be affected by interest rates, government policies, taxation, and other social, political and economic developments affecting India. The Indian economy differs from the economies of most developed countries in many respects, including the degree of government involvement, level of development, growth rate, and control of foreign exchange and allocation of resources. While the Indian economy has experienced significant growth over the past decades, growth has been uneven, both geographically and among various sectors of the economy. The Indian government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures may benefit the overall Indian economy but may have a negative effect on us.

Our business results depend on a number of general macroeconomic and demographic factors in India which are beyond our control. In particular, our revenue and profitability are strongly correlated to economic activity in India, which is influenced by general economic conditions, unemployment levels, the availability of discretionary income and consumer confidence. Recessionary economic cycles, a protracted economic slowdown, a worsening economy, increased unemployment, rising interest rates or other industry-wide cost pressures could also affect the Indian economic outlook and lead to a decline in our sales and earnings.

Factors that may adversely affect the Indian economy, and hence our results of operations and cash flows, may include:

- the macroeconomic climate, including any increase in Indian interest rates or inflation;
- any exchange rate fluctuations, the imposition of currency controls and restrictions on the right to convert or repatriate currency or export assets;
- any scarcity of credit or other financing in India, resulting in an adverse effect on economic conditions in India and scarcity of financing for our expansions;
- political instability, terrorism or military conflict in India or in countries in the region or globally, including in India's various neighboring countries, such as the conflict between Russia and Ukraine;
- occurrence of natural or man-made disasters;

- prevailing regional or global economic conditions, including in India's principal export markets;
- other significant regulatory or economic developments in or affecting India or its consumption sector;
- international business practices that may conflict with other customs or legal requirements to which we are subject, including anti-bribery and anti-corruption laws;
- protectionist and other adverse public policies, including local content requirements, import/export tariffs, increased regulations or capital investment requirements;
- inflation rates; and
- being subject to the jurisdiction of foreign courts, including uncertainty of judicial processes and difficulty enforcing contractual agreements or judgments in foreign legal systems or incurring additional costs to do so.

Any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy, could adversely affect our business, results of operations, cash flows and financial condition and the price of the Equity Shares. Our performance and the growth of our business depend on the overall performance of the Indian economy as well as the economies of the regional markets in which we operate.

69. Investors may have difficulty enforcing foreign judgments against our Company or our management.

Our Company is a company incorporated under the laws of India and all of our Directors are located and/or resident in India. All of our assets, our Key Managerial 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.

Recognition and enforcement of foreign judgments is provided for under Sections 13, 14 and Section 44A of the Code of Civil Procedure, 1908 ("**CPC**"). India has reciprocal recognition and enforcement of judgments in civil and commercial matters with only a limited number of jurisdictions, such as the United Kingdom, United Arab Emirates, Singapore and Hong Kong. In order to be enforceable, a judgment from a jurisdiction with reciprocity must meet certain requirements established in the Indian Code of Civil Procedure, 1908. The CPC only permits the enforcement and execution of monetary decrees in the reciprocating jurisdiction, not being in the nature of any amounts payable in respect of taxes, other charges, fines or penalties and does not apply to arbitration awards (even if such awards are enforceable as a decree or judgment). Judgments or decrees from jurisdictions which do not have reciprocal recognition with India, including the United States, cannot be enforced by proceedings in execution in India. Therefore, a final judgment for the payment of money rendered by any court in a non-reciprocating territory for civil liability, whether or not predicated solely upon the general laws of the non-reciprocating territory, would not be directly enforceable in India. However, it is unlikely that a court in India would award damages on the same basis as a foreign court if an action were brought in India or that an Indian court would enforce foreign judgments if it viewed the amount of damages as excessive or inconsistent with the public policy in India. Further, there is no assurance that a suit brought in an Indian court in relation to a foreign judgment will be disposed of in a timely manner.

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

The Indian market and the Indian economy are influenced by economic and market conditions in other countries, including conditions in the United States, Europe and certain emerging economies in Asia. Financial turmoil in Asia, Russia and elsewhere in the world in recent years has adversely affected the Indian economy. Any worldwide financial instability may cause increased volatility in the Indian financial markets and, directly or indirectly, adversely affect the Indian economy and financial sector and us.

Although economic conditions vary across countries, investors' reaction to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss of investor confidence in one emerging economy may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Financial instability in other parts of the world could have a global influence and thereby negatively affect the Indian economy. Financial disruptions could materially and adversely affect our business, prospects, financial condition, results of operations and cash flows.

Furthermore, economic developments globally can have a significant impact on India. Concerns related to a trade war between large economies may lead to increased risk aversion and volatility in global capital markets and consequently have an impact on the Indian economy. Following the United Kingdom's exit from the European Union ("**Brexit**"), there remains significant uncertainty around the terms of their future relationship with the European Union and, more generally, as to the impact of Brexit on the general economic conditions in the United Kingdom and the European Union and any consequential impact on global financial markets. For example, Brexit could give rise to increased volatility in foreign exchange rate movements and the value of equity and debt investments.

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.

These developments, or the perception that any of them could occur, have had and may continue to have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity, restrict the ability of key market participants to operate in certain financial markets or restrict our access to capital. This could have a material adverse effect on our business, financial condition, cash flows and results of operations and reduce the price of the Equity Shares.

71. Significant differences exist between the Indian Accounting Standards notified under Section 133 of the Companies Act, 2013, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles, such as International Financial Reporting Standards ("IFRS") and generally accepted accounting principles in the United States of America ("U.S. GAAP"), which may be material to investors' assessments of our financial condition, result of operations and cash flows.

Our Restated Financial Statements for the three-months periods ended June 30, 2023 and June 30, 2022, and Fiscals 2023, 2022 and 2021 included in this Red Herring Prospectus are derived from the audited financial statements prepared under the Ind AS and Indian GAAP, as applicable, in each case 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 Prospectus (Revised 2019) issued by the ICAI. Ind AS differs from accounting principles with which prospective investors may be familiar, such as IFRS and U.S. GAAP. Our Company does not provide reconciliation of its financial information to IFRS or U.S. GAAP. Our Company has not attempted to explain those differences or quantify their impact on the financial data included in this Red Herring Prospectus and it is urged that you consult your own advisors regarding such differences and their impact on our financial data. Accordingly, the degree to which the Restated Financial Statements included in this Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Ind AS. Persons not familiar with Ind AS should limit their reliance on the financial disclosures presented in this Red Herring Prospectus.

72. Our business and activities may be regulated by the Competition Act, 2002 and proceedings may be enforced against us.

Under the Competition Act, 2002, as amended (the "**Competition Act**"), any arrangement, understanding or action, which causes/ is likely to cause an appreciable adverse effect on competition in India is void and may result in substantial penalties. The Competition Act also prohibits abuse of dominant position by any enterprise. If it is demonstrated that any contravention committed by a company took place with the consent or connivance of, or is attributable to any neglect on the part of any director, manager, secretary or other officer of such company, that person shall be guilty and may be punished. The combination regulation (merger control) provisions require acquisitions of shares, voting rights, assets or control or mergers or amalgamations that cross the prescribed asset and turnover based thresholds to be mandatorily notified to and pre-approved by the Competition Commission of India (the "**CCI**").

All agreements entered into by us may fall within the purview of the Competition Act. Further, the CCI has extraterritorial powers and can investigate any agreements, abusive conduct or combination occurring outside India if these have an appreciable adverse effect on competition in India. We cannot predict the impact of the Competition Act on the agreements entered into by us. We are not currently party to any outstanding proceedings, nor have we received notice in relation to non-compliance with the Competition Act. However, if we are affected by the application or interpretation of any provision of the Competition Act, or any enforcement proceedings initiated by the CCI, or any adverse publicity that may be generated thereby or if any prohibition or substantial penalties are levied under the Competition Act, it would adversely affect our business and financial condition.

Certain provisions of the Competition (Amendment) Act, 2023 ("**Competition Amendment Act**") were recently notified, in May 2023. The Competition Amendment Act amends the Competition Act and give the CCI additional powers to prevent practices that harm competition and the interests of consumers. The Competition Amendment Act, *inter alia*, modifies the scope of certain factors used to determine whether an agreement causes or is likely to cause appreciable adverse effect on competition, reduces the overall time limit for the assessment of combinations by the CCI from 210 days to 150 days and empowers the CCI to impose penalties based on the global turnover of entities, for anti-competitive agreements and abuse of dominant position.

73. Natural disasters, fires, epidemics, pandemics, acts of war, civil unrest and other events could materially and adversely affect our business.

Natural disasters (such as typhoons, flooding and earthquakes), epidemics, pandemics such as COVID-19, 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, cash flows and results of operations.

Our operations may be adversely affected by fires, natural disasters and/or severe weather, which can result in damage to our physical operations and technological infrastructure, thus generally reducing our productivity and requiring 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 the COVID-19 virus. Any future outbreaks of COVID-19 virus and lock-downs, monkey pox, avian or swine influenza or a similar contagious disease could adversely affect the Indian economy and economic activity in the region and in turn have a material adverse effect on our business and the trading price of the Equity Shares.

74. Our ability to raise foreign capital may be constrained by Indian law.

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

Risks Related to the Offer

75. We cannot assure payment of dividends on the Equity Shares in the future.

Our Company does not have a formal dividend policy as on the date of this Red Herring Prospectus. Our Company has not declared dividends on the Equity Shares during the current Fiscal Year and the last three Fiscal Years. Our 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 and other factors considered relevant by our Directors and Shareholders. Our ability to pay dividends may also be restricted under certain financing arrangements that we may enter into. We cannot assure you that we will be able to pay dividends on the Equity Shares at any point in the future. For details pertaining to our dividend policy, see "*Dividend Policy*" on page 275.

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

Prior to the Offer, there has been no public market for the Equity Shares, and an active trading market on the Stock Exchanges may not develop or be sustained after the Offer. Listing and quotation do not guarantee that a market for the Equity Shares will develop the liquidity of such market for the Equity Shares. The determination of the Price Band is based on various factors and assumptions and will be determined by our Company in consultation with the BRLMs. Furthermore, the Offer Price of the Equity Shares will be determined by our Company in consultation with the Book Running Lead Managers through the Book Building Process. These will be based on numerous factors, including factors as described under "*Basis for Offer Price*" beginning on page 111 and may not be indicative of the market price for the Equity Shares after the Offer.

In addition to the above, the current market price of securities listed pursuant to certain previous initial public offerings managed by the Book Running Lead Managers is below their respective issue price. For further details, see "*Other Regulatory and Statutory Disclosures – Price information of past issues handled by the BRLMs*" commencing on page 447. The market price of the Equity Shares may be subject to significant fluctuations in response to, among other factors, the failure of security analysts to cover the Equity Shares after this Offer, or changes in the estimates of our performance by analysts, the activities of competitors and suppliers, the activities of competitors and suppliers, future sales of the Equity Shares by our Company or our shareholders, variations in our operating results of our Company, market conditions specific to the industry we operate in, developments relating to India, volatility in securities markets in jurisdictions other than India, variations in the growth rate of financial indicators, variations in revenue or earnings estimates by research publications, and changes in economic, legal and other regulatory factors. We cannot assure you that an active market will develop, or sustained trading will take place in the Equity Shares or provide any assurance regarding the price at which the Equity Shares will be traded after listing.

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

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

In the preceding one year from the date of this Red Herring Prospectus, our Company has issued Equity Shares at a price that may be lower than the Offer 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 89.

78. Investors may be subject to Indian taxes arising out of income arising on the sale of and dividend on the Equity Shares.

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares held as investments in an Indian company are 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. Any capital gain exceeding ₹100,000 realized on the sale of listed equity shares on a Stock Exchange held for more than 12 months immediately preceding the date of transfer will be subject to long term capital gains in India at the rate of 10% (plus applicable surcharge and health and education cess). This beneficial provision is, *inter alia*, subject to payment of STT. Further, any gain realized on the sale of listed equity shares in an Indian company, held for more than 12 months, which are sold using any platform other than a recognized stock exchange and on which no STT has been paid, will be subject to long term capital gains tax in India at the rate of 10% (plus applicable surcharge and health and education cess), without indexation benefits.

Further, any capital gains realized on the sale of listed equity shares held for a period of 12 months or less immediately preceding the date of transfer will be subject to short-term capital gains tax in India at the rate of 15% (plus applicable surcharge and health and education cess), subject to STT being paid at the time of sale of such shares. Otherwise, such gains will be taxed at the applicable rates.

Capital gains arising from the sale of the Equity Shares will not be chargeable to tax in India in cases where relief from such taxation in India is provided under a treaty between India and the country of which the seller is resident and the seller is entitled to avail benefits thereunder, subject to certain conditions. Historically, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares. Investors are advised to consult their own tax advisors and to carefully consider the potential tax consequences of owning Equity Shares.

Similarly, any business income realized from the transfer of Equity Shares held as trading assets is taxable at the applicable tax rates subject to any treaty relief, if applicable, to a non-resident seller.

Further, various amendments have also clarified that, in the absence of a specific provision under an agreement, the liability to pay stamp duty in case of sale of securities through stock exchanges will be on the buyer, while in other cases of transfer for consideration through a depository, the onus will be on the transferor. The stamp duty for transfer of securities other than debentures, on a delivery basis is specified at 0.015% of the total market value of the shares 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.

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

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

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

Under the Companies Act, a company having share capital and incorporated in India must offer holders of its Equity Shares pre-emptive rights to subscribe and pay for a proportionate number of Equity Shares to maintain their existing ownership percentages prior to the issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the Equity Shares who have voted on such resolution. However, if the laws of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without our filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights unless we make such a filing. The Company may elect not to file a registration statement in relation to pre-emptive rights otherwise available by Indian law to you. To the extent that you are unable to exercise pre-emptive rights granted in respect of the Equity Shares, you may suffer future dilution of your ownership position and your proportional interests in our Company would be reduced.

81. ***Future issuances or sales of Equity Shares, or convertible securities or other equity-linked securities could adversely affect the trading price of the Equity Shares.***

Our future issuances of Equity Shares, convertible securities or securities linked to the Equity Shares by us (including under employee stock option plans) or the disposal of Equity Shares by our Promoter or any of our other principal shareholders or the perception that such issuance or sales may occur, including to comply with the minimum public shareholding norms applicable to listed companies in India, may significantly affect the trading price of the Equity Shares and our ability to raise capital through an issue of our securities. There can be no assurance that we will not issue further Equity Shares or that the shareholders will not dispose of, pledge or otherwise encumber the Equity Shares. Any future issuances could also dilute the value of your investment in our Company.

82. ***Fluctuation in the exchange rate of the Rupee and other currencies could have an adverse effect on the value of our Equity Shares, independent of our operating results.***

Subject to requisite approvals, on listing, our Equity Shares will be quoted in Rupees on the Stock Exchanges. Any dividends, if declared, in respect of our Equity Shares will be paid in Rupees and subsequently converted into the relevant foreign currency for repatriation, if required. Any adverse movement in exchange rates during the time that it takes to undertake such conversion may reduce the net dividend to such investors. In addition, any adverse movement in 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 net proceeds received by shareholders.

The exchange rate of the Rupee has changed substantially in the last two decades and could fluctuate substantially in the future, which may have a material adverse effect on the value of the Equity Shares and returns from the Equity Shares, independent of our operating results.

83. ***We expect to be classified as a passive foreign investment company, and our U.S. shareholders may suffer adverse tax consequences as a result.***

We will be a passive foreign investment company ("**PFIC**") for U.S. federal income tax purposes for any taxable year in which (i) 75% or more of its gross income consists of "passive income" or (ii) 50% or more of the average quarterly value of its assets consists of assets that produce, or are held for the production of, passive income. For this purpose, "passive income" generally includes dividends, interest, royalties, rents and gains from commodities and securities transactions with exceptions for, among other things, dividends, interest, rents and royalties received from certain related companies to the extent attributable (in accordance with U.S. Treasury regulations) to non-passive income derived by such related companies, as well as for gains from sale or exchange of inventory or similar property. In addition, for the PFIC asset test, cash and cash equivalents are considered passive assets. Based on estimates of our gross income, gross assets, and the nature of our business, we expect that we were a PFIC in prior taxable years and expect to be classified as a PFIC in the current taxable year and in the foreseeable future. If we are classified as a PFIC for any taxable year, U.S. investors may be subject to adverse U.S. federal income tax consequences, including increased tax liability on gains from dispositions of Equity Shares and certain excess distributions, and a requirement to file annual reports with the U.S. Internal Revenue Service. Prospective U.S. investors should consult their tax advisors regarding the Company's PFIC status and the consequences to them if we are classified as a PFIC for any taxable year.

Alternatively, a U.S. taxpayer that makes a timely and effective "QEF election" generally will be subject to U.S. federal income tax on such U.S. taxpayer's pro rata share of our "net capital gain" and "ordinary earnings" (calculated under U.S. federal income tax rules), regardless of whether such amounts are actually distributed by us. For a U.S. taxpayer to make a QEF election, we must supply annually to the U.S. taxpayer the "PFIC Annual Information Statement" and permit the U.S. taxpayer access to certain information in the event of an audit by the U.S. tax authorities. We do not intend to provide information necessary for U.S. Holders to make QEF elections. As a possible second alternative, if available, a U.S. taxpayer may make a "mark-to-market election" with respect to a taxable year in which we are a PFIC, and the Equity Shares are "marketable stock" (as specifically defined). A U.S. taxpayer that makes a mark-to-market election generally will include in gross income, for each taxable year in which the Company is a PFIC, an amount equal to the excess, if any, of (a) the fair market value of the Equity Shares as of the close of such taxable year over (b) such U.S. taxpayer's adjusted tax basis in such Equity Shares.

84. ***Investors will not be able to sell immediately on an Indian stock exchange any of the Equity Shares they purchase in the Offer.***

Subject to requisite approvals, our Equity Shares will be listed on the Stock Exchanges. Pursuant to applicable Indian laws, certain actions must be completed before the Equity Shares can be listed and trading in the Equity Shares may commence. Investors' book entry, or 'demat' accounts with depository participants in India, are expected to be credited within one working day of the date on which the Basis of Allotment is approved by the Stock Exchanges or such other time as may be prescribed by SEBI. The Allotment of Equity Shares in this Offer and the credit of such Equity Shares to the applicant's demat account with depository participant could take approximately five Working Days from the Bid/Offer Closing Date and trading in the Equity Shares upon receipt of final listing and trading approvals from the Stock Exchanges is expected to commence within six Working Days of the Bid/Offer Closing Date or such other period as may be prescribed by SEBI. There could be a failure or delay in listing of the Equity Shares on the Stock Exchanges. Any failure or delay in obtaining the approval or otherwise commence trading in the Equity Shares would restrict investors' ability to dispose of their Equity Shares. There can be no assurance that the Equity Shares will be credited to investors' demat accounts, or that trading in the Equity Shares will commence, within the time periods specified in this risk factor. We could also be required to pay interest at the applicable rates if allotment is not made, refund orders are not dispatched or demat credits are not made to investors within the prescribed time periods.

85. Pursuant to listing of the Equity Shares, we may be subject to pre-emptive surveillance measures like Additional Surveillance Measure ("ASM") and Graded Surveillance Measures ("GSM") by the Stock Exchanges in order to enhance market integrity and safeguard the interest of investors.

SEBI and the Stock Exchanges have introduced various pre-emptive surveillance measures in order to enhance market integrity and safeguard the interests of investors, including ASM and GSM. ASM and GSM are imposed on securities of companies based on various objective criteria such as significant variations in price and volume, concentration of certain client accounts as a percentage of combined trading volume, average delivery, securities which witness abnormal price rise not commensurate with financial health and fundamentals such as earnings, book value, fixed assets, net worth, price / earnings multiple, market capitalization etc.

Upon listing, the trading of our Equity Shares would be subject to differing market conditions as well as other factors which may result in high volatility in price, low trading volumes, and a large concentration of client accounts as a percentage of combined trading volume of our Equity Shares. The occurrence of any of the abovementioned factors or other circumstances may trigger any of the parameters prescribed by SEBI and the Stock Exchanges for placing our securities under the GSM and/or ASM framework or any other surveillance measures, which could result in significant restrictions on trading of our Equity Shares being imposed by SEBI and the Stock Exchanges. These restrictions may include requiring higher margin requirements, requirement of settlement on a trade for trade basis without netting off, limiting trading frequency, reduction of applicable price band, requirement of settlement on gross basis or freezing of price on upper side of trading, as well as mentioning of our Equity Shares on the surveillance dashboards of the Stock Exchanges. The imposition of these restrictions and curbs on trading may have an adverse effect on market price, trading and liquidity of our Equity Shares and on the reputation and conditions of our Company.

SECTION III: INTRODUCTION

THE OFFER

The following table sets forth details of the Offer:

Offer of Equity Shares(1)(2)	Up to [●] Equity Shares, aggregating up to ₹[●] million
The Offer consists of:	
Fresh Issue(1)	[●] Equity Shares aggregating up to ₹ 6,000.00 million
Offer for Sale(2)	Up to 35,161,723 Equity Shares aggregating up to ₹[●] million
The Offer includes:	
Employee Reservation Portion(3)	Up to [●] Equity Shares
Net Offer	Up to [●] Equity Shares
Of which:	
A. QIB Portion(3)	Not more than [●] Equity Shares aggregating up to ₹[●] million
of which:	
(i) Anchor Investor Portion(4)	Up to [●] Equity Shares
(ii) Net QIB Portion (assuming the Anchor Investor Portion is fully subscribed)	[●] Equity Shares
of which:	
(iii) Mutual Fund Portion (5% of the Net QIB Portion)	[●] Equity Shares
(iv) Balance for all QIBs including Mutual Funds	[●] Equity Shares
B. Non-Institutional Portion(5)	Not less than [●] Equity Shares aggregating up to ₹[●] million
C. Retail Portion	Not less than [●] Equity Shares aggregating up to ₹[●] million
Pre and post-Offer Equity Shares	
Equity Shares outstanding prior to the Offer (as on the date of this Red Herring Prospectus)	326,075,940 Equity Shares
Equity Shares outstanding after the Offer	[●] Equity Shares
Use of Net Proceeds of the Offer	See "*Objects of the Offer*" on page 106 for information about the use of the Net Proceeds. Our Company will not receive any proceeds from the Offer for sale.

(1) *The Offer has been authorised by a resolution of our Board dated June 21, 2023. The Fresh Issue has been authorised by a resolutions of our Board dated July 26, 2023 and November 6, 2023, and a special resolution of our Shareholders dated July 21, 2023. Our Board has taken on record the affirmative consent of the Selling Shareholders for the Offer under the SHA pursuant to its resolution dated July 17, 2023. Further, our Board has taken on record the approval for the Offer for Sale by the Selling Shareholders pursuant to its resolution dated November 6, 2023.*

(2) *Each of the Selling Shareholders has confirmed and approved its participation in the Offer for Sale as set out below:*

S. No.	*Selling Shareholder*	*Number of Equity Shares offered in the Offer for Sale*	*Aggregate proceeds from the sale of Equity Shares forming part of the Offer for Sale*	*Date of consent letter*	*Date of corporate action / board resolution*
Promoter Selling Shareholder					
1.	*The Federal Bank Limited*	*Up to 5,474,670 Equity Shares*	*Up to ₹ [●] million*	*November 6, 2023*	*July 11, 2023*
Investor Selling Shareholder					
2.	*True North Fund VI LLP*	*Up to 29,687,053 Equity Shares*	*Up to ₹ [●] million*	*November 6, 2023*	*July 15, 2023*

Each of the Selling Shareholders has severally and not jointly, confirmed that its respective Offered Shares have been held by such shareholder for a period of at least one year prior to the date of filing of the Draft Red Herring Prospectus with SEBI or have resulted from a bonus issue on Equity Shares held for a period of at least one year prior to the date of filing of the Draft Red Herring Prospectus, and are eligible for being offered for sale in the Offer, in terms of Regulation 8 of the SEBI ICDR Regulations.

(3) *In the event aggregate demand in the QIB Category has been met, under-subscription, if any, in any category, including the Employee Reservation Portion except the QIB Category, would be allowed to be met with spill-over from any other category or combination of categories, at the discretion of our Company and the Selling Shareholders in consultation with the BRLMs and the Designated Stock Exchange, subject to applicable law. In the event of under-subscription in the Employee Reservation Portion (if any), the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹200,000 (net of Employee Discount, if any), subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹ 500,000 (net of Employee Discount, if any). In the event of under subscription in the Offer, the Equity Shares will be Allotted in the following order (A) such number of Equity Shares will first be Allotted by our Company such that 90% of the Fresh Issue portion is subscribed; (B) The balance Equity Shares subscribed to in the Offer will be met in the following order of priority: (i) in the first instance, towards 27,602,787 Equity Shares offered by Investor Selling Shareholder (representing one-third of the total number of Equity Shares held by the Investor Selling Shareholder in the Company as on the date of this Red Herring Prospectus), (ii) in the event that the Offer for Sale is greater than 27,602,787 Equity Shares, then, after the offer of such Equity Shares in the Offer, the Promoter Selling Shareholder and the Investor Selling Shareholder shall have the right to offer their remaining Offered Shares in proportion to their respective shareholding in our Company, followed by (iv) the balance 10% of the Fresh Issue portion will be Allotted. For details, see "Terms of the Offer" on page 455.*

(4) *Our Company and the Selling Shareholders, in consultation with the BRLMs, may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription in the Anchor Investor Portion, the remaining Equity Shares shall be added to the Net QIB Portion. For details, see "Offer Procedure" on page 465.*

(5) *The Equity Shares available for allocation to Non-Institutional Bidders under the Non-Institutional Portion, shall be subject to the following: (i) one third of the portion available to Non-Institutional Bidders shall be reserved for applicants with an application size of more than ₹ 200,000 and up to ₹*

1,000,000, and (ii) two third of the portion available to Non-Institutional Bidders shall be reserved for applicants with application size of more than ₹ 1,000,000, provided that the unsubscribed portion in either of the aforementioned sub-categories may be allocated to applicants in the other sub-category of Non-Institutional Bidders. The allotment to each Non-Institutional Bidder shall not be less than the minimum application size, subject to the availability of Equity Shares in the Non-Institutional Portion, and the remaining Equity Shares, if any, shall be allotted on a proportionate basis.

Allocation to all categories, except the Anchor Investor Portion, Non-Institutional Portion and the Retail Portion, shall be made on a proportionate basis subject to valid Bids received at or above the Offer Price, as applicable. The allocation to each Retail Individual Bidder shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Portion and the remaining available Equity Shares, if any, shall be allocated on a proportionate basis. Allocation to Anchor Investors shall be on a discretionary basis in accordance with the SEBI ICDR Regulations. For further details, see *"Offer Structure"* and "*Offer Procedure*" on page 461 and 465, respectively. For details of the terms of the Offer, see "*Terms of the Offer*" on page 455.

SUMMARY OF FINANCIAL INFORMATION

The summary financial information presented below should be read in conjunction with "*Restated Financial Information*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" beginning on pages 297 and 398, respectively.

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SUMMARY RESTATED STATEMENT OF ASSETS AND LIABILITIES

(*₹ in million*)

Particulars	As at June 30, 2023	As at June 30, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
ASSETS					
Financial assets					
(a) Cash and cash equivalents	2,477.71	822.87	939.57	659.63	5,260.32
(b) Bank balances other than cash and cash equivalents	-	509.04	6.63	766.40	1,547.56
(c) Receivables					
(i) Trade receivables	202.35	117.22	148.50	118.37	11.73
(ii) Other receivables	91.75	61.94	47.62	38.60	31.95
(d) Loans	82,966.06	61,081.20	79,996.96	56,448.09	45,521.41
(e) Investments	5,543.05	5,037.36	6,806.27	5,143.25	324.93
(f) Other financial assets	681.00	165.31	644.51	117.70	135.29
TOTAL FINANCIAL ASSETS	**91,961.92**	**67,794.94**	**88,590.06**	**63,292.04**	**52,833.19**
Non-financial assets					
(a) Current tax assets (net)	86.00	96.35	119.72	119.22	98.59
(b) Deferred tax assets (net)	201.13	327.63	218.36	314.98	203.79
(c) Property, Plant and Equipment	294.00	293.20	306.69	308.63	188.56
(d) Right Of Use Assets	1,112.78	1,135.73	1,119.40	1,196.97	1,118.48
(e) Capital work in progress	11.62	5.57	5.22	6.56	9.63
(f) Other Intangible assets	28.30	29.92	32.01	30.64	23.14
(g) Other non- financial assets	420.30	360.45	318.45	288.03	187.67
TOTAL NON FINANCIAL ASSETS	**2,163.13**	**2,248.85**	**2,119.85**	**2,265.03**	**1,829.86**
TOTAL ASSETS	**94,125.05**	**70,043.79**	**90,709.91**	**65,557.07**	**54,663.05**
LIABILITIES & EQUITY					
Financial liabilities					
(a) Derivative financial instruments	33.74	-	48.23	Nil	Nil
(b) Trade payables					
(i) total outstanding dues of micro enterprises and small enterprises	-	-	Nil	Nil	0.01
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	361.27	134.00	260.92	64.30	43.24
Other payables					
(i) total outstanding dues of micro enterprises and small enterprises	-	-	Nil	Nil	Nil
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	Nil	Nil	Nil
(c) Debt securities	6,987.74	6,743.33	6,112.30	5,334.17	5,936.98
(d) Borrowings (other than debt securities)	64,529.83	45,577.20	62,649.26	42,243.46	34,759.35
(e) Subordinated Liabilities	4,677.59	2,653.83	2,596.67	2,590.72	2,584.59
(f) Lease Liability	1,286.20	1,318.05	1,340.40	1,370.43	1,246.26
(g) Other financial liabilities	1,600.32	1,284.21	3,507.89	2,109.67	1,581.11
TOTAL FINANCIAL LIABILITIES	**79,476.69**	**57,710.62**	**76,515.67**	**53,712.75**	**46,151.54**
Non-financial liabilities					
(a) Provisions	74.13	35.40	61.99	31.34	30.27
(b) Other non-financial liabilities	425.20	272.50	575.43	277.80	133.90
TOTAL NON FINANCIAL LIABILITIES	**499.33**	**307.90**	**637.42**	**309.14**	**164.17**
Equity					
(a) Equity share capital	3,219.12	3,215.48	3,219.12	3,215.18	2,899.23
(b) Other equity	10,929.91	8,809.79	10,337.70	8,320.00	5,448.11
TOTAL EQUITY	**14,149.03**	**12,025.27**	**13,556.82**	**11,535.18**	**8,347.34**
TOTAL LIABILITIES AND EQUITY	**94,125.05**	**70,043.79**	**90,709.91**	**65,557.07**	**54,663.05**

SUMMARY RESTATED PROFIT AND LOSS ACCOUNT

(*₹ in millions, except per share data*)

Particulars	For the quarter ended June 30, 2023	For the quarter ended June 30, 2022	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2021
Revenue from operations					
(a) Interest income	3,412.35	2,336.16	11,101.68	8,218.93	6,581.08
(b) Fee and commission income	142.56	122.48	560.10	428.85	317.36
(c) Net gain on fair value changes	59.01	16.43	126.22	45.37	19.81
Total Revenue from operations	**3,613.92**	**2,475.07**	**11,788.00**	**8,693.15**	**6,918.25**
Other income	64.76	85.41	358.80	143.22	57.41
Total Revenue	**3,678.68**	**2,560.48**	**12,146.80**	**8,836.37**	**6,975.66**
Expenses					
(a) Finance costs	1,635.88	978.38	4,721.50	3,476.52	3,131.91
(b) Fees and commission expenses	45.98	44.33	232.82	147.02	120.37
(c) Impairment on financial instruments	106.55	95.92	489.04	838.78	712.22
(d) Employee benefits expenses	692.34	569.38	2,476.04	1,754.11	1,315.90
(e) Depreciation, amortisation and impairment	86.60	94.35	418.70	366.97	272.69
(f) Other expenses	390.83	198.11	1,224.80	860.88	653.29
Total expenses	**2,958.18**	**1,980.47**	**9,562.90**	**7,444.28**	**6,206.38**
Profit before exceptional items and tax	**720.60**	**580.01**	**2,583.90**	**1,392.09**	**769.28**
Exceptional items	-	-	(153.70)	-	-
Profit before tax	**720.60**	**580.01**	**2,430.20**	**1,392.09**	**769.28**
Tax expenses:					
(1) Current tax	187.00	164.43	573.82	471.02	292.36
(2) Deferred tax (net)	(5.23)	(21.99)	55.05	(113.52)	(139.92)
Profit for the year/ period	**538.83**	**437.57**	**1,801.33**	**1,034.59**	**616.84**
Other Comprehensive Income/(Loss)					
(a) Items that will not be reclassified to profit or loss					
(i) Remeasurement gain / (loss) on defined benefit plans (OCI)	(1.31)	0.82	1.55	9.22	4.40
(ii) Tax effect on Remeasurement gain / (loss) on defined benefit plans (OCI)	0.30	(0.21)	(0.40)	(2.38)	(1.10)
Total	**(1.01)**	**0.61**	**1.15**	**6.84**	**3.30**
(b) Items that will be reclassified to profit or loss					
(i) Fair value gain - OCI - Loans	51.22	34.91	163.38	Nil	Nil
(ii) Fair value gain – OCI – Investment in Government Securities	3.19	Nil	0.56	Nil	Nil
(iii) Tax effect on above (i) and (ii)	(13.72)	(9.13)	(41.24)	Nil	Nil
Total	**40.69**	**25.78**	**122.70**	Nil	Nil
Other Comprehensive Income/(Loss)	**39.68**	**26.39**	**123.85**	**6.84**	**3.30**
Total Comprehensive Income	**578.51**	**463.96**	**1,925.18**	**1,041.43**	**620.14**
Earnings per equity share (EPS)					
(1) Basic (INR)	1.67*	1.36*	5.60	3.32	2.19
(2) Diluted INR)	1.67*	1.36*	5.59	3.31	2.18
Face value per share (in ₹)	10.00	10.00	10.00	10.00	10.00
			Annualised	Annualised	Annualised

* *Not annualised.*

SUMMARY RESTATED STATEMENT OF CASH FLOWS

(in ₹ million)

Particulars	For the quarter ended June 30, 2023	For the quarter ended June 30, 2022	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2021
CASH FLOW FROM OPERATING ACTIVITIES					
Net profit before tax	**720.60**	**580.01**	**2,430.20**	**1,392.09**	**769.28**
Adjustments for :					
Finance cost	1,635.88	978.40	4,721.50	3,476.52	3,131.91
Share based payment to employee	13.79	24.52	79.58	24.86	26.20
Depreciation	86.60	94.35	418.70	366.97	272.69
Interest from Debentures	(56.80)	(16.44)	(95.43)	(8.93)	(15.80)
Liability no longer required, written back	-	-	-	(0.32)	(1.10)
Interest on Fixed Deposit ('FD')	(20.00)	(9.90)	(45.73)	(81.76)	(87.90)
(Profit)/Loss on sale of tangible assets/write off	0.01	0.08	0.18	7.50	1.30
Profit on Sale Of Government Securities (Net) - realised	(1.13)	-	-	-	-
Profit on Sale Of Mutual Fund units (Net) - Realised	(46.98)	(14.43)	(127.16)	(44.43)	(19.80)
Gain/(Loss) on fair valuation of mutual fund - Unrealised	(10.90)	(2.00)	0.94	(0.94)	-
Security deposit - Fair Valuation	(4.55)	0.26	2.93	1.34	1.70
EIR impact on Loans	(11.73)	9.63	55.22	23.23	(30.90)
Interest on NPA income booked under IND AS	-	-	Nil	Nil	10.30
Direct Assignment Transaction (net)	(5.70)	(25.42)	(348.07)	(70.36)	(75.90)
Impairment on financial instruments	106.55	95.93	489.03	838.78	712.22
Provision for Doubtful Interest	-	-	Nil	Nil	8.60
CWIP written off	-	-	Nil	Nil	0.60
Operating profit before working capital changes	**2,404.51**	**1,714.99**	**7,581.89**	**5,924.55**	**4,703.40**
Adjustments for working capital:					
- (Increase)/decrease in loans	(2,996.29)	(4,677.09)	(23,568.24)	(11,703.85)	(8,858.25)
- (Increase)/decrease in financial asset and non financial asset	(116.23)	(119.58)	(59.64)	(84.03)	(310.10)
- (Increase)/decrease in trade receivables	(100.22)	(23.64)	(44.36)	(127.96)	(6.60)
- Increase/(decrease) in trade payables	100.35	69.80	196.61	(35.30)	11.40
- Increase/(decrease) in provisions	10.83	4.88	32.20	10.27	11.05
- Increase/(decrease) in financial liabilities and non financial liabilities	(2,072.29)	(830.85)	1,695.83	729.00	890.25
Cash generated from/(used in) operating activities	**(2,769.34)**	**(3,861.49)**	**(14,165.71)**	**(5,287.32)**	**(3,558.85)**
Direct taxes paid (net)	(153.29)	(141.61)	(574.30)	(491.61)	(153.45)
Net cash generated from/(used in) operating activities (A)	**(2,922.62)**	**(4,003.10)**	**(14,740.01)**	**(5,778.93)**	**(3,712.30)**
CASH FLOW FROM INVESTING ACTIVITIES					
Purchase of tangible assets	(21.85)	(12.35)	(133.94)	(246.08)	(111.53)
Sale of tangible assets	(0.01)	0.00	0.30	0.52	0.40
Interest on Fixed Deposit ('FD')	9.38	17.26	61.91	98.05	87.90
Purchase of intangible assets	(0.47)	(3.67)	(17.05)	(22.78)	Nil
Investment in Government securities	(1,685.93)	-	(10,720.91)	(4,187.41)	Nil
Redemption of Government securities	5,572.11	2,902.65	8,253.20	150.00	Nil
Investment/Collection in/from NCD	-	-	Nil	Nil	29.70
Investment in Mutual Fund	(28,068.70)	(16,669.17)	(83,795.81)	(39,338.03)	(26,912.80)
Redemption in Mutual fund	25,475.87	13,893.25	84,752.69	38,602.60	26,982.65
Investment of fixed deposit	(7,506.64)	(0.60)	(7,403.67)	(11,455.53)	(10,038.69)
Redemption of fixed assets	7,506.57	249.98	7,646.50	12,220.53	9,241.29
Interest from Debentures	79.66	12.05	61.50	8.93	15.84
Net cash generated from / (used in) investing activities (B)	**1,359.99**	**389.40**	**(1,295.28)**	**(4,169.20)**	**(705.24)**
CASH FLOW FROM FINANCING ACTIVITIES					
Debt Securities availed	5,000.00	1,500.00	8,350.00	(500.00)	9,975
Debt Securities repaid	(3,975.00)	-	(7,750.00)	-	(5,435.30)
Borrowings availed	85,885.21	41,100.42	2,64,197.96	18,500.00	12,580.00
Borrowings repaid	(84,009.56)	(37,794.35)	(2,43,830.21)	(11,000.99)	(8,905.20)
Subordinate borrowing	2,000.00	-	Nil	Nil	2,499.90
Finance Cost	(1,675.18)	(955.66)	(4,356.79)	(3,491.85)	(3,021.55)

Particulars	For the quarter ended June 30, 2023	For the quarter ended June 30, 2022	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2021
Lease Payment Principal	(102.00)	(52.38)	(218.61)	(185.02)	(127.65)
Lease Payment Interest	(22.70)	(22.61)	(94.26)	(90.05)	(100.30)
Share application money pending allotment	-	0.60	-	(0.36)	0.36
Equity Shares Issued	-	0.92	4.04	288.64	165.00
Share Premium net of Share Issue Expenses	-	-	13.10	1,721.61	624.72
Money received on partly paid OCRPS (being fully paid)	-	-	Nil	189.66	Nil
Redemption of OCRPS	-	-	Nil	(84.20)	Nil
Net cash generated from / (used in) financing activities (C)	**3,100.77**	**3,776.94**	**16,315.23**	**5,347.44**	**8,255.00**
Net increase / (decrease) in cash and cash equivalents	**1,538.14**	**163.24**	**279.94**	**(4,600.69)**	**3,837.46**
Cash and cash equivalents as at the beginning of the period	**939.57**	**659.63**	**659.63**	**5,260.32**	**1,422.86**
Closing balance of cash and cash equivalents (A+B+C)	**2,477.71**	**822.87**	**939.57**	**659.63**	**5,260.32**
Components of cash and cash equivalents:					
Cash on hand	**179.20**	**209.10**	**133.90**	**168.40**	**74.69**
Balances with banks					
- in current accounts	**798.24**	**613.77**	**805.67**	**491.23**	**1,085.63**
- in fixed deposit with maturity less than 3 months	**1,500.27**	**-**	**-**	**-**	**4,100.00**
Cash and cash equivalents	**2,477.71**	**822.87**	**939.57**	**659.63**	**5,260.32**

GENERAL INFORMATION

Registered and Corporate Office

Fedbank Financial Services Limited
Kanakia Wall Street
A Wing, 5th Floor, Unit No. 511
Andheri Kurla Road
Andheri (East)
Mumbai 400 093
Maharashtra, India
Registration Number: 364635
CIN: U65910MH1995PLC364635

Address of the RoC

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

Registrar of Companies, Maharashtra
100, Everest
Marine Drive
Mumbai, 400 002
Maharashtra, India

Company Secretary and Compliance Officer

Rajaraman Sundaresan is our Company Secretary and Compliance Officer. His contact details are set forth below:

Rajaraman Sundaresan
Company Secretary and Compliance Officer
Kanakia Wall Street
A Wing, 5th Floor, Unit No. 511
Andheri Kurla Road
Andheri (East)
Mumbai 400 093
Maharashtra, India
Tel: +91 22-68520616
Email: secretarial@fedfina.com

Board of Directors

As on the date of this Red Herring Prospectus, the Board of Directors of our Company comprises the following:

Name	Designation	DIN	Address
Balakrishnan Krishnamurthy	Chairman and Independent Director	00034031	B-17, Floor – 16, Ahuja Tower B Wing, Rajabhau Anant Desai Marg, Plot – 1087-1088, Prabhadevi, Mumbai 400 025, Maharashtra, India
Anil Kothuri	Managing Director and Chief Executive Officer	00177945	B-703, Rustomjee Oriana, N. Dharmadhikari Marg, Bandra East, Mumbai Suburban, Mumbai 400 051, Maharashtra, India
Shyam Srinivasan	Non-Executive Director	02274773	4/99, Federal Villa, Althara G C D A Road Thottakattukara, PO, Aluva, Thottakkattukara, Ernakulam 683 108, Kerala, India
Maninder Singh Juneja	Non-Executive Nominee Director(1)	02680016	D - 1002, Mayfair Meridian, Ceasar Road, Amboli, Andheri (West), Mumbai 400 058, Maharashtra, India
Ashutosh Khajuria	Non-Executive Nominee Director(2)	05154975	Flat No. 2901, 29th Floor, Ashok Towers, C Wing, Parel, Near Hotel Grand Central, Mumbai 400 012, Maharashtra, India
Gauri Rushabh Shah	Independent Director	06625227	5/3, Indian Mercantile Mansion, Madame Cama Road Museum, Opp. Regal Cinema, Colaba, Council Hall, Mumbai 400 039, Maharashtra, India

(1) *Nominee of True North Fund VI LLP.*
(2) *Nominee of The Federal Bank Limited.*

For further details of our Directors, see "*Our Management*" on page 252.

Filing

A copy of the Draft Red Herring Prospectus has been filed electronically through SEBI's online intermediary portal at https://siportal.sebi.gov.in in accordance with the SEBI ICDR Master Circular. It has also been filed with the SEBI at:

Securities and Exchange Board of India
SEBI Bhavan, Plot No. C4 A, 'G' Block
Bandra Kurla Complex
Bandra (E), Mumbai 400 051
Maharashtra, India

A copy of this Red Herring Prospectus, along with the material contracts and documents required to be filed under Section 32 of the Companies Act, 2013 has been filed with the RoC and a copy of the Prospectus to be filed under Section 26 of the Companies Act, 2013 would be filed with the RoC.

Book Running Lead Managers

ICICI Securities Limited
ICICI Venture House
Appasaheb Marathe Marg
Prabhadevi
Mumbai 400 025
Maharashtra, India
Tel: +91 22 6807 7100
E-mail: fedfina.ipo@icicisecurities.com
Investor grievance e-mail: customercare@icicisecurities.com
Website: www.icicisecurities.com
Contact Person: Shekher Asnani/Gaurav Mittal
SEBI Registration No.: INM000011179

BNP Paribas
BNP Paribas House
1-North Avenue, Maker Maxity
Bandra Kurla Complex, Bandra (E)
Mumbai 400 051
Maharashtra, India
Tel: +91 22 3370 4000
E-mail: DL.Fedfina.IPO@bnpparibas.com
Investor grievance e-mail: indiainvestors.care@asia.bnpparibas.com
Website: www.bnpparibas.co.in
Contact Person: Piyush Ramchandani
SEBI Registration No.: INM000011534

Equirus Capital Private Limited*
12th Floor, C Wing
Marathon Futurex
N M Joshi Marg, Lower Parel
Mumbai 400 013
Maharashtra, India
Tel: +91 22 4332 0700
E-mail: fedfina.ipo@equirus.com
Investor grievance e-mail: investorsgrievance@equirus.com
Website: www.equirus.com
Contact Person: Ankesh Jain
SEBI Registration No.: INM000011286

**Equirus has signed the due diligence certificate and has been disclosed as a BRLM for the Offer. Equirus and our Company are associates in terms of the SEBI Merchant Bankers Regulations. Accordingly, in compliance with the proviso to Regulation 21A(1) of the SEBI Merchant Bankers Regulations read with Regulation 23(3) of the SEBI ICDR Regulations, Equirus would be involved only in the marketing of the Offer.*

JM Financial Limited
7th Floor, Cnergy
Appasaheb Marathe Marg
Prabhadevi
Mumbai 400 025

Maharashtra, India
Tel: +91 22 6630 3030
E-mail: fedfina.ipo@jmfl.com
Investor grievance e-mail: grievance.ibd@jmfl.com
Website: www.jmfl.com
Contact Person: Prachee Dhuri
SEBI Registration No.: INM000010361

Syndicate Members

Equirus Securities Private Limited
A – 2102 B, 21st Floor, A Wing
Marathon Futurex, N.M. Joshi Marg
Lower Parel
Mumbai 400 013
Maharashtra, India
Contact Person: Shital Tamrakar
Tel: 022 4332 0600
E-mail: equirus_compliance@equirus.com
Website: www.equirussecurities.com
SEBI Registration Number: INZ000251536

JM Financial Services Limited
Ground Floor, 2, 3&4, Kamanwala Chambers
Sir P.M. Road, Fort
Mumbai 400 001
Maharashtra, India
Contact Person: T.N. Kumar/ Sona Verghese
Tel: +91 22 6136 3400
E-mail:tn.kumar@jmfl.com /sona.verghese@jmfl.com
Website: www.jmfinancialservices.in
SEBI Registration Number: INZ000195834

Sharekhan Limited
The Ruby 18th Floor
29 Senapati Bapat Marg, Dadar (West)
Mumbai 400 028
Maharashtra, India
Contact Person: Pravin Darji
Tel: 022 6750 2000
E-mail: pravin@sharekhan.com
Website: www.sharekhan.com
SEBI Registration Number: INB231073330/ INB011073351

Legal Advisors to the Offer

Legal Counsel to our Company as to Indian law

Cyril Amarchand Mangaldas
Peninsula Chambers
Peninsula Corporate Park
Ganpatrao Kadam Marg
Lower Parel, Mumbai 400 013
Maharashtra, India
Tel: +91 22 2496 4455

Level 1 & 2, Max Towers
Plot No. C-001/A/1
Sector 16B, Noida 201 301
Gautam Buddha Nagar
Uttar Pradesh, India
Tel: +91 120 669 9000

Statutory Auditors to our Company

B S R & Co. LLP
Chartered Accountants
14th Floor, Central Wing B Wing and North C Wing
Nesco IT Park 4, Nesco Center
Western Express Highway
Goregaon (East)
Mumbai 400 063
Maharashtra, India
Tel: +91 22 6257 1000
Email: asuvarna@bsraffiliates.com
Firm Registration Number: 101248W/W-100022
Peer Review Certificate Number: 014196

There has been no change in our auditors in the last three years, except as disclosed below:

Particulars	Date of change	Reason for change
B S R & Co. LLP Chartered Accountants 14th Floor, Central Wing B Wing and North C Wing Nesco IT Park 4, Nesco Center Western Express Highway Goregaon (East) Mumbai 400 063 Maharashtra, India **Tel:** +91 22 6257 1000 **Email:** asuvarna@bsraffiliates.com **Firm Registration Number:** 101248W/W-100022 **Peer Review Certificate Number:** 014196	September 24, 2021	Appointment until the conclusion of the AGM to be held in 2024
Varma and Varma Chartered Accountants Unit No.101, Option Primo, Plot No. X-21 MIDC Road No.21 Andheri (East) Mumbai- 400 093 Maharashtra, India **Tel:** +91 22 28395837 **Email:** mumbai@varmaandvarma.com **Firm Registration Number:** 004532S **Peer Review Certificate Number:** 011759	September 23, 2021	Completion of term

There has been no change in our statutory auditors before the completion of the appointed term in any of the past five Fiscals.

Registrar to the Offer

Link Intime India Private Limited

C-101, 1st Floor, 247 Park
L.B.S. Marg, Vikhroli West
Mumbai 400 083
Maharashtra, India
Tel: +91 22 4918 6000
E-mail: fedbankfinancialservices.ipo@linkintime.co.in
Investor grievance e-mail: fedbankfinancialservices.ipo@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Shanti Gopalkrishnan
SEBI Registration No.: INR000004058

Bankers to the Offer

Escrow Collection Bank and Refund Bank

Axis Bank Limited
Axis House, 6th Floor, C-2
Wadia International Centre
Pandurang Budhkar Marg, Worli

Mumbai 400 025
Maharashtra, India
Contact Person: Vishal M. Lade
Tel: 022 2425 3672
E-mail: vishal.lade@axisbank.com
Website: www.axisbank.com
SEBI Registration No.: INB100000017

Public Offer Account Bank

ICICI Bank Limited
Capital Market Division
5th Floor, HT Parekh Marg
Churchgate
Mumbai 400 020
Maharashtra, India
Contact Person: Varun Badai
Tel: 022 6805 2182
E-mail: ipocmg@icicibank.com
Website: www.icicibank.com
SEBI Registration No.: INB100000004

Sponsor Banks

Axis Bank Limited
Axis House, 6th Floor, C-2
Wadia International Centre
Pandurang Budhkar Marg, Worli
Mumbai 400 025
Maharashtra, India
Contact Person: Vishal M. Lade
Tel: 022 2425 3672
E-mail: vishal.lade@axisbank.com
Website: www.axisbank.com
SEBI Registration No.: INB100000017

ICICI Bank Limited
Capital Market Division
5th Floor, HT Parekh Marg
Churchgate
Mumbai 400 020
Maharashtra, India
Contact Person: Varun Badai
Tel: 022 6805 2182
E-mail: ipocmg@icicibank.com
Website: www.icicibank.com
SEBI Registration No.: INB100000004

Bankers to the Company

DCB Bank Limited
Peninsula Business Park, Tower A
6th Floor, Lower Parel
Mumbai 400 013
Maharashtra, India
Tel: +91 22 6684 7187
E-mail: Mrugendra.joglekar@dcbbank.com
Website: www.dcbbank.com
Contact Person: Mrugendra Shrikant Joglekar

Dhanlaxmi Bank Limited
Shanmugham Road Branch, Ground Floor
Dhanlaxmi Buildings, Near A R Camp
Marine Drive, Shanmugham Road S O
Ernakulam 682 031
Kerala, India
Tel: 0484 2375259
E-mail: dlb.shanmugamroadernakulam@dhanbank.co.in
Website: www.dhanbank.com
Contact Person: Binoy V G

Indian Overseas Bank
101, Naman Centre
G Block, Bandra Kurla Complex

HDFC Bank Limited
4th Floor, Tower B
Peninsula Business Park, Lower Parel

Mumbai
Maharashtra, India
Tel: +91 22 4602 2186
E-mail: Iob2998@iob.in
Website: www.iob.in
Contact Person: Kumar Pratik

Mumbai
Maharashtra India
Tel: +91 96918 53628
E-mail: aayush.goyal@hdfcbank.com
Contact Person: Aayush Goyal

Designated Intermediaries

Self-Certified Syndicate Banks

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

Self-Certified Syndicate Banks and mobile applications enabled for Unified Payments Interface Mechanism

In accordance with SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019 and SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, and SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/45 dated April 5, 2022 read with other applicable UPI Circulars, UPI Bidders Bidding through UPI Mechanism may apply through the SCSBs and mobile applications, using UPI handles, whose name appears on the SEBI website. A list of SCSBs and mobile applications, which, are live for applying in public issues using UPI mechanism is provided in the list available on the website of SEBI at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=43 and updated from time to time and at such other websites as may be prescribed by SEBI from time to time.

Syndicate Self-Certified Syndicate Banks' Branches

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

Registered Brokers

The list of the Registered Brokers eligible to accept ASBA forms, including details such as postal address, telephone number and e-mail address, is provided on the websites of BSE and NSE at www.bseindia.com/Markets/PublicIssues/brokercentres_new.aspx? and www.nseindia.com/products/content/equities/ipos/ipo_mem_terminal.htm, respectively, as updated from time to time.

Registrar and Share Transfer Agents

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

Collecting Depository Participants

The list of the CDPs eligible to accept ASBA Forms at the Designated CDP Locations, including details such as name and contact details, is provided on the websites of BSE at www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx? and on the website of NSE at www.nseindia.com/products/content/equities/ipos/asba_procedures.htm, as updated from time to time.

Experts to the Offer

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

Our Company has received written consent dated November 16, 2023 from B S R & Co. LLP, Chartered Accountants, to include their name as required under Section 26(1) of the Companies Act, 2013 read with SEBI ICDR Regulations, in this Red Herring Prospectus and as an "expert" as defined under Section 2(38) of the Companies Act, 2013 to the extent and in their capacity as our Statutory Auditors, holding a valid peer review certificate from ICAI, and in respect of their (i) examination report dated September 5, 2023 on our Restated Financial Information; and (ii) their report dated November 16, 2023 on the statement of possible special tax benefits in this Red Herring Prospectus and such consent has not been withdrawn as on the date of this Red Herring Prospectus. However, the term "expert" shall not be construed to mean an "expert" as defined under the U.S. Securities Act.

Our Company has received written consent dated November 16, 2023 from M/s R U Kamath & Co, Chartered Accountants, independent chartered accountants, holding a valid peer review certificate from ICAI, to include their name as an "expert" as defined under sections 2(38) and 26 of the Companies Act and such consent has not been withdrawn as on the date of this Red Herring Prospectus.

Monitoring Agency

Our Company has appointed ICRA Limited as the monitoring agency in accordance with Regulation 41 of the SEBI ICDR Regulations.

Appraising Entity

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

Credit Rating

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

IPO Grading

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

Trustees

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

Green Shoe Option

No green shoe option is contemplated under the Offer.

Inter-se allocation of responsibilities

The following table sets forth the inter-se allocation of responsibilities for various activities among the Book Running Lead Managers:

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

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

**Equirus has signed the due diligence certificate and has been disclosed as a BRLM for the Offer. As on the date of this Red Herring Prospectus, our Promoter holds 19.67% of the equity share capital of Equirus. Accordingly, Equirus and our Company are associates in terms of the SEBI Merchant Bankers Regulations. Accordingly, in compliance with the proviso to Regulation 21A(1) of the SEBI Merchant Bankers Regulations read with Regulation 23(3) of the SEBI ICDR Regulations, Equirus would be involved only in the marketing of the Offer.*

Book Building Process

Book Building Process, in the context of the Offer, refers to the process of collection of Bids from investors on the basis of this Red Herring Prospectus, the Bid cum Application Forms and the Revision Forms within the Price Band. The Price Band and minimum Bid Lot size will be decided by our Company in consultation with the BRLMs, and advertised in all editions of The Financial Express, an English national daily newspaper and all editions of Jansatta, a Hindi national daily newspaper and the Mumbai edition of Navshakti, a Marathi daily newspaper (Marathi being the regional language of Maharashtra, where our Registered and Corporate Office is located), each with wide circulation, at least two Working Days prior to the Bid/ Offer Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading on their respective websites. The Offer Price and the Employee Discount, if any, shall be determined by our Company in consultation with the BRLMs after the Bid/ Offer Closing Date.

For further details on method and process of Bidding, see "*Offer Structure*" and "*Offer Procedure*" on pages 461 and 465, respectively.

All Bidders, except Anchor Investors, are mandatorily required to use the ASBA process for participating in the Offer by providing details of their respective ASBA Account in which the corresponding Bid Amount will be blocked by SCSBs, or in the case of UPI Bidders, by using the UPI Mechanism. In addition to this, the UPI Bidders may participate through the ASBA process by either (a) providing the details of their respective ASBA Account in which the corresponding Bid Amount will be blocked by the SCSBs; or (b) through the UPI Mechanism. Anchor Investors are not permitted to participate in the Offer through the ASBA process.

In accordance with the SEBI ICDR Regulations, QIBs and Non-Institutional Bidders are not permitted to withdraw their Bid(s) or lower the size of their Bid(s) (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders and Eligible Employees Bidding in the Employee Reservation Portion (subject to the Bid Amount being up to ₹ 200,000) can revise their Bid(s) during the Bid/ Offer Period and withdraw their Bid(s) until the Bid/ Offer Closing Date. Anchor Investors are not allowed to revise or withdraw their Bids after the Anchor Investor Bidding Date. Except for Allocation to Retail Individual Bidders, Non-Institutional Bidders and the Anchor Investors, allocation in the Offer will be on a proportionate basis.

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

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

Illustration of Book Building and Price Discovery Process

For an illustration of the Book Building Process and the price discovery process, see "*Offer Procedure*" on page 465.

Underwriting Agreement

Our Company and each of the Selling Shareholders intends to, prior to the filing of the Prospectus with the RoC, enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be issued and offered in the Offer. The extent of underwriting obligations and the Bids to be underwritten by each Underwriter shall be as per the Underwriting Agreement. The Underwriting Agreement is dated [●]. Pursuant to the terms of the Underwriting Agreement, the obligations of each of the Underwriters will be several and will be subject to certain conditions specified therein.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares which they shall subscribe to on account of rejection of bids, either by themselves or by procuring subscription, at a price which shall not be less than the Offer Price, pursuant to the Underwriting Agreement:

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

Name, Address, Telephone Number and Email Address of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (₹ in million)
[●]	[●]	[●]

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

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

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

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

CAPITAL STRUCTURE

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

(in ₹, except share data)

S. No.	Particulars	Aggregate value at face value	Aggregate value at Offer Price*
A	**AUTHORISED SHARE CAPITAL**(1)		
	990,000,000 Equity Shares of face value of ₹ 10 each	9,900,000,000	-
	10,000,000 Preference Shares of face value ₹ 10 each	100,000,000	-
B	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE OFFER**		
	326,075,940 Equity Shares of face value ₹ 10 each	3,260,759,400	-
C	**PRESENT OFFER IN TERMS OF THIS RED HERRING PROSPECTUS**(3)		
	Offer of [●] Equity Shares (3) (4)	[●]	[●]
	of which		
	Fresh Issue of [●] Equity Shares aggregating up to ₹ 6,000.00 million (3)	[●]	[●]
	Offer for Sale of 35,161,723 Equity Shares aggregating up to ₹ [●] million(4)	351,617,230	[●]
	The Offer includes:		
	Employee Reservation Portion of up to [●] Equity Shares aggregating up to ₹ 100 million(5)	[●]	[●]
	Net Offer of up to [●] Equity Shares	[●]	[●]
D	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE OFFER**		
	[●] Equity Shares of face value of ₹ 10 each	[●]	[●]
E	**SECURITIES PREMIUM ACCOUNT**		
	Before the Offer		5,488,579,338.29
	After the Offer		[●]

* *To be included upon finalisation of the Offer Price*

(1) *For details in relation to the changes in the authorised share capital of our Company, see "History and Certain Corporate Matters – Amendments to the Memorandum of Association" on page 246.*

(2) *The Offer has been authorised by a resolution of our Board dated June 21, 2023. The Fresh Issue has been authorised by a resolutions of our Board dated July 26, 2023 and November 6, 2023, and a special resolution of our Shareholders dated July 21, 2023. Our Board has taken on record the affirmative consent of the Selling Shareholders for the Offer under the SHA pursuant to its resolution dated July 17, 2023. Further, our Board has taken on record the approval for the Offer for Sale by the Selling Shareholders pursuant to its resolution dated November 6, 2023.*

(3) *Each of the Selling Shareholders severally confirm that the Offered Shares have been held by them for a period of at least one year prior to the date of filing of the Draft Red Herring Prospectus in accordance with Regulation 8 of the SEBI ICDR Regulations and accordingly, are eligible for the Offer in accordance with the provisions of the SEBI ICDR Regulations. For details of authorisations for the Offer for Sale, see "Other Regulatory and Statutory Disclosures" on page 439.*

(4) *In the event of under-subscription in the Employee Reservation Portion (if any), the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹ 200,000 (net of Employee Discount, if any), subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹ 500,000 (net of Employee Discount, if any). The unsubscribed portion, if any, in the Employee Reservation Portion (after allocation of up to ₹500,000), shall be added to the Net Offer. The Employee Reservation Portion shall not exceed 5% of our post-Offer paid-up Equity Share capital. For further details, see "Offer Structure" on page 461.*

Notes to the Capital Structure

1. **Share capital history of our Company**

   a. Equity share capital

   The history of the Equity Share capital of our Company is set forth below:

Date of allotment of Equity Shares*	Number of Equity Shares allotted	Face value per Equity Share (in ₹)	Issue price per equity share (in ₹)	Nature of allotment	Nature of consideration	Cumulative number of Equity Shares	Cumulative paid-up Equity Share capital	Name of allottees/ shareholders
April 17, 1995	700	10	10	Allotment pursuant to initial subscription to the Memorandum of Association	Cash	700	7,000	100 Equity Shares were allotted to M.P.K. Nair, 100 Equity Shares were allotted to A.R. Sankaranarayanan, 100 Equity Shares were allotted to K.T. Chandy, 100 Equity Shares were allotted to K.M. Noordin Mather, 100 Equity Shares were allotted to P.S. Menon, 100 Equity Shares were allotted to T.V. Antony and 100 Equity Shares were allotted to K.M. Chandy, on behalf of and as nominees of our Promoter.
1995-1996*	4,999,300	10	10	Further allotment	Cash	5,000,000	50,000,000	4,999,300 Equity Shares were allotted to The Federal Bank Limited.
May 22, 1997*	10,000,000	10	10	Further allotment	Cash	15,000,000	150,000,000	10,000,000 Equity Shares were allotted to The Federal Bank Limited.
March 5, 2001*	Pursuant to a resolution of our Shareholders dated October 28, 2000 and an order of the High Court of Kerala dated February 12, 2001, passed pursuant to the petition filed by our Company on November 18, 2000, the issued and paid-up Equity Share capital of our Company was reduced by ₹145,000,000 from ₹150,000,000 comprising 15,000,000 Equity Shares of face value ₹ 10 each to ₹ 5,000,000 comprising 500,000 Equity Shares of face value ₹ 10 each, by diminishing the number of Equity Shares held by our Promoter to the extent of ₹145,000,000 and cancelling the said Equity Shares from the issued and paid-up Equity Share capital of our Company, being in excess of the requirements of our Company to our Promoter as the principal shareholder and beneficial owner of the entirety of the paid-up Equity Share capital of our Company.							
July 5, 2007*	9,500,000	10	10	Further allotment	Cash	10,000,000	100,000,000	9,500,000 Equity Shares were allotted to The Federal Bank Limited.
December 30, 2010*	25,000,000	10	10	Further allotment	Cash	35,000,000	350,000,000	25,000,000 Equity Shares were allotted to The Federal Bank Limited.
September 3, 2011*	35,000,000	10	10	Further allotment	Cash	70,000,000	700,000,000	35,000,000 Equity Shares were allotted to The Federal Bank

Date of allotment of Equity Shares*	Number of Equity Shares allotted	Face value per Equity Share (in ₹)	Issue price per equity share (in ₹)	Nature of allotment	Nature of consideration	Cumulative number of Equity Shares	Cumulative paid-up Equity Share capital	Name of allottees/ shareholders
								Limited.
February 15, 2012*	120,000,000	10	10	Further allotment	Cash	190,000,000	1,900,000,000	120,000,000 Equity Shares were allotted to The Federal Bank Limited.
November 13, 2018	40,042,500	10	42.11	Preferential allotment	Cash	230,042,500	2,300,425,000	40,042,500 Equity Shares were allotted to True North Fund VI LLP.
September 27, 2019	26,714,257	10	42.11	Preferential allotment	Cash	256,756,757	2,567,567,570	26,714,257 Equity Shares were allotted to True North Fund VI LLP.
March 30, 2020	16,666,668	10	48	Rights issue	Cash	273,423,425	2,734,234,250	12,333,334 Equity Shares were allotted to The Federal Bank Limited and 4,333,334 Equity Shares were allotted to True North Fund VI LLP.
October 13, 2020	16,500,000	10	48	Rights issue	Cash	289,923,425	2,899,234,250	12,210,000 Equity Shares were allotted to The Federal Bank Limited and 4,290,000 Equity Shares were allotted to True North Fund VI LLP.
April 21, 2021	12,000	10	30	Exercise of stock options	Cash	289,935,425	2,899,354,250	12,000 Equity Shares were allotted to B. Sivakumar pursuant to exercise of stock options granted under ESOP 2018.
June 29, 2021	28,571,450	10	70	Rights issue	Cash	318,506,875	3,185,068,750	21,141,998 Equity Shares were allotted to The Federal Bank Limited, 7,428,270 Equity Shares were allotted to True North Fund VI LLP and 1,182 Equity Shares were allotted to B. Sivakumar.
November 13, 2021	120,000	10	30	Exercise of stock	Cash	318,626,875	3,186,268,750	40,000 Equity Shares

Date of allotment of Equity Shares*	Number of Equity Shares allotted	Face value per Equity Share (in ₹)	Issue price per equity share (in ₹)	Nature of allotment	Nature of consideration	Cumulative number of Equity Shares	Cumulative paid-up Equity Share capital	Name of allottees/ shareholders
				options				were allotted to Amit Gupta, 40,000 Equity Shares were allotted to Aliasad Ansari and 40,000 Equity Shares were allotted to Shekaar Subramanian pursuant to exercise of stock options granted under ESOP 2018.
December 22, 2021	91,000	10	42.11	Exercise of stock options	Cash	318,717,875	3,187,178,750	51,000 Equity Shares were allotted to Sivakumar Nadipati and 40,000 Equity Shares were allotted to Ashish Gautam pursuant to exercise of stock options granted under ESOP 2018.
December 22, 2021	40,000	10	30	Exercise of stock options	Cash	318,757,875	3,187,578,750	40,000 Equity Shares were allotted to Paramjit Chawla pursuant to exercise of stock options granted under ESOP 2018.
February 14, 2022	2,729,730	10	42.10	Conversion of OCRPS	Cash	321,487,605	3,214,876,050	2,729,730 Equity Shares were allotted to Anil Kothuri pursuant to conversion of 2,729,730 OCRPS. For further details, see "*History and Certain Corporate Matters – Shareholders' agreements – Notice cum Waiver Letter dated February 7, 2022 from The Federal Bank Limited and True North Fund VI LLP*" on page 250.
March 28, 2022	10,000	10	30	Exercise of stock options	Cash	321,497,605	3,214,976,050	10,000 Equity Shares were allotted to Sudeep Agrawal pursuant to

Date of allotment of Equity Shares*	Number of Equity Shares allotted	Face value per Equity Share (in ₹)	Issue price per equity share (in ₹)	Nature of allotment	Nature of consideration	Cumulative number of Equity Shares	Cumulative paid-up Equity Share capital	Name of allottees/ shareholders
								exercise of stock options granted under ESOP 2018.
March 28, 2022	20,000	10	48	Exercise of stock options	Cash	321,517,605	3,215,176,050	20,000 Equity Shares were allotted to Sudeep Agrawal pursuant to exercise of stock options granted under ESOP 2018.
May 6, 2022	30,000	10	30	Exercise of stock options	Cash	321,547,605	3,215,476,050	30,000 Equity Shares were allotted to Sudeep Agrawal pursuant to exercise of stock options granted under ESOP 2018.
July 21, 2022	60,000	10	30	Exercise of stock options	Cash	321,607,605	3,216,076,050	20,000 Equity Shares were allotted to Aliasad M. Ansari, 20,000 Equity Shares were allotted to Sudeep Agrawal and 20,000 Equity Shares were allotted to Shekaar Subramanian pursuant to exercise of stock options granted under ESOP 2018.
July 21, 2022	29,000	10	42.11	Exercise of stock options	Cash	321,636,605	3,216,366,050	29,000 Equity Shares were allotted to Sivakumar Nandipati pursuant to exercise of stock options granted under ESOP 2018.
July 21, 2022	260,000	10	48	Exercise of stock options	Cash	321,896,605	3,218,966,050	260,000 Equity Shares were allotted to C.V. Ganesh pursuant to exercise of stock options granted under ESOP 2018.
October 17, 2022	15,000	10	42.11	Exercise of stock options	Cash	321,911,605	3,219,116,050	15,000 Equity Shares were allotted to Jagadeesh Rao pursuant to exercise of stock

Date of allotment of Equity Shares*	Number of Equity Shares allotted	Face value per Equity Share (in ₹)	Issue price per equity share (in ₹)	Nature of allotment	Nature of consideration	Cumulative number of Equity Shares	Cumulative paid-up Equity Share capital	Name of allottees/ shareholders
								options granted under ESOP 2018.
July 11, 2023	246,000	10	48	Exercise of stock options	Cash	322,157,605	3,221,576,050	226,000 Equity Shares were allotted to C.V. Ganesh and 20,000 Equity Shares were allotted to Sudeep Agrawal pursuant to exercise of stock options granted under ESOP 2018.
July 11, 2023	320,000	10	30	Exercise of stock options	Cash	322,477,605	3,224,776,050	300,000 Equity Shares were allotted to Shardul Kadam and 20,000 Equity Shares were allotted to Sudeep Agrawal pursuant to exercise of stock options granted under ESOP 2018.
August 10, 2023	420,000	10	30	Exercise of stock options	Cash	322,897,605	3,228,976,050	40,000 Equity Shares were allotted to Amit Suresh Gupta, 20,000 Equity Shares were allotted to Shekaar Subramanian, 300,000 Equity Shares were allotted to Shardul Kadam, 20,000 Equity Shares were allotted to Ali Asad Ansari and 40,000 were allotted to Paramjit Singh Chawla pursuant to exercise of stock options granted under ESOP 2018.
August 10, 2023	719,000	10	42.11	Exercise of stock options	Cash	323,616,605	3,236,166,050	360,000 Equity Shares to were allotted to Vikas Mohan Srivastava, 44,000 Equity Shares were allotted to Siva Kumar Nandipati, 200,000 Equity Shares

Date of allotment of Equity Shares*	Number of Equity Shares allotted	Face value per Equity Share (in ₹)	Issue price per equity share (in ₹)	Nature of allotment	Nature of consideration	Cumulative number of Equity Shares	Cumulative paid-up Equity Share capital	Name of allottees/ shareholders
								were allotted to Sureshkumar Kunnath, 15,000 Equity Shares were allotted to Ashish Gautam and 100,000 Equity Shares were allotted to Ramchandar R pursuant to exercise of stock options granted under ESOP 2018.
August 10, 2023	54,000	10	48	Exercise of stock options	Cash	323,670,605	3,236,706,050	54,000 Equity Shares were allotted to C.V. Ganesh pursuant to exercise of stock options granted under ESOP 2018.
August 10, 2023	271,502	10	72.37	Exercise of stock options	Cash	323,942,107	3,239,421,070	As per the list of allottees mentioned below.#
October 27, 2023	548,000	10	42.11	Exercise of stock options	Cash	324,490,107	3,244,901,070	45,000 Equity Shares were allotted to Jagadeesh Rao Janardan, 140,000 Equity Shares were allotted to Ramchandar R, 143,000 Equity Shares were allotted to Anila Rajneesh and 220,000 Equity Shares to K. Sureshkumar pursuant to exercise of stock options granted under ESOP 2018.
October 27, 2023	245,000	10	48	Exercise of stock options	Cash	324,735,107	3,247,351,070	45,000 Equity Shares were allotted to Ramchandar R and 200,000 Equity Shares were allotted to Siddharth K. pursuant to exercise of stock options granted under ESOP 2018.
October 27, 2023	674,166	10	72.37	Exercise of stock options	Cash	325,409,273	3,254,092,730	7,500 Equity Shares were allotted to Milind

Date of allotment of Equity Shares*	Number of Equity Shares allotted	Face value per Equity Share (in ₹)	Issue price per equity share (in ₹)	Nature of allotment	Nature of consideration	Cumulative number of Equity Shares	Cumulative paid-up Equity Share capital	Name of allottees/ shareholders
								Suresh Chaulkar and 666,666 Equity Shares were allotted to Anil Kothuri pursuant to exercise of stock options granted under ESOP 2018.
November 1, 2023	666,667	10	72.37	Exercise of stock options	Cash	326,075,940	3,260,759,400	666,667 Equity Shares were allotted to Anil Kothuri pursuant to exercise of stock options granted under ESOP Plan 2018.

** Certain corporate and secretarial records of our Company, including the board resolutions and Roc filings, are not traceable by our Company, or with the RoC, in connection with the allotment of equity shares for certain allotments. For further details, see "Risk Factors – 38. There may be certain inadvertent discrepancies in our secretarial filings and/ or corporate records. We cannot assure you that no legal proceedings or regulatory actions will be initiated against us in the future in relation to any such discrepancies." on page 53. Accordingly, certain details in relation to the allotments made during this period, including the list of allottees, cannot be ascertained.*

 # 7,500 Equity Shares were allotted to Abhishek Lohia, 7,500 Equity Shares were allotted to Vishal Kishore Mirchandani, 14,062 Equity Shares were allotted to Kuldip Mukundrao Deshmukh, 50,000 Equity Shares to were allotted to Vikas Mohan Srivastava, 18,750 Equity Shares were allotted to Abhijit Rai, 4,687 Equity Shares were allotted to Deepak Vasant Sangani, 12,500 Equity Shares were allotted to Chandra Prakash Singh, 4,687 Equity Shares were allotted to Sachin S. Trivedi, 7,500 Equity Shares were allotted to Karan Malhotra, 7,500 Equity Shares were allotted to Piyush Singh, 8,000 Equity Shares were allotted to Awadhesh Jaiswal, 7,500 Equity Shares were allotted to Gurkirpal Singh Kathuria, 4,688 Equity Shares were allotted to Shobi Vennengot Gopinath, 1,750 Equity Shares were allotted to Varun Bhardwaj, 2,000 Equity Shares were allotted to Jainish Dilipkumar Shah, 18,750 Equity Shares were allotted to Shailendra Shankarsa Wade, 7,500 Equity Shares were allotted to Ravindra Chiranghattu Menon, 1,875 Equity Shares were allotted to Jagdish Bachumal Adwani, 2,812 Equity Shares were allotted to Mansi Sunil Agrawal, 12,500 Equity Shares were allotted to R.S. Ramesh, 7,500 Equity Shares were allotted to Pittala Ram Prasad, 3,750 Equity Shares were allotted to Mallappa Vajramatti, 7,500 Equity Shares were allotted to Sourabh Khattar, 5,500 Equity Shares were allotted to Gaurav Jaiswal, 7,500 Equity Shares were allotted to Pankaj Bhimsen Singh, 7,500 Equity Shares were allotted to Akshat Arunkumar Jain, 5,000 Equity Shares were allotted to Devendra Vyas, 3,750 Equity Shares were allotted to Bhaskar N. Reddy, 3,750 Equity Shares were allotted to Amitkumar Durlabhbhai Tandel, 4,687 Equity Shares were allotted to Satya Ramesh Dulam, 3,750 Equity Shares were allotted to Amol Radhakishan Sonwane, 4,687 Equity Shares were allotted to Istiyaque Nasir Khan, 4,567 Equity Shares were allotted to Ashitosh Somnath Darade pursuant to exercise of stock options granted under ESOP 2018.

b. Preference Share capital

The history of the Preference Share capital of our Company is set forth below:

Date of allotment of Preference Shares	Number of Preference Shares allotted	Face value per Preference Share (in ₹)	Issue price per Preference Share (in ₹)	Nature of allotment	Nature of consideration	Cumulative number of Preference Shares	Cumulative paid-up Preference Share capital
October 31, 2019	4,729,730	10	42.10	Preferential allotment[(1)]	Cash	4,729,730	47,297,300

*(1) 4,729,730 OCRPS were allotted to Anil Kothuri in accordance with a shareholders' agreement dated October 2019, as amended on October 27, 2020 and February 7, 2022. For further details, see "History and Certain Corporate Matters – Shareholders' agreements – Share subscription cum shareholders' agreement dated October 2019, as amended by the amendment agreement dated October 27, 2020 and by the second amendment agreement dated February 7, 2022 ("**OCRPS SHA**") among our Company and Anil Kothuri" on page 250.*

Pursuant to Board resolutions each dated February 14, 2022, 2,000,000 OCRPS were redeemed by our Company for an aggregate amount of ₹ 84.20 million and 2,729,730 OCRPS were converted into 2,729,730 Equity Shares. Accordingly, there are no outstanding OCRPS as on the date of this Red Herring Prospectus.

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

Our Company has not issued any Equity Shares through bonus issue or for consideration other than cash, or out of revaluation reserves since incorporation.

3. **History of the equity share capital held by our Promoter**

As on the date of this Red Herring Prospectus, our Promoter holds 235,685,332 Equity Shares (*including 200 Equity Shares held by Shyam Srinivasan, 100 Equity Shares held by Lakshmanan Venkateswaran, 100 Equity Shares held by Shalini Warrier, one Equity Share held by Samir Pravinbhai Rajdev, one Equity Share held by Ashutosh Khajuria, one Equity Share held by Ajith Kumar K.K., one Equity Share held by Divakar Dixit and one Equity Share held by Sreekanth I. V., on behalf of and as nominees of our Promoter*) equivalent to 72.28% of the issued, subscribed and paid-up Equity Share capital of our Company.

a. Build-up of the equity shareholding of our Promoter in our Company

The details regarding the equity shareholding of our Promoter since incorporation of our Company are set forth in the table below.

Date of allotment/transfer and made fully paid-up	Nature of transaction	Number of Equity Shares	Nature of consideration	Face Value per Equity Share (₹)	Issue/ Transfer Price per Equity Share (₹)	Percentage of the pre-Offer Equity Share capital (%)	Percentage of the post-Offer Equity Share capital (%)
The Federal Bank Limited							
April 17, 1995[#]	Allotment pursuant to initial subscription to the Memorandum of Association	700	Cash	10	10	Negligible	[●]
1995-1996[*]	Further allotment	4,999,300	Cash	10	10	1.53	[●]
May 22, 1997[*]	Further allotment	10,000,000	Cash	10	10	3.07	[●]
March 5, 2001[*]	Pursuant to a resolution of our Shareholders dated October 28, 2000 and an order of the High Court of Kerala dated February 12, 2001 passed pursuant to the petition filed by our Company on November 18, 2000, the issued and paid-up Equity Share capital of our Company was reduced by ₹145,000,000 from ₹150,000,000 comprising 15,000,000 Equity Shares of face value ₹ 10 each to ₹ 5,000,000 comprising 500,000 Equity Shares of face value ₹ 10 each, by diminishing the number of Equity Shares held by our Promoter to the extent of ₹145,000,000 and cancelling the said Equity Shares from the issued and paid-up Equity Share capital of our Company, being in excess of the						

Date of allotment/transfer and made fully paid-up	Nature of transaction	Number of Equity Shares	Nature of consideration	Face Value per Equity Share (₹)	Issue/ Transfer Price per Equity Share (₹)	Percentage of the pre-Offer Equity Share capital (%)	Percentage of the post-Offer Equity Share capital (%)
	requirements of our Company to our Promoter as the principal shareholder and beneficial owner of the entirety of the paid-up Equity Share capital of our Company.						
July 5, 2007*	Further Allotment	9,500,000	Cash	10	10	2.91	[●]
December 30, 2010*	Further Allotment	25,000,000	Cash	10	10	7.67	[●]
September 3, 2011*	Further Allotment	35,000,000	Cash	10	10	10.73	[●]
February 15, 2012*	Further Allotment	120,000,000	Cash	10	10	36.80	[●]
March 30, 2020	Rights issue	12,333,334	Cash	10	48	3.78	[●]
October 13, 2020	Rights issue	12,210,000	Cash	10	48	3.74	[●]
June 29, 2021	Rights issue	21,141,998	Cash	10	70	6.48	[●]

** Certain corporate and secretarial records of our Company, including the board resolutions and Roc filings, are not traceable by our Company, or with the RoC, in connection with the allotment of equity shares for certain allotments. For further details, see "Risk Factors – 38. There may be certain inadvertent discrepancies in our secretarial filings and/ or corporate records. We cannot assure you that no legal proceedings or regulatory actions will be initiated against us in the future in relation to any such discrepancies." on page 53. Accordingly, certain details in relation to the allotments made during this period, including the list of allottees, cannot be ascertained.*

 # 100 Equity Shares were allotted to M.P.K. Nair, 100 Equity Shares were allotted to A.R. Sankaranarayanan, 100 Equity Shares were allotted to K.T. Chandy, 100 Equity Shares were allotted to K.M. Noordin Mather, 100 Equity Shares were allotted to P.S. Menon, 100 Equity Shares were allotted to T.V. Antony and 100 Equity Shares were allotted to K.M. Chandy, on behalf of and as nominees of our Promoter.

b. *Details of Promoter's contribution and lock-in*

i. Pursuant to Regulations 14 and 16 of the SEBI ICDR Regulations, as amended, an aggregate of 20% of the fully diluted post-Offer Equity Share capital of our Company held by our Promoter shall be locked in for a period of eighteen months as minimum Promoter's contribution from the date of Allotment or such other period as may be prescribed under the SEBI ICDR Regulations and the shareholding of our Promoter in excess of 20% of the fully diluted post-Offer Equity Share capital shall be locked in for a period of six months from the date of Allotment or such other period as may be prescribed under the SEBI ICDR Regulations.

ii. Details of the Equity Shares to be locked-in for eighteen months from the date of Allotment as minimum Promoter's contribution are set forth in the table below:

Name of Promoter	Number of Equity Shares locked-in (1)	Date of allotment/ transfer of Equity Shares and when made fully paid-up*	Nature of transaction	Face Value per Equity Share (₹)	Offer/ Acquisition price per Equity Share (₹)	Percentage of the pre-Offer paid-up capital (%)	Percentage of the post-Offer paid-up capital (%)
The Federal Bank Limited	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Total	[●]	[●]	[●]	[●]	[●]	[●]	[●]

* *Subject to finalisation of the basis of allotment.*

(1) All Equity Shares allotted to our Promoter were fully paid-up at the time of allotment.

Our Company undertakes that the Equity Shares that are being locked-in will not be ineligible for computation of Promoter's contribution in terms of Regulation 15 of the SEBI ICDR Regulations.

iii. In this connection, please note that:

a. The Equity Shares offered for Promoter's contribution do not include (i) Equity Shares acquired in the three immediately preceding years for consideration other than cash and revaluation of assets or capitalisation of intangible assets was involved in such transaction, or (ii) Equity Shares that have resulted from bonus issue by utilization of revaluation reserves or unrealised profits of our Company or resulted from bonus shares issued against Equity Shares, which are otherwise ineligible for computation of minimum Promoter's contribution.

b. The minimum Promoter's contribution does not include any Equity Shares acquired during the immediately preceding one year at a price lower than the price at which the Equity Shares are being offered to the public in the Offer.

c. Our Company has not been formed by the conversion of one or more partnership firms or a limited liability partnership firm.

d. All the Equity Shares held by our Promoter are in dematerialised form.

e. As on the date of this Red Herring Prospectus, the Equity Shares held by our Promoter and offered for Promoter's contribution are not subject to any pledge or any other form of encumbrance.

c. Other lock-in requirements:

i. In addition to the 20% of the post-Offer shareholding of our Company held by our Promoter and locked in for eighteen months as specified above, in terms of the SEBI ICDR Regulations, the entire pre-Offer equity share capital of our Company will be locked-in for a period of six months from the date of Allotment or such other period as may be prescribed under the SEBI ICDR Regulations, including any unsubscribed portion of the Offer for Sale, except for (i) any Equity Shares held by the employees (whether currently employees or not) of our Company which have been or will be allotted to them under ESOP 2018; (ii) the Equity Shares which are successfully transferred as a part of the Offer for Sale by the Selling Shareholders; (iii) any Equity Shares held by a VCF or Category I AIF or Category II AIF or FVCI, as applicable, provided that such Equity Shares shall be locked in for a period of at least six months from the date of purchase by such shareholders. Accordingly, subject to completion of the six months holding period from the date of purchase, the Equity Shares held by True North Fund VI LLP shall be exempt from the aforementioned lock-in requirement since it is a Category II AIF; and (iv) any other categories of shareholding exempted under Regulation 17 of the SEBI ICDR Regulations.

ii. As required under Regulation 20 of the SEBI ICDR Regulations, our Company shall ensure that the details of the Equity Shares locked-in are recorded by the relevant Depository.

iii. The Equity Shares held by persons other than our Promoter and locked-in for a period of six months from the date of Allotment or such other period as may be prescribed under the SEBI ICDR Regulations in the Offer may be transferred to any other person holding the Equity Shares which are locked-in, subject to continuation of the lock-in in the hands of transferees for the remaining period and compliance with the SEBI Takeover Regulations.

iv. The Equity Shares held by our Promoter which are locked-in may be pledged as collateral security for loans granted by scheduled commercial banks, public financial institutions, NBFC-SI or housing finance companies, as collateral security for loans granted by such banks or public financial institutions or NBFC-SIs or housing finance companies in terms of Regulation 21 of the SEBI ICDR Regulations.

d. Lock-in of the Equity Shares to be allotted, if any, to the Anchor Investors

There shall be a lock-in of 90 days on 50% of the Equity Shares allotted to the Anchor Investors from the date of Allotment, and a lock-in of 30 days on the remaining 50% of the Equity Shares allotted to the Anchor Investors from the date of Allotment.

4. **Issue of Equity Shares pursuant to schemes of arrangement**

Our Company has not allotted any equity shares pursuant to a scheme of amalgamation approved under Sections 230 to 234 of the Companies Act, 2013.

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

Except as disclosed above in "– *Share capital history of our Company*" on page 89, our Company has not issued any Equity Shares during a period of one year preceding the date of this Red Herring Prospectus at a price which may be lower than the Offer Price.

6. **Shareholding pattern of our Company**

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

Category (I)	Category of shareholder (II)	Number of shareholders (III)	Number of fully paid-up Equity Shares held (IV)	Number of partly paid-up Equity Shares held (V)	Number of shares underlying Depository Receipts (VI)	Total number of shares held (VII) =(IV)+(V)+ (VI)	Shareholding as a % of total number of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)				Number of 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)	Promoter and Promoter Group	9*	235,685,332	-	-	235,685,332	72.28	235,685,332	-	235,685,332	72.28	-	-	-	-	-	0.00	235,685,332
(B)	Public	13	90,390,608	-	-	90,390,608	27.72	90,390,608	-	90,390,608	27.72	-	-	-	-	2,441,333 **	2.70	90,390,608
(C)	Non Promoter - Non Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00	-
(C1)	Shares underlying DRs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00	-
(C2)	Shares held by Employee Trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00	-
	Total	**60**	**326,075,940**	**-**	**-**	**32,60,75,940**	**100.00**	**-**	**-**	**-**	**100.00**	**-**	**-**	**-**	**-**	**2,441,333**	**0.75**	**326,075,940**

**Includes 200 Equity Shares held by Shyam Srinivasan, 100 Equity Shares held by Lakshmanan Venkateswaran, 100 Equity Shares held by Shalini Warrier, one Equity Share held by Samir Pravinbhai Rajdev, one Equity Share held by Ashutosh Khajuria, one Equity Share held by Ajith Kumar K.K., one Equity Share held by Divakar Dixit and one Equity Share held by Sreekanth I V, on behalf of and as nominees of our Promoter.*

*** As on date of this Red Herring Prospectus, 2,441,333 Equity Shares which have been allotted to six employees of our Company pursuant to conversion of stock options under ESOP 2018 are pledged.*

7. ***Details of shareholding of major Shareholders of our Company***

(a) Set forth below is a list of Shareholders holding 1% or more of the paid-up Equity Share capital of our Company on a fully diluted basis, as on the date of this Red Herring Prospectus:

Sr. No.	Name of the Shareholder	Number of Equity Shares	Number of Equity Shares on a fully diluted basis^	Percentage of the fully diluted Equity Share capital (%)^
1.	The Federal Bank Limited	235,685,332*	235,685,332*	72.00%
2.	True North Fund VI LLP	82,808,361	82,808,361	25.30%
3.	Anil Kothuri	4,063,063	4,063,063	1.24%
	Total	**322,556,756**	**322,556,756**	**98.54%**

**Includes 200 Equity Shares held by Shyam Srinivasan, 100 Equity Shares held by Lakshmanan Venkateswaran, 100 Equity Shares held by Shalini Warrier, one Equity Share held by Samir Pravinbhai Rajdev, one Equity Share held by Ashutosh Khajuria, one Equity Share held by Ajith Kumar K.K., one Equity Share held by Divakar Dixit and one Equity Share held by Sreekanth I V, on behalf of and as nominees of our Promoter.*
^Our pre-Offer paid-up share capital has been considered on a fully diluted basis, including vested options outstanding under ESOP 2018 as on the date of this Red Herring Prospectus.

(b) Set forth below is a list of Shareholders holding 1% or more of the paid-up Equity Share capital of our Company on a fully diluted basis, as of 10 days prior to the date of this Red Herring Prospectus:

Sr. No.	Name of the Shareholder	Number of Equity Shares	Number of Equity Shares on a fully diluted basis^	Percentage of the fully diluted Equity Share capital (%)^
1.	The Federal Bank Limited	235,685,332*	235,685,332*	72.00%
2.	True North Fund VI LLP	82,808,361	82,808,361	25.30%
3.	Anil Kothuri	4,063,063	4,063,063	1.24%
	Total	**322,556,756**	**322,556,756**	**98.54%**

**Includes 200 Equity Shares held by Shyam Srinivasan, 100 Equity Shares held by Lakshmanan Venkateswaran, 100 Equity Shares held by Shalini Warrier, one Equity Share held by Samir Pravinbhai Rajdev, one Equity Share held by Ashutosh Khajuria, one Equity Share held by Ajith Kumar K.K., one Equity Share held by Divakar Dixit and one Equity Share held by Sreekanth I V, on behalf of and as nominees of our Promoter.*
^Our pre-Offer paid-up share capital has been considered on a fully diluted basis, including vested options outstanding under ESOP 2018 as on the date of this Red Herring Prospectus.

(c) Set forth below is a list of Shareholders holding 1% or more of the paid-up Equity Share capital of our Company, on a fully diluted basis, as of one year prior to the date of this Red Herring Prospectus:

Sr. No.	Name of the Shareholder	Number of Equity Shares	Number of Equity Shares on a fully diluted basis^	Percentage of the fully diluted Equity Share capital (%)^
1.	The Federal Bank Limited*	235,685,332*	235,685,332*	72.74%
2.	True North Fund VI LLP	82,808,361	82,808,361	25.56%
	Total	**318,493,693**	**318,493,693**	**98.30%**

**Includes 200 Equity Shares held by Shyam Srinivasan, 100 Equity Shares held by Lakshmanan Venkateswaran, 100 Equity Shares held by Shalini Warrier, one Equity Share held by Samir Pravinbhai Rajdev, one Equity Share held by Ashutosh Khajuria, one Equity Share held by Ajith Kumar K.K., one Equity Share held by Divakar Dixit and one Equity Share held by Sreekanth I V, on behalf of and as nominees of our Promoter.*
^Our pre-Offer paid-up share capital has been considered on a fully diluted basis, including vested options outstanding under ESOP 2018 as on a date one year prior to the date of this Red Herring Prospectus.

(d) Set forth below is a list of Shareholders holding 1% or more of the paid-up Equity Share capital of our Company, on a fully diluted basis, as of two years prior to the date of this Red Herring Prospectus:

Sr. No.	Name of the Shareholder	Number of Equity Shares	Number of Equity Shares on a fully diluted basis^	Percentage of the fully diluted Equity Share capital (%)^
1.	The Federal Bank Limited*	235,685,332*	235,685,332*	73.63%
2.	True North Fund VI LLP	82,808,361	82,808,361	25.87%
	Total	**318,493,693**	**318,493,693**	**99.50%**

**Includes 200 Equity Shares held by Shyam Srinivasan, 100 Equity Shares held by Lakshmanan Venkateswaran, 100 Equity Shares held by Shalini Warrier, one Equity Share held by Samir Pravinbhai Rajdev, one Equity Share held by Ashutosh Khajuria, one Equity Share held by Ajith Kumar K.K., one Equity Share held by Divakar Dixit and one Equity Share held by Sreekanth I V, on behalf of and as nominees of our Promoter.*
^Our pre-Offer paid-up share capital has been considered on a fully diluted basis, including vested options outstanding under ESOP 2018 as on a date two years prior to the date of this Red Herring Prospectus. This excludes 4,729,730 OCRPS which were held by Anil Kothuri as of two years prior to the date of this Red Herring Prospectus, of which 2,000,000 OCRPS were redeemed by our Company and 2,729,730 OCRPS were converted into 2,729,730 Equity Shares, pursuant to Board resolutions dated February 14, 2022. For further details, see "- Notes to the Capital Structure - Share capital history of our Company – b. Preference Share capital" on page 97.

8. As on the date of the filing of this Red Herring Prospectus, our Company has 60 Shareholders (including Shareholders holding Equity Shares as nominees of our Promoter).

9. None of the members of our Promoter Group, directors of our Promoter or our Company or any of their relatives have purchased or sold any Equity Shares during a period of six months preceding the date of this Red Herring Prospectus.

10. **Employee stock option scheme**

Fedbank Financial Services Limited Employee Stock Option Plan 2018 ("ESOP 2018")

Our Company, pursuant to the resolution passed by our Board on November 13, 2018 and the resolution passed by our Shareholders on November 13, 2018, adopted the ESOP 2018. ESOP 2018 was last amended pursuant to resolution passed by our Board on May 26, 2023 and the resolution passed by our Shareholders on July 21, 2023 ("**ESOP Amendment**"). Pursuant to the ESOP Amendment, the exercise period within which options granted under ESOP 2018 may be exercised, was amended from three years to ten years, unless the Equity Shares are listed on the Stock Exchanges, in which case, (i) the options granted under ESOP 2018 which have vested prior to the date of listing, may be exercised within three years from the date of listing; and (ii) the options granted under ESOP 2018 which have vested after the date of listing, may be exercised within three years from the date of vesting. The purpose of ESOP 2018 is to reward employees for their performance as well as to motivate them to contribute to the growth and profitability of our Company, and to attract and retain talent in our Company. Under ESOP 2018, an aggregate of 14,927,601 options have been granted, an aggregate of 1,261,201 options have vested (excluding the options that have been exercised) and an aggregate of 4,851,335 options have been exercised as on the date of this Red Herring Prospectus. The ESOP 2018 is in compliance with the SEBI SBEB & SE Regulations. The details of ESOP 2018 are as follows:

Particulars	Details			
	From April 1, 2023 till the date of this Red Herring Prospectus	**Fiscal 2023**	**Fiscal 2022**	**Fiscal 2021**
Total options outstanding as at the beginning of the period**	13,476,351	7,870,351	8,151,351	5,511,351
Total options granted	375,000	6,281,250	Nil	2,700,000
Exercise price of options in ₹ (as on the date of grant options)	107.18	72.37	N.A.	48.00
Options forfeited/lapsed/cancelled	268,125	281,250	Nil	48,000
Variation of terms of options	i. Pursuant to a resolution of our Board dated February 7, 2022 and of our Shareholders dated February 14, 2022, the exercise period of vested options for serving employees was reduced from 10 years to 3 years. Further, changes were made to ESOP 2018 to comply with the SEBI SBEB & SE Regulations. ii. Pursuant to a resolution of our Board dated May 26, 2023 and of our Shareholders dated July 21, 2023, the exercise period within which options granted under ESOP 2018 may be exercised, was amended from 3 years to 10 years, unless Equity Shares are listed on the Stock Exchanges.			
Money realized by exercise of options during the year/period	218,398,054	17,032,840	10,252,010	Nil
Total number of options outstanding in force at the end of period/year**	9,043,891	13,476,351	7,870,351	8,151,351
Total options vested (excluding the options that have been exercised) - Cumulative	1,261,201	671,000	764,000	655,000
Options exercised (since implementation of the ESOP scheme) - Cumulative	4,851,335	394,000	281,000	12,000
The total number of Equity Shares arising as a result of exercise of granted options (including options that have been exercised)	4,851,335			
Employee wise details of options granted to:				
(i) Key managerial personnel and senior management personnel:	Nil	3,130,000	Nil	2,600,000
Anil Kothuri	Nil	2,000,000	Nil	Nil
C.V. Ganesh	Nil	Nil	Nil	1,200,000
Rajaraman Sundaresan	Nil	30,000	Nil	Nil
Shardul Kadam	Nil	Nil	Nil	Nil
Siddharth K.	Nil	Nil	Nil	1,000,000
K. Sureshkumar	Nil	100,000	Nil	Nil
Vikas Mohan Srivastava	Nil	200,000	Nil	Nil
Anila Rajneesh	Nil	100,000	Nil	Nil
Ramchandar R	Nil	300,000	Nil	100,000
Jagadeesh Rao	Nil	400,000	Nil	300,000

Particulars	Details			
	From April 1, 2023 till the date of this Red Herring Prospectus	**Fiscal 2023**	**Fiscal 2022**	**Fiscal 2021**
(ii) Any other employee who receives a grant in any one year of options amounting to 5% or more of the options granted during the year	Kunal Dikshit - 100,000 Chirag Shah - 100,000 Nikhil Jagota - 60,000 UDMA Raghunath Pai - 60,000 Nirav Shah - 22,500 Vivek Vijay Mehendale - 22,500	Nil	Nil	Nil
(iii) Identified employees who were granted options during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant	Nil			
Description of the pricing formula and method and significant assumptions used to estimate the fair value of options granted during the year including, weighted average information, namely, risk-free interest rate, expected life, expected volatility, expected dividends, and the price of the underlying share in the market at the time of grant of option	Modified Black Scholes Model. Refer to footnote below table.*			
Impact on the profits and on the Earnings Per Share of the last three years if the accounting policies specified in the SEBI SBEB & SE Regulations had been followed, in respect of options granted in the last three years	N.A.			
Diluted earnings per share pursuant to the issue of Equity Shares on exercise of options in accordance with Ind AS 20 'Earnings Per Share.	N.A	5.59	3.31	2.18
Where our Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference, if any, between employee compensation cost so computed and the employee compensation calculated on the basis of fair value of the stock options and the impact of this difference, on the profits of the Company and on the earnings per share of our Company	N.A. since Fair Value using Modified Black Scholes Model has been used for calculating Employee Compensation Cost.			
Intention of the Key Managerial Personnel, senior management personnel and whole time directors who are holders of Equity Shares allotted on exercise of options granted to sell their equity shares within three months after the date of listing of Equity Shares pursuant to the Offer	Yes			

Particulars	Details			
	From April 1, 2023 till the date of this Red Herring Prospectus	**Fiscal 2023**	**Fiscal 2022**	**Fiscal 2021**
Intention to sell Equity Shares arising out of an employee stock option scheme within three months after the listing of Equity Shares, by Directors, senior management personnel and employees having Equity Shares arising out of an employee stock option scheme, amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions)	N.A.			

**Modified Black Scholes Model*

Particulars	*From April 1, 2023 till the date of this Red Herring Prospectus*	*Fiscal 2023*	*Fiscal 2022*	*Fiscal 2021*
Fair Value of Options at grant date (₹)	*6.50-43.86*	*6.50-27.76*	*6.50-24.60*	*6.50-24.60*
Fair Value of Equity Shares at grant date (₹)	*42.11-107.18*	*42.11-72.37*	*42.11-48.00*	*42.11-48.00*
Exercise Price (₹)	*30.00-107.18*	*30.00-72.37*	*30.00-48.00*	*30.00-48.00*
Dividend Yield (%)	*0.00%*	*0.00%*	*0.00%*	*0.00%*
Expected volatility (%)	*29.16%*	*29.19%*	*31.36%*	*31.36%*
Risk free interest rate (%)[#]	*6.32%*	*6.30%*	*6.38%*	*6.38%*
Expected life of the option (years)[#]	*3.18*	*3.19*	*3.84*	*3.84*

[#] *The values in the above items are weighted average.*

*** 1,351,351 employee stock options granted to Anil Kothuri, our Managing Director and Chief Executive Officer, shall vest subject to certain vesting conditions, including the Equity Shares attaining a fair market value of ₹ 210.00 per Equity Share.*

11. Except for the issue of any Equity Shares: (i) pursuant to the exercise of options to be granted under ESOP 2018; and (ii) pursuant to the Fresh Issue, our Company does not intend or propose to alter its capital structure for a period of six months from the Bid/Offer Opening Date, by way of split or consolidation of the denomination of Equity Shares, or by way of further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares), whether on a preferential basis, or by way of issue of bonus shares, or on a rights basis, or by way of further public issue of Equity Shares, or otherwise.

12. Except for any issue of Equity Shares pursuant to the Fresh Issue and exercise of options vested under ESOP 2018, there will be no further issue of Equity Shares whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from the date of filing of this Red Herring Prospectus with SEBI until the Equity Shares have been listed on the Stock Exchanges.

13. Our Company, our Directors and the Book Running Lead Managers have not made any or entered into any buy-back arrangements for purchase of Equity Shares.

14. **Details of Equity Shares held by our Directors, Key Managerial Personnel, Senior Management Personnel, Promoter, directors of Promoter and members of our Promoter Group**

    Except as disclosed below our Directors, Key Managerial Personnel, Senior Management Personnel, Promoter, directors of Promoter and other members of our Promoter Group do not hold Equity Shares and employee stock options in our Company:

Sr. No.	Name	No. of Equity Shares	Percentage of the pre-Offer Equity Share Capital (%)	Number of employee stock options outstanding	Percentage of the post-Offer of Equity Share Capital (%)
Directors, directors of our Promoter, Key Managerial Personnel and Senior Management Personnel					
1.	Anil Kothuri	4,063,063	1.25	2,018,018	[●]
2.	Shyam Srinivasan*#	200	Negligible	Nil	[●]
3.	Ashutosh Khajuria*#	1	Negligible	Nil	[●]
4.	C.V. Ganesh	540,000	0.17	660,000	[●]
5.	Jagadeesh Rao	60,000	Negligible	740,000	[●]
6.	Shardul Kadam	600,000	0.18	400,000	[●]
7.	Rajaraman Sundaresan	Nil	Nil	30,000	[●]
8.	Siddharth K.	200,000	0.06	800,000	[●]

Sr. No.	Name	No. of Equity Shares	Percentage of the pre-Offer Equity Share Capital (%)	Number of employee stock options outstanding	Percentage of the post-Offer of Equity Share Capital (%)
9.	K. Sureshkumar	420,000	0.13	380,000	[●]
10.	Vikas Mohan Srivastava	410,000	0.13	390,000	[●]
11.	Anila Rajneesh	143,000	0.04	457,000	[●]
12.	Ramchandar R	285,000	0.09	515,000	[●]
Promoter and Promoter Group					
1.	The Federal Bank Limited	235,685,332**	72.28	Nil	[●]

**As a nominee of our Promoter*
***Includes 200 Equity Shares held by Shyam Srinivasan#, 100 Equity Shares held by Lakshmanan Venkateswaran, 100 Equity Shares held by Shalini Warrier#, one Equity Share held by Samir Pravinbhai Rajdev, one Equity Share held by Ashutosh Khajuria#, one Equity Share held by Ajith Kumar K.K., one Equity Share held by Divakar Dixit and one Equity Share held by Sreekanth I V, on behalf of and as nominees of our Promoter*
 # Director of our Promoter

15. **Details of acquisition of specified securities by our Promoter, members of the Promoter Group, Selling Shareholders and other Shareholders with nominee director rights or other rights, in the last three years preceding the date of this Red Herring Prospectus**

S. No.	Name of the acquirer/shareholder	Date of acquisition of Equity Shares	Number of Equity Shares acquired	Acquisition price per Equity Share
Promoter (also the Promoter Selling Shareholder)				
1.	The Federal Bank Limited	June 29, 2021	21,141,998	70
Investor Selling Shareholder				
1.	True North Fund VI LLP	June 29, 2021	7,428,270	70
Shareholders with nominee director rights or other rights				
1.	The Federal Bank Limited	June 29, 2021	21,141,998	70
2.	True North Fund VI LLP	June 29, 2021	7,428,270	70

The above details have been certified by M/s R U Kamath & Co by way of their certificate dated November 16, 2023.

16. Except employee stock options granted pursuant to ESOP 2018, there are no outstanding convertible securities, warrants, options or rights to convert debentures, loans or other convertible instruments into Equity Shares as on the date of this Red Herring Prospectus.

17. All Equity Shares offered and Allotted pursuant to the Offer shall be fully paid-up at the time of Allotment.

18. As on the date of this Red Herring Prospectus, the Book Running Lead Managers and their associates (as defined under the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992) do not hold any Equity Shares of our Company.

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

20. No person connected with the Offer, including, but not limited to, the Book Running Lead Managers, the members of the Syndicate, our Company, Directors, Promoter, and members of our Promoter Group shall offer any incentive, whether direct or indirect, in the nature of discount, commission and allowance, except for fees or commission for services rendered in relation to the Offer, in any manner, whether in cash or kind or services or otherwise to any Bidder for making a Bid.

21. Our Company shall ensure that transactions in Equity Shares by our Promoter and our Promoter Group during the period between the date of filing of this Red Herring Prospectus and the date of closure of the Offer shall be reported to the Stock Exchanges within 24 hours of such transaction.

OBJECTS OF THE OFFER

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

Offer for Sale

Each of the Selling Shareholders will be entitled to their respective portion of the proceeds from the Offer for Sale in proportion of the Equity Shares offered by the respective Selling Shareholders as part of the Offer for Sale after deducting their proportion of Offer related expenses and relevant taxes thereon. Our Company will not receive any proceeds from the Offer for Sale. For further details of the Offer for Sale, see "*The Offer*" beginning on page 73.

The Fresh Issue

Our Company proposes to utilize the Net Proceeds from the Fresh Issue towards augmenting our Company's Tier – I capital base to meet our Company's future capital requirements, arising out of the growth of our business and assets. Further, a portion of the proceeds from the Fresh Issue will be used towards meeting Offer Expenses. For further details, see "*– Offer Expenses*" on page 107 below.

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

The main objects clause and objects incidental and ancillary to the main objects clause of our Memorandum of Association enables us to undertake the activities for which the funds are being raised by us in the Fresh Issue.

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

Net Proceeds

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

Particulars	**Estimated amount (₹ in million)**
Gross proceeds of the Fresh Issue	Up to 6,000
(Less) Estimated Offer related expenses in relation to the Fresh Issue to be borne by the Company	[●][(1)(2)]
Net Proceeds	**[●]**

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

Requirement of Funds and Utilization of Net Proceeds

The Net Proceeds are proposed to be utilised towards augmentation of our Company's Tier – I capital base to meet our Company's future capital requirements which are expected to arise out of the growth in our Company's business and assets.

Proposed Schedule of Implementation and Deployment of Funds

The Net Proceeds are proposed to be deployed over the course of Fiscals 2024 and 2025. The fund deployment is based on current circumstances of our business, and we may have to revise our estimates from time to time on account of various factors, such as financial and market conditions, competition, interest rate fluctuations and other external factors, which may not be within the control of our management. However, there will be no variation in the deployment of funds, including in the event there is a delay in receipt of the mandatory approvals.

Our Company proposes to utilize the Net Proceeds from the Fresh Issue towards augmenting its Tier-I capital base to meet its future capital requirements. The table sets forth the details of composition of the Company's Tier – I and Tier – II capital as at June 30, 2023, June 30, 2022, March 31, 2023, March 31, 2022 and March 31, 2021:

(₹ in millions except percentages)

Particulars	**June 30, 2023**	**June 30, 2022**	**March 31, 2023**	**March 31, 2022**	**March 31, 2021**
Share Capital	3,219.12	3,215.48	3,219.12	3,215.18	2,899.23
Reserves & Surplus (excluding ESOP Reserve)	10,768.27	8,713.32	10,189.60	8,217.76	5,392.85
Intangible Assets	(28.30)	(29.92)	(32.01)	(30.64)	(23.14)
Credit Enhancement under Securitisation	Nil	Nil	Nil	Nil	(21.81)
Deferred Revenue (Prepaid Expense)	156.50	(248.13)	(144.75)	(218.64)	-
Deferred Tax Asset	(201.13)	(327.63)	(218.36)	(314.98)	(203.79)
Capital Redemption Reserve	(20.00)	(20.00)	(20.00)	Nil	Nil
Unrealised Gain Arising on financial Instruments	(762.99)	(303.62)	(714.30)	Nil	Nil
Tier I Capital	**12,809.46**	**10,999.50**	**12,279.30**	**10,868.68**	**8,043.26**

Particulars	June 30, 2023	June 30, 2022	March 31, 2023	March 31, 2022	March 31, 2021
Subordinated Debt	4,145,62	2,653.80	2,077.36	2,500.00	2,584.59
General Provision & Standard Asset Provision	225.56	277	246.44	252.24	453.56
Preference Share Capital	Nil	Nil	Nil	Nil	3.29
Credit Enhancement under Securitisation	Nil	Nil	Nil	Nil	(21.81)
Tier II Capital	**4,371.18**	**2,930.80**	**2,323.80**	**2,752.24**	**3,019.63**
Total Capital Fund (Tier I & II)	**17,180.64**	**13,930.30**	**14,603.10**	**13,620.92**	**11,062.89**
Risk weighted assets	**87,163.54**	**66,659.00**	**81,401.60**	**59,129.76**	**47,042.90**
Total Capital Ratio (CRAR) (%)	**19.71%**	**20.90%**	**17.94%**	**23.04%**	**23.52%**
Total Capital Ratio (CRAR) (%)	**19.71%**	**20.90%**	**17.94%**	**23.04%**	**23.52%**
Post-Offer CRAR (%)*	**[●]%**				

**CRAR for June 30, 2023 adjusted for the Offer proceeds.*

Notes:

1. *As per the capital adequacy norms issued by the RBI, we are required to have a regulatory minimum Capital to Risk Weighted Assets Ratio ("**CRAR**") of 15% consisting of Tier I and Tier II capital. Additionally, we are required to maintain a Tier I capital of 10% at all times. Our Company proposes to utilise the Net Proceeds towards augmenting its capital base to meet future capital requirements, which are expected to arise out of growth of our business and assets, including but not limited to, onward lending under our Company's lending verticals.*
2. *The computations of Tier I Capital (as defined in the NBFC Scale Based Regulations) and Tier II Capital (as defined in the NBFC Scale Based Regulations) in the above table confirm to guidelines in the NBFC Scale Based Regulations, updated from time to time.*

Details of the Objects of the Fresh Issue

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

We are an NBFC in India and are registered with the RBI under Section 45 IA of the Reserve Bank of India Act, 1934. We are the fastest growing gold loan NBFC in India among the peer set as of March 31, 2023. *(Source: CRISIL Report)* For details, see "*Our Business*" on page 201. As an NBFC, we are subject to regulations relating to the capital adequacy, which determine the minimum amount of capital we must hold as a percentage of the risk-weighted assets on our portfolio and of the risk adjusted value of off-balance sheet items, as applicable. For further details, see "*-Offer Expenses*" and "*Key Regulations and Policies*" on pages 107 and 229.

As of March 31, 2023, our Company's CRAR, in accordance with the Restated Financial Information, was 17.94%, of which Tier – I capital was 15.09%. The following table sets forth certain details regarding the Company's CRAR and tier I and tier II capital ratios, as of the dates indicated:

Particulars	As of				
	June 30, 2023	June 30, 2022	March 31, 2023	March 31, 2022	March 31, 2021
CRAR (%)	19.71%	20.90%	17.94%	23.04%	23.52%
CRAR – Tier I Capital (%)	14.70%	16.50%	15.09%	18.38%	17.10%
CRAR – Tier II Capital (%)	5.01%	4.40%	2.85%	4.65%	6.42%

As we continue to grow our loan portfolio and asset base, we will require additional capital in order to continue to meet applicable capital adequacy ratios with respect to our business. The Net Proceeds will be utilised to increase our Company's Tier – I capital base to meet our future capital requirements which are expected to arise out of growth of our business and assets, and to ensure compliance with the NBFC Scale Based Regulations. We anticipate that the Net Proceeds will be sufficient to satisfy our Company's Tier – I capital requirements for Financial Years 2024 and 2025.

Until such time as our Company is not able to achieve the extent of business / risk weighted assets for Tier-I and Tier-II capital and/or payment of operating expenditure, repayment and/or prepayment of outstanding liabilities and interest thereon as part of our business activities, capital expenditure towards scaling-up branch infrastructure and technology and other general corporate purposes, the Net Proceeds will be temporarily invested in accordance with the SEBI ICDR Regulations.

We typically use our Tier – I capital towards our Company's business and growth, including onwards lending, payment of operating expenditure, repayment and/or prepayment of outstanding liabilities and interest thereon as part of our business activities, capital expenditure towards scaling-up branch infrastructure and technology and other general corporate purposes.

The Net Proceeds are expected to lead to an improvement in the overall capital position of our Company, which in turn will help reducing the overall leverage of our Company, thus enabling us to optimize our leverage to a higher level to undertake onward lending. Further, the Net Proceeds of ₹ [●] may be utilized towards onward lending, among other things, and improve our CRAR, and enable us to leverage more.

Offer Expenses

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

The Offer related expenses primarily include listing fees, fees payable to the BRLMs and legal counsel, fees payable to the Auditors, brokerage and selling commission, underwriting commission, commission payable to Registered Brokers, RTAs, CDPs, SCSBs' fees, Registrar's fees, printing and stationery expenses, advertising and marketing expenses and all other incidental and miscellaneous expenses for listing the Equity Shares on the Stock Exchanges. Other than (a) the listing fees, audit fees of the statutory auditors (other than to the extent attributable to the Offer) which will be borne by our Company and (b) fees and expenses in relation to the legal counsel to the Selling Shareholders which shall be borne by the respective Selling Shareholders, all cost, charges, fees and expenses (including all the applicable taxes) associated with and incurred with respect to the Offer shall be shared amongst our Company and Selling Shareholders in proportion of the Equity Shares issued by our Company in the Fresh Issue and the Offered Shares transferred by the Selling Shareholders, respectively, as a percentage of the total Equity Shares issued and sold in the Offer. All such Offer related expenses to be proportionately borne by the Selling Shareholders shall be deducted from the proceeds from the Offer for Sale, and subsequently, the balance amount from the Offer for Sale will be paid to the Selling Shareholders. However expenses relating to the Offer may be paid by the Company on behalf of the Selling Shareholders in the first instance, and the Selling Shareholders shall reimburse the Company for any expenses in relation to the Offer to the extent of their respective proportions of the Offer related expenses, directly from the Public Offer Account.

The estimated Offer related expenses are as under:

Activity	Estimated expenses[(1)] (₹ in million)	As a % of the total estimated Offer expenses[(1)]	As a % of the total Offer size[(1)]
BRLMs fees and commissions (including underwriting commission, brokerage and selling commission)	[●]	[●]	[●]
Commission/processing fee for SCSBs and Bankers to the Offer and fee payable to the Sponsor Banks for Bids made by RIBs using UPI [(2)(3)]	[●]	[●]	[●]
Brokerage and selling commission and bidding charges for Members of the Syndicate, Registered Brokers, RTAs and CDPs[(4)(5)(6)]	[●]	[●]	[●]
Fees payable to the Registrar to the Offer	[●]	[●]	[●]
Fees payable to others[(7)]	[●]	[●]	[●]
Others			
- Listing fees, SEBI filing fees, upload fees, BSE and NSE processing fees, book building software fees and other regulatory expenses	[●]	[●]	[●]
- Printing and stationery	[●]	[●]	[●]
- Advertising and marketing expenses	[●]	[●]	[●]
- Fee payable to legal counsels	[●]	[●]	[●]
- Miscellaneous	[●]	[●]	[●]
Total estimated Offer expenses	[●]	[●]	[●]

(1) *Amounts will be finalised on determination of Offer Price*

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

Portion for RIBs	*0.35% of the Amount Allotted* (plus applicable taxes)*
Portion for Non-Institutional Bidders	*0.15% of the Amount Allotted* (plus applicable taxes)*
Eligible Employee(s)	*0.20% of the Amount Allotted* (plus applicable taxes)*

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

(3) *No processing fees shall be payable by our Company and the Selling Shareholders to the SCSBs on the applications directly procured by them.*
Processing fees payable to the SCSBs on the portion for RIBs, Non-Institutional Bidders (excluding UPI Bids) and Eligible Employee(s) which are procured by the members of the Syndicate/sub-Syndicate/Registered Broker/RTAs/CDPs and submitted to SCSB for blocking, would be as follows:

Portion for RIBs, Non-Institutional Bidders ^ and Eligible Employee(s)	*₹10 per valid Bid cum Application Form (plus applicable taxes)*

^ Processing fees payable to the SCSBs for capturing Syndicate Member/sub-Syndicate (Broker)/sub-broker code on the ASBA Form for Non-Institutional Bidders and QIBs with Bids above ₹500,000 would be ₹10 plus applicable taxes, per valid application.
Notwithstanding anything contained above, the total processing fee payable under this clause will not exceed ₹0.50 million (plus applicable taxes), and if the total processing fees exceeds ₹0.50 million (plus applicable taxes), then the processing fees will be paid on a pro-rata basis.

(4) *Selling commission on the portion for RIBs (up to ₹200,000), Eligible Employee(s) (up to ₹500,000) and Non-Institutional Bidders (from ₹200,000 to ₹500,000) which are procured by members of the Syndicate (including their sub-Syndicate Members), RTAs and CDPs or for using 3-in-1 type accounts- linked online trading, demat and bank account provided by some of the registered brokers which are members of Syndicate (including their sub-Syndicate Members) would be as follows:*

Portion for RIBs	*0.35% of the Amount Allotted* (plus applicable taxes)*
Portion for Non-Institutional Bidders	*0.15% of the Amount Allotted* (plus applicable taxes)*
Eligible Employee(s)	*0.20% of the Amount Allotted* (plus applicable taxes)*

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

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

(i) For RIBs, Eligible Employee(s), and NIBs (Bids up to ₹500,000) on the basis of the application form number/series, provided that the application is also bid by the respective Syndicate/sub-Syndicate Member. For clarification, if a Syndicate ASBA application on the application form number/series of a Syndicate / sub-Syndicate Member, is bid by an SCSB, the selling commission will be payable to the

SCSB and not the Syndicate / sub-Syndicate Member.

(ii) *For NIBs (Bids above ₹500,000) on the basis of the Syndicate ASBA Form bearing SM Code and the Sub-Syndicate code of the application form submitted to SCSBs for blocking of the fund and uploading on the Stock Exchanges' platform by SCSBs. For clarification, if a Syndicate ASBA application on the application form number/series of a Syndicate / sub-Syndicate Member, is bid by an SCSB, the selling commission will be payable to the Syndicate/sub-Syndicate Members and not the SCSB.*

(5) *Bid uploading charges:*

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

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

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

Selling commission/ Bid uploading charges payable to the Registered Brokers on the portion for RIBs (up to ₹200,000), Eligible Employee(s) (up to ₹500,000 ,procured through UPI Mechanism, and Non-Institutional Bidders which are directly procured by the Registered Broker and submitted to SCSB for processing, would be as follows:

*Portion for RIBs**	*₹10 per valid Bid cum Application Form (plus applicable taxes)*
*Portion for Non-Institutional Bidders**	*₹10 per valid Bid cum Application Form (plus applicable taxes)*
*Portion for Eligible Employee(s) **	*₹10 per valid Bid cum Application Form (plus applicable taxes)*

** Based on valid applications*

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

Notwithstanding anything contained above, the total processing fee payable under this clause will not exceed ₹500,000 (plus applicable taxes), and if the total processing fees exceeds ₹500,000 (plus applicable taxes), then processing fees will be paid on a pro-rata basis.

(6) *Bid uploading charges/processing fees for applications made by RIBs (up to ₹200,000), Eligible Employee(s) (up to ₹500,000) and Non-Institutional Bidders (for an amount more than ₹200,000 and up to ₹500,000) using the UPI Mechanism would be as under:*

Members of the Syndicate / RTAs / CDPs (uploading charges)	*₹10 per valid Bid cum Application Form (plus applicable taxes)*
Axis Bank Limited	*₹Nil per valid Bid cum Application Form (plus applicable taxes)* *The Sponsor Bank shall be responsible for making payments to the third parties such as remitter bank, NPCI and such other parties as required in connection with the performance of its duties under the SEBI circulars, the Syndicate Agreement, and other applicable laws.*
ICICI Bank Limited	*₹Nil per valid Bid cum Application Form (plus applicable taxes)* *The Sponsor Bank shall be responsible for making payments to the third parties such as remitter bank, NPCI and such other parties as required in connection with the performance of its duties under the SEBI circulars, the Syndicate Agreement, and other applicable laws.*

Notwithstanding anything contained above, the total Bid uploading charges/processing fees for applications made by RIBs (up to ₹200,000), Eligible Employee(s) (up to ₹500,000), Non-Institutional Bidders (for an amount more than (from ₹200,000 to ₹500,000) using the UPI Mechanism would not exceed ₹3.50 million (plus applicable taxes), and if the total Bid uploading charges/processing fees exceeds ₹3.50 million (plus applicable taxes), then Bid uploading charges/processing fees using UPI Mechanism will be paid on a pro-rata basis except the fee payable to Sponsor Banks (plus applicable taxes).

For avoidance of doubt, notwithstanding anything mentioned in any of the aforementioned clauses, the total cost to the Company and the Selling Shareholders shall not exceeds ₹4.00 million (plus applicable taxes) for uploading and/or processing of the Bids. If the total cost to the Company and the Selling Shareholders exceeds ₹4.00 million, then the amount of ₹4.00 million (plus applicable taxes) shall be distributed on a pro-rata basis so that the total cost of the Company and/or the Selling Shareholders shall not exceed ₹4.00 million (plus applicable taxes).

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

(7) *This includes fees payable to our Statutory Auditors, practicing company secretary and the independent chartered accountant appointed for providing confirmations and certificates for the purpose of the Offer, CRISIL for preparing the industry report commissioned by our Company, the virtual data room provider in connection with due diligence for the Offer, etc.*

Means of finance

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

Interim use of Net Proceeds

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

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

Bridge Financing Facilities

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

Monitoring of Utilization of Funds

In accordance with Regulation 41 of the SEBI ICDR Regulations, our Company has appointed ICRA Limited as the Monitoring Agency for monitoring the utilisation of Net Proceeds prior to the filing of this Red Herring Prospectus with the RoC, as the proposed Fresh Issue exceeds ₹ 1,000.00 million.

Our Audit Committee and the Monitoring Agency will monitor the utilisation of the Net Proceeds and the Monitoring Agency shall submit the report required under Regulation 41(2) of the SEBI ICDR Regulations, on a quarterly basis, until such time as the Net Proceeds have been utilised in full. Our Company shall for the purposes of the quarterly report to be prepared by the Monitoring Agency, provide description for all the expense heads under the objects of the Offer. Our Company undertakes to place the report(s) of the Monitoring Agency on receipt before the Audit Committee without any delay. Our Company will disclose and continue to disclose, the utilisation of the Net Proceeds, including interim use under a separate head in our balance sheet for such fiscals as required under applicable law, clearly specifying the purposes for which the Net Proceeds have been utilised, till the time any part of the Net Proceeds remains unutilised. Our Company will also, in its balance sheet for the applicable fiscals, provide details, if any, in relation to all such Net Proceeds that have not been utilised, if any, of such currently unutilised Net Proceeds. Further, our Company, on a quarterly basis, shall include the deployment of Net Proceeds under various heads, as applicable, in the notes to our quarterly results. Our Company will indicate investments, if any, of unutilised Net Proceeds in the balance sheet of our Company for the relevant fiscals subsequent to receipt of listing and trading approvals from the Stock Exchanges.

Pursuant to Regulation 32(3) and Part C of Schedule II, 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. The Audit Committee shall make recommendations to our Board for further action, if appropriate. On an annual basis, our Company shall prepare a statement of funds utilised for purposes other than those stated in this Red Herring Prospectus and place it before the Audit Committee and make other disclosures as may be required until such time as the Net Proceeds remain unutilised. Such disclosure shall be made only until such time that all the Net Proceeds have been utilised in full. The statement shall be certified by the statutory auditor of our Company. Furthermore, in accordance with Regulation 32(1) of the SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the actual utilisation of the proceeds of the Fresh Issue from the objects of the Fresh Issue as stated above; and (ii) details of category wise variations in the actual utilisation of the proceeds of the Fresh Issue from the objects of the Fresh Issue as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results and explanation for such variation (if any) will be included in our Director's report, after placing the same before the Audit Committee.

Variation in Objects

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

Other Confirmations

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

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

BASIS FOR OFFER PRICE

The Offer Price and Employee Discount, if any, will be determined by our Company in consultation with the Book Running Lead Managers, on the basis of assessment of market demand for the Equity Shares offered through the Book Building Process and on the basis of quantitative and qualitative factors as described below. The face value of the Equity Shares is ₹10 each and the Offer Price is [●] times the face value at the lower end of the Price Band and [●] times the face value at the higher end of the Price Band. Investors should refer to "*Risk Factors*", "*Our Business*", "*Restated Financial Information*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 27, 201, 297 and 398, respectively, to have an informed view before making an investment decision.

Qualitative Factors

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

- Our presence in large, underpenetrated markets with strong growth potential
- Our focus on retail loan products with a collateralized lending model targeting individuals and the emerging MSME sector
- Strong underwriting capability and presence in select customer segment combined with robust risk management capabilities focused on effective underwriting and collections
- Experienced, cycle tested management team
- Well diversified funding profile with an advantage of lower cost of funds
- Technology driven company with scalable operating model

For details, see "*Our Business – Our Competitive Strengths*" on page 202.

Quantitative Factors

Some of the information presented below relating to our Company is derived from the Restated Financial Information. For details, see "*Restated Financial Information*" and "*Other Financial Information*" on pages 297 and 397, respectively.

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

A. Basic and Diluted Earnings Per Equity Share ("EPS") (face value of each Equity Share is ₹10):

Fiscal / Period ended	Basic EPS (in ₹)	Diluted EPS (in ₹)	Weight
March 31, 2023	5.60	5.59	3
March 31, 2022	3.32	3.31	2
March 31, 2021	2.19	2.18	1
Weighted Average	**4.27**	**4.26**	
For the three-months period ended June 30, 2023*	1.67	1.67	-
For the three-months period ended June 30, 2022*	1.36	1.36	-

** Not annualised.*

Notes:

i. *The face value of each Equity Share is ₹ 10.*

ii. *Basic Earnings per share = Net profit after tax (loss after tax) as restated / Weighted average number of equity shares outstanding during the year.*

iii. *Diluted Earnings per share = Net profit after tax (loss after tax) as restated / Weighted average number of potential equity shares outstanding during the year.*

iv. *Weighted average = Aggregate of year-wise weighted EPS divided by the aggregate of weights i.e. (EPS x Weight) for each year /Total of weights.*

B. Price/Earning ("P/E") ratio in relation to Price Band of ₹[●] to ₹[●] per Equity Share:

Particulars	P/E at the Floor Price (number of times)	P/E at the Cap Price (number of times)
Based on basic EPS for period ended June 30, 2023	[●]*	[●]*
Based on diluted EPS for period ended June 30, 2023	[●]*	[●]*

* *To be computed after finalisation of the Price Band.*

C. Industry Peer Group P/E ratio

	P/E Ratio (x)
Highest	48.33
Lowest	8.06
Average	25.57

Notes:

(1) *The highest and lowest industry P/E shown above is based on the peer set provided below under "Comparison with listed industry peers". The industry average has been calculated as the arithmetic average P/E of the peer set provided below.*

(2) *P/E figures for the peer are computed based on closing market price as on November 6, 2023 on the BSE, divided by Basic EPS (on consolidated basis unless otherwise available only on standalone basis) based on the financial results of the respective company for the year ended March 31, 2023 submitted to stock exchanges.*

D. Return on Net worth ("RoNW")

Fiscal/Period ended	RoNW (%)	Weight
June 30, 2023*	3.81	-
June 30, 2022*	3.64	-
March 31, 2023	13.29	3
March 31, 2022	8.97	2
March 31, 2021	7.39	1
Weighted Average	**10.87**	-

** Not annualised.*

Notes:

1. *Weighted average = Aggregate of year-wise weighted Net Worth divided by the aggregate of weights i.e. [(Net Worth x Weight) for each year] / [Total of weights]*
2. *Return on Net Worth (%) = Net profit after tax, as restated / Net worth as restated as at year end.*
3. *Net worth means the aggregate value of the paid up share capital of the Company and all reserves created out of profits and securities premium account as per Restated Financial Statements of Assets and Liabilities of the Company.*

E. Net Asset Value ("NAV") per Equity Share of ₹ 10 each

Financial Year/Period	Amount (₹)
As on March 31, 2023	42.11
As on June 30, 2023	43.95
After the completion of the Offer	
- At the Floor Price	[●]*
- At the Cap Price	[●]*
Offer Price	[●]*

Notes:

* *Offer Price per Equity Share will be determined on conclusion of the Book Building Process.*

1. *Net asset value per share= Net worth as restated / Number of equity shares as at year end*

F. Key Performance Indicators

The tables below set forth the details of certain financial data based on our Restated Financial Information, certain non-GAAP measures and key performance indicators ("**KPIs**") that our Company considers have a bearing for arriving at the basis for Offer Price. All the financial data based on our Restated Financial Information, certain non-GAAP measures and KPIs disclosed below have been approved and confirmed by a resolution of our Audit Committee dated November 6, 2023.

A list of certain financial data, based on our Restated Financial Information is set out below for the indicated Fiscals:

(₹ in million, unless otherwise specified)

Particulars	As at and for the three-months period ended June 30, 2023	As at and for the three-months period ended June 30, 2022	As at and for the financial year ended March 31, 2023	As at and for the financial year ended March 31, 2022	As at and for the financial year ended March 31, 2021
Capital					
Shareholder Equity	14,149.03	12,025.27	13,556.82	11,535.18	8,347.34
Capital Adequacy Ratio	19.71%	20.90%	17.94%	23.04%	23.52%
Profitability					
Total Revenue	3,678.68	2,560.48	12,146.80	8,836.37	6,975.66
Net Interest income	1,776.47	1,357.78	6,380.18	4,742.41	3,449.17
Fee and Other income	207.32	207.89	918.90	572.07	374.77
Profit After Tax	538.83	437.57	1,801.33	1,034.59	616.84
Profit After Tax (%)*	14.65%	17.09%	14.83%	11.71%	8.84%
NPA / Asset Quality					
Gross NPA (%)	2.26%	2.05%	2.03%	2.23%	1.01%
Net NPA (%)	1.76%	1.57%	1.59%	1.75%	0.71%

Particulars	As at and for the three-months period ended June 30, 2023	As at and for the three-months period ended June 30, 2022	As at and for the financial year ended March 31, 2023	As at and for the financial year ended March 31, 2022	As at and for the financial year ended March 31, 2021
Earning per share#					
Basic	1.67	1.36	5.60	3.32	2.19
Diluted	1.67	1.36	5.59	3.31	2.18

** Profit After Tax (%) represents the Profit after tax for a period to the Total Revenue for the period, represented as a percentage.*
 # Not annualised.

For reconciliation of certain non-GAAP measures, see *"Selected Statistical Information"* on page 276.

Further, the following KPIs have been certified by M/s R U Kamath & Co, Chartered Accountants, independent chartered accountants, pursuant to their certificate dated November 16, 2023, for the indicated periods:

A list of our KPIs for the three-months periods ended June 30, 2023 and June 30, 2022 and for Financial Years ended March 31, 2023, March 31, 2022 and March 31, 2021 are set out below:

(₹ in million, unless otherwise specified)

Particulars	As at and for the three-months period ended June 30, 2023	As at and for the three-months period ended June 30, 2022	As at and for the financial year ended March 31, 2023	As at and for the financial year ended March 31, 2022	As at and for the financial year ended March 31, 2021
Scale					
AUM	94,342.08	66,644.22	90,696.04	61.872.04	48,624.31
AUM Growth (%)	4.02%	7.71%	46.59%	27.25%	26.68%
Capital					
Total Borrowings to Shareholder Equity ratio	5.39	4.57	5.26	4.35	5.18
Cost of Borrowings	2.22%	1.86%	7.77%	7.44%	8.30%
Profitability					
Yield on Average Net Advances	3.94%	3.81%	15.17%	15.59%	15.47%
Spread	1.81%	1.94%	7.40%	8.15%	7.17%
NPA / Asset Quality					
Provision Coverage Ratio	22.33%	23.72%	22.19%	22.07%	29.88%
Return Ratio					
Net Interest Income to Average AUM	1.92%	2.11%	8.36%	8.58%	7.93%
Net Interest Margin	1.92%	2.00%	8.17%	7.89%	7.22%
Operating Expenses to Average AUM	1.31%	1.41%	5.71%	5.66%	5.40%
Credit cost to Average AUM	0.12%	0.15%	0.64%	1.52%	1.64%
PAT to Average AUM	0.58%	0.68%	2.36%	1.87%	1.42%
Return on Total Average Assets (%)	0.58%	0.65%	2.31%	1.72%	1.29%
Return on Average Equity (%)	3.89%	3.71%	14.36%	10.41%	8.08%
Distribution					
States and Uts	16	15	16	15	15
Branches	584	516	575	516	359
Productivity					
AUM/Branch	161.54	129.16	157.73	119.91	135.44
AUM/Employee	25.28	21.81	25.41	21.69	22.83
Credit ratings					
CARE – NCDs	AA/stable	AA-/stable	AA/stable	AA-/stable	AA-/stable
CARE – Long-term / Short-term bank facilities	AA/stable, A1+	-	AA/stable, A1+	-	-
CARE – Long-term instruments – Subordinated debt	AA/stable	-	-	-	-
India Rating and Research Private Ltd. – Bank loans	AA-/positive	AA-/stable	AA-/stable	AA-/stable	AA-/stable
India Rating and Research Private Ltd. – NCDs	AA-/stable	AA-/stable	AA-/stable	AA-/stable	AA-/stable
India Rating and Research Private Ltd. – NCDs – Subordinated debt	AA-/positive	AA-/stable	AA-/stable	AA-/stable	AA-/stable
CRISIL – Commercial paper	A1+	A1+	A1+	A1+	A1+
ICRA Limited – Commercial paper	A1+	A1+	A1+	A1+	A1+
Acuite Ratings & Research	-	-	-	A1+	A1+

Particulars	As at and for the three-months period ended June 30, 2023	As at and for the three-months period ended June 30, 2022	As at and for the financial year ended March 31, 2023	As at and for the financial year ended March 31, 2022	As at and for the financial year ended March 31, 2021
Limited – Commercial paper					

For details of our other operating metrics disclosed elsewhere in this Red Herring Prospectus, see "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations"* beginning on pages 201 and 398, respectively.

Our Company shall continue to disclose the KPIs disclosed hereinabove in this section on a periodic basis, at least once in a year (or for any lesser period as determined by the Board of our Company), for a period of one year from the date of listing of the Equity Shares on the Stock Exchanges pursuant to the Offer, or for such other period as may be required under the SEBI ICDR Regulations.

Description on the historic use of the KPIs by our Company to analyze, track or monitor the operational and/or financial performance of our Company

In evaluating our business, we consider and use certain KPIs as presented above, as a supplemental measure to review and assess our financial and operating performance. The presentation of these KPIs are not intended to be considered in isolation or as a substitute for the Restated Financial Information. We use these KPIs to evaluate our financial and operating performance. Some of these KPIs are not defined under Ind AS and are not presented in accordance with Ind AS. These KPIs have limitations as analytical tools. Further, these KPIs may differ from the similar information used by other companies and hence their comparability may be limited. Therefore, these metrics should not be considered in isolation or construed as an alternative to Ind AS measures of performance or as an indicator of our operating performance, liquidity, profitability or results of operation. Although these KPIs are not a measure of performance calculated in accordance with applicable accounting standards, our Company's management believes that it provides an additional tool for investors to use in evaluating our ongoing operating results and trends and in comparing our financial results with other companies in our industry because it provides consistency and comparability with past financial performance, when taken collectively with financial measures prepared in accordance with Ind AS.

Explanations for certain financial data based on Restated Financial Information

Key Performance Indicator
(1) Shareholder Equity represents the sum of equity share capital and reserves and surplus as of the last day of the relevant fiscal year.
(2) Capital Adequacy Ratio (%) as of the last day of the relevant fiscal year as reported by the company.
(3) Total Revenue as reported by the company refers to the summation of total revenue from operations and the other income.
(4) Net Interest Income represents total interest income minus total finance cost.
(5) Fee and Other Income represents sum of fee and commission income and other income reported by the company.
(6) Profit After Tax represents the profit for the period as reported.
(7) Profit After Tax (%) represents the Profit after tax for a period to the Total Revenue for the period, represented as a percentage.
(8) Gross NPA (%) refers to loans under our Gross Loan Book as of the last day of the relevant period or closing balance of Gross Loan Book which are classified as credit impaired loans in accordance with Ind AS 109 (Financial Instruments).
(9) Net NPA (%) refers to Gross NPA reduced by impairment loss allowance (i.e. ECLs allowance) made against these loans as of the last day of the relevant reporting period.
(10) Basic EPS: Basic EPS as reported by the company represents EPS as computed in accordance with Indian Accounting Standard 33.
(11) Diluted EPS: Diluted EPS as reported by the company represents EPS as computed in accordance with Indian Accounting Standard 33.

Explanation for certain non-GAAP measures

Explanation for the KPIs

Key Performance Indicator
(1) AUM represents Advances under Management as disclosed by the company as of the last day of the relevant period.
(2) AUM Growth represents growth in AUM for the relevant period over AUM of the previous period.
(3) Total Borrowings to Shareholder Equity ratio represents total borrowings (Sum of debt securities, borrowings (other than debt securities) and subordinated liabilities) to total shareholder equity.
(4) Cost of Borrowings represents total interest expense divided by the average of sum of deposits and borrowings, expressed as a percentage
(5) Yield on Average Net Advances represent interest income on loans and advances divided by average of net advances, expressed as percentage
(6) Spread represents difference of yield on advances and cost of funds for the company

(7)	Provision Coverage Ratio (%) represents the ratio of NPA provision including technical write off and Gross NPA, including technical write off.
(8)	Net Interest Income to Average AUM represents net interest income divided by average AUM, expressed as percentage
(9)	Net Interest Margin represents net interest income divided by average total assets, expressed as percentage
(10)	Operating Expenses to Average AUM represents operating expenses (sum of, Fee and commission expenses, Employee benefits expenses, Depreciation amortization and impairment and Other expenses) divided by average AUM, expressed as percentage
(11)	Credit cost to Average AUM represents impairment on financial instruments divided by average AUM, expressed as percentage
(12)	PAT to Average AUM represents profit after tax divided by average AUM, expressed as percentage
(13)	AUM/Branch represents AUM divided by total number of branches
(14)	AUM/Employee represents AUM divided by total number of employees
(15)	Branches represents the geographical presence of our Company by means of physical branches
(16)	States and Uts represents the geographical presence of our Company by means of physical branches in the States and Union Territories of India
(17)	Credit Ratings represents the long term credit ratings of our Company's various borrowing facilities on the basis of the assessment by independent rating agencies.
(18)	Return on Total Average Assets (%) represents profit after tax divided by average total assets, expressed as percentage.
(19)	Return on Average Equity (%) represents profit after tax divided by average total shareholder equity, expressed as percentage.

The certificate dated November 16, 2023 issued by M/s R U Kamath & Co, Chartered Accountants has been included in "*Material Contracts and Documents for Inspection – Material Documents*" on page 490.

Comparison of our KPIs with listed industry peers for the Financial Years included in the Restated Financial Information

The following table provides a comparison of the KPIs of our Company with our peer group. The peer group has been determined on the basis of companies listed on Indian stock exchanges and globally, whose business profile is comparable to our businesses in terms of our size and our business model:

(₹ in million, unless otherwise specified)

Particulars	Fedbank Financial Services Limited			Five Star Business Finance			Aptus Value Housing Finance			Muthoot Finance			Manappuram Finance			IIFL Finance			SBFC Finance		
	As at and for the Financial Year ended March 31, 2023	As at and for the Financial Year ended March 31, 2022	As at and for the Financial Year ended March 31, 2021	As at and for the Financial Year ended March 31, 2023	As at and for the Financial Year ended March 31, 2022	As at and for the Financial Year ended March 31, 2021	As at and for the Financial Year ended March 31, 2023	As at and for the Financial Year ended March 31, 2022	As at and for the Financial Year ended March 31, 2021	As at and for the Financial Year ended March 31, 2023	As at and for the Financial Year ended March 31, 2022	As at and for the Financial Year ended March 31, 2021	As at and for the Financial Year ended March 31, 2023	As at and for the Financial Year ended March 31, 2022	As at and for the Financial Year ended March 31, 2021	As at and for the Financial Year ended March 31, 2023	As at and for the Financial Year ended March 31, 2022	As at and for the Financial Year ended March 31, 2021	As at and for the Financial Year ended March 31, 2023	As at and for the Financial Year ended March 31, 2022	As at and for the Financial Year ended March 31, 2021
Scale																					
AUM[1]	90,696.04	61,872.04	48,624.31	69,148.0	50,670.8	44,453.8	67,380	51,800	40,680	632,098	580,532	526,223	354,523*	302,608*	272,242*	646,380*	512,100*	446,880*	49,428.23	31,921.81	22,213.23
AUM Growth[2] (%)	46.59%	27.25%	26.68%	36.47%	13.99%	14.00%	30.08%	27.34%	27.80%	8.88%	10.32%	26.46%	17.15%	11.25%	7.92%	26.22%	14.59%	17.75%	54.84%	43.71%	34.77%
Capital																					
Shareholder Equity[3]	13,556.82	11,535.18	8,347.34	43,395.35	37,103.51	23,181.72	33,393.30	29,161.60	19,794.50	210,619	1,83,445	152,389	89,799.08	79,428.78	69,017.30	51,149.10	44,269.00	38,207.32	17,272.68	12,871.67	12,051.08
Capital Adequacy Ratio[4]	17.94%	23.04%	23.52%	67.17%	75.20%	58.86%	80.79%	85.61%	73.63%	31.77%	29.97%	27.39%	31.70%	31.33%	29.02%	20.4%*	23.85%*	25.40%	31.90%	26.21%	26.25%
Total Borrowings to Shareholder Equity ratio[5]	5.26	4.35	5.18	0.98	0.69	1.48	1.13	0.93	1.27	2.36	2.72	3.02	2.14	2.26	2.56	3.40	3.67	4.27	2.17	2.29	2.30
Cost of Borrowings[6]	7.77%	7.44%	8.30%	-	-	-	-	-	-	7.43%	8.01%	8.89%	8.07%	7.83%	9.75%	8.66%	9.93%	10.14%	8.22%	7.65%	8.11%
Profitability																					
Total Revenue[7]	12,146.80	8,836.37	6,975.66	15,289.28	12,561.69	10,512.55	11,289.99	8,402.10	6,582.00	105,437	110,984	105,744	48,268.58	45,869.97	51,935.15	40,886.90	40,892.50	34,362.05	7,403.61	5,307.02	5,115.33
Net Interest Income[8]	6,380.18	4,742.41	3,449.17	12,325.33	9,031.60	6,896.85	7,824.90	5,830.80	4,203.20	66,695	71,203	66,361	32,425	31,476	34,178	20,124.60	19,482.00	15,154.16	3,789.38	2,542.41	2,269.03
Fee and Other Income[9]	918.90	572.07	374.77	301.44	524.09	363.79	705.99	485.50	313.50	1,751	1,424	2,458	859.44	476.29	557.41	6,202.70	5,254.40	3,658.14	862.09	575.55	483.67
Profit After Tax[10]	1,801.33	1,034.59	616.84	6,034.96	4,535.45	3,589.94	5,030.10	3,701.40	2,669.40	34,735	39,543	37,222	12,662.63	13,045.37	16,979.19	8,054.90	7,454.80	3,425.77	1,497.96	645.21	850.10
Profit After Tax (%)[11]	14.83%	11.71%	8.84%	39.47%	36.11%	34.15%	44.55%	44.05%	40.56%	32.94%	35.63%	35.20%	26.23%	28.44%	32.69%	19.70%	18.23%	9.97%	20.23%	12.16%	16.62%
Yield on Average Net Advances[12]	15.17%	15.59%	15.47%	24.14%	24.74%	24.31%	-	-	-	16.42%	19.05%	21.19%	19.74%	20.63%	25.14%	24.45%	23.84%	19.96%	15.91%	14.89%	15.09%
Spread[13]	7.40%	8.15%	7.17%	17.31%	14.70%	13.08%	9.66%	9.25%	8.10%	8.98%	11.04%	12.30%	11.67%	12.81%	15.40%	15.79%	13.91%	9.83%	7.69%	7.24%	6.98%
Return Ratio																					
Net Interest Income to Average AUM[14]	8.36%	8.58%	7.93%	NA	NA	NA	NA	NA	NA	11.00%	12.87%	14.08%	9.87%	10.96%	13.04%	3.47%	4.06%	3.67%	-	-	-

Particulars	Fedbank Financial Services Limited			Five Star Business Finance			Aptus Value Housing Finance			Muthoot Finance			Manappuram Finance			IIFL Finance			SBFC Finance		
	As at and for the Financial Year ended March 31, 2023	As at and for the Financial Year ended March 31, 2022	As at and for the Financial Year ended March 31, 2021	As at and for the Financial Year ended March 31, 2023	As at and for the Financial Year ended March 31, 2022	As at and for the Financial Year ended March 31, 2021	As at and for the Financial Year ended March 31, 2023	As at and for the Financial Year ended March 31, 2022	As at and for the Financial Year ended March 31, 2021	As at and for the Financial Year ended March 31, 2023	As at and for the Financial Year ended March 31, 2022	As at and for the Financial Year ended March 31, 2021	As at and for the Financial Year ended March 31, 2023	As at and for the Financial Year ended March 31, 2022	As at and for the Financial Year ended March 31, 2021	As at and for the Financial Year ended March 31, 2023	As at and for the Financial Year ended March 31, 2022	As at and for the Financial Year ended March 31, 2021	As at and for the Financial Year ended March 31, 2023	As at and for the Financial Year ended March 31, 2022	As at and for the Financial Year ended March 31, 2021
Net Interest Margin[15]	8.17%	7.89%	7.22%	20.57%	18.99%	16.55%	13.13%	12.61%	11.59%	9.32%	10.63%	11.65%	11.52%	11.96%	13.83%	8.52%	8.59%	7.29%	-	-	-
Operating Expenses to Average AUM[16]	5.71%	5.66%	5.40%	7.31%	6.43%	5.14%	2.77%	2.53%	2.78%	3.49%	3.30%	3.78%	4.80%	4.75%	4.10%	2.25%	2.10%	1.79%	5.70%	6.59%	6.59%
Credit cost to Average AUM[17]	0.64%	1.52%	1.64%	0.34%	0.96%	0.84%	0.57%	0.75%	0.16%	0.10%	0.23%	0.20%	0.14%	0.28%	0.50%	NM	NM	4.79%	0.79%	1.73%	1.74%
PAT to Average AUM[18]	2.36%	1.87%	1.42%	10.07%	9.54%	8.61%	8.44%	8.00%	7.36%	5.73%	7.15%	7.90%	3.85%	4.54%	6.48%	1.39%	1.55%	0.83%	3.68%	2.38%	4.39%
Return on Total Average Assets (%)[19]	2.31%	1.72%	1.29%	8.02%	7.47%	7.08%	7.82%	7.25%	6.46%	4.85%	5.90%	6.53%	4.50%	4.96%	6.87%	3.41%	3.29%	1.65%	2.92%	1.48%	2.01%
Return on Average Equity (%)[20]	14.36%	10.41%	8.08%	14.99%	15.05%	16.84%	16.08%	15.12%	14.47%	17.63%	23.55%	27.77%	14.97%	17.58%	27.70%	16.88%	18.08%	9.22%	9.93%	5.18%	7.67%
NPA / Asset Quality																					
Gross NPA (%)[21]	2.03%	2.23%	1.01%	1.36%	1.05%	1.02%	1.15%	1.20%	0.70%	3.79%	2.99%	0.88%	1.30%	3.00%	1.90%	1.8%*	3.15%*	1.98%*	2.43%	2.74%	3.16%
Net NPA (%)[22]	1.59%	1.75%	0.71%	0.69%	0.68%	0.84%	0.86%	0.90%	0.50%	-	-	-	1.10%	2.70%	1.50%	1.1%*	1.82%*	0.89%*	1.41%	1.63%	1.95%
Provision Coverage Ratio[23]	22.19%	22.07%	29.88%	49.33%	34.89%	17.96%	25.00%	25.31%	27.48%	-	-	-	-	-	-	-	-	-	42.04%	40.44%	38.25%
Distribution																					
States and Uts[24]	16	15	15	8	9	9	5	5	4	29	29	29	28	28	28	25	-	-	18	18	18
Branches[25]	575	516	359	373	300	262	231	208	190	4,739	4,617	4,632	5,232	5057	4367	4,267	3,296	2,563	152	135	124
Productivity																					
AUM/Branch[26]	157.73	119.91	135.44	185	169	170	292	249	214	133	126	114	68	60	62	151.48*	155.37*	174.36*	325	236	179
AUM/Employee[27]	25.41	21.69	22.83	-	-	-	-	-	-	23	22	20	-	-	-	19.06*	18.05*	22.54*	18	16	15
Earning per Share																					
Basic[28]	5.60	3.32	2.19	20.71	16.09	14.01	10.11	7.58	5.56	86.54	98.55	92.79	14.96	15.41	20.08	21.20	19.66	9.05	1.71	0.81	1.09
Diluted[29]	5.59	3.31	2.18	20.49	15.92	13.61	10.08	7.53	5.55	86.52	98.5	92.71	14.96	15.41	20.08	21.04	19.54	9.03	1.62	0.79	1.06
Credit Ratings[30]																					
CARE	CARE AA (Stable)[31]	CARE AA- (Stable)[32]	CARE AA- (Stable)[32]	CARE A+/ CARE A1+ (Stable)	CARE A+/ CARE A1+ (Stable)	CARE A/ CARE A1 (Stable)	CARE AA- (Stable)	CARE A+ (Positive)	CARE A+ (Stable)	-	-	-	CARE AA- (Stable)	CARE AA (Stable)	CARE AA (Stable)	CARE AA (Stable)	CARE AA (Stable)	CARE AA (Negative)	-	-	-
ICRA	-	-	-	ICRA	ICRA	ICRA	ICRA	ICRA	ICRA A+	ICRA	ICRA	ICRA	-	-	-	ICRA	ICRA	ICRA AA	ICRA	ICRA A	ICRA A

Particulars	Fedbank Financial Services Limited			Five Star Business Finance			Aptus Value Housing Finance			Muthoot Finance			Manappuram Finance			IIFL Finance			SBFC Finance		
	As at and for the Financial Year ended March 31, 2023	**As at and for the Financial Year ended March 31, 2022**	**As at and for the Financial Year ended March 31, 2021**	**As at and for the Financial Year ended March 31, 2023**	**As at and for the Financial Year ended March 31, 2022**	**As at and for the Financial Year ended March 31, 2021**	**As at and for the Financial Year ended March 31, 2023**	**As at and for the Financial Year ended March 31, 2022**	**As at and for the Financial Year ended March 31, 2021**	**As at and for the Financial Year ended March 31, 2023**	**As at and for the Financial Year ended March 31, 2022**	**As at and for the Financial Year ended March 31, 2021**	**As at and for the Financial Year ended March 31, 2023**	**As at and for the Financial Year ended March 31, 2022**	**As at and for the Financial Year ended March 31, 2021**	**As at and for the Financial Year ended March 31, 2023**	**As at and for the Financial Year ended March 31, 2022**	**As at and for the Financial Year ended March 31, 2021**	**As at and for the Financial Year ended March 31, 2023**	**As at and for the Financial Year ended March 31, 2022**	**As at and for the Financial Year ended March 31, 2021**
				AAA(CE) /ICRA AA- (Stable)	AAA(CE) /ICRA A+ (Stable)	AAA(CE) /ICRA A (Stable)	AA- (Stable)	AA- (Stable)	(Stable)	AA+ (Stable)	AA+ (Stable)	AA+ (Stable)				AA (Stable)	AA (Stable)	(Negative)	A+ (Stable)	(Positive)	(Stable)
INDIA Ratings	IND AA- (Stable)[33]	IND AA- (Stable)[33]	IND AA- (Stable)[33]	IND AA- (Stable)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	IND A+ (Stable)	IND A+ (Stable)	IND A (Stable)
CRISIL	-	-	-	-	-	-	-	-	-	CRISIL AA + (Stable)	CRISIL AA + (Stable)	CRISIL AA + (Stable)	CRISIL AA - (Stable)	CRISIL AA/CRISIL PPMLD AA r/Withdrawn (Stable)	CRISIL PPMLD AA r/CRISIL AA (Stable)	CRISIL AA/CRISIL PPMLD AA (Stable)	CRISIL AA/CRISIL PPMLD AA r (Stable)	CRISIL AA/CRISIL PPMLD AA r (Stable)	-	-	-

Notes:

(1) AUM represents Advances under Management as disclosed by the company as of the last day of the relevant period.

(2) AUM Growth represents growth in AUM for the relevant period over AUM of the previous period.

(3) Shareholder Equity represents the sum of equity share capital and reserves and surplus as of the last day of the relevant fiscal year.

(4) Capital Adequacy Ratio (%) as of the last day of the relevant fiscal year as reported by the company.

(5) Total Borrowings to Shareholder Equity ratio represents total borrowings (Sum of debt securities, borrowings (other than debt securities) and subordinated liabilities) to total shareholder equity.

(6) Cost of Borrowings represents total interest expense divided by the average of sum of deposits and borrowings, expressed as a percentage.

(7) Total revenue as reported by the company refers to the summation of total revenue from operations and the other income.

(8) Net Interest Income represents total interest income minus total interest expense.

(9) Fee and Other Income represents sum of fee income and other income reported by the company.

(10) Profit After Tax represents the Profit for the period as reported.

(11) Profit after Tax (%) represents the Profit after tax for a period to the Total Revenue for the period, represented as a percentage.

(12) Yield on Average Net Advances represent interest income on loans and advances divided by average of net advances, expressed as percentage.

(13) Spread represents difference of yield on advances and cost of funds for the company.

(14) Net Interest Income to Average AUM represents net interest income divided by average AUM, expressed as percentage.

(15) Net Interest Margin represents net interest income divided by average total assets, expressed as percentage.

(16) Operating Expenses to Average AUM represents operating expenses (sum of, Fee and commission expenses, Employee benefits expenses, Depreciation amortization and impairment and Other expenses) divided by average AUM, expressed as percentage.

(17) Credit cost to Average AUM represents impairment on financial instruments divided by average AUM, expressed as percentage.

(18) PAT to Average AUM represents profit after tax divided by average AUM, expressed as percentage.

(19) Return on Total Average Assets (%) represents profit after tax divided by average total assets, expressed as percentage.

(20) Return on Average Equity (%) represents profit after tax divided by average total shareholder equity, expressed as percentage.

(21) Gross NPA (%) refers to loans under our Gross Loan Book as of the last day of the relevant period or closing balance of Gross Loan Book which are classified as credit impaired loans in accordance with Ind AS 109 (Financial Instruments).

(22) Net NPA (%) refers to Gross NPA reduced by impairment loss allowance (i.e. ECLs allowance) made against these loans as of the last day of the relevant reporting period.

(23) Provision Coverage Ratio (%)represents the ratio of NPA provision including technical write off and Gross NPA, including technical write off.

(24) States and Uts represents the geographical presence of the company by means of physical branches in the States and Union Territories of India.

(25) Branches represents the geographical presence of the Company by means of physical branches.

(26) AUM/Branch represents AUM divided by total number of branches.

(27) AUM/Employee represents AUM divided by total number of employees.

(28) Basic EPS: Basic EPS as reported by the company represents EPS as computed in accordance with Indian Accounting Standard 33.

(29) Diluted EPS: Diluted EPS as reported by the company represents EPS as computed in accordance with Indian Accounting Standard 33.

(30) Credit Ratings represents the long term credit ratings of our Company's various borrowing facilities on the basis of the assessment by independent rating agencies.

(31) This rating is for our Company's NCDs and long-term bank facilities.

(32) This rating is for our Company's NCDs.

(33) This rating is for our Company's bank loans, NCDs and NCDs – subordinated debt.

For further details of our Company's credit ratings as on the date of this Red Herring Prospectus, and as on March 31, 2023, March 31, 2022 and March 31, 2021, please see "*Our Business – Credit Ratings*" on page 223.

G. Comparison with Listed Industry Peers

The peer group of the Company has been determined on the basis of companies listed on Indian stock exchanges and globally, whose business profile is comparable to our businesses in terms of our size and our business model:

Name of the Company	Total Revenue (₹ in million)	Face Value (₹)	P/E	EPS (Basic) (₹)	Return on Net Worth (%)	NAV per share (₹)
Fedbank Financial Services Limited	12,146.80	10	-	5.60	13.29%	42.11
Aptus Value Housing (Consolidated)	11,289.99	2	28.58	10.10	15.06%	67.05
IIFL Finance (Consolidated)	84,471.10	2	15.53	39.50	17.88%	236.37
Five Star Business Finance (Consolidated)	15,289.28	1	37.54	20.70	13.91%	148.94
Manappuram Finance Limited (Consolidated)	67,499.47	2	8.06	17.07	15.55%	113.95
Muthoot Finance Limited (Consolidated)	119,750.05	10	15.39	86.50	16.94%	539.69
SBFC Finance Limited	7,403.61	10	48.33	1.70	8.67%	19.42

Source: All the financial information for listed industry peer mentioned above is on a consolidated basis (unless otherwise available only on standalone) and is sourced from the filings made with stock exchanges available on the BSE for the three-months period ended June 30, 2023.
Source for Fedbank Financial Services Limited: Based on the Restated Financial Statements for the three-months period ended June 30, 2023.
Notes:
i. P/E Ratio has been computed based on the closing market price of equity shares on November 6, 2023, divided by the Basic EPS.
ii. Return on Net Worth (%) = Net profit after tax divided as restated as at the year end
iii. Net worth has been computed as sum of paid-up share capital and other equity.
iv. NAV is computed as the closing net worth divided by the closing outstanding number of equity shares.

H. Weighted average cost of acquisition ("WACA")

(a) Price per share of our Company based on primary/ new issue of Equity Shares or convertible securities (excluding Equity Shares issued under ESOP 2018 and issuance of Equity Shares pursuant to a bonus issue) during the 18 months preceding the date of this Red Herring Prospectus, where such issuance is equal to or more than 5% of the fully diluted paid up share capital of our Company in a single transaction or multiple transactions combined together over a span of rolling 30 days

NIL

(b) Price per share of Issuer Company based on secondary sale / acquisition of shares (equity/convertible securities), where promoter / promoter group entities or shareholder(s) selling shares through offer for sale in IPO or shareholder(s) having the right to nominate director(s) in the Board of the Issuer Company are a party to the transaction (excluding gifts), during the 18 months preceding the date of filing of the DRHP / RHP, where either acquisition or sale is equal to or more than 5 per cent of the fully diluted paid-up share capital of the Issuer Company (calculated based on the pre-issue capital before such transaction/s and excluding employee stock options granted but not vested), in a single transaction or multiple transactions combined together over a span of rolling 30 days

NIL

(c) Since there are no transactions to report under H(a) and H(b) above, the following are the details basis the last five primary and secondary transactions (secondary transactions where Promoter, Promoter Group, Selling Shareholders or Shareholder(s) having the right to nominate director(s) to the Board of the Company, are a party to the transaction), during the three years preceding the date of this Red Herring Prospectus, irrespective of the size of transactions:

Primary transactions:

Name of acquirer	Nature of consideration (Cash/ other than cash)	Date of acquisition/ allotment / transfer	Face Value (₹)	No. of shares acquired/ allotted	Acquisition price per share (including securities premium) (₹)	Reason for allotment/ transfer (preferential allotment/ bonus etc.)	Total Cost (₹)
The Federal Bank Limited	Cash	June 29, 2021	10	21,141,998	70	Rights issue	1,479,939,860
True North Fund VI LLP	Cash	June 29, 2021	10	7,428,270	70	Rights issue	519,978,900
Total				**28,570,268**			**1,999,918,760**

Secondary acquisition:

There have been no secondary transactions where our Promoter, members of the Promoter Group, Selling Shareholders are a party to the transaction, in the last three years preceding the date of this Red Herring Prospectus.

I. Weighted average cost of acquisition ("WACA"), floor price and cap price

Based on the above transactions (set out in point H above), below are the details of the WACA, as compared to the Floor Price and the Cap Price:

Past Transactions	WACA	Floor Price	Cap Price
Weighted average cost of acquisition for last 18 months for primary / new issue of shares (equity/ convertible securities), excluding shares issued under an employee stock option plan/employee stock option scheme and issuance of bonus shares, during the 18 months preceding the date of filing of this Red Herring Prospectus, where such issuance is equal to or more than five per cent of the fully diluted paid-up share capital of our Company (calculated based on the pre-issue capital before such transaction/s and excluding employee stock options granted but not vested), in a single transaction or multiple transactions combined together over a span of rolling 30 days	NIL	[●]	[●]
Weighted average cost of acquisition for last 18 months for secondary sale / acquisition of shares (equity/convertible securities), where promoter / promoter group entities or Selling Shareholders or shareholder(s) having the right to nominate director(s) in our Board are a party to the transaction (excluding gifts), during the 18 months preceding the date of filing of this Red Herring Prospectus, where either acquisition or sale is equal to or more than five per cent of the fully diluted paid-up share capital of our Company (calculated based on the pre-issue capital before such transaction/s and excluding employee stock options granted but not vested), in a single transaction or multiple transactions combined together over a span of rolling 30 days	NIL	[●]	[●]
If there were no primary or secondary transactions of equity shares of our Company during the 18 months preceding the date of filing of this Red Herring Prospectus, where either issuance or acquisition/ sale is equal to or more than five per cent of the fully diluted paid-up share capital of our Company (calculated based on the pre-issue capital before such transaction/s and excluding employee stock options granted but not vested), the information has been disclosed for price per share of our Company based on the last five primary or secondary transactions where promoter /promoter group entities or Selling Shareholders or shareholder(s) having the right to nominate director(s) on our Board, are a party to the transaction, during the last three years preceding to the date of filing of this Red Herring Prospectus irrespective of the size of the transaction	70.00		
(a) Based on primary transactions	70.00	[●]	[●]
(b) Based on secondary transactions	N.A.	[●]	[●]

J. Justification for Basis of Offer Price

Detailed explanation for Offer Price/Cap Price being [●] price of weighted average cost of acquisition of primary issuance price/secondary transaction price of Equity Shares along with our Company's key financial and operational metrics and financial ratios for and Fiscal 2023, 2022 and 2021

[●]

Explanation for Offer Price/Cap Price being [●] price of weighted average cost of acquisition of primary issuance price/secondary transaction price of Equity Shares (set out in point H above) in view of the external factors which may have influenced the pricing of the Offer

[●]

Investors should read the above mentioned information along with “*Risk Factors*”, “*Our Business*”, “*Restated Financial Information*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 27, 201, 297 and 398, respectively, to have a more informed view.

STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS

The Board of Directors
Fedbank Financial Services Limited
A-Wing, Unit No: 511
Kanakia Wall Street
Andheri - Kurla Rd, Andheri East
Mumbai, Maharashtra 400093

November 16, 2023

Subject: Statement of possible special tax benefits ("the Statement") available to Fedbank Financial Services Limited ("the Company") and its shareholders prepared in accordance with the requirement under Schedule VI – Part A - Clause (9) (L) of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("the ICDR Regulations")

This report is issued in accordance with the Engagement Letter dated 11 August 2023.

We hereby report that the enclosed Annexure I and Annexure II prepared by the Company, initialed by us for identification purpose, states the possible special-tax benefits available to the Company and its shareholders, under direct and indirect taxes (together "**the Tax Laws**"), presently in force in India as on the signing date, which are defined in Annexure I. These possible special tax benefits are dependent on the Company and its shareholders fulfilling the conditions prescribed under the relevant provisions of the Tax Laws. Hence, the ability of the Company and its shareholders to derive these possible special tax benefits is dependent upon their fulfilling such conditions, which is based on business imperatives the Company may face in the future and accordingly, the Company and its shareholders may or may not choose to fulfill.

The benefits discussed in the enclosed Annexure II cover the possible special tax benefits available to the Company and its shareholders and do not cover any general tax benefits available to the Company and its shareholders. Further, the preparation of the enclosed Annexure II and its contents is the responsibility of the Management of the Company. We were informed that the Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the proposed initial public offering of equity shares of the Company (the "**Proposed Offer**") particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the possible special tax benefits, which an investor can avail. Neither we are suggesting nor advising the investors to invest money based on the Statement.

We conducted our examination in accordance with the "Guidance Note on Reports or Certificates for Special Purposes (Revised 2016)" (the "**Guidance Note**") issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with ethical requirements of the Code of Ethics issued by the Institute of Charted Accountants of India.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial information, and Other Assurance and Related Services Engagements.

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

i) the Company and its shareholders will continue to obtain these possible special tax benefits in future; or
ii) the conditions prescribed for availing the possible special tax benefits where applicable, have been/would be met with.

The contents of the enclosed Annexures are based on the information, explanation and representations obtained from the Company, and on the basis of our understanding of the business activities and operations of the Company.

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 Tax Laws and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to the Company for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to the Company and any other person in respect of this Statement, except as per applicable law.

We hereby give consent to include this Statement in the Red Herring Prospectus and Prospectus and in any other material used in connection with the Proposed Offer, and it is not to be used, referred to or distributed for any other purpose without our prior written consent.

For **B S R & Co. LLP**
Chartered Accountants
Firm’s Registration No: 101248W/W-100022

Ashwin Suvarna
Partner
Membership No: 109503
UDIN: 23109503BGXUQY4437

Mumbai
November 16, 2023

ANNEXURE I

LIST OF DIRECT AND INDIRECT TAX LAWS ('TAX LAWS')

Sr. No.	**Details of tax laws**
1.	Income-tax Act, 1961 and Income-tax Rules, 1962
2.	Central Goods and Services Tax Act, 2017
3.	Integrated Goods and Services Tax Act, 2017
4.	State Goods and Services Tax Act, 2017
5.	Goods and Services Tax legislations as promulgated by various states

ANNEXURE II

STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO FEDBANK FINANCIAL SERVICES LIMITED ("THE COMPANY") AND ITS SHAREHOLDERS UNDER THE APPLICABLE DIRECT AND INDIRECT TAXES ("TAX LAWS")

Outlined below are the Possible Special Tax Benefits available to the Company and its shareholders under the Tax Laws in force in India (i.e. applicable for the Financial Year 2023-24 relevant to the Assessment Year 2024-25 till the signing date of this annexure). These Possible Special Tax Benefits are dependent on the Company and its shareholders fulfilling the conditions prescribed under the Tax Laws. Hence, the ability of the Company and its shareholders to derive the Possible Special Tax Benefits is dependent upon fulfilling such conditions, which are based on business imperatives it faces in the future, it may or may not choose to fulfill.

A. Special tax benefits available to the Company

<u>Under the Income Tax Act, 1961 ('the Act')</u>

Deduction under section 36(1)(viia) of the Act

The Company is entitled to accelerated deduction in respect of bad and doubtful debts up to the limit specified under section 36(1)(viia) of the Act while computing its income under the head "Profits and gains of business or profession", to the extent of five per cent (5%) of the gross total income, and subject to satisfaction of prescribed conditions. Further, gross total income considered for the said deduction shall be before considering any deduction under the aforesaid section and Chapter VI-A of the Act.

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

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

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

As per Section 43D(a) of the Act, interest income in relation to certain categories of bad or doubtful debts, shall be chargeable to tax in the previous year in which it is credited to its profit and loss account for that year or actually received, whichever is earlier. This provision is an exception to the accrual system of accounting which is regularly followed by such assessee's for computation of total income. Until FY 2022-23, a systemically important non-deposit taking non-banking financial company could claim benefit of this section by virtue of Explanation (h) to Section 43D of the Act. As per the amendment made vide Finance Act 2023, the said provisions shall be applicable to such class of NBFCs as may be notified by the Central Government in the Official Gazette.

Recently, CBDT vide circular no. 79/2023 dated 22 September 2023 has notified the following classes of NBFCs for the purposes of section 43D, namely:-

(a) all NBFCs classified in the Top Layer;

(b) all NBFCs classified in the Upper Layer;

(c) all NBFCs classified in the Middle Layer.

Explanation – The classification of NBFCs in the Top Layer, Upper Layer and Middle Layer shall be according to the Reserve Bank of India's guidelines contained in Circular DOR.CRE.REC.No.60/03.10.001/2021-22 dated October 22, 2021.

Lower corporate tax rate under Section 115BAA of the Act

Section 115BAA of the Act provides an option to domestic companies to compute its corporate tax at a reduced rate of 25.168% [i.e. 22% Basic Tax (+) 10% Surcharge (+) 4% cess]. Companies availing this option will not be governed by the provisions of Minimum Alternate Tax (MAT) i.e. tax on book profits under Section 115JB of the Act. The company has opted to be governed by the provisions of Section 115BAA of the Act.

Under the Central Goods and Services Tax Act 2017 (CGST Act)

The Company is into a Non-Banking Finance Company Financial Services. In the purview of Sub-Section (4) of Section 17 of CGST Act, the NBFC have been given an option for 50% reversal of ITC instead of proportionate reversal on account of exempt income earned by Non-Banking Financial Companies will benefit credit of tax paid regarding services & inputs.

B. Special tax benefits available to the Shareholders

There are no special tax benefits available to the Shareholders for investing in the shares of the Company under the Tax Laws identified in Annexure I above. However, such shareholders shall be liable to concessional tax rates on certain incomes under the extant provisions of the Act.

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

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

In respect of non-resident shareholders, the tax rates and the consequent taxation shall be further subject to any benefits available under the applicable Double Taxation Avoidance Agreement (DTAA), if any, between India and the country in which the non-resident has fiscal domicile, subject to satisfying the relevant conditions, including but not limited to:

- conditions (if any) present in the said DTAA read with the relevant provisions of the Multilateral Instrument(“MLI”) as ratified by India with the respective country of which the said shareholder is a tax resident;
- non-applicability of General Anti-Avoidance Rule (“GAAR”); and
- providing and maintaining necessary information and documents as prescribed under the IT Act read with applicable rules, circulars and/or notifications.

NOTES:

1. The above is as per the current Tax Laws.

2. The above Statement of possible special tax benefits sets out the provisions of Tax Laws in a summary manner only and is not a complete analysis or listing of all the existing and potential tax consequences of the purchase, ownership and disposal of equity shares of the Company.

3. This Statement does not discuss any tax consequences in any country outside India of an investment in the equity shares of the Company. The shareholders / investors in any country outside India are advised to consult their own professional advisors regarding possible income tax consequences that apply to them under the laws of such jurisdiction.

For **Fedbank Financial Services Limited**

Authorised Signatory

Mumbai

November 16, 2023

SECTION IV: ABOUT OUR COMPANY

INDUSTRY OVERVIEW

The information contained in this section is derived from a report titled "Analysis of NBFC sector and select asset classes in India" dated October 2023 prepared by CRISIL, and exclusively commissioned and paid by our Company only for the purposes of the Offer. A copy of the CRISIL Report will be available on the website of our Company at https://fedfina.com/investor/disclosure/ from the date of filing of this Red Herring Prospectus until the Bid/Issue Closing Date. Industry publications are also prepared based on information as at specific dates and may no longer be current or reflect current trends. Accordingly, investment decisions should not be based on such information. Forecasts, estimates, predictions, and other forward-looking statements contained in the CRISIL Report are inherently uncertain because of changes in factors underlying their assumptions, or events or combinations of events that cannot be reasonably foreseen. Actual results and future events could differ materially from such forecasts, estimates, predictions, or such statements. In making any decision regarding the transaction, the recipient should conduct its own investigation and analysis of all facts and information contained in the prospectus and the recipient must rely on its own examination and the terms of the transaction, as and when discussed. See "Certain Conventions, Presentation of Financial, Industry and Market Data and Currency of Presentation – Industry and Market Data" on page 24. In this section, please note that numbers or multiples denoting (a) a 'lakh' is equal to 100,000 and 10 lakhs is equal to 1 million or one million; and (b) a 'crore' is equal to 10,000,000 and 100 lakhs or one crore is equal to 10 million.

Macroeconomic scenario

Global economy is witnessing tightening of monetary conditions

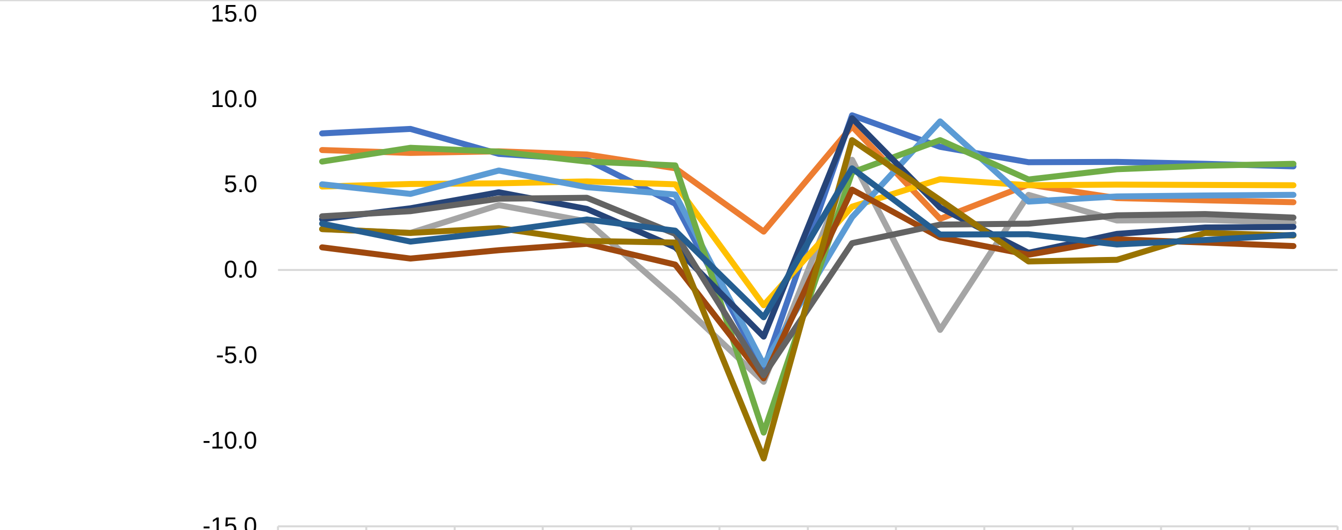
The global economy is witnessing tightening of monetary conditions in most regions. As per the International Monetary Fund ("**IMF**") (World Economic Outlook- October 2023 update), global growth prospects are estimated to fall from 3.5% in 2022 to 3.0% in 2023 and 2.9% in 2024, the impact of which is expected to be witnessed in the Indian economy as well. Global trade is estimated to have reached a record level of approximately US$32 trillion in 2022, but its growth had turned negative during the second half of 2022. The trade outlook for calendar year 2023 is expected to be negatively impacted because of geopolitical frictions, persisting inflation and lower global demand. In addition, deceleration in domestic growth could lead to some softening in imports.

The United States ("**US**") economy grew by an annualised 2.1% in the second quarter of 2023, slowing compared with the previous quarter (2.2%). The United Kingdom ("**UK**") economy grew at 0.2% on-quarter in the second quarter, but the latest data for July 2023 shows that its gross domestic product ("**GDP**") contracted 0.5% on-month. At the same time, manufacturing activity in China contracted for the first time since the country reopened after ending its zero-COVID policy. Inflation, although high, is easing in most economies with different economies witnessing different scenarios. The US Federal Reserve (the "**Fed**") paused rate hikes in its September meeting but signalled rate hikes ahead. Bank of England also paused rate hikes in their September meeting while European Central Bank ("**ECB**") hiked interest rates by 25 bps at their September 2023 policy meetings.

The Reserve Bank of India ("**RBI**") kept the repo rate unchanged for the fourth consecutive meeting in October 2023. However, the RBI's stance on inflation projections have changed with recent flare up in food prices. Monetary Policy Committee (the "**MPC**") retained the consumer price index ("**CPI**") inflation forecast at 5.4% in Fiscal 2023 (since the August meeting). Inflation is expected to move from 4.6% in the first quarter (Q1) to 6.4% in Q2 (revised up 20 bps from previous meeting), 5.7% in Q3 (10 bps down), 5.2% in Q4 (no change). Moreover, bond yields eased significantly as investors factored in a pause in rate hikes. Foreign portfolio investment ("**FPIs**") increased their investment in the Indian markets as global risk sentiment revived with the US banking turmoil staying largely under control. Equity markets also gained amid the pause in rate hike and rising FPI inflows.

External risks remain high because of the possible impact of elevated interest rates in advanced economies on the leveraged market segments. However, CRISIL Market Intelligence & Analytics, a division of CRISIL Limited (CRISIL MI&A), expects India's macroeconomic fundamentals to improve in Fiscal 2024, which should cushion its vulnerability to global shocks. This, coupled with a pause on rate hikes by the RBI and US Federal Reserve, should limit tightening of domestic financial conditions going ahead. Russia – Ukraine war slowed global recovery; but India expected to remain one of the fastest growing economies.

India is expected to remain one of the fastest-growing major economies amid global slowdown (GDP growth, % year-on-year)



	2015	2016	2017	2018	2019	2020	2021	2022	2023P	2024P	2025P	2026P
India	8.0	8.3	6.8	6.5	3.9	-5.8	9.1	7.2	6.3	6.3	6.2	6.1
China	7.0	6.9	6.9	6.8	6.0	2.2	8.4	3.0	5.0	4.2	4.1	4.0
Hong Kong SAR	2.4	2.2	3.8	2.8	-1.7	-6.5	6.4	-3.5	4.4	2.9	2.9	2.8
Indonesia	4.9	5.0	5.1	5.2	5.0	-2.1	3.7	5.3	5.0	5.0	5.0	5.0
Malaysia	5.0	4.5	5.8	4.8	4.4	-5.5	3.1	8.7	4.0	4.3	4.4	4.4
Philippines	6.3	7.1	6.9	6.3	6.1	-9.5	5.7	7.6	5.3	5.9	6.1	6.2
Singapore	3.0	3.6	4.5	3.6	1.3	-3.9	8.9	3.6	1.0	2.1	2.5	2.5
South Africa	1.3	0.7	1.2	1.5	0.3	-6.3	4.7	1.9	0.9	1.8	1.6	1.4
Thailand	3.1	3.4	4.2	4.2	2.1	-6.2	1.6	2.6	2.7	3.2	3.3	3.1
United Kingdom	2.4	2.2	2.4	1.7	1.6	-11.0	7.6	4.1	0.5	0.6	2.2	2.0
United States	2.7	1.7	2.2	2.9	2.3	-2.8	5.9	2.1	2.1	1.5	1.8	2.1

Note: All forecasts refer to IMF forecasts. GDP growth is based on constant prices, Data represented is for calendar years, P: Projected, For India, GDP growth is on a Fiscal Year basis; Source: IMF (World Economic Outlook – October 2023 update)

Indian Economy to be a major part of world trade

Along with being one of the fastest growing economies in the world, India ranked fifth in the world in terms of nominal GDP for 2023 according to IMF forecasts (World Economic Outlook – April Update). India overtook UK to become the fifth largest economy in the world in calendar year 2022. In terms of purchasing power parity ("**PPP**"), India is the third largest economy in the world, only after China and the United States.

GDP Ranking of key economies across the world (2023)

Country	GDP Rank	% Share (World GDP)	PPP Rank	% share (GDP, PPP)
United States	1	25.8%	2	15.4%
People's Republic of China	2	16.9%	1	18.8%
Germany	3	4.2%	5	3.2%
Japan	4	4.0%	4	3.7%
India	5	3.6%	3	7.5%
United Kingdom	6	3.2%	8	2.2%
France	7	2.9%	9	2.2%
Italy	8	2.1%	10	1.8%
Canada	9	2.0%	12	1.4%
Brazil	10	2.0%	7	2.3%
Russian Federation	11	1.8%	6	2.9%
Republic of Korea	12	1.6%	11	1.7%

Source: IMF (World Economic Outlook – October 2023 update), CRISIL MI&A

With continuous growth in the GDP, India is expected to become the third largest global economy by 2030, as per the Centre for Economics and Business Research (the "**CEBR**"). This growth in India's GDP is expected to be driven by rapid urbanisation, rising consumer aspiration and increasing digitalisation coupled with Government support in the form of reforms and policies that are expected to support growth.

CPI inflation to average at 5.5% in fiscal 2024

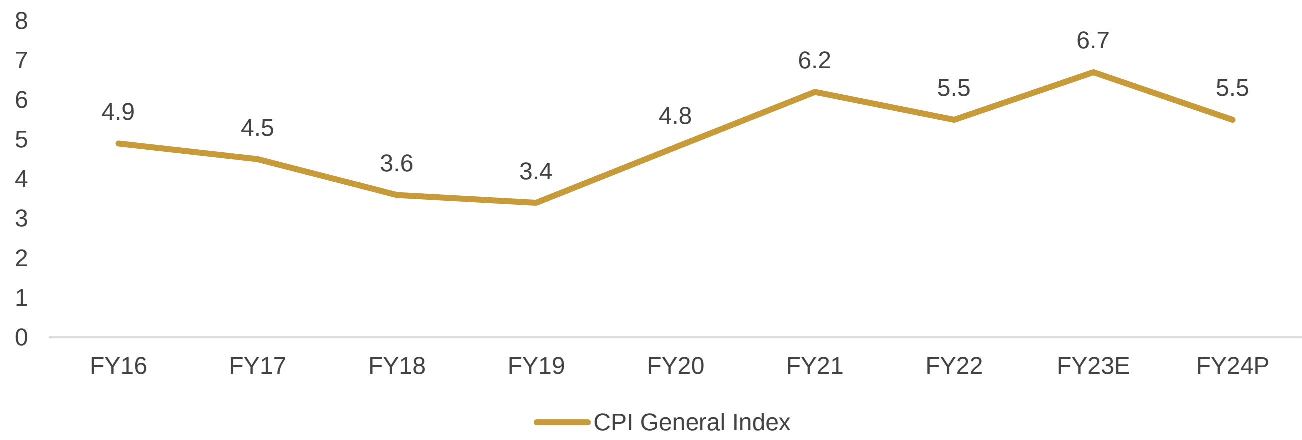
CPI based inflation softened to 6.8% in August after surging to 7.4% in July aided by lower food inflation. While the non-food components stayed unchanged, a slight moderation in food inflation pulled down the headline number. Inflation in all commonly constructed non-food CPI categories remained low and unchanged from July: non-food CPI at 4.8%, core CPI (excluding food and fuel) at 4.9%, services CPI at 4.5% and core CPI goods (excluding food and services) at 5.1%.

Food inflation eased to 9.9% from 11.5% led by some cooling of inflation in vegetables, cereals, pulses and milk. Fuel inflation increased marginally from 3.7% in July to 4.3% in August led by high electricity inflation. Core inflation which has been a major concern in Fiscal 2023, cooled to 4.9% in July and remained the same in August.

Since August's monetary policy, CPI inflation breached the MPC's upper tolerance band of 6.0%, averaging 7.1% in July-August driven by sharp increases in food inflation over the two months. CRISIL MI&A expects CPI inflation to average 5.5% in Fiscal 2024 from 6.7% in Fiscal 2023 on the assumption of a normal monsoon. In the coming months, the key monitorable for food inflation is expected to be the progress of monsoon given the El Niño risk. Core inflation, the pain point for the RBI due to its stickiness, should see limited easing as producers continue to pass on input costs.

For Fiscal 2024, CRISIL MI&A expects CPI inflation to come down, averaging 5.5% on-year, within the RBI's target range of 4-6%. A combination of three factors — impact of rising interest rates on domestic demand, a global demand slowdown leading to falling international commodity prices, and the base effect — should lead to lower inflation.

Annual Inflation (y-o-y%) trend



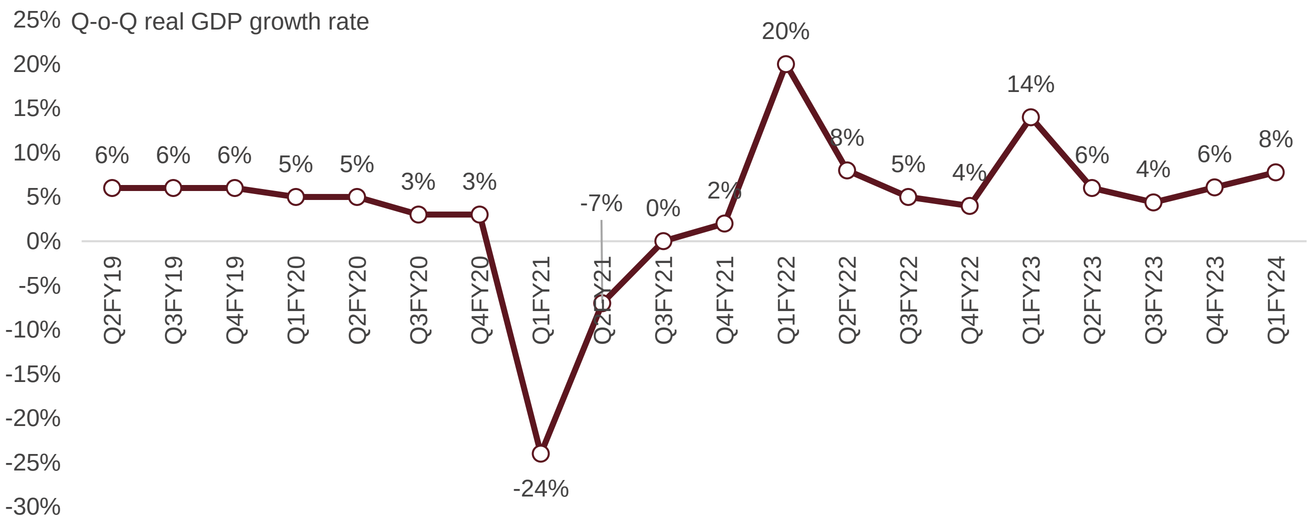
Source: CSO, Ministry of Industry and Commerce, CRISIL

MPC maintains status quo on rates, preferring to watch the price gauge

The MPC kept policy rate unchanged in October for the fourth consecutive time. It also maintained its stance of 'withdrawal of accommodation' to progressively align inflation to 4%, the mid-point of the RBI's target range. The central bank is currently evaluating the impact of past rate hikes on growth and inflation while remaining cautious of the upside risks on the latter. According to MPC's October meet, the real GDP growth for Q1FY24 was 7.8% and for Fiscal 2024 is projected at 6.5%, Q2FY24 at 6.5%, Q3FY24 at 6% and Q4FY24 at 5.7%.

India's real GDP growth rose sharply to 7.8% on year in the first quarter Fiscal 2024 as compared to 6.1% in Q4FY2023. Higher growth was primarily driven by high private consumption and investment growth with rising government capital expenditure ("**capex**"). Exports declined because of lower global demand. Services sector saw a robust growth in Q1FY2024. While GDP growth was robust in Fiscal 2023, a slowdown is inevitable in Fiscal 2024 led by increase in borrowing costs. While major central banks have aggressively raised policy rates in the last fiscal, their transmission into the broader lending rates is taking place with a lag. CRISIL MI&A expects rates to have peaked in Q1FY2024 and hence is expected to face headwinds going forward. Monsoon will have an impact on rural income going forward. External demand will remain a drag on growth as advanced economies undergo a more protracted slowdown under high interest rates scenarios. While strong bank credit growth has supported domestic demand so far, impact of elevated domestic interest rates could weigh in the upcoming quarters. Government capex is expected to remain a key supporter to the investment cycle this Fiscal. Private capex is improving with higher capacity utilisation, but it will take time to get broad based.

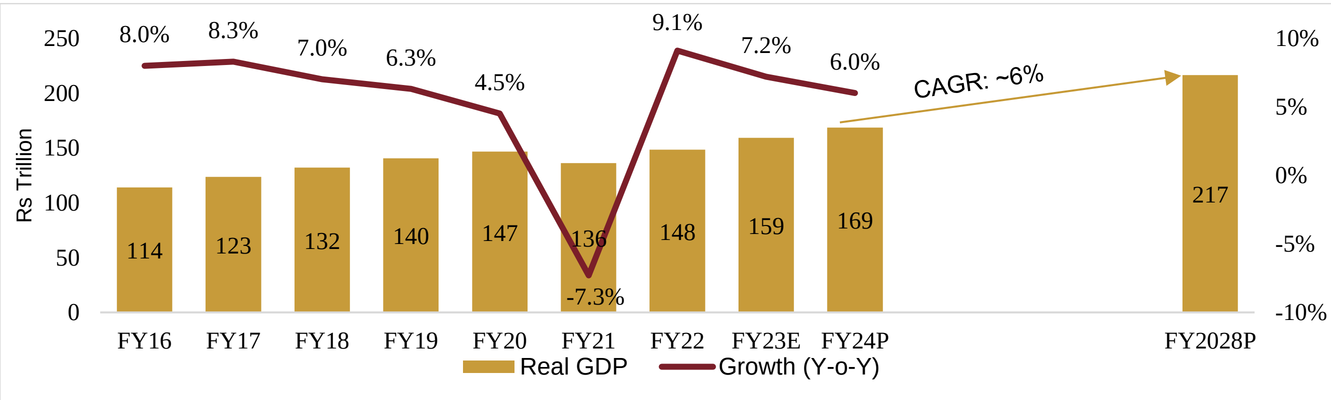
Trend in real GDP growth rate on quarterly basis



Source: CSO, RBI, CRISIL

The advanced economies are expected to inevitably face slower growth in calendar year 2023 as their interest rates are already at decadal highs. They account for 45% of India's exports which is expected to bear the brunt of weaker demand. Besides the global slowdown, the forecast of El Niño disturbing Indian monsoons, is another risk which could hit rural incomes. These factors are expected to slow India's GDP growth to 6.0% in Fiscal 2024 from 7.2% in Fiscal 2023.

India's economy to grow at 6.0% in fiscal 2024



Note: Fiscal 2024 is projected based on CRISIL MI&A estimates. Fiscal 2025-Fiscal 2028 is projected based on IMF estimates; P: Projected; E: Estimated
Source: CRISIL MI&A, IMF World Economic Outlook (October 2023 update)

Macroeconomic outlook for Fiscal 2024

Macro variables	FY23E	FY24P	Rationale for outlook
GDP (y-o-y)	7.2%	6.0%	Slowing global growth is likely to weaken India's export in Fiscal 2024. Domestic demand could also come under pressure as RBI rate hikes are transmitted to consumers.
CPI inflation (y-o-y)	6.7%	5.5%	Lower commodity prices, stable core inflation, softened food inflation to lower inflation expectation in Fiscal 2024. Food inflation although lower as compared to last Fiscal is high and hence will remain a key monitorable.
10-year Government security yield (fiscal-end)	7.4%	7.0%	A moderate increase in gross market borrowings is budgeted for Fiscal 2024. This, coupled with lower inflation and the RBI's rate outs, is likely to moderate yields in Fiscal 2024.

Macro variables	FY23E	FY24P	Rationale for outlook
CAD (Current Account Deficit)/GDP (%)	-2.0%	-1.8%	Lower commodity prices, especially in energy space and support from healthy services exports is expected to lead to moderation of trade deficit in Fiscal 2024.
₹/$ (March average)	82.3	83.0	While a lower current account deficit ("**CAD**") is expected to support the rupee, challenging external financing conditions are expected to continue to exert pressure in the next fiscal.

Note: E- Estimated, P – Projected;
Source: Reserve Bank of India (RBI), National Statistics Office (NSO), CRISIL MI&A

Positive government measures to aid economic growth

Going forward, CRISIL MI&A expects India's GDP growth to decelerate to 6.0% in Fiscal 2024 from 7.2% in Fiscal 2023 due to global slowdown, monetary policy impact and volatile geopolitical scenario. However, some optimism can be seen in form of moderating consumer inflation, capital and productivity increases aided by better physical and digital infrastructure. CRISIL MI&A expects this growth to be supported by the following factors:

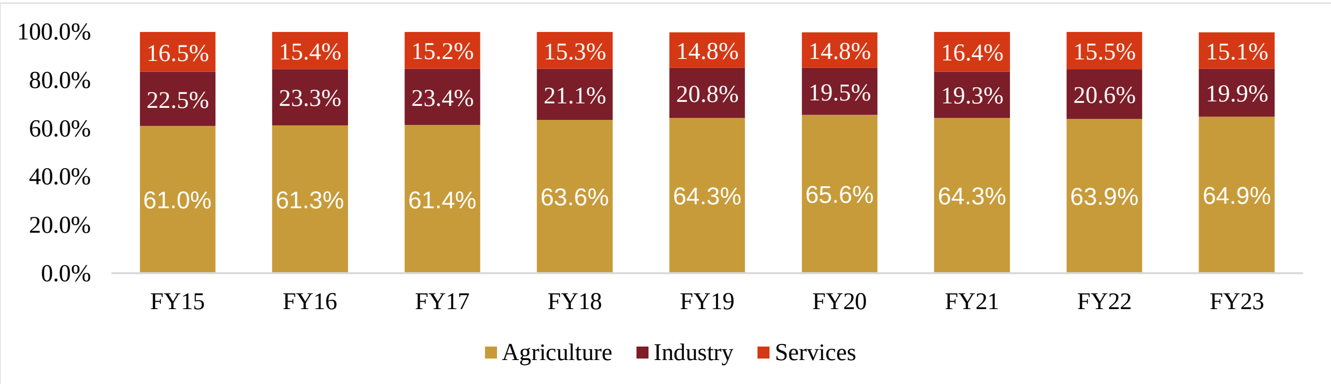
1. Production linked incentive ("**PLI**") scheme which aims to incentivise local manufacturing by giving volume-linked incentives has been launched by the Government of India for six of the India's top 10 export verticals which is likely to propel incremental exports. In Fiscal 2024, PLI-driven exports are expected to be the lone growth driver for India, helping improve the overall export growth to 2-4%.
2. Focus on investments rather than consumption push enhancing the productive capacity of the economy. Policy push and new age opportunities to lead capex growth in Fiscal 2024.
3. Policies aimed towards greater formalisation of the economy, which are bound to lead to an acceleration in per capita income growth.

Despite the mark-down in near-term growth, CRISIL MI&A expects India to remain a growth outperformer over the medium run. Stronger domestic demand is expected to drive India's growth premium over peers in the medium run. Investment prospects are optimistic given the Government of India's capex push, progress of PLI scheme, healthier corporate balance sheets, and a well-capitalised banking sector with low non-performing assets ("**NPAs**"). India is also likely to benefit from the China-plus-one policy as global supply chains get reconfigured with shifting focus from efficiency towards resilience and friend-shoring. Private consumption (approximately 58% of GDP as of March 31, 2023) is expected to play a supportive role in raising GDP growth over the medium run.

Contribution of various sectors to India's GDP

As compared to various developed economies, which witnessed a good contribution from manufacturing and industry first and subsequently in services, the Indian transformation story has been different. A notable feature of Indian economy has been the services sector's rising contribution to the overall output of the economy. Over Fiscals 2018 to 2020, the service sector has grown at a rate of approximately 7%, thereby increasing the contribution of services sector to 65.6% in Fiscal 2020 in terms of Gross Value Added ("**GVA**") at constant prices. In Fiscal 2023, overall GVA expanded by approximately 7.0%.

Share of sector in GVA at constant prices



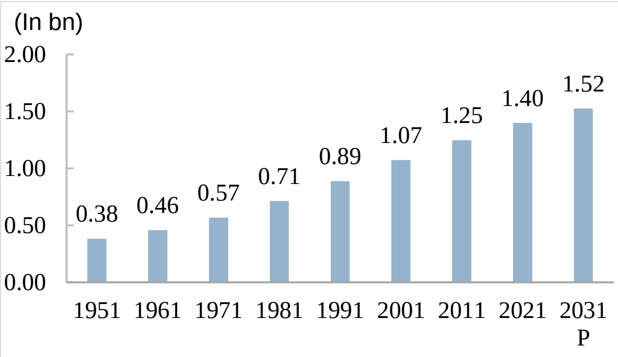
Source: RBI; CRISIL MI&A

Key growth drivers

India has world's second largest population

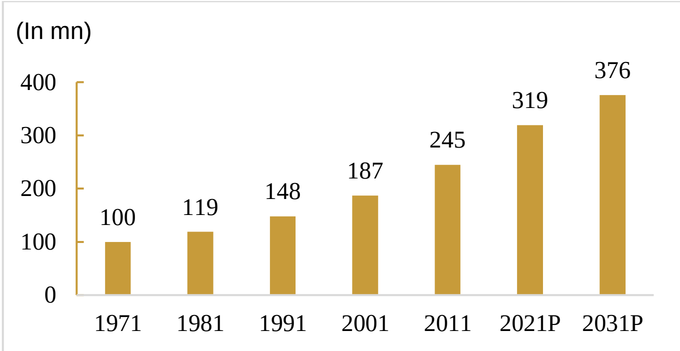
As per Census 2011, India's population was approximately 1.25 billion, and comprised nearly 245 million households. The population, which grew at nearly 1.5% compound annual growth rate ("**CAGR**") between 2001 and 2011, is expected to increase at 1.1% CAGR between 2011 and 2021, to 1.4 billion. As of calendar year 2022, the population is more than 1.42 billion and has surpassed China as of January 2023 as the most populous country in the world. The population is expected to reach 1.5 billion by 2031, and number of households are expected to reach approximately 376 million over the same period.

India's population growth trajectory



Note: As at the end of each Fiscal; P: Projected
Source: United Nations Department of Economic and Social affairs[1], CRISIL MI&A

Number of households in India

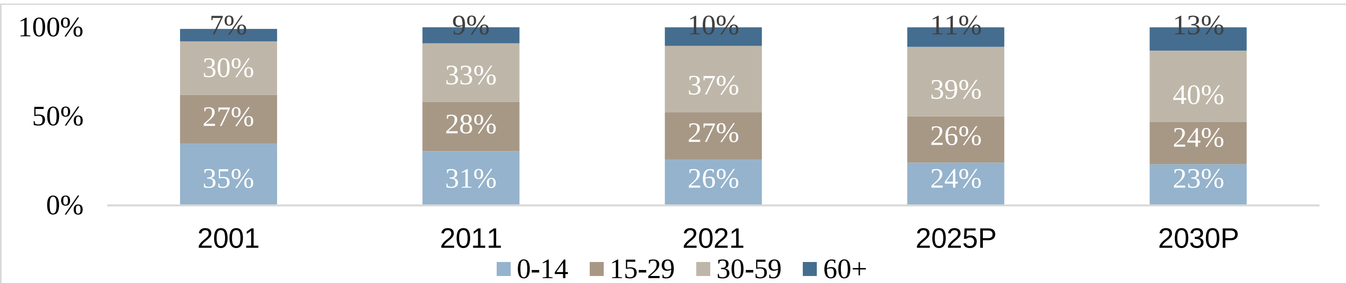


Note: As at the end of each Fiscal; P: Projected
Source: Census India, United Nations Department of Economic and Social affairs[2], CRISIL MI&A

Favourable demographics

As of calendar year 2021, India has one of the largest young populations in the world, with a median age of 27.6 years as compared to the world average of 30 years. (*Source: United Nations Department of Economic and Social Affairs, World Urbanization Prospects: The 2018 Revision (UN) (https://population.un.org/wup/)).* As of calendar year 2021, approximately 90% of Indians were below the age of 60 and that 64% of them are between 15 and 59 years of age. *(Source: World Population Prospects 2022).* In comparison, in calendar year 2021, the US, China and Brazil had 77%, 82% and 86%, respectively, of their population below the age of 60. *(Source: World Population Prospects 2022).*

India's demographic dividend



Note: P: Projected; 2001, 2011 and 2021 data from World Population Prospects (2022), 2025P and 2030P is projected by CRISIL MI&A; Source: United Nations Department of Economic and Social affairs[3], World Population Prospects (2022), World Urbanization Prospects: The 2018 Revision (UN) (https://population.un.org/wup/), CRISIL MI&A

Urbanisation

Urbanisation is one of India's most important economic growth drivers. It is expected to drive substantial investments in infrastructure development, which in turn is expected to create jobs, develop modern consumer services and increase the ability to mobilise savings. India's urban population has been rising consistently over the decades. In 1950, the urban population was 17% of the total population of India. (*Source: World Urbanization Prospects*). As per the 2018 revision of World Urbanization Prospects, the urban population was estimated at 34.9% of India's total population. According to the World Urbanization Prospects, the percentage of the population residing in urban areas in India is expected to increase to 37.4% by 2025.

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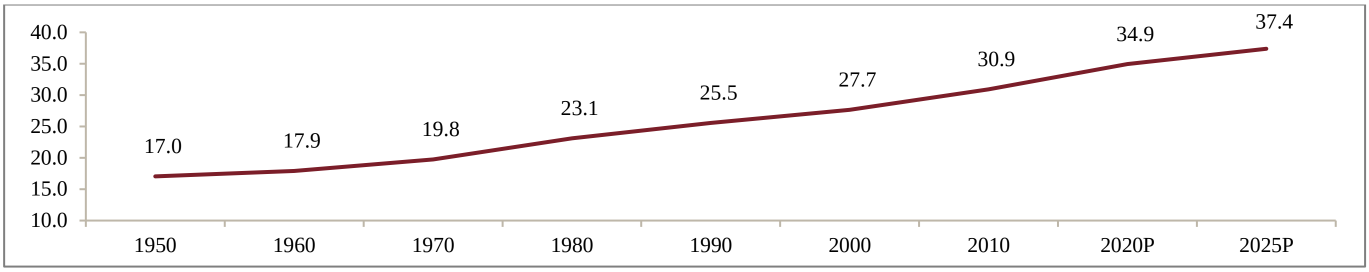
[1] https://population.un.org/wpp/
[2] https://population.un.org/wpp/
[3] https://population.un.org/wpp/

Urban population as a percentage of total population (%)



Note: E - Estimated; P - Projected
Source: Census 2011, World Urbanization Prospects: The 2018 Revision (UN)[4]

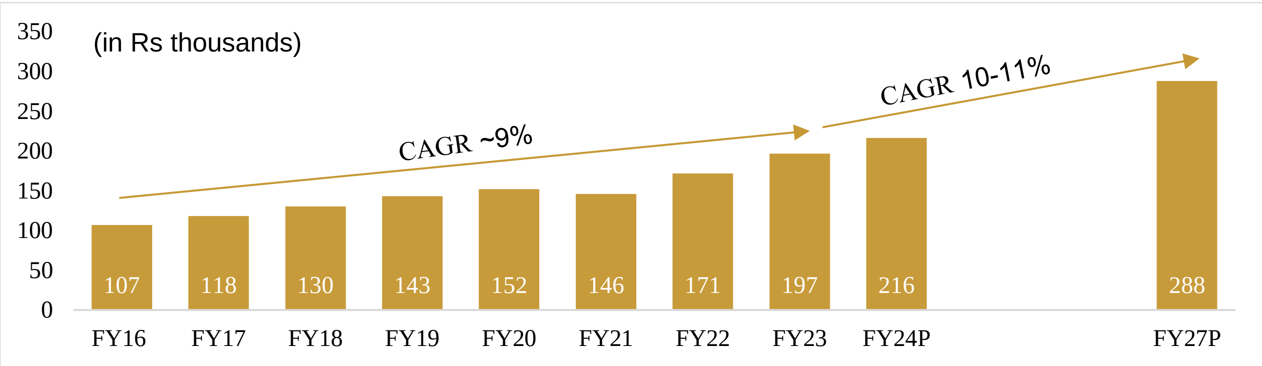
Increasing per capita GDP

In Fiscal 2023, India's per capita income expanded by 6.0%. As per IMF estimates, India's per capita income (at constant prices) is expected to grow at 5% CAGR from Fiscal 2023 to Fiscal 2026.

Per capita income	Level in FY2023^ (₹ '000)		Growth at constant prices (%)										
	Current prices	Constant prices	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY26 P
	172	98	4.6	6.2	6.7	6.8	5.7	5.8	2.9	-7.6	7.6	6.0	5.3*

Note – P: Projected, (^) Per Capita NNI as per second advanced estimates of national income, 2022-23; (*) – 3-year CAGR growth (FY2023-FY2026), as per IMF estimates (2023 October Update); Source – Ministry of Statistics and Program Implementation (MOSPI), International Monetary Fund (IMF), CRISIL MI&A

Trend in Nominal GDP per capita (at current prices)



Note: P- Projected; FY23 estimates based on second advanced estimates by Ministry of Statistics and Program Implementation, FY24 – FY27 Projections based on IMF – World Economic Outlook (October 2023 update)
Source: MOSPI, IMF, CRISIL MI&A

Rising Middle India population to propel economic growth

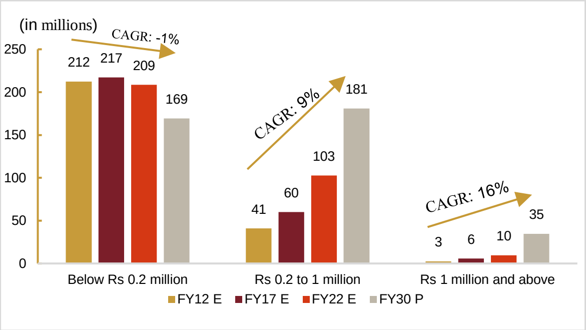
Proportion of Middle India (defined as households with annual income of between ₹ 0.2 to 1 million) has been on a rise over the last decade and is expected to grow further with continuous increase in the GDP and household incomes

To illustrate, CRISIL MI&A estimates that there were 41 million households in India in this category as of Fiscal 2012, and by Fiscal 2030, they are projected to increase to 181 million households translating into a CAGR of 9% over this time period. This growth in the number of middle-income households is expected to lead to enhanced opportunities for retail and MSME financiers as well as consumer goods marketers. A large number of these households, which have entered the Middle-Income bracket in the last few years, are likely to be from semi-urban and rural areas. The rise in incomes in these areas is also evident when one observes the trend in share of deposits coming into banks.

Consistent improvement in the literacy levels, increasing access to information and awareness, increase in the availability of basic necessities such as electricity, cooking gas, toilets and improvement in road infrastructure has led to an increase in aspirations of Middle India, which is likely to translate into increased opportunities for financial service providers. In fact, some of these trends are already visible. Smart phone ownership, internet users and the proportion of users accessing social media is increasing at a breakneck speed. Smaller cities and towns (with population less than 1 million) account for a significant portion of sales of e-retailers.

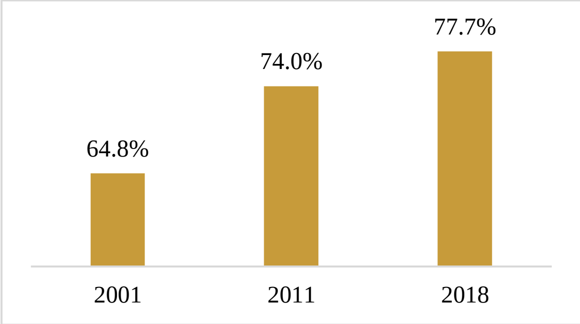
[4] https://population.un.org/wpp/

Middle India households to witness high growth over Fiscal 2012 to Fiscal 2030



Note: E: Estimated, P: Projected
Source: CRISIL MI&A

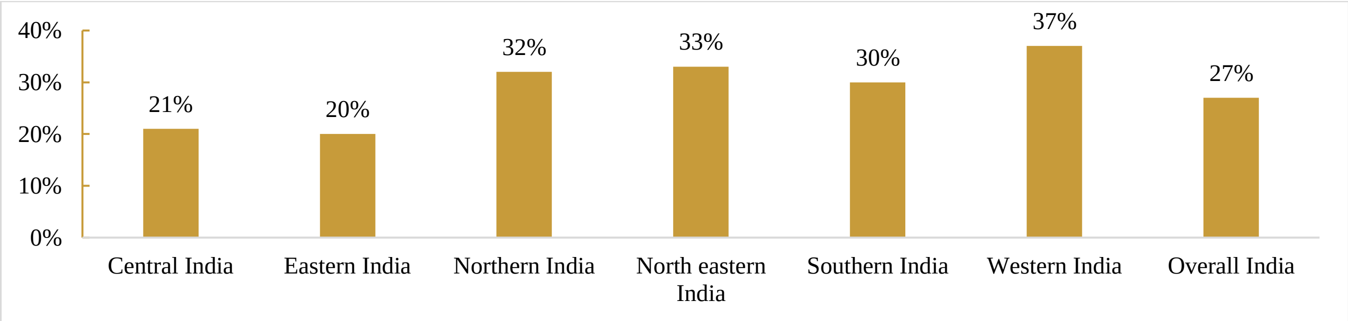
Overall literacy rate on the rise in India



Source: Census 2011, NSO Survey on household social consumption (2017-18), CRISIL MI&A

With increasing financial literacy, mobile penetration, awareness and the Prime Minister's Jan Dhan Yojana bank accounts (scheme aimed at bringing the unbanked under the formal banking system), there has been a rise in the participation of individuals from non-metro cities in banking. With more people attached to the formal banking sector, the demand for financial products in smaller cities has seen a major increase in recent years. Going forward, CRISIL MI&A expects financial penetration to increase on account of increasing financial literacy.

Financial Literacy across India

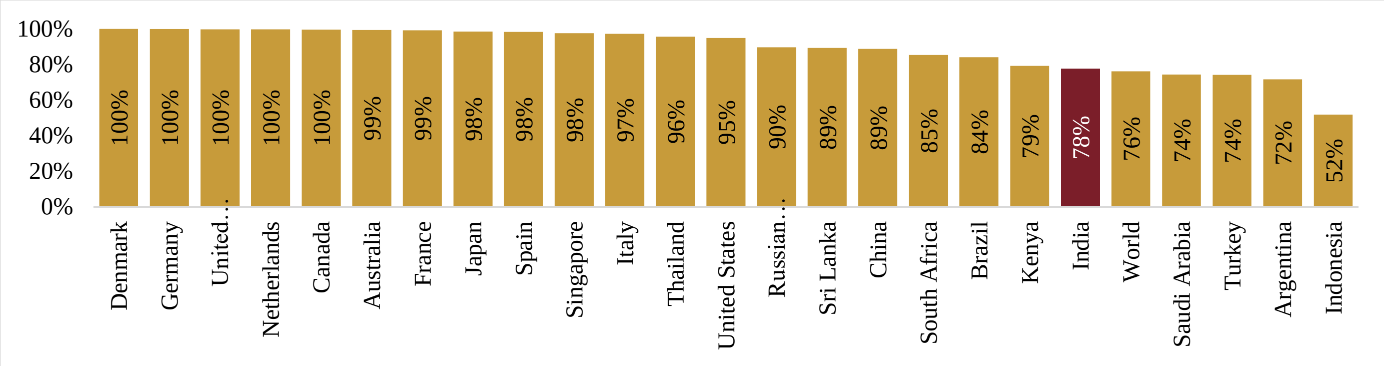


Source: National Financial Literacy and Inclusion Survey (NCFE-FLIS) 2019 Report, National Centre for Financial Education

Financial Inclusion on a fast path in India

Overall literacy in India is at 77.7% as per the results of recent National Sample Survey Office survey conducted from July 2017 to June 2018 which is still below the world literacy rate of 86.5%. However, according to the National Financial Literacy and Inclusion Survey ("**NCFE-FLIS**") 2019, only 27% of Indian population is financially literate indicating huge gap and potential for financial services industry. The survey defines financial literacy as combination of awareness, knowledge, skill, attitude and behaviour necessary to make sound financial decisions and ultimately achieve individual financial wellbeing. According to the World Bank's Global Findex Database 2021, the global average of adult population with an account opened with a bank, financial institution or mobile money provider, was approximately 76% in calendar year 2021. India's financial inclusion has improved significantly over calendar years 2014 to 2021 as adult population with bank accounts increased from 53% to 78% (*Source: Global Findex Database*) due to the Indian government's concentrated efforts to promote financial inclusion and the proliferation of supporting institutions.

Adult population with a bank account (%): India vis-à-vis other countries



Note: 1. Global Findex data for India excludes northeast states, remote islands and selected districts. 2. Account penetration is for the population within the age group of 15+, Source: World Bank - The Global Findex Database 2021, CRISIL MI&A

The two key initiatives launched by the Government of India to promote financial inclusion are the Pradhan Mantri Jan Dhan Yojana ("**PMJDY**") and Pradhan Mantri Jeevan Jyoti Bima Yojana ("**PMJJBY**"). Under the PMJDY, the Government of India's aim is to ensure that every household in India has a bank account which they can access from anywhere and avail of all financial services such as savings and deposit accounts, remittances, credit and insurance affordably. PMJJBY is a one-year life insurance scheme that offers a life cover of ₹ 0.2 million at a premium of ₹ 330 per annum per member, which can be renewed every year. The Government of India has also launched the Pradhan Mantri Suraksha Bima Yojana ("**PMSBY**"), an accident insurance policy that offers an accidental death and full disability cover of ₹ 0.2 million at a premium of ₹ 12 annually. As per the Government of India, more than 100 million people have registered for these two social security schemes.

PMJDY launched in August 2014, is aimed at ensuring that every household in India has a bank account which they can access from anywhere and avail of all financial services such as savings and deposit accounts, remittances, credit and insurance affordably. PMJDY focuses on household coverage compared to the earlier schemes that focused on coverage of villages. It aims to extend banking facilities to all within a reasonable distance in each sub-service area (consisting of 1,000-1,500 households) across India.

Account Aggregators framework to build a financial data ecosystem in India

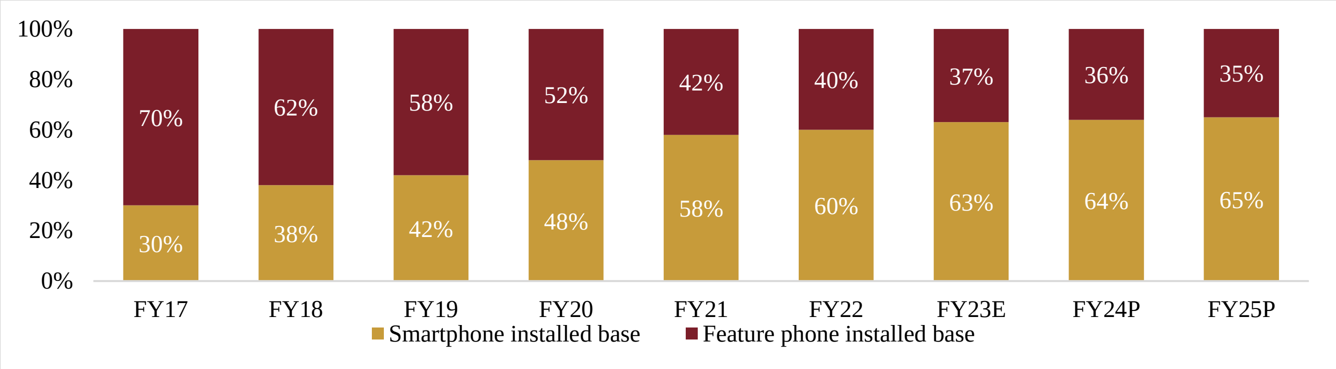
The RBI launched the account aggregator system on September 2, 2021, which has the potential to transform the MSME finance space once there is widespread adoption amongst the lending community. These account aggregators would provide granular insights to lenders into customers' financial assets and their borrowing history centrally, based on customer consent. Inclusion of additional data such as electricity bill payments and mobile recharges/bill payment data under the purview of account aggregators would further enhance its utility.

Digitisation to support economic growth and financial services

Technology is expected to play a pivotal role in taking the financial sector to the next level of growth, by helping to surmount challenges stemming from India's vast geography, which makes physical footprints in smaller locations commercially unviable. Technology is conducive for India, considering its demographic structure where the median age is less than 30 years. The young population is tech savvy and at ease with using it to conduct the entire gamut of financial transactions. With increasing smartphone penetration and faster data speeds, consumers are now encouraging digitisation as they find it more convenient. Digitisation is expected to help improve efficiency and optimise cost. Players with better mobile and digital platforms are expected to draw more customers and emerge as winners in the long term.

Mobile penetration: Higher mobile penetration, improved connectivity, and faster and cheaper data speed, supported by Aadhaar and bank account penetration have led India to shift from being a cash-dominated economy to a digital one.

Data-savvy and younger users to drive adoption of smartphones



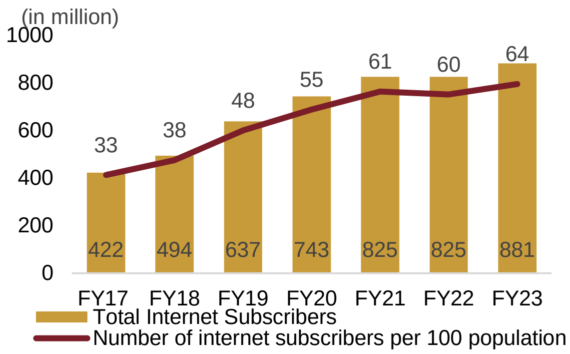
Note: E: Estimated, P: Projected
Source: CRISIL MI&A

Rise in 4G penetration and smartphone usage

India had 1,143.21 million wireless subscribers at the end of May 2023. The reach of mobile network, internet and electricity is continuously expanding the subscriber footprint to remote areas leading to rising smartphone and internet penetration in India. Internet subscribers have risen sharply in India from 422 million subscribers in Fiscal 2017 to 881 million subscribers in Fiscal 2023 growing at a CAGR of 13%. In terms of number of internet subscribers per 100 population, number has almost doubled from 33 in Fiscal 2017 to 64 in Fiscal 2023.

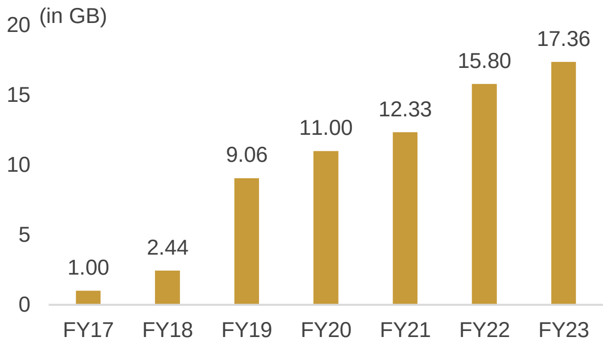
Average wireless data usage per month per subscriber has seen an increasing trend over the last eight years. Per subscriber per month data usage was 0.1 gigabyte ("**GB**") in Fiscal 2015, which has increased to 17.36 GB in Fiscal 2023. This is due to increasing internet data penetration in India.

Trend in internet subscribers in India



Source: TRAI, CRISIL MI&A

Trend of average wireless data usage per wireless data subscriber per month



Source: TRAI, CRISIL MI&A

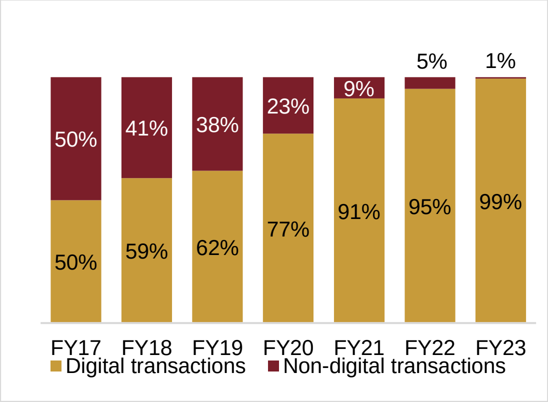
Increasing share of digital channels in domestic monetary transactions

The share of different channels in domestic money transfer has changed significantly over the past five years. Banks, for example, are witnessing a change in customer behaviour with fewer customers visiting bank branches for transactions. This change in behaviour was led by demonetisation when cash transactions slowed down, many new accounts were opened, and digital banking witnessed a surge in use and continued its growth trajectory. The preference has also shifted from cost factors to convenience and ease of performing transactions, which helps in saving time spent in queues, not disturbing the daily working hours and avoiding any potential monetary loss. Post-COVID, with consumers preferring to transact digitally rather than engage in physical exchange of any paper or face-to-face contact, digital transactions have received another shot in the arm.

Digital payments have witnessed substantial growth

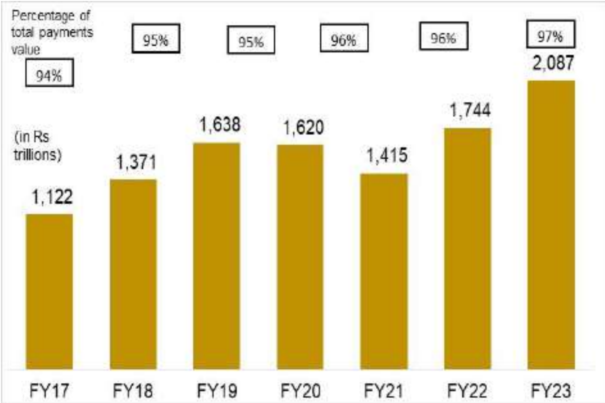
Total digital payments in India have witnessed significant growth over the past few years. Between Fiscal 2016 and 2022, the volume of digital payments transactions has increased from 6.3 billion to 113.9 billion, causing its share in overall payment transactions to increase from 39% in Fiscal 2016 to 99% in Fiscal 2023. During the same period, value of digital transactions has increased from ₹ 920 trillion in Fiscal 2016 to ₹ 2,087 trillion in Fiscal 2023.

Trend in volume of digital payments



Note: Digital Payments includes RTGS payments, Credit transfers (AePS, APBS, ECS Cr, IMPS, NACH, NEFT, UPI), Debit Transfers (BHIM, ECS Dr, NACH Dr, NETC), Card Payments (Debit and Credit Cards) and Prepaid Payments Instruments
Source: RBI, CRISIL MI&A

Trend in Value of Digital Payments



Note: Digital Payments includes RTGS payments, Credit transfers (AePS, APBS, ECS Cr, IMPS, NACH, NEFT, UPI), Debit Transfers (BHIM, ECS Dr, NACH Dr, NETC), Card Payments (Debit and Credit Cards) and Prepaid Payments Instruments
Source: RBI, CRISIL MI&A

Measures deployed to counter the COVID-19 pandemic's onslaught on growth

RBI goes all out to combat the crisis

The MPC of RBI slashed the repo rate by 115 basis points ("bps") to address financial market stress in the wake of the COVID-19 pandemic and the subsequent lockdown. In an unusual move, the MPC also asymmetrically slashed the reverse repo initially by 90 bps and by another 25 bps and 40 bps subsequently.
RBI also announced a host of other measures to address financial market stress due to the COVID-19 pandemic or lockdown:

- **Reducing debt-servicing burden through moratorium period:** RBI initially permitted lending institutions to allow a moratorium of three months on repayment of instalments for term loans outstanding as on March 1, 2020 and defer interest payments due on working capital facilities outstanding.
- **Loan restructuring:** RBI constituted a committee which identified 26 sectors for restructuring which included aspects related to leverage, liquidity and debt serviceability to be factored by the lending institutions while finalising resolution plans for borrowers.
- **Enhancing liquidity**: Apart from reducing repo and reverse repo rate, RBI reduced the cash reserve ratio ("**CRR**") requirements of all banks by 100 bps to 3% of net demand and time liabilities ("**NDTL**").
- **Supporting financial market liquidity:** RBI initially announced targeted long-term repo operations ("**TLTROs**") of up to three years' tenure for a total of up to ₹ 1 trillion. Liquidity availed under the scheme by banks had to be deployed in investment grade corporate bonds, commercial paper, and non-convertible debentures.
- **Measures during second wave of COVID-19:** In May 2021, RBI announced several measures to protect small and medium businesses and individual borrowers from the adverse impact of the intense second wave of COVID-19 across India. Resolution framework 2.0 was announced wherein individuals and MSMEs having aggregate loan exposure of up to ₹ 250 million, who have not availed restructuring under any of the earlier restructuring frameworks (including under the Resolution Framework 1.0 dated August 6, 2020), and who were classified as 'Standard' as on March 31, 2021, were allowed to restructure their loans.

'Aatmanirbhar' package is a timely relief amid the COVID-19 pandemic

Liquidity boost for NBFCs

The Indian government announced a ₹ 450 billion partial guarantee scheme for non-banking financial companies ("**NBFCs**") and ₹ 300 billion special liquidity scheme for NBFCs, housing finance companies ("**HFCs**") and mutual fund institutions ("**MFIs**"), aimed at covering the concern of credit risk perception on mid and small size non-banks.

Emergency Credit Line Guarantee Scheme ("ECLGS") for MSMEs (₹ 4.5 trillion)

Banks and NBFCs are directed to offer up to 20% of entire outstanding credit to MSMEs. MSMEs with up to ₹ 250 million outstanding credits and ₹ 1 billion turnover are eligible for these loans.

1. **Subordinated debt to MSMEs (₹ 200 billion)**

The Indian government is also facilitating the provision of ₹ 200 billion as subordinate debt for stressed assets of MSMEs. It is expected to also provide ₹ 40 billion as partial credit guarantee support to banks for lending to MSMEs.

2. **Equity infusion in MSMEs (₹ 500 billion)**

The Government of India has committed to infuse ₹ 500 billion in equity of MSMEs having growth potential and viability. It is expected to also encourage MSMEs to list on stock exchanges.

3. **Clearing MSME dues; guarantee scheme**

The Government of India has requested central public sector enterprises to release all pending MSME payments within 45 days. It is expected to boost transaction-based lending by financial technology entities ("**finTechs**") enterprises.

4. **Global tenders disallowed up to ₹ 2 billion**

The Indian government is expected to not allow foreign companies in government procurement tenders of value up to ₹ 2 billion. This is likely to ease the competition faced by the MSMEs against foreign companies.

5. **Loan interest subvention scheme (₹ 15 billon)**

Under this scheme, the Indian government has provided 2% interest subvention for loans given under Mudra-Shishu scheme. These loans are up to the ticket size of ₹ 50,000 and are mostly given by NBFC-MFIs that benefit low-income groups customers.

6. **Special credit facility for street vendors (₹ 50 billon)**

The Government of India announced this scheme to facilitate easy access of credit to street vendors to offset the adverse effect of COVID-19 pandemic on their livelihoods.

7. **"Aatmanirbhar 3.0" stimulus package rolled out to boost economy in November 2020**

The finance minister, on November 12, 2020, announced a stimulus package amounting to ₹ 2.65 trillion. Under the package, 12 stimulus measures were rolled out to, among other things, boost employment in the formal and informal economy, help housing infrastructure, enhance ease of doing business and extend the deadline for the Credit Line Guarantee Scheme.
An additional outlay of ₹ 180 billion for PM Awaas Yojana ("**PMAY**") Urban was announced, which is expected to help ground 1.2 million houses and complete 1.8 million houses. The move is expected to create additional 7.8 million jobs and improve production and sale of steel and cement, resulting in a multiplier effect on the economy. Stimulus packages worth ₹ 2.65 trillion were announced by the Government of India.

Following are the twelve announcements made in the Aatmanirbhar 3.0 stimulus package:

1. Aatmanirbhar Bharat Rozgar Yojana: Aatmanirbhar Bharat Rozgar Yojana, operational during October 1, 2020 to June 2021 to incentivise creation of new employment opportunities during COVID-19 recovery phase.
2. ECLGS 2.0: Launch of an ECLGS 2.0 for guaranteed credit to 26 stressed sectors. Tenure of additional credit under ECLGS 2.0 to be 5 years, including 1 year of moratorium on principal repayment. ECLGS extended till March 31, 2021.
3. PLI scheme: Introduction of the PLI scheme in 13 key sectors for enhancing India's manufacturing capabilities and exports.
4. PMAY **–** Urban**:** ₹ 180 billion is expected to be provided over the Budged Estimates for 2020-21 PMAY – Urban through additional allocation and extra-budgetary resources. This is over and above the ₹ 80 billion already budgeted this year.
5. Support for construction and infrastructure – Relaxation of earnest money deposit ("**EMD**") and performance security on Government tenders.

Performance security on contracts to be reduced to 3% instead of 5-10%

EMD is expected to not be required for tenders and is expected to be replaced by Bid Security Declaration

Relaxations are expected to be given till December 31, 2021

1. Demand booster for residential real estate income-tax relief for developers and home buyers: Increase in the differential from 10% to 20% for the period from the date of the announcements to June 20, 2021 for only primary sale of residential units of value up to ₹ 2 billion.
2. The Government of India is expected to invest ₹ 60 billion as equity in the NIIF debt platform. Infra project financing of ₹ 1.1 trillion is expected to be provided by the Government of India.
3. The Government of India is expected to provide support to farmers with ₹ 650 billion for subsidised fertilisers

4. Boost for the rural employment – Enhanced outlays under PM Garib Kalyan Rozgar Yojana: ₹ 400 billion was additionally provided in Atmanirbhar Bharat 1.0. Further outlay of ₹ 100 billion to be provided for PM Garib Kalyan Rozgar Yojana in the current Fiscal.
5. Boost for exports – ₹ 30 billion to EXIM Bank for lines of credit: ₹ 30 billion is expected to be released to EXIM Bank for promotion of project exports through lines of credit under the IDEAS scheme.
6. Capital and industrial stimulus: ₹ 102 billion additional budget outlay is expected to be provided towards capital and industrial expenditure.
7. Research and development grant for COVID-19 vaccine development: ₹ 9 billion provided for COVID-19 Suraksha Mission for research and development of an Indian COVID-19 vaccine to the Department of Biotechnology

Scope of ECLGS Scheme further expanded post the COVID-19 second wave

In September 2021, with a view to support various businesses impacted by the second wave of COVID-19 pandemic, the timeline for ECLGS has been extended till March 2022 or till guarantees for an amount of ₹ 4.5 lakh crore are issued under the scheme, whichever is earlier. In addition, the last date of disbursement under the scheme has also been extended to June 2022. Out of the targeted amount of ₹ 4.5 trillion, ₹ 3.32 trillion has been sanctioned as of April 30, 2022 of which ₹ 2.54 trillion has been disbursed.

In June 2021, the Government of India increased the overall admissible guaranteed limit from ₹ 3.0 trillion to ₹ 4.5 trillion. In addition, the limit of admissible guarantee and outstanding loan amount was increased from 20% to 40% of outstanding for COVID-affected sectors like hospitality sector, travel and tourism sector, leisure and sporting sector and civil aviation sector, subject to a maximum of ₹200 crore per borrower. In Union budget 2022-23, the allocation under ECLGS was increased from ₹4.5 trillion to ₹5.0 trillion, and the timeline for sanctions has been extended till March 2023. The enhancement of ₹500 million is earmarked exclusively for hospitality and related enterprises.

Earlier, in May 2021, the Government of India announced the following further modifications to the ECLGS scheme:

- The scope was expanded to cover loans up to ₹ 20 million to hospitals/ nursing homes/ clinics/ medical colleges for setting up on-site oxygen generation plants with interest rate capped at 7.5%
- Additional ECLGS assistance of up to 10% of the outstanding loans as on February 29, 2020 was allowed to borrowers covered under ECLGS 1.0
- Civil aviation sector was included in the list of sectors covered
- Ceiling of ₹ 5 billion of loan outstanding for eligibility under ECLGS 3.0 was removed, subject to maximum additional ECLGS assistance to each borrower being limited to 40% or ₹ 2 billion, whichever was lower
- Borrowers who had availed loans under ECLGS 1.0 of overall tenure of 4 years comprising of repayment of interest only during the first 12 months with repayment of principal and interest in 36 months were allowed to increase the tenure to 5 years (repayment of interest only for the first 24 months with repayment of principal and interest in 36 months thereafter)

Earlier, in March 2021, the Government of India had made the following modifications to the scheme

- The scope of ECLGS was expanded to cover business enterprises in hospitality, travel and tourism, leisure and sporting sectors which had, as on February 29, 2020, total credit outstanding not exceeding ₹ 5 billion and were less than or equal to 60 days past due as on that date.
- The validity of ECLGS was extended up to June 30, 2021 or till guarantees for an amount of ₹ 3 trillion were issued.

Key structural reforms: Long-term positives for the Indian economy

- Financial inclusion improved significantly with the help of schemes like PMJDY, PMJJBY and PMSBY.
- GST has spawned structural changes in the supply chain and logistics network in India which ensures that more players in the supply chain come under the tax ambit. The GST regime has been stabilising fast and is expected to bring more transparency and formalisation, eventually leading to higher economic growth.
- Production-Linked Incentive scheme aims to spawn a handful of globally competitive large scale manufacturing units in the identified sectors. Furthermore, the Government of India also hopes to reduce India's dependence on raw material imports from China. The scheme is expected to provide a boost to economic growth over the medium-term and create more employment opportunities as many of these sectors are labor intensive in nature.
- The Insolvency and Bankruptcy Code ("**IBC**") is a reform that is expected to structurally strengthen the identification and resolution of insolvency in India. It attempts to simplify legal processes, preserve value for creditors and provide them with greater certainty of outcome. With this reform, RBI has sent a strong signal to borrowers to adhere to credit

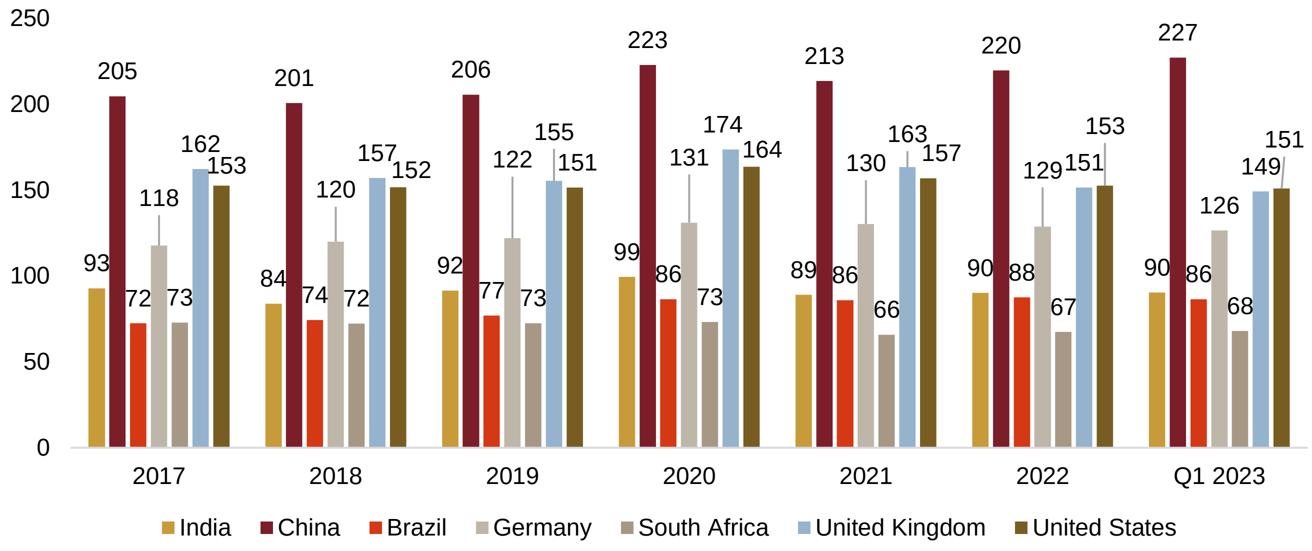
discipline and encourage banks to break resolution deadlocks by introducing definite timelines. IBC is expected to enhance investors' confidence when investing in India.

- On September 20, 2019, the finance minister announced Taxation Laws (Amendment) Ordinance, 2019 to make certain amendments in the Income Tax Act, 1961, to allow any domestic company the option to pay income tax at the rate of 22%, subject to the condition that they are expected to not avail of any exemption/incentive. The amendments could boost the capital base of the financial institutions and help revive growth in the financial services sector, which has been battling with high NPAs, increasing defaults and liquidity concerns.

Credit penetration is lower in India compared to other countries

In terms of the credit to GDP ratio, India has a low credit penetration compared with other developing countries, such as China indicating that the potential that can be tapped. Similarly, in terms of credit to households as a proportion of GDP as well, India lags other markets, with retail credit hovering at around 26% of GDP as of Fiscal 2023.

Credit to GDP ratio (%) (Q1 CY2023)



Note: Data is represented for calendar years for all countries except India. For India, numbers are for fiscal year
Source: Bank of International Settlements[5], CRISIL MI&A

Delhi, Maharashtra, Telangana and Chandigarh have a higher credit penetration compared to other states

Delhi, Maharashtra, Telangana and Chandigarh have a credit to GDP ratio of more than 100% as of March 2023 which indicates that credit penetration in the state is higher as compared to other states in India. Chandigarh has the highest credit penetration of 271% as of March 2023 followed by Delhi at 240%. Maharashtra has the third highest credit penetration in Indian states at 206% which has the highest contribution to Indian GDP.

In terms of credit growth, among the top ten states, Andhra Pradesh (16%) and Rajasthan (15%) witnessed the highest credit growth from Fiscal 2016 to Fiscal 2023. Amongst the top 15 states, the asset quality in states such as Andhra Pradesh, Telangana, Gujarat, Rajasthan and Kerala is better as compared to other states as of Fiscal 2023. In states such as Maharashtra and Karnataka, the asset quality is slightly worse compared to Andhra Pradesh and Rajasthan but is better than India average.

Delhi and Chandigarh which are smaller states have high credit concentration, for example Chandigarh has an urban credit share of 100% and Delhi has a metropolitan credit share of 99%. Densely populated states like Bihar and Uttar Pradesh have rural credit share at 21% and 16%, respectively, which is low considering majority of the population lives in rural areas.

State-wise credit penetration (Fiscal 2023)

State	Credit Penetration as of March 2023	Credit Growth (FY16-FY23)	GSDP (FY21-FY22) in Rs billion	Percentage share in India's GDP	Rural Credit Share	Semi Urban Credit Share	Urban Credit Share	Metropolitan Credit Share
Maharashtra*	206%	8%	18,893	12.7%	2%	4%	4%	90%
Tamil Nadu	94%	9%	13,451	9.0%	11%	23%	14%	51%
Karnataka	73%	10%	12,522	8.4%	8%	12%	16%	64%

5 https://www.bis.org/statistics/c_gaps.htm?m=6_380_670

State	Credit Penetration as of March 2023	Credit Growth (FY16-FY23)	GSDP (FY21-FY22) in Rs billion	Percentage share in India's GDP	Rural Credit Share	Semi Urban Credit Share	Urban Credit Share	Metropolitan Credit Share
Gujarat*	58%	9%	12,482	8.4%	8%	13%	17%	62%
Uttar Pradesh	57%	12%	11,231	7.5%	16%	16%	32%	36%
West Bengal*	62%	6%	7,927	5.3%	13%	10%	20%	58%
Andhra Pradesh	77%	16%	7,469	5.0%	15%	25%	30%	30%
Rajasthan	62%	15%	7,330	4.9%	13%	24%	25%	38%
Telangana	102%	10%	6,763	4.5%	7%	11%	9%	74%
Delhi	240%	6%	6,224	4.2%	0%	1%	0%	99%
Madhya Pradesh	60%	13%	6,217	4.2%	11%	22%	18%	48%
Haryana	68%	13%	5,888	4.0%	9%	15%	68%	8%
Kerala	83%	11%	5,509	3.7%	2%	50%	48%	0%
Bihar	46%	16%	4,281	2.9%	21%	24%	25%	30%
Punjab	68%	6%	4,275	2.9%	18%	29%	26%	28%
Odisha	46%	14%	4,203	2.8%	19%	23%	58%	0%
Chhattisgarh*	61%	13%	2,455	1.6%	8%	17%	26%	49%
Jharkhand	42%	12%	2,368	1.6%	17%	20%	28%	35%
Assam*	45%	15%	2,285	1.5%	21%	30%	49%	0%
Uttarakhand	37%	12%	1,899	1.3%	21%	21%	58%	0%
Himachal Pradesh	34%	11%	1,244	0.8%	58%	32%	10%	0%
Jammu and Kashmir	71%	14%	1,215	0.8%	35%	26%	21%	19%
Goa*	48%	8%	534	0.4%	18%	82%	0%	0%
Tripura	27%	14%	405	0.3%	27%	27%	46%	0%
Chandigarh*	271%	5%	279	0.2%	0%	0%	100%	0%
Puducherry	62%	11%	266	0.2%	9%	20%	71%	0%
Meghalaya	41%	16%	257	0.2%	33%	18%	49%	0%
Manipur*	50%	24%	208	0.1%	30%	21%	49%	0%
Sikkim	28%	18%	207	0.1%	28%	10%	62%	0%
Arunachal Pradesh*	37%	16%	189	0.1%	28%	72%	0%	0%
Nagaland*	42%	16%	180	0.1%	22%	46%	32%	0%
Mizoram*	28%	15%	144	0.1%	8%	25%	67%	0%

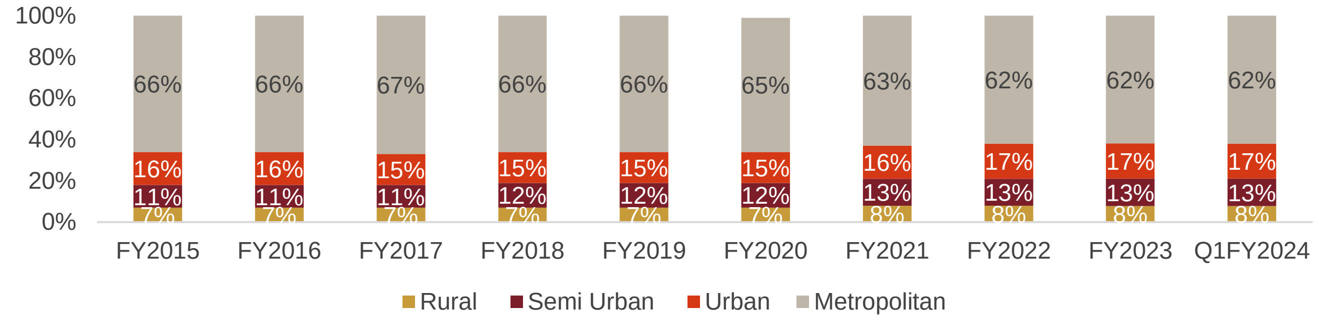
*Note: Credit penetration calculated as banking credit to states as of Fiscal 2023 divided by state GSDP (at constant prices) as of Fiscal 2022; Region wise credit % calculated as credit divided by total credit, GDP taken as GSDP at constant prices, Base Year: 2011-12., * GDSP taken for Fiscal 2021, Source: RBI, MOSPI, CRISIL MI&A Estimates*

Rural India – Under penetration and untapped market presents a huge opportunity for growth

Credit to metropolitan areas has decreased over the past few years with its share decreasing from 66% in Fiscal 2015 to 62% as at June 30, 2023. Between the same period, credit share has witnessed a marginal rise in rural and urban areas. For semi-urban areas, credit share has gone up from 12% as of March 31, 2018, to 13% as of June 30, 2023.

As at March 31, 2023, rural areas, which account for 47% of GDP, received just 8% of the overall banking credit, which shows the vast market opportunity for banks and NBFCs to lend in these areas. With increasing focus of the Government of India towards financial inclusion, rising financial awareness, increasing smartphone and internet penetration, CRISIL MI&A expects delivery of credit services in rural area to increase. In addition, usage of alternative data to underwrite customers is expected to also help the financiers to assess customers and cater to the informal sections of the society in these regions.

Share of rural and semi-urban credit has increased marginally between Fiscal 2015 and Fiscal 2023



Source: RBI, MOSPI, CRISIL MI&A

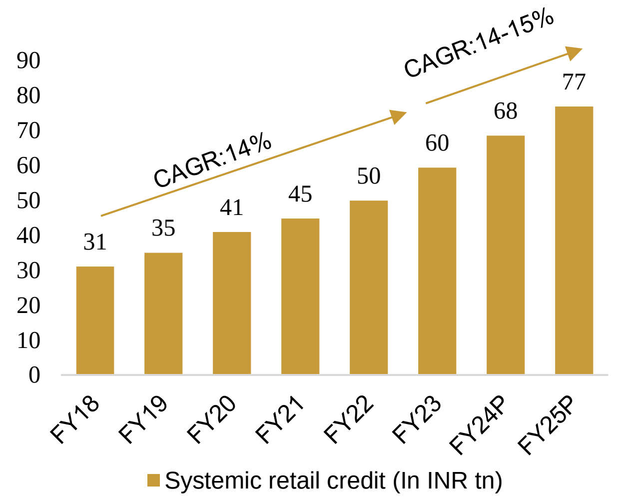
Retail credit market to grow at a healthy pace and remain profitable

Over last few years, retail credit grew at a strong pace from ₹ 30 trillion in Fiscal 2018 to ₹ 60 trillion in Fiscal 2023 and it constituted 32% of total systemic credit in India. The credit gap is much larger in case of Emerging Self-Employed Individuals.

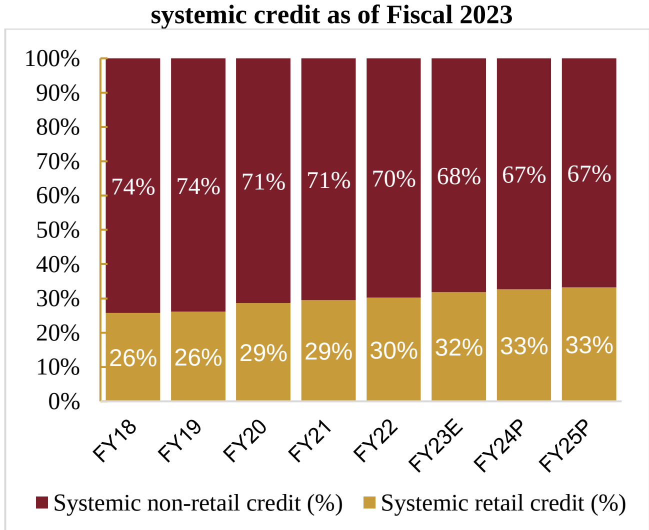
Retail credit is expected to further log a CAGR of 14-15% between Fiscals 2023 and 2025. It is likely to be propelled by an increase in private consumption with a steady rise in GDP growth, a shift in attitude of consumers towards debt, the continuing trend of urbanisation and nuclearization, increased availability of data from credit bureaus as well as non-traditional data and financiers leveraging technology and data analytics to serve their target markets more efficiently. In addition, CRISIL MI&A sees that despite fast growth in retail credit, India's household debt in relation to its GDP still remains low at 21% compared with the BRICS countries – 34% in Brazil, and 62% in China.

From a profitability perspective as well, retail lending is an attractive proposition with NBFCs across various asset classes being able to earn fairly healthy return on assets over the course of a business cycle. Given that the market is large, has good growth prospects, is under penetrated and profitable, CRISIL MI&A expects retail credit to continue to remain a key focus area for banks and NBFCs.

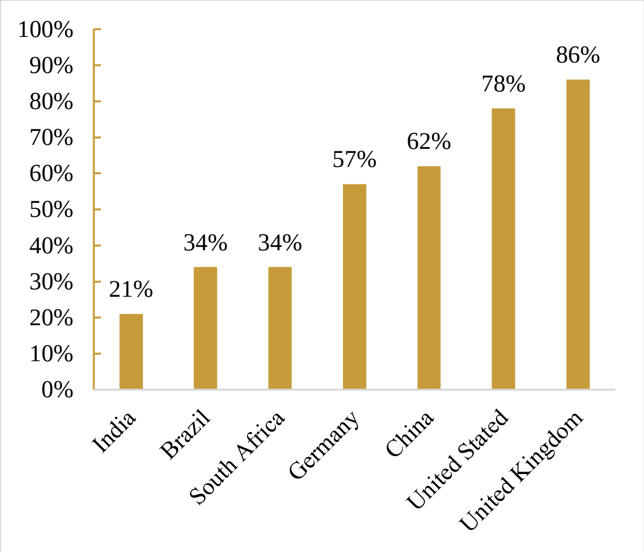
Retail credit growth to continue on a strong footing in Fiscal 2024 and 2025



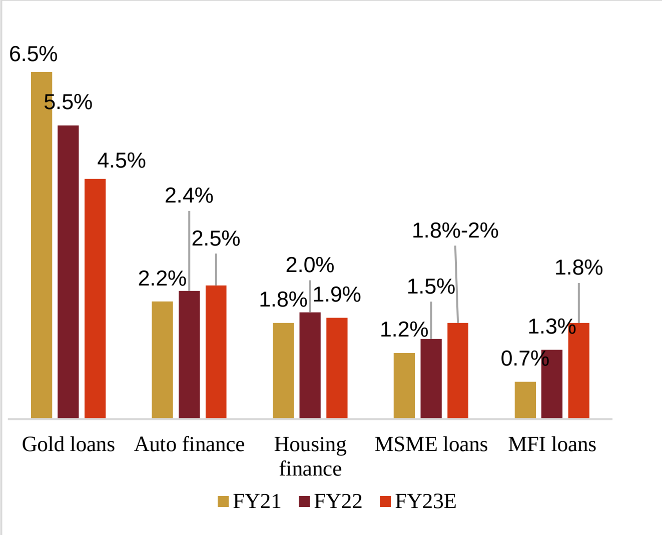
Retail segment is estimated to account for 32% of overall systemic credit as of Fiscal 2023



India most underpenetrated in terms of retail credit indicating significant potential for growth



Retail lending is profitable for NBFCs across various asset classes as indicated by their Return on Assets

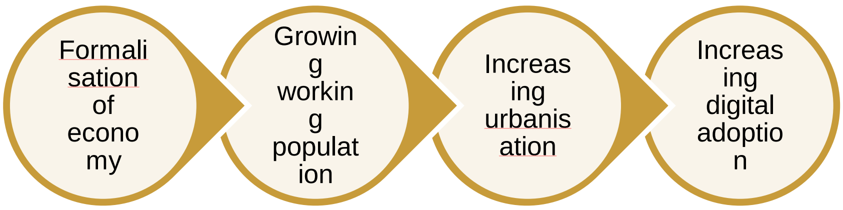


Note: E = Estimated; P = Projected, above retail credit market includes housing finance, Auto finance, microfinance, gold loans, construction equipment finance, consumer durable finance, MSME loans and education loans

For countries except India, data is represented for calendar years. For India, data represented is for fiscal year 2022.

Source: RBI, Bank of International Settlements, Company reports, CRISIL MI&A

Factors that are expected to support retail credit growth

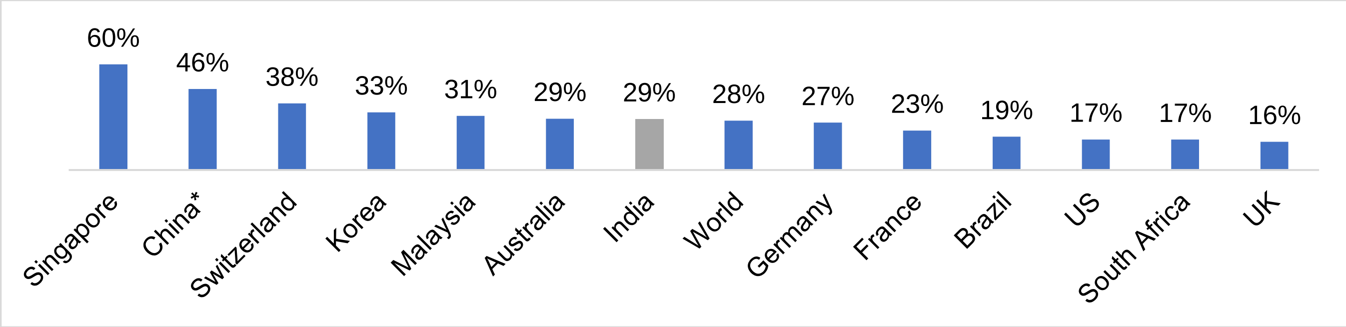


Source: CRISIL MI&A

Household savings to increase

India's slowing economy took a toll on much-needed savings too, with the savings rate touching a 15-year low in Fiscal 2020 to 27.1%, post which in the next two fiscals the savings have witnessed a growth and touched approximately 29% during fiscal 2022. Despite the slow-down, India remains favourable in terms of gross domestic savings rate compared with most other emerging market peers at 29% in Fiscal 2022, greater than the world average of 28%.

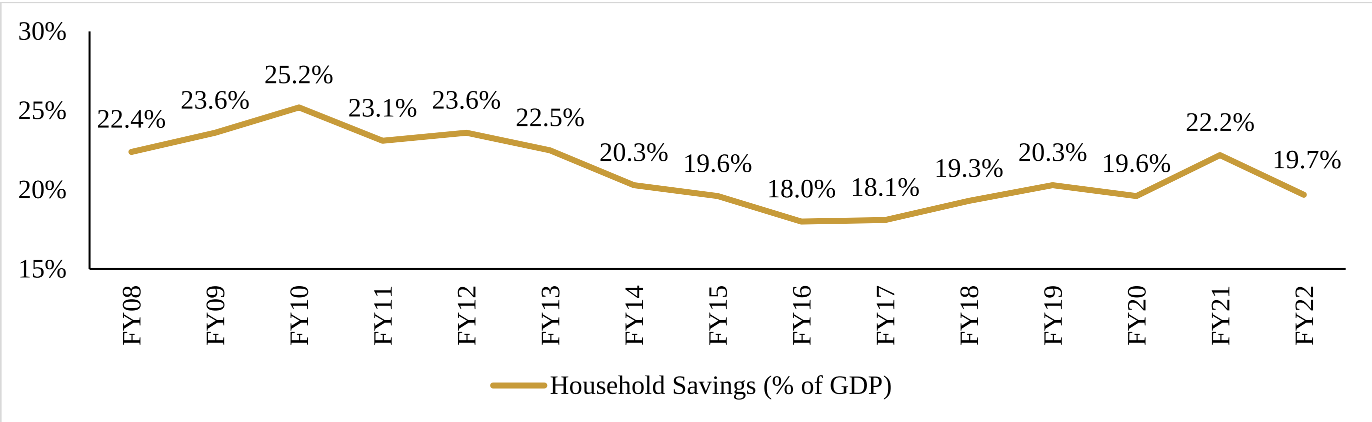
Gross Domestic Savings rate (in %): India vs other countries (CY 2022)



Note: Gross Domestic Saving consists of savings of household sector, private corporate sector and public sector; (*) Data as of CY2022; Source: World Bank[6], Handbook of Statistics on Indian Economy 2020-21, RBI, MOSPI, CRISIL MI&A

Specifically, household savings as a percentage of GDP has been sliding since Fiscal 2012, with its share as a proportion of GDP falling significantly from 23.6% in Fiscal 2012 to 18.0% in Fiscal 2016. The household savings as percentage of GDP rose to 19.7% in Fiscal 2022.

Household savings as a percentage of GDP has increased to 22.2% in fiscal 2021, declined in fiscal 2022



Source: Ministry of Statistics and Programme Implementation (MOSPI), RBI, CRISIL MI&A

Gross domestic savings trend

Parameters (₹ billion)	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22
GDS	36,082	40,200	42,823	48,251	54,807	60,003	59,959	55,924	54,266
Household sector savings (net financial savings, savings in physical assets and in the form of gold and silver ornaments)	22,853	24,391	24,749	27,871	32,966	38,446	39,291	43,906	46,195
Household sector savings as proportion of GDS (%)	63%	61%	58%	58%	60%	64%	66%	79%	85%
Gross financial savings	11,908	12,572	14,962	16,147	20,564	22,636	23,991	31,089	25,979
Financial liabilities	3,587	3,768	3,854	4,686	7,507	7,712	7,866	8,052	8,071
Savings in physical assets	14,164	15,131	13,176	15,946	19,442	23,094	22,735	20,484	27,690
Savings in physical assets as a proportion of GDS (%)	39%	38%	31%	33%	35%	38%	38%	37%	51%

6 https://data.worldbank.org/indicator/NY.GDS.TOTL.ZS