RED HERRING PROSPECTUS
Dated: June 14, 2017
(This Red Herring Prospectus will be updated upon filing with the RoC)
(Please read Section 32 of the Companies Act, 2013)
100% Book Built Offer

AU SMALL FINANCE BANK LIMITED

Our Company was originally incorporated as 'L.N. Finco Gems Private Limited' on January 10, 1996 as a private limited company under the Companies Act, 1956 with the RoC. Pursuant to the change of name of our Company to Au Financiers (India) Private Limited to reflect the diversified finance business of our Company, a fresh certificate of incorporation was issued by the RoC on May 24, 2005. Our Company was converted into a public limited company by way of a special resolution passed by our Shareholders at the EGM held on January 10, 2013 and the name of our Company was changed to 'Au Financiers (India) Limited'. A fresh certificate of incorporation consequent upon conversion to a public limited company was issued by the RoC on January 11, 2013. Our Company was granted the in-principle approval to establish an SFB by the RBI, pursuant to its letter dated October 7, 2015. Subsequently, the RBI granted our Company the final approval to establish an SFB by its letter dated December 20, 2016. Pursuant to our Company being established as an SFB, the name of our Company was changed to 'AU Small Finance Bank Limited' and a fresh certificate of incorporation was issued by the RoC on April 13, 2017. For details of change in the name and registered office of our Company, see "*History and Certain Corporate Matters*" on page 175.

Registered Office: 19-A Dhuleshwar Garden, Ajmer Road, Jaipur 302001, Rajasthan, India
Corporate Office: 5th Floor, E-Wing, Kanakia Zillion, Junction of CST Road and L.B.S. Marg, Kurla (West), Mumbai – 400 070, Maharashtra, India
Contact Person: Mr. Manmohan Parnami, Company Secretary and Compliance Officer; **Tel**: +91 141 4110060; **Fax**: +91 141 4110090
E-mail: ipo@aubank.in; **Website**: www.aubank.in; **Corporate Identification Number**: L36911RJ1996PLC011381

OUR PROMOTERS: MR. SANJAY AGARWAL, MS. JYOTI AGARWAL, MS. SHAKUNTALA AGARWAL AND MR. CHIRANJI LAL AGARWAL

INITIAL PUBLIC OFFERING OF 53,422,169 EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH OF AU SMALL FINANCE BANK LIMITED ("COMPANY" AND SUCH EQUITY SHARES OF OUR COMPANY, THE "EQUITY SHARES") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE) ("OFFER PRICE") AGGREGATING TO ₹ [●] MILLION (THE "OFFER") THROUGH AN OFFER FOR SALE OF UP TO 2,494,769 EQUITY SHARES BY MR. SANJAY AGARWAL, 2,363,712 EQUITY SHARES BY MS. JYOTI AGARWAL, 2,274,326 EQUITY SHARES BY MS. SHAKUNTALA AGARWAL, 1,290,449 EQUITY SHARES BY MR. CHIRANJI LAL AGARWAL (TOGETHER, THE "PROMOTER SELLING SHAREHOLDERS"), 576,744 EQUITY SHARES BY MYS HOLDINGS PRIVATE LIMITED ("MYS" AND "PROMOTER GROUP SELLING SHAREHOLDER"), 14,800,000 EQUITY SHARES BY REDWOOD INVESTMENT LTD ("REDWOOD"), 7,572,169 EQUITY SHARES BY INTERNATIONAL FINANCE CORPORATION ("IFC"), 11,250,000 EQUITY SHARES BY LABH INVESTMENTS LIMITED ("LABH"), 10,365,368 EQUITY SHARES BY OUREA HOLDINGS LIMITED ("OUREA"), AND UP TO 434,632 EQUITY SHARES BY KEDAARA CAPITAL ALTERNATIVE INVESTMENT FUND – KEDAARA CAPITAL AIF 1 ("KEDAARA"), TOGETHER WITH REDWOOD, IFC, LABH, OUREA, AND KEDAARA THE "INVESTOR SELLING SHAREHOLDERS", (PROMOTER SELLING SHAREHOLDERS, PROMOTER GROUP SELLING SHAREHOLDER, AND INVESTOR SELLING SHAREHOLDERS, COLLECTIVELY REFERED TO AS THE "SELLING SHAREHOLDERS") AND SUCH EQUITY SHARES OFFERED BY THE SELLING SHAREHOLDERS, THE "OFFERED SHARES") (THE "OFFER FOR SALE"/"OFFER"). THE OFFER WOULD CONSTITUTE [●]% OF OUR POST-OFFER PAID-UP EQUITY SHARE CAPITAL. THE OFFER INCLUDES A RESERVATION OF UP TO 1,000,000 EQUITY SHARES, AGGREGATING UP TO [●] MILLION, FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES (AS DEFINED HEREIN) NOT EXCEEDING 5% OF OUR POST-OFFER PAID UP EQUITY SHARE CAPITAL (THE "EMPLOYEE RESERVATION PORTION"). THE OFFER LESS THE EMPLOYEE RESERVATION PORTION IS HEREINAFTER REFERRED TO AS THE "NET OFFER". THE OFFER AND THE NET OFFER SHALL CONSTITUTE [●]% AND [●]%, RESPECTIVELY OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.
THE FACE VALUE OF EQUITY SHARES IS ₹10 EACH. THE PRICE BAND WILL BE DECIDED BY OUR COMPANY AND THE SELLING SHAREHOLDERS IN CONSULTATION WITH THE BRLMS AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY AND THE SELLING SHAREHOLDERS IN CONSULTATION WITH THE BRLMS AND WILL BE ADVERTISED IN ALL EDITIONS OF FINANCIAL CHRONICLE (A WIDELY CIRCULATED ENGLISH NATIONAL NEWSPAPER) AND ALL EDITIONS OF RASHTRIYA SAHARA (A WIDELY CIRCULATED HINDI NATIONAL NEWSPAPER, HINDI ALSO BEING THE REGIONAL LANGUAGE IN THE PLACE WHERE OUR REGISTERED OFFICE IS LOCATED), AT LEAST FIVE WORKING DAYS PRIOR TO THE BID/OFFER OPENING DATE, AND SHALL BE MADE AVAILABLE TO THE BSE LIMITED ("BSE") AND THE NATIONAL STOCK EXCHANGE OF INDIA LIMITED ("NSE" TOGETHER WITH BSE, THE "STOCK EXCHANGES") FOR THE PURPOSE OF UPLOADING ON THEIR WEBSITES.

In case of revision in the Price Band, the Bid/Offer Period will be extended by at least three additional Working Days after such revision of the Price Band, subject to the Bid/Offer Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/Offer Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a press release, and also by indicating the change on the websites of the BRLMs and at the terminals of the Syndicate Members and by intimation to Self Certified Syndicate Banks ("**SCSBs**"), the Registered Brokers, the Registrar and Share Transfer Agents and the Collecting Depository Participants.

In terms of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended (the "**SCRR**"), the Net Offer is being made for at least 10% of the post-Offer paid-up equity share capital of our Company. The Offer is being made through the Book Building Process and in compliance with Regulation 26(1) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the "**SEBI ICDR Regulations**"), wherein not more than 50% of the Net Offer shall be allocated on a proportionate basis to Qualified Institutional Buyers ("**QIBs**") (the "**QIB Category**"), provided that our Company and the Selling Shareholders, in consultation with the Book Running Lead Managers, may allocate up to 60% of the QIB Category to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations (the "**Anchor Investor Portion**"), of which one-third is to be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Offer Price. Further, 5% of the QIB Category (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis only to Mutual Funds, and the remainder of the QIB Category shall be available for allocation on a proportionate basis to all QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Net Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Offer shall be available for allocation to Retail Individual Bidders, in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price.
Further, up to 1,000,000 Equity Shares of Face Value of ₹ 10 each will be available for allocation on a proportionate basis to Eligible Employees, subject to valid Bids being received from them at or above the Offer Price. All investors (except Anchor Investors) shall mandatorily participate in this Offer only through the Application Supported by Blocked Amount ("**ASBA**") process, and shall provide details of their respective bank account which will be blocked by the Self Certified Syndicate Banks ("**SCSBs**"). For details, see "*Offer Procedure*" on page 366.

RISKS IN RELATION TO FIRST OFFER

This being the first public offer of our Company, there has been no formal market for the Equity Shares. The face value of the Equity Shares is ₹ 10 each. The Floor Price is [●] times the face value and the Cap Price is [●] times the face value. The Offer Price (as has been determined and justified by our Company and the Selling Shareholders in consultation with the BRLMs, and as stated in "*Basis for Offer Price*" on page 113) should not be taken to be indicative of the market price of the Equity Shares, after the Equity Shares are listed. No assurance can be given regarding an active and / or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and Bidders should not invest any funds in the Offer unless they can afford to take the risk of losing their investment. Bidders are advised to read the risk factors carefully before taking an investment decision in the Offer. For taking an investment decision, Bidders must rely on their own examination of our Company and the Offer, including the risks involved. The Equity Shares offered 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 this Red Herring Prospectus. Specific attention of the investors is invited to the Section "*Risk Factors*" on page 19.

COMPANY'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 the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions, misleading in any material respect. Further, each Selling Shareholder, severally and not jointly, accepts responsibility for and confirms only statements specifically confirmed or undertaken by such Selling Shareholder in this Red Herring Prospectus to the extent that the statements specifically pertain to such Selling Shareholder and its portion of the Offered Shares and confirms that such statements are true and correct in all material respects and are not misleading in any material respect. However, each Selling Shareholder does not assume any responsibility for any other statement, including any statements made by or in relation to our Company or the other Selling Shareholders in this Red Herring Prospectus.

LISTING

The Equity Shares offered through this Red Herring Prospectus are proposed to be listed on the NSE and the BSE. Our Company has received 'in-principle' approvals from the NSE and the BSE for listing of the Equity Shares pursuant to letters dated February 16, 2017 and February 10, 2017, respectively. For the purposes of the Offer, NSE shall be the Designated Stock Exchange. A signed copy of this Red Herring Prospectus and the Prospectus shall be delivered for registration to the RoC in accordance with Sections 26(4) and 32 of the Companies Act, 2013. For details of material contracts and documents available for inspection from the date of this Red Herring Prospectus to the Bid Offer Closing date. For details, see "*Material Contracts and Documents for inspection*" on page 494.

BOOK RUNNING LEAD MANAGERS				REGISTRAR TO THE OFFER
ICICI Securities	HDFC BANK We understand your world	Motilal Oswal Investment Banking	citi	LINKIntime
ICICI Securities Limited ICICI Centre, H.T. Parekh Marg Churchgate, Mumbai 400 020 Maharashtra, India Tel : +91 22 2288 2460 Fax : +91 22 2282 6580 E-mail: aufinanciers.ipo@icicisecurities.com Investor grievance e-mail: customercare@icicisecurities.com Website: www.icicisecurities.com Contact person Mr. Govind Khetan/ Mr. Anurag Byas/ Mr. Vishal Kanjani SEBI Registration No.: INM000011179	**HDFC Bank Limited** Investment Banking Group, Unit No. 401 & 402 4th Floor, Tower B Peninsula Business Park, Lower Parel Mumbai 400 013, Maharashtra, India Tel: +91 22 3395 8019 Fax: +91 22 3078 8584 E-mail: aufin.ipo@hdfcbank.com Investor grievance e-mail: investor.redressal@hdfcbank.com Website: www.hdfcbank.com Contact person: Mr. Rishi Tiwari/ Mr. Keyur Desai SEBI Registration No: INM000011252	**Motilal Oswal Investment Advisors Limited*** Motilal Oswal Tower, Rahimtullah Sayani Road Opposite Parel ST Depot, Prabhadevi Mumbai- 400 025, Maharashtra, India Tel: +91 22 3980 4380 Fax: +91 22 3980 4315 E-mail: au.ipo@motilaloswal.com Investor grievance e-mail: moiaplredressal@motilaloswal.com Website: www.motilaloswalgroup.com Contact person: Ms. Kristina Dias SEBI Registration No.: INM000011005 **Formerly Motilal Oswal Investment Advisors Private Limited*	**Citigroup Global Markets India Private Limited** 1202, 12th Floor, First International Financial Center, G-Block C54 & 55, Bandra Kurla Complex, Bandra (East), Mumbai 400 098, Maharashtra, India Tel: +91 22 6175 9999 Fax: +91 22 6175 9961 E-mail: aufinanciers.ipo@citi.com Investor grievance e-mail:investors.cgmib@citi.com Website: http://www.online.citibank.co.in/rht m/citigroupglobalscreen1.htm Contact person: Mr. Saksham Bhandari SEBI Registration No.: INM000010718	**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 6200 Fax: +91 22 4918 6195 E-mail: aufin.ipo@linkintime.co.in Investor grievance e-mail: aufin.ipo@linkintime.co.in Website : www.linkintime.co.in Contact person: Ms. Shanti Gopalkrishnan SEBI Registration No.: INR000004058

BID/OFFER PERIOD	
BID/ OFFER OPENS ON*	Wednesday, June 28, 2017
BID/ OFFER CLOSES ON	Friday, June 30, 2017

**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 Bidding Date shall be one Working Day prior to the Bid/Offer Opening Date i.e. on June 27, 2017.*

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SECTION I: GENERAL

DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise implies or requires, the terms and abbreviations stated hereunder shall have the meanings as assigned therewith. References to any statutes, rules, regulations, guidelines and policies will, unless the context otherwise requires, be deemed to include all amendments, clarifications, modifications and replacements notified thereto as of the date of this Red Herring Prospectus. In case of any inconsistency between the definitions given below and the definitions contained in the General Information Document (as defined below), the definitions given below shall prevail.

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

General Terms

Term	Description
"we", "us", "our Company", "the Company", "the Issuer" or "AU Bank"	AU Small Finance Bank Limited, a company incorporated under the Companies Act, 1956 and having its registered office at 19-A, Dhuleshwar Garden, Ajmer Road, Jaipur - 302 001, Rajasthan, India

Company Related Terms

Term	Description
2008 SHA	Shareholders' Agreement entered among our Company, our Promoters, IBE Fund and IBE Fund-I dated February 8, 2008
2010 SHA	Shareholders' Agreement entered among our Company, our Promoters, IFC, IBE Fund and IBE Fund -I dated March 24, 2010
2012 SHA	Shareholders' Agreement entered among our Company, our Promoters, IBE Fund, IBE Fund -I, IFC and Redwood dated February 28, 2012
Arihant	M/s. Arihant Filling and Service Station
Articles of Association/AoA	The articles of association of our Company, as amended from time to time
Audit Committee	The audit committee of our Company as described in the section "*Our Management*" on page 190
Auditors or Statutory Auditors	S.R. Batliboi & Associates LLP, Chartered Accountants
AuHFL	AAVAS Financiers Limited *(formerly known as Au Housing Finance Limited)*
AuIBSPL	Au Insurance Broking Services Private Limited
Board/Board of Directors	The board of directors of our Company, as constituted from time to time including any committees thereof
CCPS	Compulsory Convertible Preference Shares of face value of ₹ 100 each
CEO	Chief Executive Officer
Company Secretary and Compliance Officer	The company secretary and compliance officer of our Company described in the section titled "*General Information*" on page 65
Corporate Office	The corporate office of our Company located at 5th Floor, E-Wing, Kanakia Zillion, junction of CST Road and L.B.S Marg, Kurla (West) Mumbai - 400 070, Maharashtra
Corporate Social Responsibility Committee/ CSR Committee	The corporate social responsibility committee of our Board as described in the section "*Our Management*" on page 190
CRISIL Report	CRISIL Ratings report titled "*NBFC Report 2016*" published in April 2016 along with subsequent impact notes published by CRISIL Ratings post the demonetization policy introduced by the Government and "*CRISIL Inclusix Report June 2015*"
Director(s)	Director(s) on our Board, as appointed from time to time
Equity Shares	Equity shares of our Company of face value of ₹ 10 each
ESOP Scheme 2011	Employee Stock Option Plan, 2011 of our Company
ESOP Scheme 2015	Employee Stock Option Plan, 2015 of our Company
ESOP Scheme 2016	Employee Stock Option Plan, 2016 of our Company

Term	Description
Group Companies	Companies which are covered under the applicable accounting standards and companies considered material by our Board in terms of the Materiality Policy. For details, see "*Group Companies*" on page 221
ICRA Report	ICRA report titled "RBI's Operating Guidelines for Small Finance Banks" published in October 2016
IBEF	Report titled "India Brand Equity Foundation – Banking" published in December 2016
IBE Fund	India Business Excellence Fund
IBE Fund-I	India Business Excellence Fund-I
IML	Index Money LLP (*formerly known as Index Money Limited*)
Independent Director	A non-executive, independent Director as per the Companies Act, 2013, the Banking Regulation Act and the SEBI Listing Regulations
Investor Selling Shareholders	Collectively, Redwood, IFC, Labh, Ourea and Kedaara
IFC	International Finance Corporation
IPO Committee	The IPO committee of our Company as described in the section "*Our Management*" on page 190
Kedaara	Kedaara Capital Alternative Investment Fund – Kedaara Capital AIF 1
KMP / Key Management Personnel	Key management personnel of our Company in terms of the SEBI ICDR Regulations and the Companies Act, 2013 and as disclosed in "*Our Management – Key Management Personnel*" on page 211
Labh	Labh Investments Limited
Materiality Policy	The policy on Group Companies, material creditors and material legal proceedings adopted by our Board pursuant to its resolution dated December 20, 2016
Memorandum / Memorandum of Association/ MoA	The memorandum of association of our Company, as amended, from time to time
MOSL	Motilal Oswal Securities Limited
MYS	MYS Holdings Private Limited
Nomination and Remuneration Committee	The nomination and remuneration committee of our Board as described in the section "*Our Management*" on page 190
Ourea	Ourea Holdings Limited
Promoter Selling Shareholders	Mr. Sanjay Agarwal, Ms. Jyoti Agarwal, Ms. Shakuntala Agarwal and Mr. Chiranji Lal Agarwal
Promoters	Promoters of our Company, namely, Mr. Sanjay Agarwal, Ms. Jyoti Agarwal, Ms. Shakuntala Agarwal and Mr. Chiranji Lal Agarwal
Promoters' Contribution	Pursuant to Regulation 32 and 36(a) of the SEBI ICDR Regulations, an aggregate of 20% of the fully diluted post-Offer capital of our Company held by our Promoters which shall be considered as the minimum promoters' contribution and shall be locked-in for a period of three years from the date of Allotment
Promoter Group	Persons and entities constituting the promoter group of our Company in terms of Regulation 2 (1)(zb) of the SEBI ICDR Regulations. For details, see "*Our Promoters and Promoter Group*" on page 216
Promoter Group Selling Shareholder	MYS
RBI Final Approval	The RBI letter dated December 20, 2016 pursuant to which our Company had been granted the license to carry on SFB business under Section 22 of the Banking Regulation Act, subject to certain conditions.
RBI In-principle Approval	The RBI letter dated October 7, 2015 pursuant to which our Company had been granted the in-principle approval to convert our Company into SFB under Section 22 of the Banking Regulation Act, subject to certain conditions.
Redwood	Redwood Investment Ltd
Registered Office	Registered office of our Company located at 19-A, Dhuleshwar Garden, Ajmer Road Jaipur - 302 001, Rajasthan, India
Registrar of Companies/ RoC	Registrar of Companies, Jaipur, Rajasthan
Restated Financial Statements	The restated standalone financial information of our Company which comprises the restated standalone summary statement of assets and liabilities, the restated standalone summary statement of profit and loss and the restated standalone summary statement of cash flow as at and for the Financial Years 2017, 2016, 2015, 2014, and 2013, together with the annexures and notes thereto prepared for the Company as an NBFC
Selling Shareholders	Collectively, Investor Selling Shareholders, Promoter Selling Shareholders, and

Term	Description
	Promoter Group Selling Shareholder
Senior Management Personnel	Such employees of our Company as mentioned in "*Our Management – Senior Management Personnel*" on page 212
Shareholders	The equity shareholders of our Company from time to time
Stakeholders' Relationship Committee	The Stakeholders' Relationship Committee of our Board as described in the section "*Our Management*" on page 190

Offer Related Terms

Term	Description
Acknowledgment Slip	The slip or document issued by the relevant Designated Intermediary to a Bidder as proof of registration of the Bid cum Application Form
"Allotment" / "Allot" / "Allotted"	Unless the context otherwise requires, the transfer of the Offered Shares by the Selling Shareholders pursuant to the Offer for Sale to the successful Bidders
Allotment Advice	The note or advice or intimation of Allotment, sent to each who has been or is to be Allotted the Equity Shares after approval of the Basis of Allotment by the Designated Stock Exchange
Allottee	A successful Bidder to whom the Equity Shares are Allotted
Anchor Investor(s)	A Qualified Institutional Buyer, applying under the Anchor Investor Portion in accordance with the SEBI ICDR Regulations
Anchor Investor Allocation Price	The price at which Equity Shares will be allocated to the Anchor Investors in terms of this Red Herring Prospectus on the Anchor Investor Bidding Date, which shall not be higher than the Cap Price and shall be decided by our Company and the Selling Shareholders in consultation with the BRLMs
Anchor Investor Application Form	The form used by an Anchor Investor to make a Bid in the Anchor Investor Portion and which will be considered as an application for Allotment in terms of this Red Herring Prospectus and Prospectus
Anchor Investor Bidding Date	The day, one Working Day prior to the Bid/Offer Opening Date, on which Bids by Anchor Investors shall be submitted, and allocation to Anchor Investors shall be completed
Anchor Investor Offer Price	The final price at which 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 and the Selling Shareholders in consultation with the BRLMs
Anchor Investor Pay-in Date	With respect to Anchor Investor(s), it shall be the Anchor Investor Bidding Date, and in the event the Anchor Investor Allocation Price is lower than the Offer Price, the pay-in date mentioned in the CAN.
Anchor Investor Portion	Up to 60% of the QIB Category, 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, out 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
"Applications Supported by Blocked Amount" / "ASBA"	An application, whether physical or electronic, used by ASBA Bidders to make a Bid authorising an SCSB to block the Bid Amount in the relevant ASBA Accounts
ASBA Account	A bank account maintained with an SCSB and specified in the ASBA Form submitted by the ASBA Bidders for blocking by such SCSB to the extent of the Bid Amount specified in the ASBA Form
ASBA Bid	A Bid made by an ASBA Bidder
ASBA Bidder	All Bidders other than Anchor Investors
ASBA Form	An application form, whether physical or electronic, used by ASBA Bidders to make Bids which will be considered as the application for Allotment in terms of this Red Herring Prospectus and the Prospectus
"Banker to the Offer" / "Escrow Bank" / "Escrow Collection Banks"	Banks which are clearing members and registered with SEBI as bankers to an offer and with whom the Escrow Account will be opened, in this case being HDFC
Basis of Allotment	The basis on which the Allotment will be made, as described in "*Offer Procedure – Allotment Procedure and Basis of Allotment*" on page 403
Bid	An indication to make an offer, during the Bid/Offer Period by a ASBA Bidder, or on

Term	Description
	the Anchor Investor Bidding Date by an Anchor Investor, pursuant to the submission of a Bid cum Application Form, to purchase, the Offered Shares at a price within the Price Band, in terms of this Red Herring Prospectus and the Bid cum Application Form to the extent permitted by the SEBI ICDR Regulations, and the term "Bidding" shall be construed accordingly
Bid Amount	Highest value of optional Bids indicated in the Bid cum Application Form and payable by the Bidder or blocked in the ASBA Account of the ASBA Bidders, as the case may be, upon submission of Bid
Bidding Centers	Centers at which the Designated Intermediaries shall accept the Bid cum Application Forms, *i.e.*, Designated SCSB Branch for SCSBs, Specified Locations for the Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs. The term "Bidding Centre" shall be construed accordingly
Bid cum Application Form	The Anchor Investor Application Form or ASBA Form, as the context requires
Bid Lot	[●] Equity Shares
Bid / Offer Closing Date	Except in relation to Bids received from the Anchor Investors, the date after which the Designated Intermediaries will not accept any Bids, which shall be published in all editions of Financial Chronicle (a widely circulated English national newspaper), all editions of Rashtriya Sahara (a widely circulated Hindi national newspaper, Hindi also being the regional language in the place where our Registered Office is located).
Bid / Offer Opening Date	Except in relation to Bids received from the Anchor Investors, the date on which the Designated Intermediaries, as applicable, shall start accepting Bids for the Offer, which shall also be notified in all editions of Financial Chronicle (a widely circulated English national newspaper), all editions of Rashtriya Sahara (a widely circulated Hindi national newspaper, Hindi also being the regional language in the place where our Registered Office is located), each with wide circulation
Bid / Offer Period	Except in relation to any Bids received from the 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. The Bid/Offer Period will comprise Working Days only
Bidder	Any prospective investor who makes a Bid pursuant to the terms of this Red Herring Prospectus and the Bid cum Application Form. Unless, otherwise stated or implied, the term "Bidder" shall be deemed to include an Anchor Investor
Book Building Process	The book building process as described in Part A, Schedule XI of the SEBI ICDR Regulations, in terms of which the Offer is being made
Book Running Lead Managers/ BRLMs	The book running lead managers to the Offer namely, I-Sec, HDFC, Motilal, and Citi
Broker Centres	Broker centers of the Registered Brokers notified by the Stock Exchanges where Bidders can submit the ASBA Forms to a Registered Broker and details along with names and contact details, of which are available on the websites of the Stock Exchanges at www.bseindia.com and www.nseindia.com
CAN or 'Confirmation of Allocation Note'	The note or advice or intimation of allocation of the Equity Shares sent to Anchor Investors, who have been allocated Equity Shares, after the Anchor Investor Bid/ Offer Period
Cap Price	The 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, including any revisions thereof
Client ID	Client identification number maintained with one of the Depositories in relation to the demat account
Citi	Citigroup Global Markets India Private Limited
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 circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
Cut-off Price	The Offer Price, 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. QIBs (including Anchor Investors) and Non-Institutional Investors are not entitled to Bid at the Cut-off Price
Demographic Details	Details of the Bidders, including, their respective addresses, occupation, PAN, MICR

Term	Description
	Code and bank account details
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Forms, a list of which is available on the website of the SEBI at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries or at such other website as may be prescribed by SEBI from time to time
Designated CDP Locations	Such locations of the CDPs where ASBA Bidders can submit the ASBA Forms. The details of such Designated CDP Locations, along with names and contact details of the CDPs eligible to accept the ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)
Designated Date	Date on which funds are transferred by the Escrow Bank from the Escrow Account or the Bid Amounts blocked by the SCSBs are transferred from the ASBA Accounts, as the case may be, to the Public Offer Account or the Refund Account, as appropriate, after the Prospectus is filed with the RoC
Designated Intermediaries / Collecting Agent	Collectively, the members of the Syndicate, Sub-Syndicate/Agents, SCSBs, Registered Brokers, the CDPs and RTAs, who are authorized to collect ASBA Forms from the ASBA Bidders, in relation to the Offer
Designated RTA Locations	Such locations of the RTAs where Bidders can submit the ASBA Forms to RTAs. The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept the ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)
Designated SCSB Branches	Such branches of the SCSBs which shall collect the ASBA Forms, a list of which is available on the website of SEBI at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries or at such other website as may be prescribed by SEBI from time to time
Designated Stock Exchange / DSE	NSE
Draft Red Herring Prospectus / DRHP	The draft red herring prospectus dated February 1, 2017, issued in accordance with the SEBI ICDR Regulations, which did not contain complete particulars of the Offer, including the Offer Price at which the price at which the Allotment will be made and the size of the Offer
Eligible Employees	All or any of the following: (a) a permanent and full time employee of our Company (excluding such employees not eligible to invest in the Offer under applicable laws, rules, regulations and guidelines) as of the date of filing of this Red Herring Prospectus with the RoC and who continues to be an employee of our Company until the submission of the Bid cum Application Form, and is based, working and present in India as on the date of submission of the Bid cum Application Form; and (b) a Director of our Company, whether a whole time Director, a part time Director or otherwise, (excluding such Directors not eligible to invest in the Offer under applicable laws, rules, regulations and guidelines and any Promoter) as of the date of filing 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 and is based and present in India as on the date of submission of the Bid cum Application Form. An employee of our Company, who is recruited against a regular vacancy but is on probation as on the date of submission of the Bid cum Application Form will also be deemed a 'permanent and a full time employee'. The maximum Bid Amount under the Employee Reservation Portion by an Eligible Employee shall not exceed ₹500,000 on a net basis. However, Allotment to an Eligible Employee in the Employee Reservation Portion may exceed ₹200,000 only in the event of an under-subscription in the Employee Reservation Portion and such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, for a value in excess of ₹200,000, subject to the total Allotment to an Eligible Employee not exceeding ₹500,000
Eligible FPIs	FPIs from such jurisdictions outside India where it is not unlawful to make an offer /

Term	Description
	invitation under the Offer and in relation to whom this Red Herring Prospectus constitutes an invitation to purchase the Equity Shares offered thereby
Eligible NRIs	NRIs 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 constitutes an invitation to purchase the Equity Shares offered thereby
Employee Reservation Portion	The portion of the Offer, being up to 1,000,000 Equity Shares aggregating up to [●] million, available for allocation to Eligible Employees, on a proportionate basis
Escrow Account	Account opened with the Escrow Bank(s) and in whose favour the Anchor Investors will transfer money through NEFT/ RTGS/ direct credit in respect of the Bid Amount when submitting a Bid
Escrow Agreement	Agreement to be entered into amongst our Company, the Selling Shareholders, the BRLMs, the Registrar to the Offer, the Escrow Bank, Refund Bank and the Public Offer Account Bank for collection of the Bid Amounts from Anchor Investors and, where applicable, refunds of the amounts collected from Anchor Investors on the terms and conditions thereof
First/ Sole Bidder	The Bidder whose name appears first in the Bid cum Application Form or the Revision Form and in case of joint Bids, whose name shall also appear as the first holder of the beneficiary account held in joint names
Floor Price	The lower end of the Price Band, subject to any revisions thereof, at or above which the Offer Price and the Anchor Investor Offer Price will be finalized and below which no Bids will be accepted and which shall not be less than the face value of the Equity Shares.
General Information Document / GID	The General Information Document for investing in public issues prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013, notified by SEBI, and updated pursuant to the circular (CIR/CFD/POLICYCELL/11/2015) dated November 10, 2015 and (SEBI/HO/CFD/DIL/CIR/P/2016/26) dated January 21, 2016 notified by the SEBI and included in "*Offer Procedure*" on page 366
HDFC	HDFC Bank Limited
I-Sec	ICICI Securities Limited
Maximum RIB Allottees	The maximum number of Retail Individual Bidders who can be allotted the minimum Bid Lot, computed by dividing the total number of Equity Shares available for Allotment to Retail Individual Bidders by the minimum Bid Lot
Motilal	Motilal Oswal Investment Advisors Limited *(formerly Motilal Oswal Investment Advisors Private Limited)*
Mutual Fund Portion	5% of the QIB Category (excluding the Anchor Investor Portion) available for allocation to Mutual Funds only, on a proportionate basis subject to valid Bids being reserved at or above the Offer Price
Net Offer	The Offer minus the Employee Reservation Portion
Non-Institutional Bidders	All Bidders, including Category III FPIs registered with SEBI, that are not QIBs or RIBs or Eligible Employees bidding in the Employee Reservation Portion and who have Bid for Equity Shares for a Bid Amount of more than ₹ 200,000 (but excluding NRIs other than Eligible NRIs)
Non-Institutional Category	The portion of the Net Offer being not less than 15% of the Net Offer available for allocation to Non-Institutional Bidders on a proportionate basis, subject to valid Bids being received at or above the Offer Price
Non-Resident	A person resident outside India, as defined under FEMA and includes a non resident Indian and FPIs
Offer/ Offer for Sale	Initial public offering of 53,422,169 Equity Shares by the Selling Shareholders for cash at a price of ₹ [●] per Equity Share including a share premium of ₹ [●] per Equity Share, aggregating to ₹ [●] million at Offer Price in terms of this Red Herring Prospectus, consisting of the Offered Shares. The Offer comprises the Net Offer and the Employee Reservation Portion.
Offer Agreement	The agreement dated February 1, 2017 entered into amongst our Company, the Selling Shareholders and the BRLMs, pursuant to Regulation 5(5) of the SEBI ICDR Regulations and under which certain arrangements are agreed to in relation to the Offer

Term	Description
Offer Price	The final price at which Equity Shares will be Allotted to the successful ASBA Bidders in terms of this Red Herring Prospectus. The Offer Price will be determined, in accordance with the Book Building Process and by our Company and the Selling Shareholders in consultation with the BRLMs
Offered Shares	14,800,000 Equity Shares offered by Redwood as per the resolution of its board of directors dated January 23, 2017, 7,572,169 Equity Shares offered by IFC as per the authorisation letter dated May 18, 2016 read with consent letter dated January 23, 2017, 11,250,000 Equity Shares offered by Labh as per the resolution of its board of directors dated December 21, 2016, 10,365,368 Equity Shares offered by Ourea as per the resolution of its board of directors dated January 24, 2017, 434,632 Equity Shares offered by Kedaara as per the resolution of the board of directors of Kedaara Capital Advisors LLP, investment manager to Kedaara dated January 23, 2017, 576,744 Equity Shares offered by MYS as per the resolution of its board of directors dated January 9, 2017, 2,494,769 Equity Shares offered by Mr. Sanjay Agarwal, 2,363,712 Equity Shares offered by Ms. Jyoti Agarwal, 2,274,326 Equity Shares offered by Ms. Shakuntala Agarwal, and 1,290,449 Equity Shares offered by Mr. Chiranji Lal Agarwal in the Offer
Price Band	The price band of the Floor Price and the Cap Price, including any revisions thereof. The Price Band and the minimum Bid Lot for the Offer will be decided by our Company and the Selling Shareholders in consultation with the BRLMs, and will be published, in all editions of Financial Chronicle (a widely circulated English national newspaper), all editions of Rashtriya Sahara (a widely circulated Hindi national newspaper, Hindi also being the regional language in the place where our Registered Office is located), each with wide circulation, at least five Working Days prior to the Bid/Offer Opening Date with the relevant financial ratios calculated at the Floor Price and the Cap Price and shall be made available to the Stock Exchanges for the purpose of uploading on their websites
Pricing Date	The date on which our Company and the Selling Shareholders in consultation with the BRLMs, shall finalise the Offer Price
Prospectus	The prospectus of our Company to be filed with the RoC after the Pricing Date, in accordance with Section 26 of the Companies Act, 2013, and the SEBI ICDR Regulations containing, inter alia, the Offer Price and the size of the Offer and certain other information, including any addenda or corrigenda thereto
Public Offer Account(s)	An account opened in accordance with the provisions of Section 40 of the Companies Act, 2013, with the Public Offer Account Bank to receive monies from the Escrow Account and from the ASBA Accounts on the Designated Date
Public Offer Account Bank(s)	The Banker(s) to the Offer with whom the Public Offer Account is opened, in this case being HDFC
QIB Category/ QIB Portion	The portion of the Net Offer (including the Anchor Investor Portion) being 50% of the Net Offer consisting of 26,211,083 Equity Shares which shall be allocated to QIBs (including the Anchor Investor Portion) on a proportionate basis, subject to valid Bids being received at or above the Offer Price)
Qualified Institutional Buyers or QIBs or QIB Bidders	A qualified institutional buyer, as defined under Regulation 2(1)(zd) of the SEBI ICDR Regulations
"Red Herring Prospectus" / "RHP"	This red herring prospectus of our Company, issued in accordance with the provisions of Section 32 of the Companies Act, 2013 and the SEBI ICDR Regulations, which does not contain complete particulars, including the Price Band, Offer Price, including any addenda or corrigenda thereto. This red herring prospectus will be issued and registered with the RoC at least three Working Days before the Bid/ Offer Opening Date including any addenda or corrigenda thereto
Refund Account(s)	The account(s) opened by our Company and the Selling Shareholders with the Refund Bank, from which refunds to the Anchor Investors, if any, of the whole or part of the Bid Amount shall be made to the Bidders
Refund Bank(s)	The bank which is the clearing member registered with SEBI to the Offer with whom the Refund Account(s) will be opened and in this case being HDFC
Registered Broker	Stock brokers registered with the Stock Exchanges having terminals in any of the

Term	Description
	Broker Centres other than the Syndicate, and eligible to procure Bids in terms of the circular No. CIR/CFD/14/2012 dated October 4, 2012 issued by SEBI
Registrar and Share Transfer Agents or RTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
Registrar Agreement	The agreement dated February 1, 2017 entered into amongst our Company, the Selling Shareholders and the Registrar to the Offer in relation to the responsibilities and obligations of the Registrar to the Offer pertaining to the Offer
Registrar to the Offer / Registrar	Link Intime India Private Limited
Retail Category	The portion of the Net Offer being not less than 35% of the Net Offer which shall be available for allocation to RIBs in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price
Retail Individual Bidder(s)/ RIB(s)	Individual Bidders (including HUFs applying through their karta, Eligible NRIs and Eligible Employees bidding in the Employee Reservation Portion) who have submitted Bids for a Bid Amount of not more than ₹ 200,000 in any of the Bidding options in the Net Offer
Revision Form	The form used by the Bidders to modify the quantity of the Equity Shares or the Bid Amount in any of their Bid cum Application Forms or any previous Revision Form(s), as applicable. QIB Bidders and Non-Institutional Bidders are not allowed to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage. RIBs can revise their Bids during the Bid/ Offer Period and withdraw their Bids until Bid/ Offer Closing Date
Self Certified Syndicate Bank(s) or SCSB(s)	Banks which are registered with SEBI under the SEBI BTI Regulations, which offer the facility of ASBA, a list of which is available on the website of the SEBI at http://www.sebi.gov.in/cms/sebi_data/attachdocs/1365051213899.html and updated from time to time and at such other websites as may be prescribed by SEBI from time to time
Share Escrow Agent	Escrow agent appointed pursuant to the Share Escrow Agreement, in this case being, Link Intime India Private Limited
Share Escrow Agreement	The agreement to be entered into amongst our Company, the Selling Shareholders and the Share Escrow Agent
Specified Locations	The Bidding centers where the Syndicate shall accept Bid cum Application Forms, a list of which is included in the Bid cum Application Form
Stock Exchanges	The NSE and the BSE
Sub-syndicate	The sub-syndicate members, if any, appointed by the BRLMs and the Syndicate Members, to collect Bid cum Application Forms
Syndicate Agreement	The agreement to be entered into amongst the Syndicate, our Company, the Selling Shareholders and the Registrar to the Offer
Syndicate Members	Intermediaries registered with SEBI who are permitted to carry out activities as an underwriter, namely MOSL and HDFC Securities Limited
"Syndicate" / "member of the Syndicate"	The BRLMs and the Syndicate Members
State Government	The government of a state in India
Underwriters	The intermediaries registered with the SEBI and permitted to carry out activities as an Underwriter, in this case being the members of the Syndicate
Underwriting Agreement	The agreement to be entered into amongst our Company, the Selling Shareholders, the Underwriters, on or after the Pricing Date
Working Day	All days other than second and fourth Saturday of the month, Sunday or a public holiday, on which commercial banks in Mumbai are open for business; provided however, with reference to (a) announcement of Price Band; (b) Bid/Offer Period, shall mean all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business; and (c) 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 Stock Exchanges, excluding Sundays and bank holidays, as per the SEBI Circular SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016

Conventional and General Terms or Abbreviations

Term	Description
A/c	Account
AGM	Annual General Meeting
AIF Regulations	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
AIFs	Alternative Investment Funds as defined in and registered under the AIF Regulations
AS / Accounting Standards	Accounting Standards issued by the Institute of Chartered Accountants of India, as notified by the Companies (Accounting Standards) Rules, 2006
AS-18	Accounting Standard 18 issued by the Institute of Chartered Accountants of India
A.Y.	Assessment Year
Banking Regulation Act / B.R Act	Banking Regulation Act, 1949
Bn/bn	Billion
Bonus Act	Payment of Bonus Act, 1965
BPLR	Benchmark Prime Lending Rate
BSE	BSE Limited
CAGR	Compounded Annual Growth Rate which is computed as CAGR = (ending value/ starting value) (1/ number of years) - 1
"Calendar Year"/ "year"	Unless the context otherwise requires, shall refer to the twelve month period ending December 31
CARE	Credit Analysis and Research Limited
"Category III Foreign Portfolio Investors" or "Category III FPIs"	FPIs who are registered as "Category III foreign portfolio investors" under the SEBI FPI Regulations
CCI	Competition Commission of India
CDSL	Central Depository Services (India) Limited
CERSAI	Central Registry Securitisation Asset Reconstruction and Security Interest of India
CFO	Chief Financial Officer
CIN	Corporate Identification Number
CIT	Commissioner of Income Tax
CLB	Company Law Board
Companies Act	Companies Act, 1956 and Companies Act, 2013, as applicable
Companies Act, 1956	Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon notification of the Sections of the Companies Act, 2013) along with the relevant rules made thereunder
Companies Act, 2013	Companies Act, 2013, to the extent in force pursuant to the notification of sections of the Companies Act, 2013, along with the relevant rules made thereunder
Competition Act	The Competition Act, 2002
Capital to Risk Assets Ratio / CRAR	Sum of Tier I Capital and Tier II Capital as a percentage of Risk Weighted Assets. CRAR is calculated as per RBI's Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 (RBI/DNBR/2016-17/45 Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016)
CRISIL	CRISIL Limited
CRR	Cash Reserve Ratio
CSR	Corporate social responsibility
Depositories	NSDL and CDSL
Depositories Act	Depositories Act, 1996
DIN	Director Identification Number
DIPP	Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India
"DP"/ "Depository Participant"	A depository participant as defined under the Depositories Act
DP ID	Depository Participant's identity number
ECB	External Commercial Borrowing
EGM	Extraordinary General Meeting
EPF	Employee Provident Fund Act, 1952
EPS	Earnings per share (as calculated in accordance with AS-20)

Term	Description
ESI Act	The Employees State Insurance Act, 1948
Executive Director	An executive Director as per the Companies Act, 2013 and the SEBI Listing Regulations
FCNR Account	Foreign currency Non-Resident account
FCRA	Foreign Contribution (Regulation) Act, 1976
FCRA, 2010	Foreign Contribution (Regulation) Act, 2010
FDI	Foreign direct investment
FDI Policy	Consolidated FDI Policy Circular of 2016, issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, dated June 7, 2016
FEMA	Foreign Exchange Management Act, 1999, including the rules and regulations thereunder
FEMA Regulations	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
"Financial Year" / "Fiscal" / "FY" / "F.Y."	Period of twelve months ending on March 31 of that particular year, unless stated otherwise
Finance Act	Finance Act, 1994
FIR	First Information Report
FPI(s)	Foreign portfolio investors, as defined under the SEBI FPI Regulations, which have been registered pursuant to the SEBI FPI Regulations
FPI Regulations	Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995
GAAR	General Anti-Avoidance Rule
GDP	Gross domestic product
GIR	General Index Register
"GoI" / "Central Government"	Government of India
GST	Goods and Services Tax
HUF	Hindu undivided family
ICAI	The Institute of Chartered Accountants of India
ICRA	ICRA Limited
IFRS	International Financial Reporting Standards
Income Tax Act / I.T. Act	The Income Tax Act, 1961
IND AS	Indian Accounting Standards
Independent Director	A non-executive, independent Director as per the Companies Act, 2013 and Regulation 16 of the SEBI Listing Regulations
India	Republic of India
Indian Accounting Standard Rules	Companies (Indian Accounting Standards) Rules, 2015
Indian GAAP	Accounting principles generally accepted in India
IPC	Indian Penal Code, 1860
IPO	Initial Public Offering
IPR	Intellectual Property Rights
IRDAI	Insurance Regulatory and Development Authority of India
IST	Indian Standard Time
ITAT	Income Tax Appellate Tribunal
JV	Joint Venture
KYC	Know Your Customer
MAT	Minimum Alternate Tax
MCA	Ministry of Corporate Affairs, Government of India
MICR	Magnetic ink character recognition – nine digit code as appearing on cheque leaf
"Mn" / "mn"	Million
MRR	Minimum Retention Requirement
Mutual Funds	A mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
N.A.	Not applicable
n.e.c	Not elsewhere classified
NABARD	National Bank for Agriculture and Rural Development
NAV	Net asset value per share being Net Worth at the end of period / year excluding preference share capital and cumulative preference dividend divided by total number of equity shares outstanding

Term	Description
	at the end of the period/year
NCD	Non-convertible debentures
NECS	National electronic clearing service
NEFT	National electronic fund transfer
Net Worth	The aggregate of the paid up share capital and reserves and surplus (excluding revaluation reserve) as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off) and the debit balance of the profit and loss account.
Negotiable Instruments Act	Negotiable Instruments Act, 1881
NOC	No objection certificate
Non-Executive Director	A non-executive, non-Independent Director as per the Companies Act, 2013 and the SEBI Listing Regulations
Non-Resident/ NR	A person resident outside India as defined under FEMA and includes a Non – Resident Indian and FPIs
"Non-Resident Indian" / "NRI"	A person resident outside India, as defined under FEMA and who is a citizen of India or a person of Indian origin, such term as defined under the Foreign Exchange Management (Deposit) Regulations, 2000
Notified Sections	The sections of the Companies Act, 2013 that were notified by the Ministry of Corporate Affairs
NRE Account	Non-Resident external account established in accordance with the Foreign Exchange Management (Deposit) Regulations, 2000
NRO Account	Non-Resident ordinary account established in accordance with the Foreign Exchange Management (Deposit) Regulations, 2000
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
"OCB" / "Overseas Corporate Body"	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts in which not less than 60% of the beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date was eligible to undertake transactions pursuant to the general permission granted to OCBs under the FEMA. OCBs are not allowed to invest in the Offer
p.a.	Per annum
P/E Ratio	Price/earnings ratio
PAN	Permanent Account Number allotted under the Income Tax Act, 1961
PAT	Profit After Tax
PBT	Profit Before Tax
PFRDA	Pension Fund Regulatory and Development Authority
PLR	Prime lending rate
PSU	Public Sector Undertakings (government-owned corporations)
QFI	Qualified foreign investor, as defined under the FPI Regulations
RBI	Reserve Bank of India
RBI Act	Reserve Bank of India Act, 1934
ROIC	Return on Invested Capital
RONW	Return on net worth
"Rs." / "Rupees" / "₹"/ "INR"	Indian Rupees
RTGS	Real Time Gross Settlement
SARFAESI Act	The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002
SCB	Scheduled Commercial Bank
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 BTI Regulations	Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994
SEBI ESOP Regulations	Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
SEBI FUTP	Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices

Term	Description
Regulations	relating to Securities Market), 2003
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
SEBI Insider Trading Regulations	Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
Securities Act	U.S. Securities Act of 1933
SFB	Small Finance Bank
SFB Guidelines	Guidelines on Licensing of Small Finance Bank in the Private Sector dated November 27, 2014, read with the Clarifications to Queries on Guidelines for Licensing of Small Finance Bank in the Private Sector dated January 01, 2015, each issued by the RBI, and such other rules and regulations as may be relevant
SFB Operating Guidelines	Operating Guidelines for Small Finance Bank dated October 6, 2016 issued by the RBI
SICA	Sick Industrial Companies (Special Provisions) Act, 1985
STT	Securities Transaction Tax
TAN	Tax deduction account number
Total Borrowings	The aggregate of long term borrowings, short term borrowings and current maturities of long term borrowings of our Company as at a particular date indicated in this Red Herring Prospectus
U.S. / USA / United States	United States of America
U.S Securities Act	U.S Securities Act, 1933
U.S. Person	As defined in Regulation S under the Securities Act
U.S. QIBs	Qualified Institutional Buyers, as defined in Rule 144A under the Securities Act
US GAAP	Generally accepted accounting principles in the US
VAT	Value added tax
VCFs	Venture capital funds as defined in and registered with SEBI under the VCF Regulations
VCF Regulations	The Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996
WBFI Database	World Bank Financial Inclusion Database
Wilful Defaulter(s)	Wilful defaulter as defined under Regulation 2(zn) of SEBI ICDR Regulations
y-o-y	Year on year

Technical/Industry Related Terms/Abbreviations

Term	Description
AFC	Asset finance company
ANBC	Adjusted net bank credit
ATM	Automated Teller Machine
AUM	Assets under management
ALM	Asset and Liability Management
CDR	Corporate debt restructuring
CIC	Core investment company
CRM	Customer relationship management systems
CV	Commercial vehicles
DSA	Direct Sales Agent
GNPA	Gross non-performing assets
HCV	Heavy Commercial Vehicle
HFC	Housing finance companies
ICD	Inter corporate deposits
IC	Investment Company
IOCL	Indian Oil Corporation Limited
IVR	Interactive voice response systems
LAP	Loan Against Property
LCV	Light commercial vehicle

Term	Description
LTV	Loan to Value
LOS	Loan Origination System
MCV	Medium commercial vehicle
MSME	Micro, small and medium enterprise
MUV	Multi-utility vehicles
NBFC	Non-banking finance company
NBFC-ND-SI	Systemically Important Non-Deposit Taking Non-Banking Finance Company
NBFC-ND-AFC	Systemically Important Non-Deposit Accepting Asset Finance Company
NNPA	Net Non-performing assets
NPA	Non-performing assets
OEM	Original equipment manufacturers
SME	Small and medium enterprises
Tier 1	Population of more than 100,000
Tier 2	Population between 30,000 to 39,999
Tier 3	Population between 20,000 to 29,999
Tier 4	Population between 10,000 to 19,999
Tier 5	Population between 5,000 to 9,999
Tier 6	Population of less than 5,000

The words and expressions used but not defined in this Red Herring Prospectus will have the same meaning assigned to such terms under the Companies Act, the SEBI Act, the SEBI ICDR Regulations, the SCRA, the Depositories Act, the Banking Regulation Act, the SFB Guidelines and the rules and regulations made thereunder, as applicable.

Notwithstanding the foregoing, terms in "*Main Provisions of the Articles of Association*", "*Statement of Tax Benefits*", "*Industry Overview*", "*Regulations and Policies in India*", "*Financial Statements*", "*Outstanding Litigation and Material Developments*" and "*Part B*" of "*Offer Procedure*", will have the meaning ascribed to such terms in these respective sections.

CERTAIN CONVENTIONS PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

Certain Conventions

All references to "India" in this Red Herring Prospectus are to the Republic of India and all references to "USA", "US" and "United States" are to the United States of America.

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

Unless stated otherwise or the context requires otherwise, the financial data in this Red Herring Prospectus is derived from the Restated Financial Statements prepared for the Company as an NBFC.

In this Red Herring Prospectus, any discrepancies in any table between the total and the sum 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 except percentage figures in "*Risk Factors*", "*Industry Overview*" and "*Our Business*", which are rounded off to two decimal place and accordingly there may be consequential changes in this Red Herring Prospectus.

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

There are significant differences between Indian GAAP, IND AS, US GAAP and IFRS. The reconciliation of the financial information to IND AS, IFRS or US GAAP has not been provided. Our Company has not attempted to explain those differences or quantify their impact on the financial data included in this Red Herring Prospectus and investors should consult their own advisors regarding such differences and their impact on our Company's financial data. See "*Risk Factors – Internal Risk Factors - Our financial statements for historic periods may not be indicative of our financial position for any future periods as an SFB.*" on page 25 for risks involving differences between Indian GAAP and IFRS or US GAAP and risks in relation to IND AS. On February 16, 2015, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) Rules, 2015 ("**IAS Rules**") for the purpose of enacting changes to Indian GAAP that are intended to align Indian GAAP further with IFRS. The IAS Rules provide that the financial statements of the companies to which they apply shall be prepared in accordance with the Indian Accounting Standard ("**IND AS**"), although any company may voluntarily implement IND AS for the accounting period beginning from April 1, 2015. Banks are required to mandatorily adopt IND AS for financial statements for the accounting period beginning from April 1, 2018 with comparatives for the period ending on March 31, 2018. We use a variety of financial indicators and ratios to measure and analyze our financial performance and financial condition from period to period and to manage our business. These financial indicators and ratios are defined by our management and are presented, along with a brief explanation, in "*Selected Statistical Information*" on page 282. While these financial indicators and ratios are widely used in our industry, they may not be comparable to similar financial indicators and ratios used by other companies engaged in the financial services industry in India. Other companies may use different financial indicators and ratios or calculate these ratios differently, and similarly titled measures published by them may therefore not be comparable to ours. Several of these financial indicators and ratios are not defined under the Indian GAAP and therefore should not be viewed as substitutes for measures derived to calculate operational performance or profitability under Indian GAAP. Further, these financial measures and ratios have limitations as analytical tools, and should not be considered in isolation from, or as a substitute for, analysis of our historical performance, as reported and presented in our Restated Financial Statements included in this Red Herring Prospectus.

The degree to which the financial information included in this Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting policies and practices, Indian GAAP, the Companies Act and the SEBI ICDR Regulations. Any reliance by persons not familiar with Indian accounting policies, Indian GAAP, the Companies Act, the SEBI ICDR Regulations and practices on the

financial disclosures presented in this Red Herring Prospectus should accordingly be limited.

Unless the context otherwise indicates, any percentage amounts, as set forth in "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Conditions and Results of Operations*" on pages 19, 144 and 290, respectively, and elsewhere in this Red Herring Prospectus have been calculated on the basis of the Restated Financial Statements of our Company.

Currency and Units of Presentation

All references to:

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

Our Company has presented certain numerical information in this Red Herring Prospectus in "million" units. One million represents 1,000,000 and one billion represents 1,000,000,000.

Exchange Rates

This Red Herring Prospectus contains conversions 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 the USD (in Rupees per USD):

Currency	As on March 31, 2013 (₹)	As on March 31, 2014 (₹)	As on March 31, 2015 (₹)	As on March 31, 2016 (₹)	As on March 31, 2017 (₹)
1 USD	54.39	60.10	62.59	66.33	64.84

(Source: https://rbi.org.in)
Note: In the event that any of the abovementioned date of any of the respective years is a public holiday, the previous calendar day not being a public holiday has been considered

Industry and Market Data

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

Industry publications generally state that the information contained in such publications has been obtained from publicly available documents from various sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe the industry and market data used in this Red Herring Prospectus is reliable, it has not been independently verified by us or the BRLMs or any of their affiliates or advisors. The data used in these sources may have been reclassified by us for the purposes of presentation. Data from these sources may also not be comparable. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in "*Risk Factors*" on page 19. Accordingly, investment decisions should not be based solely on such information.

For details of risks in relation to the industry report, see "*Risk Factors*" on page 19.

In accordance with the SEBI ICDR Regulations, "*Basis for Offer Price*" on page 113 includes information relating to our peer group companies. Such information has been derived from publicly available sources, and neither we, nor the BRLMs have independently verified such information.

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

The CRISIL Report, content of which has been used in this Red Herring Prospectus is subject to the following disclaimer from CRISIL:

CRISIL Research, a division of CRISIL Limited (CRISIL) has taken due care and caution in preparing this report (Report) based on the Information obtained by CRISIL from sources which it considers reliable (Data). However, CRISIL does not guarantee the accuracy, adequacy or completeness of the Data / Report and is not responsible for any errors or omissions or for the results obtained from the use of Data / Report. This Report is not a recommendation to invest / disinvest in any company covered in the Report. CRISIL especially states that it has no liability whatsoever to the subscribers / users / transmitters/ distributors of this Report. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL's Ratings Division / CRISIL Risk and Infrastructure Solutions Ltd (CRIS), which may, in their regular operations, obtain information of a confidential nature. The views expressed in this Report are that of CRISIL Research and not of CRISIL's Ratings Division / CRIS. No part of this Report may be published/reproduced in any form without CRISIL's prior written approval.

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 include statements with respect to our business strategy, our revenue and profitability, our projects, our objects, our goals, and other matters discussed in this Red Herring Prospectus regarding matters that are not historical facts. Bidders can generally identify forward-looking statements by terminology such as "aim", "anticipate", "believe", "expect", "estimate", "intend", "likely to", "objective", "plan", "project", "seek to", "shall", "will", "will continue", "will pursue" or other words or phrases of similar import. All forward-looking statements (whether made by us or any third party) are predictions 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.

Forward looking statements reflect our current views, plans, estimates, and expectations with respect to future events as of the date of this Red Herring Prospectus and are not a guarantee of future performance. These statements are based on our management's beliefs and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect.

Further, the actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes pertaining to the industries in India in which we have our businesses and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India, 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, changes in competition in our industry and incidence of any 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 inability to successfully transition from an NBFC to an SFB;
- Our inability to replace sources of funds that are no longer available to us as a result of our transition to an SFB;
- Our inability to comply with laws and regulations applicable to an SFB;
- Our inability to manage interest rate risk;
- Our inability to maintain or reduce our current levels of NPAs in the future;
- Ability to operate in a highly competitive and fragmented industry and competing successfully against existing or new customers, particularly in the unorganized segment; and
- Adverse changes in the conditions affecting regional markets on which our business is dependent.

For a further discussion of factors that could cause our actual results to differ, see "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 19, 144 and 290, respectively.

By their nature, certain 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, expressed or implied by such forward looking statements. The forward looking statements contained in this Red Herring Prospectus speak only as of the date of this Red Herring Prospectus or the respective dates

indicated in this Red Herring Prospectus and are not guarantees of future performance. Although we believe that the assumptions on which such statements are based are reasonable, any such assumptions as well as the statement based on them could prove to be inaccurate. Our Company, the Selling Shareholders, the Directors, the Syndicate and their respective affiliates or associates do not have any obligation to, and do not intend 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 SEBI requirements, our Company and the BRLMs, will ensure that Bidders in India are informed of material developments until the time of the listing and commencement of trading of the Equity Shares on the Stock Exchanges. Each of the Selling Shareholders (severally and not jointly) will ensure that the Bidders in India are informed of material developments in relation to the statements relating to and undertakings specifically confirmed or undertaken by such Selling Shareholder in relation to them or their portion of the Offered Shares in this Red Herring Prospectus until the listing and commencement of trading permission by the Stock Exchanges. Further, in accordance with Regulation 51A of the SEBI ICDR Regulations and Regulation 35 of the SEBI Listing Regulations, our Company may be required to undertake an annual updation of disclosures made in this Red Herring Prospectus and make it publicly accessible in the manner specified by SEBI.

The RBI, through a letter dated December 20, 2016 has granted the license to establish a SFB to our Company under Section 22 of the Banking Regulation Act, subject to certain conditions subsequently our Company has commenced operations as an SFB with effect from April 19, 2017 as announced via RBI's press release dated April 19, 2017. Certain information in this RHP, in relation to our SFB operations, has been derived from our correspondences and representation made to the RBI in relation to our application to obtain the SFB License. For details of our business, see "*Our Business*" and for corresponding approvals, see "*Government and Other Approvals*" on pages 144 and 332, respectively.

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 our Equity Shares. The risks described below are not the only ones relevant to us or our Equity Shares, the industry and segments in which we currently operate or propose to operate in India. Additional risks and uncertainties, not presently known to us or that we currently deem immaterial may also impair our businesses, results of operations, financial condition and cash flows. If any of the following risks, or other risks that are not currently known or are currently deemed immaterial, actually occur, our businesses, results of operations, financial condition and cash flows could suffer, the trading price of our Equity Shares could decline, and you may lose all or part of your investment. To obtain a complete understanding of our Company, prospective investors should read this section in conjunction with "Our Business", "Industry Overview" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 144, 121 and 290, respectively, as well as the financial, statistical and other information contained in this Red Herring Prospectus. In making an investment decision, prospective investors must rely on their own examination of us and the terms of the Offer including the merits and risks involved. You should consult your tax, financial and legal advisors about the particular consequences to you of an investment in our Equity Shares.

Prospective investors should pay particular attention to the fact that our Company is incorporated under the laws of India and is subject to a legal and regulatory environment, which may differ in certain respects from that of other countries. This Red Herring Prospectus also contains forward-looking statements that involve risks, assumptions, estimates and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Red Herring Prospectus. See "Forward-Looking Statements" on page 17.

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

Internal Risk Factors

Risks Relating to our Business

1. ***Our inability to successfully transition from an NBFC to an SFB may have an adverse effect on our business, results of operations, financial condition and cash flows.***

   We received a license to set up an SFB on December 20, 2016 from the RBI and commenced SFB operations with effect from April 19, 2017. However, we have no operating history or experience as an SFB and as such are exposed to several risks and uncertainties, including an inability to:

   - set up SFB branches and commence SFB operations in a timely manner;
   - introduce and manage new product and service offerings;
   - maintain our asset quality;
   - create value propositions to attract and retain customers and cross-sell our SFB products to them;
   - meet our branch and branch infrastructure expansion targets on commercially viable terms, or at all;
   - successfully develop and institutionalize our procedures and policies for our SFB operations and manage increased volume of transactions;
   - attract deposits from retail and corporate customers;

- recruit suitable personnel and train them for our SFB operations;
- set-up and update our information technology systems for our SFB operations;
- comply with the terms of our licenses and rules and regulations applicable to an SFB; and
- prevent fraud committed by our personnel or customers.

Further, SFB operations pose risk management challenges, including setting up of a comprehensive risk management and reporting framework, audit mechanism and adopting an enhanced asset liability management system, which may cause our management to divert significant time and resources towards such activities. Accordingly, our operations may be subject to higher degree of risk compared to banks with established operational histories and with demonstrated financial performance. We cannot assure you that we will be able to successfully transition from an NBFC to an SFB and sustain our growth or financial performance post the commencement of our SFB operations, which may have an adverse effect on our business, results of operations, financial condition and cash flows.

2. ***As an SFB, we will be unable to access some of the sources of funds that were available to us as an NBFC and our inability to replace such sources of funds in an acceptable and timely manner, or at all, may have an adverse effect on our business, results of operations, financial condition and cash flows.***

Our business and results of operations depend on our ability to raise funds from various external sources on suitable terms and in a timely manner. Over the years, we have secured funding from a variety of sources including term loans and working capital facilities; proceeds from loans assigned and securitized; proceeds from the issuance of NCDs and commercial paper; and subordinated debt borrowings from banks, mutual funds, insurance companies and other domestic and foreign financial institutions to meet our funding requirements. However, as an SFB, we will be unable to raise secured borrowings from banks and financial institutions or raise funds from the issuance of secured NCDs. As of March 31, 2017, our aggregate secured borrowings were ₹ 52,312.24 million, or 73.98% of our Total Borrowings.

Further, we securitize and assign loans which qualify as priority sector lending ("**PSL**") for banks as well as our non-priority sector loans through securitization or direct assignment to banks, financial institutions and mutual funds, which enables us to optimize our cost of borrowings, funding and liquidity requirements, capital management and asset liability management. However, as an SFB, we are required to extend 75% of our adjusted net bank credit ("**ANBC**") to the sectors eligible for classification as PSL and therefore may need to limit securitizations and assignments to comply with such requirement. In addition, money market and interbank borrowings will only be available to us once we become a scheduled commercial bank, which will require additional time after the commencement of our SFB operations.

The RBI issued the SFB guidelines on November 27, 2014 ("**SFB Guidelines**") to license SFBs in the private sector. The SFB Guidelines and the SFB license issued to us, together with the "Operating Guidelines for Small Finance Banks" issued by RBI on October 6, 2016 ("**SFB Operating Guidelines**") exempt SFBs from the existing regulatory ceiling on inter-bank borrowings till the existing loans mature or up to three years, whichever is earlier. However, while the SFB Guidelines provide an exemption with respect to legacy borrowings and any borrowings made by us after the commencement of operations as an SFB will be subject to inter-bank borrowing limits, at par with scheduled commercial banks. The SFB Operating Guidelines also provide that the restrictions on loans and advances applicable to scheduled commercial banks will be applicable to SFBs as well.

As an SFB, we believe we will be able to access funds such as savings and current account deposits and term and recurring deposits, which have otherwise not been available to us as a non-deposit accepting NBFC. However, we will have to compete with existing banks by offering attractive interest rates, and may be unable to raise sufficient funds, including at existing or higher interest cost, through such deposits. We also face certain restrictions on our ability to incur debt from international markets, which may further constrain our ability to

raise funds at attractive rates. Consequently, our inability to raise sufficient funds in a timely manner, or at all, may have an adverse effect on our business, results of operations, financial condition and cash flows.

3. ***Our inability to comply with laws and regulations applicable to an SFB may have an adverse effect on our business, results of operations, financial condition and cash flows.***

As an SFB, we are subject to laws and regulations that are more stringent than those, which were applicable to us as an NBFC. The SFB Operating Guidelines and our SFB license require us to comply with certain conditions in order to operate our SFB business, including among others:

- our Company is required to be "owned and controlled by residents" in accordance with FEMA at all times from the date of commencement of our SFB operations and our Promoters are required to continue to hold 26% of the share capital in our Company for five years from the commencement of our SFB business;

- our Company is required to maintain a minimum paid-up equity capital and a minimum net worth of ₹1,000 million;

- any change of shareholding by way of fresh issue or transfer of shares to the extent of 5% or more in our Company requires prior RBI approval;

- at least 25% of our total branches have to be located in unbanked rural areas;

- we are subject to certain prudential norms, with specific focus on our risk management framework; for example, the maximum loan size and investment limit exposure to a single and group obligor will be restricted to 10% and 15% of our Company's capital funds, respectively, and at least 50% of our Company's loan portfolio will constitute loans and advances of up to ₹ 2.5 million;

- we are not permitted exposure in terms of loans and advances to the companies (and directors of such companies) in which our Directors, our Promoters, major shareholders (holding 10% or more of our paid-up equity share capital), relatives of Promoters and entities in which such Promoters, major shareholders or relatives of Promoters have significant influence or control, or are interested; and

- we will be required to maintain a minimum capital adequacy ratio of 15% on a continuous basis, subject to any higher percentage as may be prescribed by RBI from time to time; further, our Tier I capital should be at least 7.5% of our risk weighted assets (RWAs) and our Tier II capital should be limited to a maximum of 100% of total Tier I capital.

As an SFB, we are also regulated under the Banking Regulation Act and have to comply with circulars and directives issued by the RBI from time to time. We will have to comply with prudential norms specified in respect of market discipline, the classification, valuation and operation of our investment portfolio, income recognition, asset classification and provisioning pertaining to advances, RBI directives on permissible loans and advances, permissible exposures, requisite disclosures in financial statements, fraud classification and reporting, and periodic disclosure requirements (including in presentation of financial information and financial statements). Further, the Banking Regulation Act limits the flexibility of shareholders and management in an SFB in many ways, including by way of specifying certain matters for which a banking company would require RBI approval. Additionally, in the event we fail to meet prescribed prudential norms, the RBI may charge penal interest for the period of default, or restrict our SFB activities, or otherwise enforce increased scrutiny and control over our operations. The RBI may also impose additional conditions on us, and may terminate our SFB license, if we are unable to comply with applicable requirements.

We cannot currently determine the full impact and applicability of the SFB Guidelines and other banking regulations to our SFB business. Uncertainty in the applicability, interpretation or implementation of the governing law, specifically due to the absence of administrative or judicial precedent may be time consuming as well as costly for us to resolve. To ensure compliance with the regulatory framework applicable to SFBs, we

may need to allocate additional resources, which may increase our regulatory compliance costs and divert management attention. Our inability to comply with laws and regulations applicable to an SFB may have an adverse effect on our business, results of operations, financial condition and cash flows.

4. *If our customers default in their repayment obligations, our business, results of operations, financial condition and cash flows may be adversely affected.*

We are primarily focused on serving low and middle-income individuals and businesses that have limited or no access to formal banking and finance channels. A significant number of our customers are first time buyers of financial products and often do not have credit histories supported by tax returns and other documents that would enable us to accurately assess their creditworthiness. 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. Further, in India, there may be less financial information available about individuals, particularly in our customer segments, which primarily comprise low and middle-income earners. It may therefore be difficult for us to carry out precise credit risk analysis for all our customers. Our customers may default in their repayment obligations due to various reasons including insolvency, lack of liquidity, increase in operating costs and failure of their business operations. 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, financial condition and cash flows.

5. *Our operations are concentrated in western India and any adverse developments in this region could have an adverse effect on our business, results of operations, financial condition and cash flows.*

As of May 31, 2017, we conducted our operations through 269 branches and 121 asset centers in India, of which 189 branches and 89 asset centers were located in western India in the states of Rajasthan, Gujarat and Maharashtra. As of March 31, 2017, 79.29% of our Gross AUM was located in such states, with Rajasthan accounting for 53.78% of our Gross AUM. Consequently, any significant social, political or economic disruption, or natural calamities or civil disruptions in this region, or changes in the policies of the state or local governments of this region 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.

6. *We have a substantial amount of outstanding indebtedness, which requires significant cash flows to service and are subject to certain conditions and restrictions in terms of our financing arrangements, which restricts our ability to conduct our business and operations in the manner we desire.*

As of March 31, 2017, our long term borrowings were ₹ 49,367.37 million, short term borrowings were ₹ 9,940.45 million and current maturities of long term borrowings were ₹ 11,401.96 million, and we will continue to incur additional indebtedness in the future. Our level of indebtedness has important consequences to us, such as:

- increasing our vulnerability to general adverse economic, industry and competitive conditions;
- limiting our flexibility in planning for, or reacting to, changes in our business and the industry;
- affecting our credit ratings;
- limiting our ability to borrow additional amounts in the future;
- affecting our capital adequacy requirements; and
- increasing our finance costs.

Our financing agreements contain restrictive covenants that require us to obtain prior approval from our lenders for, among other things:

- change in capital structure of our Company;

- change in the shareholding of our promoters in our Company;
- create any further charge on the secured assets or provide any guarantees to other lenders;
- declare dividend or distribute profits;
- amend charter documents;
- avail any new borrowing or financing;
- sell, transfer or dispose of the whole or substantially part of the undertaking of our Company, property, assets or revenues, whether by a single transaction or a number of transactions (other than in the ordinary course of trading); and
- change in the management and operating structure of our Company.

In the event we breach any financial or other covenants contained in any of our financing arrangements or in the event we had breached any terms in the past which is noticed in the future, we may be required to immediately repay our borrowings either in whole or in part, together with any related costs. As per the terms of certain financing arrangements, our lenders also have the right to appoint a director on our board in the event of any default by our Company. A default by our Company under the terms of any financing document may also trigger a cross-default under some of the other financing documents of our Company, or any other agreements or instruments of our Company containing a cross-default provision, which may individually or in aggregate, have an adverse effect on our operations, financial position and credit rating. If the lenders of a material amount of the outstanding loans declare an event of default simultaneously, our Company may be unable to pay its debts when they fall due. For further details of our Company's borrowings, see "*Financial Indebtedness*" on page 318.

7. *Any downgrade in our credit ratings could increase our finance costs and adversely affect our business, results of operations, financial condition and cash flows.*

The cost and availability of capital depends in part on our short-term and long-term credit ratings. Credit ratings reflect the opinions of rating agencies on our financial strength, operating performance, strategic position and ability to meet our obligations. Any downgrade in our credit ratings could cause our lenders to impose additional terms and conditions to any financing or refinancing arrangements that we enter into in the future. As of the date of this Red Herring Prospectus, we had received a long-term credit rating of CRISIL A+ / Stable from CRISIL Ratings. For further details of our credit ratings, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Credit Ratings*" on page 314. Any downgrade in our credit ratings could increase borrowing costs and adversely affect our business, results of operations, financial condition and cash flows.

8. *Our inability to manage interest rate risk may adversely affect our business, results of operations, financial condition and cash flows.*

Our results of operations depend substantially on the level of our net interest income, which is the difference between our interest income and other charges, and interest expense and other borrowing costs. Any change in interest rates or their volatility would affect our interest expense on our floating interest-bearing liabilities as well as our net interest income and net interest margins. Any increase in our cost of funds may lead to a reduction in our net interest margin, or require us to increase interest rates on loans disbursed to customers in the future to maintain our net interest margin. For the financial years 2017, 2016 and 2015, our finance cost was ₹ 5,003.33 million, ₹ 3,952.53 million and ₹ 2,819.74 million, respectively. For the same periods, our net interest margin was 9.67%, 9.45% and 8.09%, respectively. See "*Selected Statistical Information*" on page 282.

The transition to an SFB could affect our cost of funds as a result of the application of rules, regulations and guidelines applicable to us as an SFB. See *"Risk Factors – Internal Risk Factors - As an SFB, we will be unable to access some of the sources of funds available to us as an NBFC and our inability to replace such sources of funds in an acceptable and timely manner, or at all, may have an adverse effect on our business, results of operations, financial condition and cash flows*" on page 20. Our cost of funds is also dependent upon our level of existing indebtedness. Interest rates are highly sensitive to many factors 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 generated a relatively high degree of volatility

in interest rates in India. Sustained levels of high inflation in India may discourage the Government from implementing policies that would cause interest rates to decrease. In the event of an increase in the interest rates that we are required to pay on our borrowings, we cannot assure you that we will be able to pass such increased costs to our customers. Further, to the extent our borrowings are linked to market interest rates which increase, or to the extent we are unable to supplement our sources of liquidity with deposits from our customers, we may have to pay interest on our borrowings at a higher rate. Our inability to effectively manage interest rate risk may cause our net interest income and net interest margin to decline, which may adversely affect our business, result of operations, financial condition and cash flows.

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

Assets and liability mismatch ("**ALM**"), 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 cannot assure you that we will be able to maintain a positive ALM. We may rely on funding options with a short term maturity period for extending long term loans, which may lead to negative ALM. Further, mismatches between our assets and liabilities are compounded in case of pre-payments of the financing facilities we grant to our customers. Any mismatch in our ALM, may lead to a liquidity risk and have an adverse effect on our operations and profitability.

10. ***We have introduced several new products and services as an SFB and we cannot assure you that such products and services will be profitable in the future.***

As an SFB, we have introduced several new products and services in addition to our previous NBFC offerings. For further details of our proposed products and services, see "*Our Business – Description of our Business - Our Product Portfolio*" on page 152. We will incur substantial costs to expand our range of products and services and we cannot assure you that such products and services will be successful once offered, whether due to factors within or outside of our control, such as general economic conditions, a failure to understand customer demand and market requirements or management focus on these new products. Further, we will require approval from regulatory authorities before we commence offering certain products and services. If we fail to obtain such approvals, or to develop and launch such products and services successfully, we may lose a part or all of the costs incurred in the development and promotion of such offerings, or discontinue these offerings, which could in turn adversely affect our business and results of operations.

11. ***We have recently upgraded our information technology systems for our SFB operations and any disruptions in such systems, or breach of data, could adversely affect our operations and reputation.***

Our business is dependent upon increasingly complex and interdependent information technology systems and as part of our transition to an SFB, we have recently upgraded such systems. We have commenced utilizing the loan management system capabilities of Oracle Flexcube Core Banking solution and have migrated our data from our previous loan management system, OmniFin to this solution. We have also entered into agreements with several IT companies to set up IT infrastructure for our SFB operations and are in the process of establishing new technology enabled centralized processing units. In addition, our delivery channels include ATMs, call centers, mobile platforms and the internet. For further details, see "*Our Business – Information Technology*" on page 163. If our IT vendors are unable to fulfill their contractual obligations or we encounter any failure in the timely implementation, performance or integration of such systems, we may experience interruptions in our operations, loss of customers, damaged reputation and weakening of our competitive position.

The size and complexity of our computer systems may make them potentially vulnerable to breakdown, system integration problems, malicious intrusion and computer viruses. Although we have not experienced any significant disruptions to our information technology systems in the past, 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 data to unauthorized persons. As an SFB we may have a high volume of transactions, including through internet and mobile banking and although we propose to take adequate measures

to safeguard against system-related and other failures, we cannot assure you that we will be able to prevent such failures. 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. Any such security breaches or compromises of technology systems could result in institution of legal proceedings against us and potential imposition of penalties, which may have an adverse effect on our business and reputation.

12. *Our financial statements for historic periods may not be indicative of our financial position for any future periods as an SFB.*

Our Restated Financial Statements included in this Red Herring Prospectus, have been prepared in accordance with Indian GAAP and the provisions of the RBI that were applicable to us while we were an NBFC and restated as per the SEBI ICDR Regulations. As an SFB, we will adopt a new set of accounting policies to prepare our financial statements. Given our transition from an NBFC to an SFB, our financial statements for the periods beginning April 1, 2017 may not be comparable to our historical financial statements, and our financial statements for historic periods may not be indicative of our financial position for any future periods. For further details, see "*Summary of Significant Differences in Accounting Policies Applicable to our Company as a Systematically Important Non-Banking Financial Company and a Small Finance Bank*" on page 277.

For example, as an NBFC, investments are classified into current investments and non-current investments, while as an SFB, investments are classified into 'Held for Trading' ("HFT"), 'Available for Sale' ("AFS") and 'Held to Maturity' ("HTM") categories. As an NBFC, investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments, and all other investments are classified as long-term investments. Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis, whereas long-term investments are carried at cost. As an SFB, investments classified as HTM are carried at amortised cost, whereas investments classified as HFT and AFS are required to be marked-to-market on a periodic basis, as per relevant RBI guidelines. As a result of our transition to an SFB, our investments have significantly increased, primarily for complying with the SLR requirements of investing into Government or other RBI-approved securities. Therefore, we may have to record marked-to-market losses, in case of any adverse movements in the HFT and AFS portfolio, depending on interest rate movements and other factors, which may adversely affect our profitability.

In addition, we are required to prepare our annual and interim financial statements under Indian Accounting Standards ("**Ind AS**") for the period beginning April 1, 2018 with comparatives for the periods ending March 31, 2018 or thereafter. We have made no attempt to quantify or identify the impact of the differences between Indian GAAP and Ind AS as applied to our financial statements. We cannot assure you that our Company's financial condition, results of operation and cash flow will not be presented differently under Ind AS than under Indian GAAP or IFRS. Further, when our Company adopts Ind AS reporting, it may encounter difficulties in the ongoing process of implementing and enhancing its management information systems.

13. *We significantly depend on our vehicle finance business and any adverse developments in this sector, or in the other industries in which our MSME and SME customers operate, could adversely affect our business, results of operations, financial condition and cash flows.*

Although we have recently introduced several new product offerings as an SFB, we have historically operated in three business lines of vehicle finance, MSME loans and SME loans. For financial year 2017, the Gross AUM of our vehicle finance, MSME loans and SME loans business accounted for 50.27%, 29.96% and 19.77% of our total Gross AUM, respectively. Consequently, our financial performance significantly depends on our vehicle finance business, which in turn depends on various factors that affect the demand for vehicles, including the demand for transportation services in India, changes in Indian regulations and policies affecting such vehicles, natural disasters, calamities, fuel prices and other macroeconomic conditions in India and globally. Moreover, demand for such vehicles from our customers who are individuals or small and medium sized enterprises that typically have less financial wherewithal than corporate borrowers or fleet owners, is more

likely to be adversely affected by such factors. Any decline in sales of, or in demand for financing of such vehicles could adversely affect our business, results of operations, financial condition and cash flows. Further, any adverse development in the industries in which our MSME and SME loan customers operate, could adversely affect their ability to repay us, which in turn could have an adverse effect on our business, results of operations, financial condition and cash flows.

14. ***We may incur losses due to a decline in the value of collateral obtained as security for the loans disbursed by us and our inability to seize and recover the full value of collateral may adversely affect our business, results of operations, financial condition and cash flows.***

We primarily disburse loans that are secured by revenue generating assets and follow certain procedures to evaluate the credit profiles of our customers. However, the value of the collateral obtained by us may decline during the tenure of the loan for reasons including depreciation and deterioration of the collateral. As a result, if our customers default, we may receive less money from liquidating the collateral than is owed under the relevant financing facility, and incur losses, even in cases where we are able to successfully seize and liquidate the collateral. While we require customers to have a guarantor, we may be unable to enforce such guarantees. Further, the collateral for our MSME and SME loans primarily includes mortgage over our customers' residential or commercial property and we are therefore exposed to adverse movements in the price of such immoveable property and the real estate market in general. The value of collateral may decline due to adverse conditions or due to downward movement in real estate prices. Further, as of March 31, 2017, we had a direct exposure in relation to lending secured by commercial real estate of ₹ 6,806.20 million and an indirect exposure of ₹ 660.35 million (Only those loans have been classified as an exposure to commercial real estate, the prospects for repayment in respect of which depend primarily on the cash flows generated by such mortgaged asset (including the recovery in the event of default)). For further details, see "*Financial Statements*" on page 224. We cannot assure you that we will be able to successfully seize the collateral in the event of customer default and may face delays and incur legal and administrative costs in the repossession and sale of the collateral. Legal proceedings for such purposes in India are often time consuming and if we are unable to seize and recover the full value of collateral in a timely manner, or at all, our business, results of operations, financial condition and cash flows may be adversely affected.

15. ***Our inability to leverage our existing customer base, expand our branch network and attract new customers for our SFB operations may adversely affect our business, results of operations, financial condition and cash flows.***

We intend to leverage our existing customer base for our SFB operations by encouraging our existing customers to open savings and current accounts with us and cross-selling our other products to them. We also intend to grow our branch network in our existing markets and new markets in India and attract new customers. In addition to our existing branches and asset centers, we intend to gradually open 162 additional branches during the financial year 2018 to reach 431 branches and 121 asset centers at the end of the financial year 2018. This proposed branch expansion plan also includes opening 23 SFB branches in Tier 1 centers beyond the 10 states and one union territory in which we are currently present, thereby expanding our geographic reach into new states and regions. We have and will continue to incur substantial expenditure in setting up such branches. However, we cannot assure you that we will succeed in implementing such strategies, as their successful implementation is subject to many factors beyond our control. Factors such as competition and customer requirements, in these new markets may differ from those in our existing markets. In addition, as an SFB, we are likely to compete with not only other banks and financial institutions but also the local unorganized or semi-organized private financiers, who are more familiar with local business practices and customs, and have stronger relationships with the target customers.

As we plan to expand our geographic footprint in India, our business may be exposed to additional challenges, including obtaining additional governmental or regulatory approvals, identifying and collaborating with local business partners with whom we may have no existing relationship, successfully marketing our products in markets in which we have no familiarity, attracting customers in a market in which we do not have significant experience or visibility, maintaining standardized systems and procedures, and adapting our marketing strategy

and operations to new markets in India in which different languages are spoken. 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. If we are unable to implement such growth strategies, our business, results of operations, financial condition and cash flows will be adversely affected.

16. ***There are outstanding proceedings involving our Company, and certain of our Promoters and our Directors and any adverse outcome in any of these proceedings may adversely affect our profitability and reputation and may have an adverse effect on our business, results of operations, financial condition and cash flows.***

There are certain outstanding legal proceedings involving our Company, our Promoters and our Directors, that are incidental to our business and operations. These proceedings are pending at different levels of adjudication before various courts, tribunals, quasi-judicial authorities and appellate tribunals. For further details of certain material legal proceedings involving our Company, our Promoters and our Directors, see "*Outstanding Litigation and Material Developments*" on page 322. A summary of the proceedings against our Company, Promoters and Directors as of the date of this Red Herring Prospectus is provided below:

I. ***Litigation involving our Company***

S. No.	Nature of litigation	Number of cases	Approximate amount involved *(in ₹million)*
Litigation against our Company			
1.	Criminal	18	-
2.	Tax	5	429.41
3.	Action taken by statutory and regulatory authorities	1	-
4.	Other matters as per our Materiality Policy	-	-
Litigation by our Company			
1.	Criminal	1, 918	1,196.46
2.	Tax	-	-
3.	Action taken by statutory and regulatory authorities	-	-
4.	Other matters as per our Materiality Policy	-	-

II. ***Litigation involving the Directors***

S. No.	Nature of litigation	Number of cases by the Directors	Number of cases against the Directors	Approximate amount involved *(in ` million)*
1.	Criminal	-	5	-
2.	Tax	-	-	-
3.	Action taken by statutory and regulatory authorities	-	-	-
4.	Other matters as per our Materiality Policy	-	-	-

III. ***Litigation involving the Promoters***

S. No.	Nature of litigation	Number of cases by the Promoters	Number of cases against the Promoters	Approximate amount involved *(in ` million)*
1.	Criminal	-	5	-
2.	Tax	-	-	-
3.	Action taken by statutory and regulatory authorities	-	-	-
4.	Other matters as per our Materiality Policy	-	-	-

The amounts claimed in these legal proceedings have been disclosed to the extent ascertainable and include amounts claimed jointly and severally. If any new developments arise, such as a change in the applicable laws or rulings against us by appellate courts or tribunals, we may need to make provisions in our financial statements that could increase our expenses and current liabilities.

We cannot assure you that these legal proceedings will be decided in favor of our Company, our Promoters and our Directors, as the case may be, or that no further liability will arise out of these proceedings. Further, such legal proceedings could divert management time and attention and consume financial resources. Any adverse outcome in any of these proceedings may adversely affect our profitability and reputation and may have an adverse effect on our results of operations, financial condition and cash flows.

17. ***Non-compliance with the RBI's observations made during its periodic inspections could expose us to penalties and restrictions.***

As an NBFC, we were subject to periodic inspection by the RBI under section 45N of the Reserve Bank of India Act, 1934 (the "**RBI Act**"), pursuant to which the RBI inspected our books of accounts and other records for the purpose of verifying the correctness or completeness of any statement, information or particulars furnished to the RBI. As an SFB, we will continue to be subject to RBI inspections, in the course of which, RBI may report on divergence from extant regulatory requirements as applicable to scheduled commercial banks. In its past inspection reports, the RBI has, among other things, identified deficiencies in our operations such as (i) keeping cash in our branches in excess of the cash retention limits and insurance limits; (ii) deviating from our policies while providing loans to real estate companies; (ii) not adequately monitoring the end use of certain loans sanctioned by our Company; (iii) certain loan application forms were not dated or dated incorrectly; and (iv) the need to strengthen control mechanisms. While we have responded to such observations and addressed them, we cannot assure you that the RBI will not make similar or other observations including divergences in the future. In the event we are unable to resolve such deficiencies and other matters to the RBI's satisfaction, we may be restricted in our ability to conduct our business as we currently do. While we seek to comply with all regulatory provisions applicable to us, in the event we are unable to comply with the observations made by the RBI, we could be subject to penalties and restrictions which may be imposed by the RBI. Imposition of any penalty or adverse findings by the RBI during the ongoing or any future inspections may have an adverse effect on our business, results of operations, financial condition and reputation.

18. ***Our operations involve handling significant amounts of cash, making us susceptible to loss or misappropriation or fraud by our employees.***

Our employees at our branches are responsible for the collection and deposit of large amounts of cash, thereby exposing us to the risks of loss, fraud, misappropriation and unauthorized transactions by our employees. While we strive to monitor, detect and prevent fraud or misappropriation by our employees, through various internal control measures and insurance coverage, we may be unable to adequately prevent or deter such activities in all cases. In the past there have been instances where our employees have facilitated loans from us with a fictitious security as collateral. For further details, see "*Outstanding Litigations and Material Developments*" on page 322. While we have been able to identify fraud relating to misappropriation of funds in the past, there could be instances of fraud and misconduct by our employees which may go unnoticed for certain periods of time before corrective action is taken. In addition, we may be subject to regulatory or other proceedings in connection with any such unauthorized transaction, fraud or misappropriation by our agents or employees, which could adversely affect our goodwill, business prospects and future financial performance. Even when we identify instances of fraud and other misconduct and pursue legal recourse or file claims with our insurance carriers, we cannot assure you that we will recover any amounts lost through such fraud or other misconduct.

As an SFB, we believe the frequency of, and amount of cash handled by employees at our branches is likely to increase and continue to expose us to risks of loss, fraud, misappropriation and unauthorized transactions by our employees.

19. ***We are exposed to operational and credit risks which may result in NPAs, and we may be unable to control or reduce the level of NPAs in our portfolio.***

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. We have a diversified customer base comprising self employed and salaried customers and businessmen who do not have access to formal banking and finance channels. While we try to ensure strict adherence to our internally developed credit policy framework, our customers may, at times, not be able to provide us with requisite or complete information required in connection with our loan products, which may affect our customer on-boarding procedures. Further, our customers may face cash flow constraints due to losses incurred by them in their businesses or in the economic activities pursued by them, which could lead to a diversion of the loan proceeds for purposes other than those for which the loan was sanctioned. Any such cash flow constraints or diversion of loan proceeds may affect the ability of our customers to repay their loans, and in turn, our ability to recover the loans.

As of March 31, 2017, 2016 and 2015, our Gross NPAs were ₹ 1,072.30 million, ₹ 370.61 million and ₹ 326.50 million respectively, while our Gross NPA/Gross Advances was 1.61%, 0.64% and 0.92%, respectively. As of March 31, 2017, 2016 and 2015, our Net NPAs were ₹ 693.41 million, ₹ 221.54 million and ₹ 154.94 million, respectively, while our Net NPA/Net Advances was 1.05%, 0.38% and 0.44%, respectively. For further details, see "*Selected Statistical Information*" on page 282. 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. The significant increase in our Gross NPA from ₹ 370.61 million as on March 31, 2016 to ₹ 1,072.30 million as on March 31, 2017 was primarily on account of the change in the period of classification of loans as an NPA, from 150 days past due as on March 31, 2016 to 120 days past due as on March 31, 2017 in accordance with guidelines issued by the RBI. As an SFB, this period will reduce further to 90 days past due, which may result in a further increase in our Gross NPA, which could reduce the net interest earning asset base and increase provisioning requirements, thereby adversely affecting our results of operations and our financial condition.

Further, as an NBFC, any amount recovered from a loan account (which had been classified as an NPA), pursuant to which the days past due rolls back to less than 120 days, was re-classified as an standard asset. However, as an SFB, even if an outstanding amount is recovered from a loan account (which has been classified as an NPA), pursuant to which the days past due rolls back to less than 90 days, the account cannot be reclassified as a standard asset. Such account can be reclassified as a standard asset, only when the entire amount which is outstanding has been repaid, resulting in zero days past due. This may result in us continuing to report Gross NPAs for a longer period of time in our financial statements as an SFB.

20. ***We have recently introduced additional risk management architecture for our SFB operations and any failure or weakness therein, could adversely affect our business, results of operations, financial condition and cash flows.***

We are exposed to a variety of risks, including credit risk, liquidity risk, interest rate risk, operational risk and asset risk and have recently introduced additional risk management architecture for our SFB operations. As an NBFC, our risks were monitored by our Board through the Audit Committee, the Asset Liability Management Committee and the Credit Risk and NPA Committee for retail and wholesale Banking. As an SFB, we have enhanced our risk management architecture by setting up a Risk Management Committee of the Board and an IT & Operational Risk Management Committee. We have also enhanced the scope of our previous committees and implemented a number of additional risk management policies such as an NPA management policy, an internal capital adequacy assessment process policy and a market risk policy. However, such additional risk management measures are untested and may not be fully effective in mitigating our risks in all market environments. Some methods of managing risks are based upon observed historical market behavior. As a result, these methods may not predict future risk exposures, which could be greater than the historical measures indicated. Other risk management methods depend upon an evaluation of information regarding markets, customers or other matters. Such information may not be accurate, complete, current, or properly evaluated in all cases.

We intend to continue to periodically test and update our risk management architecture. However, we are exposed to operational risks arising from inadequacy or failure of internal processes or systems, and our actions may not be sufficient to result in an effective internal control environment. Given our high volume of transactions and changing technology and payments landscape, errors may be repeated or compounded before they are discovered and rectified. Our management information systems and internal control procedures that are designed to monitor our operations and overall compliance may not be able to identify non-compliance or suspicious transactions in a timely manner, or at all. Where internal control weaknesses are identified, our actions may not be sufficient to fully correct such internal control weaknesses. In addition, certain processes are carried out manually, which may increase the risk that human error, tampering, frauds or manipulation will result in losses that may be difficult to detect. As a result, we may suffer monetary losses, which may not be covered by our insurance policies. Any failure or material weakness in our risk management architecture could adversely affect our business, results of operations, financial condition and cash flows.

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

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

22. ***We provide unsecured trade advances to several vehicle dealers to promote our business. If such advances are not repaid or set off, we may have to write-off such advances, which may have an adverse effect on our results of operations, financial condition and cash flows.***

We provide unsecured trade advances in the normal course of business to several vehicle dealers with whom we have business relationships and we intend to continue to provide such trade advances in the future. As of March 31, 2017, we had trade advances to dealers – considered good of ₹ 609.97 million and trade advances to dealers – considered doubtful of ₹ 23.11 million. We had trade advances to dealers – considered good of ₹ 1,145.91 million and ₹ 629.06 million as at March 31, 2016 and March 31, 2015, respectively. These vehicle dealers are permitted to net the principal amount of loans granted to our customers from such trade advances. These trade advances are not secured and consequently any failure to recover such advances or set these off, will have an adverse effect on our results of operations, financial condition and cash flows.

23. ***We may face difficulties and incur additional expenses in operating in rural and semi-urban markets, where infrastructure may be limited.***

A significant number of our customers are located in the rural and semi-urban markets in India, which may have limited infrastructure, particularly for transportation, electricity and internet bandwidth. Out of our 431 branches, which we plan to operationalize by the end of financial year 2018, 119 branches shall be in unbanked centres where we may face difficulties in conducting operations, such as accessing power facilities, transporting our personnel and equipment and implementing technology measures. We may also face increased costs in conducting our business and operations, implementing security measures and expanding our advertising. We cannot assure you that such costs will not increase in the future as we expand our network in rural and semi urban markets, which could adversely affect our profitability.

24. ***There is uncertainty on the impact of currency demonetization in India on our business.***

On November 8, 2016, the RBI and the Ministry of Finance of the Government withdrew the legal tender status of the then in circulation ₹ 500 and ₹ 1,000 currency notes pursuant to a notification dated November 8, 2016. The short-term impact of these developments has been, among other things, a decrease in liquidity of cash and

consequently, spending, in India. There is uncertainty on the long-term impact of this action. While we had experienced a short term adverse effect on our disbursements and collections as a result of the demonetization, the short and long-term effects of demonetization on the Indian economy and India's capital markets are uncertain, and we cannot accurately predict its effect on our business, results of operations, financial condition and prospects.

25. ***We are dependent on our senior management and other key personnel, and the loss of, or our inability to attract or retain, such persons could adversely affect our business, results of operations, financial condition and cash flows.***

Our performance depends largely on the efforts and abilities of our senior management and other key personnel, including our operational, credit managers and branch managers. We believe that the inputs and experience of our senior management, in particular, and other key personnel are valuable for the development of our business and operations and the strategic directions taken by our Company. For details in relation to the experience of our key management personnel, see "*Our Management*" on page 190. We cannot assure you that these individuals or any other member of our senior management team 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. We may require a long period of time to hire and train replacement personnel when qualified personnel terminate their employment with our Company. We may also be required to increase our levels of employee compensation more rapidly than in the past to remain competitive in attracting employees that our business requires. The loss of the services of such persons may have an adverse effect on our business, results of operations, financial condition and cash flows.

26. ***In the event our existing customers and targeted customer segments are not receptive to our new brand and identity as an SFB, our business, results of operations, financial condition and cash flows may be adversely affected.***

In order to highlight our new SFB identity and businesses, we have rebranded ourselves as "Au Small Finance Bank Limited", along with a change in the name and logo of our Company. The shareholders of our Company by way of a special resolution dated on January 24, 2017 had approved the change of name of our Company to "AU Small Finance Bank Limited" which became effective upon commencement of our SFB business. Consequently, our Company has been issued a fresh certificate of incorporation by the RoC on April 13, 2017. Further, our Company has applied for the registration of our trademark for "AU Small Finance Bank Limited" by way of an application dated November 22, 2016. For details, see "*Government and Other Approvals*" on page 332. While we believe our new brand aligns with our transition to an SFB, we cannot assure you that our rebranding exercise will achieve its expected results. In addition, our existing customers may take time to get familiar with our new brand and new identity, or may not accept it at all. If for any reason, our existing customers and targeted customer segments are not receptive to our new brand and new identity, our business, results of operations, financial condition and cash flows may be adversely affected.

27. ***We have, and will continue to recruit and train additional personnel for our SFB operations and our inability to attract and retain talented professionals may have an adverse effect on our business and prospects.***

As we transitioned from an NBFC to an SFB, we have, and will continue to recruit a significant number of additional personnel for our operations and will incur substantial costs in doing so. Our performance and success depends, in part, on our ability to attract and retain the services of skilled and experienced personnel and their performance. Although we intend to train such personnel along with our existing employees for our SFB operations, they may not perform as successfully as we anticipate. There is significant competition for the recruitment of management and other experienced personnel in the banking industry. Our failure to attract, train and retain skilled personnel for our SFB operations, could adversely affect our business and prospects.

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

As of March 31, 2017, we employed 8,515 personnel across our operations. Although we have not experienced any material labour unrest, we cannot assure you that we will not experience disruptions in work due to disputes or other problems with our work force in the future. Any labour unrest directed against us could 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.

29. ***We do not have certain supporting documents for the information comprising the biographies of certain of our Promoters, Directors and details of SMPs included in the sections "Our Promoters and Promoter Group" and "Our Management" of this Red Herring Prospectus.***

We do not have certain documents supporting the information included in the biographies, primarily pertaining to their educational qualifications and previous work experience, for certain of our Promoters and Directors, disclosed in the sections "*Our Promoters and Promoter Group*" and "*Our Management*" on pages 216 and 190, respectively. Further, we also do not have documents supporting the information in relation to the total work experience of our SMPs. The information included in the Red Herring Prospectus in relation to certain portions of biographies of such Promoters and Directors and the total work experience of the SMPs is based on the details provided by the respective Promoters, Directors and SMPs by way of affidavits, certifying such information. Therefore, we cannot assure you that all information relating to the educational and professional background of certain of our Promoters and Directors and the total work experience of our SMPs included in the sections "*Our Promoters and Promoter Group*" and "*Our Management*", as may be applicable, is complete, true and accurate.

30. ***As an SFB, we are required to extend a minimum level of advances to certain sectors and maintain a prescribed cash reserve ratio, statutory liquidity ratio and minimum capital to risk-weighted assets ratio, which may have an adverse effect on our business operations.***

As an SFB, we are required to extend 75% of our ANBC to the sectors eligible for classification as PSL by RBI, such as agriculture, MSMEs, export credit, education, housing, social infrastructure and renewable energy. Further, while 40% of our ANBC is required to be allocated to different sub-sectors under PSL as per the PSL prescriptions, as an SFB and we can allocate the balance 35% to any one or more sub-sectors under the PSL where we have a competitive advantage. The PSL requirements applicable to an SFB are significantly higher than the PSL limits applicable to scheduled commercial banks, which could subject us to higher delinquency rates and may limit our funding from securitizations and assignments to comply with such requirement. In case of any shortfall by us in meeting the PSL requirements, we would subsequently be required to place the difference between the required lending level and the actual PSL targets in an account with the NABARD under the Rural Infrastructure Development Fund Scheme, or with other institutions specified by the RBI, which may earn lower levels of interest, compared to other interest bearing securities. Our failure to comply with PSL requirements, may have an adverse effect on our business, results of operation, financial condition and cash flows.

The SFB Guidelines mandate that SFBs will be subject to all prudential norms and regulations of the RBI as applicable to existing commercial banks including the requirement of maintenance of cash reserve ratio ("**CRR**") and statutory liquidity ratio ("**SLR**"). All scheduled commercial banks (other than regional rural banks) are required to comply with the statutory reserve requirements prescribed by the RBI. Currently, scheduled commercial banks are required to maintain a CRR of 4% of their total demand and time liabilities ("**DTL**"), on which no interest is paid. Further, scheduled commercial banks are also required to maintain, under the current requirements, a SLR equivalent to 20.50% of their net demand and time liabilities, to be invested in cash and Government or other RBI-approved securities. As an NBFC, we were not required to maintain a minimum CRR with the RBI or meet any SLR requirements, and such capital was available for our operations, resulting in better net interest margin and return on net worth. As an SFB, our net interest margin and return on net worth may be adversely affected, since we will are required to set aside capital to meet the CRR and SLR requirements of the RBI. Further, until we scale up our deposit base, a significant portion of the

CRR and SLR requirements will be met from our borrowings, which may also adversely affect our net interest margin and return on net worth in the short to medium term.

Further, as we have recently commenced SFB operations, we may be unable to maintain the CRR and SLR as prescribed by the RBI, from time to time, due to limited availability of funds and the time required to establish a strong depositor base. Moreover, if we fail to meet the prescribed norms in our banking operations, the RBI may charge penal interest for the period of default, or restrict our banking activities, or otherwise enforce increased scrutiny and control over our banking operations including by way of withholding approvals, or issuing conditional approvals, in respect of any proposed actions for which we may seek RBI approval in the future, or even cancel our banking license in view of any major and/or sustained non-compliance. Further, maintaining the CRR and SLR may impose liquidity constraints on us by reducing the amount of cash available with us for lending. In the event that the CRR or SLR requirements applicable to us are increased in the future, our resources available for making loans and advances to our borrowers would be correspondingly further reduced. Any such actions or events may adversely affect our business, results of operations, financial condition and cash flows.

Additionally, as per the SFB Guidelines, we are required under applicable laws and regulations to maintain certain minimum capital adequacy, which is currently 15%. As of March 31, 2017, 2016 and 2015 our CRAR was 23.21%, 16.91% and 17.29%, respectively. As we continue to grow our loan portfolio and asset base, we may be required to raise additional capital in order to continue to meet applicable capital adequacy ratios with respect to our business. We cannot assure you that we will be able to raise adequate additional capital in the future on terms favorable to us, or at all, and this may adversely affect the growth of our business.

31. ***The banking and finance sector in India is highly competitive, with significant presence of public sector banks and established private sector banks that have extensive branch networks, as well as NBFCs, other SFBs, cooperative banks, regional rural banks, payment banks and other financial services companies, against which we may be unable to compete effectively.***

The banking and financing sector in India is highly competitive and we face competition from several Indian and foreign commercial banks in the private sector, as well as public sector. We also face competition from NBFCs, cooperative banks which have significant presence in rural areas, other financial services companies, regional rural banks, other small finance banks and payment banks in India. These existing financial institutions may have a greater customer and depositor base, larger branch networks, and in case of public sector banks, Government support for capital augmentation, due to which they may enjoy greater access to low-cost capital and corresponding economies of scale. Due to intense competition in the banking sector in India, we may also face challenges in hiring and retaining adequate numbers of sufficiently qualified and experienced personnel. Our inability to compete effectively may adversely affect our business, results of operations financial condition and cash flows.

32. ***One of our Promoters and our Managing Director and CEO, Mr. Sanjay Agarwal, has 49% partnership stake in M/s. Arihant Filling and Service Station and has resigned and disassociated himself from M/s. Arihant Filling and Service Station, which is required to be taken on record by Indian Oil Corporation Limited within six months from April 13, 2017, failing which it may adversely impact his appointment as our Managing Director and CEO.***

One of our Promoters and our Managing Director and CEO, Mr. Sanjay Agarwal, holds 49% partnership stake in M/s. Arihant Filling and Service Station ("**Arihant**"). Arihant currently undertakes the business of operating retail petrol filling outlets/ dealerships. Pursuant to Section 10A(2)(b) of the Banking Regulation Act, the board of directors of a bank are not allowed to have any substantial interest in, *inter-alia*, any firm, which carries on any trade, commerce or industry. For details, see "*Key Regulations and Policies in India*" on page 169. The RBI by way of its letter dated February 20, 2017 has approved the constitution of our Board, subject to certain conditions, including, that the directors having substantial interest (as defined under Section 5(ne) of the Banking Regulation Act) shall not be classified under majority category in terms of Section 10A (2) of the Banking Regulation Act. Pursuant to this, Mr. Sanjay Agarwal by way of his letter dated March 3, 2017 to

Arihant, has resigned and disassociated himself from Arihant, which was also intimated to the RBI by way of our Company's letter dated March 7, 2017. The RBI by way of its letter dated April 13, 2017(the "**RBI Letter**") has, *inter-alia*, approved the appointment of Mr. Sanjay Agarwal as the Managing Director and Chief Executive Officer of our Company, subject to the Indian Oil Corporation Limited ("**IOCL**") taking on record Mr. Sanjay Agarwal's resignation from Arihant within a period of six months from the date of the RBI Letter. While, Arihant by way of its letter dated March 7, 2017 has intimated IOCL regarding the resignation and proposed divestment by Mr. Sanjay Agarwal and the consequent reconstitution of Arihant, IOCL is yet to take the resignation and reconstitution of Arihant on record. Since Arihant currently undertakes the business of operating retail petrol filling outlets/ dealerships, it is therefore governed by the guidelines issued by Ministry of Petroleum and Natural Gas, GOI. A press release dated October 16, 2008 issued by the Ministry of Petroleum and Natural Gas, GOI, ("**Press Release**") stipulates that reconstitution of retail petrol filling outlets/ dealerships will be permitted by indication of minority partner(s) only after five years of commission of the outlet/dealership and any subsequent reconstitution shall be considered only after five years from the date of last reconstitution. According to the stipulation provided in the Press Release and the last reconstitution undertaken by Arihant, reconstitution of Arihant would only be possible during the first quarter of the financial year 2018 and therefore we cannot assure that IOCL would take on record such resignation and reconstitution within the time-period stipulated in the RBI Letter. Any delay by IOCL in this regard, will lead to non-compliance with the terms of the RBI Letter and may also adversely impact Mr. Sanjay Agarwal's appointment as the Managing Director and Chief Executive Officer of our Company. For further information, see "*Our Management*" and "*Our Promoter and Promoter Group*" on pages 190 and 216, respectively.

33. *Regulation with respect to ownership and eligibility requirements of shareholders of equity securities of an SFB may hamper our ability to raise capital and restrict investment in our Company.*

Investment in an SFB is subject to restrictions under the laws governing banking companies including the Banking Regulation Act and the Small Finance Bank Guidelines. The Small Finance Bank Guidelines refer to Section 12B of the Banking Regulation Act, which provides that any acquisition of 5.00% or more of the paid-up share capital of a banking company will require prior approval of RBI. This will also apply to an SFB. Section 12B of the Banking Regulation Act further requires any person to seek prior approval of the RBI to acquire, or agree to acquire, shares or voting rights of a bank, either directly or indirectly, by himself or acting in concert with other persons, wherein such acquisition (taken together with shares or voting rights held by him or his relative or associate enterprise or persons acting in concert with him) results in the aggregate shareholding of such persons to be 5.00% or more of the paid-up share capital of a bank or entitles him to exercise 5.00% or more of the voting rights in a bank. Such approval may be granted by the RBI if it is satisfied that the applicant meets certain "Fit and Proper" criteria.

The terms of the RBI In-Principle Approval provide that, upon conversion of our Company into an SFB, the non-promoter shareholders of our Company are mandatorily required to reduce their respective shareholding to below 5.00% of the share capital in our Company, unless prior approval from the RBI is obtained. The RBI, by its letters dated October 13, 2016, has granted approvals (the "**RBI Approvals**") to Redwood Investment Ltd, International Finance Corporation, Ourea Holdings Limited and Labh Investments Limited ("**Non-Promoter Shareholders**") to hold more than 5.00% but less than 10.00% of the share capital of our Company, even after our Company converts into an SFB. However, the RBI Approvals provide that Redwood Investment Ltd, International Finance Corporation, and Labh Investments Limited are required to reduce their shareholding to less than 10.00% by October 6, 2018. The RBI Approvals further provide that the RBI may impose additional conditions if Redwood Investment Ltd, International Finance Corporation, and Labh Investments Limited are not found to be "Fit and Proper".

We cannot assure that we or our shareholders will be able to comply with the requirements under the Banking Regulation Act and the RBI Approvals. Further, these restrictions also limit our ability to raise further capital and could also have an adverse effect on our business, results of operations, financial condition and prospects. For further details in relation to the restrictions on shareholding, refer to "*Key Regulations and Policies in India*" and "*Offer Procedure*" on pages 169 and 366, respectively.

34. ***Some of our corporate records including certain secretarial records for transfer of Equity Shares are not traceable.***

Our Company does not have access to certain filings pertaining to certain historical legal and secretarial information in relation to certain disclosures in this Red Herring Prospectus. These include, maintaining of transfer forms for the following transactions:

(i) transfer of 125,000 Equity Shares by Mr. Laxmi Narayan Goyal to Mr. Sanjay Agarwal on October 1, 2005; (ii) transfer of 125,000 Equity Shares by Mr. Laxmi Narayan Goyal to Ms. Jyoti Aggarwal on October 1, 2005; (iii) transfer of 329,800 Equity Shares by Mr. Nipin Goyal to Ms. Jyoti Agarwal on September 9, 2006; (iv) transfer of 50,000 Equity Shares by Mr. Laxmi Narayan Goyal to Ms. Jyoti Agarwal on August 15, 2007; (v) transfer of 10 Equity Shares by Mr. Sunil Soni to Ms. Shakuntala Agarwal on January 1, 2003; (vi) transfer of 100,000 Equity Shares by Ms. Pushpa Goyal to Ms. Shakuntala Agarwal on September 8, 2006; (vii) transfer of 120,000 Equity Shares by Mr. Nipin Goyal to Ms. Shakuntala Agarwal on September 9, 2006; (viii) transfer of 50,000 Equity Shares by Lunkad Textiles Private Limited to Ms. Shakuntala Agarwal on September 20, 2007; (ix) transfer of 50,000 Equity Shares by Dolex Finvest Private Limited to Ms. Shakuntala Agarwal on September 20, 2007; (x) transfer of 100,000 Equity Shares by Khushagra Software Limited to Ms. Shakuntala Agarwal on September 20, 2007; (xi) transfer of 50,000 Equity Shares by Shipra Fabrics Private Limited to Ms. Shakuntala Agarwal on September 20, 2007; (xii) transfer of 50,000 Equity Shares by Mr. Pawan Khandelwal to Ms. Shakuntala Agarwal on September 20, 2007; (xiii) transfer of 10,000 Equity Shares by Ms. Hemlata Saini to Ms. Shakuntala Agarwal on September 20, 2007; (xiv) transfer of 10,000 Equity Shares by Mr. O.P. Saini to Ms. Shakuntala Agarwal on September 20, 2007; (xv) transfer of 10 Equity Shares by Geetanjali Enterprise to Mr. Chiranji Lal Agarwal on January 1, 2003; and (xvi) transfer of 150,000 Equity Shares by Mr. Laxmi Narayan Goyal to Mr. Chiranji Lal Agarwal on September 9, 2006.

While information in relation to such transfers have been disclosed in the section titled "Capital Structure" in this Red Herring Prospectus, based on information in our statutory registers, we may not be able to furnish any further instrument of transfers evidencing such transfers. We cannot further assure you that we will not be penalized by the relevant supervisory and regulatory authorities in India for not maintaining or executing such instruments of transfers. For details of such transfers in relation to acquisition and transfer of equity shares of our Company, see, "*Capital Structure - Build-up of Promoters' shareholding in our Company*" on page 79.

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

We are required to obtain and maintain certain approvals, licenses, registrations and permits from statutory and regulatory authorities. While we have obtained a number of approvals for our operations, certain approvals for which we have submitted applications are currently pending before relevant authorities including certain approvals that we require for our SFB operations from the RBI. We are yet to obtain the following approvals as on date:

S. No.	Approval details	Relevant Authority	Status
1.	Registration as an Other Service Provider under the revised "Terms and conditions – Other Service Provider ("OSP") Category, 2008	Department of Telecommunications, Ministry of Communication	Not applied
2.	Approval for Negotiated Dealing System (NDS)	Reserve Bank of India	Applied
3.	Inclusion of our Company's name in Second Schedule to the RBI Act, 1934	Reserve Bank of India	Applied

Further, we may need to apply for new licenses and approvals and renew our existing ones, which expire from time to time. For further details of key approvals that have not been applied for and have not yet been obtained, see "*Government and Other Approvals*" on page 332. If we fail to obtain or retain any of these approvals or licenses, or renewals thereof, in a timely manner or at all, our business may be adversely affected.

In addition, we are required to obtain certain approvals, including under shops and establishment laws, employee provident fund and employee state insurance laws. Further, our approvals and licenses are subject to numerous conditions, some of which are onerous and may require us to incur substantial expenditure in order to comply with such conditions. We cannot assure you that the approvals, licenses, registrations or permits issued to us will not be suspended or revoked, or that applicable penalties will not be imposed on us in the event of non-compliance with any terms and conditions. We may also incur substantial costs related to litigation if we are subject to significant regulatory action, which may adversely affect our business, future financial performance and results of operations.

36. ***We have not obtained revised registrations for certain existing branches and are in the process of obtaining certain new registrations under shops and establishment laws. Any failure to obtain such registration in a timely manner may adversely affect our proposed SFB operations.***

We require registration under the applicable shops and establishments laws to conduct business in our branches in certain states. As on May 31, 2017, we held valid registrations under the applicable shops and establishment law for 118 branches, 72 asset centers, nine offices and one centralized processing center. As on May 31, 2017, we had applied for and were yet to obtain registrations under the applicable shops and establishment laws for 55 branches, eight asset centres and one office. Our Company is in the process of applying for registration under the applicable shops and establishments laws for the following:

S. No.	Branch	State
Branches		
1.	Rajgarh Road, Solan	Himachal Pradesh
Asset centers		
1.	Kalsi Nagar, Ludhiana	Punjab
2.	Model Town, Bathinda	Punjab

For details, see "*Government and Other Approvals*" on page 332. We cannot assure you that we will obtain such registrations in a timely manner, or at all. If we fail to obtain such registrations, we may be subject to penalties and may not be able to conduct our SFB operations.

37. ***All our branches and most of our asset centers are on leased premises and we are in the process of entering into new lease arrangements for our branches. Any inability on our part to identify suitable premises or enter into or renew lease agreements on terms acceptable to us, may have an adverse effect on our operations.***

As of May 31, 2017, we conducted our operations through 269 branches, 121 asset centers, one central processing center and 10 offices. All our branches and most of our asset centers and offices are on leased premises. In addition, we intend to gradually open 162 additional branches during the financial year 2018, all of which will be on leased premises. We are currently in the process of identifying such premises and entering into lease agreements. Consequently, any inability on our part to identify suitable branches, or enter into or renew lease agreements on terms acceptable to us, may have an adverse effect on our operations.

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

While we believe that the insurance coverage which we maintain would be reasonably adequate to cover the normal risks associated with the operation of our businesses, 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 our losses. In addition, our insurance coverage expires from time to time. We apply for the renewal of our insurance coverage in the normal course of our business, but we cannot assure you that such renewals will be granted in a timely manner, or at acceptable cost, or at all. To the extent that we suffer loss or damage, or successful assertion of one or more large claims against us for events for which we are not insured, or for which we did not obtain or maintain insurance, or which is not covered by insurance, exceeds our insurance coverage or where our insurance claims are rejected, the loss would have to be borne by us and our results of operations, financial condition and cash flows could be adversely affected. For further details on our

insurance arrangements, see "*Our Business – Insurance*" on page 166.

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

Our ability to pay dividends in the future will depend on our earnings, financial condition, cash flows, capital requirements, capital expenditure and restrictive covenants of our financing arrangements. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board and subsequent approval of shareholders and will depend on factors that our Board and shareholders deem relevant, including among others, our future earnings, financial condition, cash flows, capital requirements, capital expenditures, business prospects and restrictive covenants under our financing arrangements. We may decide to retain all of our earnings to finance the development and expansion of our business and, therefore, may not declare dividends on our Equity Shares. We cannot assure you that we will be able to pay dividends at any point in the future. For details of dividend paid by our Company in the past, see "*Dividend Policy*" on page 223.

40. *We utilize the services of certain third parties for our operations. Any deficiency or interruption in their services could adversely affect our business and reputation.*

We engage third party service providers from time to time for services including the valuation of assets and legal services, and as collection agents. Further, we also engage third parties for services such as cash management, file storage, operations and maintenance of ATMs and switch provider services. Our ability to control the manner in which services are provided by third party service providers is limited and we may be held liable on account of any deficiency of services on the part of such service providers. We cannot assure you that we will be successful in continuing to receive uninterrupted and quality services from our third party service providers. Any disruption or inefficiency in the services provided by our third party service providers could affect our business and reputation.

41. *We have relied on third party industry reports which have been used for industry related data in this Red Herring Prospectus and such data have not been independently verified by us.*

We relied on the CRISIL Research report titled "NBFC Report 2016" published in April 2016 along with subsequent impact notes published by CRISIL Research post the demonetization policy introduced by the Government and "CRISIL Inclusix Report June 2015", the ICRA report titled "RBI's Operating Guidelines for Small Finance Banks" published in October 2016, the India Brand Equity Foundation – Banking, published in December 2016, which have been used for industry related data that has been disclosed in this Red Herring Prospectus. The reports use certain methodologies for market sizing and forecasting. We have not independently verified such data and therefore, while we believe them to be true, we cannot assure you that they are complete or reliable. 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. While industry sources take due care and caution while preparing their reports, they do not guarantee the accuracy, adequacy or completeness of the data. Accordingly, investors should not place undue reliance on, or base their investment decision solely on this information. Please see "*Industry Overview*" and "*Certain Conventions, Use of Financial Information and Market Data and Currency of Presentation –Industry and Market Data*" on pages 121 and 15, respectively.

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

The following table sets forth certain information relating to our contingent liabilities which have not been provided for, as of March 31, 2017, as per AS-29 issued by the ICAI:

Particulars	Amount (₹ in million)
Credit enhancements provided by the Company towards asset assignment / securitisation (including cash collaterals, principal and interest subordination)	3,041.77
Corporate Guarantees on borrowings taken by Aavas Financiers Limited (formerly known as Au Housing Finance Limited)	1,280.40
Claims against our Company not acknowledged as debts	28.15
Value added tax	1.39
Income tax demand	47.26
Service tax	204.75
Total	**4,603.72**

We sold 90.10% of outstanding equity shares of Aavas Financiers Limited (formerly known as Au Housing Finance Limited) on June 22, 2016.

If a significant portion of these liabilities materialize, it could have an adverse effect on our results of operations, cash flows and financial condition. For details, see "*Financial Statements – Annexure 31.3: Restated standalone statement of Contingent liability not provided for*" on page 267.

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

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

	Financial Year		
	2017 (₹ in million)	*2016 (₹ in million)*	*2015 (₹ in million)*
Net cash generated/(used in) Operating Activities	(4,955.55)	(19,380.36)	(7,471.42)
Net cash generated/(used in) Investing Activities	(15,797.91)	(333.74)	(228.40)
Net cash generated/(used in) Financing Activities	24,876.87	19,639.29	7,824.15
Net increase/(decrease) in Cash and Cash Equivalents	4,123.41	(74.81)	124.33

For further details, see "*Financial Statements*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 224 and 290, respectively. We cannot assure you that our net cash flows will be positive in the future.

44. ***Our Promoters and Promoter Group will continue to retain control over our Company after completion of the Offer, which will allow them to influence the outcome of matters submitted for approval of our shareholders.***

Our Promoters and Promoter Group currently together own 36.03% of our Equity Shares. Following the completion of the Offer, our Promoters and Promoter Group will continue to hold together approximately 32.87% of our post-Offer Equity Share capital. As a result, they will have the ability to influence matters requiring share-holders approval, including the ability to appoint Directors to our Board and the right to approve significant actions at Board and at shareholders' meetings, including the issue of Equity Shares and dividend payments, business plans, mergers and acquisitions, any consolidation or joint venture arrangements, any amendment to our Memorandum of Association and Articles of Association, and any assignment or transfer of our interest in any of our licenses. We cannot assure you that our Promoters and Promoter Group will not have conflicts of interest with other shareholders or with our Company. Any such conflict may adversely affect our ability to execute our business strategy or to operate our business.

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

We have entered into various transactions with related parties, including for payment of salaries and wages of key management persons. While we believe that all such transactions have been conducted on an arm's length

basis and contain commercially reasonable terms, we cannot assure you that we could not have achieved more favorable terms had such transactions been entered into with unrelated parties. It is likely that we may enter into related party transactions in the future. Although going forward, all related party transactions that we may enter into, will be subject to board or shareholder approval, as necessary under the Companies Act, 2013 and the SEBI Listing Regulations, we cannot assure you that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations or that we could not have achieved more favorable terms if such transactions had not been entered into with related parties. Such related party transactions may potentially involve conflicts of interest. For details, see "*Related Party Transactions*" on page 222. We cannot assure you that such transactions, individually or in the aggregate, will always be in the best interests of our minority shareholders and will not have an adverse effect on our business, results of operations, financial condition and cash flows.

46. *Certain of our Promoters, Directors and key management personnel have interests in us other than reimbursement of expenses incurred and normal remuneration or benefits.*

Certain of our Promoters, Directors and key management personnel may be regarded as having an interest in our Company other than reimbursement of expenses incurred and normal remuneration or benefits. Certain Directors and Promoters and key management personnel may be deemed to be interested to the extent of Equity Shares held by them and by members of our Promoter Group, as well as to the extent of any dividends, employee stock options, bonuses or other distributions on such Equity Shares. We cannot assure you that our Promoters, Directors and our key management personnel will exercise their rights as shareholders to the benefit and best interest of our Company. For further details, see "*Capital Structure*", "*Our Promoters and Promoter Group*" and "*Our Management*" on pages 75, 216 and 190, respectively.

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

We have in the last twelve months prior to filing this Red Herring Prospectus, issued Equity Shares at a price that could be lower than the Offer Price. For further details, see "*Capital Structure*" on page 75.

48. *The average cost of acquisition of Equity Shares by our Promoters, may be less than the Offer Price.*

The average cost of acquisition of Equity Shares by our Promoters Mr. Sanjay Agarwal, Ms. Jyoti Agarwal, Ms. Shakuntala Agarwal and Mr. Chiranji Lal Agarwal is ₹ 28.75, ₹ 2.47, ₹ 7.78 and ₹ 11.22, per Equity Share, respectively. For further details, see sections "Risk Factors – Prominent Notes" and "Capital Structure" on page 44 and 75 of the RHP. We cannot assure you that the Offer Price will not be less than the average cost of acquisition of Equity Shares held by our Promoters.

49. *Our Promoters, Mr. Sanjay Agarwal and Ms. Jyoti Agarwal, have provided personal guarantees to secure a significant portion of our borrowings and the invocation of such guarantees may adversely affect their reputation and net worth.*

Our Promoters, Mr. Sanjay Agarwal and Ms. Jyoti Agarwal, have provided personal guarantees to secure a significant portion of our existing borrowings, and may continue to provide such guarantees and other security after the listing of our equity shares. In this regard, it should be noted that (i) Mr. Sanjay Agarwal has provided personal guarantees for borrowings of the Company amounting to ₹ 11,377.28 million which amounts to 16.09% of the total borrowings of the Company as on March 31, 2017, and (ii) Ms. Jyoti Agarwal has provided personal guarantees for borrowing of the Company amounting to ₹ 526.40 million which amounts to 0.74% of the total borrowings of the Company as on March 31, 2017. In the event of a default under our loan agreements, such personal guarantees may be invoked which could adversely affect their reputation and net worth. For further details, see "*Financial Indebtedness*" on page 318.

50. *Our Company will not receive any proceeds from the Offer. Our Promoters and Promoter Group are also selling shares in the Offer and will receive proceeds as part of the Offer for Sale*

The Offer comprises of an offer for sale of up to 53,422,169 Equity Shares by the Selling Shareholders which

includes our Promoters and Promoter Group. The proceeds from the Offer will be paid to Selling Shareholders, in proportion of the respective portion of the Offered Shares transferred pursuant to the Offer, and we will not receive any such proceeds. Our Promoters and Promoter Group being part of the Selling Shareholders will receive such proceeds from the Offer for Sale. For further details, see "*Objects of the Offer*" and "*Capital Structure*" on pages 111 and 75, respectively.

51. ***We may be required to withhold U.S. tax on payments made on the Equity Shares after December 31, 2018.***

The United States has enacted legislation (commonly referred to as "Foreign Account Tax Compliance Act" or "**FATCA**"), a new information reporting regime for tax purposes, which affects financial institutions across the world, including us. Under FATCA, non-U.S. financial institutions are obligated to identify and report to the U.S. Inland Revenue Service (the "**IRS**") financial accounts held by U.S. persons or entities with substantial U.S. ownership, as well as accounts of other "financial institutions" that are not themselves participating in (or otherwise exempt from) the FATCA reporting regime. Failure to identify and report such information can result in a 30% withholding tax on certain U.S. source payments made to the financial institution. India has signed an intergovernmental agreement ("**IGA**") with the United States. Accordingly, we, as a financial institution, are obligated to provide such information to the IRS. If a withholding tax in respect of FATCA were to be deducted or withheld from any payments, neither us nor any other person will pay to investors additional amounts as a result of the deduction or withholding.

Similarly, the Common Reporting Standard ("**CRS**") is a global level uniform standard for the automatic exchange of financial account information. India has signed the Multilateral Competent Authority Agreement ("**MCAA**") for CRS. Under this standard, jurisdictions other than the United States may obtain financial information from their financial institutions and exchange that information with other jurisdictions on an automatic annual basis.

External Risk Factors

Risks Related to India

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

The Indian economy and its securities markets are influenced by economic developments and volatility in securities markets in other countries. Investors' reactions to developments in one country may have adverse effects on the market price of securities of companies located in other countries, including India. For instance, the economic downturn in the U.S. and several European countries during a part of financial years 2008 and 2009 adversely affected market prices in the global securities markets, including India. Negative economic developments, such as rising fiscal or trade deficits, or a default on national debt, in other emerging market countries may also affect investor confidence and cause increased volatility in Indian securities markets and indirectly affect the Indian economy in general.

Any worldwide financial instability could also have a negative impact on the Indian economy, including the movement of exchange rates and interest rates in India. In June 2016, a majority of voters in the United Kingdom elected to withdraw the United Kingdom from the European Union in a national referendum. The referendum was advisory, and the terms of any withdrawal are subject to a negotiation period that could last at least two years after the government of the United Kingdom initiated the withdrawal process. These developments, or the perception that any of them could occur, have had and may continue to have an adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. Any of these factors could depress economic activity and restrict our access to capital, which could have an adverse effect on our business, financial condition and results of operations and reduce the price of our equity shares. Any financial disruption could have an adverse effect on our business, future financial performance, shareholders' equity and the price of our Equity Shares.

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

We are dependent on domestic, regional and global economic and market conditions. Our performance, growth and market price of our Equity Shares are and will be dependent to a large extent on the health of the economy in which we operate. There have been periods of slowdown in the economic growth of India. Demand for our products may be adversely affected by an economic downturn in domestic, regional and global economies. Economic growth in the countries in which we operate is affected by various factors including domestic consumption and savings, balance of trade movements, namely export demand and movements in key imports (oil and oil products), global economic uncertainty and liquidity crisis, volatility in exchange currency rates, and annual rainfall which affects agricultural production. Consequently, any future slowdown in the Indian economy could harm our business, results of operations, financial condition and cash flows. Also, a change in the government or a change in the economic and deregulation policies could adversely affect economic conditions prevalent in the areas in which we operate in general and our business in particular and high rates of inflation in India could increase our costs without proportionately increasing our revenues, and as such decrease our operating margins.

54. ***Changing laws, rules and regulations and legal uncertainties, including adverse application of corporate and tax laws, may adversely affect our business, prospects and results of operations.***

The regulatory and policy environment in which we operate is evolving and subject to change. Such changes, including the instances mentioned below, may adversely affect our business, results of operations and prospects, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy. For example:

- the GAAR are proposed to be effective from April 1, 2017. The tax consequences of the GAAR provisions being applied to an arrangement could result in denial of tax benefit amongst other consequences. In the absence of any precedents on the subject, the application of these provisions is uncertain. If the GAAR provisions are made applicable to our Company, it may have an adverse tax impact on us; and

- the Government of India has proposed a comprehensive national goods and services tax ("**GST**") regime that will combine taxes and levies by the Central and State Governments into a unified rate structure. In this regard, the Constitution (101 Amendment) Act 2016, which received Presidential assent on September 8, 2016, enables the Government of India and state governments to introduce GST. While the Government of India and certain state governments have announced that all committed incentives will be protected following the implementation of the GST, given the limited availability of information in the public domain concerning the GST, we cannot provide you with any assurance as to this or any other aspect of the tax regime following implementation of the GST. The implementation of this rationalized tax structure may be affected by any disagreement between certain state governments, which may create uncertainty. Any future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. If, as a result of a particular tax risk materializing, the tax costs associated with certain transactions are greater than anticipated, it could affect the profitability of such transactions.

We have not determined the impact of such proposed legislations on our business. In addition, unfavourable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations including foreign investment laws governing our business, operations and group structure could result in us being deemed to be in contravention of such laws and/or may require us to apply for additional approvals. We may incur increased costs and other burdens relating to compliance with such new requirements, which may also require significant management time and other resources, and any failure to comply may adversely affect our business, results of operations and prospects. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may

impact the viability of our current business or restrict our ability to grow our business in the future.

55. ***Investors may not be able to enforce a judgment of a foreign court against our Company.***

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

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

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. If a transfer of shares is not in compliance with such requirements and does not fall under any of the exceptions specified by the RBI, then the RBI's or Government's prior approval is required. As per the extant FDI policy, foreign direct investment in our Company while conducting operations as an NBFC was 100% under the automatic route. Further, pursuant to conversion to an SFB and as per the extant FDI Policy and SFB Guidelines, foreign direct investment in our Company is permitted up to 49% under the automatic route and up to 74% under government route in a private sector Indian bank. Currently, 47.11% of our Equity Share capital is held by foreign entities. As an SFB, if any foreign investor purchases or applies for purchasing our Equity Shares which, either exceeds the 49% automatic investment threshold or increases the foreign shareholding percentage of our Company in excess of 49%, the Stock Exchanges may alert the RBI regarding such purchase and consequently, the RBI may either direct the investor to seek its approval prior to such purchase or to bring down the foreign shareholding of our Company below the permissible limit. Any such restrictions may adversely impact your ability to sell Equity Shares. Further, the restrictions on foreign shareholding may adversely affect the price of the Equity Shares.

Additionally, shareholders who seek to convert Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India require a no objection or a tax clearance certificate from the Indian income tax authorities. We cannot assure you that any required approval from the RBI or any other governmental agency can be obtained on any particular terms or at all.

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

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of Equity Shares in an Indian company are generally taxable in India. Any gain realized on the sale of listed equity shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if Securities Transaction Tax ("**STT**") has been paid on the transaction. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold. Any gain realized on the sale of equity shares held for more than 12 months, which are sold other than on a recognized stock exchange and on which no STT has been paid to an Indian resident, will be subject to long term capital gains tax in India.

Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short term capital gains tax in India. Capital gains arising from the sale of the Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares.

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

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

59. ***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 financing on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that any required regulatory approvals for borrowing in foreign currencies will be granted to us without onerous conditions, or at all. Limitations on foreign debt may have an adverse effect on our business growth, financial condition and results of operations.

Risks Related to the Offer

60. ***The 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 price of the Equity Shares may be volatile, and you may be unable to resell the Equity Shares at or above the Offer Price, or at all.***

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 does not guarantee that a market for the Equity Shares will develop, or if developed, the liquidity of such market for the Equity Shares. The Offer Price of the Equity Shares is proposed to be determined through a book-building process and may not be indicative of the market price of the Equity Shares at the time of commencement of trading of the Equity Shares or at any time thereafter. The market price of the Equity Shares may be subject to significant fluctuations in response to, among other factors, variations in our operating results of our Company, market conditions specific to the industry we operate in, developments relating to India, volatility in securities markets in jurisdictions other than India, variations in the growth rate of financial indicators, variations in revenue or earnings estimates by research publications, and changes in economic, legal and other regulatory factors.

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

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

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

The Offer Price of the Equity Shares will be determined by our Company and the Selling Shareholders in consultation with the BRLMs, and through the Book Building Process. This price will be based on numerous factors, as described under "*Basis for Offer Price*" on page 113 and may not be indicative of the market price for the Equity Shares after the Offer. The market price of the Equity Shares could be subject to significant fluctuations after the Offer, and may decline below the Offer Price. We cannot assure you that the investor will

be able to resell their Equity Shares at or above the Offer Price.

63. ***Any future issuance of Equity Shares, or convertible securities or other equity linked securities by us and any sale of Equity Shares by our Promoters or Promoter Group may dilute your shareholding and adversely affect the trading price of the Equity Shares.***

After the completion of the Offer our Promoters and Promoter Group will own, directly and indirectly, approximately 32.87% of our outstanding Equity Shares. Any future issuance of the Equity Shares, convertible securities or securities linked to the Equity Shares by us, including through exercise of employee stock options may dilute your shareholding in our Company, adversely affect the trading price of the Equity Shares and our ability to raise capital through an issue of our securities. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of the Equity Shares. We cannot assure you that we will not issue additional Equity Shares. The disposal of Equity Shares by any of our Promoters and Promoter Group, or the perception that such sales may occur may significantly affect the trading price of the Equity Shares. Except as disclosed in "*Capital Structure*" on page 75, we cannot assure you that our Promoters and Promoter Group will not dispose of, pledge or encumber their Equity Shares in the future.

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

Under the Companies Act, a company incorporated in India must offer its equity shareholders preemptive rights to subscribe and pay for a proportionate number of equity shares to maintain their existing ownership percentages prior to issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the equity shares voting on such resolution.

However, if the law of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without our filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights, unless we make such a filing. If we elect not to file a registration statement, the new securities may be issued to a custodian, who may sell the securities for your benefit. The value such custodian receives on the sale of any such securities and the related transaction costs cannot be predicted. To the extent that you are unable to exercise pre-emptive rights granted in respect of our Equity Shares, your proportional interests in our Company may be reduced.

65. ***QIBs and Non-Institutional Investors are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid.***

Pursuant to the SEBI Regulations, QIBs and Non-Institutional Investors are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid. Retail Individual Investors can revise their Bids during the Bid/Offer Period and withdraw their Bids until Bid/Offer Closing Date. While our Company is required to complete Allotment pursuant to the Offer within six Working Days from the Bid/Offer Closing Date, events affecting the Bidders' decision to invest in the Equity Shares, including material 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.

Prominent Notes:

1. Initial public offering of 53,422,169 Equity Shares of face value of ₹ 10 each for cash at a price of ₹ [●] per Equity Share including a share premium of ₹ [●] per Equity Share, aggregating to ₹ [●] million through the Offer for Sale by the Selling Shareholders**.** The Offer includes an Employee Reservation Portion of up to 1,000,000 Equity Shares aggregating up to ₹ [●], for subscription by Eligible Employees not exceeding 5% of our post-Offer paid-up Equity Share capital. The Net Offer shall constitute **[●]** % of the fully diluted post-Offer paid-up Equity Share capital of our Company.

2. Other than the change in name of our Company on account of our Company being established as an SFB, there has been no change in name of our Company at any time during the last three years immediately preceding the date of filing this Red Herring Prospectus. For further details of change in the name of our Company, see "*History and Certain Corporate Matters*" on page 175.

3. For details of related party transactions by our Company during the last year, together with the nature and cumulative value of such transactions, see "*Related Party Transactions*" on page 222.

4. As on the date of this Red Herring Prospectus, our Company does not have any Group Company.

5. As on March 31, 2017, our net worth, was ₹ 19,995.60 million, as derived from our Restated Financial Statements.

6. As on March 31, 2017, the net asset value per Equity Share was ₹ 70.34, as per our Restated Financial Statements.

7. Details of the average cost of acquisition per Equity Share by our Promoters as on the date of this Red Herring Prospectus are set forth hereunder:

Name of the Promoter	Number of Equity Shares held	Average price per Equity Share (in ₹)
Mr. Sanjay Agarwal	58,477,128	28.75
Ms. Jyoti Agarwal	14,182,272	2.47
Ms. Shakuntala Agarwal	14,094,756	7.78
Mr. Chiranji Lal Agarwal	8,119,770	11.22

8. There are no financing arrangements whereby our Promoter Group, the Directors, or their relatives may have financed the purchase of our Equity Shares by any other person other than in the normal course of business of the financing entity in the six months immediately preceding the date of filing of the Draft Red Herring Prospectus.

9. Bidders may contact any of the BRLMs who have submitted the due diligence certificate to SEBI, for any complaint, information or clarifications in relation to the Offer. For further details on investor grievance, including contact details of BRLMs, see "*General Information*" on page 65.

SECTION III: INTRODUCTION

SUMMARY OF INDUSTRY

*The information contained in this section is derived from the CRISIL Research report titled "NBFC Report" published in April 2016 along with subsequent impact notes published by CRISIL Research post the demonetization move by the Government (the "**CRISIL Report**"), the ICRA report titled "RBI's Operating Guidelines for Small Finance Banks" published in October 2016, (the "**ICRA Report**"), India Brand Equity Foundation – Banking, published in December 2016 ("**IBEF**"), and other publicly available sources. Neither we, nor any other person connected with the Offer has independently verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends.*

The CRISIL Report, content of which has been used in this Red Herring Prospectus is subject to the following disclaimer from CRISIL:

CRISIL Research, a division of CRISIL Limited (CRISIL) has taken due care and caution in preparing this report (Report) based on the Information obtained by CRISIL from sources which it considers reliable (Data). However, CRISIL does not guarantee the accuracy, adequacy or completeness of the Data / Report and is not responsible for any errors or omissions or for the results obtained from the use of Data / Report. This Report is not a recommendation to invest / disinvest in any company covered in the Report. CRISIL especially states that it has no liability whatsoever to the subscribers / users / transmitters/ distributors of this Report. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL's Ratings Division / CRISIL Risk and Infrastructure Solutions Ltd (CRIS), which may, in their regular operations, obtain information of a confidential nature. The views expressed in this Report are that of CRISIL Research and not of CRISIL's Ratings Division / CRIS. No part of this Report may be published/reproduced in any form without CRISIL's prior written approval.

The Indian Economy

India has the fourth largest economy in the world by purchasing power parity *(Source: https://www.cia.gov/library/publications/the-world-factbook/geos/in.html*). Against a background of global instability, India registered a growth of 7.6% during the financial year 2016, becoming the fastest growing major economy in the world. During the same period, macroeconomic parameters such as inflation, fiscal deficit and current account balance all exhibited signs of improvement. The financial year 2016 has also witnessed the launch of several government programs and initiatives designed to boost manufacturing, industrial growth, foreign direct investment and ease of doing business. Financial, insurance, real estate and professional services are estimated to have achieved double-digit growth for the financial year 2016. The industrial sector, broadly comprising mining, manufacturing, electricity and construction is estimated to have grown to 7.3% of India's economy for the financial year 2016 from 5.9% for the financial year 2015. (*Source: Economic Survey 2015-16, available at indiabudget.nic.in*).

Financial Inclusion in India

In 2012, the Reserve Bank of India ("**RBI**") set up an advisory body, the Financial Inclusion Advisory Committee ("**FIAC**") to review financial inclusion policies on an on-going basis. FIAC's aims include preparing a national strategy for financial inclusion, monitoring progress on financial literacy and tracking progress of the RBI's Financial Inclusion Plan, which is designed to provide a structured and planned approach to financial inclusion. Under the Financial Inclusion Plan, 1,670 new rural bank branches were opened between April 2015 and March 2016.

Financial literacy is crucial for making financial inclusion initiatives effective. As of March 2016, 1,384 financial literacy centers were operational in the country, and 87,710 financial literacy activities were conducted. (*Source:*

Reserve Bank of India Annual Report 2016, available at https://rbidocs.rbi.org.in/rdocs/AnnualReport/PDFs/0RBIAR2016CD93589EC2C4467793892C79FD05555D.PDF)

Demonetization

On November 8, 2016, the Government announced the demonetization of ₹ 500 and ₹ 1,000 currency notes. Since then, the RBI has collected over US $185.81 billion from various bank branches. Between November 8 and November 25, bank credit decreased by 0.8%, with US $9.85 billion paid by defaulters. Banks all over the country also witnessed a surge in card usage, particularly of debit cards, for purchasing and making payments. *(Source: IBEF Report)*

Non-Banking Financial Companies

Non-Banking Financial Companies ("**NBFCs**") are a group of institutions which perform the function of financial intermediation in a wide variety of ways, for example, by accepting deposits, making loans and advances and financing leasing and hire purchase transactions. NBFCs often advance loans to customers in rural and semi-urban areas who lack credit histories and may be excluded from being served by banks or large financial institutions. Institutions whose principal business is agricultural activity, industrial activity or the sale, purchase and construction of immovable property cannot be classified as NBFCs.

(Source: CRISIL Report)

NBFC Types

NBFCs are classified into the following types by the RBI:

- *Asset Finance Company:* an NBFC whose principal business is that of financing the physical assets which support various productive or economic activities. For this purpose, "principal business" means the aggregate of financing real or physical assets supporting economic activity and income arising therefrom is not less than 60% of total assets and total income respectively;

- *Investment Company:* an NBFC whose principal business is that acquisition of securities;

- *Loan Company:* an NBFC whose principal business is that of providing finance whether by making loans or advances or otherwise for any activity other than its own, not including an equipment leasing company or a hire-purchase finance company;

- *Infrastructure Finance Company:* an NBFC that deploys at least 75% of its total assets in infrastructure loans, has minimum net owned funds of ₹ 3,000 million, has a minimum credit rating of 'A' or equivalent, and a CRAR of 15%;

- *Systemically Important Core Investment Company:* an NBFC carrying on the business of the acquisition of shares and securities which satisfy the following conditions:

    a) it holds not less than 90% of its total assets in the form of investment in equity shares, preference shares, debt or loans in group companies;

    b) its investments in the equity shares (including instruments compulsorily convertible into equity shares within a period not exceeding 10 years from the date of issue) in group companies constitutes not less than 60% of its Total Assets;

    c) it does not trade in its investments in shares, debt or loans in group companies except through block sale for the purpose of dilution or disinvestment;

d) it does not carry on any other financial activity referred to in Section 45I(c) and 45I(f) of the RBI Act, 1934 except investment in bank deposits, money market instruments, government securities, loans to and investments in debt issuances of group companies or guarantees issued on behalf of group companies;

e) its asset size is ₹ 1,000 million or above; and

f) it accepts public funds;

- *Infrastructure Debt Fund Company:* an NBFC that facilitates the flow of long term debt into infrastructure projects and raises resources through the issue of rupee or dollar denominated bonds of a minimum five year maturity. Only Infrastructure Finance Companies can sponsor Infrastructure Debt Fund Companies.

- *Microfinance Institution:* a non-deposit taking NBFC having not less than 85% of its assets in the nature of qualifying assets which satisfy the following criteria:

  a) loan disbursed by an NBFC-MFI to a borrower with a rural household annual income not exceeding ₹ 100,000 or urban and semi-urban household income not exceeding ₹ 1,60,000;

  b) loan amount does not exceed ₹ 50,000 in the first cycle and ₹ 100,000 in subsequent cycles;

  c) total indebtedness of the borrower does not exceed ₹ 100,000;

  d) tenure of the loan not to be less than 24 months for loan amount in excess of ₹ 30,000 with prepayment without penalty;

  e) loan to be extended without collateral;

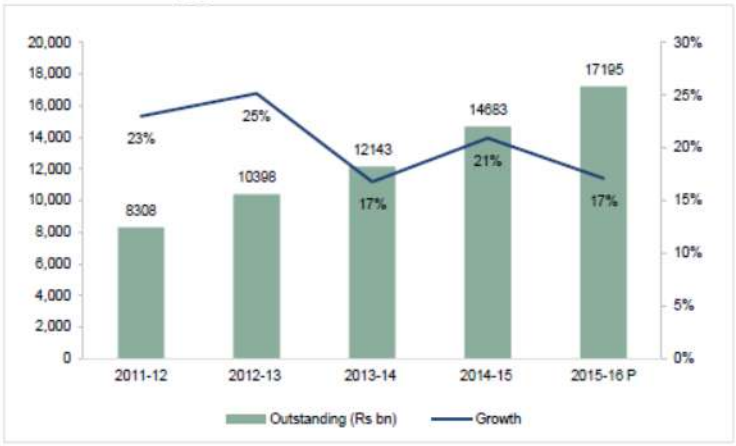
  f) aggregate amount of loans, given for income generation, is not less than 50% of the total loans given by the MFIs;

  g) loan is repayable on weekly, fortnightly or monthly installments at the choice of the borrower; and

- *Factors:* a non-deposit taking NBFC engaged in the principal business of factoring. The financial assets in the factoring business should constitute at least 50% of its total assets and its income derived from factoring business should not be less than 50% of its gross income.

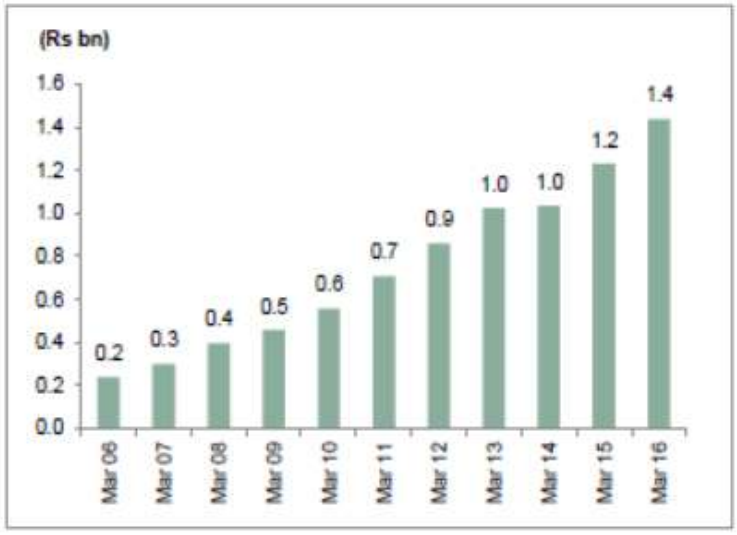
NBFCs are further categorized based on liabilities into those accepting deposits, or deposit-taking NBFCs, or those not accepting deposits, or non-deposit taking NBFCs. Non deposit taking NBFCs may be further classified, based on their size, as systemically important non-deposit taking NBFCs.

Financing needs in India have risen along with economic growth over the past decade. By complementing banks and other financial institutions, NBFCs have played a major role in meeting this need. Outstanding loans held by NBFCs grew at a CAGR of an estimated 20% between the financial years 2012 and 2016, accounting for 15% of overall systemic credit as of March 2016. While microfinance has recorded the highest CAGR at 49% between the financial years 2012 and 2016, MSME finance and loans against property also grew with a CAGR of over 40% and 33% respectively. Housing, transport and infrastructure loans grew moderately at a CAGR of approximately 15% each. The following chart sets forth outstanding loans of NBFCs for the periods indicated:



Source: RBI, CRISIL Research

In recent years, the NBFC sector has witnessed the emergence of large companies with diversified activities. Consolidation and acquisition have increased the number of NBFCs with an asset base larger than ₹ 5 million. The following chart sets forth the average asset size of NBFCs:



Banks are a major source of funding for NBFCs, accounting for almost a third of borrowings for the financial year 2016. However, over the years, NBFCs have increased their borrowings from the bond market. Since yields are more than 100 basis points lower than bank lending rates, NBFCs have successfully reduced their cost of borrowing.

Going forward, NBFC growth is expected to moderate significantly given increased regulation. While traditional businesses are expected to achieve stable growth, NBFCs are also looking towards niche segments such as SME loans and low cost housing finance for diversification. Low penetration in Tier-II and Tier-III cities, product and process innovation and a continued focus on core businesses will be key growth drivers.

Housing finance is expected to grow at 13-14% and 17-18% during the Financial Years 2017 and 2018, respectively, after being impacted by the demonetization move, which has affected housing demand, existing buffer levels built into loan to value, and collections. However, long-term growth in the sector is expected to remain intact as the real estate industry becomes more transparent post demonetization. The Government's push for affordable housing, declining rates, and rising affordability will also support growth. Due to increased demand, Government initiatives

and improved information, low cost housing finance is expected to grow at a CAGR of 23% over the next two years. Profitability of low cost housing finance is also expected to improve marginally alongside a decline in cost of funds.

Vehicle finance is expected to grow at a CAGR of 15% over the next two years. Since the demonetization has also affected the vehicle finance industry, growth for the Financial Year 2017 is expected to be similar to that in the financial year 2016. The impact of demonetization is expected to be offset by better-than-expected two-wheeler and car sales in the second quarter of the Financial Year 2017. Growth is expected to rebound in the financial year 2018 helped by growth in the economy and lower interest rates. The profitability of the vehicle finance industry is expected to be lower in the Financial Year 2017 on account of pressure on yields due to short-term weakness in demand caused by slower economic activity. However, this will be offset by the lower cost of funds and better funding mix which will help it to improve marginally in the financial year 2018.

(Source: CRISIL Report)

For details, see "*Industry Overview*" on page 121.

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SUMMARY OF OUR BUSINESS

Overview

We are a small finance bank ("**SFB**") that has recently transitioned from a prominent, retail focused non-banking finance company ("**NBFC**"), which primarily served low and middle-income individuals and businesses that have limited or no access to formal banking and finance channels. We received a license from the Reserve Bank of India to set up an SFB on December 20, 2016 and we were the only NBFC categorized as an asset finance company to obtain such license. We commenced our SFB operations with effect from April 19, 2017. Prior to such date, our Company was categorized as a "Systemically Important, Non-Deposit Accepting Asset Finance Company" (NBFC-ND-AFC) by the RBI.

As an NBFC, we operated in three business lines: vehicle finance; micro, small and medium enterprises ("**MSMEs**") loans; and small and medium enterprises ("**SMEs**") loans. As we commenced our SFB operations, we have expanded and strengthened our business model to offer a diverse suite of banking products and services by leveraging our asset-based lending strengths, NBFC customer base and cost efficient, technology driven hub-and-spoke branch operating model to successfully operate our SFB. In addition to our vehicle finance, MSME and SME offerings, our asset product offerings include working capital facilities, gold loans, agriculture related term loans, Kisan credit cards for farmers and loans against securities. Our liability product offerings include current accounts, savings accounts, term deposits, recurring deposits and collections and payments solutions for MSME and SME customers. We believe that transitioning to an SFB has offered us significant growth potential and we aim to be a retail focused, preferred trusted SFB offering integrated and tailored solutions to customers.

Our vehicle finance business extends loans for the purchase of new and pre-owned vehicles and for refinancing of vehicles, which are primarily used for revenue generating activities. For the financial year 2017, the average ticket size of our vehicle finance loans was ₹ 0.34 million. Loan tenures for our vehicle finance loans are up to five years. Our MSME loans business extends loans to MSMEs primarily for business expansion, working capital and the purchase of equipment. For the financial year 2017, the average ticket size of our MSME loans was ₹ 1.08 million. Loan tenures for our MSME loans are up to 12 years. Our SME loans business extends loans to several types of small and medium sized businesses. For the financial year 2017, the average ticket size of our SME loans was ₹ 21.92 million. Loan tenures for our SME loans are up to 15 years. We categorize our MSME and SME loans on the basis of ticket size, with the initial MSME loan disbursed for an amount up to ₹ 5.00 million and the initial SME loan disbursed for amounts over ₹ 5.00 million. As of March 31, 2017, 98.99% of our total receivables under financing activity were secured.

We adopted a strategy of contiguous expansion across regions and as of March 31, 2017, we conducted our operations through 301 NBFC branches spread across 10 states and one union territory in India, with significant presence in the states of Rajasthan, Gujarat, Maharashtra and Madhya Pradesh and employed 8,515 personnel serving 280,349 active loan accounts. The credit penetration of Gujarat, Madhya Pradesh and Rajasthan is below average, while the credit penetration of Maharashtra is above average (*Source: CRISIL Inclusix Report, June 2015*), thus offering us significant growth potential.

As of May 31, 2017, we conducted our operations through 269 branches, 121 asset centers, one central processing center and 10 offices. In addition, we plan to set up an additional 162 branches and seven central processing centers during the financial year 2018.

The following table sets forth certain key financial and operational information while we continued to operate as an NBFC:

	As of and for the		
Metric	**Year ended March 31, 2017**	**Year ended March 31, 2016**	**Year ended March 31, 2015**
Gross AUM*			
*Vehicle finance ** (₹in million)*	53,956.82	41,744.75	31,462.86
MSME loans (₹in million)	32,163.38	22,176.02	13,755.83

	As of and for the		
Metric	**Year ended March 31, 2017**	**Year ended March 31, 2016**	**Year ended March 31, 2015**
SME loans (₹ in million)	21,218.39	18,292.06	10,458.41
Total Gross AUM *(₹ in million)*	107,338.59	82,212.83	55,677.09
Disbursement			
Vehicle finance (₹ in million)	35,437.75	28,981.88	17,261.19
MSME loans (₹ in million)	17,039.98	13,142.60	7,444.52
SME loans (₹ in million)	14,826.94	14,067.79	9,069.53
Total Disbursement *(₹ in million)*	67,304.67	56,192.27	33,775.25
Revenue from operations *(₹ in million)*	14,169.93	10,469.31	6,870.20
Profit after tax (as restated) *(₹ in million)*	8,427.13[#]	2,471.54	1,394.50
Gross NPA *(₹ in million)*	1,072.30	370.61	326.50
Gross NPA/Gross Advances	1.61%	0.64%	0.92%
Net NPA *(₹ in million)*	693.41	221.54	154.94
Net NPA/ Net Advances	1.05%	0.38%	0.44%
Net worth *(₹ in million)*	19,995.60	10,006.66	7,664.51
Number of branches	301	291	231
Number of active loan accounts[***]	280,349	225,713	189,175

** Gross assets under management ("**AUM**") comprise the sum of principal outstanding and overdue principal outstanding, if any, for all loan assets under management which includes loan assets held by us as of the last day of the relevant year as well as loan assets which have been assigned or securitized and are outstanding as of the last day of the relevant year.*

*** Includes trade advances to dealers – considered good of ₹609.97 million and trade advances to dealers – considered doubtful of ₹23.11 million as at March 31, 2017. Also includes trade advances to dealers – considered good of ₹1,145.91 million and ₹ 629.06 million as at March 31, 2016 and March 31, 2015, respectively.*

[#]Includes ₹ 5,168.58 million (net of the expenses incurred in connection with such sale and net of tax) on account of sale of investments in two subsidiaries and two associate companies.

Our Company sold 90.10% of the outstanding equity shares of Aavas Financiers Limited (formerly known as Au Housing Finance Limited), 100% of the outstanding equity shares of Index Money LLP (formerly known as Index Money Limited), 29.53% of the outstanding equity shares of M Power Micro Finance Private Limited and 26% of the outstanding equity shares of Au Insurance Broking Services Private Limited during the financial year ended March 31, 2017.

[***]Total active loan accounts represent the aggregate number of loan accounts outstanding as of the end of the relevant year including loan accounts which have been transferred by our Company by way of securitization or assignment and are outstanding as of the last day of the relevant year.

As of and for the year ended March 31, 2017, our Total Borrowings were ₹ 70,709.78 million and our average cost of borrowings was 10.13%. Our average cost of borrowings has reduced from 12.61% for the financial year 2013 to 10.13% for the financial year 2017, including as a result of improvement of our credit ratings during such periods. For details, see "*Our Business – Our Competitive Strengths - Access to Diversified Sources of Funding*" on page 148.

Our Company commenced operations in 1996 in Jaipur, Rajasthan and was registered as an NBFC with the RBI in 2000. In 2005, our Company became a commercial associate of HDFC Bank for originating and servicing vehicle loans and such relationship assisted us in the implementation of various processes and systems. We continued expanding the scale of our business with a vision to cater to the unserved and underserved customer segments. We expanded our product portfolio to include MSME loans in 2007, housing finance in 2011 (a business which we have since sold) and SME loans in 2012, to cater to the evolving needs of our customers. We commenced our SFB operations with effect from April 19, 2017.

Our Promoters include Mr. Sanjay Agarwal, our managing director and CEO, who is a first generation entrepreneur. Our shareholders include marquee investors such as the International Finance Corporation (part of the World Bank Group), Redwood Investment Ltd (belonging to the Warburg Pincus group), Labh Investments Limited (a wholly-owned subsidiary of ChrysCapital VI, LLC), Ourea Holdings Limited (a wholly-owned subsidiary of Kedaara Capital I Limited) and Kedaara Capital Alternative Investment Fund - Kedaara Capital AIF 1. Our Company was featured in the September 2013 publication of Forbes India as one of the 14 hidden gems of India and was awarded the 'Best PE-Backed Financial Services Company 2012' at the VC Circle Awards.

Our Competitive Strengths

Our principal competitive strengths are as follows:

Diversified Product Portfolio and Revenue Streams

We are a retail focused, technology driven SFB with a diversified portfolio of financial products comprising:

Asset Products

- *Vehicle finance loans*

  We extend loans for new and pre-owned vehicles and for refinancing of vehicles across several categories including: (i) multi-utility vehicles ("**MUVs**"); (ii) cars; (iii) small commercial vehicles; (iv) light commercial vehicles; (v) medium and heavy commercial vehicles; (vi) tractors; (vii) three-wheelers; (viii) two-wheelers; and (ix) construction equipment. We commenced our vehicle finance business in 1996, and diversified our product portfolio by offering MSME and SME loans subsequently. Our vehicle finance business, which accounted for 79.11% of our total AUM as of March 31, 2013, accounted for 50.27% of our total AUM as of March 31, 2017 (while continuing to grow in absolute terms during such period), primarily on account of increased contribution from our MSME and SME loans businesses. Our Gross AUM for our vehicle finance business grew from ₹ 29,305.98 million as of March 31, 2013 to ₹ 53,956.82 million as of March 31, 2017 at a CAGR of 16.49%, constituting 50.27% of our total Gross AUM as of March 31, 2017. Our vehicle loans are secured by the vehicles we finance.

- *MSME loans*

  We introduced our MSME loan business in 2007 to cater to the emerging needs of our underserved customers and we extend loans to MSMEs primarily for business expansion, working capital and the purchase of equipment. Our Gross AUM for our MSME loans business grew from ₹ 5,613.70 million as of March 31, 2013 to ₹ 32,163.38 million as of March 31, 2017 at a CAGR of 54.71%, constituting 29.96% of our total gross AUM as of March 31, 2017. Our MSME loans are secured by immoveable property.

- *SME loans*

  We commenced our SME loan business in 2012. Our SME loans business extends loans to several types of small and medium sized businesses. Our Gross AUM for our SME loans business grew from ₹ 2,123.56 million as of March 31, 2013 to ₹ 21,218.39 million as of March 31, 2017 at a CAGR of 77.79%, constituting 19.77% of our total Gross AUM as of March 31, 2017. Our SME loans are secured by immoveable property or receivables.

Other asset products

Our other asset product offerings include working capital facilities, gold loans, agriculture related term loans and Kisan credit cards for farmers and loans against securities. We also intend to commence offering unsecured business loans and housing finance loans during the financial year 2018.

Liability Products

Our liability product offerings include current accounts, savings accounts, term deposits and recurring deposits and collections and payments solutions for MSME and SME customers. We also intend to commence offering payment wallets and customized prepaid instruments during the financial year 2018.

Other Products and Services

We intend to engage in the sale of third party investment products such as mutual funds, insurance and risk management products, as well as offer financial advisory and education programs for individual and new entrepreneurs, subject to receipt of requisite approvals from regulatory authorities.

Customer Centric Organizational Commitment

We are a customer centric organization and serviced 280,349 active loan accounts as of March 31, 2017. We have developed strong relationships with our customers through in-person contact by addressing their financial needs, our knowledge of the local markets and our widespread network of branches. Interactions with our customers are primarily undertaken by our own employees. As part of our customer-centric approach, we have undertaken the following steps:

- *Hire local personnel.* We primarily recruit employees locally, which ensure better understanding of customers in that region and their requirements. In our experience, personal contact with customers in rural and semi-urban markets encourages repeat business, leads to business referrals and results in high collection efficiency.

- *Establish relationships with vehicle manufacturers and dealers.* In our vehicle finance business, we benefit from our relationships with vehicle manufacturers and dealers with whom we enter into preferred financing arrangements from time to time.

- *Set up call centers.* We have set up a team of tele-callers to primarily generate new business, while also focusing on customer service and collections. These call centers operate in English and select regional languages. We have separate tele-calling teams for our vehicle finance and MSME loans business, which enables us to have a more focused approach towards our customers.

- *Conduct referral and other programs.* We introduced customer retention programs such as our '*Dost Banaye Dost Programme*', which is a referral program for our customers. Our employee business referrals program offers incentives to employees who refer their family and friends to us and incentivizes our sales team to cross sell products to the same customer. We also conduct customer literacy programs from time to time.

Significant Presence in Rural and Semi-Urban Markets with Focus on Low and Middle Income Customers

We have over 20 years of operating experience in rural and semi-urban markets of India and as of March 31, 2017, 146 of our 301 NBFC branches were located in such markets. We believe that we have successfully adopted a strategy of contiguous expansion across regions, which has enabled us to increase our customer base in the 10 states and one union territory in which we operate. A large segment of India's rural and semi-urban population is currently unserved and underserved by formal financial institutions. According to the Global Findex Database 2014, India is home to 21% of the world's unbanked adults and approximately two-thirds of South Asia's. Over the years, we have focused on customers in such markets, particularly those without a credit history, that offer us significant growth opportunities and customer loyalty. We believe that our understanding of the local characteristics of these markets and customers has allowed us to address the unique needs of our low and middle income customers and assisted us to penetrate deeper into such markets. The reach of our branches allows us to service our existing customers and attract new customers as a result of personal relationships cultivated through proximity and frequent interaction by our employees.

Through our decentralized model, we believe we have been able to optimize turn around times for our customers while managing our credit requirements and associated risks. As of March 31, 2017, our NBFC branch network was structured along a two-tiered hub-and-spoke model with 55 of our branches classified as hubs and 246 as spokes and we leveraged this network for our SFB operations to set up 269 branches, 121 asset centers, one central processing center and 10 offices, as of May 31, 2017. In addition, we plan to set up an additional 162 branches and seven central processing centers during the financial year 2018. Certain administrative and other functions have been centralized to allow us to benefit from economies of scale and uniformity in operations.

Robust and Comprehensive Credit Assessment and Risk Management Framework

We have a robust and comprehensive credit assessment and risk management framework to identify, monitor and manage risks inherent in our operations. Credit management is crucial to our business since a significant number of our customers are from the unserved or underserved financial segment and primarily first-time purchasers of financial products. We have a risk management policy and several processes in place to assist our personnel to take significant measures to mitigate risks and have set up separate credit teams for our key business lines of vehicle finance, MSME loans and SME loans. Our credit teams, through in-house field investigation officers, conduct an independent verification of customers and evaluate their business and financing needs, and analyze their ability to repay loans.

In our vehicle finance and MSME loans business, we are focused on disbursing loans primarily towards revenue generating assets, which we believe results in lower risk. We have adopted a multi-layered system to strengthen our credit assessment process. We have a deep understanding of the cost of ownership and resale potential for various vehicle types in each geography, which we use in determining our credit policies and we have customized such policies and periodically update them to cater to the requirements of the different markets in which we are present. We have set up a robust collections management system, which includes a collection control room that centrally manages allocations among collection executives and we use analytics for the optimum allocation of cases to the collections team. We have also set up a specialized collections team to manage cases where collections are overdue for a certain period. Our effective credit risk management is reflected in our portfolio quality indicators such as high repayment rates, and low rates of GNPAs and NNPAs across business and economic cycles. As of March 31, 2017, our GNPAs accounted for 1.61% of our Gross Advances, while our NNPAs accounted for 1.05% of our Net Advances. For details, see "*Selected Statistical Information*" on page 282.

We have set-up an Asset Liability Management Committee and a Credit Risk and NPA Committee for retail and wholesale Banking. Our Asset Liability Management Committee evaluates liquidity and other risks, devises strategies to mitigate such risks and reports its findings to our Board. Our Credit Risk and NPA Committee for retail and wholesale Banking was formed to review and identify current and emerging risks, develop risk assessment and measurement systems and establish policies, practices and other control mechanisms. As an SFB, we have enhanced our risk management framework by setting up a Risk Management Committee of the Board and an IT & Operational Risk Management Committee as well as introduced new internal audits to ensure rigorous monitoring and compliance. We have also formulated a vigil mechanism framework to enable employees to report genuine concerns about unethical behavior and actual or suspected fraud or violation of any of our policies. Our anti-bribery policy mechanism is designed to check corrupt practices and report any issues to our Board.

Access to Diversified Sources of Funding

We have set up a Treasury department that is responsible for fund raising and asset liability management, minimizing the cost of our borrowings, liquidity management and control, diversify fund raising sources, managing interest rate risk and investing funds in accordance with the criteria set forth in our investment policy. Prior to the commencement of our SFB operations, our sources of liquidity included term loans and working capital facilities; proceeds from loans assigned and securitized; proceeds from the issuance of non-convertible debentures ("**NCDs**") and commercial paper; and subordinated debt borrowings from banks, mutual funds, insurance companies and other domestic and foreign financial institutions.

As an SFB, we will be able to access funds such as savings accounts, current accounts, term deposits and recurring deposits. We will also be able to raise funds from liquidity adjustment facility and market stabilization fund of the RBI, refinance facilities from financial institutions, capital market borrowings such as infrastructure bonds, tier II bonds and perpetual bonds. We will continue to securitize and assign loans, which qualify as priority sector lending, as well as our non-priority sector loans through securitization or direct assignment to banks, financial institutions and mutual funds, which enables us to optimize our cost of borrowings, funding and liquidity requirements, capital management and asset liability management. We will also have access to inter-bank participatory certificates and will be able to participate in the priority sector lending certificates market wherein we will be able to trade our right of claim for priority sector loans for a fee. Money market borrowings, interbank borrowings and issuance of certificates of deposit will only be permitted or available to us once we become a scheduled commercial bank, which will require additional time. However, we will be unable to raise secured borrowings from banks and financial

institutions or raise funds from the issuance of secured NCDs as a result of transitioning to an SFB.

As of March 31, 2017, our Total Borrowings were ₹ 70,709.78 million comprising 50.03% of NCDs, 32.94% of term loans, 6.78% of commercial paper, 4.67% of subordinated debt borrowings, and 5.58% of working capital facilities. In addition, we securitize and assign loans to meet our funding requirements from time to time. Our average cost of borrowings has reduced from 12.61% for the financial year 2013 to 10.13% for the financial year 2017. We believe that we have been able to access cost-effective debt financing due to our stable credit history, improving credit ratings and conservative risk management policies. The following table reflects the improvement in our credit ratings for the periods indicated:

Rating Agency	Term	Credit rating as of March 31, 2013	Current credit ratings
CRISIL Ratings	Long Term	CRISIL A / Stable	CRISIL A+ / Stable
	Short Term	CRISIL A1	-
ICRA	Long Term	[ICRA]A (Stable)	[ICRA]A+ (Stable)
	Short Term	-	[ICRA]A1+
India Ratings	Long Term	-	IND A+ (Positive)
	Short Term	-	IND A1+
CARE Ratings	Long Term	CARE A	CARE A+ / Stable
	Short Term	CARE A1	-
Brickwork Ratings	Long Term	-	BWR AA / Stable
	Short Term	-	-

Internal accruals constitute a significant portion of the net worth of our Company as at March 31, 2017. While our net worth was ₹ 19,995.60 million as at March 31, 2017, as of such date, our Company had received a total equity investment of ₹ 5,791.17 million, and had recognized profit on sale of shares of Aavas Financiers Limited (formerly known as Au Housing Finance Limited), Index Money LLP (formerly known as Index Money Limited), M Power Micro Finance Private Limited and Au Insurance Broking Services Private Limited of ₹ 5,168.58 million (net of the expenses incurred in connection with such sale and net of tax) for the financial year ended March 31, 2017.

Experienced Management Team and Qualified Operational Personnel

We have an experienced management team, which is supported by a qualified, capable and motivated pool of managers and other employees. Our Key Management Personnel have been with us for an average of over 15 years. Our management team and managers have diverse experience in a range of financial products and functions related to our business and operations. Our managers have an in-depth understanding of the geographic regions, loan products and types of collateral and businesses of our borrowers. In connection with our transition to an SFB, we had undertaken an extensive recruitment drive focusing on growing our team at all levels of management and employees. We are focused on hiring individuals with experience, drive and commitment. We believe we have benefited significantly from the vision, leadership, innovation and experience of our promoter, Mr. Sanjay Agarwal, who is a first generation entrepreneur.

Our Strategies

Leverage Our Existing Capabilities and Customer Base

We received a license from the RBI to set up an SFB on December 20, 2016 and we were the only NBFC categorized as an asset finance company to obtain such license. We commenced our SFB operations with effect from April 19, 2017. We intend to leverage our capabilities as a former asset finance NBFC including our branch network, customer base, technology driven, low cost hub-and-spoke model and local know-how in the geographical areas in which we operate for our SFB operations. As an SFB, we intend to strategically expand our operations by offering a diverse suite of banking products and services at our branches. We have developed and set up additional branch architecture, improved our technology backbone for our SFB operations in a phased manner and established our consumer branch footprint in the geographical regions in which we conducted our NBFC operations. We will continue to focus on our go-to-market approach to increase our customer base, implement customer reach programs

and will encourage all our NBFC customers to open bank accounts with us.

We believe our operational experience as an asset finance NBFC, as well as our NBFC customer base, will enable us to develop our SFB operations to create a single platform for multiple financial products and services. Our transition into an SFB, we believe, has synergies with, and demand from our NBFC customer base enabling us to open their bank accounts and receive deposits from them. We focus on building long-term relationships with our customers and address specific requirements in a particular region and believe we have developed a strong connection with our customers over 20 years of our operations. Through our SFB offerings, we will seek to further strengthen our relationship with our NBFC customers and attract new customers. As an SFB, we offer a diverse suite of products and services to our NBFC customers, which will lead to repeat business and opportunities to scale up our SFB operations in an efficient manner. We believe that our transition to an SFB offers us significant growth potential and we aim to be a retail focused, preferred trusted SFB that offers integrated and tailored solutions to customers.

Grow Our Branch Network

As of May 31, 2017, we conducted our operations through 269 branches, 121 asset centers, one central processing center and 10 offices in 10 states and one union territory in India. While historically most of our operations were focused in Rajasthan, Gujarat and Maharashtra, we have grown our operations in relatively newer contiguous markets such as Madhya Pradesh, Punjab, Haryana, the National Capital Region and Himachal Pradesh. We intend to continue expanding our branch network to drive greater and deeper penetration in the western and northern states of India in which we operate, focusing on low and middle income individuals and businesses that have limited or no access to formal banking and finance channels, spread across rural, semi-urban and urban markets.

We believe our NBFC branch infrastructure and cost efficient hub-and-spoke model has allowed us to develop and commence our SFB operations. We have converted 121 of our NBFC branches into asset centers where we only offer vehicle finance, MSME and SME loans. In addition to our existing branches and asset centers, we intend to gradually open 162 additional branches during the financial year 2018 to reach 431 branches and 121 asset centers at the end of the financial year 2018. This proposed branch expansion plan also includes opening 23 branches in Tier 1 centers beyond the 10 states and one union territory in which we are currently present, thereby expanding our geographic reach into new states and regions. We will evaluate the offerings at our branches to customize our products to the needs and demands of our customers in the region in which our branches are located and correspondingly update existing operations and resources utilized in a territory.

Provide a Comprehensive Suite of Banking Services

We have commenced offering a broad range of banking and financing products and services as part of our SFB business. We have expanded beyond our previous business lines to offer additional asset products such as working capital facilities, gold loans, agriculture related term loans, Kisan credit cards for farmers and loans against securities. We also intend to provide unsecured business loans and housing finance loans during the financial year 2018. Our liability product offerings include current accounts, savings accounts, term deposits and recurring deposits, payment wallets and customized prepaid instruments and collections and payments solutions for MSME and SME customers. We also intend to sell mutual funds, insurance and risk management products and provide financial advisory services, subject to receipt of requisite approvals from regulatory authorities. In 2011, we had set up a wholly owned subsidiary, Aavas Financiers Limited (formerly known as Au Housing Finance Limited) to provide housing finance loans and in June 2016, we divested 90.10% of the outstanding equity shares of this company for ₹ 8,283.54 million. We believe that our prior experience in the housing finance business will assist us as we develop our home loans business as an SFB, while our experience in our current business lines will assist us in developing our liability business and introduce new products and services to meet the evolving needs of our customers. We intend to operate as a one-stop shop, delivering high quality products and services, along with a standardized customer experience across branches to a diversified customer base.

We believe that the growth of our transaction banking operations will provide support across our various product offerings and business verticals and enable us to serve our existing customers' liquidity and cash flow requirements more effectively. Further, our new product offerings would enable us to supplement our existing sources of liquidity.

As an SFB, we will be able to access funds such as savings and current accounts, term deposits and recurring deposits, which have otherwise not been available to us as a non-deposit accepting NBFC and consequently be able to strengthen our liability profile. Our new product and service offerings combined with our historical NBFC offerings and infrastructure presents us with an opportunity to cross-sell a diverse range of financial products and services to our existing and potential customer base.

Leverage Technology to Grow Our Business

We have upgraded, and intend to continue to upgrade our technology systems with automated, digitized and other technology-enabled platforms and tools, to strengthen our banking and financing initiatives and derive greater operational, cost and management efficiencies. We have entered into agreements with several IT companies to assist us in setting up our IT infrastructure for our SFB operations. We entered into a master services agreement with Accenture Services Private Limited and have implemented certain IT systems including a core banking solution, internet and mobile banking solutions, enterprise mobile applications and enterprise risk management systems. We have deployed the Oracle Flexcube Core Banking solution ("**Flexcube CBS**") for various banking functions, which we believe will support our SFB offerings and assist us in handling large transaction volumes. Further, we commenced utilizing the loan management system capabilities of Flexcube CBS and have migrated data from our previous loan management system, OmniFin to Flexcube CBS.

We have also entered into a master services agreement with Netmagic Solutions Private Limited and their affiliates to avail services including co-location hosting, managed hosting, remote infrastructure monitoring and management services, security services, application hosting, and disaster recovery services. We also entered into a master services agreement with Acidaes Solutions Private Limited and have commissioned a comprehensive customer relationship management ("**CRM**") solution and we have migrated all our previous leads and customer data to this system. We have also entered into a master services agreement with Newgen Software Technologies Limited and implemented a workflow based loan origination and collections system and cheque truncation solution.

We seek to provide a differentiated technology framework, enhancing convenience for our customers and reducing operational expenditure at our branches. We intend to distribute tablets integrated with biometric devices and Bluetooth printers to our SFB personnel to enable faster customer verification and account opening and activation. We have commenced using interactive voice response systems ("**IVR**") in English and select regional languages to cater to our extensive customer base. Further, we intend to explore delivering services through alternate digital channels such as secure online banking, mobile banking, digital wallets and online loan processing and credit approvals. We believe greater adoption of our digital service delivery mechanisms will enable us to be more efficient, customer friendly and over time perform more reliable data analytics, resulting in target customer profiling, customized and tailor-made products to suit the diverse requirements of our customers and improved customer satisfaction. For details, see "*Our Business - Information Technology*" on page 163.

Enhance Our Brand Presence

We seek to leverage and enhance our brand to build our presence in the banking sector and develop new customer and industry relationships beyond our existing business lines. In this regard, we may explore opportunities to enter into strategic as well as service-level collaborations for customer aggregation and servicing, to take our SFB to the customer and thereby build and expand our network of branches and increase our penetration of the non-institutional depositor and customer base. We seek to build our brand by continuing to engage with existing and potential customers thorough customer literacy programs, sponsor popular events in the regions we operate and place advertisements in newspapers, on the radio and in other advertising media. We have recently launched our new logo for our SFB operations and will continue to invest in various brand enhancement initiatives.

SUMMARY OF FINANCIAL INFORMATION

The following tables set forth summary financial information derived from our Restated Financial Statements. These Restated Financial Statements have been prepared in accordance with Indian GAAP, applicable provisions of the Companies Act and restated in accordance with the SEBI ICDR Regulations, and are presented in "*Financial Statements*" on page 224.

The summary financial information presented below should be read in conjunction with our Restated Financial Statements, the notes thereto as included in "*Financial Statements*" on page 224 and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on page 290.

RESTATED STANDALONE FINANCIAL POSITION SUMMARY

(₹ million)

	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
Equity and liabilities					
Shareholders' funds					
Share capital	2,842.51	440.81	440.81	429.64	404.71
Reserves and surplus	17,153.09	9,565.85	7,223.70	5,547.89	4,013.93
	19,995.60	**10,006.66**	**7,664.51**	**5,977.53**	**4,418.64**
Non-current liabilities					
Long-term borrowings	49,367.37	28,108.52	15,795.67	12,734.59	14,625.13
Other long-term liabilities	591.41	567.33	431.02	149.76	121.89
Long-term provisions	628.50	322.30	263.65	224.83	116.21
	50,587.28	**28,998.15**	**16,490.34**	**13,109.18**	**14,863.23**
Current liabilities					
Short-term borrowings	9,940.45	10,065.76	9,726.36	4,684.67	6,777.76
Other current liabilities	17,579.62	13,444.83	5,746.78	5,737.76	5,026.85
Short-term provisions	73.46	214.69	171.05	76.77	41.62
	27,593.53	**23,725.28**	**15,644.19**	**10,499.20**	**11,846.23**
TOTAL	**98,176.41**	**62,730.09**	**39,799.04**	**29,585.91**	**31,128.10**
Assets					
Non-current assets					
Fixed assets					
Property, Plant and Equipment	345.60	224.61	172.26	160.52	158.14
Intangible assets	14.20	17.44	12.88	8.08	8.14
Capital work-in-progress	1,598.27	3.91	4.66	-	1.37
Intangible assets under development	800.37	-	-	-	-
Non-current investments	6,152.18	593.43	1,126.53	873.61	566.72
Deferred tax assets (net)	38.40	211.15	363.77	306.14	156.56
Receivable under financing activity	45,177.80	37,804.55	22,481.63	14,914.13	11,930.39
Long-term loans and advances	367.85	88.51	117.54	162.25	129.75
Other non-current assets	9.52	64.48	54.35	45.32	430.89
	54,504.19	**39,008.08**	**24,333.62**	**16,470.05**	**13,381.96**
Current assets					
Current investments	15,350.96	1,722.26	271.87	261.98	6,820.16
Cash and bank balances	6,244.96	1,234.34	2,029.24	2,033.64	3,760.20
Receivable under financing activity	20,902.04	20,088.88	12,749.91	10,253.14	6,617.21
Short-term loans and advances	535.66	210.15	138.67	330.73	325.64
Other current assets	638.60	466.38	275.73	236.37	222.93
	43,672.22	**23,722.01**	**15,465.42**	**13,115.86**	**17,746.14**
TOTAL	**98,176.41**	**62,730.09**	**39,799.04**	**29,585.91**	**31,128.10**

RESTATED STANDALONE FINANCIAL PERFORMANCE SUMMARY

(₹ million)

	For the year ended				
	March 31, 2017	**March 31, 2016**	**March 31, 2015**	**March 31, 2014**	**March 31, 2013**
Income					
Revenue from operations	14,169.93	10,469.31	6,870.20	5,655.09	4,106.56
Other income	135.28	50.19	23.88	58.11	24.28
Total Revenue (I)	**14,305.21**	**10,519.50**	**6,894.08**	**5,713.20**	**4,130.84**
Expenses					
Employee benefit expenses	1,927.78	1,577.27	945.16	696.77	526.83
Finance costs	5,003.33	3,952.53	2,819.74	2,875.60	1,971.84
Depreciation and amortization expense	57.83	85.21	65.15	32.96	29.11
Other expenses	1,503.75	875.24	504.44	404.19	408.61
Provisions and write offs	766.73	256.82	486.53	607.17	167.77
Total expenses (II)	**9,259.42**	**6,747.07**	**4,821.02**	**4,616.69**	**3,104.16**
Profit before exceptional items and tax (III)= (I)-(II)	**5,045.79**	**3,772.43**	**2,073.06**	**1,096.51**	**1,026.68**
Exceptional Item (IV)	6,703.49	-	-	-	-
Profit before tax (V)= (III)+(IV)	**11,749.28**	**3,772.43**	**2,073.06**	**1,096.51**	**1,026.68**
Tax expenses:					
Current tax	3,104.84	1,150.78	756.58	507.70	401.34
Deferred tax	172.75	152.62	(57.63)	(149.58)	(69.01)
Tax relating to earlier periods	44.56	(2.51)	(20.39)	12.99	0.77
Total tax expenses (VI)	**3,322.15**	**1,300.89**	**678.56**	**371.11**	**333.10**
Profit after tax (as restated) (VII)=(V)-(VI)	**8,427.13**	**2,471.54**	**1,394.50**	**725.40**	**693.58**
Earnings per equity share (including exceptional item)					
Basic (Rs.)	30.94	9.34	5.31	2.99	3.40
Diluted (Rs.)	30.36	9.28	5.31	2.99	2.86
Nominal value per share (Rs.)	10.00	10.00	10.00	10.00	10.00
Earnings per equity share (excluding exceptional item)					
Basic (Rs.)	11.96	9.34	5.31	2.99	3.40
Diluted (Rs.)	11.74	9.28	5.31	2.99	2.86
Nominal value per share (Rs.)	10.00	10.00	10.00	10.00	10.00

RESTATED STANDALONE CASHFLOW SUMMARY

(₹ million)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2014	Year ended March 31, 2013
Cash flow from operating activities					
Net profit before tax as per statement of profit and loss	**11,749.28**	**3,772.43**	**2,073.06**	**1,096.51**	**1,026.68**
Add/(Less) :					
Depreciation and amortization expense	57.83	85.21	65.15	32.96	29.11
Share issue expenses	20.42	-	-	-	-
Loss/(Profit) on sale of Fixed Assets	(0.57)	(0.61)	(0.10)	0.61	(0.13)
Profit on sale of investments (considered in Investing activities)	(6,703.49)	-	-	-	-
Income received on Investments (considered in Investing activities)	(83.28)	(14.33)	(2.54)	(36.53)	(12.29)
Contingent provision against standard assets	56.23	85.20	25.33	16.36	25.28
Provision for non-performing assets	229.82	(22.49)	15.55	106.42	32.16
Provision for doubtful debts	(2.50)	4.79	-	(1.12)	1.04
Provision on old assigned cases	(0.31)	(2.72)	(9.79)	(25.95)	(36.65)
Provision for employee benefits	32.32	23.64	7.19	7.48	8.46
Employee stock option expenditure	40.75	20.78	-	-	-
Operating profit before working capital changes	**5,396.50**	**3,951.90**	**2,173.86**	**1,196.74**	**1,073.66**
Movement in working capital					
Decrease / (increase) in Receivable under financing activity	(8,186.41)	(22,661.88)	(10,064.28)	(6,619.67)	(10,099.60)
Decrease / (increase) in Short term loans and advances	(323.01)	(76.27)	192.06	(3.97)	(241.92)
Decrease / (increase) in Long-term loans and advances	(275.16)	0.43	48.64	(39.75)	115.16
Decrease / (increase) in Other current assets	(177.00)	(190.65)	(39.36)	(13.44)	(124.40)
(Decrease) / increase in Other long-term liabilities	(177.97)	(45.96)	171.66	14.60	(30.20)
(Decrease) / increase in Other current liabilities	1,991.39	663.61	644.36	219.45	380.05
Cash generated from/(used in) operations	**(1,751.66)**	**(18,358.82)**	**(6,873.06)**	**(5,246.04)**	**(8,927.25)**
Direct taxes paid	(3,203.89)	(1,021.37)	(598.20)	(455.55)	(383.04)
Wealth tax paid	-	(0.17)	(0.16)	(0.16)	0.03
Total Tax paid	**(3,203.89)**	**(1,021.54)**	**(598.36)**	**(455.71)**	**(383.01)**
Net cash flow from/ (used in) operating activities (A)	**(4,955.55)**	**(19,380.36)**	**(7,471.42)**	**(5,701.75)**	**(9,310.26)**
Cash flows from investing activities					
Purchase of intangible assets (Including Intangible assets under development)	(804.62)	(11.31)	(9.03)	(2.75)	(7.00)
Purchase of Property, Plant and Equipment (Including CWIP)	(1,766.96)	(131.15)	(79.82)	(32.78)	(37.29)
Sale of fixed assets	1.84	1.65	0.96	1.01	0.77
Sale of investment in subsidiaries / associate (net of related expenses)	8,094.11	-	-	-	-
Investments in Government Securities & Others	(9,139.94)				
Investments in subsidiaries	-	(700.00)	(300.00)	(200.00)	-
Investments in Associates	-	-	-	(45.00)	(0.65)
Investment in certificate of deposits	-	-	-	6,665.53	(6,665.53)
Decrease / (increase) in deposits (net)	(832.26)	709.96	119.70	(139.86)	351.85

Particulars	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2014	Year ended March 31, 2013
Purchase of mutual fund units and PTCs	(64,748.30)	(17,636.85)	(3,827.90)	(10,999.24)	(1,911.57)
Sale of mutual fund units and PTCs	53,398.22	17,433.96	3,867.69	10,866.51	1,512.29
Net cash flow from/ (used in) investing activities (B)	**(15,797.91)**	**(333.74)**	**(228.40)**	**6,113.42**	**(6,757.13)**
Cash flows from financing activities					
Net proceeds/repayment from long term borrowing	23,402.25	19,347.29	2,425.73	(1,399.08)	14,642.45
Net proceeds/repayment from short term borrowing	(125.31)	339.40	5,041.68	(2,093.09)	3,933.50
Issue of Equity Shares (including Securities Premium)	1,715.22	-	385.25	860.25	-
Share Issue Expenses	(20.42)	-	-	-	-
Debentures issue expenses	(94.87)	(47.40)	(28.51)	(31.74)	(135.44)
Net cash flow from/ (used in) in financing activities (C)	**24,876.87**	**19,639.29**	**7,824.15**	**(2,663.66)**	**18,440.51**
Net increase/(decrease) in cash and cash equivalents (A + B + C)	**4,123.41**	**(74.81)**	**124.33**	**(2,251.99)**	**2,373.12**
Cash and cash equivalents at the beginning of the year	294.10	368.91	244.58	2,496.57	123.45
Cash and cash equivalents at the end of the year	**4,417.51**	**294.10**	**368.91**	**244.58**	**2,496.57**
Components of cash and cash equivalents					
Cash on hand	134.20	156.44	218.89	229.15	215.51
Balance with franking machine	5.83	8.89	3.30	2.68	3.28
Balance with banks					
In current accounts	519.96	95.26	115.92	12.41	31.91
In deposit account	3,757.52	33.51	30.80	0.34	2,245.87
Total cash and cash equivalents	**4,417.51**	**294.10**	**368.91**	**244.58**	**2,496.57**

THE OFFER

Offer of Equity Shares[(1)(2)(3)]	53,422,169 Equity Shares
Of which	
Employee Reservation Portion[(4)]	Up to 1,000,000 Equity Shares
Accordingly,	
The Net Offer	52,422,169 Equity Shares
Of which:	
A. QIB Category[(5)]	26,211,083 Equity Shares
Which comprises	
(i) Anchor Investor Portion[(6)]	Up to 15,726,649 Equity Shares
(ii) Balance available for allocation to QIBs other than Anchor Investors (assuming Anchor Investor Portion is fully subscribed)	Up to 10,484,434 Equity Shares
Of which	
(i) Available for allocation to Mutual Funds only (5% of the QIB Category (excluding the Anchor Investor Portion))	At least 524,222 Equity Shares
(ii) Balance of QIB Category for all QIBs including Mutual Funds	9,960,212 Equity Shares
B. Non-Institutional Category[(4)]	Not less than 7,863,326 Equity Shares
C. Retail Category[(3)(4)]	Not less than 18,347,760 Equity Shares
Equity Shares pre and post Offer	
Equity Shares outstanding prior to the Offer	284,250,906 Equity Shares
Equity Shares outstanding after the Offer	[●] Equity Shares

(1) In terms of the Banking Regulation Act, prior approval from the RBI is required for any issue / acquisition of shares which results in a person holding (by himself or acting in concert with any other person) five percent (5%) or more of the paid-up equity share capital or voting rights of our Company. Further, the RBI, pursuant to its letter dated October 13, 2016, has granted its approval to Ourea Holdings Limited, Labh Investments Limited, International Finance Corporation and Redwood Investment Ltd, to hold more than five per cent but less than ten per cent in our Company. The RBI approval is subject to the condition that Labh Investments Limited, International Finance Corporation and Redwood Investment Ltd. would bring down their respective shareholding in our Company to less than ten per cent by October 6, 2018.

(2) The Offer of 53,422,169 Equity Shares by way of the Offer for Sale by the Selling Shareholders. Our Board has authorised the Offer by its resolution dated December 20, 2016 and the Shareholders of our Company have approved the Offer vide Postal Ballot dated January 24, 2017.

(3) The Offer for Sale has been authorised by the Selling Shareholders as follows:

S. No.	*Selling Shareholders*	*Number of Offered Shares*	*Date of consent*
1.	*Redwood*	*14,800,000*	*January 23, 2017*
2.	*IFC*	*7,572,169*	*January 23, 2017*
3.	*Labh*	*11,250,000*	*January 23, 2017*
4.	*Ourea*	*10,365,368*	*January 24, 2017*
5.	*Kedaara*	*434,632*	*January 23, 2017*
6.	*Mr. Sanjay Agarwal*	*2,494,769*	*January 9, 2017*
7.	*Ms. Jyoti Agarwal*	*2,363,712*	*January 9, 2017*
8.	*Ms. Shakuntala Agarwal*	*2,274,326*	*January 9, 2017*
9.	*Mr. Chiranji Lal Agarwal*	*1,290,449*	*January 9, 2017*
10.	*MYS*	*576,744*	*January 9, 2017*

The Selling Shareholders, severally and not jointly, confirm that their respective proportion of the Offered Shares, have been held by them for a period of at least one year prior to the filing of the Draft Red Herring Prospectus with SEBI (except for such Offered Shares that have been issued to them by our Company as a result of the bonus issue made pursuant to our Board resolution dated October 19, 2016 and Shareholders' resolution dated October 10, 2016 where the underlying Equity Shares (on which the bonus issue was made) have been held continuously for a period of one year prior to the filing of the Draft Red Herring Prospectus) or have been issued or received in accordance with Regulation 26(6) of the SEBI ICDR Regulations, and are eligible for being offered for sale in the Offer as required by Regulation 26(6) of the SEBI ICDR Regulations.

(4) Any under-subscription in the Employee Reservation Portion will be added to the Net-Offer. In the event of under-subscription in the Net Offer, spill over to the extent of under-subscription will be allowed from the Employee Reservation Portion.

(5) Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in the Non-Institutional Category or the Retail Category would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company and the Selling Shareholders, in consultation with the BRLMs and the Designated Stock Exchange, on a proportionate basis. However, under-subscription, if any, in the QIB Category will not be allowed to be met with spill-over from other categories or a combination of categories. The Net Offer shall constitute at least 10% of the fully diluted post-Offer paid up equity share capital of our Company.

(6) Our Company and the Selling Shareholders, in consultation with the BRLMs, may allocate up to 60% of the QIB Category 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 case of under-subscription in the Anchor Investor Portion, the remaining Equity Shares will be added to the QIB Category. For details, see "Offer Procedure" on page 366.

Note: Retail Individual Bidders and Eligible Employees bidding in the Employee Reservation Portion bidding at a price within the Price Band can make payment at the Bid Amount, at the time of making a Bid. Retail Individual Bidders and Eligible Employees bidding in the Employee Reservation Portion bidding at the Cut-Off Price have to ensure payment at the Cap Price, at the time of making a Bid. Retail Individual Bidders must ensure that the Bid Amount does not exceed ₹200,000. The maximum Bid Amount under the Employee Reservation Portion by an Eligible Employee shall not exceed ₹500,000 on a net basis. However, Allotment to an Eligible Employee in the Employee Reservation Portion may exceed ₹200,000 only in the event of an under-subscription in the Employee Reservation Portion and such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, for a value in excess of ₹200,000, subject to the total Allotment to an Eligible Employee not exceeding ₹500,000. The unsubscribed portion under Employee Reservation Portion may be allotted on proportionate basis subject to maximum ₹500,000 to other employee. Further, Retail Individual Bidders and Eligible Employees bidding in the Employee Reservation Portion must mention the Bid Amount while filling the "SCSB/Payment Details" block in the Bid cum Application Form.

For details, including in relation to grounds for rejection of Bids, refer to the "*Offer Procedure*" on page 366. For details of the terms of the Offer, see "*Terms of the Offer*" on page 355. For details regarding restriction on shareholding and voting rights, see "*Key Regulations and Policies in India*" and "*Other Regulatory and Statutory Disclosures*" on pages 169 and 336, respectively.

GENERAL INFORMATION

Our Company was originally incorporated as 'L.N. Finco Gems Private Limited' on January 10, 1996 as a private limited company under the Companies Act, 1956 with the RoC. Pursuant to the change of name of our Company to Au Financiers (India) Private Limited to reflect the diversified finance business of our Company, a fresh certificate of incorporation was issued by the RoC on May 24, 2005. Our Company was converted into a public limited company by way of a special resolution passed by our Shareholders at the EGM held on January 10, 2013 and the name of our Company was changed to 'Au Financiers (India) Limited'. A fresh certificate of incorporation consequent upon conversion to a public limited company was issued by the RoC on January 11, 2013. Our Company was granted the in-principle approval to establish an SFB by the RBI, pursuant to its letter dated October 7, 2015. Subsequently, the RBI granted our Company the final approval to establish an SFB by its letter dated December 20, 2016. Pursuant to our Company being established as an SFB, the name of our Company was changed to 'AU Small Finance Bank Limited' and a fresh certificate of incorporation was issued by the RoC on April 13, 2017. For details of change in the name and registered office of our Company, see "*History and Certain Corporate Matters*" on page 175.

Registered Office

19-A, Dhuleshwar Garden, Ajmer Road
Jaipur- 302 001, Rajasthan
Tel: +91 141 4110060
Fax: +91 141 4110090
E-mail: ipo@aubank.in
Website: www.aubank.in
Corporate Identification Number: L36911RJ1996PLC011381
Registration Number: 011381

Corporate Office

5th Floor, E-Wing, Kanakia Zillion
Junction of CST Road and L.B.S Marg
Kurla (West)
Mumbai - 400 070, Maharashtra

For details relating to changes in location of our Registered Office, see "*History and Certain Corporate Matters*" on page 175.

Address of the RoC

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

Registrar of Companies, Jaipur
Corporate Bhawan
G/6-7, Second Floor
Residency Area, Civil Lines
Jaipur: 302 001
Rajasthan
Tel: +91 141 2222465/ 2222466
Fax: +91 141 2222464

Board of Directors

The Board of our Company comprises the following:

NAME	DESIGNATION	DIN	ADDRESS
Mr. Mannil Venugopalan*	Part-time Chairman and Independent Director	00255575	Mannil House, House No. 17/229, Thalakkolly Desom, Aluva, Union Christian College, Ernakulam 683 102, Kerala, India.
Mr. Sanjay Agarwal*	Managing Director and CEO	00009526	D -111, Yasoda Path, Shyam Nagar, Jaipur - 302 019, Rajasthan, India.
Mr. Uttam Tibrewal*	Whole-time Director	01024940	F-19 Ram Path near CLC Institute, Shyam Nagar Extension, Sodala, Jaipur 302 019, Rajasthan, India.
Mr. Krishan Kant Rathi	Independent Director	00040094	B/72, Dakshina Park, 7th floor, N.S. Road, 10th JVPD Scheme, Juhu, Mumbai 400 049, Maharashtra, India
Ms. Jyoti Ishwar Chandra Narang	Independent Director	00351187	Maker Tower, Flat number- L-31, Cuffe Parade, Mumbai 400 005, Maharashtra, India.

***** Pursuant to RBI approval dated April 13, 2017, appointment of Mr. Sanjay Agarwal as Managing Director and CEO and Mr. Uttam Tibrewal as Whole-time Director is for a period of three years from the date of taking charge, i.e., April 13, 2017. Further, Mr. Mannil Venugopalan has been appointed as Part-time Chairman pursuant to the same approval.

For further details of our Directors, see "*Our Management*" on page 190.

Chief Financial Officer

Mr. Deepak Jain

19-A, Dhuleshwar Garden, Ajmer Road
Jaipur- 302 001
Rajasthan, India.
Tel: +91 141 4110060
Fax: +91 141 4110090
Email: deepak.jain@aubank.in

Company Secretary and Compliance Officer

Mr. Manmohan Parnami

19-A, Dhuleshwar Garden, Ajmer Road
Jaipur- 302 001
Rajasthan, India.
Tel: +91 141 4110060
Fax: +91 141 4110090
E-mail: manmohan.parnami@aubank.in

Set forth below are names and addresses of the Selling Shareholders:

1. Redwood Investment Ltd a company incorporated under the laws of Mauritius having its registered office at C/o Warburg Pincus Asia Ltd, 8th Floor, Newton Tower, Sir William Newton Street, Port Louis, Mauritius;

2. International Finance Corporation**,** an international organization established by Articles of Agreement among its member countries including the Republic of India, having its headquarters at 2121 Pennsylvania Avenue Washington, DC, NW, 20433, United States of America;

3. Labh Investments Limited**,** a company incorporated under the laws of Mauritius having its registered office at Suite 504, 5th Floor, St James Court, Port Louis, 11328, Mauritius;

4. Ourea Holdings Limited**,** a company incorporated under the laws of Mauritius having its registered office at Suite 11, 1st Floor, Plot 42, Hotel Street, Cybercity, 72201, Ebene, Mauritius;

5. Kedaara Capital Alternative Investment Fund - Kedaara Capital AIF 1**,** a fund registered under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 as a Category-II Alternative Investment Fund and having its office at Sunshine Tower, 38th Floor, Senapati Bapat Marg, Parel, Mumbai – 400 013, India and acting through its Trustee, IDBI Trusteeship Services Limited;

6. MYS Holdings Private Limited, a company incorporated under the Companies Act, 1956 and having its registered office at C-145, Shyam Nagar Jaipur 302 019, Rajasthan, India;

7. Mr. Sanjay Agarwal, D -111, Yasoda Path, Shyam Nagar, Jaipur 302 019, Rajasthan, India;

8. Ms. Jyoti Agarwal, D -111, Yasoda Path, Shyam Nagar, Jaipur 302 019, Rajasthan, India;

9. Ms. Shakuntala Agarwal, D -111, Yasoda Path, Shyam Nagar, Jaipur 302 019, Rajasthan, India; and

10. Mr. Chiranji Lal Agarwal, D -111, Yasoda Path, Shyam Nagar, Jaipur 302 019, Rajasthan, India.

Investors can contact the Company Secretary and Compliance Officer, the Registrar to the Offer, the BRLMs or their respective SCSBs in case of any pre-Offer or post-Offer related problems, such as non-receipt of letters of Allotment, non-credit of Allotted Equity Shares in the respective beneficiary account, unblocking of funds or issues of refunds (in case of Anchor Investors).

All grievances relating to the ASBA Bidders may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary with whom the ASBA Form was submitted. The ASBA Bidder should give full details such as name of the sole or first Bidder, ASBA Form number, Bidder DP ID, Client ID, PAN, date of submission of the ASBA Form, address of the Bidder, number of Equity Shares applied for and the name and address of the Designated Intermediary where the ASBA Form was submitted by the ASBA Bidder and ASBA Account.

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

All grievances relating to Bids submitted through the Registered Broker may be addressed to the Stock Exchange with a copy to the Registrar to the Offer.

Further, the Bidders shall also enclose a copy of the Acknowledgment Slip received from the Designated Intermediary in addition to the information mentioned hereinabove.

Book Running Lead Managers

ICICI Securities Limited
ICICI Centre
H.T. Parekh Marg
Churchgate, Mumbai 400 020
Maharashtra, India
Tel: +91 22 2288 2460
Fax: +91 22 2282 6580
Email: aufinanciers.ipo@icicisecurities.com
Investor grievance e-mail: customercare@icicisecurities.com

HDFC Bank Limited
Investment Banking Group
Unit No. 401 & 402
4th Floor, Tower B
Peninsula Business Park, Lower Parel
Mumbai 400 013
Maharashtra, India
Tel: +91 22 3395 8019
Fax: +91 22 3078 8584

Website: www.icicisecurities.com
Contact person: Mr. Govind Khetan/ Mr. Anurag Byas/ Mr. Vishal Kanjani
SEBI Registration No.: INM000011179

E-mail: aufin.ipo@hdfcbank.com
Investor Grievance e-mail: investor.redressal@hdfcbank.com
Website: www.hdfcbank.com
Contact person: Mr. Rishi Tiwari/ Mr. Keyur Desai
SEBI Registration No.: INM000011252

Motilal Oswal Investment Advisors Limited*
Motilal Oswal Tower
Rahimtullah Sayani Road
Opposite Parel ST Depot, Prabhadevi
Mumbai- 400 025
Maharashtra, India
Tel: +91 22 3980 4380
Fax: +91 22 3980 4315
E-mail: au.ipo@motilaloswal.com
Investor grievance e-mail: moiaplredressal@motilaloswal.com
Website: www.motilaloswalgroup.com
Contact person: Ms. Kristina Dias
SEBI Registration No.: INM000011005
**Formerly Motilal Oswal Investment Advisors Private Limited*

Citigroup Global Markets India Private Limited
1202, 12th Floor
First International Financial Center
G-Block C54 & 55
Bandra Kurla Complex, Bandra (East)
Mumbai 400 098
Maharashtra, India
Tel: +91 22 6175 9999
Fax: +91 22 6175 9961
E-mail: aufinanciers.ipo@citi.com
Investor grievance e-mail: investors.cgmib@citi.com
Website: http://www.online.citibank.co.in/rhtm/citigroupglobalscreen1.htm
Contact person: Mr. Saksham Bhandari
SEBI Registration No.: INM000010718

Statement of inter se allocation among BRLMs

The responsibilities and co-ordination by the BRLMs for various activities in the Offer are as follows:

S. No.	Activity	Responsibilities	Co-ordination
1.	Capital Structuring with relative components and formalities such as type of instruments, etc.	I-Sec, Citi, HDFC, Motilal	I-Sec
2.	Due diligence of Company's operations / management / business plans / legal etc. Drafting and design of Draft Red Herring Prospectus, Red Herring Prospectus including memorandum containing salient features of the Prospectus. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC, SEBI and IRDAI including finalization of Prospectus and RoC filing, follow up and coordination till final approval from all regulatory authorities	I-Sec, Citi, HDFC, Motilal	I-Sec
3.	Drafting and approval of all statutory advertisement	I-Sec, Citi, HDFC, Motilal	I-Sec
4.	Drafting and approval of all publicity material other than statutory advertisement as mentioned in 3 above including media monitoring, corporate advertisement, brochure etc. and filing of media compliance report after the issue	I-Sec, Citi, HDFC, Motilal	HDFC
5.	Appointment of other intermediaries viz., Registrar's, Printers, Advertising Agency and Bankers to the Offer	I-Sec, Citi, HDFC, Motilal	Motilal
6.	International institutional marketing strategy • Finalize the list and division of investors for one to one meetings, in consultation with the Company, and • Finalizing the International road show schedule and investor meeting schedules	I-Sec, Citi, HDFC, Motilal	Citi
7.	Preparation of road show presentation and frequently asked questions	I-Sec, Citi, HDFC, Motilal	I-Sec
8.	Domestic institutions / banks / mutual funds marketing strategy • Finalize the list and division of investors for one to one meetings, institutional allocation in consultation with the Company. • Finalizing the list and division of investors for one to one meetings, and • Finalizing investor meeting schedules	I-Sec, Citi, HDFC, Motilal	I-Sec

S. No.	Activity	Responsibilities	Co-ordination
9.	Non-Institutional marketing of the Offer, which will cover, inter alia, • Formulating marketing strategies for Non-institutional Investors • Finalize Media and PR strategy	I-Sec, Citi, HDFC, Motilal	Motilal
10.	Retail marketing of the Offer, which will cover, inter alia, • Formulating marketing strategies, preparation of publicity budget • Finalize Media and PR strategy • Finalizing centers for holding conferences for press and brokers • Finalising collection centres; • Follow-up on distribution of publicity and Issuer material including form, prospectus and deciding on the quantum of the Offer material	I-Sec, Citi, HDFC, Motilal	HDFC
11.	Co-ordination with Stock Exchanges for Book Building software, bidding terminals and mock trading.	I-Sec, Citi, HDFC, Motilal	Motilal
12.	Finalization of pricing, in consultation with the Company	I-Sec, Citi, HDFC, Motilal	Citi
13.	Post-issue activities, which shall involve essential follow-up steps including: • Follow-up with bankers to the issue and Self Certified Syndicate Banks to get quick estimates of collection and advising the issuer about the closure of the issue, based on correct figures, finalisation of the basis of allotment or weeding out of multiple applications, listing of instruments, dispatch of certificates or demat credit and refunds and coordination with various agencies connected with the post-issue activity such as registrars to the issue, bankers to the issue, Self Certified Syndicate Banks etc. including responsibility for underwriting arrangements, as applicable. • Payment of the applicable Securities Transaction Tax ("STT") on sale of unlisted equity shares by the Individual Selling Shareholders and the Investor Selling Shareholders under the Offer for Sale included in the Issue to the Government and filing of the STT return by the prescribed due date as per Chapter VII of Finance (No. 2) Act, 2004 • Coordination with Stock-Exchanges for payment of 1% security deposit through cash and bank guarantee	I-Sec, Citi, HDFC, Motilal	HDFC

Syndicate Members

Motilal Oswal Securities Limited
Motilal Oswal Tower
Rahimtullah Sayani Road
Opposite Parel ST Depot, Prabhadevi
Mumbai- 400 025
Maharashtra, India
Tel: +91 22 3027 8129
Fax: +91 22 3980 4315
E-mail: au.ipo@motilaloswal.com;
Santosh.patil@motilaloswal.com
Website: www.motilaloswalgroup.com
Contact person: Mr. Santosh Patil
SEBI Registration No.:
BSE: INB011041257
NSE: INB231041238

HDFC Securities Limited
I Think Techno Campus Building – B
"Alpha", Office Floor 8, Opp. Crompton Greaves
Near Kanjurmarg Station, Kanjurmarg (East)
Mumbai - 400 042
Tel: (91 22) 3075 0269
Fax: (91 22) 3075 3435
Email: customercare@hdfcsec.com
Website: www.hdfcsec.com
Contact Person: Ms. Sharmila Kambli
SEBI Registration No.: INB231109431

Legal Counsel to our Company as to Indian law

AZB & Partners
AZB House
Plot No. A8, Sector 4
Noida 201301
National Capital Region Delhi, India
Tel: +91 120 4179999
Fax: +91 120 4179900

Legal Counsel to the BRLMs as to Indian law

Shardul Amarchand Mangaldas & Co
Amarchand Towers
216 Okhla Industrial Estate Phase – III
New Delhi 110 020, India
Tel: +91 11 4159 0700
Fax: +91 11 2692 4900

International Legal Counsel to the BRLMs

Sidley Austin LLP
Level 31
Six Battery Road
Singapore 049909
Tel: +65 6230 3900
Fax: +65 6230 3939

Indian Legal Counsel to the Promoter Selling Shareholders and the Promoter Group Selling Shareholder

AZB & Partners
AZB House
Plot No. A8, Sector 4
Noida 201301
National Capital Region Delhi, India
Tel: +91 120 4179999
Fax: +91 120 4179900

Indian Legal Counsel to the Investor Selling Shareholder(s)

Cyril Amarchand Mangaldas
5th Floor, Peninsula Chambers
Peninsula Corporate Park
Ganpatrao Kadam Marg
Lower Parel
Mumbai 400 013
Maharashtra, India
Tel: +91 22 2496 4455
Fax: +91 22 2496 3666

Statutory Auditors to our Company

S. R. Batliboi & Associates LLP
Chartered Accountants
Golf View Corporate Tower B
Sector 42, Sector Road
Gurgaon – 122 002
Haryana, India
Tel: +91 124 464 4000
Fax no: +91 124 464 4050
Email: SRBA@in.ey.com
Firm Registration No: 101049W/E300004

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 6200
Fax: +91 22 4918 6195
Email: aufin.ipo@linkintime.co.in
Investor grievance ID: aufin.ipo@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Ms. Shanti Gopalkrishnan

SEBI Registration Number: INR000004058

Banker to the Offer/ Escrow Collection Bank/Refund Bank/ Public Offer Account Bank

HDFC Bank Limited
FIG-OPS Department – Lodha I Think Techno Campus
0-3 Level, Next to Kanjurmarg Railway Station
Kanjurmarg (East)
Mumbai – 400042
Telephone: +91 22 3075 2927/+91 22 3075 2928/+91 22 3075 2917
Fax: +91 2579 9801
E-mail: Vincent.Dsouza@hdfcbank.com/Siddharth.Jadhav@hdfcbank.com/Prasanna.uchil@hdfcbank.com
Website: www.hdfcbank.com
Contact Person: Mr. Vincent D'Souza/ Mr. Siddharth Jadhav/ Mr. Prasanna Uchil
SEBI Registration No.: INBI00000063
CIN No.: L65920MH1994PLC080618

Bankers to our Company

HDFC Bank
Tel: +91 7498458334
Fax: +91 22 30788583
Email: kashyap.padha@hdfcbank.com
Website: www.hdfcbank.com
Contact person: Mr. Kashyap Padha

ICICI Bank Limited
Tel: +91 9214201119
Fax: N.A.
Email: vishal.bodana@icicibank.com
Website: www.icicibank.com
Contact person: Mr. Vishal Bodana

Kotak Mahindra Bank Ltd.
Tel: +91 22 661660366
Fax: +91 22 67132416
Email: tripathi.abhishek@kotak.com
Website: www.kotak.com
Contact person: Mr. Abhishek Tripathi

RBL Bank Limited
Tel: +91 22 43020600
Fax: +91 22 43020520
Email: kalpesh.maheshwari@rblbank.com
Website: www.rblbank.com
Contact person: Mr. Kalpesh Maheshwari

Karnataka Bank Ltd.
Tel: +91 22 24219432
Fax: +91 22 24219432
Email: mum.dadar@ktkbank.com
Website: www.ktkbank.com
Contact person: Mr. Harisha A.

Housing Development Finance Corporation Limited
Tel: +91 22 22873123
Fax: +91 22 22046758
Email: conrad@hdfc.com
Website: www.hdfc.com
Contact person: Mr. Condrad D'Souza

Bank of India
Tel: +91 141 2222284
Fax: +91 141 2221483

State Bank of India
Tel: +91 20 25618101/251/252
Fax: +91 20 25618207
Email: sbi.08966@sbi.co.in
Website: www.sbi.co.in
Contact person: Mr. Anil Kr.

National Bank for Agricultural and Rural Development
Tel: +91 141 2741633
Fax: +91 141 2742161
Email: dor.jaipur@nabard.org
Website: www.nabard.org
Contact person: Mr. P. K. Acharya

Small Industries Development Bank of India
Tel: +91 141 5119424/96/27
Fax: +91 141 5119438
Email: nakulagrawal@sidbi.in
Website: www.sidbi.in
Contact person: Mr. Nakul Agarwal

IDBI Bank Limited
Tel: +91 141 5105300
Fax: +91 141 5114568
Email: varun.kedawat@idbi.co.in
Website: www.idbi.com
Contact person: Mr. Varun Kedawat

Andhra Bank
Tel: +91 11 23415616
Fax: +91 11 23416042
Email: bm0084@andhrabank.co.in
Website: www.andhrabank.co.in
Contact person: Mr. Adnan Durani

Corporation Bank
Tel: +91 141 2374804
Fax: +91 141 2363435
Email: cb303@corpbank.co.in
Website: www.corpbank.com
Contact person: Mr. P Raghu Ram

Bank of Baroda
Tel: +91 141 2366335
Fax: +91 141 2369550

Email: jaipurmcb.jaipur@bankofindia.co.in
Website: www.bankofindia.co.in
Contact person: Mr. Ashok Tanwani

Email: midjai@bankofbaroda.com
Website: www.bankofbaroda.com
Contact person: Mr. Nihal Chand Jain

State Bank of Bikaner and Jaipur
Tel: +91 141 2362793
Fax: +91 141 2370297
Email: sbbj10781@sbbj.co.in
Website: www.sbbj.co.in
Contact person: Mr. D.S. Rana/Mr. Suman

Designated Intermediaries

Self Certified Syndicate Banks ("SCSBs")

The list of banks that have been notified by SEBI to act as the SCSBs for the ASBA process is provided on the website of SEBI at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries. For list of branches of the SCSBs named by the respective SCSBs to receive the ASBA Forms from the Designated Intermediaries and updated from time to time, please refer to the above-mentioned link.

Syndicate SCSB Branches

ASBA Bids may be submitted to a member of the Syndicate at Specified Locations. 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/home/list/5/33/0/0/Recognised-Intermediaries) 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/home/list/5/33/0/0/Recognised-Intermediaries).

Broker Centers/Designated CDP Locations/Designated RTA Locations

In accordance with SEBI Circular No. CIR/CFD/14/2012 dated October 4, 2012 and CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, Bidders (other than Anchor Investors) can submit Bid cum Application Forms with the Registered Brokers at the Broker Centers, CDPs at Designated CDP Locations or the RTAs at the Designated RTA Locations, respective lists of which, including details such as address and telephone numbers, are available at the websites of the Stock Exchanges at www.bseindia.com and www.nseindia.com. The list of branches of the SCSBs named by the respective SCSBs to receive the Bid cum Application Forms from the Designated Intermediaries will be available on the website of the SEBI (www.sebi.gov.in) and updated from time to time.

Experts

The expert opinions have been obtained from the following:

Our Company has received written consent from the Statutory Auditors namely, S. R. Batliboi & Associates LLP, Chartered Accountants, to include their name as required under Section 26(1)(a)(v) of the Companies Act, 2013 in this Red Herring Prospectus and as an "Expert" as defined under Section 2(38) of the Companies Act, 2013, in respect of the reports of the Statutory Auditors on the Restated Financial Statements dated June 2, 2017, and the statement of tax benefits dated May 31, 2017, included 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 Securities Act. In addition, M/s G.M. Kapadia and Co., Chartered Accountants, has provided written consent to be named as "expert" in this Red Herring Prospectus in respect of its report dated June 1, 2017 and the contents or any extracts thereof being included and/or reproduced in this Red Herring Prospectus and such consent has not been withdrawn as on the date of this Red Herring Prospectus.

IPO Grading

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

Monitoring Agency

The Offer being an offer for sale of Equity Shares, our Company will not receive any proceeds from the Offer and is not required to appoint a monitoring agency.

Appraising Entity

No appraising agency has been appointed in respect of any project of our Company.

Credit Rating

As this is an offer of Equity Shares, there is no credit rating required.

Trustees

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

Book Building Process

The book building, in the context of the Offer, refers to the process of collection of Bids from the Bidders on the basis of this Red Herring Prospectus and the Bid cum Application Form within the Price Band, which will be decided by our Company and the Selling Shareholders in consultation with the BRLMs, and published in all editions of Financial Chronicle (a widely circulated English national newspaper), all editions of Rashtriya Sahara (a widely circulated Hindi national newspaper**,** Hindi also being the regional language in the place where our Registered Office is located**)**, at least five Working Days prior to the Bid/Offer Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading on their respective websites. The Offer Price shall be determined by our Company and the Selling Shareholders in consultation with the BRLMs after the Bid/Offer Closing Date. Further, up to 1,000,000 Equity Shares will be available for allocation on a proportionate basis to Eligible Employees under the Employee Reservation Portion, subject to valid Bids being received from them at or above the Offer Price.

All Bidders, except Anchor Investors, are required to mandatorily use the ASBA process by providing the details of their respective bank accounts in which the corresponding Bid Amount will be blocked by the SCSBs.

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

For details on the method and procedure for Bidding, see "*Offer Procedure*" on page 366.

Illustration of Book Building Process and Price Discovery Process

For an illustration of the Book Building Process and the price discovery process, see "*Offer Procedure – Part B – Basis of Allocation - Illustration of the Book Building and Price Discovery Process"* on page 401.

Underwriting Agreement

After the determination of the Offer Price and allocation of the Offered Shares, but prior to the filing of the Prospectus with the RoC, our Company and the Selling Shareholders will enter into an Underwriting Agreement with the Underwriters for the Offered Shares. It is proposed that pursuant to the terms of the Underwriting Agreement, each of the BRLMs will be severally responsible for bringing in the amount devolved in the event that any of the Syndicate Members do not fulfill their underwriting obligations. The Underwriting Agreement is dated [●]. Pursuant to the terms of the Underwriting Agreement, the obligations 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:

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

Name, address, telephone number, fax number and e-mail address of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (₹ in million)
[●]	[●]	[●]

The above-mentioned amounts are indicative only and will be finalised after determination of the Offer Price and actual allocation and subject to the provisions of Regulation 13(2) of the SEBI ICDR Regulations.

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

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitment. Notwithstanding the above table, the Underwriters shall be severally responsible in accordance with the Underwriting Agreement for ensuring payment with respect to the Offered Shares allocated to the Bidders procured by them. In the event of any default in such payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure subscriptions for/subscribe to or purchase of/purchase Equity Shares to the extent of the defaulted amount in accordance with the Underwriting Agreement. The Underwriting Arrangement stated above shall only apply to the Bids (other than Anchor Investors) procured by the members of the Syndicate in this Offer. The Underwriting Agreement shall list out the title and obligations of each Underwriter.

CAPITAL STRUCTURE

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

(In ₹ except share data)

		Aggregate value at face value	Aggregate value at Offer Price
A)	**AUTHORISED SHARE CAPITAL**[(1)]		
	350,000,000 Equity Shares	3,500,000,000	
B)	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE AND AFTER THE OFFER**		
	284,250,906 Equity Shares	2,842,509,060	
C)	**PRESENT OFFER IN TERMS OF THIS RED HERRING PROSPECTUS**[(2)]		
	Offer for Sale of 53,422,169 Equity Shares[(3)]	534,221,690	[●]
	Which include:		
	Employee Reservation Portion of up to 1,000,000 Equity Shares[#]	10,000,000	[●]
D)	**SECURITIES PREMIUM ACCOUNT**		
	Before the Offer	2,379,937,573	
	After the Offer	[●]	

(1) *For details in relation to the changes in the authorized share capital of our Company, see "History and Certain Corporate Matters - Amendments to our MoA" on page 178.*

(2) *The Offer has been approved by our Board by way of a resolution dated December 20, 2016 and by our Shareholders pursuant to postal ballot dated January 24, 2017.*

(3) *For details of authorizations received for the Offer for Sale, by the respective Selling Shareholders, see "The Offer" on page 63. The Selling Shareholders, severally and not jointly, confirm that their respective proportion of the Offered Shares, have been held by them for a period of at least one year prior to the filing of the Draft Red Herring Prospectus with SEBI, (except for such Offered Shares that have been issued to them by our Company as a result of the bonus issue made pursuant to our Board resolution dated October 19, 2016 and Shareholders' resolution dated October 10, 2016 where the underlying Equity Shares (on which the bonus issue was made) have been held continuously for a period of one year prior to the filing of the Draft Red Herring Prospectus) or have been issued or received in accordance with Regulation 26(6) of the SEBI ICDR Regulations and are eligible for being offered for sale in the Offer in accordance with Regulation 26(6) of the SEBI ICDR Regulations.*

*Eligible Employees bidding in the Employee Reservation Portion must ensure that the Bid Amount does not exceed ₹ 500,000 on a net basis. However, Allotment to an Eligible Employee in the Employee Reservation Portion may exceed ₹ 200,000 only in the event of an under-subscription in the Employee Reservation Portion and such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, subject to the total Allotment to an Eligible Employee not exceeding ₹ 500,000.*

Notes to Capital Structure

1. **Share capital history**

(a) ***History of share capital of our Company***

The following table sets forth the history of the equity share capital of our Company:

Date of allotment	Number of Equity Shares allotted	Face value per Equity Share (₹)	Offer price per Equity Share (₹)	Nature of consideration	Nature of transaction	Cumulative number of Equity Shares	Cumulative paid-up Equity share capital (₹)
January 10, 1996	30	10	10	Cash	Subscription to MoA[(1)]	30	300
June 1, 1998	4	10	10	Cash	Further issue[(2)]	34	340

Date of allotment	Number of Equity Shares allotted	Face value per Equity Share (₹)	Offer price per Equity Share (₹)	Nature of consideration	Nature of transaction	Cumulative number of Equity Shares	Cumulative paid-up Equity share capital (₹)
December 15, 1999	500,000	10	10	Cash	Further issue [3]	500,034	5,000,340
March 21, 2001	100	10	10	Cash	Further issue [4]	500,134	5,001,340
August 1, 2003	499,866	10	10	Cash	Further issue [5]	1,000,000	10,000,000
March 31, 2006	502,500	10	10	Cash	Further issue [6]	1,502,500	15,025,000
March 30, 2007	3,497,500	10	10	Cash	Further issue [7]	5,000,000	50,000,000
February 27, 2008	5,000,000	10	10	Cash	Further issue [8]	10,000,000	100,000,000
March 18, 2008	200	10	10	Cash	Further issue [9]	10,000,200	100,002,000
March 22, 2010	3,932,584	10	25.43	Cash	Further issue [10]	13,932,784	139,327,840
March 31, 2010	100	10	10	Cash	Further issue [11]	13,932,884	139,328,840
March 11, 2011	2,625,686	10	26.66	Cash	Conversion of CCPS[12]	16,558,570	165,585,700
February 20, 2012	1,813,709	10	60.65	Cash	Conversion of CCPS[13]	18,372,279	183,722,790
March 10, 2012	122	10	200.21	Cash	Preferential allotment[14]	18,372,401	183,724,010
July 17, 2012	2,684,778	10	26.66	Cash	Conversion of CCPS[15]	21,057,179	210,571,790
July 17, 2012	2,191,497	10	26.66	Cash	Conversion of CCPS[16]	23,248,676	232,486,760
July 17, 2012	8,079,233	10	60.65	Cash	Conversion of CCPS[17]	31,327,909	313,279,090
July 17, 2012	9,142,716	10	13.35	Cash	Conversion of CCPS[18]	40,470,625	404,706,250
March 28, 2014	2,203,164	10	345	Cash	Preferential allotment[19]	42,673,789	426,737,890
March 28, 2014	580,606	10	345	Cash	Preferential allotment[20]	43,254,395	432,543,950
April 3, 2014	826,357	10	345	Cash	Preferential allotment[21]	44,080,752	440,807,520
September 9, 2016	1,644,399	10	200.21	Cash	Conversion of share warrants[22]	45,725,151	457,251,510
October 19, 2016	228,625,755	10	N.A.	N.A.	Bonus issue[23]	274,350,906	2,743,509,060
January 3, 2017	9,900,000	10	140	Cash	Conversion of share warrants [24]	284,250,906	2,842,509,060

(1) *10 Equity Shares each were allotted to Mr. Laxmi Narayan Goyal, Ms. Pushpa Goyal, and Mr. Nipin Goyal pursuant to subscription to MoA.*

(2) *1 Equity Share each was allotted to Mr. Govind Behari Gupta, Inder Lal Agarwal, HUF, Ms. Kailash Devi Agarwal, and Ms. Sweta Goyal.*

(3) *200,000 Equity Shares were allotted to Mr. Nipin Goyal; 200,000 Equity Shares were allotted to Mr. Laxmi Narayan Goyal; and 100,000 Equity Shares were allotted to Ms. Pushpa Goyal.*

(4) *50 Equity Shares each were allotted to Laxmi Narayan Goyal, HUF and Mr. Shyam Sunder Saraf.*

(5) *250,000 Equity Shares were allotted to Mr. Laxmi Narayan Goyal; and 249,866 Equity Shares were allotted to Mr. Nipin Goyal.*

(6) *50,000 Equity Shares were allotted to Lunkad Textiles Private Limited; 50,000 Equity Shares were allotted to Dolex Finvest Private Limited; 100,000 Equity Shares were allotted to Khushagra Software Limited; 50,000 Equity Shares were allotted to Shipra Fabrics Private Limited; 162,500 Equity Shares were allotted Goyal Achal Sampati Vikas and Niyojan Nigam Limited; 50,000 Equity Shares were allotted to Mr. Pawan Khandelwal; 10,000 Equity Shares were allotted to Ms. Hemlata Saini; 10,000 Equity Shares were allotted to Mr. O.P. Saini; and 20,000 Equity Shares were allotted to Mr. Srikant Kedia.*

(7) *3,000,000 Equity Shares were allotted to Mr. Sanjay Agarwal; and 497,500 Equity Shares were allotted to Ms. Jyoti Agarwal.*

(8) *1,299,990 Equity Shares were allotted to Mr. Chiranji Lal Agarwal; 889,810 Equity Shares were allotted to Ms. Shakuntala Agarwal; 1,875,000 Equity Shares were allotted to Mr. Sanjay Agarwal; and 935,200 Equity Shares were allotted to Ms. Jyoti Agarwal.*

(9) *100 Equity Shares each were allotted to India Business Excellence Fund and India Business Excellence Fund-I.*

(10) *790,449 Equity Shares were allotted to Mr. Chiranji Lal Agarwal; 1,595,646 Equity Shares were allotted to Mr. Sanjay Agarwal; 774,326 Equity Shares were allotted to Ms. Shakuntala Agarwal; and 772,163 Equity Shares were allotted to Ms. Jyoti Agarwal.*

(11) *100 Equity Shares were allotted to International Finance Corporation.*

(12) *2,625,686 Equity Shares were allotted to IL&FS Trust Company Limited (Trustees of Business Excellence Trust-India Business Excellence Fund) on conversion of 700,000 CCPS.*

(13) *824,413 Equity Shares were allotted to Mr. Sanjay Agarwal on conversion of 500,000 CCPS; and 989,296 Equity Shares were allotted to IL&FS Trust Company Limited (Trustees of Business Excellence Trust-India Business Excellence Fund) on conversion of 600,000 CCPS.*

(14) *22 Equity Shares were allotted to International Finance Corporation; and 100 Equity Shares were allotted to Redwood Investment Ltd*

(15) *2,684,778 Equity Shares were allotted to India Business Excellence Fund-I on conversion of 715,754 CCPS.*

(16) *2,191,497 Equity Shares were allotted to Redwood Investment Ltd on conversion of 584,246 CCPS.*

(17) *5,770,876 Equity Shares were allotted to International Finance Corporation; and 2,308,357 Equity Shares were allotted to India Business Excellence Fund-I on conversion of 3,499,990 CCPS and 1,400,000 CCPS, respectively.*

(18) *1,650,520 Equity Shares were allotted to International Finance Corporation; and 7,492,196 Equity Shares were allotted to Redwood Investment Ltd on conversion of 220,295 CCPS and 999,986 CCPS, respectively.*

(19) *546,966 Equity Shares were allotted to Motilal Oswal Securities Limited; 450,873 Equity Shares were allotted to Labh Investments Limited; 1,195,741 Equity Shares were allotted to Redwood Investment Ltd; 137 Equity Shares were allotted to Mr. Abhishek Sharma; 320 Equity Shares were allotted to Mr. Amit Garg; 552 Equity Shares were allotted to Mr. Amit Malhotra; 160 Equity Shares were allotted to Mr. Anup Sharma; 143 Equity Shares were allotted to Mr. Ashish Vijay; 210 Equity Shares were allotted to Mr. Balveer Davgun; 306 Equity Shares were allotted to Mr. Basant Kumar; 98 Equity Shares were allotted to Mr. Bhupender Singh Yadav; 200 Equity Shares were allotted to Mr. Deepak Mathur; 190 Equity Shares were allotted to Mr. Gajendra Singh Shekhawat; 107 Equity Shares were allotted to Mr. Mohd. Hanif Khan; 114 Equity Shares were allotted to Mr. Hansraj Singh Panwar; 315 Equity Shares were allotted to Mr. Jagdish Tamboli; 499 Equity Shares were allotted to Mr. Jignesh Pravinbhai Rana; 163 Equity Shares were allotted to Mr. Kuldeep Singh Negi; 233 Equity Shares were allotted to Mr. Laxman Singh Rathore; 336 Equity Shares were allotted to Mr. Mahaveer Dhoot; 273 Equity Shares were allotted to Mr. Mangesh P Mahapadi; 187 Equity Shares were allotted to Mr. Manish Kumar Mandan; 396 Equity Shares were allotted to Mr. Manmohan Parnami; 450 Equity Shares were allotted to Mr. Mohit Bhushan Handa; 106 Equity Shares were allotted to Mr. Murari Lal Kumawat; 372 Equity Shares were allotted to Mr. Narendra Singh; 206 Equity Shares were allotted to Mr. Nirmal Jain; 363 Equity Shares were allotted to Mr. Peeyush Bardia; 233 Equity Shares were allotted to Mr. Rachana Anand; 603 Equity Shares were allotted to Mr. Raj Kumar Sharma; 198 Equity Shares were allotted to Mr. Raj Kumar Sheshma; 245 Equity Shares were allotted to Mr. Rajesh Kumar Khandelwal; 139 Equity Shares were allotted to Mr. Rajpal Singh; 346 Equity Shares were allotted to Mr. Sunil Sharma; 298 Equity Shares were allotted to Mr. Tikam Chand Karodiwal; 136 Equity Shares were allotted to Mr. Upendra Singh Rajput; 199 Equity Shares were allotted to Mr. Devaram Todawata; 218 Equity Shares were allotted to Mr. Kesar Chugh; 122 Equity Shares were allotted to Mr. Vinay Pratap Singh; 302 Equity Shares were allotted to Mr. Vimal Jain; and 109 Equity Shares were allotted to Mr. Yogesh Jain.*

(20) *7,073 Equity Shares were allotted to Mr. Deepak Jain; 12,638 Equity Shares were allotted to Mr. Uttam Tibrewal; and 560,895 Equity Shares were allotted to MYS Holdings Private Limited. These shares were allotted on a partly paid-up basis with ₹ 5 per Equity Share towards face value and ₹ 167.50 per Equity Share towards premium amount paid at the time of allotment. The balance of ₹ 5 per Equity Share towards face value and ₹ 167.50 per Equity Share towards premium amount was paid as required, on or before March 31, 2015.*

(21) *826,357 Equity Shares were allotted to International Finance Corporation.*

(22) *1,644,399 Equity Shares were allotted to Mr. Sanjay Agarwal.*

(23) *228,625,755 bonus Equity Shares issued in the ratio of 5:1 (5 Equity Shares for each Equity Share held by the Shareholders of our Company) to the existing Shareholders of our Company as on record date (i.e. October 18, 2016), by capitalization of the securities premium account/free reserves, authorised by Shareholders of our Company through a Shareholders' resolution passed on October 10, 2016.*

(24) *9,000,000 Equity Shares were allotted to Mr. Sanjay Agarwal; 750,000 Equity Shares were allotted to Mr. Uttam Tibrewal and 150,000 Equity Shares were allotted to Mr. Deepak Jain.*

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

Date of allotment	Number of CCPS allotted	Face value per CCPS (₹)	Offer price per CCPS (₹)	Nature of consideration	Reasons for allotment	Cumulative number of CCPS	Cumulative paid-up CCPS (₹)
March 18, 2008	1,000,000	100	100	Cash	Further issue[(1)]	1,000,000	100,000,000
August 22, 2008	1,000,000	100	100	Cash	Further issue[(2)]	2,000,000	200,000,000
March 31, 2010	5,499,990	100	100	Cash	Further issue[(3)]	7,499,990	749,999,000
March 31, 2010	500,000	100	100	Cash	Further issue[(4)]	7,999,990	799,999,000
March 10, 2012	1,220,281	100	1500	Cash	Further issue[(5)]	9,220,280	922,028,000

All above CCPS have been converted into Equity Shares.

(1) 350,000 CCPS were allotted to India Business Excellence Fund; and 650,000 CCPS were allotted to India Business Excellence Fund-I.

(2) 350,000 CCPS were allotted to IL&FS Trust Company Limited (Trustees of Business Excellence Trust-India Business Excellence Fund); and 650,000 CCPS were allotted to India Business Excellence Fund-I.

(3) 3,499,990 CCPS were allotted to International Finance Corporation; 600,000 CCPS were allotted to IL&FS Trust Company Limited (Trustees of Business Excellence Trust-India Business Excellence Fund); 1,400,000 CCPS were allotted to India Business Excellence Fund-I.

(4) 500,000 CCPS were allotted to Mr. Sanjay Agarwal. These CCPS were allotted on a partly paid-up basis with face value of ₹ 100 per CCPS and ₹ 10 per CCPS towards premium paid at the time of allotment. The balance of ₹ 90 per CCPS towards premium was paid as required, on or before March 31, 2011.

(5) 220,295 CCPS were allotted to International Finance Corporation; and 999,986 CCPS were allotted to Redwood Investment Ltd

(c) The table below sets forth the details of the Equity Shares offered by our Company at a price which may be lower than the Offer Price, during a period of one year preceding the date of this Red Herring Prospectus.

S. No.	Date of allotment	Number of Equity Shares	Face value per Equity Share (₹)	Offer Price per Equity Shares (₹)	Nature of consideration	Reasons for allotment	Allottees
1.	September 9, 2016	1,644,399	10	200.21	Cash	Conversion of share warrants	Mr. Sanjay Agarwal
2.	October 19, 2016	228,625,755[(1)]	10	N.A.	N.A.	Bonus issue	Bonus issue to the Shareholders of our Company
3.	January 3, 2017	9,900,000[(2)]	10	140	Cash	Conversion of share warrants	Mr. Sanjay Agarwal, Mr. Uttam Tibrewal and Mr. Deepak Jain

(1) Pursuant to the bonus issue, Equity Shares were allotted to all the Shareholders of our Company as on record date (i.e. October 18, 2016) in the ratio of 5:1 (5 Equity Shares for each Equity Share held by the Shareholders of our Company).

(2) 9,000,000 Equity Shares were allotted to Mr. Sanjay Agarwal; 750,000 Equity Shares were allotted to Mr. Uttam Tibrewal; and 150,000 Equity Shares were allotted to Mr. Deepak Jain.

2. Issue of Shares for consideration other than cash

Our Company has not issued any Equity Shares out of revaluation of reserves.

Except as set out below, we have not issued shares for consideration other than cash and no benefits have accrued to our Company on account of allotment of shares for consideration other than cash:

Date of allotment/transaction	Number of Equity Shares	Face value per Equity Share (₹)	Offer price per Equity Share (₹)	Reasons for allotment	Benefits accrued to our Company
October 19, 2016	228,625,755	10	N.A.	Bonus issue	-

3. History of Equity share capital held by our Promoters

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

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

Date of allotment/ transfer	Nature of Transaction	Number of Equity Shares	Nature of consideration	Face value per Equity Share (₹)	Offer Price/Transfer Price per Equity Share (₹)	Percentage of the pre- Offer capital (%)	Percentage of the post-Offer capital (%)
Mr. Sanjay Agarwal							
October 1, 2005	Transfer by Mr. Laxmi Narayan Goyal	125,000	Cash	10	10	0.04	[●]
March 30, 2007	Further issue	3,000,000	Cash	10	10	1.06	[●]
February 27, 2008	Further issue	1,875,000	Cash	10	10	0.66	[●]
March 22, 2010	Further issue	1,595,646	Cash	10	25.43	0.56	[●]
February 20, 2012	Conversion of CCPS	824,413	Cash	10	60.65	0.29	[●]
July 5, 2012	Transfer[(1)]	(279,684)	Cash	10	60.65	(0.10)	[●]
July 5, 2012	Transfer[(2)]	(2,800)	Cash	10	26.65	Negligible	[●]
July 6, 2012	Transfer[(3)]	(19,035)	Cash	10	60.65	(0.01)	[●]
July 6, 2012	Transfer[(4)]	(5,600)	Cash	10	26.65	Negligible	[●]
July 13, 2012	Transfer[(5)]	(8,784)	Cash	10	60.65	Negligible	[●]
July 13, 2012	Transfer[(6)]	(2,400)	Cash	10	26.65	Negligible	[●]
July 17, 2012	Transfer[(7)]	(250,000)	Cash	10	60.65	(0.09)	[●]
July 19, 2012	Transfer[(8)]	(181,371)	Cash	10	60.65	(0.06)	[●]
July 20, 2012	Transfer[(9)]	(5,495)	Cash	10	60.65	Negligible	[●]
July 31, 2012	Transfer[(10)]	(14,612)	Cash	10	60.65	(0.01)	[●]
September 18, 2012	Transfer[(11)]	(6,219)	Cash	10	60.65	Negligible	[●]
September 18, 2012	Transfer[(12)]	(4,200)	Cash	10	26.65	Negligible	[●]
October 12, 2012	Transfer[(13)]	(12,921)	Cash	10	60.65	Negligible	[●]
October 12, 2012	Transfer[(14)]	(4,400)	Cash	10	26.65	Negligible	[●]
December 28, 2012	Transfer[(15)]	(10,904)	Cash	10	60.65	Negligible	[●]
December 28, 2012	Transfer[(16)]	(4,800)	Cash	10	26.65	Negligible	[●]
December 29, 2012	Transfer[(17)]	(1,185)	Cash	10	60.65	Negligible	[●]
June 10, 2013	Transfer[(18)]	(2,860)	Cash	10	60.65	Negligible	[●]
June 10, 2013	Transfer[(19)]	(1,000)	Cash	10	26.65	Negligible	[●]

Date of allotment/ transfer	Nature of Transaction	Number of Equity Shares	Nature of consideration	Face value per Equity Share (₹)	Offer Price/Transfer Price per Equity Share (₹)	Percentage of the pre- Offer capital (%)	Percentage of the post-Offer capital (%)
September 9, 2016	Conversion of share warrants	1,644,399	Cash	10	200.21	0.58	[●]
October 19, 2016	Bonus issue	41,230,940	N.A.	10	N.A.	14.51	[●]
January 3, 2017	Conversion of share warrants	9,000,000	Cash	10	140	3.17	[●]
Sub-total (A)		**58,477,128**				**20.57**	
Ms. Jyoti Agarwal							
October 1, 2005	Transfer by Mr. Laxmi Narayan Goyal	125,000	Cash	10	10	0.04	[●]
September 9, 2006	Transfer by Mr. Nipin Goyal	329,800	Cash	10	*	0.12	[●]
March 30, 2007	Further issue	497,500	Cash	10	10	0.18	[●]
August 15, 2007	Transfer by Mr. Laxmi Narayan Goyal	50,000	Cash	10	10	0.02	[●]
February 15, 2008	Transfer by Goyal Achal Sampati Vikas And Niyojan Nigam Limited	62,500	Cash	10	1	0.02	[●]
February 27, 2008	Further issue	935,200	Cash	10	10	0.33	[●]
March 22, 2010	Further issue	772,163	Cash	10	25.43	0.27	[●]
February 22, 2013	Transfer[(20)]	(408,451)	Cash	10	284	(0.14)	[●]
October 19, 2016	Bonus issue	11,818,560	N.A.	10	N.A.	4.16	[●]
Sub-total (B)		**14,182,272**				**4.99**	
Ms. Shakuntala Agarwal							
January 1, 2003	Transfer by Mr. Sunil Soni	10	Cash	10	10	Negligible	[●]
September 8, 2006	Transfer by Ms. Pushpa Goyal	100,000	Cash	10	10	0.04	[●]
September 9, 2006	Transfer by Mr. Nipin Goyal	120,000	Cash	10	10	0.04	[●]
September 20, 2007	Transfer by Lunked Textiles Private Limited	50,000	Cash	10	1	0.02	[●]
September 20, 2007	Transfer by Dolex Finvest Private Limited	50,000	Cash	10	1	0.02	[●]
September 20, 2007	Transfer by Khushagra Software Limited	100,000	Cash	10	1	0.04	[●]
September 20, 2007	Transfer by Shipra Fabrics Private Limited	50,000	Cash	10	1	0.02	[●]
September 20, 2007	Transfer by Mr. Pawan Khandelwal	50,000	Cash	10	1	0.02	[●]
September 20, 2007	Transfer by Ms. Hemlata Saini	10,000	Cash	10	1	Negligible	[●]
September 20, 2007	Transfer by Mr. O.P. Saini	10,000	Cash	10	1	Negligible	[●]

Date of allotment/ transfer	Nature of Transaction	Number of Equity Shares	Nature of consideration	Face value per Equity Share (₹)	Offer Price/Transfer Price per Equity Share (₹)	Percentage of the pre- Offer capital (%)	Percentage of the post-Offer capital (%)
February 15, 2008	Transfer by Ms. Pushpa Goyal	10	Cash	10	10	Negligible	[●]
February 15, 2008	Transfer by Mr. Laxmi Narayan Goyal	10	Cash	10	10	Negligible	[●]
February 15, 2008	Transfer by Ms. Sweta Goyal	1	Cash	10	10	Negligible	[●]
February 15, 2008	Transfer by Laxmi Narayan Goyal (HUF)	50	Cash	10	10	Negligible	[●]
February 15, 2008	Transfer by Mr. Shyam Sundar Saraf	50	Cash	10	10	Negligible	[●]
February 15, 2008	Transfer by Mr. Ajay Agarwal	1	Cash	10	10	Negligible	[●]
February 15, 2008	Transfer by Ms. Usha Agarwal	10	Cash	10	10	Negligible	[●]
February 15, 2008	Transfer by Mr. Srikant Kedia	20,000	Cash	10	1	0.01	[●]
February 15, 2008	Transfer by Goyal Achal Sampati Vikas And Niyojan Nigam Limited	50,000	Cash	10	1	0.02	[●]
February 15, 2008	Transfer by Mr. Nipin Goyal	48	Cash	10	10	Negligible	[●]
February 27, 2008	Further issue	889,810	Cash	10	10	0.31	[●]
March 22, 2010	Further issue	774,326	Cash	10	25.43	0.27	[●]
June 24, 2016	Transfer by Labh Investments Limited	74,800	Cash	10	1,050	0.03	[●]
October 19, 2016	Bonus issue	11,745,630	N.A.	10	N.A.	4.13	[●]
Sub-total (C)		**14,094,756**				**4.96**	
Mr. Chiranji Lal Agarwal							
January 1, 2003	Transfer by Geetanjali Enterprise	10	Cash	10	10	Negligible	[●]
September 9, 2006	Transfer by Mr. Laxmi Narayan Goyal	150,000	Cash	10	*	0.05	[●]
February 15, 2008	Transfer by Goyal Achal Sampati Vikas And Niyojan Nigam limited	50,000	Cash	10	1	0.02	[●]
February 27, 2008	Preferential allotment	1,299,990	Cash	10	10	0.46	[●]
March 22, 2010	Preferential allotment	790,449	Cash	10	25.43	0.28	[●]
February 22, 2013	Transfer[(21)]	(1,000,000)	Cash	10	284	(0.35)	[●]
June 24, 2016	Transfer by Redwood Investment Ltd	61,464	Cash	10	1,050	0.02	[●]
June 24, 2016	Transfer by Ourea Holdings Limited	1,382	Cash	10	1,050	Negligible	[●]
October 19, 2016	Bonus issue	6,766,475	N.A.	10	N.A.	2.38	[●]

Date of allotment/ transfer	Nature of Transaction	Number of Equity Shares	Nature of consideration	Face value per Equity Share (₹)	Offer Price/Transfer Price per Equity Share (₹)	Percentage of the pre- Offer capital (%)	Percentage of the post-Offer capital (%)
Sub-total (D)		**8,119,770**				**2.86**	
Total (A+B+C+D)		**94,873,926**				**33.38**	

** We have been unable to ascertain the transfer price, sale price and nature of consideration due to non-availability of transfer deeds. See "Risk Factors - Internal Risk Factors - Some of our corporate records including certain secretarial records for transfer of Equity Shares are not traceable." on page 35.*

(1) Transfer of 158,000 Equity Shares to Mr. Deepak Jain; 100,956 Equity Shares to Mr. Uttam Tibrewal; 6,171 Equity Shares to Mr. Amit Malhotra; 3,577 Equity Shares Mr. Amit Garg; 3,048 Equity Shares to Mr. Mangesh P Mahapadi; 2,087 Equity Shares to Mr. Manish Kumar Mandan; 1,526 Equity Shares to Mr. Abhishek Sharma; 1,333 Equity Shares to Mr. Rajesh Kumar Khandelwal; 1,200 Equity Shares to Ms. Rachana Anand; and 1,786 Equity Shares to Mr. Anoop Sharma.

(2) Transfer of 1,400 Equity Shares to Mr. Rajesh Kumar Khandelwal; and 1,400 Equity Shares to Ms. Rachana Anand.

(3) Transfer of 5,028 Equity Shares to Mr. Mohit Bhushan Handa; 3,334 Equity Shares to Mr. Tikam Chand Karoolwal; 1,550 Equity Shares to Mr. Rajpal Singh; 2,750 Equity Shares to Mr. Narendra Singh; 2,750 Equity Shares to Mr. Mahaveer Dhoot; 1,729 Equity Shares to Mr. Jitendra Mahajan; 625 Equity Shares to Mr. Kuldeep Singh Negi; and 1,269 Equity Shares to Mr. Hansraj Singh Panwar.

(4) Transfer of 1,400 Equity Shares to Mr. Narendra Singh; 1,000 Equity Shares to Mr. Mahaveer Dhoot; 2,000 Equity Shares to Mr. Jitendra Mahajan; and 1,200 Equity Shares to Mr. Kuldeep Singh Negi.

(5) Transfer of 5,574 Equity Shares to Mr. Jignesh Pravinbhai Rana; 2,178 Equity Shares to Mr. Dinesh Lalwani; and 1,032 Equity Shares to Mr. Deepak Mathur.

(6) Transfer of 1,200 Equity Shares to Mr. Deepak Mathur and 1,200 Equity Shares to Mr. Mohd. Hanif Khan.

(7) Transfer of 250,000 Equity Shares to Mr. Manoj Tibrewal.

(8) Transfer of 181,371 Equity Shares to Mr. Uttam Tibrewal.

(9) Transfer of 3,370 Equity Shares to Mr. Vimal Jain and 2,125 Equity Shares to Mr. Gajendra Singh Shekhawat.

(10) Transfer of 3,519 Equity Shares to Mr. Jagdish Tamboli; 10,000 Equity Shares to Mr. Indrajeet Kumar; and 1,093 Equity Shares to Mr. Bhupendra Singh Yadav.

(11) Transfer of 5,000 Equity Shares to Mr. Vishwajit Krishnaji Vaidya; and 1,219 Equity Shares to Mr. Yogesh Jain.

(12) Transfer of 2,600 Equity Shares to Mr. Laxman Singh Rathore; and 1,600 Equity Shares to Mr. Ashish Vijay.

(13) Transfer of 4,934 Equity Shares to Mr. Raj Kumar Sharma; 1,147 Equity Shares to Mr. Balveer Davgun; 4,418 Equity Shares to Mr. Manmohan Parnami; 1,523 Equity Shares to Mr. Upendra Singh Rajput; and 899 Equity Shares to Mr. Nirmal Jain.

(14) Transfer of 1,800 Equity Shares to Mr. Raj Kumar Sharma; 1,200 Equity Shares to Mr. Balveer Davgun; and 1,400 Equity Shares to Mr. Nirmal Jain.

(15) Transfer of 2,219 Equity Shares to Mr. Basant Kumar; 1,215 Equity Shares to Mr. Raj Kumar Shehsma; 2,433 Equity Shares to Mr. Kesar Chugh; 1,224 Equity Shares to Mr. Devaram Todawata; 1,363 Equity Shares to Mr. Vinay Pratap Singh; and 2,450 Equity Shares to Mr. Peeyush Bardia.

(16) Transfer of 1,200 Equity Shares to Mr. Basant Kumar; 1,000 Equity Shares to Mr. Raj Kumar Sheshma; 1,600 Equity Shares to Mr. Peeyush Bardia; and 1,000 Equity Shares to Mr. Devaram Todawata.

(17) Transfer of 1,185 Equity Shares to Mr. Murari Lal Kumawat.

(18) Transfer of 2,860 Equity Shares to Mr. Sunil Sharma.

(19) Transfer of 1,000 Equity Shares to Mr. Sunil Sharma.

(20) Transfer of 408,451 Equity Shares to Labh Investments Limited.

(21) Transfer of 1,000,000 Equity Shares to Labh Investments Limited.

(i) All the Equity Shares held by our Promoters were fully paid-up on the respective dates of acquisition of such Equity Shares.

(ii) Our Promoters have confirmed to our Company and the BRLMs that the Equity Shares held by our Promoters which shall be locked-in for three years as minimum Promoters' contribution, have been allotted pursuant to a bonus issue dated October 19, 2016.

(b) *The details of the shareholding of our Promoter and the members of the Promoter Group as on the date of this Red Herring Prospectus:*

Name of Shareholders	Total Equity Shares	Percentage of the pre-Offer equity share capital (%)

Name of Shareholders	Total Equity Shares	Percentage of the pre-Offer equity share capital (%)
Promoters		
Mr. Sanjay Agarwal	58,477,128	20.57
Ms. Jyoti Agarwal	14,182,272	4.99
Ms. Shankuntala Agarwal	14,094,756	4.96
Mr. Chiranji Lal Agarwal	8,119,770	2.86
Total holding of the Promoters (A)	**94,873,926**	**33.38**
Promoter Group		
Mr. Suresh Chandra Kedia	28,572	0.01
Ms. Chanda Devi Kedia	28,572	0.01
Mr. Srikant Kedia	28,572	0.01
Mr. Manoj Kumar Agarwal	5,718	0.002
MYS Holdings Private Limited	7,460,466	2.62
M/s Natural Fab	-	-
Total holding of the Promoter Group (other than Promoters) (B)	**7,551,900**	**2.66**
Total holding of Promoter and Promoter Group (A+B)	**102,425,826**	**36.03**

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

(i) Pursuant to Regulations 32 and 36 of the SEBI ICDR Regulations, an aggregate of 20% of the fully diluted post-Offer equity share capital of our Company held by our Promoters shall be considered as the minimum Promoter's contribution and locked in for a period of three years from the date of Allotment.

(ii) Details of the Equity Shares to be locked-in for three years as minimum Promoters' contribution are as follows:

Name of the Promoter	Date of transaction	Date when the shares were made fully paid-up	Nature of transaction	Number of Equity Shares	Face value per Equity Share (₹)	Issue/ acquisition price per Equity Share (₹)	Number of Equity Shares locked-in	Percentage of the pre-Offer paid-up capital (%)	Percentage of the post-Offer paid-up capital (%)
Mr. Sanjay Agarwal	October 19, 2016	-	Bonus issue	41,230,940	10	-	33,008,945	11.61	[●]
Ms. Jyoti Agarwal	October 19, 2016	-	Bonus issue	11,818,560	10	-	11,818,560	4.16	[●]
Ms. Shakuntala Agarwal	October 19, 2016	-	Bonus issue	11,745,630	10	-	11,371,630	4.00	[●]
Mr. Chiranji Lal Agarwal	October 19, 2016	-	Bonus issue	6,766,475	10	-	651,047	0.23	[●]
Total							**56,850,182**	**20.00**	**[●]**

(iii) Our Promoters have confirmed to our Company and the BRLMs, that the Equity Shares held by them that will be deployed towards Promoters' contribution were allotted to them pursuant to bonus issue on Equity Shares held for a period of one year preceding the date of the Draft Red Herring Prospectus and therefore no loans or financial assistance from any bank or financial institution were availed by them for acquisition of such Equity Shares.

(iv) The minimum Promoters' contribution has been brought in to the extent of not less than the specified minimum lot and from the persons defined as 'promoter' under the SEBI ICDR Regulations. Our Company undertakes that the Equity Shares that are being locked-in are not ineligible for computation of minimum Promoters' contribution in terms of Regulation 33 of SEBI ICDR Regulations.

(v) In this connection, we confirm the following:

- The Equity Shares offered for minimum Promoters' contribution have not been acquired in the last three years (a) for consideration other than cash and revaluation of assets or capitalisation of intangible assets; or (b) bonus shares issued out of revaluation reserves or unrealised profits of our Company or bonus shares issued against Equity Shares which are otherwise ineligible for computation of minimum Promoters' contribution;

- The minimum Promoters' contribution does not include any Equity Shares acquired during the preceding one year and at a price lower than the price at which the Equity Shares are being offered to the public in the Offer and being ineligible for computation of minimum Promoters' contribution;

- All the Equity Shares held by our Promoters are in dematerialised form; and

- The Equity Shares forming part of the minimum Promoters' contribution are not subject to any pledge.

- Our Company has not been formed by the conversion of a partnership firm into a company and thus, no equity shares of our Company have been issued to our Promoters upon conversion of a partnership firm, in the last one year.

(d) *Other lock-in requirements:*

(i) In addition to the 20% of the fully diluted post-Offer shareholding of our Company held by our Promoters and locked in for three years as specified above, the entire pre-Offer Equity share capital of our Company shall be locked-in for a period of one year from the date of Allotment.

(ii) Further, pursuant to Regulation 39 of the SEBI ICDR Regulations, the Equity Shares held by our Promoters which are locked-in for a period of one year from the date of Allotment may be pledged only with scheduled commercial banks or public financial institutions as collateral security for loans granted by such banks or public financial institutions, provided that such pledge of the Equity Shares is one of the terms of the sanction of such loans.

(iii) The Offered Shares which will be transferred by the Selling Shareholders in the Offer for Sale shall not be subject to lock-in. However, any unsubscribed portion of Equity Shares offered by the Selling Shareholders in the Offer for Sale would be locked-in as required under the SEBI ICDR Regulations.

(iv) The Equity Shares held by our Promoters which are locked-in may be transferred to and among the Promoters and members of the Promoter Group or to any new promoter or persons in control of our Company, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the Takeover Regulations, as applicable.

(v) The Equity Shares held by persons other than our Promoters and locked-in for a period of one year from the date of Allotment in the Offer may be transferred to any other person holding the Equity Shares which are locked-in, subject to the continuation of the lock-in in the hands of transferees for the remaining period and compliance with the Takeover Regulations.

(vi) The Equity Shares allotted to eligible employees (who will continue to be employees of our Company as on the date of Allotment) under the ESOP Scheme 2011, ESOP Scheme 2015 and ESOP Scheme 2016 shall not be subject to lock in (except any Equity Shares that may be allotted to Promoter Group).

(vii) Any Equity Shares allotted to Anchor Investors under the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment.

(viii) Pursuant to the RBI In-principle Approval dated October 7, 2015 and the RBI Final Approval dated December 20, 2016, our Promoter Group is required to maintain shareholding of our Company at a minimum of 26% for a period of five years from the date of commencement of business as an SFB.

4. Investor Selling Shareholders' shareholding in our Company

As on the date of this Red Herring Prospectus, the Investor Selling Shareholders in aggregate hold 134,632,872 Equity Shares, constituting 47.37% of the pre-Offer issued, subscribed and paid-up equity share capital of our Company in the following manner:

Name of the Investor Selling Shareholders	Number of Equity Shares	Percentage of the pre-Offer equity share capital (%)
Redwood Investment Ltd	59,770,794	21.03
International Finance Corporation	30,288,678	10.66
Labh Investments Limited	22,537,530	7.93
Ourea Holdings Limited	21,149,064	7.44
Kedaara Capital Alternative Investment Fund – Kedaara Capital AIF 1	886,806	0.31
Total	**134,632,872**	**47.37**

5. Our shareholding pattern

The following table sets forth the details of 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)
								No of Voting Rights						Number (a)	As a % of total Shares held (b)	Number (a)	As a % of total Shares held (b)	
								Class: Equity	Class: N/A	Total	Total as a % of (A+B+C)							
(A)	Promoter & Promoter Group	9	102,425,826	-	-	102,425,826	36.03	102,425,826	-	102,425,826	36.03	-	-	-	-	-	-	102,425,826
(B)	Public	221	181,825,080	-	-	181,825,080	63.97	181,825,080	-	181,825,080	63.97	-	-	-	-	-	-	181,825,080
(C)	Non Promoter-Non Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C1)	Shares underlying DRs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C2)	Shares held by Employee Trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	**230**	**284,250,906**	**-**	**-**	**284,250,906**	**100**	**284,250,906**	**-**	**284,250,906**	**100**	**-**	**-**	**-**	**-**	**-**	**-**	**284,250,906**

6. The list of top 10 Shareholders of our Company and the number of Equity Shares held by them

(a) The top 10 Shareholders as on the date of this Red Herring Prospectus are as follows:

S. No.	Name of shareholder	Number of Equity Shares	Percentage of pre-Offer equity share capital (%)
1.	Redwood Investment Ltd	59,770,794	21.03
2.	Mr. Sanjay Agarwal	58,477,128	20.57
3.	International Finance Corporation	30,288,678	10.66
4.	Labh Investments Limited	22,537,530	7.93
5.	Ourea Holdings Limited	21,149,064	7.44
6.	Ms. Jyoti Agarwal	14,182,272	4.99
7.	Ms. Shankuntala Agarwal	14,094,756	4.96
8.	Mr. Chiranji Lal Agarwal	8,119,770	2.86
9.	MYS Holdings Private Limited	7,460,466	2.62
10.	ICICI Prudential Life Insurance Company Limited	4,857,144	1.71
	SBI Life Insurance Company Limited	4,857,144	1.71

(b) The top 10 Shareholders and the number of Equity Shares held by them, as on, 10 days prior to the date of this Red Herring Prospectus and the date of this Red Herring Prospectus are as follows:

S. No.	Name of shareholder	Number of Equity Shares	Percentage of pre-Offer equity share capital (%)
1.	Redwood Investment Ltd	59,770,794	21.03
2.	Mr. Sanjay Agarwal	58,477,128	20.57
3.	International Finance Corporation	30,288,678	10.66
4.	Labh Investments Limited	22,537,530	7.93
5.	Ourea Holdings Limited	21,149,064	7.44
6.	Ms. Jyoti Agarwal	14,182,272	4.99
7.	Ms. Shankuntala Agarwal	14,094,756	4.96
8.	Mr. Chiranji Lal Agarwal	8,119,770	2.86
9.	MYS Holdings Private Limited	7,460,466	2.62
10.	ICICI Prudential Life Insurance Company Limited	4,857,144	1.71
	SBI Life Insurance Company Limited	4,857,144	1.71

(c) The top 10 Shareholders two years prior to the date of this Red Herring Prospectus are as follows:

S. No.	Name of shareholder	Number of Equity Shares	Percentage of pre-Offer equity share capital (%)
1.	Redwood Investment Ltd	11,934,699	27.07
2.	Mr. Sanjay Agarwal	6,601,789	14.98
3.	International Finance Corporation	6,047,875	13.72
4.	Labh Investments Limited	4,500,169	10.21
5.	Ourea Holdings Limited	4,222,927	9.58
6.	Ms. Jyoti Agarwal	2,363,712	5.36
7.	Ms. Shakuntala Agarwal	2,274,326	5.16
8.	India Business Excellence Fund – I	1,910,665	4.33
9.	Mr. Chiranji Lal Agarwal	1,290,449	2.93
10.	IL&FS Trust Company Limited (Trustees of Business Excellence Trust-India Business Excellence Fund)	801,642	1.82

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

(i) Set out below are details of the Equity Shares held by our Directors in our Company:

S. No.	Name	Number of Equity Shares	Percentage of pre-Offer equity share capital (%)
1.	Mr. Sanjay Agarwal	58,477,128	20.57
2.	Mr. Uttam Tibrewal	2,519,790	0.89
3.	Mr. Krishan Kant Rathi	94,289	0.03

(ii) In addition to the Equity Shares held by our Executive Directors, as stated above, set out below are details of the Equity Shares held by other Key Management Persons in our Company:

S. No.	Name	Number of Equity Shares	Percentage of pre-Offer equity share capital (%)
1.	Mr. Deepak Jain	1,140,438	0.40
2.	Mr. Manmohan Parnami	48,888	0.02

8. Except for 4,857,144 Equity Shares held by ICICI Prudential Life Insurance Company Limited, an associate of I-Sec, aggregating to 1.71% of the outstanding equity share capital of our Company, as on the date of this Red Herring Prospectus, the BRLMs or their respective associates do not hold any Equity Shares in our Company. Neither I-Sec nor ICICI Prudential is a promoter or director or an associate of the Company, or directly or indirectly, by themselves, individually or in combination with other persons, exercises control over the other, and therefore this is in compliance with Regulation 21A of the SEBI (Merchant Bankers) Regulations, 1992, as amended, and the SEBI Circular dated August 27, 2013.

9. Our Company has not allotted any Equity Shares pursuant to any scheme approved under Sections 391 to Section 394 of the Companies Act, 1956.

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

11. No payment, direct or indirect in the nature of discount, commission and allowance or otherwise shall be made either by us or our Promoters or the Selling Shareholders to the persons who receive Allotment.

12. Our Company instituted ESOP Scheme 2011 on September 27, 2011 pursuant to the 2010 SHA and resolutions dated May 21, 2011 and September 27, 2011, passed by our Board and Shareholders, respectively.

Company had granted 643,042 options under ESOP Scheme 2011 during Financial Year 2012 which were convertible into 643,042 Equity Shares, which represents 0.23% of the paid-up Equity Share capital of our Company. The following table sets forth the particulars of the options granted under ESOP Scheme 2011 as of the date of this Red Herring Prospectus:

ESOP Scheme 2011 (all the figures are post bonus issue):

Particulars	Details
Options granted	3,858,252
Pricing formula	151,200 ESOP @₹ 4.44 each 3,707,052 ESOP @ ₹ 10.11 each
Vesting period	The vesting period ended on December 20, 2016.
Options vested	3,821,394
Options exercised	3,821,394

<table>
<tr><th>Particulars</th><th>Details</th></tr>
<tr><td>The total number of Equity Shares arising as a result of exercise of options</td><td>3,821,394</td></tr>
<tr><td>Options lapsed</td><td>36,858</td></tr>
<tr><td>Variation of terms of options</td><td>
<table>
<tr><th>Particulars</th><th>Existing terms</th><th>Amended terms, if any</th></tr>
<tr><td>Name of plan</td><td>2011 Au Employees Stock Option Plan</td><td>Same as original</td></tr>
<tr><td>ESOP scheme numbers of ESOP</td><td>643,042</td><td>3,858,252 (post bonus)</td></tr>
<tr><td>Exercise price</td><td>25,200 ESOP @ ₹ 26.65 each
617,842 ESOP @ ₹ 60.65 each</td><td>151,200 ESOP @ ₹ 4.44 each (post bonus issue)
3,707,052 ESOP @ ₹ 10.11 each (post bonus issue)</td></tr>
<tr><td>Exercise period</td><td>The time period after vesting within which the option holder can exercise the right to apply for Equity Shares by exercising the vested options.</td><td>Same as original</td></tr>
<tr><td>Vesting schedule</td><td>As detailed above</td><td>Same as original</td></tr>
<tr><td>Secondary acquisition post listing</td><td>-</td><td>-</td></tr>
</table>
</td></tr>
<tr><td>Money realized by exercise of options</td><td>Nil (this ESOP pool was created out of the existing shareholding of Mr. Sanjay Agarwal, Managing Director, and hence no money was realized by our Company).</td></tr>
<tr><td>Total number of options in force</td><td>Nil, as vesting and exercise is complete.</td></tr>
<tr><td>Employee-wise detail of options granted to</td><td></td></tr>
<tr><td>(i) Senior managerial personnel</td><td>1. Mr. Uttam Tibrewal, Whole-time Director of our Company received 605,736 options @ ₹10.11 each.
2. Mr. Deepak Jain, Chief Financial Officer of our Company received 948,000 options @ ₹10.11 each.
3. Mr. Manmohan Parnami, Company Secretary of our Company received 26,508 options @ ₹ 10.11 each.</td></tr>
<tr><td>1. Any other employee who received a grant in any one year of options amounting to 5% or more</td><td>1. Mr. Manoj Tibrewal, Chief Operating Officer of our Company received 1,500,000 ESOP @ ₹ 10.11 each.</td></tr>
</table>

Particulars	Details
of the options granted during the year	
(i) Identified employees who were granted options during any one year equal to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant	Nil
Fully diluted EPS pursuant to issue of Equity Shares on exercise of options in accordance with the relevant accounting standard	₹ 15.47 each share as on March 31, 2012.
Lock-in	No lock-in
Impact on profit and EPS of the last three years if the accounting policies prescribed in the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 had been followed	The ESOP options were granted, vested and exercised in Financial Years 2011-12 and 2012-13. Hence, the impact on profit and EPS of the last three years was not calculated herein.
Where our Company has calculated the employee compensation cost using the intrinsic value of stock options,	The ESOP options were granted, vested and exercised in Financial Years 2011-12 and 2012-13. Hence, our Company has not calculated the employee compensation cost using the intrinsic value of the stock options. Yet, the valuation report from merchant banker was obtained.

Particulars	Details
difference, if any, between employee compensation cost calculated according using the intrinsic value of stock options and the employee compensation cost calculated on the basis of fair value of stock options	
Weighted average exercise price and the weighted average fair value of options whose exercise price either equals or exceeds or is less than the market price of the stock	Weighted average exercise price was ₹ 9.89 each as on March 31, 2012. Weighted average fair value of options was ₹ 10.08 each as on March 31, 2012.
Method and significant assumptions used to estimate the fair value of options granted during the year	Net assets value method.
Intention of the holders of Equity Shares allotted on exercise of options to sell their shares within three months after the listing of Equity Shares pursuant to the Offer	No employee has communicated his/her intention to sell shares within three months after the listing of Equity Shares pursuant to the offer.
Intention to sell Equity Shares arising out of the ESOP Scheme 2011 within three months after the listing of Equity Shares by directors, senior managerial personnel and employees having Equity Shares arising out of ESOP Scheme 2011 amounting	No employee has communicated his/her intention to sell shares within three months after the listing of Equity Shares pursuant to the offer.

Particulars	Details
to more than 1% of the issued capital (excluding outstanding warrants and conversions)	

We further confirm the following details of all options granted in the three years preceding the date of this Red Herring Prospectus:

Scheme	Grant	Number of options granted		Number of shares allotted on exercise of options	
		Up to May 31, 2017	Year ended March 31, 2017	Up to May 31, 2017	Year ended March 31, 2017
Au Financiers (India) Limited-Employees Stock Option -2011	3,858,252	3,858,252*	3,858,252*	3,821,394	3,821,394

* Represents gross numbers of grants without considering the numbers of lapsed options viz., 36,858 numbers.

Note:

1. *Pursuant to issuance of Bonus issue in the ratio of 5:1 on October 19, 2016 all the ESOP option/price converted into multiple/divide in six after effecting bonus issue and all the figures mentioned above has been converted to such post bonus issue numbers and value.*
2. *Our Company had granted 643,042 options under 2011 Au Employees Stock Option Plan during Financial Year 2011-12 which were convertible into 643,042 Equity Shares. The above option/ shares were earmarked to be granted by the Managing Director of our Company out of his shareholding in the company at the time of entering into first Share Subscription Agreement dated on February 8, 2008 on behalf of the eligible employees. Accordingly, 636,899 Equity shares were transferred upon exercising to the eligible employees during the Financial Years 2012-13 and 2013-14 by the Managing Director of our Company and 6,143 numbers of ESOP options were not accepted by three employees. Hence, such ESOP options lapsed and the Board noted the same in their meeting dated December 20, 2016.*

Our Company, pursuant to resolutions passed by our Board dated August 10, 2015 and Shareholders' resolution dated August 31, 2015 had adopted ESOP Scheme 2015, which is effective for a term of seven years. The ESOP Scheme 2015 was subsequently amended by the shareholders on January 24, 2017 through postal ballot. Pursuant to ESOP Scheme 2015, options to acquire Equity Shares have been granted to eligible employees (as defined under ESOP Scheme 2015). ESOP Scheme 2015 is in compliance with the SEBI ESOP Regulations and the Companies Act, 2013 and is accounted in accordance with the guidance note issued by Institute of Chartered Accountants of India and the relevant accounting standard, as per the certificate dated June 1, 2017 from M/s G.M. Kapadia and Co., Chartered Accountants. The ESOP Scheme 2015 envisages the grant of such number of options, which may be issued under ESOP Scheme 2015, representing at any given point of time not more than 8,769,252 Equity Shares. However, the options granted after an IPO would not be governed by ESOP Scheme 2015 unless specifically made applicable by the ESOP Scheme 2015 compensation committee. The ESOP Scheme 2015 compensation committee would decide the terms and conditions in relation to such options. The Equity Shares are issued in ratio of five Equity Shares for each Equity Share held in our Company.

ESOP Plan - A – 2015 (all the figures are post bonus issue)

Particulars	Details
Total Options granted	3,756,930
Pricing formula	₹ 10.11 each

<table>
<tr><th>Particulars</th><th>Details</th></tr>
<tr><td>Vesting period</td><td>
<table>
<tr><th>Vesting date</th><th>% of vesting of options</th></tr>
<tr><td>1 year from the date of grant or at the time of IPO whichever is later</td><td>20%</td></tr>
<tr><td>Expiry of 1 year from 1st vesting</td><td>30%</td></tr>
<tr><td>Expiry of 2 years from 1st vesting</td><td>50%</td></tr>
<tr><td>Total</td><td>100%</td></tr>
</table>
</td></tr>
<tr><td>Total Options vested</td><td>Nil</td></tr>
<tr><td>Options exercised</td><td>Nil</td></tr>
<tr><td>The total number of Equity Shares arising as a result of exercise of granted options (net of cancelled / forfeited / lapsed)</td><td>Nil</td></tr>
<tr><td>Options lapsed / cancelled (available for issuance in future under the said scheme) / forfeited</td><td>317,154</td></tr>
<tr><td>Variation of terms of options</td><td>
<table>
<tr><th>Particulars</th><th>Existing terms</th><th>Amended terms, if any</th></tr>
<tr><td>Name of plan</td><td>Au FINANCIERS (INDIA) LIMITED-Employees Stock Option Plan-A 2015</td><td>Same as original</td></tr>
<tr><td>ESOP scheme numbers of ESOPs</td><td>639,343</td><td>3,836,058 (post bonus)</td></tr>
<tr><td>Exercise price</td><td>₹ 60.65 each</td><td>₹ 10.11 each (post bonus)</td></tr>
<tr><td>Exercise period</td><td>The time period of four years from the first vesting date within which an employee should exercise his right to apply for shares against the vested option in pursuance to this ESOP plan. The options shall not be permitted to be exercised after the expiry of the above mentioned exercise period. After the above mentioned date, all the options vested but remaining unexercised under the ESOP plan shall lapse and such options which were subject thereto, shall become available for future grant under the ESOP plan (unless the ESOP plan is</td><td>Same as original</td></tr>
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</table>

Particulars	Details			
		terminated)		
	Vesting schedule	As detailed above	Same as original	
	Secondary acquisition post listing	-	Au Financiers Employee Welfare Trust can purchase shares from stock exchanges where shares of Company would be listed	
Money realized by exercise of options	Nil			
Total number of options outstanding (in force)	3,439,776			
Employee-wise detail of options granted to				
(i) Senior managerial personnel i.e., Directors and Key managerial personnel	1. Mr. Uttam Tibrewal, Whole-time Director of our Company received 1,665,000 options @ ₹ 10.11 each. 2. Mr. Deepak Jain, Chief Financial Officer of our Company received 509,562 options @ ₹ 10.11 each. 3. Mr. Manmohan Parnami, Company Secretary of our Company received 13,650 options @ ₹ 10.11 each.			
(ii) Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted	Nil			

Particulars	Details
during the year	
Identified employees who were granted options during any one year equal to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant	Nil
Fully diluted EPS pursuant to issue of Equity Shares on exercise of options in accordance with in accordance with Accounting Standard (AS) 20 'Earning Per Share'	Earnings per equity share ₹ 30.36 as on March 31, 2017 (including exceptional item) Earnings per equity share ₹ 11.74 as on March 31, 2017 (excluding exceptional item)
Lock-in	No lock-in

<table>
<tr><th>Particulars</th><th>Details</th></tr>
<tr><td>Impact on profit and EPS of the last three years if the accounting policies prescribed in the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 had been followed</td><td>
<table>
<tr><th>Particulars</th><th>Year ended March 31, 2017</th></tr>
<tr><td>Profit after tax as reported (₹ In Millions)</td><td>8,427.13</td></tr>
<tr><td>Add: ESOP cost using intrinsic value method (net of tax) (₹ In Millions)</td><td>26.64</td></tr>
<tr><td>Less: ESOP cost using fair value method (net of tax) (₹ In Millions)</td><td>40.87</td></tr>
<tr><td>Profit after tax (adjusted) (₹ In Millions)</td><td>8,412.90</td></tr>
<tr><td>Earnings Per Share</td><td></td></tr>
<tr><td>Basic</td><td></td></tr>
<tr><td>- As reported</td><td>30.94</td></tr>
<tr><td>- Adjusted for ESOP cost using fair value method</td><td>30.89</td></tr>
<tr><td>Diluted</td><td></td></tr>
<tr><td>- As reported</td><td>30.36</td></tr>
<tr><td>- Adjusted for ESOP cost using fair value method</td><td>30.31</td></tr>
</table>
</td></tr>
<tr><td>Where our Company has calculated the employee compensation cost using the intrinsic value of stock options, difference, if any, between employee compensation cost calculated according using the intrinsic value of stock options and the employee compensation cost calculated on the basis of fair value of stock options</td><td>
<table>
<tr><th>Particulars</th><th>Year ended March 31, 2017</th><th>Year ended March 31, 2016</th></tr>
<tr><td>Profit after tax as reported (₹ In Millions)</td><td>8,427.13</td><td>2,471.54</td></tr>
<tr><td>Add: ESOP cost using intrinsic value method (net of tax) (₹ In Millions)</td><td>26.64</td><td>13.59</td></tr>
<tr><td>Less: ESOP cost using fair value method (net of tax) (₹ In Millions)</td><td>40.87</td><td>20.24</td></tr>
<tr><td>Profit after tax (adjusted) (₹ In Millions)</td><td>8,412.90</td><td>2464.89</td></tr>
<tr><td>Earnings Per Share</td><td></td><td></td></tr>
<tr><td>Basic</td><td></td><td></td></tr>
<tr><td>- As reported</td><td>30.94</td><td>9.34</td></tr>
<tr><td>- Adjusted for ESOP cost using fair value method</td><td>30.89</td><td>9.32</td></tr>
<tr><td>Diluted</td><td></td><td></td></tr>
<tr><td>- As reported</td><td>30.36</td><td>9.28</td></tr>
<tr><td>- Adjusted for ESOP cost using fair value method</td><td>30.31</td><td>9.26</td></tr>
</table>
</td></tr>
<tr><td>Weighted average</td><td>Weighted Average exercise price is ₹ 10.11 each as on March 31, 2017 and whereas weighted average fair value of stock options is ₹ 32.03 each (Plan A1) and ₹ 43.50 each (Plan A2) as on March 31,</td></tr>
</table>

Particulars	Details
exercise price and the weighted average fair value of options whose exercise price either equals or exceeds or is less than the market price of the stock	2017.
Method and significant assumptions used to estimate the fair value of options granted during the year	The Black-Scholes model has been used for computing the weighted average fair valueof option granted.
Intention of the holders of Equity Shares allotted on exercise of options to sell their shares within three months after the listing of Equity Shares pursuant to the Offer	Nil as no vesting has been done till date.
Intention to sell Equity Shares arising out of the ESOP Scheme 2015 within three months after the listing of Equity Shares by directors, senior managerial personnel	Nil as no vesting has been done till date.

Particulars	Details
and employees having Equity Shares arising out of ESOP Scheme 20]5 amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions)	

We further confirm the following details of all options granted in the three years preceding the date of this Red Herring Prospectus:

Scheme	Total numbers of ESOP under the plan	Number of options granted		Number of shares allotted on exercise of options	
		Up to May 31, 2017	Year ended March 31, 2017	Up to May 31, 2017	Year ended March 31, 2017
Au Financiers (India) Limited-Employees Stock Option Plan A- 2015	3,836,058	3,756,930	3,756,930	Nil	Nil

We further confirm the following details of all Equity Shares issued pursuant to the ESOP Scheme 2015 of our Company since the date of first issuance of Equity Shares pursuant to the ESOP Scheme 2015

Quarter	Aggregate number of Equity Shares issued pursuant to ESOP scheme	Highest price at which Equity Shares issued for quarter	Lowest price at which Equity Shares issued for quarter
-	-	-	-

We further confirm that the accounting treatment of the ESOP Scheme 2015 is framed in accordance with the relevant Guidance Note and/or Accounting Standards, issued by the Institute of Chartered Accountants of India in this regard.

Note:

1. *Pursuant to issuance of Bonus issue in the ratio of 5:1 on October 19, 2016 all the ESOP option/price converted into multiple/divided in six after effecting bonus issue and all the figures mentioned above converted to post bonus issue position.*

ESOP Plan - B 2015 (all the figures are post bonus issue):

Particulars	Details
Total Options granted	3,985,500

<table>
<tr><th>Particulars</th><th>Details</th></tr>
<tr><td>Pricing formula</td><td>₹ 33.37 each after effecting the bonus issue in the ratio of 5:1</td></tr>
<tr><td>Vesting period</td><td>
<table>
<tr><th>Vesting date</th><th>% of vesting of options</th></tr>
<tr><td>1 year from the date of grant or at the time of IPO whichever is later</td><td>20%</td></tr>
<tr><td>Expiry of 1 year from 1st vesting</td><td>30%</td></tr>
<tr><td>Expiry of 2 years from 1st vesting</td><td>50%</td></tr>
<tr><td>Total</td><td>100%</td></tr>
</table>
</td></tr>
<tr><td>Total Options vested</td><td>Nil</td></tr>
<tr><td>Options exercised</td><td>Nil</td></tr>
<tr><td>The total number of Equity Shares arising as a result of exercise of granted options (net of cancelled / forfeited / lapsed)</td><td>Nil</td></tr>
<tr><td>Options cancelled (available for issuance in future under the said scheme)Options lapsed / cancelled / forfeited</td><td>106,950</td></tr>
<tr><td>Variation of terms of options</td><td>
<table>
<tr><th>Particulars</th><th>Existing terms</th><th>Amended terms, if any</th></tr>
<tr><td>Name of plan</td><td>Au FINANCIERS (INDIA) LIMITED-Employees Stock Option Plan-B 2015</td><td>Same as original</td></tr>
<tr><td>ESOP scheme numbers of ESOP</td><td>822,199</td><td>4,933,194 (post bonus)</td></tr>
<tr><td>Exercise price</td><td>₹ 200.21 each</td><td>₹ 33.37 each (post bonus)</td></tr>
<tr><td>Exercise period</td><td>The time period of four years from the first vesting date within which an employee should exercise his right to apply for shares against the vested option in pursuance to this ESOP plan. The options shall not be permitted to be exercised after the expiry of the above mentioned exercise period. After the above mentioned date, all the options vested but remaining unexercised under the ESOP plan shall lapse and such options which were subject thereto, shall become available for future grant under the ESOP plan (unless the ESOP plan is terminated)</td><td>Same as original</td></tr>
</table>
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</table>

Particulars	Details			
	Vesting schedule	As detailed above	Same as original	
	Secondary acquisition post listing	-	Au Financiers Employee Welfare Trust can purchase shares from stock exchanges where shares of Company would be listed	
Money realized by exercise of options	Nil			
Total number of options outstanding (in force)	3,878,550			
Employee-wise detail of options granted to				
(iv) Senior managerial personnel, Directors and Key managerial personnel	1. Mr. Uttam Tibrewal, Whole-time Director of our Company received 2,061,924 options @₹ 33.37 each. 2. Mr. Manmohan Parnami, Company Secretary, of our Company received 13,254 options @ ₹ 33.37 each.			
(v) Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	Nil			
Identified employees who were granted options during any one year equal to exceeding 1% of the issued capital (excluding	Nil			

<table>
<tr><th>Particulars</th><th>Details</th></tr>
<tr><td>outstanding warrants and conversions) of our Company at the time of grant</td><td></td></tr>
<tr><td>Fully diluted EPS pursuant to issue of Equity Shares on exercise of options in accordance with in accordance with Accounting Standard (AS) 20 ‘Earning Per Share’</td><td>Earnings per equity share ₹ 30.36 as on March 31, 2017
(including exceptional item)

Earnings per equity share ₹ 11.74 as on March 31, 2017.
(excluding exceptional item)</td></tr>
<tr><td>Lock-in</td><td>No lock-in</td></tr>
<tr><td>Impact on profit and EPS of the last three years if the accounting policies prescribed in the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 had been followed</td><td>
<table>
<tr><th>Particulars</th><th>Year ended March 31, 2017</th></tr>
<tr><td>Profit after tax as reported (₹ In Millions)</td><td>8,427.13</td></tr>
<tr><td>Add: ESOP cost using intrinsic value method (net of tax) (₹ In Millions)</td><td>26.64</td></tr>
<tr><td>Less: ESOP cost using fair value method (net of tax) (₹ In Millions)</td><td>40.87</td></tr>
<tr><td>Profit after tax (adjusted) (₹ In Millions)</td><td>8,412.90</td></tr>
<tr><td>Earnings Per Share</td><td></td></tr>
<tr><td>Basic</td><td></td></tr>
<tr><td>- As reported</td><td>30.94</td></tr>
<tr><td>- Adjusted for ESOP cost using fair value method</td><td>30.89</td></tr>
<tr><td>Diluted</td><td></td></tr>
<tr><td>- As reported</td><td>30.36</td></tr>
<tr><td>- Adjusted for ESOP cost using fair value method</td><td>30.31</td></tr>
</table>
</td></tr>
</table>

<table>
<tr><th>Particulars</th><th>Details</th></tr>
<tr><td>Where our Company has calculated the employee compensation cost using the intrinsic value of stock options, difference, if any, between employee compensation cost calculated according using the intrinsic value of stock options and the employee compensation cost calculated on the basis of fair value of stock options</td><td>
<table>
<tr><th>Particulars</th><th>Year ended March 31, 2017</th><th>Year ended March 31, 2016</th></tr>
<tr><td>Profit after tax as reported (₹ In Millions)</td><td>8,427.13</td><td>2,471.54</td></tr>
<tr><td>Add: ESOP cost using intrinsic value method (net of tax) (₹ In Millions)</td><td>26.64</td><td>13.59</td></tr>
<tr><td>Less: ESOP cost using fair value method (net of tax) (₹ In Millions)</td><td>40.87</td><td>20.24</td></tr>
<tr><td>Profit after tax (adjusted) (₹ In Millions)</td><td>8,412.90</td><td>2,464.89</td></tr>
<tr><td>Earnings Per Share</td><td></td><td></td></tr>
<tr><td>Basic</td><td></td><td></td></tr>
<tr><td>- As reported</td><td>30.94</td><td>9.34</td></tr>
<tr><td>- Adjusted for ESOP cost using fair value method</td><td>30.89</td><td>9.32</td></tr>
<tr><td>Diluted</td><td></td><td></td></tr>
<tr><td>- As reported</td><td>30.36</td><td>9.28</td></tr>
<tr><td>- Adjusted for ESOP cost using fair value method</td><td>30.31</td><td>9.26</td></tr>
</table>
</td></tr>
<tr><td>Weighted average exercise price and the weighted average fair value of options whose exercise price either equals or exceeds or is less than the market price of the stock</td><td>Weighted Average exercise price is ₹ 33.37 each as on March 31, 2017 and whereas the weighted average fair value of stock options is ₹ 21.31 each (Plan B1), ₹ 30.82 each (Plan B2), ₹ 68.12 each (Plan B3) and ₹ 68.12 each (Plan B4) each as on March 31, 2017.</td></tr>
<tr><td>Method and significant assumptions used to estimate the fair value of options granted during the year</td><td>The Black-Scholes Model has been used for computing the weighted average fair valueof option granted</td></tr>
<tr><td>Intention of the holders of Equity Shares allotted on exercise of options to sell their shares within three months after the listing of Equity Shares pursuant</td><td>Nil as no vesting has been done till date.</td></tr>
</table>

Particulars	Details
to the Offer	
Intention to sell Equity Shares arising out of the ESOP Scheme 2015 within three months after the listing of Equity Shares by directors, senior managerial personnel and employees having Equity Shares arising out of ESOP Scheme 20]5 amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions)	Nil as no vesting has been done till date.

We further confirm the following details of all options granted in the three years preceding the date of this Red Herring Prospectus:

Scheme	Total numbers of ESOP under the plan	Number of options granted		Number of shares allotted on exercise of options	
		Up to May 31, 2017	Year ended March 31, 2017	Up to May 31, 2017	Year ended March 31, 2017
Au Financiers (India) Limited-Employees Stock Option Plan B-2015	4,933,194	3,985,500	3,985,500	Nil	Nil

We further confirm the following details of all Equity Shares issued pursuant to the ESOP Scheme 2015 of our Company since the date of first issuance of Equity Shares pursuant to the ESOP Scheme 2015, until date:

Quarter	Aggregate number of Equity Shares issued pursuant to ESOP scheme	Highest price at which Equity Shares issued for quarter	Lowest price at which Equity Shares issued for quarter
-	-	-	-

We further confirm that the accounting treatment of ESOP Scheme 2015 is framed in accordance with the relevant Guidance Note and/or Accounting Standards, issued by the Institute of Chartered Accountants of India in this regard.

Note:

1. *Pursuant to issuance of bonus issue in the ratio of 5:1 on October 19, 2016 all the ESOP option/price converted into multiple/divided in six after effecting bonus issue and all the figures mentioned above converted to post bonus issue position.*

Our Company, pursuant to resolutions passed by our Board dated August 23, 2016 and Shareholders' resolution dated October 10, 2016 had adopted ESOP Scheme 2016. The ESOP Scheme 2016 was subsequently amended by the shareholders on January 24, 2017 through postal ballot. Pursuant to ESOP Scheme 2016, options to acquire Equity Shares have been granted to eligible employees (as defined under ESOP Scheme 2016). ESOP Scheme 2016 is in compliance with the SEBI ESOP Regulations and the Companies Act, 2013 and is accounted in accordance with the guidance note issued by the Institute of Chartered Accountants of India and the relevant accounting standard, as per the certificate dated June 1, 2017 from M/s G.M. Kapadia and Co., Chartered Accountants. The aggregate number of Equity Shares, which may be issued under ESOP Scheme 2016, shall not exceed 2,100,000 Equity Shares @ ₹ 140.

ESOP Scheme 2016 (all the figures are post bonus issue):

Particulars	Details
Options granted	768,100
Pricing formula	₹ 140 each
Vesting period	Options granted under this scheme would vest after one year but not later than six years from the date of grant of options.
Options vested	Nil
Options exercised	Nil
The total number of Equity Shares arising as a result of exercise of options	Nil
Options cancelled (available for issuance in future under the said scheme)	1,500

<table>
<tr><th>Particulars</th><th>Details</th></tr>
<tr><td>Variation of terms of options</td><td>
<table>
<tr><th>Particulars</th><th>Existing terms</th><th>Amended terms, if any</th></tr>
<tr><td>Name of plan</td><td>Au FINANCIERS (INDIA) LIMITED-Employees Stock Option Plan 2016</td><td>No change</td></tr>
<tr><td>ESOP scheme numbers of ESOPs</td><td>3,50,000</td><td>21,00,000 (post bonus)</td></tr>
<tr><td>Exercise price</td><td>₹ 840 each</td><td>₹ 140 each (post bonus)</td></tr>
<tr><td>Exercise period</td><td>Time period of four years starting from the first vesting date.</td><td>Time period of six years from first vesting date.</td></tr>
<tr><td>Vesting schedule</td><td>First vesting - 20% - One (1) year from Initial Public Offer (“IPO”) or twelve (12) months from grant date, whichever is later.
Second Vesting - 30% - after 2 year from date of 1st grant.
Third Vesting - 50% - after 3 year from date of 1st grant.</td><td>Options granted under this scheme would vest after one year but not later than six years from the date of grant of options.</td></tr>
<tr><td>Secondary acquisition post listing</td><td>-</td><td>Au Employee Welfare Trust can purchase shares from stock exchanges where shares of Company would be listed.</td></tr>
</table>
</td></tr>
<tr><td>Money realized by exercise of options</td><td>Nil</td></tr>
<tr><td>Total number of options outstanding (in force)</td><td>766,600</td></tr>
<tr><td>Employee-wise detail of options granted to</td><td>Nil</td></tr>
<tr><td>(vii) Senior managerial personnel</td><td>-</td></tr>
<tr><td>(viii) Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year</td><td>1. Mr. Sharad Vishvanath, Group Head Digital Bank, Analytics & HR granted 360,000 ESOP @ ₹ 140 each on 13th May 2017.</td></tr>
</table>

<table>
<tr><th>Particulars</th><th>Details</th></tr>
<tr><td>Identified employees who were granted options during any one year equal to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant</td><td>Nil</td></tr>
<tr><td>Fully diluted EPS pursuant to issue of Equity Shares on exercise of options in accordance with the relevant accounting standard</td><td>Earnings per equity share ₹ 30.36 as on March 31, 2017
(including exceptional item)

Earnings per equity share ₹ 11.74 as on March 31, 2017.
(excluding exceptional item)</td></tr>
<tr><td>Lock-in</td><td>No lock-in</td></tr>
<tr><td>Impact on profit and EPS of the last three years if the accounting policies prescribed in the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 had been followed</td><td>
<table>
<tr><th>Particulars</th><th>Year ended March 31, 2017</th></tr>
<tr><td>Profit after tax as reported (₹ In Millions)</td><td>8,427.13</td></tr>
<tr><td>Add: ESOP cost using intrinsic value method (net of tax) (₹ In Millions)</td><td>26.64</td></tr>
<tr><td>Less: ESOP cost using fair value method (net of tax) (₹ In Millions)</td><td>40.87</td></tr>
<tr><td>Profit after tax (adjusted) (₹ In Millions)</td><td>8,412.90</td></tr>
<tr><td>Earnings Per Share</td><td></td></tr>
<tr><td>Basic</td><td></td></tr>
<tr><td>- As reported</td><td>30.94</td></tr>
<tr><td>- Adjusted for ESOP cost using fair value method</td><td>30.89</td></tr>
<tr><td>Diluted</td><td></td></tr>
<tr><td>- As reported</td><td>30.36</td></tr>
<tr><td>- Adjusted for ESOP cost using fair value method</td><td>30.31</td></tr>
</table>
</td></tr>
<tr><td>Where our</td><td></td></tr>
</table>

<table>
<tr><th>Particulars</th><th>Details</th></tr>
<tr><td>Company has calculated the employee compensation cost using the intrinsic value of stock options, difference, if any, between employee compensation cost calculated according using the intrinsic value of stock options and the employee compensation cost calculated on the basis of fair value of stock options</td><td>
<table>
<tr><th>Particulars</th><th>Year ended March 31, 2017</th><th>Year ended March 31, 2016</th></tr>
<tr><td>Profit after tax as reported (₹ In Millions)</td><td>8,427.13</td><td>2,471.54</td></tr>
<tr><td>Add: ESOP cost using intrinsic value method (net of tax) (₹ In Millions)</td><td>26.64</td><td>13.59</td></tr>
<tr><td>Less: ESOP cost using fair value method (net of tax) (₹ In Millions)</td><td>40.87</td><td>20.24</td></tr>
<tr><td>Profit after tax (adjusted) (₹ In Millions)</td><td>8,412.90</td><td>2464.89</td></tr>
<tr><td>Earnings Per Share</td><td></td><td></td></tr>
<tr><td>Basic</td><td></td><td></td></tr>
<tr><td>- As reported</td><td>30.94</td><td>9.34</td></tr>
<tr><td>- Adjusted for ESOP cost using fair value method</td><td>30.89</td><td>9.32</td></tr>
<tr><td>Diluted</td><td></td><td></td></tr>
<tr><td>- As reported</td><td>30.36</td><td>9.28</td></tr>
<tr><td>- Adjusted for ESOP cost using fair value method</td><td>30.31</td><td>9.26</td></tr>
</table>
</td></tr>
<tr><td>Weighted average exercise price and the weighted average fair value of options whose exercise price either equals or exceeds or is less than the market price of the stock</td><td>Weighted Average exercise price is ₹ 140 each as on March 31, 2017 and whereas weighted average fair value of stock options is ₹ 39.84 each (Plan C1), ₹ 38.85 each (Plan C2), ₹ 38.45 each (Plan C3) each as on March 31, 2017.</td></tr>
<tr><td>Method and significant assumptions used to estimate the fair value of options granted during the year</td><td>The Black-Scholes Model has been used for computing the weighted average fair valueof option granted</td></tr>
<tr><td>Intention of the holders of Equity Shares allotted on exercise of options to sell their shares within three months after the listing of Equity Shares</td><td>Nil as no vesting has been done till date</td></tr>
</table>

Particulars	Details
pursuant to the Offer	
Intention to sell Equity Shares arising out of the ESOP Scheme 2016 within three months after the listing of Equity Shares by directors, senior managerial personnel and employees having Equity Shares arising out of ESOP Scheme 2016 amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions)	Nil as no vesting has been done till date

We further confirm the following details of all options granted in the three years preceding the date of this Red Herring Prospectus:

Scheme	Total number of ESOP under the plan	Number of options granted	Number of shares allotted on exercise of options
		Up to May 31, 2017	Up to May 31, 2017
Au Financiers (India) Limited-Employees Stock Option Plan 2016	2,100,000	768,100	Nil

We further confirm the following details of all Equity Shares issued pursuant to the ESOP Scheme 2016 of our Company since the date of first issuance of Equity Shares pursuant to the ESOP Scheme 2016.

Quarter	Aggregate number of Equity Shares issued pursuant to ESOP scheme	Highest price at which Equity Shares issued for quarter	Lowest price at which Equity Shares issued for quarter
-	-	-	-

Note:

Pursuant to issuance of Bonus issue in the ratio of 5:1 on October 19, 2016 all the ESOP option/price converted into multiple/divide in 6 after effecting bonus issue and all the figures mentioned above converted to post bonus issue position.

13. Except as stated in the table below, none of the members of our Promoter Group, our Promoters or our Directors and their immediate relatives have purchased or sold any securities of our Company during the period of six months immediately preceding the date of filing of the Draft Red Herring Prospectus with the SEBI:

S. No.	Name of transferee	Name of transferor	Number of Equity Shares	Date of transfer
1.	Ms. Indra Rathi (Spouse of Mr. Krishan Kant Rathi)	Mr. Laxman Singh Rathore	10,000	October 7, 2016

14. As of the date of the filing of this Red Herring Prospectus, the total number of our Shareholders is 230.

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

16. All Equity Shares issued pursuant to the Offer will be fully paid-up at the time of Allotment and there are no partly paid-up Equity Shares as on the date of this Red Herring Prospectus.

17. Any oversubscription to the extent of 10% of the Offer can be retained for the purposes of rounding off to the nearer multiple of minimum allotment lot.

18. Except for the sale of Equity Shares in the Offer for Sale, our Promoters and our Promoter Group will not participate in the Offer.

19. There have been no financing arrangements whereby our Promoters, 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 during a period of six months preceding the date of filing of the Draft Red Herring Prospectus.

20. Our Company presently does not intend or propose to alter its capital structure for a period of six months from the Bid/Offer Opening Date, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether on a preferential basis or by way of issue of bonus shares or on a rights basis or by way of further public issue of Equity Shares or qualified institutions placements or otherwise. Provided, however, that the foregoing restrictions do not apply to: (a) the issuance of any Equity Shares under this Offer; and (b) any issuance, offer, sale or any other transfer or transaction of a kind referred to above of any Equity Shares under or in connection with the exercise of any options, as granted under ESOP Scheme 2015 and ESOP Scheme 2016, or similar securities, as disclosed in this Red Herring Prospectus and the Prospectus, provided they have been approved by our Board.

21. Pursuant to Rule 19(2)(b) of the SCRR, the Net Offer is being made for at least 10% of the post-Offer paid-up equity share capital of our Company. The Offer is being made under Regulation 26(1) of the SEBI ICDR Regulations and through a Book Building Process wherein 50% of the Net Offer shall be Allotted on a proportionate basis to QIBs. Our Company and the Selling Shareholders may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors at the Anchor Investor Allocation Price, on a discretionary basis, out of which at least one-third shall be available for allocation to domestic Mutual Funds only. 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders other than Anchor Investors, including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Net Offer shall be available for allocation to Non-Institutional Bidders and not less than 35% of the Net Offer shall be available for allocation to Retail Individual Bidders in accordance with SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. All potential investors, other

than Anchor Investors, are mandatorily required to utilise the ASBA process by providing details of their respective bank accounts which will be blocked by the SCSBs, to participate in this Offer. For further details, see "*Offer Procedure*" on page 366.

22. Under-subscription, if any, in any category, except in the QIB Portion, would be allowed to be met with spill over from any other category or a combination of categories at the discretion of our Company and the Selling Shareholders in consultation with the BRLMs and the Designated Stock Exchange. Under-subscription, if any, in the Employee Reservation Portion will be added back to the Net Offer to the public.

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

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

25. Our Company shall ensure that transactions in the Equity Shares by our Promoters and the Promoter Group between the date of registering of this Red Herring Prospectus with RoC and the date of closure of the Offer shall be intimated to the Stock Exchanges within 24 hours of such transaction.

26. No person connected with the Offer, including, but not limited to, the BRLMs, the members of the Syndicate, our Company, the Directors, the Promoters, members of our Promoter Group, shall offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise to any Bidder for making a Bid.

27. Except options granted pursuant to ESOP Scheme 2015 and ESOP Scheme 2016, there are no outstanding convertible securities or any other right which would entitle any person any option to receive Equity Shares, as on the date of this Red Herring Prospectus.

28. Only Eligible Employees would be eligible to apply in the Offer under the Employee Reservation Portion on a competitive basis. Bids by Eligible Employees can also be made in the Net Offer and such Bids shall not be treated as multiple Bids. If the aggregate demand in the Employee Reservation Portion is greater than 1,000,000 Equity Shares at or above the Offer Price, allocation shall be made on a proportionate basis. The Employee Reservation Portion will not exceed 5% of the post-Offer capital of our Company.

SECTION IV: PARTICULARS OF THE OFFER

OBJECTS OF THE OFFER

The objects of the Offer are to achieve the benefits of listing the Equity Shares on the Stock Exchanges and for the Offer for Sale of 53,422,169 Equity Shares. For further details, see the section titled "*The Offer*" on page 63.

Our Company expects that listing of the Equity Shares will enhance our visibility and brand and provide liquidity to its existing shareholders. Listing will also provide a public market for the Equity Shares in India. Our Company will not receive any proceeds from the Offer. All proceeds from the Offer will go to each of the Selling Shareholders, in proportion to its portion of the Offered Shares.

Offer related expenses

The total expenses of the Offer are estimated to be approximately ₹ [●] million. The expenses of this Offer include, among others, underwriting and lead management fees, selling commissions, SCSBs' commissions/ fees, printing and distribution expenses, legal fees, Offer related advertisements and publicity, registrar and depository fees and listing fees.

Other than listing fees, which will be paid by our Company, all costs, fees and expenses with respect to the Offer will be shared between the Selling Shareholders, in proportion to their respective proportion of the Offered Shares, upon successful completion of the Offer. Upon the successful completion of the Offer, each of the Selling Shareholders agree that they shall severally and not jointly reimburse our Company, on a pro-rata basis, in proportion to their respective proportion of the Offered Shares, for any expenses incurred by our Company on behalf of such Selling Shareholder. However, in the event that the Offer is withdrawn or not completed for any reason whatsoever, all Offer related expenses will be borne by our Company.

The estimated Offer expenses are as under:

S. No.	Activity Expense	Estimated amount (₹ in million) [(1)] [(2)]	Percentage of Total Estimated Offer Expenses[(2)]	Percentage of Offer Size
1.	Fees of the BRLMs, underwriting commission, brokerage and selling commission (including commissions to SCSBs for ASBA Applications) and Commission payable to Registered Brokers[(4)]	[●]	[●]	[●]
2.	Processing fee to the SCSBs for processing Bid cum Application Forms procured by Syndicate/Sub Syndicate and submitted to SCSBs or procured by Registered Brokers	[●]	[●]	[●]
3.	Offer related advertisements and marketing expenses, printing and stationery, distribution, postage etc.	[●]	[●]	[●]
4.	Fees to the Registrar to the Offer	[●]	[●]	[●]
5.	Selling commission payable on the portion for Retail Individual Bidders, Non-institutional Investors and Eligible Employees. [(3)]	[●]	[●]	[●]
6.	Listing Fees and other regulatory expenses and other expenses, (legal advisors and other advisors etc.)	[●]	[●]	[●]
	Total Estimated Offer Expenses [(5)]	[●]	[●]	[●]

1. To be determined on finalization of the Offer Price and updated in the Prospectus prior to filing with the RoC.

2. SCSBs will be entitled to a processing fee of ₹10 per ASBA Form for processing the ASBA Forms procured by members of the Syndicate, Brokers, sub-syndicate / agents, Registered Brokers, RTAs or CDPs and submitted to the SCSBs

3. *Members of the Syndicate, RTAs, CDPs and SCSBs (for the forms directly procured by them) will be entitled to selling commission as below:*

   *Portion for Retail Individual Bidders: 0.30 % of the Amount Allotted**

   *Portion for Non-Institutional Bidders: 0.15 % of the Amount Allotted**

   *Portion for Eligible Employees: 0.15 % of the Amount Allotted**

4. *Registered Brokers will be entitled to a commission of ₹10 per every valid ASBA Form submitted to them and uploaded on the electronic bidding system of the Stock Exchanges*
5. *All of the above are exclusive of applicable taxes*

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

Monitoring of Utilization of Funds

As the Offer is an Offer for Sale and our Company will not receive any proceeds from the Offer, our Company is not required to appoint a monitoring agency for the Offer.

BASIS FOR OFFER PRICE

The Offer Price will be determined by our Company and the Selling Shareholders, in consultation with the BRLMs on the basis of assessment of market demand for the Equity Shares through the Book Building Process and on the basis of the following qualitative and quantitative factors. The face value of the Equity Shares is ₹ 10 each and the Offer Price is [●] times the face value at the lower end of the Price Band and [●] times the face value at the higher end of the Price Band. Investors should also refer to the sections "*Our Business*", "*Risk Factors*" and "*Financial Statements*" on pages 144, 19 and 224, respectively, to have an informed view before making an investment decision.

Qualitative Factors

We believe the following are our competitive strengths:

- Diversified Product portfolio and revenue streams
- Customer centric organisational commitment
- Significant presence in rural and semi-urban markets with focus on low and middle income customers
- Robust and comprehensive credit assessment and risk management framework
- Access to diversified sources of funding
- Experienced management team and qualified operational personnel

For further details, please see "*Our Business*" and "*Risk Factors*" on pages 144 and 19, respectively.

Quantitative factors

Some of the information presented in this section relating to our Company is derived from the Restated Financial Statements prepared in accordance with the Indian GAAP and restated as per the SEBI ICDR Regulations. Some of the quantitative factors, which form the basis for computing the Offer Price, are as follows:

1. *Basic Earnings Per Share (Basic EPS) & Diluted Earnings Per Share (Diluted EPS)*

Financial Period	Basic EPS (including exceptional item) (₹)[(1)]	Diluted EPS (including exceptional item) (₹)[(1)]	Basic EPS (excluding exceptional item) (₹)	Diluted EPS (excluding exceptional item) (₹)	Weight
Financial Year ended March 31, 2017	30.94	30.36	11.96	11.74	3
Financial Year ended March 31, 2016	9.34	9.28	9.34	9.28	2
Financial Year ended March 31, 2015	5.31	5.31	5.31	5.31	1
Weighted average[(2)]	**19.47**	**19.16**	**9.98**	**9.85**	

Notes:

(1) Basic EPS and Diluted EPS calculations are in accordance with Accounting Standard 20 (AS-20) 'Earnings per Share', notified under Section 133 of Companies Act, 2013 read together along with paragraph 7 of the Companies (Accounts) Rules, 2014.

(2) The number of equity shares and the resultant Basic EPS and Diluted EPS in respect of the financial years ended March 31, 2016 and March 31, 2015 considered above is adjusted for the issue of bonus shares in the financial year ended March 31, 2017 in the ratio of 5:1.

(3) Weighted average = Aggregate of year-wise weighted EPS divided by the aggregate of weights i.e. [(EPS x Weight) for each year] / [Total of weights]

2. *Price Earning (P/E) Ratio in relation to the Price Band of ₹[●] to [●] per Equity Share of ₹10 each*

S. No.	Particulars	P/E at the lower end of Price band (no. of times)	P/E at the higher end of Price band (no. of times)
1.	Based on Basic EPS (excluding exceptional item) for the financial year ended March 31, 2017	[●]	[●]
2.	Based on Diluted EPS (excluding exceptional item) for the financial year ended March 31, 2017	[●]	[●]

Industry P/E ratio

	P/ E
Highest	43.78
Lowest	18.11
Average	30.16

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

3. *Return on Net Worth (RONW)**

Financial Period	(%)	Weight
Financial Year ended March 31, 2017**	42.14%	3
Financial Year ended March 31, 2016	24.70%	2
Financial Year ended March 31, 2015	18.19%	1
Weighted average	**32.34%**	

** Net Profit after tax, as restated / Net worth, as restated, at the end of the period/year*
*** Includes exceptional item*

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 Taxation (as restated) divided by Net worth at the end of the year.
(3) Net worth has been computed as the aggregate of share capital and reserves and surplus (including securities premium, share option outstanding account, debenture redemption reserve and surplus/ (deficit) of our Company).

4. *Minimum Return on Net Worth after Offer to maintain Pre-Offer Basic EPS (excluding exceptional item) of ₹ 11.96 for Financial Year 2017*

Particulars	(%)
At the Floor Price	[●]
At the Cap Price	[●]

5. *Minimum Return on Net Worth after Offer to maintain Pre-Offer Diluted EPS (excluding exceptional item) of ₹ 11.74 for Financial Year 2017*

Particulars	(%)
At the Floor Price	[●]
At the Cap Price	[●]

6. *Net Asset Value per Equity Share*

Net Asset Value per Equity Share as on March 31, 2017 is ₹ 70.34.

Net Asset Value per Equity Share after the Offer:

- At Floor Price: ₹ [●]

- At Cap Price: ₹ [●]
- At Offer Price: ₹ [●]

  - Offer Price: ₹ [●]

Notes:

(1) Offer Price per Equity Share will be determined on conclusion of the Book Building Process.
(2) Net Asset Value per Equity Share =
Net worth, as restated, excluding preference share capital at the end of the period/year
Number of equity shares outstanding at the end of the period/year
(3) Net worth has been computed as the aggregate of share capital and reserves and surplus (including securities premium, share option outstanding account, debenture redemption reserve and surplus/ (deficit) of our Company).

7. *Price / Book (P/B) Ratio.*

Price / Book (P/B) Ratio as on March 31, 2017 is [●].

Notes:

(1) Offer Price per Equity Share will be determined on conclusion of the Book Building Process.
(2) Price / Book Ratio = Offer Price/ Net Asset Value per Equity Share

Industry P/B ratio

	P/ B
Highest	7.55
Lowest	2.11
Average	3.98

8. *Comparison with listed industry peers*

Following is the comparison with our peer group that has been determined on the basis of listed public companies comparable in size to our Company or whose business portfolio is comparable with that of our business:

Name of Company	**Face Value (₹ Per share)**	**EPS (₹)**		**NAV (₹ per share)** (1)	**P/E**(2)	**P/B**(3)	**RONW**(4) **(%)**
		Basic	**Diluted**				
AU Small Finance Bank Limited(5)	10	11.96	11.74	70.34	[●]	[●]	42.14%*
Peer Group							
Bajaj Finance Limited	2	34.01	33.67	174.59	39.14	7.55	19.13%
Sundaram Finance Limited	10	61.52	61.52	433.47	24.35	3.46	14.19%
Cholamandalam Investment and Finance Company Limited(6)	10	46.05	46.03	276.79	21.94	3.65	16.60%
RBL Bank Limited(6)	10	12.59	11.80	115.55	43.78	4.47	10.29%
IndusInd Bank Limited(6)	10	48.06	47.56	345.17	31.07	4.28	13.89%
Equitas Holdings Limited	10	4.79	4.69	66.03	32.76	2.33	7.14%
Ujjivan Financial Services Limited	10	17.75	17.10	147.03	18.11	2.26	11.83%

Source: All the financial information for listed industry peers mentioned above is on a consolidated basis and is sourced from the BSE announcements of the respective companies for the year ended as on March 31, 2017 unless provided otherwise. All the financial information for our Company mentioned above for the year ended March 31, 2017 is standalone as our Company does not have any subsidiary or associate as on the date of this RHP.
** Includes exceptional item*

Notes:

(1) NAV is computed as the closing net worth divided by the closing outstanding number of equity shares adjusted for subsequent change in capital structure
(2) P/E Ratio has been computed based on the closing market price of equity shares on May 26, 2017 on NSE, divided by the Diluted EPS
(3) P/B Ratio has been computed based on the closing market price of equity shares on May 26, 2017 on NSE, divided by the NAV
(4) RONW is computed as net profit after tax (after extra-ordinary item) divided by net worth excluding revaluation reserve at the end of the year. Net worth represents the aggregate of the paid up share capital and reserves and surplus (excluding revaluation reserve) as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off) and the debit balance of the profit and loss account
(5) Basic & Diluted EPS calculated excluding exceptional item
(6) Basic & Diluted EPS calculated post exceptional item

Details of the effective cost of acquisition per Equity Share by our Promoters as on the date of this Red Herring Prospectus are set forth hereunder:

Name of the Promoter	Number of Equity Shares held	Average price per Equity Share (in ₹)
Mr. Sanjay Agarwal	58,477,128	28.75
Ms. Jyoti Agarwal	14,182,272	2.47
Ms. Shakuntala Agarwal	14,094,756	7.78
Mr. Chiranji Lal Agarwal	8,119,770	11.22

The Offer Price of ₹ [●] has been determined by our Company and the Selling Shareholders, in consultation with the BRLMs on the basis of assessment of demand from investors for the Equity Shares through the Book Building Process and is justified in view of the above qualitative and quantitative parameters. Investors should read the above mentioned information along with the sections titled "*Risk Factors*", "*Our Business*" and "*Financial Statements*" beginning on pages 19, 144 and 224, respectively, to have a more informed view. The trading price of the Equity Shares of our Company could decline due to the factors mentioned in "*Risk Factors*" and you may lose all or part of your investments.

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS UNDER THE APPLICABLE LAWS IN INDIA

The Board of Directors
AU Small Finance Bank Limited (formerly known as Au Financiers (India) Limited)
19-A, Dhuleshwar Garden
Ajmer Road, Jaipur - 302001

1. We hereby confirm that the enclosed Annexure, prepared by AU Small Finance Bank Limited (formerly known as Au Financiers (India) Limited) (the "Company"), provides the possible tax benefits available to the Company and to the shareholders of the Company under the Income Tax Act, 1961 (the "Act") as amended by the Finance Act, 2016, i.e. applicable for the financial year 2016-17 relevant to the assessment year 2017-18, presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Company and / or its shareholders to derive the tax benefits is dependent upon their fulfilling such conditions which, based on business imperatives the Company faces in the future, the Company or its shareholders may or may not choose to fulfil.

   The Central Board for Direct Taxes ('CBDT') has constituted a Committee to suggest framework to compute book profit which constitutes the tax base for Minimum Alternate Tax ('MAT') levy for companies converging to Ind-AS. Till date the Committee has made two reports, which are yet to be accepted by the Government. Since the Committee recommendations do not carry any weightage in law as they may or may not be accepted we have not expressed our opinion on the transitional impact of Ind-AS, which maybe applicable to the Company from FY 2018-19 onwards.

   The Company has commenced operations as a small finance bank as notified *via* RBI press release dated April 19, 2017 and has made an application with the RBI for listing of its name in the Schedule II of the Reserve Bank of India Act, 1934 in order to attain the status of a scheduled commercial bank. Accordingly, the enclosed statement has been prepared by the Company considering the specific benefits that may become available to the Company or its shareholders as a scheduled commercial bank.

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

3. We do not express any opinion or provide any assurance as to whether:

   i) the Company or its shareholders will continue to obtain these benefits in future;
   ii) the conditions prescribed for availing the benefits have been / would be met with; and
   iii) the revenue authorities/courts will concur with the views expressed herein.

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

For **S.R. BATLIBOI & ASSOCIATES LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Amit Kabra
Partner
Membership No.: 094533

Gurugram
May 31, 2017

ANNEXURE

Special tax benefits available under the Income Tax Act, 1961 (the "Act"):

TO THE COMPANY

1. As per the provisions of section 36(1)(iiia) of the Act, the Company is entitled to claim deduction in respect of pro-rata amount of discount on a zero coupon bond, having regard to the period of life of such bond, calculated in the manner as may be prescribed by rules in this behalf. Zero coupon bond is defined under section 2(48) of the Act to mean a bond issued by any infrastructure capital company or infrastructure capital fund or public sector company or scheduled bank on or after June 1, 2005 in respect of which no payment and benefit is received or receivable before maturity or redemption from infrastructure capital company or infrastructure capital fund or public sector company or scheduled bank and which is notified by the Central Government in this behalf.

2. In terms of Section 36(1)(viia) of the Act, the Company is entitled to claim deduction in respect of any provision for bad and doubtful debts made by the bank of an amount not exceeding 7.5% of the total income (computed before making any deduction under this clause and Chapter VIA of the Act) and an amount not exceeding 10% of the aggregate average advances made by rural branches computed in the manner prescribed under Rule 6ABA of Income Tax Rules, 1962.

3. Under section 36(1)(vii) of the Act, the amount of any bad debts, or part thereof, written off as irrecoverable in the accounts of the bank for the previous year is allowable as deduction. However, the amount of the deduction relating to any such debt or part thereof shall be limited to the amount by which such debt or part thereof exceeds the credit balance in the provision for bad and doubtful debts account including provisions made towards rural advances made under section 36(1)(viia) of the Act. Further, if the amount subsequently recovered on any such debt or part is greater than the difference between the debt or part of debt and the amount so allowed, the excess shall be deemed to be profits and gains of business or profession and accordingly, chargeable to tax in accordance with Section 41(4) of the Act in the year in which it is recovered.

4. In terms of Section 36(1)(viii) of the Act, the Company is allowed deduction in respect of any special reserve created and maintained by the bank for an amount not exceeding 20% of the profits derived from the business of long term finance for industrial or agricultural development or development of infrastructure facility in India or development of housing in India. Further, if the aggregate amount carried to the Special Reserve account from time to time exceeds twice the paid-up capital and general reserves, no deduction shall be allowed on the excess amount under the Section 36(1)(viii) of the Act. The amount withdrawn from such a Special Reserve Account would be chargeable to income tax in the year of withdrawal, in accordance with the provisions for Section 41(4A) of the Act.

5. In terms of section 43D of the Act, interest on certain categories of bad and doubtful debts as specified in Rule 6EA of the Income Tax Rules, 1962, shall be chargeable to tax only in the year of receipt or credit to Profit and Loss Account, whichever is earlier.

6. Under section 80LA of the Act, where the specified entities (including scheduled bank) total income, in any previous year, includes income from an Offshore Banking Unit in a Special Economic Zone or income from the banking business (as defined in section 6(1) of Banking Regulation Act, 1949) with an undertaking located in a Special Economic Zone or any other undertaking which develops, develops and operates or develops, operates and maintains a Special Economic Zone or from any Unit of the International Financial Services Centre from its business for which it has been approved for setting up in such a Centre in a Special Economic Zone, then it shall, subject to the fulfilment of the conditions specified in section 80LA, be entitled to 100% deduction of such income for five consecutive assessment years, beginning with the assessment year relevant to the previous year in which the permission under section 23(1)(a) of the Banking Regulation Act, 1949 or registration under the Securities and Exchange Board of

India Act, 1992 or any other relevant law is obtained, and after those five years, 50% of deduction of such income for the next five consecutive assessment years.

7. Under Section 47(xv) of the Act, no capital gain is chargeable on any transfer in a scheme of lending of any securities under an agreement or arrangement, which the assessee has entered into with the borrower of such securities and which is subjected to the guidelines issued by the Securities and Exchange Board of India or Reserve Bank of India, in this regard.

TO THE SHAREHOLDERS OF THE COMPANY

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

Notes:

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

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

3. The above Statement are as per the current direct tax laws relevant for the assessment year 2017-18. Several of these benefits are dependent on the Company or its shareholder fulfilling the conditions prescribed under the relevant tax laws.

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

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

6. We have not commented upon the taxation aspect under any law for the time being in force, as applicable, of any country other than India. Each investor is advised to consult its own tax consultant for taxation in any country other than India.

7. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

SECTION V: ABOUT THE COMPANY

INDUSTRY OVERVIEW

*The information contained in this section is derived from the CRISIL Research report titled "NBFC Report" published in April 2016 along with subsequent impact notes published by CRISIL Research post the demonetization move by the Government (the "**CRISIL Report**"), the ICRA report titled "RBI's Operating Guidelines for Small Finance Banks" published in October 2016, (the "**ICRA Report**"), India Brand Equity Foundation – Banking, published in December 2016 ("**IBEF**"), and other publicly available sources. Neither we, nor any other person connected with the Offer has independently verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends.*

The CRISIL Report, content of which has been used in this Red Herring Prospectus is subject to the following disclaimer from CRISIL:

CRISIL Research, a division of CRISIL Limited (CRISIL) has taken due care and caution in preparing this report (Report) based on the Information obtained by CRISIL from sources which it considers reliable (Data). However, CRISIL does not guarantee the accuracy, adequacy or completeness of the Data / Report and is not responsible for any errors or omissions or for the results obtained from the use of Data / Report. This Report is not a recommendation to invest / disinvest in any company covered in the Report. CRISIL especially states that it has no liability whatsoever to the subscribers / users / transmitters/ distributors of this Report. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL's Ratings Division / CRISIL Risk and Infrastructure Solutions Ltd (CRIS), which may, in their regular operations, obtain information of a confidential nature. The views expressed in this Report are that of CRISIL Research and not of CRISIL's Ratings Division / CRIS. No part of this Report may be published/reproduced in any form without CRISIL's prior written approval.

The Indian Economy

India has the fourth largest economy in the world by purchasing power parity *(Source: https://www.cia.gov/library/publications/the-world-factbook/geos/in.html*). Against a background of global instability, India registered a growth of 7.6% during the financial year 2016, becoming the fastest growing major economy in the world. During the same period, macroeconomic parameters such as inflation, fiscal deficit and current account balance all exhibited signs of improvement. The financial year 2016 has also witnessed the launch of several government programs and initiatives designed to boost manufacturing, industrial growth, foreign direct investment and ease of doing business. Financial, insurance, real estate and professional services are estimated to have achieved double-digit growth for the financial year 2016. The industrial sector, broadly comprising mining, manufacturing, electricity and construction is estimated to have grown to 7.3% of India's economy for the financial year 2016 from 5.9% for the financial year 2015. (*Source: Economic Survey 2015-16, available at indiabudget.nic.in*).

Financial Inclusion in India

In 2012, the Reserve Bank of India ("**RBI**") set up an advisory body, the Financial Inclusion Advisory Committee ("**FIAC**") to review financial inclusion policies on an on-going basis. FIAC's aims include preparing a national strategy for financial inclusion, monitoring progress on financial literacy and tracking progress of the RBI's Financial Inclusion Plan, which is designed to provide a structured and planned approach to financial inclusion. Under the Financial Inclusion Plan, 1,670 new rural bank branches were opened between April 2015 and March 2016.

Financial literacy is crucial for making financial inclusion initiatives effective. As of March 2016, 1,384 financial

literacy centers were operational in the country, and 87,710 financial literacy activities were conducted. (*Source: Reserve Bank of India Annual Report 2016, available at https://rbidocs.rbi.org.in/rdocs/AnnualReport/PDFs/0RBIAR2016CD93589EC2C4467793892C79FD05555D.PDF*)

Demonetization

On November 8, 2016, the Government announced the demonetization of ₹ 500 and ₹ 1,000 currency notes. Since then, the RBI has collected over US $185.81 billion from various bank branches. Between November 8 and November 25, bank credit decreased by 0.8%, with US $9.85 billion paid by defaulters. Banks all over the country also witnessed a surge in card usage, particularly of debit cards, for purchasing and making payments. *(Source: IBEF Report)*

Non-Banking Financial Companies

Non-Banking Financial Companies ("**NBFCs**") are a group of institutions which perform the function of financial intermediation in a wide variety of ways, for example, by accepting deposits, making loans and advances and financing leasing and hire purchase transactions. NBFCs often advance loans to customers in rural and semi-urban areas who lack credit histories and may be excluded from being served by banks or large financial institutions. Institutions whose principal business is agricultural activity, industrial activity or the sale, purchase and construction of immovable property cannot be classified as NBFCs.

(Source: CRISIL Report)

NBFC Types

NBFCs are classified into the following types by the RBI:

- *Asset Finance Company:* an NBFC whose principal business is that of financing the physical assets which support various productive or economic activities. For this purpose, "principal business" means the aggregate of financing real or physical assets supporting economic activity and income arising therefrom is not less than 60% of total assets and total income respectively;

- *Investment Company:* an NBFC whose principal business is that acquisition of securities;

- *Loan Company:* an NBFC whose principal business is that of providing finance whether by making loans or advances or otherwise for any activity other than its own, not including an equipment leasing company or a hire-purchase finance company;

- *Infrastructure Finance Company:* an NBFC that deploys at least 75% of its total assets in infrastructure loans, has minimum net owned funds of ₹ 3,000 million, has a minimum credit rating of 'A' or equivalent, and a CRAR of 15%;

- *Systemically Important Core Investment Company:* an NBFC carrying on the business of the acquisition of shares and securities which satisfy the following conditions:

    a) it holds not less than 90% of its total assets in the form of investment in equity shares, preference shares, debt or loans in group companies;

    b) its investments in the equity shares (including instruments compulsorily convertible into equity shares within a period not exceeding 10 years from the date of issue) in group companies constitutes not less than 60% of its Total Assets;

    c) it does not trade in its investments in shares, debt or loans in group companies except through block sale for

the purpose of dilution or disinvestment;

d) it does not carry on any other financial activity referred to in Section 45I(c) and 45I(f) of the RBI Act, 1934 except investment in bank deposits, money market instruments, government securities, loans to and investments in debt issuances of group companies or guarantees issued on behalf of group companies;

e) its asset size is ₹ 1,000 million or above; and

f) it accepts public funds;

- *Infrastructure Debt Fund Company:* an NBFC that facilitates the flow of long term debt into infrastructure projects and raises resources through the issue of rupee or dollar denominated bonds of a minimum five year maturity. Only Infrastructure Finance Companies can sponsor Infrastructure Debt Fund Companies.

- *Microfinance Institution:* a non-deposit taking NBFC having not less than 85% of its assets in the nature of qualifying assets which satisfy the following criteria:

  a) loan disbursed by an NBFC-MFI to a borrower with a rural household annual income not exceeding ₹ 100,000 or urban and semi-urban household income not exceeding ₹ 1,60,000;

  b) loan amount does not exceed ₹ 50,000 in the first cycle and ₹ 100,000 in subsequent cycles;

  c) total indebtedness of the borrower does not exceed ₹ 100,000;

  d) tenure of the loan not to be less than 24 months for loan amount in excess of ₹ 30,000 with prepayment without penalty;

  e) loan to be extended without collateral;

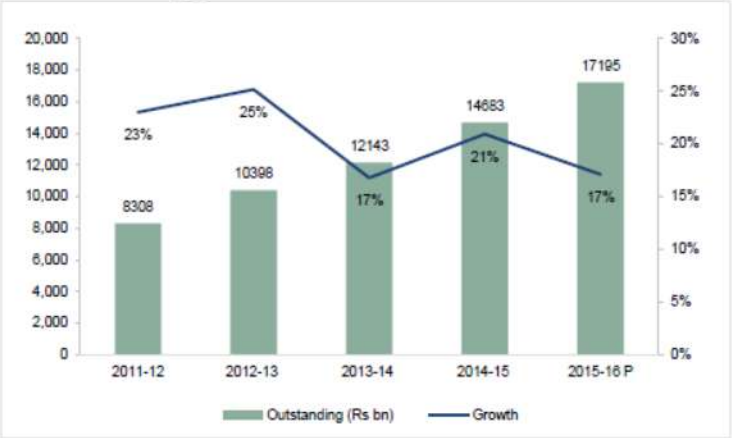
  f) aggregate amount of loans, given for income generation, is not less than 50% of the total loans given by the MFIs;

  g) loan is repayable on weekly, fortnightly or monthly installments at the choice of the borrower; and

- *Factors:* a non-deposit taking NBFC engaged in the principal business of factoring. The financial assets in the factoring business should constitute at least 50% of its total assets and its income derived from factoring business should not be less than 50% of its gross income.

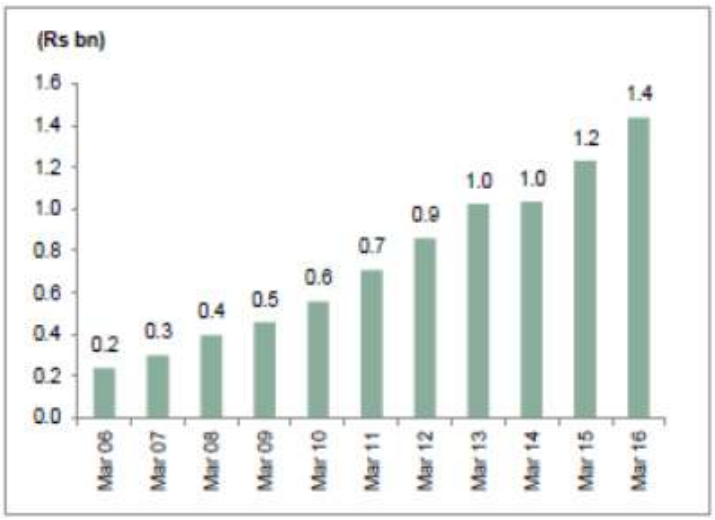
NBFCs are further categorized based on liabilities into those accepting deposits, or deposit-taking NBFCs, or those not accepting deposits, or non-deposit taking NBFCs. Non deposit taking NBFCs may be further classified, based on their size, as systemically important non-deposit taking NBFCs.

Financing needs in India have risen along with economic growth over the past decade. By complementing banks and other financial institutions, NBFCs have played a major role in meeting this need. Outstanding loans held by NBFCs grew at a CAGR of an estimated 20% between the financial years 2012 and 2016, accounting for 15% of overall systemic credit as of March 2016. While microfinance has recorded the highest CAGR at 49% between the financial years 2012 and 2016, MSME finance and loans against property also grew with a CAGR of over 40% and 33% respectively. Housing, transport and infrastructure loans grew moderately at a CAGR of approximately 15% each. The following chart sets forth outstanding loans of NBFCs for the periods indicated:



Source: RBI, CRISIL Research

In recent years, the NBFC sector has witnessed the emergence of large companies with diversified activities. Consolidation and acquisition have increased the number of NBFCs with an asset base larger than ₹ 5 million. The following chart sets forth the average asset size of NBFCs:



Banks are a major source of funding for NBFCs, accounting for almost a third of borrowings for the financial year 2016. However, over the years, NBFCs have increased their borrowings from the bond market. Since yields are more than 100 basis points lower than bank lending rates, NBFCs have successfully reduced their cost of borrowing.

Going forward, NBFC growth is expected to moderate significantly given increased regulation. While traditional businesses are expected to achieve stable growth, NBFCs are also looking towards niche segments such as SME loans and low cost housing finance for diversification. Low penetration in Tier-II and Tier-III cities, product and process innovation and a continued focus on core businesses will be key growth drivers.

Housing finance is expected to grow at 13-14% and 17-18% during the Financial Years 2017 and 2018, respectively, after being impacted by the demonetization move, which has affected housing demand, existing buffer levels built into loan to value, and collections. However, long-term growth in the sector is expected to remain intact as the real estate industry becomes more transparent post demonetization. The Government's push for affordable housing, declining rates, and rising affordability will also support growth. Due to increased demand, Government initiatives

and improved information, low cost housing finance is expected to grow at a CAGR of 23% over the next two years. Profitability of low cost housing finance is also expected to improve marginally alongside a decline in cost of funds.

Vehicle finance is expected to grow at a CAGR of 15% over the next two years. Since the demonetization has also affected the vehicle finance industry, growth for the Financial Year 2017 is expected to be similar to that in the financial year 2016. The impact of demonetization is expected to be offset by better-than-expected two-wheeler and car sales in the second quarter of the Financial Year 2017. Growth is expected to rebound in the financial year 2018 helped by growth in the economy and lower interest rates. The profitability of the vehicle finance industry is expected to be lower in the Financial Year 2017 on account of pressure on yields due to short-term weakness in demand caused by slower economic activity. However, this will be offset by the lower cost of funds and better funding mix which will help it to improve marginally in the financial year 2018.

(Source: CRISIL Report)

Tier-Wise Classification of Centers in India

The following table sets forth RBI classification of centers in India, tier-wise, based on population:

Classification of centers (tier-wise)	Population (as per 2001 census)
Tier 1	100,000 and above
Tier 2	50,000 to 99,999
Tier 3	20,000 to 49,999
Tier 4	10,000 to 19,999
Tier 5	5,000 to 9,999
Tier 6	Less than 5000

The following table sets forth population-group wise classification of centers:

Classification of center	Population
Rural center	Up to 9,999
Semi-urban Center	From 10,000 to 99,999
Urban Center	From 1,00,000 to 9,99,999
Metropolitan Center	1,000,000 and above

(Source: Reserve Bank of India Master Circular on Branch Licensing, available at https://rbi.org.in/Scripts/NotificationUser.aspx?Id=9817&Mode=0#an4)

Vehicle Finance Industry

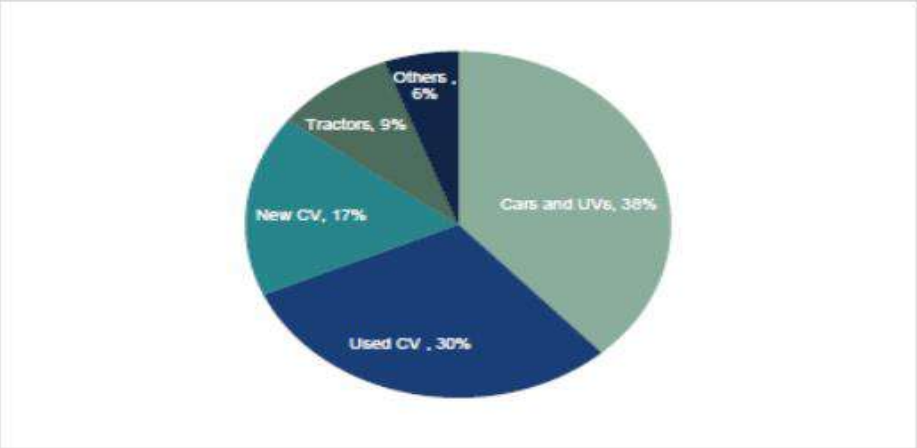
As a result of low fuel prices, interest rates cuts and an increase in demand from the mining and construction sectors, automobile sales grew by 8% during the financial year 2016. The vehicle finance industry grew by 13% during the same period, reaching a value of ₹ 4,738 billion due to an increase in new commercial vehicle disbursements, a recovery in new private vehicle disbursements and muted growth in used vehicle loans. The growth outlook for vehicle finance remains positive due to a continued fall in fuel prices and inflation, as well as improving income growth.

The following table sets forth growth rates for sales of vehicles for the periods indicated:

Category of Vehicle	FY13	FY14	FY15	FY16	FY17P	FY18P
Medium and Heavy Commercial Vehicles	-23%	-27%	21%	32%	1%	2%
Light Commercial Vehicles	14%	-18%	-13%	-1%	7%	6%
Cars	-8%	-5%	5%	7%	6%	7%
Utility Vehicles	32%	-9%	1%	9%	20%	8%
Two-Wheelers	3%	7%	8%	4%	11%	9%
Tractors	-2%	20%	-13%	-10%	17%	10%

P=Projected

The following table sets forth the portfolio break-up of auto finance NBFCs:



Note: Others include two and three-wheeler financing
Portfolio mix based on financials of STFC, Chola, MMFSL, Magma, Sundaram, Kotak Mahindra Prime
Source: CRISIL Research

The following table sets forth a comparison of key operating metrics across different segments in vehicle finance (this does not include the impact of demonetization.):

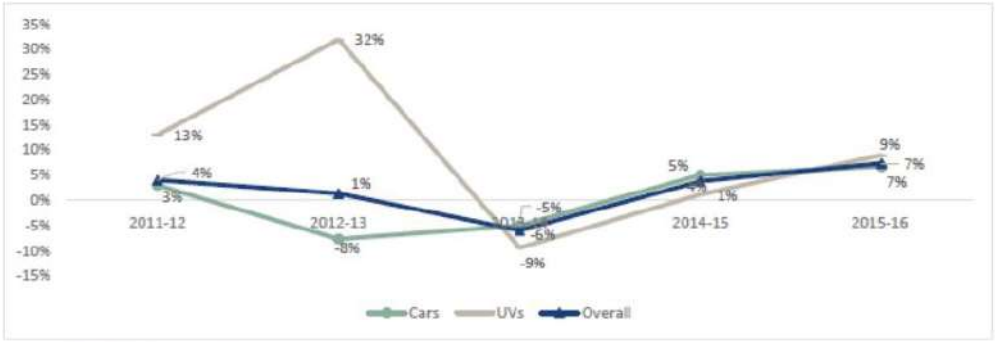
Category of Vehicle	Indicative yields	Gross non-performing assets	Comments
Used cars and utility vehicles	15% - 18%	2 – 2.5%	Attractive for financiers due to higher margins; Disbursement growth to moderate going forward; GNPAs higher in new cars and utility vehicles due to relatively weaker borrower profile.
New cars and utility vehicles	11% - 13%	0.5% - 1.5%	Profitability of car and used vehicle financiers to remain stable in the short term; Loan disbursement growth to be higher on account of higher LTV and sales growth; Despite early recognition of NPA norms, NBFCs are expected to limit their credit costs with better monitoring and recovery mechanisms.
Used commercial vehicles	17 – 20%	3.5% - 4.5%	Used commercial vehicle sales to grow by 6%;
New commercial vehicles	13% - 15%	3.5% - 4.0%	New commercial vehicle disbursements expected to increase at a much faster rate in the Financial Year 2017 due to higher competition, growth in MHCV sales and higher vehicle prices.
Tractors	18% - 20%	5.5% - 6.0%	Inherent risk in tractor financing keeps delinquencies high; Tractor financing to grow at a 14% CAGR over the next two years.

(Source: CRISIL Report)

Passenger Vehicles

For the financial year 2016, car and utility vehicle sales grew by 7% and 9%, respectively. For the same period, passenger vehicle disbursements increased by 15%. Car sales were driven primarily by an increase in disposable income, a marginal decline in the cost of car ownership and the introduction of a host of global players that introduce new models. Passenger vehicle disbursements grew primarily due to the upward revision of vehicle prices, an increase in loan-to-values ("**LTV**"), and higher vehicle finance penetration levels.

The historic growth rates for car and utility vehicle sales are set out below for the periods indicated:



Source: SIAM, CRISIL Research

India's car ownership ratio, at 20 cars per 1,000 people, continues to remain relatively low compared to peer countries like Brazil, which has 147 cars per 1,000 people, and Thailand, with 93 cars per 1,000 people. Along with rising income levels, this under-penetration suggests potential for a long-term growth in car sales. Though the sales growth is impacted by the demonetization in the second half of the Financial Year 2017, cars sales are expected to grow at approximately 6% and utility vehicle sales are expected to grow at approximately 20% during the Financial Year 2017, as a result of a near-normal monsoon and faster growth in disposable income due to lower inflation.

(Source: CRISIL Report)

Growth Drivers for Passenger Vehicles

Increase in addressable households. Between the financial years 2011 and 2016, the number of households that could afford a car went up by a CAGR of 15%, along with a rise in disposable income. It is expected that the number of such households will grow at a CAGR of 14% over the next five years, boosted by wage hikes for government employees. In addition, the demand for a second car per family is increasing in urban areas.

Marginal decline in cost of ownership. The cost of car ownership is also expected to decline marginally during the Financial Year 2017 due to the launch of new, entry-level models.

Entry of new players. Over the past decade, a host of global companies have established production facilities in India in order to capitalize on growth opportunities. These companies have launched international best-selling models as well as India-specific models. Car sales have risen significantly after the introduction of new models, and auto-makers continue to attract sales with special editions and new variants.

Increase in dealerships, urbanization and access to finance. While most urban centers are already covered by dealership networks, car manufacturers are setting up new dealerships in smaller towns to increase penetration and sales. Greater distribution will push up sales of passenger cars, and enhanced penetration of financing will improve passenger car sales across segments.

Shorter replacement cycles. The average replacement cycle for cars has shrunk from a decade ago, implying

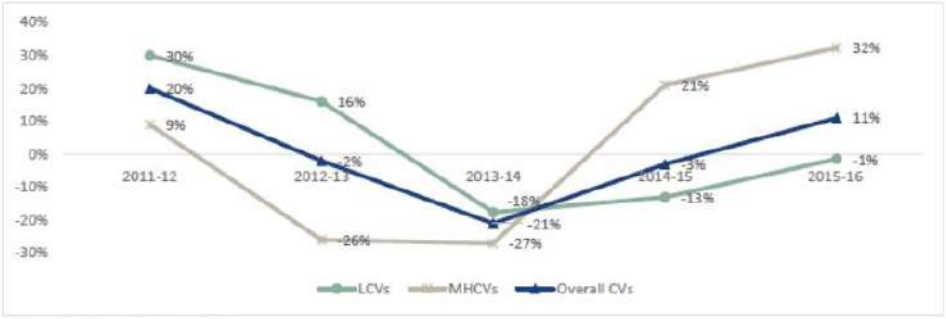
frequent upgrades to models from the same segment or higher-end models. A growing middle class with a larger disposable income is driving replacement demand.

(Source: CRISIL Report)

Commercial Vehicles

Commercial vehicles include light commercial vehicles ("**LCVs**") and medium and heavy commercial vehicles ("**MHCVs**"). During the financial year 2016, sales of commercial vehicles grew by 11%. While LCV sales fell 1% in the financial year 2016, MHCV sales grew by 32%, supported by an improvement in agricultural output, industrial activity and a focus on infrastructure project execution. Financiers remained cautious while lending to LCV customers, who were mostly small fleet operators and first time buyers with weaker credit profiles.

The historic growth rates for commercial vehicle sales are set out below for the periods indicated:



Source: SIAM, CRISIL Research

As private spending is expected to rise, sales of LCVs are expected to grow, driven by an increase in private final consumption expenditure. Sales of MHCVs are expected to be stagnant as it is impacted by demonetization, fall in replacement demand and subdued industrial growth.

(Source: CRISIL Report)

Growth Drivers for Commercial Vehicles

Growth in economic activity. Commercial vehicles transport over half of the total freight handled in the country. As a result, demand for commercial vehicles, particularly for MHCVs, is strongly linked to overall economic growth, freight movement and industrial and agricultural production.

Commercial vehicle financing. Since majority of vehicles purchased by transporters require funding assistance from financial institutions, improved finance availability remains a significant growth driver for the commercial vehicles industry. Disbursements depend on the sale of commercial vehicles which, in turn, depend on overall economic growth. On the other hand, rising fuel and maintenance costs and spare capacity can adversely affect the sale of commercial vehicles.

Entry of new players. The of new international players such as Daimler, Forton and General Motors, along with the expansion of product portfolios by local players is expected to intensify competition and accelerate product development for commercial vehicles.

Other long-term drivers. Infrastructure development and government initiatives are long-term drivers for the commercial vehicle industry. Improvement of road infrastructure would improve connectivity and facilitate the sale of higher-tonnage vehicles, including MHCVs.

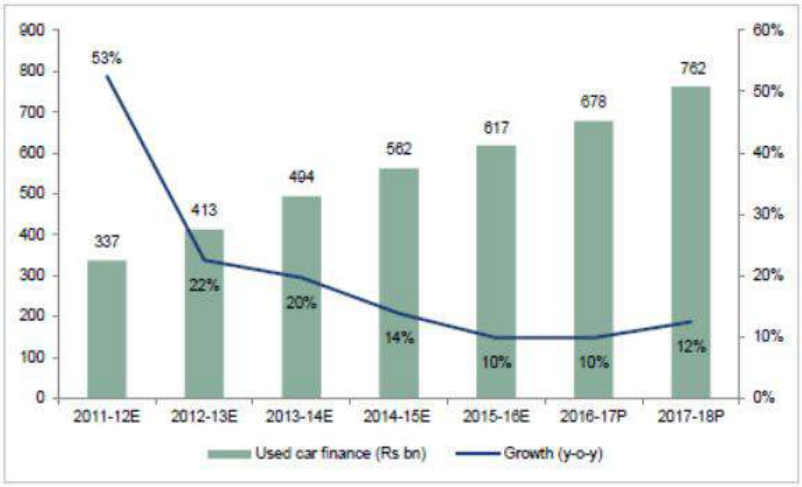
(Source: CRISIL Report)

Used Passenger Vehicles

During the financial year 2016, used car disbursements grew 10%. Used car sales in India originate primarily through references and brokers. The share of used car sales from organized dealers, who largely operate in metros, big cities and state capitals, is under 20%. Consumer to consumer transactions account for 30% of used car sales, while unorganized players contribute over 50% to used car sales. The average price of a used car is between ₹ 300,000 and ₹ 400,000.

The used car market depends on growth in new car sales and retention period. Over the past five years, the launch of new models by manufacturers and the rising income of the Indian middle class has reduced the average retention period. As a result, the used car finance market is expected to grow at a CAGR of 11% over the next two years. Online classifieds are playing a major role in helping customers carry out price checks and locate inventory. Dealers are entering into tie-ups with online portals for price discovery and sales generations. Financiers also use these portals as reference for asset valuation. It is expected that used car sales from organized players will grow at a CAGR of 20% over the next five years, due to the capacity of organized players to offer a wide choice of multi-brand cars, warranty, insurance and competitive prices.

The following chart sets forth used car disbursements for the periods indicated (the projected growth numbers have not incorporated the demonetization impact):



Note: E: Estimate, P: Projected
Source: CRISIL Research

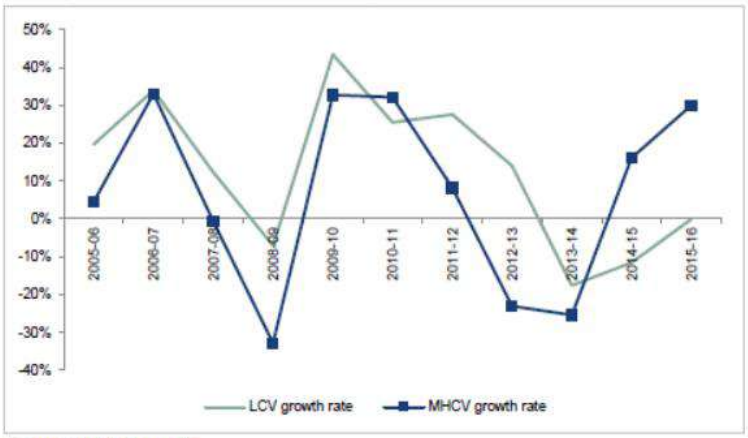
(Source: CRISIL Report)

Used Commercial Vehicles

Used commercial vehicle disbursements are expected to grow at a CAGR of 6% over the next two financial years. Both used LCV and used MHCV disbursements are expected to grow at a CAGR of 6%.

A sharp decline in commercial vehicle sales over the last few years has adversely impacted the stock of commercial vehicles available for resale. This decline was partly due to economic slowdown that resulted in subdued growth in rail freight loading, mining activity and port traffic in the years prior to the financial year 2016. As a result, disbursement remained low for the financial year 2016, particularly for used MHCVs. The improving economic scenario and higher freight availability is expected to result in high utilization of commercial vehicles.

The following chart sets forth commercial vehicle sales for the periods indicated:



Source: CRISIL Research

The profitability of used commercial financing is linked to the performance of the Indian economy. The fragmented nature of the market and the nature of the customer class allows financiers to generate higher yields. These higher yields typically compensate for the increase in operating expenditure and cash losses that often incur. Higher yields also translate into financiers earning better profit margins in used commercial vehicle financing than for new vehicles.

Used commercial vehicle customers include drivers turned owners, first time users, small fleet operators and first time buyers. Interest rates differ based on customer profile, and are generally higher for first time users and small fleet operators who have a weaker credit profile. Interest rates and LTV ratios also differ based on the age of vehicles as the maintenance cost of a vehicle rises along with its age. The average interest rate for used LCVs is 19% to 20%, while the average interest rate for used MHCVs is 17% to 18%.

Financiers who operate in the used commercial vehicle market must have the ability to assess vehicle quality and pricing risk. In addition, financiers need to put in place stringent appraisal norms and documentation to assess the credit worthiness of the borrower. 30% to 40% of clientele are typically repeat customers with demonstrated repayment records. The operating and managing efficiency of financiers depends on their ability to set up a strong distribution network with deployment of employees at the grassroots level to ensure timely collection. 60% to 70% of collections are in the form of cash deposits. The average price of a used LCV is ₹ 475,000, while the average price of a used MHCV is ₹ 925,000.

Key success factors in the used commercial vehicle business include:

- *Valuation.* The lack of a transparent pricing mechanism makes valuation a challenge. Good quality appraisers and trained staff, however, can be mitigating factors.

- *Credit appraisal.* Borrowers often do not have income tax returns or documentation. In addition, 75% of buyers own less than three trucks. Mitigating factors include requiring the personal guarantee of customer and guarantor, checking moveable and immoveable property of the customer and the guarantor, and having power of the attorney signed by the customer in the name of the company for repossession in case of default.

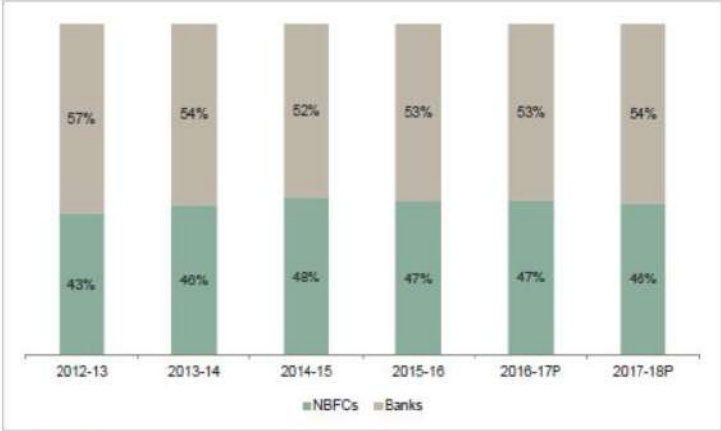
- *Collection recovery.* Since assets and borrowers are both mobile, and 60% to 70% of collection is through cash, collection recovery remains a challenge. Locals who are comfortable dealing with transport operators need to be employed, and collection should multiple times a month.

(Source: CRISIL Report)

NBFCs in Vehicle Finance

NBFCs have increased their market share in the vehicle finance industry from an estimated 40% for the financial year 2012 to 47% for the financial year 2016. This growth is partially due to NBFCs developing stronger risk management capabilities and a better understanding of their customers, and consequently being able to serve customers that banks do not have the risk appetite to cater to. These customers, many of whom may have weaker credit profiles, include small fleet operators, first time buyers, first time users and used vehicle buyers.

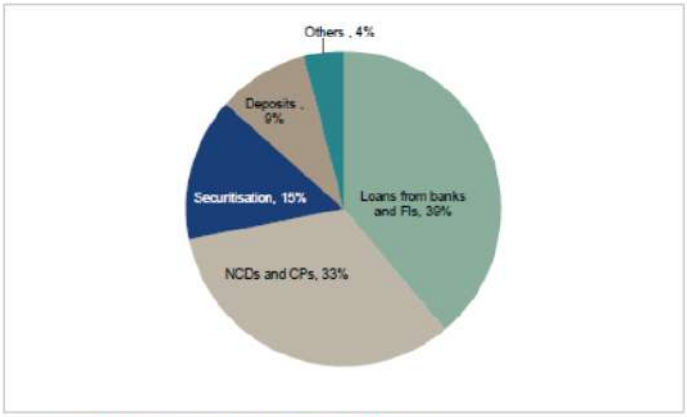
The following chart sets forth NBFCs' share in vehicle finance for the periods indicated:



P: Projected
Source: RBI, Company reports, CRISIL Research

Vehicle finance NBFCs largely depend on wholesale borrowings from banks and financial institutions, which constituted 39% of their total borrowings for the financial year 2016. All major NBFCs have good credit ratings, so their debt instruments are well accepted across various investor classes such as banks, insurance companies and mutual funds. On account of strong credit ratings, their spreads over government securities are lower, keeping their cost of borrowings low. Vehicle finance NBFCs have also lowered their cost of borrowings by increasing their share of market borrowings through commercial papers and non-convertible debentures.

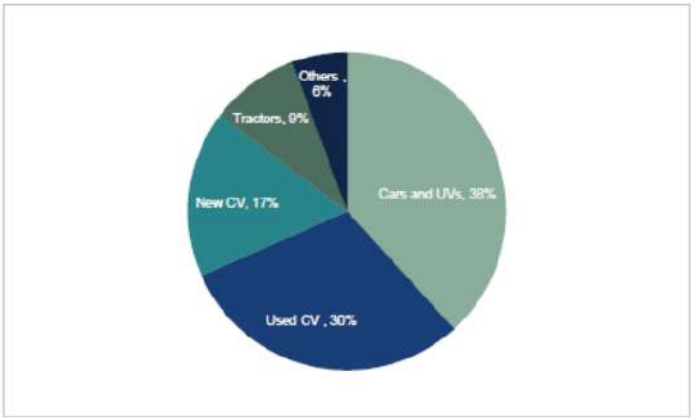
The following chart sets out funding sources for vehicle finance NBFCs:



Others include subordinated debt and loans from related parties
Based on financials of STFC, Cholamandalam, MMFSL, Magma
Source: CRISIL Research

For passenger vehicles, NBFCs focus on tour and taxi vehicles in urban areas and on self-employed customers in rural areas. New and used commercial vehicles account for nearly half the total portfolio of NBFCs, with target customers including first-time entrepreneurs, first time users and small road vehicle operators.

The following chart sets out the portfolio composition of NBFCs that engage in vehicle finance:



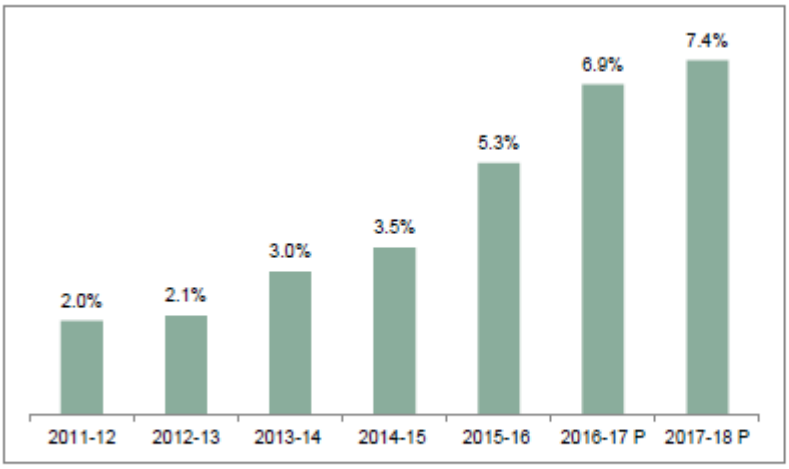
Note: Others include two and three-wheeler financing
Portfolio mix based on financials of STFC, Chola, MMFSL, Magma, Sundaram, Kotak Mahindra Prime
Source: CRISIL Research

Banks have also had minimal exposure to the used commercial vehicle segment, allowing NBFCs to account for a large part of organized used commercial vehicle disbursements. NBFCs have an estimated 80% share of the used commercial vehicle disbursement market. In the organized used car finance market, banks and NBFCs enjoy equal market share. As NBFCs lend to customers with a weaker credit profile, the risk of customer default is higher compared to banks. Low freight demand and high operating costs over the past two years have impacted commercial vehicle operator earnings, resulting in a sharp rise in delinquencies. NPAs in the used commercial vehicle portfolio were as high as 7% to 8% for the financial year 2016. Consequently, over the last two years, NBFCs have tightened their appraisal process and restricted funding to customers with comparatively better credit profiles.

It is expected that NBFCs will expand their operations steadily, claiming more market share from unorganized financiers and money-lenders. For the Financial Year 2017, the cost of funds for financiers is expected to fall by 15 to 20 basis points, partially due to the lowering of base rates by banks. NBFCs are expected to pass on the benefit of lowered borrowing costs to customers. Higher volumes and efficient expenses management will keep the operating costs in check. However, return on assets for vehicle finance NBFCs is expected to fall during the Financial Year 2017 on account of higher credit cost and to remain at low levels till the financial year 2018. Asset quality is also expected to deteriorate during the Financial Year 2017 as collection efficiency will be severely impacted in the short term post demonetization since over 40% of the industry's collections are in cash. Further, the Gross NPA levels will remain elevated till the financial year 2018 despite a growth in economic activity, as the industry moves to a 90 days past due policy by the financial year 2018.

The following chart sets forth GNPAs for vehicle finance NBFCs for the periods indicated:

Asset quality to remain weak



P: Projected FY16 numbers are based on 150 dpd, FY17 numbers are based on 120 dpd, and FY18 numbers are based on 90 dpd. Aggregate includes STFC, Mahindra & Mahindra Financial Services, Magma Fincorp, Kotak Mahindra Prime, Sundaram Finance, and Cholamandalam.
Source: CRISIL Research

Some of the key risks for vehicle finance NBFCs include the changing regulatory framework and higher provisioning requirements that will impact profitability and increase competition, particularly from banks. In addition, NBFCs in vehicle finance do not access to low-cost deposits, resulting in costs of funds being higher thank for banks. Managing cost of funds is vital for NBFCs to be competitive in this space.

New vehicle financing is expected to be the key growth driver for vehicle finance NBFCs in the short term. As private spending is expected to increase, sales growth of new light commercial vehicles is expected to turn positive. Tractor sales are expected to grow in double digits, and cars and utility vehicle sales are expected to grow at a CAGR of 7% and 14%, respectively, between the financial years 2016 and 2018.

(Source: CRISIL Report)

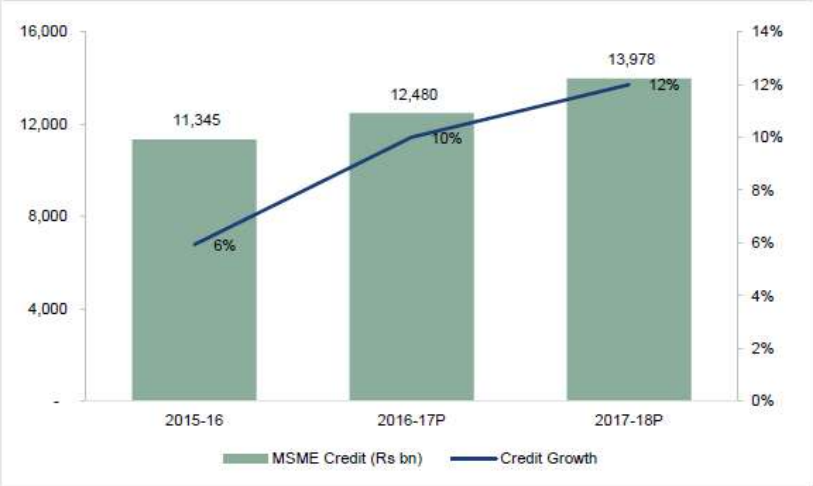
MSME Finance Industry

Micro, small and medium enterprises ("**MSMEs**") are key parts of the Indian economy, accounting for an estimated 45% of India's manufacturing output and 40% of total exports for the financial year 2016. The RBI defines MSMEs in line with the Micro, Small and Medium Enterprises Development Act, 2006. The following table sets forth the RBI classification of MSMEs:

Investment in plant and machinery		
	Manufacturing	**Services**
Micro	Below ₹ 2.5 million	Below ₹ 1.0 million
Small	₹ 2.5 million – ₹ 50.0 million	₹ 1 million – ₹ 20 million
Medium	₹ 50 million – ₹ 100 million	₹ 20 million – ₹ 50 million

The number of MSMEs has been growing between 4% and 5% over the past five to six years. MSME credit rose at a CAGR of 11% between the financial years 2012 and 2016, as organized financiers increased their focus on MSME finance. MSME credit is further expected to grow 10 to 12% annually over the next two years (this does not include the impact of demonetization). This growth is partly fueled by a recovery in the economy that has resulted in significant unmet demand for credit in the MSME sector.

The following chart sets forth the trajectory of MSME credit for the periods indicated (projected numbers have not incorporated the impact of demonetization):



P: Projected
Source: RBI, CRISIL Research

MSME lending in banks' loan portfolios has increased steadily since the financial year 2013, with the segment comprising approximately 25% of the total credit disbursed to corporates in the financial year 2016. Traditionally, public sector banks held the dominant share of the MSME lending space. However, their share has contracted over the past four to five years as private banks and NBFCs have increased their presence in Tier-II and lower centers. NBFCs and banks have both seen increased secured lending with stricter lending norms, and security provided through both primary and secondary collateral. Due to regulatory restrictions, NBFCs are not able to provide working capital loans to MSMEs. As a result, their entire portfolio consists of term loans. Banks do not have such a restriction, and 75 to 80% of the banks' loans are working capital loans.

Only a quarter of the total lending to MSMEs in the financial year 2015 was undertaken through formal sources such as scheduled commercial banks, NBFCs and developmental financial institutions. It is expected that the total credit demand from the MSME sector over the medium term is ₹ 45 trillion.

The following table sets forth the source and proportion of finance provided to the MSME sector:

Source	Proportion of finance
Finance from institutional sources	5.2%
Finance from non-institutional sources	2.0%
No access to credit or self-financing	92.8%

(Source: CRISIL Report)

Customer Sourcing and Profile

Approximately 60 to 65% of the MSME finance business for NBFCs is obtained through direct sales teams and relationship managers. MSME borrowers operate in industries including retail, trading, real estate, education institutions and hotels. The average MSME loan ticket size for NBFCs is ₹ 1.5-2.0 million, with a tenure of 2-4 years, while the average ticket size for a large private bank is approximately ₹ 20 million, with a tenure that varies based on the nature of the loan.

(Source: CRISIL Report)

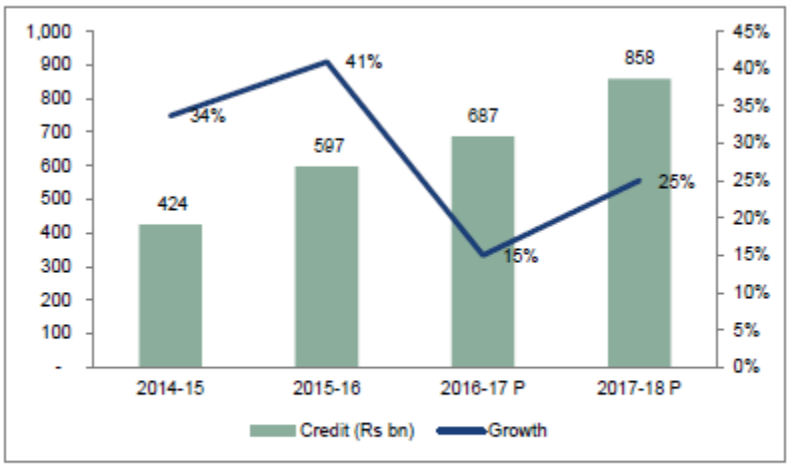
NBFCs in MSME Finance

With increasing penetration, NBFCs have grown their share in overall MSME credit over the past 4 to 5 years. Presence in untapped territories has helped NBFCs reach out to unorganized sectors. System and process innovation, superior product delivery and a focus on relationship building have resulted in improved operating efficiency of NBFCs. NBFCs have strengthened their presence in non-metros, Tier-II and Tier-III cities.

NBFCs are expanding their MSME loan book and targeting new customers. Growth will also be supported by better customer reach, faster documentation and NBFCs having a higher risk appetite. In addition, NBFCs loan books are growing as they replace credit typically extended by the unorganized sector. NBFCs are also attracting bank customers by offering higher loan amounts, a shorter turnaround time, greater market penetration and better operating efficiency.

The following chart sets forth growth of NBFCs in MSME credit for the periods indicated:

NBFCs' loan-book growth

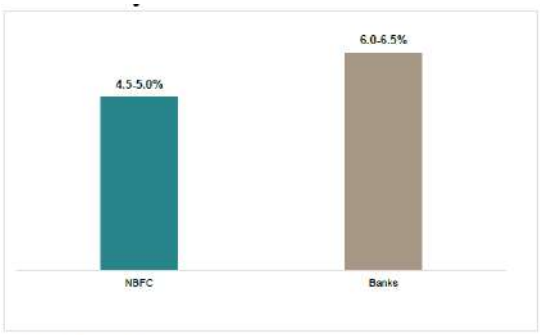


P: Projected
Note: 'Loan against property' portfolio of NBFCs has been excluded wherever possible.
Source: RBI, CRISIL Research

Due to higher yields and strong appraisal and collection systems, NBFCs have a net profitability of 4%. Operating expenditure is high for financiers given the relatively low ticket size, making it imperative for them to have a workforce that is capable of soliciting new business as well as appraising and collecting payments. Increasing GNPAs and competition may result in a medium-term reduction in profitability.

As a result of a general slowdown in the economy, non-performing asset ("**NPA**") levels have increased. Loans to MSMEs also have a higher chance of defaulting and turning into NPAs, since MSMEs are more vulnerable to business cycles. In addition, MSMEs suffer from technological obsolescence due to lower net worth, and weak bargaining power with customers and raw material suppliers. However, due to the effective collection and recovery mechanisms of NBFCs, NPA levels are lower than banks.

The following chart sets forth gross NPAs ("**GNPAs**") among NBFCs and banks for the financial year 2016:



Source: CRISIL Research

MSME financiers face several challenges. MSMEs are highly heterogeneous in terms of size, variety of products and level of technology, which makes it tough for financiers to identify MSMEs with a good business and financial profile. The following chart sets forth some of the key risk areas within MSME finance include lack of skilled manpower, lack of information, time lag in CIBIL updating, deciding focus sectors, vulnerability to industry cycles and technological progress and identification of key risk factors.

(Source: CRISIL Report)

Market Trends in MSME Credit

Increased secured lending with stricter lending norms. Approximately 80% to 85% of NBFC lending is secured. In contrast, banks secure 60% to 70% of their lending portfolio. Security is primarily provided through collateral such as plant and machinery, and current assets of the MSME. To add another layer of security, secondary collateral is collected in the form of immovable assets such as commercial and residential property and shares. Approval rates vary across NBFCs at between 70% and 75%.

Sourcing through own networks. Approximately 60% to 65% of NBFC business is brought in by direct sales teams and relationship managers. Apart from this, branch walk-ins contributed 15% to 20% of business sourcing.

Regional concentration most evident in MSME lending. NBFCs have strengthened their presence in non-metro, Tier-II and Tier-III cities. States such as Tamil Nadu, Karnataka, Kerala, Andhra Pradesh and Telangana in South India and Gujarat, Maharashtra, Madhya Pradesh in West India attract maximum lending in the MSME segment by NBFCs due to high concentration of MSMEs in these regions. Other major states with a high share in MSME lending are Uttar Pradesh, West Bengal and Rajasthan.

Trading and services form major part of MSME borrowers for NBFCs. The majority of lending is to trading companies. Some of the other industries where the significant lending is undertaken are retail customers, traders, real estate, educational institutions and hotels.

(Source: CRISIL Report)

Government Initiatives in MSME Lending

The following table sets forth key government initiatives focused on addressing structural issues in MSME lending:

Initiative	Objective	Progress
Pradhan Mantri MUDRA Yojana	Provide collateral free credit up to ₹ 1 million to proprietorships and partnership firms engaged in small businesses	Loans of approximately ₹ 1.37 trillion disbursed in financial year 2016. Target for financial year 2017 is ₹ 1.8

Initiative	Objective	Progress
		trillion, of which ₹ 0.25 trillion has been disbursed.
Small finance banks	To improve credit availability for the unserved and underserved sections. Regulation stipulates 75% priority sector lending and 50% of loans being less than ₹ 2.5 million	RBI has given in-principle approval to 10 applicants to set up small finance banks, 8 of which are microfinance institutions already serving weaker sections and small, unorganized entrepreneurs.
Trade receivables discounting system (TReDS)	Institutional mechanism to facilitate financing of trade receivables of MSMEs from corporate and other buyers through multiple financiers	RBI has given in-principle approval in November 2015 to three applicants to set up and operate TReDS
Udyog Aadhaar	Notified in September 2015 to improve ease of doing business and encourage registration of MSMEs One-page registration form through which an MSME self-certifies incorporation, and provides bank account, business activity, employment and ownership, and other basic information	Approximately 1.09 million Udyog Aadhars issued. Approximately 5 million MSMEs registered.
Launch of two MSME specific funds under Small Industries Development Bank of India ("**SIDBI**") in August 2015 with total allocation of ₹ 120 billion	India Aspiration Fund: Fund that will invest in various venture capital funds and help meet the equity requirement of MSME start-ups. SIDBI's "Make in India" loan for small enterprises: loans to help MSMEs in specific sectors make their projects viable.	N/A
Online employment exchange	Online employment exchange (www.eex.dcsme.gov.in) launched in June 2015 for enterprises in manufacturing segment and job-seekers Aimed at improving access to skilled labor for MSMEs	N/A

(Source: CRISIL Report)

Low Cost Housing Finance

The Indian housing market can be divided based on ticket size of the mortgage loan into three categories:

- *Above ₹ 2.5 million.* The bulk of this market comprises traditional lending to salaried individuals in urban and metro cities. Large banks and housing finance companies dominate this market.

- *Between ₹ 1.0 million and ₹ 2.5 million.* Loans in this category are primarily extended towards individuals in semi-urban towns and satellite towns around large cities. Large and mid-sized housing finance companies operate in this market.

- *Below ₹ 1.0 million.* These are low-cost housing loans, directed towards housing for lower-income group households. Some NBFCs operate in this area.

The Indian housing finance loan market has grown rapidly, with housing loans held by housing finance companies growing at a CAGR of approximately 21% between the financial years 2011 and 2016. This growth has occurred

due to rising finance penetration and the growth of non-metro cities.

Despite high demand, supply of low-cost housing finance has been constrained due to banks' inability to accurately assess credit risk associated with low-income borrowers, and the high costs associated with smaller ticket sizes and lower volumes. Banks are also reluctant to lend to rural and semi-urban areas due to higher levels of GNPAs. As a result, metros and urban areas accounted for an estimate of nearly 80% of housing loans extended by public sector banks for the financial year 2016. It is expected that banks will be more cautious in lending to rural areas, but will increase lending in semi-urban areas.

There is significant opportunity within the low cost housing finance market. Continued urbanization will guarantee strong demand for housing in Tier-II and Tier-III cities as well as smaller towns. In addition, government initiatives such as the "Pradhan Matri Awas Yojana," under which the government intends to construct more than 20 million houses across India by 2022, will continue to augment housing supply.

Low cost housing finance sees a high proportion of bank lending due to the fact that housing finance sees low delinquency rates. Investments in low income housing also qualify as priority sector loans for banks. In July 2014, the RBI exempted long-term bonds from mandatory cash reserve ratios and statutory liquidity ratio norms if the money raised was used for infrastructure development and affordable housing. Banks are allowed to raise bonds of a minimum maturity of seven years for lending to long-term project in infrastructure sub-sectors and for affordable housing.

(Source: CRISIL Report)

Key Risks in Low Cost Housing Finance

Collateral fraud. One of the key risks facing players in this market is collateral fraud that forces lending institutions to implement additional control measures which increase underwriting expenses.

High risk customers. Financiers typically extend lower LTVs to customers in the low cost housing finance market due to the high risks associated with the business. Lower LTVs in turn result in lower disbursements for financiers.

Funding disadvantages. Most small housing finance companies are at a disadvantage as they have to compete with large banks which have a lower cost of funds.

Delays in project approvals and construction. Cash flows are also dependent upon the timely completion of housing project in which customers have already made purchases. If a project gets delayed, the borrower may start defaulting on loans. As such, project delays can impact the loan book.

Credit appraisal challenges. Despite the presence of several credit bureaus, credit score availability in India is at a nascent stage. In several cases, borrowers lack formal proof of income document, which makes it difficult to judge the borrower's repayment capabilities.

(Source: CRISIL Report)

Customer Sourcing and Profile

Prompted by the high cost of serving customers, financiers targeting low-income customers often adopt innovative models to source business. Housing finance companies assume a hub and spoke model, where retail branches of the company operate as a hub in urban areas, while project site kiosks source customers. Direct customer contact enables better visibility and helps limit fraud, making for more reliable customer assessment.

Customer appraisal for low-cost housing finance is fundamentally different from traditional housing finance, since customers rarely have proof of income and expenditure documents that conventional mortgage lends rely on to

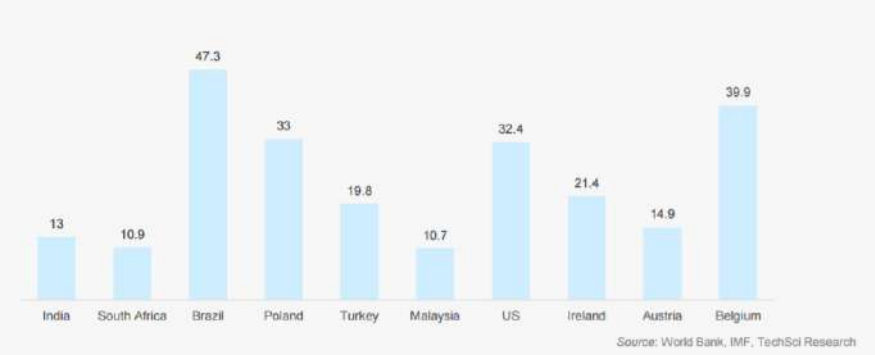
assess credit. Evaluating customers requires more of a field-based approach to verify cash flow, and it is necessary to use surrogates and build up knowledge about customer sub-segments to increase assessment reliability.

(Source: CRISIL Report)

Banking Industry in India

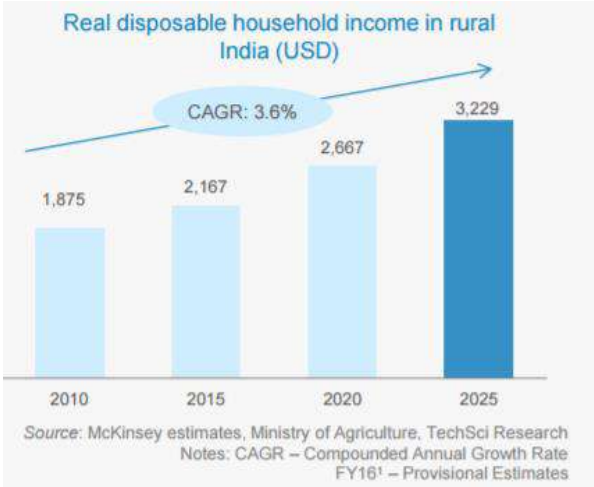
The Indian banking system consists of 26 public sector banks, 25 private sector banks, 43 foreign banks, 56 regional rural banks, 1,589 urban cooperative banks and 93,550 rural cooperative banks, in addition to cooperative credit institutions. Standard & Poor's estimates that credit growth in India's banking sector would improve to 11 to 13% in the Financial Year 2017 from less than 10% in the second half of the calendar year 2014. As of September 2016, outstanding credit to NBFCs stood at US $55.27 billion, growing at a rate of 25% on a year on year basis. Bank credit granted to NBFCs has reached the highest it has been in three years. Despite healthy growth over the last few years, there is limited banking penetration in India.

The following chart sets forth branches per 100,000 adults in India in 2014:



Rising incomes are expected to enhance the need for banking services in rural areas and therefore drive growth in the sector. The real annual disposable household income in rural India is forecasted to grow at a CAGR of 3.6% over the next 15 years.

According to the Global Findex Database 2014, India is home to 21% of the world's unbanked adults and approximately two-thirds of South Asia's. The following chart sets forth real disposable household income in rural India for the periods indicated:



(Source: IBEF)

Key Growth Drivers for the Banking Industry

Economic and demographic changes. Favorable demographics, structural economic stability and rising income levels are expected to facilitate expansion of the banking sector.

Policy support. The Government has undertaken several measures to strengthen the Indian banking sector. For example, in July 2016, the government allocated US$ 3.41 billion as capital infusion in 13 public sector banks, which is expected to improve their liquidity and lending operations, and boost economic growth in the country. The simplification of know your customer norms, reduction of repo rates by 25 basis points and introduction of simple bank accounts are also expected to increase banking penetration.

Rising rural income. The real annual disposable household income in rural India is forecasted to grow at a CAGR of 3.6% over the next fifteen years. Rising incomes are expected to enhance the need for banking services in rural areas, and therefore drive growth of the sector.

Technological innovation. Between 2007 and 2016, telephone density increased at a CAGR of nearly 71%. Banks, telecom providers and the RBI are making efforts to reach the unbanked rural India through mobile banking solutions. Increased use of technology is expected to improve products and services as well as improve access in a cost-effective way.

(Source: IBEF)

Given the importance of NBFCs in the financial sector, they are subject to regulation by the RBI. While these regulations are moving towards a convergence of norms for banks and NBFCs, there are certain differences in statutory liquidity ratio requirements, applicability of cash reserve ratios and priority sector norms. NBFCs lend and make investments like banks, but cannot accept demand deposits or issue checks drawn on themselves. NBFCs do not form part of the payment and settlement system and the deposit insurance facility of Deposit Insurance and Credit Guarantee Corporation is not available to depositors of NBFCs, unlike for banks.

The following chart sets forth the key regulatory distinctions between banks and systematically important non-deposit taking NBFCs ("**NBFC-ND-SI**"):

Parameter	For the year ended	NBFC-ND-SI	Banks (Basel-III)
Minimum net owned funds		₹ 20 million	₹ 5 billion
Capital adequacy		15.0%	9.0%
Tier-I Capital	March 2015	7.5%	7.0%
	March 2016	8.5%	7.0%
	March 2017	10%	7.0%
GNPA recognition	March 2015	180 days	90 days
	March 2016	150 days	90 days
	March 2017	120 days	90 days
	March 2018	90 days	90 days
Cash reserve ratio (CRR)		n.a	4.0%
Statutory liquidity ratio (SLR)		n.a	21.0%
Priority sector		n.a	40% of advances
SARFAESI eligibility		Yes	Yes
Exposure norms		Single borrower: 15% (+10% for IFC) Group of borrowers: 25% (+15% for IFC)	Single borrower: 15% (+5% for infrastructure projects) Group of borrowers: 40% (+10% for infrastructure projects)
Standard asset provisioning	March 2015	0.25%	0.40%

Parameter	For the year ended	NBFC-ND-SI	Banks (Basel-III)
	March 2016	0.30%	0.40%
	March 2017	0.35%	0.40%
	March 2018	0.40%	0.40%

(Source: CRISIL Report)

Small Finance Banks

In 2014, the RBI released a set of draft guidelines for the licensing of small banks in the private sector, issuing requirements relating to size, area of operations, exposure norms and regulatory prescriptions. These small finance banks ("**SFBs**") were intended to be set up to encourage financial inclusion in unbanked and under-banked regions. (*Source: Guidelines for Licensing of Small Finance Banks in the Private Sector, available at https://rbi.org.in/scripts/bs_viewcontent.aspx?Id=2901*). The RBI issued in-principle approval for the set-up of 11 payments banks and ten SFBs in 2015 (RBI Annual Report).

SFBs are intended to primarily cater to provision of savings vehicles for the unserved and underserved sections of the population. They also help supply credit to small business units and micro and small industries through high technology and low cost operations. SFBs can also under take other simple financial services activities, such as the distribution of mutual fund units, insurance products and pension products. The minimum paid-up equity capital for SFBs is ₹ 1,000 million.

The entities eligible to set up an SFB include resident individuals or professionals with ten years of experience in banking and finance, companies and societies, existing NBFCs, microfinance institutions and local area banks. SFBs are subject to all prudential norms and RBI regulations applicable to existing commercial banks, including the requirement to maintain cash reserve ratio and statutory liquidity ratio. They are also required to have 25% of all branches in unbanked rural centers within one year from the data of commencement of operations. The priority sector lending requirement for SFBs is 75% of adjusted net bank credit, which is considerably higher than the 40% requirement for small commercial banks. At least 50% of an SFB's loan portfolio should constitute loans and advances of a size up to ₹ 2.5 million. (*Source*: *Operating Guidelines for Small Finance Banks available at https://rbi.org.in/Scripts/NotificationUser.aspx?ID=10636).*

The following table sets forth key capital adequacy parameters for SFBs compared to scheduled commercial banks ("**SCBs**"):

Parameter	SFBs	SCBs
Capital Measurement Approach	Basel III standardized approach for credit risk; External rating based risk weight for rated exposure and regulatory retail approach for small retail loans.	Basel III
Minimum Capital Requirement	15%	11.5% by March 2019
Common Equity Tier 1 (CET1)	Till March 31, 2019: 6% Post March 31, 2019: 7%, as implied by conversion trigger for AT1 instruments	8% by March 2019 (including CCB)
Additional Tier 1 (AT1)	1.5%	1.5%
Minimum Tier 1 Capital	7.5%	9.5% by March 2019
Capital Conservation Buffer (CCB)	N/A	2.5% by March 2019
Counter Cyclical Capital Buffer (CCCB)	N/A	Maximum up to 2.5%, not applied as of now
Tier II Capital	7.5%	2%
Pre-specified trigger for conversion of AT1		Till March 31, 2019: CET1 falling below 5.625% Post March 31, 2019: CET1 falling below 6.125%

(Source: ICRA Report)

The following table sets forth the key differences between universal banks and SFBs:

Parameters	Universal Banks	Small Finance Banks
Minimum Net Worth	₹ 5 billion	₹ 1 billion
Promoters Shareholding	Non-operative Financial Holding Company ("**NOFHC**") shall hold a minimum of 40% of the paid-up voting capital of the bank, which shall be locked in for a period of 5 years	Minimum promoter shareholding of 40%, which will be locked in for a period of five years. If the existing NBFCs, MFIs or LABs have diluted the promoter shareholding, it should be at least above 26%.
Timeframe for Dilution of Promoters' Equity	Shareholding of NOFHC to be brought down to 20% of the paid-up voting equity capital within a period of 10 years and to 15% within 12 years	If the initial shareholding by promoter in the bank is above 40%, it should be brought down to 40% within a period of 5 years, 30% within a period of 10 years, and to 26% within 12 years
Maximum Foreign Shareholding	Cannot exceed 49% of the paid-up voting equity capital for the first 5 years from the date of licensing of the bank. After 5 years, it will be as per FDI policy for private sector banks	Aggregate foreign investment in an SFB will be allowed up to a maximum of 74% (automatic up to 49% and approval route beyond 49 % to 74%)
Maximum Shareholding of Entities Other than Promoter or NOFHC	No single entity or group of related entities, shall have directly or indirectly in excess of 10% of the voting equity capital of the bank	No single entity or group of related entities shall have shareholding in excess of 10% of the paid-up equity capital of the bank. In case of existing NBFCs, MFIs or LABs converting into an SFB, where there is shareholding in excess of 10% of the paid-up equity capital by entities other than the promoters, RBI may consider providing up to 3 years for the shareholding to be brought down to 10%
Listing Requirement	Within 3 years of commencement of business by the bank.	After the SFB reaches the net worth of ₹ 5 billion, listing will be mandatory within three years
Capital Adequacy Norm	13% for first three years of commencement of operations	15% (under Basel II standardized approach for credit risk)
Tier 1 Capital	7%	7.5%
Exposure Norms	Single borrower: 15% (additional 5% for infrastructure) Borrower group: 40%/50% (additional 10% for infrastructure) Additional 5% exposure allowed post board approval For Oil Marketing Companies: 25% of capital funds	Single borrower: 10% of capital funds Group Borrower: 15% of capital funds Further, at least 50% of the loan portfolio should constitute loans and advances of up to ₹ 2.5 million
Priority Sector Lending	40% of the adjusted net bank credit must be extended to sectors eligible for classification as PSL.	75% of the adjusted net bank credit must be extended to sectors eligible for classification as PSL
CRR/SLR Requirements	CRR: 4.0% of NDTL	CRR: 4.0% of NDTL

Parameters	Universal Banks	Small Finance Banks
	SLR: 21.5% of NDTL	SLR: 21.5% of NDTL

(Source: ICRA Report)

Key Challenges and Progress

Transitioning into an SFB presents several challenges, including meeting equity requirements for growth and regulatory norms. As of October 2016, eight SFB licensees have raised an aggregate amount of ₹ 25 billion of equity year to year to date Financial Year 2017. With entities raising fresh equity to meet foreign shareholding norms, a significant part of the equity required for growth and complying with regulatory norms has already been met.

Maximum foreign shareholding and promoter shareholding regulations also present SFBs with challenges. In order to address these challenges, SFB in-principle licensees raise domestic equity to bring foreign shareholding down to below 50%, and plan to follow holding company structures. Over the past twelve months, licensees have been in the process of implementing IT systems, setting up branches and new personnel. Most licensees are in the process of obtaining funds from non-bank sources such as non-convertible debentures and re-financing from SIDBI and NABARD.

Of the ten entities awarded in-principle SFB licenses, two entities have already commenced operations as SFBs, while various entities have applied to the RBI for their final license, suggesting that some of the regulatory challenges of the transition have been addressed.

(Source: ICRA Report)

OUR BUSINESS

Overview

We are a small finance bank ("**SFB**") that has recently transitioned from a prominent, retail focused non-banking finance company ("**NBFC**"), which primarily served low and middle-income individuals and businesses that have limited or no access to formal banking and finance channels. We received a license from the Reserve Bank of India to set up an SFB on December 20, 2016 and we were the only NBFC categorized as an asset finance company to obtain such license. We commenced our SFB operations with effect from April 19, 2017. Prior to such date, our Company was categorized as a "Systemically Important, Non-Deposit Accepting Asset Finance Company" (NBFC-ND-AFC) by the RBI.

As an NBFC, we operated in three business lines: vehicle finance; micro, small and medium enterprises ("**MSMEs**") loans; and small and medium enterprises ("**SMEs**") loans. As we commenced our SFB operations, we have expanded and strengthened our business model to offer a diverse suite of banking products and services by leveraging our asset-based lending strengths, NBFC customer base and cost efficient, technology driven hub-and-spoke branch operating model to successfully operate our SFB. In addition to our vehicle finance, MSME and SME offerings, our asset product offerings include working capital facilities, gold loans, agriculture related term loans, Kisan credit cards for farmers and loans against securities. Our liability product offerings include current accounts, savings accounts, term deposits, recurring deposits and collections and payments solutions for MSME and SME customers. We believe that transitioning to an SFB has offered us significant growth potential and we aim to be a retail focused, preferred trusted SFB offering integrated and tailored solutions to customers.

Our vehicle finance business extends loans for the purchase of new and pre-owned vehicles and for refinancing of vehicles, which are primarily used for revenue generating activities. For the financial year 2017, the average ticket size of our vehicle finance loans was ₹ 0.34 million. Loan tenures for our vehicle finance loans are up to five years. Our MSME loans business extends loans to MSMEs primarily for business expansion, working capital and the purchase of equipment. For the financial year 2017, the average ticket size of our MSME loans was ₹ 1.08 million. Loan tenures for our MSME loans are up to 12 years. Our SME loans business extends loans to several types of small and medium sized businesses. For the financial year 2017, the average ticket size of our SME loans was ₹ 21.92 million. Loan tenures for our SME loans are up to 15 years. We categorize our MSME and SME loans on the basis of ticket size, with the initial MSME loan disbursed for an amount up to ₹ 5.00 million and the initial SME loan disbursed for amounts over ₹ 5.00 million. As of March 31, 2017, 98.99% of our total receivables under financing activity were secured.

We adopted a strategy of contiguous expansion across regions and as of March 31, 2017, we conducted our operations through 301 NBFC branches spread across 10 states and one union territory in India, with significant presence in the states of Rajasthan, Gujarat, Maharashtra and Madhya Pradesh and employed 8,515 personnel serving 280,349 active loan accounts. The credit penetration of Gujarat, Madhya Pradesh and Rajasthan is below average, while the credit penetration of Maharashtra is above average (*Source: CRISIL Inclusix Report, June 2015*), thus offering us significant growth potential.

As of May 31, 2017, we conducted our operations through 269 branches, 121 asset centers, one central processing center and 10 offices. In addition, we plan to set up an additional 162 branches and seven central processing centers during the financial year 2018.

The following table sets forth certain key financial and operational information while we continued to operate as an NBFC:

	As of and for the		
Metric	**Year ended March 31, 2017**	**Year ended March 31, 2016**	**Year ended March 31, 2015**
Gross AUM*			

	As of and for the		
Metric	**Year ended March 31, 2017**	**Year ended March 31, 2016**	**Year ended March 31, 2015**
*Vehicle finance ** (₹ in million)*	53,956.82	41,744.75	31,462.86
MSME loans (₹ in million)	32,163.38	22,176.02	13,755.83
SME loans (₹ in million)	21,218.39	18,292.06	10,458.41
Total Gross AUM *(₹ in million)*	107,338.59	82,212.83	55,677.09
Disbursement			
Vehicle finance (₹ in million)	35,437.75	28,981.88	17,261.19
MSME loans (₹ in million)	17,039.98	13,142.60	7,444.52
SME loans (₹ in million)	14,826.94	14,067.79	9,069.53
Total Disbursement *(₹ in million)*	67,304.67	56,192.27	33,775.25
Revenue from operations *(₹ in million)*	14,169.93	10,469.31	6,870.20
Profit after tax (as restated) *(₹ in million)*	8,427.13[#]	2,471.54	1,394.50
Gross NPA *(₹ in million)*	1,072.30	370.61	326.50
Gross NPA/Gross Advances	1.61%	0.64%	0.92%
Net NPA *(₹ in million)*	693.41	221.54	154.94
Net NPA/ Net Advances	1.05%	0.38%	0.44%
Net worth *(₹ in million)*	19,995.60	10,006.66	7,664.51
Number of branches	301	291	231
Number of active loan accounts[***]	280,349	225,713	189,175

** Gross assets under management ("**AUM**") comprise the sum of principal outstanding and overdue principal outstanding, if any, for all loan assets under management which includes loan assets held by us as of the last day of the relevant year as well as loan assets which have been assigned or securitized and are outstanding as of the last day of the relevant year.*

*** Includes trade advances to dealers – considered good of ₹609.97 million and trade advances to dealers – considered doubtful of ₹23.11 million as at March 31, 2017. Also includes trade advances to dealers – considered good of ₹1,145.91 million and ₹ 629.06 million as at March 31, 2016 and March 31, 2015, respectively.*

[#]Includes ₹ 5,168.58 million (net of the expenses incurred in connection with such sale and net of tax) on account of sale of investments in two subsidiaries and two associate companies.

Our Company sold 90.10% of the outstanding equity shares of Aavas Financiers Limited (formerly known as Au Housing Finance Limited), 100% of the outstanding equity shares of Index Money LLP (formerly known as Index Money Limited), 29.53% of the outstanding equity shares of M Power Micro Finance Private Limited and 26% of the outstanding equity shares of Au Insurance Broking Services Private Limited during the financial year ended March 31, 2017.

[***]Total active loan accounts represent the aggregate number of loan accounts outstanding as of the end of the relevant year including loan accounts which have been transferred by our Company by way of securitization or assignment and are outstanding as of the last day of the relevant year.

As of and for the year ended March 31, 2017, our Total Borrowings were ₹ 70,709.78 million and our average cost of borrowings was 10.13%. Our average cost of borrowings has reduced from 12.61% for the financial year 2013 to 10.13% for the financial year 2017, including as a result of improvement of our credit ratings during such periods. For details, see "*Our Business – Our Competitive Strengths - Access to Diversified Sources of Funding*" on page 148.

Our Company commenced operations in 1996 in Jaipur, Rajasthan and was registered as an NBFC with the RBI in 2000. In 2005, our Company became a commercial associate of HDFC Bank for originating and servicing vehicle loans and such relationship assisted us in the implementation of various processes and systems. We continued expanding the scale of our business with a vision to cater to the unserved and underserved customer segments. We expanded our product portfolio to include MSME loans in 2007, housing finance in 2011 (a business which we have since sold) and SME loans in 2012, to cater to the evolving needs of our customers. We commenced our SFB operations with effect from April 19, 2017.

Our Promoters include Mr. Sanjay Agarwal, our managing director and CEO, who is a first generation entrepreneur. Our shareholders include marquee investors such as the International Finance Corporation (part of the World Bank Group), Redwood Investment Ltd (belonging to the Warburg Pincus group), Labh Investments Limited (a wholly-owned subsidiary of ChrysCapital VI, LLC), Ourea Holdings Limited (a wholly-owned subsidiary of Kedaara

Capital I Limited) and Kedaara Capital Alternative Investment Fund - Kedaara Capital AIF 1. Our Company was featured in the September 2013 publication of Forbes India as one of the 14 hidden gems of India and was awarded the 'Best PE-Backed Financial Services Company 2012' at the VC Circle Awards.

Our Competitive Strengths

Our principal competitive strengths are as follows:

Diversified Product Portfolio and Revenue Streams

We are a retail focused, technology driven SFB with a diversified portfolio of financial products comprising:

Asset Products

- *Vehicle finance loans*

  We extend loans for new and pre-owned vehicles and for refinancing of vehicles across several categories including: (i) multi-utility vehicles ("**MUVs**"); (ii) cars; (iii) small commercial vehicles; (iv) light commercial vehicles; (v) medium and heavy commercial vehicles; (vi) tractors; (vii) three-wheelers; (viii) two-wheelers; and (ix) construction equipment. We commenced our vehicle finance business in 1996, and diversified our product portfolio by offering MSME and SME loans subsequently. Our vehicle finance business, which accounted for 79.11% of our total AUM as of March 31, 2013, accounted for 50.27% of our total AUM as of March 31, 2017 (while continuing to grow in absolute terms during such period), primarily on account of increased contribution from our MSME and SME loans businesses. Our Gross AUM for our vehicle finance business grew from ₹ 29,305.98 million as of March 31, 2013 to ₹ 53,956.82 million as of March 31, 2017 at a CAGR of 16.49%, constituting 50.27% of our total Gross AUM as of March 31, 2017. Our vehicle loans are secured by the vehicles we finance.

- *MSME loans*

  We introduced our MSME loan business in 2007 to cater to the emerging needs of our underserved customers and we extend loans to MSMEs primarily for business expansion, working capital and the purchase of equipment. Our Gross AUM for our MSME loans business grew from ₹ 5,613.70 million as of March 31, 2013 to ₹ 32,163.38 million as of March 31, 2017 at a CAGR of 54.71%, constituting 29.96% of our total gross AUM as of March 31, 2017. Our MSME loans are secured by immoveable property.

- *SME loans*

  We commenced our SME loan business in 2012. Our SME loans business extends loans to several types of small and medium sized businesses. Our Gross AUM for our SME loans business grew from ₹ 2,123.56 million as of March 31, 2013 to ₹ 21,218.39 million as of March 31, 2017 at a CAGR of 77.79%, constituting 19.77% of our total Gross AUM as of March 31, 2017. Our SME loans are secured by immoveable property or receivables.

Other asset products

Our other asset product offerings include working capital facilities, gold loans, agriculture related term loans and Kisan credit cards for farmers and loans against securities. We also intend to commence offering unsecured business loans and housing finance loans during the financial year 2018.

Liability Products

Our liability product offerings include current accounts, savings accounts, term deposits and recurring deposits and

collections and payments solutions for MSME and SME customers. We also intend to commence offering payment wallets and customized prepaid instruments during the financial year 2018.

Other Products and Services

We intend to engage in the sale of third party investment products such as mutual funds, insurance and risk management products, as well as offer financial advisory and education programs for individual and new entrepreneurs, subject to receipt of requisite approvals from regulatory authorities.

Customer Centric Organizational Commitment

We are a customer centric organization and serviced 280,349 active loan accounts as of March 31, 2017. We have developed strong relationships with our customers through in-person contact by addressing their financial needs, our knowledge of the local markets and our widespread network of branches. Interactions with our customers are primarily undertaken by our own employees. As part of our customer-centric approach, we have undertaken the following steps:

- *Hire local personnel.* We primarily recruit employees locally, which ensure better understanding of customers in that region and their requirements. In our experience, personal contact with customers in rural and semi-urban markets encourages repeat business, leads to business referrals and results in high collection efficiency.

- *Establish relationships with vehicle manufacturers and dealers.* In our vehicle finance business, we benefit from our relationships with vehicle manufacturers and dealers with whom we enter into preferred financing arrangements from time to time.

- *Set up call centers.* We have set up a team of tele-callers to primarily generate new business, while also focusing on customer service and collections. These call centers operate in English and select regional languages. We have separate tele-calling teams for our vehicle finance and MSME loans business, which enables us to have a more focused approach towards our customers.

- *Conduct referral and other programs.* We introduced customer retention programs such as our '*Dost Banaye Dost Programme*', which is a referral program for our customers. Our employee business referrals program offers incentives to employees who refer their family and friends to us and incentivizes our sales team to cross sell products to the same customer. We also conduct customer literacy programs from time to time.

Significant Presence in Rural and Semi-Urban Markets with Focus on Low and Middle Income Customers

We have over 20 years of operating experience in rural and semi-urban markets of India and as of March 31, 2017, 146 of our 301 NBFC branches were located in such markets. We believe that we have successfully adopted a strategy of contiguous expansion across regions, which has enabled us to increase our customer base in the 10 states and one union territory in which we operate. A large segment of India's rural and semi-urban population is currently unserved and underserved by formal financial institutions. According to the Global Findex Database 2014, India is home to 21% of the world's unbanked adults and approximately two-thirds of South Asia's. Over the years, we have focused on customers in such markets, particularly those without a credit history, that offer us significant growth opportunities and customer loyalty. We believe that our understanding of the local characteristics of these markets and customers has allowed us to address the unique needs of our low and middle income customers and assisted us to penetrate deeper into such markets. The reach of our branches allows us to service our existing customers and attract new customers as a result of personal relationships cultivated through proximity and frequent interaction by our employees.

Through our decentralized model, we believe we have been able to optimize turn around times for our customers while managing our credit requirements and associated risks. As of March 31, 2017, our NBFC branch network was structured along a two-tiered hub-and-spoke model with 55 of our branches classified as hubs and 246 as spokes and

we leveraged this network for our SFB operations to set up 269 branches, 121 asset centers, one central processing center and 10 offices, as of May 31, 2017. In addition, we plan to set up an additional 162 branches and seven central processing centers during the financial year 2018. Certain administrative and other functions have been centralized to allow us to benefit from economies of scale and uniformity in operations.

Robust and Comprehensive Credit Assessment and Risk Management Framework

We have a robust and comprehensive credit assessment and risk management framework to identify, monitor and manage risks inherent in our operations. Credit management is crucial to our business since a significant number of our customers are from the unserved or underserved financial segment and primarily first-time purchasers of financial products. We have a risk management policy and several processes in place to assist our personnel to take significant measures to mitigate risks and have set up separate credit teams for our key business lines of vehicle finance, MSME loans and SME loans. Our credit teams, through in-house field investigation officers, conduct an independent verification of customers and evaluate their business and financing needs, and analyze their ability to repay loans.

In our vehicle finance and MSME loans business, we are focused on disbursing loans primarily towards revenue generating assets, which we believe results in lower risk. We have adopted a multi-layered system to strengthen our credit assessment process. We have a deep understanding of the cost of ownership and resale potential for various vehicle types in each geography, which we use in determining our credit policies and we have customized such policies and periodically update them to cater to the requirements of the different markets in which we are present. We have set up a robust collections management system, which includes a collection control room that centrally manages allocations among collection executives and we use analytics for the optimum allocation of cases to the collections team. We have also set up a specialized collections team to manage cases where collections are overdue for a certain period. Our effective credit risk management is reflected in our portfolio quality indicators such as high repayment rates, and low rates of GNPAs and NNPAs across business and economic cycles. As of March 31, 2017, our GNPAs accounted for 1.61% of our Gross Advances, while our NNPAs accounted for 1.05% of our Net Advances. For details, see "*Selected Statistical Information*" on page 282.

We have set-up an Asset Liability Management Committee and a Credit Risk and NPA Committee for retail and wholesale Banking. Our Asset Liability Management Committee evaluates liquidity and other risks, devises strategies to mitigate such risks and reports its findings to our Board. Our Credit Risk and NPA Committee for retail and wholesale Banking was formed to review and identify current and emerging risks, develop risk assessment and measurement systems and establish policies, practices and other control mechanisms. As an SFB, we have enhanced our risk management framework by setting up a Risk Management Committee of the Board and an IT & Operational Risk Management Committee as well as introduced new internal audits to ensure rigorous monitoring and compliance. We have also formulated a vigil mechanism framework to enable employees to report genuine concerns about unethical behavior and actual or suspected fraud or violation of any of our policies. Our anti-bribery policy mechanism is designed to check corrupt practices and report any issues to our Board.

Access to Diversified Sources of Funding

We have set up a Treasury department that is responsible for fund raising and asset liability management, minimizing the cost of our borrowings, liquidity management and control, diversify fund raising sources, managing interest rate risk and investing funds in accordance with the criteria set forth in our investment policy. Prior to the commencement of our SFB operations, our sources of liquidity included term loans and working capital facilities; proceeds from loans assigned and securitized; proceeds from the issuance of non-convertible debentures ("**NCDs**") and commercial paper; and subordinated debt borrowings from banks, mutual funds, insurance companies and other domestic and foreign financial institutions.

As an SFB, we will be able to access funds such as savings accounts, current accounts, term deposits and recurring deposits. We will also be able to raise funds from liquidity adjustment facility and market stabilization fund of the RBI, refinance facilities from financial institutions, capital market borrowings such as infrastructure bonds, tier II

bonds and perpetual bonds. We will continue to securitize and assign loans, which qualify as priority sector lending, as well as our non-priority sector loans through securitization or direct assignment to banks, financial institutions and mutual funds, which enables us to optimize our cost of borrowings, funding and liquidity requirements, capital management and asset liability management. We will also have access to inter-bank participatory certificates and will be able to participate in the priority sector lending certificates market wherein we will be able to trade our right of claim for priority sector loans for a fee. Money market borrowings, interbank borrowings and issuance of certificates of deposit will only be permitted or available to us once we become a scheduled commercial bank, which will require additional time. However, we will be unable to raise secured borrowings from banks and financial institutions or raise funds from the issuance of secured NCDs as a result of transitioning to an SFB.

As of March 31, 2017, our Total Borrowings were ₹ 70,709.78 million comprising 50.03% of NCDs, 32.94% of term loans, 6.78% of commercial paper, 4.67% of subordinated debt borrowings, and 5.58% of working capital facilities. In addition, we securitize and assign loans to meet our funding requirements from time to time. Our average cost of borrowings has reduced from 12.61% for the financial year 2013 to 10.13% for the financial year 2017. We believe that we have been able to access cost-effective debt financing due to our stable credit history, improving credit ratings and conservative risk management policies. The following table reflects the improvement in our credit ratings for the periods indicated:

Rating Agency	Term	Credit rating as of March 31, 2013	Current credit ratings
CRISIL Ratings	Long Term	CRISIL A / Stable	CRISIL A+ / Stable
	Short Term	CRISIL A1	-
ICRA	Long Term	[ICRA]A (Stable)	[ICRA]A+ (Stable)
	Short Term	-	[ICRA]A1+
India Ratings	Long Term	-	IND A+ (Positive)
	Short Term	-	IND A1+
CARE Ratings	Long Term	CARE A	CARE A+ / Stable
	Short Term	CARE A1	-
Brickwork Ratings	Long Term	-	BWR AA / Stable
	Short Term	-	-

Internal accruals constitute a significant portion of the net worth of our Company as at March 31, 2017. While our net worth was ₹ 19,995.60 million as at March 31, 2017, as of such date, our Company had received a total equity investment of ₹ 5,791.17 million, and had recognized profit on sale of shares of Aavas Financiers Limited (formerly known as Au Housing Finance Limited), Index Money LLP (formerly known as Index Money Limited), M Power Micro Finance Private Limited and Au Insurance Broking Services Private Limited of ₹ 5,168.58 million (net of the expenses incurred in connection with such sale and net of tax) for the financial year ended March 31, 2017.

Experienced Management Team and Qualified Operational Personnel

We have an experienced management team, which is supported by a qualified, capable and motivated pool of managers and other employees. Our Key Management Personnel have been with us for an average of over 15 years. Our management team and managers have diverse experience in a range of financial products and functions related to our business and operations. Our managers have an in-depth understanding of the geographic regions, loan products and types of collateral and businesses of our borrowers. In connection with our transition to an SFB, we had undertaken an extensive recruitment drive focusing on growing our team at all levels of management and employees. We are focused on hiring individuals with experience, drive and commitment. We believe we have benefited significantly from the vision, leadership, innovation and experience of our promoter, Mr. Sanjay Agarwal, who is a first generation entrepreneur.

Our Strategies

Leverage Our Existing Capabilities and Customer Base

We received a license from the RBI to set up an SFB on December 20, 2016 and we were the only NBFC categorized as an asset finance company to obtain such license. We commenced our SFB operations with effect from April 19, 2017. We intend to leverage our capabilities as a former asset finance NBFC including our branch network, customer base, technology driven, low cost hub-and-spoke model and local know-how in the geographical areas in which we operate for our SFB operations. As an SFB, we intend to strategically expand our operations by offering a diverse suite of banking products and services at our branches. We have developed and set up additional branch architecture, improved our technology backbone for our SFB operations in a phased manner and established our consumer branch footprint in the geographical regions in which we conducted our NBFC operations. We will continue to focus on our go-to-market approach to increase our customer base, implement customer reach programs and will encourage all our NBFC customers to open bank accounts with us.

We believe our operational experience as an asset finance NBFC, as well as our NBFC customer base, will enable us to develop our SFB operations to create a single platform for multiple financial products and services. Our transition into an SFB, we believe, has synergies with, and demand from our NBFC customer base enabling us to open their bank accounts and receive deposits from them. We focus on building long-term relationships with our customers and address specific requirements in a particular region and believe we have developed a strong connection with our customers over 20 years of our operations. Through our SFB offerings, we will seek to further strengthen our relationship with our NBFC customers and attract new customers. As an SFB, we offer a diverse suite of products and services to our NBFC customers, which will lead to repeat business and opportunities to scale up our SFB operations in an efficient manner. We believe that our transition to an SFB offers us significant growth potential and we aim to be a retail focused, preferred trusted SFB that offers integrated and tailored solutions to customers.

Grow Our Branch Network

As of May 31, 2017, we conducted our operations through 269 branches, 121 asset centers, one central processing center and 10 offices in 10 states and one union territory in India. While historically most of our operations were focused in Rajasthan, Gujarat and Maharashtra, we have grown our operations in relatively newer contiguous markets such as Madhya Pradesh, Punjab, Haryana, the National Capital Region and Himachal Pradesh. We intend to continue expanding our branch network to drive greater and deeper penetration in the western and northern states of India in which we operate, focusing on low and middle income individuals and businesses that have limited or no access to formal banking and finance channels, spread across rural, semi-urban and urban markets.

We believe our NBFC branch infrastructure and cost efficient hub-and-spoke model has allowed us to develop and commence our SFB operations. We have converted 121 of our NBFC branches into asset centers where we only offer vehicle finance, MSME and SME loans. In addition to our existing branches and asset centers, we intend to gradually open 162 additional branches during the financial year 2018 to reach 431 branches and 121 asset centers at the end of the financial year 2018. This proposed branch expansion plan also includes opening 23 branches in Tier 1 centers beyond the 10 states and one union territory in which we are currently present, thereby expanding our geographic reach into new states and regions. We will evaluate the offerings at our branches to customize our products to the needs and demands of our customers in the region in which our branches are located and correspondingly update existing operations and resources utilized in a territory.

Provide a Comprehensive Suite of Banking Services

We have commenced offering a broad range of banking and financing products and services as part of our SFB business. We have expanded beyond our previous business lines to offer additional asset products such as working capital facilities, gold loans, agriculture related term loans, Kisan credit cards for farmers and loans against securities. We also intend to provide unsecured business loans and housing finance loans during the financial year 2018. Our liability product offerings include current accounts, savings accounts, term deposits and recurring deposits, payment wallets and customized prepaid instruments and collections and payments solutions for MSME and SME customers. We also intend to sell mutual funds, insurance and risk management products and provide financial advisory services, subject to receipt of requisite approvals from regulatory authorities. In 2011, we had set up a wholly owned subsidiary, Aavas Financiers Limited (formerly known as Au Housing Finance Limited) to

provide housing finance loans and in June 2016, we divested 90.10% of the outstanding equity shares of this company for ₹ 8,283.54 million. We believe that our prior experience in the housing finance business will assist us as we develop our home loans business as an SFB, while our experience in our current business lines will assist us in developing our liability business and introduce new products and services to meet the evolving needs of our customers. We intend to operate as a one-stop shop, delivering high quality products and services, along with a standardized customer experience across branches to a diversified customer base.

We believe that the growth of our transaction banking operations will provide support across our various product offerings and business verticals and enable us to serve our existing customers' liquidity and cash flow requirements more effectively. Further, our new product offerings would enable us to supplement our existing sources of liquidity. As an SFB, we will be able to access funds such as savings and current accounts, term deposits and recurring deposits, which have otherwise not been available to us as a non-deposit accepting NBFC and consequently be able to strengthen our liability profile. Our new product and service offerings combined with our historical NBFC offerings and infrastructure presents us with an opportunity to cross-sell a diverse range of financial products and services to our existing and potential customer base.

Leverage Technology to Grow Our Business

We have upgraded, and intend to continue to upgrade our technology systems with automated, digitized and other technology-enabled platforms and tools, to strengthen our banking and financing initiatives and derive greater operational, cost and management efficiencies. We have entered into agreements with several IT companies to assist us in setting up our IT infrastructure for our SFB operations. We entered into a master services agreement with Accenture Services Private Limited and have implemented certain IT systems including a core banking solution, internet and mobile banking solutions, enterprise mobile applications and enterprise risk management systems. We have deployed the Oracle Flexcube Core Banking solution ("**Flexcube CBS**") for various banking functions, which we believe will support our SFB offerings and assist us in handling large transaction volumes. Further, we commenced utilizing the loan management system capabilities of Flexcube CBS and have migrated data from our previous loan management system, OmniFin to Flexcube CBS.

We have also entered into a master services agreement with Netmagic Solutions Private Limited and their affiliates to avail services including co-location hosting, managed hosting, remote infrastructure monitoring and management services, security services, application hosting, and disaster recovery services. We also entered into a master services agreement with Acidaes Solutions Private Limited and have commissioned a comprehensive customer relationship management ("**CRM**") solution and we have migrated all our previous leads and customer data to this system. We have also entered into a master services agreement with Newgen Software Technologies Limited and implemented a workflow based loan origination and collections system and cheque truncation solution.

We seek to provide a differentiated technology framework, enhancing convenience for our customers and reducing operational expenditure at our branches. We intend to distribute tablets integrated with biometric devices and Bluetooth printers to our SFB personnel to enable faster customer verification and account opening and activation. We have commenced using interactive voice response systems ("**IVR**") in English and select regional languages to cater to our extensive customer base. Further, we intend to explore delivering services through alternate digital channels such as secure online banking, mobile banking, digital wallets and online loan processing and credit approvals. We believe greater adoption of our digital service delivery mechanisms will enable us to be more efficient, customer friendly and over time perform more reliable data analytics, resulting in target customer profiling, customized and tailor-made products to suit the diverse requirements of our customers and improved customer satisfaction. For details, see "*Our Business - Information Technology*" on page 163.

Enhance Our Brand Presence

We seek to leverage and enhance our brand to build our presence in the banking sector and develop new customer and industry relationships beyond our existing business lines. In this regard, we may explore opportunities to enter into strategic as well as service-level collaborations for customer aggregation and servicing, to take our SFB to the

customer and thereby build and expand our network of branches and increase our penetration of the non-institutional depositor and customer base. We seek to build our brand by continuing to engage with existing and potential customers thorough customer literacy programs, sponsor popular events in the regions we operate and place advertisements in newspapers, on the radio and in other advertising media. We have recently launched our new logo for our SFB operations and will continue to invest in various brand enhancement initiatives.

DESCRIPTION OF OUR BUSINESS

Overview

We received a license from the RBI to set up an SFB on December 20, 2016 and we were the only NBFC categorized as an asset finance company to obtain such license. We commenced our SFB operations with effect from April 19, 2017. Prior to such date, our Company was previously categorized as a "Systemically Important, Non-Deposit Accepting Asset Finance Company" (NBFC-ND-AFC) by the RBI. Our decision to transition to an SFB was pursuant to our mission of financial inclusion and offering a diverse range of financial products and services to the underserved and unserved segments of the Indian population. We aim to be a retail focused, preferred trusted SFB, providing integrated and tailor made solutions for the underserved ecosystem with a technology led model for superior service and low cost reach, supported by robust IT, risk management and human resource processes, policies and systems.

We believe we can leverage our experience in our NBFC business lines, brand and relationship with customers and financial institutions to build our presence in the banking sector. We also believe that we can gain access to low-cost funds in the form of savings and current account deposits as well as term deposits, which would otherwise not be accessible to us as an NBFC. We have obtained a significant understanding of low and middle income customers through our NBFC operations and we have expanded and strengthened our business model to offer banking services by leveraging our understanding of customers, asset lending strengths and cost efficient hub-and-spoke branch operating model to successfully operate our SFB.

Our Product Portfolio

We provide products and services to different customer segments with differentiated propositions for their personal and business banking needs. In addition to our vehicle finance loans, MSME loans and SME loans business, our product portfolio includes:

<table>
<tr><th>Asset Products</th><th>Liability Products</th><th>Other Products and services</th></tr>
<tr><td rowspan="5"><u>Retail Assets:</u>
• Vehicle finance loans including two wheeler loans targeted primarily towards mass market customers
• Secured business loans comprising MSME and SME loans
• Housing finance loans[#]
• Gold loans
• Loan against securities
• Agriculture related term loans and Kisan credit cards for farmers in the mass market and unbanked areas</td><td>Current accounts</td><td>Sale of third party investment products such as mutual funds, insurance and risk management products[*]</td></tr>
<tr><td>Savings accounts</td><td>Financial advisory and education programs for individuals and new entrepreneurs[*]</td></tr>
<tr><td>Term deposits and recurring deposits</td><td rowspan="4"></td></tr>
<tr><td>Payment wallets and customized prepaid instruments[#]</td></tr>
<tr><td>Collections and payments solutions for MSME and SME customers</td></tr>
<tr><td></td></tr>
<tr><td><u>Wholesale Assets:</u>
• Business Banking - Working</td><td></td><td></td></tr>
</table>

capital facilities such as overdraft and cash credit facilities; non-fund based products for MSME and SME customers • Unsecured business loans for MSME and SME customers[#] • NBFC loans • Construction finance loans		

**Subject to receipt of approvals from regulatory authorities such as IRDA and AMFI.*
[#]We intend to commence offering these products during the financial year 2018.

Deposit Built-up

We believe that as an SFB we will be able to attract new customers, increase our geographical reach and build our deposit base. Our deposit products are classified into retail deposits and wholesale deposits:

Retail Deposits

- *Savings accounts*. We intend to cross sell savings accounts to our NBFC and potential customers and their employees and families in addition to having a branch based acquisition sales strategy that will acquire new customers across various income segments. We will encourage our NBFC customers to open a bank account with us and will assist them with operating their accounts.

- *Current accounts*. We intend to cross sell current accounts to the micro and small enterprise owners with whom we currently have credit relations and to other self-employed customers in the regions in which we operate.

- *Retail term deposits*. We intend to supplement our deposit offerings with retail term deposits.

Wholesale Deposits

We intend to seek deposits, particularly term deposits, from high net worth individuals, corporate bodies, financial institutions, trusts, associations, Government entities and societies and clubs by leveraging our existing relations and introducing competitive pricing strategies. For details, see "*Risk Factors – Internal Risk Factors - As an SFB, we will be unable to access some of the sources of funds available to us as an NBFC and our inability to replace such sources of funds in an acceptable and timely manner, or at all, may have an adverse effect on our business, results of operations, financial condition and cash flows.*" on page 20.

Vehicle Finance Business

We divide the vehicles we finance into several categories of vehicles: (i) MUVs (ii) cars; (iii) small commercial vehicles; (iv) light commercial vehicles; (v) medium and heavy commercial vehicles; (vi) tractors; (vii) three-wheelers; (viii) two-wheelers; and (ix) construction equipment. We also finance the purchase of pre-owned vehicles. Loan tenures for our vehicle finance loans are up to five years. For the financial year 2017, the average ticket size of our vehicle finance loans was ₹ 0.34 million. As of March 31, 2017, we offered our vehicle finance products at 291 NBFC branches.

The following table sets forth details of our Gross AUM and loans disbursed for our vehicle finance business, for the periods indicated:

(₹ in million)

Vehicle Type	Parameter	As of and for the

		Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2014	Year ended March 31, 2013
MUVs	Gross AUM	17,790.25	14,137.06	10,688.53	10,079.73	9,002.77
	Disbursement	11,541.73	9,945.83	6,148.50	5,634.82	6,479.44
Cars	Gross AUM	15,267.78	9,975.63	6,369.04	6,015.44	5,333.42
	Disbursement	10,586.60	7,491.19	3,557.31	3,306.41	3,946.93
Small commercial vehicles	Gross AUM	11,780.01	9,686.82	7,600.68	6,868.48	5,406.89
	Disbursement	7,467.04	6,554.16	4,372.73	4,236.72	4,021.73
Light commercial vehicles	Gross AUM	2,549.84	1,828.13	1,519.18	1,879.42	2,054.10
	Disbursement	1,665.22	1,266.97	663.41	861.47	1,140.05
Medium and heavy commercial Vehicles	Gross AUM	1,427.37	1,256.20	1,548.59	2,664.01	4,321.46
	Disbursement	969.56	880.39	616.30	689.80	2,121.44
Tractors	Gross AUM	1,749.69	1,361.85	822.21	711.03	615.06
	Disbursement	1,236.11	1,157.91	603.87	494.81	464.47
Three-wheelers	Gross AUM	2,062.71	2,086.83	2,057.86	2,202.57	1,836.86
	Disbursement	1,328.11	1,394.73	1,199.04	1,455.87	1,390.60
Two-wheelers	Gross AUM	133.52	18.02	-	-	-
	Disbursement	171.80	19.34	-	-	-
Construction equipment	Gross AUM	575.82	305.86	173.7	219.69	265.82
	Disbursement	471.55	271.37	100.05	94.72	176.93
Total	Gross AUM*	53,956.82	41,744.75	31,462.86	31,152.88	29,305.98
	Disbursement	35,437.74	28,981.88	17,261.19	16,774.61	19,741.58

** Includes trade advances to dealers – considered good of ₹609.97 million and trade advances to dealers – considered doubtful of ₹23.11 million as at March 31, 2017. Also includes trade advances to dealers – considered good of ₹1,145.91 million, ₹629.06 million, ₹504.71 million and ₹1,010.53 million as at March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013, respectively.*

Customers

Our target customer segment comprises low and middle-income individuals and businesses in rural, semi-urban and urban markets who have limited or no access to formal banking and finance channels. Our NBFC customers have generally included self-employed individuals or small road transport operators, many of whom may even be first time purchasers of vehicles. Employees at our branches are responsible for connecting with new customers and addressing queries. Many of our customers who are individuals do not have proof of income, pay slips, or file income tax returns, and as such may be excluded from being served by banks or large financial institutions. We source new customers through several initiatives including from vehicle dealers, tele-calling, online marketing through reputed websites and loan referral programs for existing customers and employees.

We provide trade advances to some of the vehicle dealers with whom we have relationships. As of March 31, 2017 and March 31, 2016, the total trade advances outstanding to dealers were ₹ 633.08 million and ₹ 1,145.91 million, respectively. Once these vehicle dealers sell vehicles to our customers, they are permitted to net the principal amount of loan granted to our customers from such trade advances. For details, see "*Risk Factors – Internal Risk Factors - We provide unsecured trade advances to several vehicle dealers to promote our business. If such advances are not repaid or set off, we may have to write-off such advances, which may have an adverse effect on our results of operations, financial condition and cash flows.*" on page 30.

Credit Approval and Disbursement

Upon sourcing a customer, a marketing executive assesses the customer based on several parameters including vehicle type, experience in transportation, repayment track record (if available), age and usage of vehicle. A field investigation officer also confirms the accuracy of the information on a loan application by visiting the applicant's residence, office or business premises and preparing a profile report. A member of the credit team then verifies the applicant's credit history through a credit bureau check. Subsequently, a member of the credit team contacts the

customer and makes a final assessment of the application. We use a risk based pricing matrix to determine the interest rate to be charged for different loans. We have customized our disbursement policies and periodically update them to cater to the requirements of the different markets in which we are present. For example, we have in the past, reduced our exposure to medium and heavy commercial vehicles on account of an overall slowdown in the economy and reduced our exposure to certain vehicle models on account of a reduction in their secondary market value.

We believe it is critical that the vehicles we finance and have as collateral deliver a high operating efficiency, low maintenance costs, easy serviceability and strong secondary market value. We categorize vehicle manufacturers and vehicle models on the basis of such criteria and centrally approve them for the funding of their vehicles. From time to time, we review and update such criteria and the vehicles that qualify under such criteria. Since customers often lack sufficient knowledge of the products offered by manufacturers, we advise customers on the suitability of their chosen vehicle for the purpose for which they propose to use the vehicle. For pre-owned vehicles, we provide customers with an assessment of the vehicle's value through our sales personnel, internal valuation grid or Insurance Regulatory and Development Authority ("**IRDA**") licensed valuers.

Secured Business Loans

Our secured business loans business comprises our MSME and SME businesses:

MSME Business

As part of our MSME loans business, we primarily extend loans to micro and small manufacturing firms, service enterprises and traders. Loan tenures for our MSME loans are up to 12 years. For the financial year 2017, the average ticket size of our MSME loans was ₹ 1.08 million. As of March 31, 2017, we offered our MSME loan products at 187 NBFC branches.

The following table sets forth details of our Gross AUM and loans disbursed in our MSME loans business, for the periods indicated:

(₹ in million)

Parameter	As of and for the				
	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2014	Year ended March 31, 2013
Gross AUM	32,163.38	22,176.02	13,755.83	9,102.68	5,613.70
Disbursement	17,039.98	13,142.60	7,444.52	5,170.74	3,453.78

Customers

Our target customer segment comprises micro and small business customers with a turnover of over ₹ 1.00 million. We generally extend MSME loans for business expansion, working capital and purchase of equipment. Our MSME loan customers typically include provision stores, dairy businesses, hotels and restaurants. We acquire customers through our sales team, referrals by existing customers, cross selling products to existing vehicle finance customers, and employee referrals.

Credit Approval and Disbursement

Upon sourcing a customer, a relationship officer visits the customer's business premises to assess credit needs, the collateral offered and repayment capabilities. A cash flow assessment is drawn on the basis of business and financial documents and other information received. An appraisal officer verifies documents such as bills of purchase and sale, stock registers, cash books, fuel and energy consumption bills to assess the turnover and margins of a customer's business and his repayment capability. We also conduct credit bureau checks and assess the value of the collateral through internal and external teams. We use a risk based pricing matrix to determine the interest rate to be charged for different loans. The loan application is then approved by a credit officer and sent to our sanctioning

authority for final approval.

SME Business

Our SME loans business extends loans to several types of small and medium sized businesses including HFCs and MFIs. Loan tenures for our SME loans are up to 15 years. For the financial year 2017, the average ticket size of our SME loans was ₹ 21.92 million. We offer our SME loan products through our centralized team in Jaipur and sales personnel at select branches. We categorize our SME loans into: (i) SME business loans; (ii) construction finance loans and (iii) NBFC finance loans.

The following table sets forth details of our Gross AUM and loans disbursed in our SME loans business, for the periods indicated:

(₹ in million)

Category	Parameter	As of and for the period				
		Year ended March 31, 2017	**Year ended March 31, 2016**	**Year ended March 31, 2015**	**Year ended March 31, 2014**	**Year ended March 31, 2013**
SME business loans	Gross AUM	9,467.42	7,301.09	3,256.42	631.92	-
	Disbursement	4,814.99	5,144.51	2,651.07	812.73	-
Construction finance loans	Gross AUM	6,204.56	6,607.26	4,916.83	1,790.97	64.33
	Disbursement	2,405.85	3,942.37	4,487.51	2,355.89	66.83
NBFC finance loans	Gross AUM	5,516.31	4,270.25	2,196.43	1,496.65	1,967.37
	Disbursement	5,734.90	3,850.92	1,525.00	660.00	639.67
Total[*]	Gross AUM	21,218.39	18,292.06	10,458.41	4,234.57	2,123.56
	Disbursement	14,826.94	14,067.79	9,069.53	4,905.01	1,192.80

[*] *Includes unsecured short term loans extended to certain customers*

Customers

Our target customer segment comprises customers with a turnover of over ₹ 10.00 million. We provide loans for purposes such as expansion of businesses, working capital and purchase of equipment. Our customers typically include small and medium sized enterprises, traders, wholesalers, distributors, retailers, self-employed professionals and small construction companies. We acquire customers through our sales team, referrals by existing customers, cross selling products to our existing vehicle finance and MSME customers, employee referrals and through advertisements.

Credit Approval and Disbursement

Upon sourcing a customer, a relationship officer visits the customer's business premises to assess credit needs, the collateral offered and repayment capabilities. A detailed cash flow assessment is created by examining business and financial documents, the continuity of the business, market reputation of the customer and his business and track record of loan repayment. The viability of a customer's business is assessed by examining factors such as inventory levels, number of employees and operational machinery. A financial assessment is also conducted on the basis of the customer's tax returns and examination of business expenses. An appraisal officer verifies documents such as bills of purchase and sale, stock registers, cash books and fuel and energy consumption bills to assess the turnover and margins of a customer's business and his repayment capability. These processes and the review of business margins prevalent in the corresponding industry and regions enable us to estimate the turnover and profit of a customer's business. We also conduct a credit bureau check and assess the value of the collateral through internal and external teams. A technical evaluation is conducted by two different evaluators to arrive at a fair market value of the collateral and the lower of the two values is considered by us while extending a loan. A collateral of value in excess of ₹ 10.00 million is also examined by the head of our technical valuation team. We use a risk based pricing matrix to determine the interest rate to be charged for different loans. The loan application is then approved by a credit officer and sent to our sanctioning authority for final approval. We seek to mitigate the risk of default by including

specific covenants in the loan documentation in addition to our general terms and conditions, on a case-by-case basis.

Branch Network

As of March 31, 2017, our NBFC branch network was structured along a two-tiered hub-and-spoke model with 55 of our branches classified as hubs and 246 as spokes and we have leveraged this network for our SFB operations to set up 269 branches, 121 asset centers, one central processing center and 10 offices, as of May 31, 2017. All our branches are optimally equipped in terms of personnel, infrastructure and product offerings, and we intend to offer customers a standardized experience across all branches.

Branch Locations

Our urban branches are located in urban and metro centers while our semi-urban branches are located in semi-urban centers that have growth potential. Our rural branches have cost-effective and lean infrastructure and are located in rural areas that have growth potential targeting the disbursement of credit to low and middle income individuals and micro businesses. We also intend to engage business correspondent partners to enhance our reach in unbanked locations for the sale and service of deposit and asset products.

Branch Expansion Plans

In addition to our existing branches, we intend to gradually open 162 additional branches during the financial year 2018 to reach 431 branches at the end of the financial year 2018. This proposed branch expansion plan also includes opening 23 branches in Tier 1 centers beyond the 10 states and one union territory in which we are currently present, thereby expanding our geographic reach into new states and regions.

Our 431 branches will comprise 164 branches in Tier 1 centers and 267 branches in Tier 2 to Tier 6 centers. Of our 431 branches, 119 branches are expected to be located in unbanked rural centers. For details, see "*Risk Factors – Internal Risk Factors - Our inability to leverage our existing customer base, expand our branch network and attract new customers for our SFB operations may adversely affect our business, results of operations, financial condition and cash flows*" on page 26.

The following table sets forth the state-wise distribution of our proposed branch network, as submitted to the RBI:

State	**As per RBI's classification of centers for Banks***							
	Metropolitan	**Urban**	**Semi-Urban**			**Rural**		**Total**
	Tier 1 centers	**Tier 1 centers**	**Tier 2 centers**	**Tier 3 centers**	**Tier 4 centers**	**Tier 5 centers**	**Tier 6 centers**	
Rajasthan	13	26	22	45	19	17	56	**198**
Maharashtra	12	16	7	2	2	3	15	**57**
Gujarat	9	20	4	6	3	2	12	**56**
Madhya Pradesh	5	16	7	10		2	11	**51**
Punjab[#]	1	12	4	2			5	**24**
Haryana	1	10	1	1			4	**17**
Chhattisgarh	1	3	1					**5**
Delhi	5							**5**
Uttar Pradesh	3	1						**4**
Himachal Pradesh		1	1	2				**4**
Tamil Nadu	2							**2**
Telangana	1							**1**
Goa			1					**1**
Uttarakhand		1						**1**
West Bengal	1							**1**

State	As per RBI's classification of centers for Banks*							
	Metropolitan	Urban	Semi-Urban			Rural		Total
	Tier 1 centers	Tier 1 centers	Tier 2 centers	Tier 3 centers	Tier 4 centers	Tier 5 centers	Tier 6 centers	
Andhra Pradesh		1						**1**
Kerala		1						**1**
Karnataka	1							**1**
Odisha		1						**1**
Total	**55**	**109**	**48**	**68**	**24**	**24**	**103**	**431**

**As per RBI's Master Circular on Branch Authorization dated July 1, 2014 and subsequent amendments applicable on Banks.*
[#] Includes the union territory of Chandigarh.

The following table sets forth the distribution of our existing branches and asset centers across India as of May 31, 2017:

State	Number of branches	No of asset centers
Rajasthan	118	49
Gujarat	38	25
Madhya Pradesh	35	11
Maharashtra	33	15
Punjab[*]	18	7
Haryana	14	5
Chhattisgarh	5	2
Delhi	4	5
Himachal Pradesh	2	1
Uttar Pradesh	2	0
Goa	0	1
Total	**269**	**121**

[*] *Includes the union territory of Chandigarh.*

Loan Collection and Monitoring

Loan Collection

We have a collections team that comprised 1,155 employees and 139 external collection agents as of March 31, 2017. Collections are organized by geography, and are further divided based on delinquency, products and customer repayment history. We have a collection control room that ensures that appropriate information is provided on a timely basis to the relevant collection officers and manages collection allocations among them. At the branch level, the collections team uses a collections application on their mobile phones and Bluetooth printers to generate receipts and update data while collecting payments from customers.

We employ a structured collection process wherein we remind our customers of their payment schedules through text messages, pre-recorded voice calls and calls from our tele-callers. In certain cases, our in-house team also visits our customers. If the customer has not made his payment by his due date and despite regular follow-ups for a certain period of time, a senior member of our collections team visits the customer and legal action is initiated if the customer's ability or intent to repay is suspect. We have set up a specialized collections team to review cases in our vehicle finance and MSME business who work with our business team to initiate recovery 90 days after the payment from customers is overdue. This team comprises experienced professionals who are trained in negotiation and legal processes. Our specialized collections team initiates recovery by contacting the customers' referees, checking recent bureau records, tracing the collateral and follow up with law enforcement authorities. In cases where the payment is more than 90 days overdue, our legal team may initiate recovery proceedings. In the event of a default under a loan agreement, we may initiate the process for repossessing collateral. We may use external collection agencies to repossess collateral.

We offer several payment options, such as cash, post-dated cheques and electronic bank transfers. We attempt to

minimize risks associated with cash collection by ensuring that cash collected at our branches up to a certain time is deposited on the same day by our employees. Every branch has a cashier who manages cash, reconciles balances and issues receipts to clients. We have also entered into agreements with certain banks for the collection and deposit of cash from certain of our existing branches.

Use of Analytics

We have also developed a business information management system to track and monitor the status of loan documentation and turn around times. We have implemented an analytics platform to maintain customer profiles and increase business while managing risks. We commenced using analytics driven programs with our customer loyalty program where we identified and rewarded customers who made timely repayments and purchased additional products from us. We then used our analytics platform to identify and cross-sell products to existing customers, improve turn around times and as a tool for customer retention. In October 2015, we implemented a collection allocation optimization model to estimate the likelihood of customer default and categorize customers based on propensity to pay. Our collection allocation optimization model is used to determine the optimal collection strategy for each individual customer, allowing us to reduce costs associated with collection. For example, we re-allocated low default probability customers from field allocation to tele-calling and reduced collection costs. To assist us in planning our SFB operations in setting up branches in rural and unbanked areas, we utilize geoanalytics to rank villages in the country based on their liability potential.

We have also developed and deployed sales dashboards wherein our dashboards present daily, monthly and yearly sales figures by city, region, state and product category. Our portfolio dashboard provides various type of information including customer profile, product category, regional classifications and origination for different days past due buckets. Our portfolio managers can review such information, identify areas of concern and initiate prompt action.

Portfolio Monitoring

We have set up a central and product specific teams to periodically monitor and analyze our loan portfolio. The portfolio monitoring teams monitor conditions and takes corrective measures based on pre-default and post-default behavior of a customer and prevailing economic conditions. These teams provide periodic reports along with geographical and collateral risk notes to assist us in developing our product strategies. We have setup an early warning framework with pre-defined triggers to identify areas of concern. We conduct a periodic review of our portfolio and monitor and identify external events that could have an impact on our portfolio. We have also setup an annual monitoring system for loans disbursed in excess of ₹ 20.00 million.

Treasury Department

We have set up a Treasury department that is responsible for fund raising and asset liability management, minimizing the cost of our borrowings, liquidity management and control, diversify fund raising sources, managing interest rate risk and investing funds in accordance with the criteria set forth in our investment policy. Prior to the commencement of our SFB operations, our sources of liquidity included term loans and working capital facilities; proceeds from loans assigned and securitized; proceeds from the issuance of NCDs and commercial paper; and subordinated debt borrowings from banks, mutual funds, insurance companies and other domestic and foreign financial institutions.

As an SFB, we will be able to access funds such as savings accounts, current accounts, term deposits and recurring deposits. We will also be able to raise funds from liquidity adjustment facility and market stabilization fund of the RBI, refinance facilities from financial institutions, capital market borrowings such as infrastructure bonds, tier II bonds and perpetual bonds. We will continue to securitize and assign loans, which qualify as priority sector lending, as well as our non-priority sector loans through securitization or direct assignment to banks, financial institutions and mutual funds, which enables us to optimize our cost of borrowings, funding and liquidity requirements, capital management and asset liability management. We will also have access to inter-bank participatory certificates and

will be able to participate in the priority sector lending certificates market wherein we will be able to trade our right of claim for priority sector loans for a fee. Money market borrowings, interbank borrowings and issuance of certificates of deposit will only be permitted or available to us once we become a scheduled commercial bank, which will require additional time. However, we will be unable to raise secured borrowings from banks and financial institutions or raise funds from the issuance of secured NCDs as a result of transitioning to an SFB. Our treasury and finance team periodically submit their reports to the Asset Liability Management Committee which submits its findings to our Board.

As of March 31, 2017, our Total Borrowings were ₹ 70,709.78 million comprising 50.03% of NCDs, 32.94% of term loans, 6.78% of commercial paper, 4.67% of subordinated debt borrowings, and 5.58% of working capital facilities. In addition, we securitize and assign loans to meet our funding requirements from time to time. Our average cost of borrowings has reduced from 12.61% for the financial year 2013 to 10.13% for the financial year 2017. We believe that we have been able to access cost-effective debt financing due to our stable credit history, improving credit ratings and conservative risk management policies.

Capital Adequacy Ratios

Our CRAR was 23.21%, 16.91% and 17.29% as of March 31, 2017, 2016 and 2015, respectively, which was computed in accordance with the extant master direction and prudential norms issued by RBI as applicable to a NBFC-ND-SI. Under the SFB Operating Guidelines, we are required to maintain a minimum capital adequacy of 15% to be computed as per the Basel III norms prescribed by RBI, including a minimum Tier I capital of 7.5 %, and the Tier II capital should be limited to a maximum of 100% of total Tier I capital. However, under the SFB Operating Guidelines, we are not required to maintain any capital conservation buffer or any counter-cyclical capital buffer.

Risk Management

Risk management forms an integral part of our business. As a lending institution, we are exposed to several risks related to our lending business and operating environment. We have established a risk management and audit framework to identify, assess, monitor and manage various types of internal and external risks. This framework is driven by the Board through the Audit Committee, Credit Risk and NPA Committee for retail and wholesale Banking and the Asset Liability Management Committee. Our Credit Risk and NPA Committee for retail and wholesale Banking was formed to review and identify current and emerging risks, develop risk assessment and measurement systems and establish policies, practices and other control mechanisms. As an SFB, we have enhanced our risk management framework by setting up a Risk Management Committee of the Board and an IT & Operational Risk Management Committee as well as introduced new internal audits to ensure rigorous monitoring and compliance.

Credit Risk

Credit risk is the risk of loss that may occur from defaults by our customers under our loan agreements. In order to address credit risk, each of our business lines has a separate set of credit policies that outline a standardized approach for customer selection. Credit approvers and field investigation officers are responsible for ensuring adherence to these policies. We have set-up a robust collections management system, which includes a collection control room that centrally manages allocations between collection agents and we use analytics for the optimum allocation of cases to the collections team. We have also established standardized operating procedures that are backed by our technology platform. We have implemented a real time analytics software for risk management through portfolio profiling, early warning systems, static pool reports, delinquency trend analysis, geographical mapping of risk areas and collection predictive reports. Our credit teams track cases for early signs of stress, ensuring that corrective action is taken in the case of non-starter or early delinquency cases.

Interest Rate Risk

We are subject to interest rate risk, principally because we lend to our vehicle finance, MSME and SME customers

at fixed interest rates and for periods that may differ from our funding sources, while our borrowings are at both fixed and variable interest rates for different periods. We assess and manage our interest rate risk by managing our assets and liabilities. Our Asset Liability Management Committee evaluates asset liability management, and ensures that all significant mismatches, if any, are being managed appropriately. For details, see "*Risk Factors – Internal Risk Factors - Our inability to manage interest rate risk may adversely affect our business, results of operations, financial condition and cash flows.*" on page 23.

Liquidity Risk

Liquidity risk arises due to the unavailability of adequate funds at an appropriate cost or tenure. Our treasury department sources funds from multiple sources, including from banks, financial institutions and capital markets, while our liabilities department sources funds in the form of deposits from wholesale and retail customers. Our treasury department is responsible for diversifying fundraising sources, managing interest rate risks and maintaining a strong relationship with banks, financial institutions, mutual funds, insurance companies, other domestic and foreign financial institutions and rating agencies. For details, see "*Risk Factors – Internal Risk Factors - As an SFB, we will be unable to access some of the sources of funds available to us as an NBFC and our inability to replace such sources of funds in an acceptable and timely manner, or at all, may have an adverse effect on our business, results of operations, financial condition and cash flows.*" on page 20.

Operational Risk

Operational risks arise from inadequate or failed internal processes, people or systems, or from external events. We control our operational risk by maintaining a comprehensive system of internal controls. Our dedicated operation risk management team identifies all people and process related risks and updates them in a risk register with rank, impact and controllability. In addition, we have leveraged technology to protect us from fraud by taking measures such as verifying customer details and documentation online and using credit bureau data to get information on potential frauds. Our team also manages compliance with requirements set forth by regulatory bodies and our internal standards. For details, see "*Risk Factors – Internal Risk Factors - We have recently introduced additional risk management architecture for our SFB operations and any failure or weakness therein, could adversely affect our business, results of operations, financial condition and cash flows.*" on page 29.

Cash Management Risk

Our branches collect and deposit a large amount of cash through a high volume of transactions taking place in our branch network. To address the cash management risks, we have developed advanced cash management checks that we employ at every level to track and tally accounts. We ensure that cash collected up to a certain time is deposited at local bank branches on the same day. Cash that is to be deposited is accounted for at the branch level and at a central level to avoid discrepancies. Moreover, we conduct regular audits to ensure the highest levels of compliance with our cash management systems. For details, see "*Risk Factors – Internal Risk Factors - Our operations involve handling significant amounts of cash, making us susceptible to loss or misappropriation or fraud by our employees.*" on page 28.

Asset Risk

Asset risks arise due to the decrease in the value of collateral over time. The selling price of a re-possessed asset may be less than the total amount of loan and interest outstanding in such borrowing and we may be unable to realize the full amount lent to our customers due to such a decrease in the value of collateral. We may also face certain practical and execution difficulties during the process of seizing collateral of defaulting customers. We engage collections agencies to repossess such assets and ensure that these repossession agents follow legal procedures and take appropriate care in dealing with customers for seizing assets. We have also set up a collateral appraisal system and legal and technical teams for our MSME and SME loan business to mitigate collateral risk across geographies. For details, see "*Risk Factors – Internal Risk Factors - We may incur losses due to a decline in the value of collateral obtained as security for the loans disbursed by us and our inability to seize and recover the full value of collateral may adversely affect our business, results of operations, financial condition and cash flows.*"

on page 26.

Inflation Risk

Inflation rates in India have been volatile in recent years, and such volatility may continue in the future. A return of high inflation rates may result in an increase in overall interest rates which may adversely affect our results of operations. High rates of inflation in the Indian economy could impact the results of our operations, by leading to a lower demand for our vehicle finance and SME and MSME loans. High inflation rates may also adversely affect growth in the Indian economy and our operating expenses.

Risk Management Architecture

In order to address the risks that are inherent to our business, we have developed a risk management architecture that includes monitoring by our Board through the Risk Management Committee of the Board, Audit Committee, Asset Liability Management Committee, Credit Risk and NPA Committee for retail and wholesale Banking and IT & Operational Risk Management Committee.

- *Risk Management Committee of the Board*. The Risk Management Committee of the Board will assist our Board by overseeing and reviewing our SFB's risk management principles, policies, strategies, processes and controls. Its functions will include reviewing the credit risk policies and overseeing credit risk management of our SFB, reviewing NPAs, reviewing capital adequacy computations, reviewing audit and regulatory findings and any related non-compliances. This committee is supported by our Credit Risk and NPA Committee for retail and wholesale Banking, Asset Liability Management Committee and the IT & Operational Risk Management Committee.

- *Audit Committee*. Our Audit Committee reviews reports of the statutory, internal and branch auditors, selects and establishes accounting policies, evaluates internal financial controls and risk management systems. The Audit Committee acts as a link between the management, internal auditors and statutory auditors.

- *Asset Liability Management Committee.* The Asset Liability Management Committee evaluates liquidity and other risks, devises strategies to mitigate such risks and reports its findings to our Board. It annually reviews and approves our risk management policy and reviews the effectiveness of asset liability management.

- *Credit Risk and NPA Committee for retail and wholesale Banking*. The Credit Risk and NPA Committee for retail and wholesale Banking was formed to review and identify current and emerging risks, develop risk assessment and measurement systems and establish policies, practices and other control mechanisms to manage risks, develop risk tolerance limits for approval by management, and monitor positions against approved risk tolerance limits. The Credit Risk and NPA Committee for retail and wholesale Banking also monitors and ensures compliance with regulatory bodies and third parties.

- *IT & Operational Risk Management Committee*. The IT & Operational Risk Management Committee will identify, evaluate, control and work to mitigate operational risks at our SFB. We will follow a basic indicator approach for calculating operational risk capital requirements.

We have also formulated a vigil mechanism framework to enable employees to report genuine concerns about unethical behavior and actual or suspected fraud or violation of any of our policies. Our anti-bribery policy mechanism is designed to check corrupt practices and report issues to our Board.

We have also enhanced the scope of our Credit Risk and NPA Committee for retail and wholesale Banking and Asset Liability Management Committee and formed the Risk Management Committee of the Board in connection with the commencement of our SFB operations and implement a number of additional risk management policies such as an NPA management policy, an internal capital adequacy assessment process policy and a market risk policy.

Comprehensive Audit Mechanism

We currently work with internal and external audit teams and the audit reports are tracked by the enterprise risk management team to address any deviations from our policies that are observed. As an SFB, we have introduced new internal audits to ensure rigorous monitoring and compliance, such as:

- risk-based process audits for all branch and non-branch processes;
- know your customer ("**KYC**") audits for all new and existing accounts at liabilities processing hub and loan processing centers;
- ATM and vault audit and currency chest audit;
- management audit for all functional departments at our head office and regional offices;
- compliance audit for ensuring compliance with all regulatory requirements;
- snap audits for new branches and existing branches identified as high risk branches;
- system-based offsite surveillance to detect risk triggers and provide inputs to field auditors before branch audits; and
- self-audits by branches at periodic intervals to ensure compliance with our policies and applicable rules and regulations.

The internal audit team will be required to conduct an audit of all departments of our SFB and at frequencies depending on the level of risk categorization of each department. We intend to ensure that no department remains unaudited for a period in excess of three years. To provide adequate support for internal audits, we have set up a state level audit team headed by the state audit lead with a team of field auditors for conducting branch based audits and other audits. They will be supported by a team based out of the regional office for periodic follow-up with branches for closure of audit irregularities. We have also set up an offsite surveillance team to remotely monitor the branch operations for irregularities and send periodic reports. The team of field auditors will be strengthened to undertake additional audits. Periodic internal audit reports will be made available to our Audit Committee for regular tracking and follow-up with branches and processing units to rectify any audit irregularities that are observed.

In addition, we propose to set up a fund transfer pricing and cost allocation framework. We have implemented policies and applications for functions such as risk, treasury, anti-money laundering, KYC, regulatory and compliance. We have also set up a project management office which oversees our transition to an SFB.

Information Technology

Our IT support systems aid us in performing several processes involved in the life cycle of a loan transaction. We have made significant investments in our IT infrastructure to be able to provide quality service at low costs as an SFB. For our NBFC operations, we utilized an enterprise-wide loan management system, OmniFin, to provide an integrated platform for credit processing, credit management, general ledger, debt management and reporting. OmniFin also assisted us with automation of loan origination system, credit underwriting process, underwriting rule engine, deviation triggers to minimize human errors, branch accounting system and maintaining customer history. As we transitioned to an SFB and continue our NBFC business lines, we have migrated our data from OmniFin to Oracle Flexcube Core Banking solution. We use the Oracle Flexcube Core Banking solution for various functions, which we believe will support our SFB offerings and assist us in handling large transaction volumes.

We entered into a master services agreement with Accenture Services Private Limited and have implemented certain IT systems including a core banking solution, while we are in the process of implementing internet and mobile banking solutions, mobile applications and enterprise risk management systems.

We have also entered into a master services agreement with Netmagic Solutions Private Limited and their affiliates to avail services including co-location hosting, managed hosting, remote infrastructure monitoring and management services, security services, application hosting, and disaster recovery services. We also entered into a master services agreement with Acidaes Solutions Private Limited and have commissioned a comprehensive customer relationship management ("**CRM**") solution and migrated all our previous leads and customer data to this system. We have also entered into a master services agreement with Newgen Software Technologies Limited and implemented a workflow based loan origination and collections system and cheque truncation solution. This will be coupled with system upgrades to support the increased number of branches and increased volume of business.

Our collections team uses a collections application on their mobile phones to review cases assigned to them, follow up with customers, update data while collecting payments and also use Bluetooth printers to generate receipts.

We have invested in a robust data security infrastructure, and have a dedicated data centre which is further backed up by a disaster recovery centre. Our customer relationship and human resource management systems are integrated across branches.

We intend to undertake the following IT initiatives to enhance our services:

- *Mobility solutions for our customers and sales force*. We intend to launch internet banking and mobile banking services for our customers. We have also entered into agreements with leading IT companies for the development of mobile and tablet based solutions for our sales and collection teams, loan origination, field investigation, and capturing leads and opening current and savings accounts. These solutions will also enable our sales teams to upload documents, conduct certain transactions and check online credit history reports. We also plan to utilize electronic KYC and biometric verification, allowing customers to digitally sign documents.

- *Door-step banking through micro ATMs*. While all our metro, urban and semi-urban branches are equipped with ATMs, we will use micro ATMs to ensure last mile reach to unbanked customers. These micro ATMs will be deployed through our sales force and business correspondents in rural and unbanked regions to ensure easy accessibility to transaction processing services.

- *Customer data analytics*. We have integrated customer data across multiple touch points such as call centers, our sales force, branches and web based and mobile applications to design custom offerings for our target customers through the use of data analytics. Analytic insights will be used to launch new campaigns and loyalty programs.

- *Internal processing and monitoring*. A detailed credit score model will be built for certain products based on statistical tools to model the credit assessment process with a simplified interface to ensure faster and more effective credit assessment. We believe that a centralized risk-based loan-to-value pricing matrix and asset selection matrix enable faster credit assessment while ensuring low risk.

We have established one central processing center and are in the process of establishing seven additional processing centers and intend to upgrade our existing platforms for our SFB operations through the following initiatives:

- *Call center operations*. We intend to increase our call center staff to approximately 300 personnel over five years of SFB operations with IVR systems integrated with the CRM systems. We have set up IVR systems in select regional languages to cater to our extensive customer base.

- *Liability processing hub*. We aim to provide high quality service and low turn around time to our liability customers as well. Accordingly, we have set up a central liability processing hub focused on executing back end

operations including account opening, preparing and dispatching welcome kits and generating personal identification numbers. This hub utilizes scanning solutions, e-KYC systems and workflows to expedite processing times and provide a single-window experience to our customers.

- *Cheque processing hub*. The cheque processing hub has implemented a cheque truncation system and uses a capture system as per the specifications and standards prescribed for data and images by regulatory authorities. For inward clearing, the data and captured images duly signed and encrypted are sent to the central processing hub for onward transmission to the paying bank. For all outward clearing, the encoding will happen at branches, while data entry and verification will happen at every branch.

- *Complaints management and grievance redressal system.* We will continue to use our dedicated grievance helpline and grievance redressal mechanism through our call center to resolve customer complaints in an effective way.

To assist us with our SFB operations, we have purchased cash dispensers from AGS Transact Technologies Limited and NCR Corporation India Private Limited and automated cash recyclers from Hitachi Payment Services Private Limited. We have entered into a master services agreement with Euronet Services India Private Limited for the monitoring of ATM services including card management, digital banking, fraud management services and back-end services.

We have entered into an agreement with Sify Technologies Limited for the design, implementation and management of our network infrastructure through interconnecting our branches. We have also entered into master services agreement with Yethi Consulting Private Limited for the provision of services in relation to functional testing, security testing and performance testing of software solutions deployed by our various providers. We have entered into a master service agreement with Servion Global Solutions Limited for the development and management of a CISCO contact centre solution. For details, see "*Risk Factors – Internal Risk Factors - We have recently upgraded our information technology systems for our SFB operations and any disruptions in such systems, or breach of data, could adversely affect our operations and reputation.*" on page 24.

Intellectual Property

Our Company has filed applications for registering certain trademarks including for our corporate logo as an SFB. For details, see *"Government and Other Approvals"* on page 332.

Marketing

Our marketing initiatives include product promotion activities and referral programs. Some initiatives we have undertaken include joint marketing activities with OEMs, event sponsorships and the broadcast of short advertisements in multiplexes. We have also engaged in data collection and increased brand visibility through strategies such as providing road safety training to drivers and arranging meetings at tea stalls.

We also introduced customer retention programs such as our '*Dost Banaye Dost Programme*', which is a referral program for our existing customers. Our employee business referrals program offers incentives to employees who refer their family and friends to us and incentivizes our sales team to cross sell products to the same customer. In addition, we have separate tele-calling departments for each of our vehicle finance and MSME business that capture data from existing customers and generate new customers through referrals.

Competition

We face significant competition from unorganized, small participants in the market across all our business segments in addition to other small finance banks, scheduled commercial banks and NBFCs as well as local moneylenders in rural areas.

Insurance

We maintain insurance policies that we believe are customary for companies operating in our industry. Our principal types of coverage include insurance for cyber commercial crime insurance, cyber liability insurance, debit card insurance, electronic equipment insurance, burglary, standard fire and special perils insurance for bank infrastructure, group personal accident insurance, group health insurance, group life insurance, fidelity policy, public liability insurance, and directors and officers liability insurance. In addition, we have a money insurance policy pertaining to cash in safes and in transit. Our insurance policies may not be sufficient to cover our economic loss. For details, see "*Risk Factors – Internal Risk Factors - Our insurance coverage may not be sufficient or may not adequately protect us against any or all hazards, which may adversely affect our business, results of operations, financial condition and cash flows.*" on page 36.

Employees

As of March 31, 2017, we had 8,515 employees. As part of our customer-centric approach, we recruit employees locally, which assists us in gaining a better understanding of customers in that region and their requirements. We train our employees on a regular basis, and focus primarily on three areas through our training programs: leadership development, behavioral development and functional development. We have also developed a seven to ten day program through which we will train new employees for each of our business lines. We have also implemented an ESOP scheme for our employees, along with a range of incentives and employee engagement programs.

The following table sets forth employee details as of March 31, 2017:

Particulars	**Number of Employees**
Sales	4,446
Collections	1,155
Credit	855
Operations	419
Finance and accounts	120
Legal	98
Risk	32
IT	99
HR	71
Infrastructure and administration	84
Internal control	38
Internal audit	12
Treasury	13
Others	1,073
Total	**8,515**

As an SFB, we have commenced undertaking the following initiatives:

- *Manpower planning and recruitment*. We intend to continue hiring personnel from local communities to build our sales force and hire qualified personnel for functions such as risk management and IT. We plan to conduct a training program for new personnel with classroom sessions on our Company's values and culture, advanced banking concepts, processes and systems complemented by field visits and branch-based training for fresh recruits.

- *Skill-building*. We have introduced training programs for all employees and ensure that all employees undergo 20 hours of training each year. We will focus on training our sales personnel about the terms of our new products and services. We will utilize the services of in-house trainers and external training agencies to train our personnel for credit assessment, risk modeling and IT security.

- *Performance management*. We will continue to utilize our current appraisal process and incentive structure and augment them with a recognition mechanism of monthly and quarterly awards for special contributions.

- *Leadership development*. We will continue to invest in developing leaders across business functions in the organization through targeted coaching and mentoring programs. We will also introduce a succession-planning program to ensure a sustainable supply of in-house talent for various business functions.

- *Well defined HR structur*e. With a significant increase in our employee base, our HR team will be strengthened to ensure adequate focus on employee engagement and development. Our HR team will be governed by well defined policies on all HR processes including recruitment, training and performance management. Our central HR team will consist of HR managers reporting to the HR head. Each HR manager will have teams for performing functions such as recruitment, training and development, talent management, resource deployment and payroll management.

We have also entered into master consulting agreements with Aon Services India Private Limited for training our management and leadership team, reviewing our human resources policies, and validating and analyzing our recruitment program.

Corporate Social Responsibility

We have adopted a Corporate Social Responsibility ("**CSR**") policy in compliance with the requirements of the Companies Act, 2013 and the Companies (Corporate Social Responsibility) Rules, 2014 notified by the Central Government. We believe that our CSR initiatives contribute to our overall strategy of engaging with marginalized communities and we have contributed to CSR initiatives in areas such as education, healthcare and community development.

Key social welfare initiatives recently undertaken by us include:

- *Education.* We collaborate with schools and trusts to improve the quality of education for children. We assisted Netraheen Kalyan Sangh, an NGO based in Jaipur, to build facilities and distribute computers to the visually impaired; made financial contributions to Banasthali Vidyapeeth, Niwai, Rajasthan, a deemed university focusing on women education, to construct a building for scientific research; made financial contributions to Akshaya Patra, an NGO that provides mid-day meals to children; and to the Marwar Muslim Educational and Welfare Society.

- *Healthcare.* We have installed water coolers and purifiers across Jaipur and adjoining areas and have associated with the Indian Cancer Society. We have also organized blood donation camps and camps for eye checkups.

- *Community Development.* We have conducted workshops under the guidance of the Muskaan Foundation to impart training related to road safety measures and organized a skill development program in fashion design to upgrade skills. Our Company has contributed to the Shree Raj Jankalyan Trust to promote vocational training and also contributed to the Sahaj Marg Spirituality Foundation engaged in relief for Chennai flood disaster.

Properties

Our Company owns the following properties:

Location	Address	Use	Leasehold/ Freehold
Jaipur, Rajasthan	19 A Dhuleshwar Garden, Ajmer Road Jaipur -302001	Registered office	Freehold
Himmat Nagar, Gujarat	Himmat Nagar, Survey no. 33, Paiki	Asset center	Freehold

Location	Address	Use	Leasehold/ Freehold
	Sun Complex, 22nd Floor, Office no. 207, Himmat Nagar Gujarat – 383 001		
Jaipur, Rajasthan	Sb-107, Maharaja Apartment, Devi Marg, Bani Park, Near Chinkara Canteen	Administration store	Freehold
Jaipur, Rajasthan	G-198 B Riico, Mansarovar Jaipur - 302 020	Vehicle yard	Leasehold
Pune, Maharashtra	Office no – 301, 302 and 303, Atharwa Feriyaz Plaza Complex, Third Floor, Satara Road, Dhanakwadi, Pune, Maharashtra – 411 043	Asset center	Freehold

The details of our head office and corporate office, held on a leave and license basis, are provided below:

Address	Use	Term of lease
Bank House, Mile 0, Ajmer Road, Jaipur - 302001	Head Office	From February 12, 2016 to February 11, 2025
E Wing, 5th Floor, Kanakia Zillion, Junction of CST Road and L.B.S. Marg, Kurla (west), Mumbai – 400 070, Maharashtra	Corporate Office	From November 22, 2016 to November 21, 2021

Further, as of May 31, 2017, our Company operates 269 branches that have been taken on a leave and license or lease basis, as may be applicable. We own the premises of two of our asset centers and two offices while 119 asset centres have been taken either on a leave and license or a lease basis. The premises of our one central processing center and eight offices have been taken either on a leave and license or a lease basis.

KEY REGULATIONS AND POLICIES IN INDIA

Given below is an indicative summary of certain relevant laws, regulations and policies as prescribed by the central and the state government in India that is applicable to the SFB business of our Company. The information in this section has been obtained from publications available in the public domain. The description of the applicable regulations as given below has been provided in a manner to provide general information to the investors and may not be exhaustive and is neither designed nor intended to be a substitute for professional legal advice. The statements below are based on the current provisions of applicable law, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

Under the provisions of various Central Government and State Government statutes and legislations, our Company is required to obtain and regularly renew certain licenses or registrations and to seek statutory permissions to conduct our business and operations.

Key regulations applicable to our Company

Banking Regulation Act, 1949 ("B.R. Act")

Banks in India are required to obtain a license from the RBI to carry on banking business in India. Such license is granted to the bank subject to compliance with certain conditions some of which include: (i) that the bank has the ability to pay its present and future depositors in full as their claims accrue; (ii) that the affairs of the bank will not be or are not likely to be conducted in a manner detrimental to the interests of present or future depositors; (iii) that the bank has adequate capital structure and earnings prospects; and (iv) that public interest will be served if such license is granted to the bank. The RBI has the power to cancel the license if a bank fails to meet the conditions or if the bank ceases to carry on banking operations in India. Additionally, the RBI has issued various reporting and record-keeping requirements for such commercial banks. The appointment of the auditors of the banks is subject to the approval of the RBI. The RBI can direct a special audit in public interest, or in the interest of the banking company, or in the interest of its depositors. It also sets out the provisions in relation to the loan granting activities of a banking company. The Banking Regulation Act specifies the business activities in which a bank may engage. Banks are prohibited from engaging in business activities other than the specified activities. No shareholder in a bank can exercise voting rights on poll in excess of 10% of total voting rights of all the shareholders of the bank. However, the RBI may increase this ceiling to 26% in a phased manner. Pursuant to amendments to the Banking Regulation Act in January 2013, private sector banks are permitted, subject to the guidelines framed by the RBI, to issue perpetual, redeemable or irredeemable preference shares in addition to ordinary equity shares.

Further, the B.R. Act, as amended, requires any person to seek prior approval of the RBI, to acquire or agree to acquire, directly or indirectly, shares or voting rights of a bank, by himself or with persons acting in concert, wherein such acquisition (taken together with shares or voting rights held by him or his relative or associate enterprise or persons acting in concert with him) results in aggregate shareholding of such person to be 5% or more of the paid up capital of a bank or entitles him to exercise 5% or more of the voting rights in a bank. Further, the RBI may, by passing an order, restrict any person holding more than 5% of the total voting rights of all the shareholders of the banking company from exercising voting rights on poll in excess of the said 5%, if such person is deemed to be not fit and proper by the RBI. Under the RBI (Prior approval for acquisition of shares or voting rights in private sector banks) Directions, 2015, an existing shareholder who has already obtained prior approval of RBI for having a "major shareholding" in a private sector bank, need not obtain approval for an additional fresh acquisition resulting up to 10% aggregate shareholding in such bank. However, if the additional acquisition results in an aggregate shareholding that is in excess of 10%, the prior approval of RBI must be obtained. Further, persons with 'major shareholding' shall also periodically report to the concerned bank on continuing to be fit and proper.

Further, the RBI requires the banks to create a reserve fund to which it must transfer not less than 25% of the net profit before appropriations. If there is an appropriation from this account, the bank is required to report the same to the RBI within 21 days, explaining the circumstances leading to such appropriation.

Certain amendments also permit the RBI to establish a 'Depositor Education and Awareness Fund', which will take over the bank's deposit accounts that have not been claimed or operated for a period of 10 years or more.

The amendments also confer power on the RBI (in consultation with the central government) to supersede the board of directors of a banking company for a period not exceeding a total period of 12 months, in public interest or for preventing the affairs of the bank from being conducted in a manner detrimental to the interest of the depositors or any banking company or for securing the proper management of any banking company.

The appointment, re-appointment, or termination of the appointment of a chairman, managing director or whole-time director, manager, chief executive officer of a bank shall have effect only if it made with the previous approval of the RBI. Further, no amendment in relation to the remuneration of the chairman, managing director, whole-time director or any other director, manager, chief executive officer shall have effect unless approved by the RBI. RBI is also empowered to remove a chairman, managing director and whole-time directors from office on the grounds of public interest, interest of depositors, securing the proper management. Moreover, RBI may order meetings of the board of directors to discuss any matter in relation to the bank, appoint observers to such meetings, make such changes to the management as it may deem necessary, and may also order the convening of a general meeting of the bank's shareholders to elect new directors.

The RBI may impose penalties on banks, directors and its employees in case of infringement of regulations under the Banking Regulation Act. The penalty may be a fixed amount or may be related to the amount involved in the contravention. The penalty may also include imprisonment. Banks are also required to disclose the penalty in their annual report.

Reserve Bank of India's Guidelines for Licensing of "Small Finance Banks" in the Private Sector dated November 27, 2014 ("SFB Guidelines")

The RBI issued the SFB Guidelines for licensing of SFBs in the private sector. The following is an indicative list of guidelines applicable to our Company:

1. Registration, licensing and regulations: The SFB is required to be registered as a public limited company under the Companies Act and will be licensed under Section 22 of the BR Act. The SFB will be required to use the words "Small Finance Bank" in its name. It will be governed by the provisions of the B.R. Act, RBI Act, FEMA, Payment and Settlement Systems Act, 2007, Credit Information Companies (Regulation) Act, 2005, Deposit Insurance and Credit Guarantee Corporation Act, 1961, and other relevant statutes and the directives, prudential regulations and other guidelines/instructions issued by RBI and other regulators from time to time.

2. Eligible promoters: Resident individuals/professionals with ten years of experience in banking and finance and companies and societies owned and controlled by residents will be eligible as promoters to set up SFBs. Existing NBFCs or MFIs that are owned and controlled by residents can also opt for conversion into an SFB. Promoter/ promoter groups should be 'fit and proper' with a sound track record of professional experience or of running their business for at least a period of five years in order to be eligible to promote SFB.

3. Scope of activities: The SFB is required to primarily undertake basic banking activities of acceptance of deposits and lending to unserved and underserved sections. It can also undertake other non-risk sharing simple financial services activities, not requiring any commitment of own fund, such as distribution of mutual fund units, insurance products, pension products, etc. with the prior approval of RBI and after complying with the requirements of the sectoral regulator for such products. It cannot set up subsidiaries to undertake non-banking financial services activities. Further, the other financial and non-financial services activities of the promoters, if any, should be kept distinctly ring-fenced and not comingled with the banking business.

4. Capital requirement: The minimum paid-up equity capital shall be ₹ 1,000 million. It shall be required to

maintain a minimum capital adequacy ratio of 15% of its risk weighted assets on a continuous basis, subject to any higher percentage as may be prescribed by RBI from time to time.

5. Promoter's contribution: The promoter's minimum initial contribution to the paid-up equity capital shall at least be 40% which shall be locked in for a period of 5 years from the date of commencement of business of the SFB. However, promoter's contribution will be exempted from lock-in when promoter shareholding is above 26% but less than 40%. Further, the promoter's shareholding should be brought down in prescribed phases to 26% within 12 years from the date of commencement of business of the SFB. Further, if an SFB reaches the net worth of ₹ 5,000 million, listing will be mandatory within 3 years of reaching that net worth.

6. Foreign shareholding: Foreign shareholding would be as per the FDI Policy for private sector banks. As per the current FDI Policy. Foreign direct investment is permitted up to 49% under the automatic route and up to 74% under government route in a private sector Indian bank.

7. Voting rights and transfer/ acquisition of shares: As per section 12 (2) of the BR Act, 1949, any shareholder's voting rights in private sector banks are capped at 10 per cent This limit can be raised to 26 per cent in a phased manner by RBI. Further, as per section 12B of the BR Act, 1949, any acquisition or transfer of 5 per cent or more of the paid-up share capital in a private sector bank will require prior approval of RBI. This will also apply to SFBs.

8. Prudential norms: The SFB will be subject to all prudential norms and regulations of RBI as applicable to existing commercial banks. Further, the SFB will have to comply with additional conditions/ norms such as extending 75% of its adjusted net bank credit to sectors eligible for classification as priority sector lending by RBI, maximum loan size and investment limit exposure to a single and group obligor being restricted to 10% and 15% of its capital funds, respectively, at least 50% of its loan portfolio should constitute loans and advances of up to ₹ 2.5 million, etc. The SFB is also precluded from having any exposure to its promoters, major shareholders, relatives of the promoters as also the entities in which they have significant influence or control.

9. Corporate Governance: The Board of the SFB should have a majority of independent directors. Further, the SFB will have to comply with the corporate governance guidelines including 'fit and proper' criteria for directors as issued by RBI from time to time.

10. Others:

- Individuals (including relatives) and entities other than the promoters will not be permitted to have shareholding in excess of 10% of the paid-up equity capital. In case of NBFCs or MFIs converting to an SFB, if shareholding of entities (other than the promoters) in the NBFC is in excess of 10% of the paid-up equity capital, RBI may consider providing time up to 3 years for the shareholding to be brought down to 10%.

- The SFB cannot be a Business Correspondent ("**BC**") for another bank. However, it can have its own BC network.

- If the SFB wishes to transit into a universal bank, it would have to apply to the RBI for such conversion and fulfilling minimum paid-up capital / net worth requirement as applicable to universal banks and comply with certain other prescribed criteria.

Reserve Bank of India's Operating Guidelines for Small Finance Bank dated October 6, 2016 ("SFB Operating Guidelines")

The SFB Operating Guidelines are supplementary to SFB Guidelines. The SFB Operating Guidelines came into

force considering the differentiated nature of business and financial inclusion of SFB Banks. The SFB Operating Guidelines set out the following:

1. Prudential Regulation: The prudential regulatory framework for the SFBs will be largely drawn from the Basel standards. However, given the financial inclusion focus of these banks, it will be suitably calibrated:

    a) Capital adequacy framework: The minimum capital requirement is 15%;

    b) Leverage ratio: The leverage ratio is 4.5%, calculated as percentage of Tier I capital of total exposure; and

    c) Inter-bank borrowings: SFBs are allowed exemption from the existing regulatory ceiling of inter-bank borrowings till the existing loans mature or up to three years, whichever is earlier. Afterwards, it will be on par with scheduled commercial banks.

2. Corporate governance:

    a) Constitution and functioning of board of directors: The extant provisions as applicable to banking companies shall be applicable to NBFCs as well. Specifically in case of converting entities, the existing terms and conditions of appointment of directors will be grandfathered till completion of their present term; and

    b) Constitution and functioning of the board, management level committees, and remuneration policies: The extant provisions in this regard as applicable to private sector banks, shall be applicable to SFBs as well.

3. Banking operations:

    a) Branch authorization policy: SFBs should follow the extant instructions pertaining to the branch authorization applicable to scheduled commercial banks as laid down in the Rationalisation of Branch Authorisation Policy - Revision of Guidelines issued by the RBI on May 18, 2017. SFBs are required to have 25% of their branches in unbanked rural centres within one year from the date of commencement of operations. Pursuant to RBI letter dated November 16, 2016, our Company has been permitted to open 431 general banking branches, consisting of 164 branches in Tier 1 centres and 267 branches in Tier 2 to Tier 6 centres, which includes 119 branches in unbanked rural centres;

    b) Regulation of Business Correspondents: The SFBs may engage all permitted entities including the companies owned by their business partners and own group companies on an arm's length basis as business correspondents; and

    c) Bank charges, lockers, nominations, facilities to disabled persons: The extant provisions applicable to scheduled commercial banks shall be applicable to SFBs as well.

4. KYC requirements: At their discretion, SFBs may (like all other banks) decide not to take the wet signature while opening accounts, and instead rely upon the authentication/ confirmation of the terms and conditions of the banking relationship or account relationship keeping in view their confidence in legal validity of such authentications or confirmations. However, all the extant regulations concerning KYC including those covering the Central KYC registry, and any subsequent instructions in this regard, as applicable to commercial banks, would be applicable to SFBs;

Reserve Bank of India's Guidelines on Compensation of Non-executive Directors of Private Sector Banks dated June 1, 2015.

The board of directors of a private sector bank is required to formulate and adopt a comprehensive compensation policy for non-executive directors. The Board may, at its discretion, provide for in the policy, payment of compensation in the form of profit related commission to the non-executive directors, subject to bank making profits. Such compensation, however, shall not exceed ₹ one million per annum for each non-executive director. In addition to the directors' compensation, the bank is required to pay sitting fees to the non-executive directors and reimburse their expenses for participation in the board.

Master Circular-Mobile Banking Transactions in India- Operative Guidelines for Banks dated July 1, 2015 ("Mobile Banking Transaction-Operative Guidelines")

The Mobile Banking Transaction- Operative Guidelines contains all rules, regulations and procedures prescribed to be followed by banks for operationalizing mobile banking in India. Banks which are licensed, supervised and having physical presence in India are permitted to offer mobile banking services. Only banks who have implemented core banking solutions are permitted to provide mobile banking services. Banks are required to put in place a system of registration of customers for mobile banking.

The RBI Act, 1934 ("RBI Act"), as amended

RBI Act provides a framework for supervision of banking firms in India. RBI Act was passed to constitute a central bank to, *inter alia*, regulate the issue of bank notes and keeping of reserves with a view to securing monetary stability in India and generally to operate the currency and credit system of the country.

Consolidated FDI Policy Circular of 2016, issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, effective June 7, 2016 ("FDI Policy")

Foreign investment in an Indian company, engaged only in the activity of investing in the capital of other Indian companies, will require prior Government or departmental approval, regardless of the amount or extent of foreign investment. Foreign investment in private sector banks, carrying on activities approved for FDI, will be subject to the conditions specified in paragraph 5.2.18 of the FDI Policy.

Master Direction - Know Your Customer (KYC) Direction, 2016 dated February 25, 2016 ("KYC Directions")

KYC Directions are applicable to every entity regulated by RBI specifically, scheduled commercial banks, regional rural banks, local area banks, primary (urban) co-operative banks, all India financial institutions, NBFCs, miscellaneous non-banking companies and residuary non-banking companies, amongst others. In terms of the KYC Directions, every entity regulated thereunder is required to formulate a KYC policy which is duly approved by the board of directors of such entity or a duly constituted committee thereof. The KYC policy formulated in terms of the KYC Directions is required to include four key elements, being customer acceptance policy, risk management, customer identification procedures and monitoring of transactions. The KYC Directions also prescribe detailed instructions in relation to, *inter alia*, the due diligence of customers, record management and reporting requirements to Financial Intelligence Unit – India.

Prudential norms on income recognition, asset classification and provisioning pertaining to advances ("Prudential Norms")

The RBI, pursuant to its "Master Circular on Prudential Norms on Income Recognition, Asset Classification and Provisioning Pertaining to Advances" issued on July 1, 2015, classifies NPAs into (i) sub-standard assets; (ii) doubtful assets; and (iii) loss assets. The circular also specifies provisioning requirements specific to the classification of the assets.

In July 2005, the RBI issued guidelines on sales and purchases of NPAs between banks, financial institutions and NBFCs. These guidelines require that the board of directors of a bank must establish a policy for purchases and sales of NPAs. An asset must have been classified as non-performing for at least two years by the seller bank to be eligible for sale. In October 2007, the RBI issued guidelines regarding valuation of NPAs being put up for sale.

The RBI revised the "Prudential Guidelines on Restructuring of Advances by Banks and Financial Institutions" on May 30, 2013. Pursuant to the revised guidelines the provisioning requirement has been increased to 5% in respect of new restructured standard accounts (flow) with effect from June 1, 2013 and in a phased manner for the stock of restructured standard accounts as of March 31, 2013 as follows:

(a) 3.50% with effect from March 31, 2014 (spread over the four quarters of 2013-2014);
(b) 4.25% with effect from March 31, 2015 (spread over the four quarters of 2014-2015); and
(c) 5% with effect from March 31, 2016 (spread over the four quarters of 2015-2016).

The Recovery of Debts Due to Banks and Financial Institutions Act, 1993 ("RDDBFI Act")

The RDDBFI Act was enacted for adjudication of disputes pertaining to debts due to banks and financial institutions exceeding ₹ 10 million. The RDDBFI Act provides for the constitution of debt recovery tribunals, before which banks and financial institutions may file applications for recovery of debts. Further, no court or other authority, except the Supreme Court or a High Court exercising jurisdiction under Articles 226 and 227 of the Constitution of India, shall have, or is entitled to exercise, any jurisdiction, powers or authority in relation to the aforementioned matter. The tribunals may pass orders for directions including *inter- alia* recovery of such dues by the bank as may be deemed fit along with a recovery certificate to such effect from the presiding officer of the respective tribunal; attachment of the secured properties towards the dues to the bank: injunctive orders restraining the debtors from alienating, transferring or disposing of such secured properties; appointment of receivers and/or local commissioners with respect to such secured properties and distribution of proceeds from sale of such secured properties towards dues. Pursuant to the recovery certificate being issued, the recovery officer of the respective debt recovery tribunal shall effectuate the final orders of the debt recovery tribunal in the application. Unless such final orders of the debt recovery tribunal have been passed with the consent of the parties to an application, an appeal may be filed against such final orders of the debt recovery tribunal before the debt recovery appellate tribunal, which is the appellate authority constituted under the RDDBFI Act.

The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("SARFAESI Act")

The SARFAESI Act governs securitization of assets in India. The SARFAESI Act provides that any securitization or reconstruction company may acquire the assets of a bank or financial institution by either entering into an agreement with such bank or financial institution for the transfer of such assets to the company or by issuing a debenture or bond or any other security in the nature of the debenture, for consideration, as per such terms and conditions as may be mutually agreed between them. The SARFAESI Act further provides that if the bank or financial institution is a lender in relation to any financial assets acquired by the securitization/reconstruction company as stated above, then such company shall be deemed to be the lender in relation to those financial assets.

Further, upon such acquisition, all material contracts entered into by the bank or financial institution, in relation to the financial assets, shall also get transferred in favour of the securitization/reconstruction company. The SARFAESI Act also enables banks and notified financial institutions to enforce the underlying security of an NPA without court intervention. Pursuant to an asset being classified as an NPA, the security interest can be enforced as per the procedure laid down in the Security Interest Enforcement Rules, 2002.

Other Regulations

In addition to the above, our Company is required to comply with the provisions of the Companies Act, Payment and Settlements Systems Act, 2007 and the regulations framed thereunder, read with the applicable RBI guidelines, FEMA, Competition Act, labour laws, various tax related legislations and other applicable statutes for its day-to-day operations.

HISTORY AND CERTAIN CORPORATE MATTERS

History of our Company

Our Company was originally incorporated as 'L.N. Finco Gems Private Limited' on January 10, 1996 as a private limited company under the Companies Act, 1956 with the RoC. Pursuant to the change of name of our Company to Au Financiers (India) Private Limited to reflect the diversified finance business of our Company, a fresh certificate of incorporation was issued by the RoC on May 24, 2005. Our Company was converted into a public limited company by way of a special resolution passed by our Shareholders at the EGM held on January 10, 2013 and the name of our Company was changed to 'Au Financiers (India) Limited'. A fresh certificate of incorporation consequent upon conversion to a public limited company was issued by the RoC on January 11, 2013. Our Company was granted the in-principle approval to establish an SFB by the RBI, pursuant to its letter dated October 7, 2015. Subsequently, the RBI granted our Company the final approval to establish an SFB by its letter dated December 20, 2016. Pursuant to our Company being established as an SFB, the name of our Company was changed to 'AU Small Finance Bank Limited' and a fresh certificate of incorporation was issued by the RoC on April 13, 2017.

Changes in the Registered Office of our Company

Except as disclosed below, there has been no change in the registered office of our Company since its incorporation.

Date of change	Details of change in registered office	Reasons for change in the address of the Registered Office
February 1, 2000	From 4791, K.G.B ka Rasta, Johari Bazar, Jaipur 302 003, Rajasthan to C-6 Hathori Fort Hari Kishan Somani Marg, Jaipur, 302 001 Rajasthan.	For operational efficiency
May 31, 2005	From C-6 Hathori Fort, Hari Kishan Somani Marg, Jaipur 302 001, Rajasthan to 19-B Dhuleshwar Garden, Jaipur 302 001, Rajasthan.	For operational efficiency
May 10, 2006	From 19-B Dhuleshwar Garden, Jaipur 302 001, Rajasthan to 19-A Dhuleshwar Garden, Jaipur 302 001, Rajasthan.	Due to re-designation of the premises by the concerned local authorities.

Main objects

The main objects contained in the MoA of our Company are as follows:

1. *To carry on, in any part of India or outside India, business of banking that is to say accepting, for the purpose of lending or investment, of deposits of money from the public, repayable on demand or otherwise, and withdrawable by cheque, draft, order or otherwise, in accordance with the terms of applicable law, including without limitation the provisions of the Banking Regulation Act, 1949 and the guidelines/ instruction issued by RBI for small finance banks from time to time.*

2. *In addition to the business of banking, to carry on the business of:-*

    a. *borrowing, raising, or taking up of money;*

    b. *lending or advancing of money by way of loan, overdraft or on cash credit or other accounts or in any other manner whether without or on the security of movable or immovable properties, bills of exchange, hundies, promissory notes, bills of lading, railway receipts, debentures, share warrants or other instruments whether transferable or negotiable or not;*

    c. *drawing, making, accepting, discounting, buying, selling, collecting and dealing in bills of exchange, hundies, promissory notes, coupons, drafts, bills of lading, railway receipts, warrants,*

debentures, certificates, scripts and other instruments and securities whether transferable or negotiable or not;

d. *granting and issuing of letters of credit, travellers' cheques and circular notes;*

e. *buying, selling and dealing in bullion and specie;*

f. *buying and selling of and dealing in foreign exchange including foreign bank notes;*

g. *acquiring, holding, issuing on commission, underwriting and dealing in stock, funds, shares, debentures, debenture stock, bonds, obligations, securities and investments of all kinds;*

h. *purchasing and selling of bonds, scripts or other forms of securities on behalf of itself, its constituents or others;*

i. *negotiating of loans and advances;*

j. *receiving of all kinds of bonds, scripts or valuables on deposit or for safe custody or otherwise;*

k. *providing of safe deposit vaults;*

l. *Collecting and transmitting of money and all kind of securities;*

m. *issuing credit cards, debit cards, prepaid instruments, charge cards or smart card or co-branded cards and extend any other credits to customer or any other persons for any purpose permissible for the company to carry on under law;*

n. *acting as aggregators, as may be permitted by the Pension Fund Regulatory and Development Authority ("**PFRDA**"), in connection with the National Pension System of the PFRDA*

o. *acting as agents for any Government or local authority or any other person or persons;*

p. *carrying on of agency business of any description including the clearing and forwarding of goods, giving of receipts and discharges and otherwise acting as an attorney on behalf of customers, but excluding the business of a managing agent or secretary and treasurer of a company;*

q. *contracting for public and private loans and negotiating and issuing the same;*

r. *effecting, insuring, guaranteeing, underwriting, participating in managing and carrying out of any issue, public or private, of State, municipal or other loans or of shares, stock, debentures, or debenture stock of any company, corporation or association and the lending of money for the purpose of any such issue;*

s. *carrying on and transacting every kind of guarantee and indemnity business;*

t. *managing, selling and realising any property which may come into the possession of the company in satisfaction or part satisfaction of any of its claims; .*

u. *acquiring and holding and generally dealing with any property or any right, title or interest in any such property which may form the security or part of the security for any loans or advances or which may be connected with any such security;*

v. *undertaking and executing trusts;*

w. *undertaking the administration of estates as executor, trustee or otherwise;*

x. *establishing and supporting or aiding in the establishment and support of associations, institutions, funds, trusts and conveniences calculated to benefit employees or ex-employees of the company or the dependents or connections of such persons;*

y. *granting pensions and allowances and making payments towards insurance;*

z. *subscribing to or guaranteeing moneys for charitable or benevolent objects or for any exhibition or for any public, general or useful object;*

aa. *the acquisition, construction, maintenance and alteration of any building or works necessary or convenient for the purposes of the company;*

bb. *selling, improving, managing, developing, exchanging, leasing, mortgaging, disposing of or turning into account or otherwise dealing with all or any part of the property and rights of the company;*

cc. *acquiring and undertaking the whole or any part of the business of any person or company, when such business is of a nature enumerated or described in this sub-section;*

dd. *doing all such other things as are incidental or conducive to the promotion or advancement of the business of the company;*

ee. *carrying on any other forms of business which is specified by the Central Government pursuant to Section 6 (1)(a) to (n) of the Banking Regulation Act, 1949 and to such other forms of business which the central government pursuant to section 6 (1) (o) of the Banking Regulation Act, 1949 specified or may from time to time specify by notification in the Official Gazette as a form of business in which it would be lawful for a banking company to engage;*

3. *To carry on the business of merchant banking, Investment banking, portfolio investment management, wealth management and investment advisors.*

4. *To form, constitute, promote, act as managing and issuing agents, prepare projects and feasibility reports for and on behalf of any company, association, society, firm, individual and body corporate.*

5. *To carry on the business of factoring by purchasing and selling debts receivables and claims including invoice discounting and rendering bill collection, debt collection and other factoring services.*

6. *To carry on the business of investment banking and to invest and broker to buy, sell, transfer, acquire, underwrite, sub-underwrite subscribe, held, exchange or otherwise deal in and dispose of any shares, stocks, debentures, debenture stocks, cash certificates, bonds, units, exim scrips, licenses, obligations and securities issued or guaranteed by Indian or foreign governments, state, dominion, sovereign, municipalities, public authorities, and by companies, firms, or persons whether incorporated or established in India or elsewhere and to invest in other businesses for sharing profits and losses.*

7. *To carry on the business of mutual fund management, equipment leasing and hire purchase, manage investment pools, syndicate in shares and other securities and act as Share and Stock brokers.*

8. *To carry on and transact the business of giving guarantees and counter guarantees and indemnities whether by personal convenant or by mortgaging or charging all or any part of the undertaking, property or assets of the Company, both present and future wherever situated or in any other manner and in particular to guarantee the payment of any principal moneys, interest or other moneys secured by or payable under debentures, bonds, debenture-stock, mortgages, charges, contracts, obligations and*

securities, and the repayment of the capital moneys and the payment of dividends in respect of stocks and shares or the performance of any such other obligations.

9. *To act as corporate agents for insurance products for life and general insurance including but not limited to health, pension & employees benefit, fire, marine, cargo, marine hull, aviation, oil & energy, engineering, accident, liability, motor vehicles, transit and other products and to carry on the business of insurance, re- insurance and risk management as an insurance agent or otherwise. as may be permitted under law.*

10. *To carry on the business of financing, leasing (operating and financial), hire purchase, all forms of securitization, asset reconstruction or recovery, dealer inventory fmancing, factoring of receivables, instalment sale and/or deferred sale relating to goods or material, including machinery, plant, equipment, ships, vehicles, aircraft, rolling stock, factories, inventory, debtors, furniture, apparatus, appliances and other movable and immovable property and to arrange or syndicate leasing, hire purchase, installment sale or deferred sale business.*

11. *To act as escrow agents and trustees, and issuing and paying agents, including for trust and retention accounts.*

12. *To develop and promote new financing or banking instruments of all kinds whether for the capital market, money market or otherwise and to render all kinds of fee-based financial services.*

13. *To solicit and procure insurance business, mutual fund and alternatives fund business as Corporate Agent and to undertake such other activities as are incidental or ancillary thereto.*

14. *To further financial inclusion by (a) provision of savings vehicles, and (ii) supply of credit to small business units; small and marginal farmers; micro and small industries; and other unorganized sector entities, through high technology-low cost operations as specified under RBI Guidelines for Small finance Bank in Private Sector dated November, 27, 2014 and other guidelines and instructions issued by the RBI for small finance banks from time to time.*

The main objects as contained in the MoA enable our Company to carry on our existing business.

Amendments to the MoA

Set out below are the amendments to our MoA since the incorporation of our Company:

Date of Shareholder's resolution	Particulars
March 11, 1997	Clause V of the MoA was amended to reflect increase in the authorised share capital of our Company from ₹ 100,000 divided into 10,000 equity shares of ₹ 10 each to ₹ 10,000, 000 divided into 1,000,000 equity shares of ₹ 10 each.
February 13, 2003	Clause III of the MoA was amended to reflect the change in the main by inclusion of the following as point 9: 1. *"To carry on and undertake in India or elsewhere the business of insurance as direct insurance brokers, re-insurance broker, composite insurance broker under the Insurance Regulatory and Development Authority (Insurance Broker) Regulation 2002 to establish, organise, manage, solicit, promote, encourage, provide, conduct, sponsor, subsidize, operate, develop and commercialize insurance and assurance business in all its branches of life insurance and general insurance including whole life insurance, endowment insurance, double benefit and multiple. benefit insurance, joint life insurance, medical insurance, group insurance, fire insurance, riot insurance, earth quake and natural calamity insurance ,crop insurance ,animal life insurance, loss of profit insurance, human body part, limb and organs, insurance, theft insurance, transit insurance, annuity plans, fixed income plans,*

Date of Shareholder's resolution	Particulars
	accidental insurance and such other insurance, assurance plans and schemes as may be developed from time to time and act as agent, representatives, surveyor, sub insurance agent, franchiser consultant, advisor, collaborator or otherwise to deal in all incidental and allied activities related to insurance business and for the purpose to apply, approach, tender, acquire, hold procedure and obtain such rights, titles, entitlements. licences and permission from government, semi-government undertaking or from other authorities as may be necessary for the attainment of object under these presents and to do work for and on behalf of other companies engaged in above business."
March 28, 2005	Clause V of the MoA was amended to reflect increase in the authorised share capital of our Company from ₹ 10,000,000 divided into 1,000,000 equity shares of ₹ 10 each to ₹ 20,000,000 divided into 2,000,000 equity shares of ₹ 10 each.
May 23, 2005	Change of name of our Company from L.N. Finco Gems Private Limited to AU Financiers (India) Private Limited.
January 8, 2007	Clause V of the MoA was amended to reflect increase in the authorised share capital of our Company from ₹ 20,000,000 divided into 2,000,000 equity shares of ₹ 10 each to ₹ 50,000,000 divided into 5,000,000 equity shares of ₹ 10 each.
February 14, 2008	Clause V of the MoA was amended to reflect increase in the authorised share capital of our Company from ₹ 50,000,000 divided into 5,000,000 equity shares of ₹ 10 each to ₹ 250,000,000 divided into 15,000,000 equity shares of ₹ 10 each and 1,000,000 CCPS of ₹ 100 each.
July 22, 2008	Clause V of the MoA was amended to reflect re-classification of authorized share capital of our Company. The authorized share capital of our Company comprising 3,500,000 equity shares of ₹ 10 each aggregating to ₹ 35,000,000 was reclassified to 350,000 CCPS of ₹ 100 each aggregating to ₹ 35,000,000. Clause V of the MoA was amended to reflect increase in the authorised share capital of our Company from ₹250,000,000 divided into 15,000,000 equity shares of ₹ 10 each and 1,000,000 CCPS of ₹ 100 each to ₹ 315,000,000 divided into 11,500,000 equity shares of ₹ 10 each aggregating to ₹ 115,000,000 and 2000,000 CCPS of ₹ 100 each aggregating to ₹ 200,000,000.
November 7, 2008	Clause III of the MoA was amended to reflect the change in the main by inclusion of the following to the main objects of our Company: "*to carry on soliciting or doing insurance business as corporate agent*"
September 29, 2009	Clause V of the MoA was amended to reflect increase in the authorised share capital of our Company from ₹ 315,000,000 divided into 11,500,000 equity shares of ₹ 10 each aggregating to ₹ 115,000,000 and 2000,000 CCPS of ₹ 100 each aggregating to ₹ 200,000,000 to ₹ 370,000,000 divided into 17,000,000 equity shares of ₹ 10 each aggregating to ₹ 170,000,000 and 2,000,000 CCPS of ₹ 100 each aggregating to ₹ 200,000,000.
March 4, 2010	Clause III of the MoA was amended to reflect the change in the main objects by deletion of the following clauses: "*to carry on and undertake in India or elsewhere the business of insurance as direct insurance brokers, re-insurance broker, composite insurance broker under the Insurance Regulatory And Development Authority (Insurance Broker) Regulation 2002 to establish. organize, manage, solicit, promote, encourage, provide , conduct, sponsor, subsidize, operate, develop and commercialize insurance and assurance in all its branches of life insurance and general insurance including whole life insurance, endowment insurance, double benefit and multiple benefit insurance, joint life insurance, medical insurance, group insurance, fire insurance riot insurance, earth quake and natural calamity insurance, crop insurance animal life insurance, loss of profit insurance, human body part, limb and organs, insurance, theft insurance, transit insurance, annuity plans fixe d income plans, accidental insurance and such other insurance, assurance plans and schemes as may be developed .from time to time and act as agent, representatives surveyor, sub insurance agent, .franchiser consultant, advisor, collaborator or otherwise to deal in all incidental and allied activities related to insurance business and for the purpose to apply, approach, tender, acquire, hold procedure and obtain such rights, titles, entitlements licences and permission from government ,semi-government undertaking or from other authorities as may be necessary for the attainment off object under these presents and to do work for and on behalf of other companies engaged in above business.*"

Date of Shareholder's resolution	Particulars
	"*to carry on soliciting of procuring of insurance business as corporate agent*." Clause V of the MoA was amended to reflect increase in the authorised share capital of our Company from ₹ 370,000,000 divided into 17,000,000 equity shares of ₹ 10 each aggregating to ₹ 170,000,000 and 2,000,000 CCPS of ₹ 100 each aggregating to ₹ 20, 00,00,000 to ₹ 970,000,000 divided into 17,000,000 equity shares of ₹ 10 each aggregating to ₹ 170,000,000 and 8,000,000 CCPS of ₹ 100 each aggregating to ₹ 800,000,000.
February 20, 2012	Clause V of the MoA was amended to reflect re-classification of authorized share capital of our Company. The authorized share capital of our Company comprising 17,000,000 equity shares of ₹ 10 each and 8,000,000 CCPS of ₹ 100 each aggregating to ₹ 970,000,000 was re-classified into 22,000,000 equity shares of ₹ 10 each and 7,500,000 CCPS of ₹ 100 each aggregating to ₹ 970,000,000.
July 17, 2012	Clause V of the MoA was amended to reflect to re-classification of authorized share capital of our Company. The authorized share capital of our Company comprising 22,000,000 equity shares of ₹ 10 each and 7,500,000 CCPS of ₹ 100 each aggregating to ₹ 970,000,000 was re-classified into 29,150,000 equity shares of ₹10 each and 6,785,000 CCPS of ₹ 100 each aggregating to ₹ 970,000,000. Clause V of the MoA was further amended to reflect to re-classification of authorized share capital of our Company to 78,150,000 equity Shares of ₹10 each and 1,885,000 CCPS of ₹ 100 each aggregating to ₹ 970,000,000.
January 10, 2013	Clause I of the MoA was amended to reflect change of name of our Company to "AU Financiers (India) Limited" by deletion of the word "private" from the name of our Company pursuant to conversion of our Company to a public limited company .
October 10, 2016	Clause V of the MoA was amended to reflect increase and re-classification of authorised share capital from 78,150,000 equity Shares of ₹10 each and 1,885,000 CCPS of ₹ 100 each aggregating to ₹ 970,000,000, to ₹ 3,500,000,000 divided into 350,000,000 equity shares of ₹10 each.
January 24, 2017*	Clause I of the MoA was amended to reflect the change in the name of our Company from 'AU Financiers (India) Limited' to 'AU Small Finance Bank Limited'.
	Clause III of the MoA was replaced with: *"(A) THE OBJECTS TO BE PURSUED BY THE COMPANY ON ITS INCORPORATION ARE:-* *1) To carry on, in any part of India or outside India, business of banking that is to say accepting, for the purpose of lending or investment, of deposits of money from the public, repayable on demand or otherwise, and withdrawable by cheque, draft, order or otherwise, in accordance with the terms of applicable law, including without limitation the provisions of the Banking Regulation Act, 1949 and the guidelines/ instruction issued by RBI for small finance banks from time to time.* *2) In addition to the business of banking, to carry on the business of:-* *a. borrowing, raising, or taking up of money;* *b. lending or advancing of money by way of loan, overdraft or on cash credit or other accounts or in any other manner whether without or on the security of movable or immovable properties, bills of exchange, hundies, promissory notes, bills of lading, railway receipts, debentures, share warrants or other instruments whether transferable or negotiable or not;* *c. drawing, making, accepting, discounting, buying, selling, collecting and dealing in bills of exchange, hundies, promissory notes, coupons, drafts, bills of lading, railway receipts, warrants, debentures, certificates, scripts and other instruments and securities whether transferable or negotiable or not;* *d. granting and issuing of letters of credit, travellers' cheques and circular notes;* *e. buying, selling and dealing in bullion and specie;* *f. buying and selling of and dealing in foreign exchange including foreign bank notes;*

Date of Shareholder's resolution	Particulars
	g. acquiring, holding, issuing on commission, underwriting and dealing in stock, funds, shares, debentures, debenture stock, bonds, obligations, securities and investments of all kinds; *h. purchasing and selling of bonds, scripts or other forms of securities on behalf of itself, its constituents or others;* *i. negotiating of loans and advances;* *j. receiving of all kinds of bonds, scripts or valuables on deposit or for safe custody or otherwise;* *k. providing of safe deposit vaults;* *l. collecting and transmitting of money and all kind of securities;* *m. issuing credit cards, debit cards, prepaid instruments, charge cards or smart card or co-branded cards and extend any other credits to customer or any other persons for any purpose permissible for the company to carry on under law;* *n. acting as aggregators, as may be permitted by the Pension Fund Regulatory and Development Authority ("**PFRDA**"), in connection with the National Pension System of the PFRDA* *o. acting as agents for any Government or local authority or any other person or persons;* *p. carrying on of agency business of any description including the clearing and forwarding of goods, giving of receipts and discharges and otherwise acting as an attorney on behalf of customers, but excluding the business of a managing agent or secretary and treasurer of a company;* *q. contracting for public and private loans and negotiating and issuing the same;* *r. effecting, insuring, guaranteeing, underwriting, participating in managing and carrying out of any issue, public or private, of State, municipal or other loans or of shares, stock, debentures, or debenture stock of any company, corporation or association and the lending of money for the purpose of any such issue;* *s. carrying on and transacting every kind of guarantee and indemnity business;* *t. managing, selling and realising any property which may come into the possession of the company in satisfaction or part satisfaction of any of its claims;* *u. acquiring and holding and generally dealing with any property or any right, title or interest in any such property which may form the security or part of the security for any loans or advances or which may be connected with any such security;* *v. undertaking and executing trusts;* *w. undertaking the administration of estates as executor, trustee or otherwise;* *x. establishing and supporting or aiding in the establishment and support of associations, institutions, funds, trusts and conveniences calculated to benefit employees or ex-employees of the company or the dependents or connections of such persons;* *y. granting pensions and allowances and making payments towards insurance;* *z. subscribing to or guaranteeing moneys for charitable or benevolent objects or for any exhibition or for any public, general or useful object;* *aa. the acquisition, construction, maintenance and alteration of any building or works necessary or convenient for the purposes of the company;* *bb. selling, improving, managing, developing, exchanging, leasing, mortgaging, disposing of or turning into account or otherwise dealing with all or any part of the property and rights of the company;* *cc. acquiring and undertaking the whole or any part of the business of any person or company, when such business is of a nature enumerated or described in this sub-section;* *dd. doing all such other things as are incidental or conducive to the promotion or advancement of the business of the company;* *ee. carrying on any other forms of business which is specified by the Central Government pursuant to Section 6 (1)(a) to (n) of the Banking Regulation Act, 1949 and to such other forms of business which the central government pursuant to section 6 (1) (o) of the Banking Regulation Act, 1949 specified or may from time to time specify by notification in the Official Gazette as a form of business in which it would be lawful for a banking company to engage;*

Date of Shareholder's resolution	Particulars
	3) To carry on the business of merchant banking, Investment banking, portfolio investment management, wealth management and investment advisors. *4) To form, constitute, promote, act as managing and issuing agents, prepare projects and feasibility reports for and on behalf of any company, association, society, firm, individual and body corporate.* *5) To carry on the business of factoring by purchasing and selling debts receivables and claims including invoice discounting and rendering bill collection, debt collection and other factoring services.* *6) To carry on the business of investment banking and to invest and broker to buy, sell, transfer, acquire, underwrite, sub-underwrite subscribe, held, exchange or otherwise deal in and dispose of any shares, stocks, debentures, debenture stocks, cash certificates, bonds, units, exim scrips, licenses, obligations and securities issued or guaranteed by Indian or foreign governments, state, dominion, sovereign, municipalities, public authorities, and by companies, firms, or persons whether incorporated or established in India or elsewhere and to invest in other businesses for sharing profits and losses.* *7) To carry on the business of mutual fund management, equipment leasing and hire purchase, manage investment pools, syndicate in shares and other securities and act as Share and Stock brokers.* *8) To carry on and transact the business of giving guarantees and counter guarantees and indemnities whether by personal covenant or by mortgaging or charging all or any part of the undertaking, property or assets of our Company, both present and future wherever situated or in any other manner and in particular to guarantee the payment of any principal moneys, interest or other moneys secured by or payable under debentures, bonds, debenture-stock, mortgages, charges, contracts, obligations and securities, and the repayment of the capital moneys and the payment of dividends in respect of stocks and shares or the performance of any such other obligations.* *9) To act as corporate agents for insurance products for life and general insurance including but not limited to health, pension & employees benefit, fire, marine, cargo, marine hull, aviation, oil & energy, engineering, accident, liability, motor vehicles, transit and other products and to carry on the business of insurance, re-insurance and risk management as an insurance agent or otherwise as may be permitted under law.* *10) To carry on the business of financing, leasing (operating and financial), hire purchase, all forms of securitization, asset reconstruction or recovery, dealer inventory financing, factoring of receivables, instalment sale and/or deferred sale relating to goods or material, including machinery, plant, equipment, ships, vehicles, aircraft, rolling stock, factories, inventory, debtors, furniture, apparatus, appliances and other movable and immovable property, and to arrange or syndicate leasing, hire purchase, installment sale or deferred sale businesses.* *11) To act as escrow agents and trustees, and issuing and paying agents, including for trust and retention accounts.* *12) To develop and promote new financing or banking instruments of all kinds whether for the capital market, money market or otherwise and to render all kinds of fee-based financial services.* *13) To solicit and procure insurance business, mutual fund and alternatives fund business as Corporate Agent and to undertake such other activities as are incidental or ancillary thereto.*

Date of Shareholder's resolution	Particulars
	14) To further financial inclusion by (a) provision of savings vehicles, and (ii) supply of credit to small business units; small and marginal farmers; micro and small industries; and other unorganised sector entities, through high technology-low cost operations as specified under RBI Guidelines for Small Finance Bank in Private Sector dated November, 27, 2014 and other guidelines and instructions issued by the RBI for small finance banks from time to time. Clause III (B) was also suitably amended to reflect matters which are necessary for furtherance of the objects specified in Clause III (A).

[*] *Pursuant to RBI Final Approval dated December 20, 2016 for conversion into an SFB and the approval and observations issued by the RBI on our proposed MoA by way of its letter dated July 14, 2016 i.e., (i) to delete the references of the term 'subsidiaries' from Paragraph III (B) (17), (57), (70) and (78), and (ii) to delete provisions pertaining to winding up procedures from Paragraph III (B) (79), of the then existing MoA of our Company, our Shareholders, by way of a resolution dated January 24, 2017 passed by postal ballot, have approved the amendment to Clauses I and III of the MoA. The amendments have come into effect upon commencement of the operations of our Company as an SFB on April 19, 2017.*

Major events and milestones

The table sets forth some of the major events in the history of our Company:

Calendar Year	Particulars
1996	Incorporated as a private limited company in Rajasthan with an authorised share capital of ₹ 0.1 million.
2000	Received certificate of registration under section 45 I A of RBI Act from the RBI to carry on the business of non-banking financial institution without accepting public deposits.
2005	Became commercial associate of HDFC Bank for carrying on the business of financing commercial vehicles.
2006	Expanded operations into Maharashtra.
2008	Obtained investment of ₹ 200 million from India Business Excellence Fund and India Business Excellence Fund-1.
2009	Forayed into Gujarat, the third state where our Company commenced its operations.
2010	Received fresh certificate of registration under section 45 IA of RBI Act from the RBI pursuant to which RBI has classified our Company as a NBFC-ND-AFC.
	Obtained investment of ₹ 350 million, ₹ 60 million and ₹ 140 million, from IFC, IBE Fund and IBE Fund -I, respectively.
	Attained the status of "Systemically Important Non-Deposit Taking Asset Finance Company".
2011	Set-up a subsidiary, AuHFL, to provide housing finance services.
2012	Obtained investment of ₹ 1,500 million and ₹ 330.44 million from Redwood and IFC, respectively.
	Received upgrade of credit rating from CRISIL BBB+ / Stable to CRISIL A / Stable for long term bank facilities by CRISIL Ratings
	Set-up a subsidiary, Au Insurance Broking Services Private Limited, to provide insurance and broking services.
2015	Received upgrade of credit rating to CARE A+ for long-term banking facilities by CARE Ratings.
	Assigned a credit rating of Ind A+ / Stable for long term banking facilities and NCDs by India Ratings.
	Received "in-principle" approval for forming an SFB from the RBI.
2016	Received final approval for carrying on the business of SFB from the RBI.
	Received a long term credit rating of BWRAA with Stable Outlook from Brickwork Ratings.
	Received upgrade in long-term rating of CRISIL A/ Watch Positive by CRISIL Ratings.
	Pursuant to RBI approval dated April 6, 2016, divested its shareholding in AuHFL which was our erstwhile subsidiary company. (1)
	Pursuant to RBI approval dated May 18, 2016, divested its entire shareholding in IML (2)
	Pursuant to RBI approval dated September 6, 2016, divested 29.53% of the total shareholding of M Power Micro Finance Private Limited. (3)
	Divested its entire shareholding in Au Insurance Broking Services Private Limited ("**AuIBSPL**"), our erstwhile associate company.(4) In this regard, our Company has received an in-principle approval dated December 6, 2016 from the IRDAI for change in shareholding pattern of AuIBSPL.

Calendar Year	Particulars
2017	Commenced operations as an SFB and the same was notified *via* RBI press release dated April 19, 2017
	Received upgrade of credit rating outlook from Ind A+ / Stable to IND A + / POSITIVE for long term banking facilities and NCDs by India Ratings

(1) As on the date of this RHP, our Company holds 7.39% shares in AuHFL.
(2) As on the date of this RHP, our Company does not have any shareholding in IML
(3) As on the date of this RHP, our Company holds 6.99% shares in M Power Micro Finance Private Limited.
(4) As on the date of this RHP, our Company does not have any shareholding in Au Insurance Broking Services Private Limited.

Awards and Accreditations

We have received the following awards and accreditations:

Calendar Year	Awards and Accreditations
2011	Shortlisted for the Financial Times International Finance Corporation-Sustainable Finance Awards in the "Achievement in the Financing at the Base of the Pyramid" category.
2012	Awarded the "Best PE-backed Financial Service Company" by VCCircle.
2017	Adjudged runner-up in "Best Retail NBFC" category by Outlook Money Awards, 2016.

Other Details Regarding our Company

For details regarding the description of our activities, services, products, market of each segment, the growth of our Company, technology, the standing of our Company with reference to prominent competitors, management, managerial competence, major suppliers and customers, exports, profits, geographical segment, capacity/facility creation, location, environmental issues, market, capacity build-up, marketing and competition, see "*Our Business*", "*Our Management*" and "*Industry Overview*" on pages 144, 190 and 121, respectively.

Strikes and lock-outs

There have been no lock-outs or strikes at any time in our Company.

Details regarding acquisition of business/undertakings, mergers, amalgamation, revaluation of assets, if any

Our Company has neither acquired any entity, business or undertaking nor undertaken any merger, amalgamation or revaluation of assets.

Capital raising activities through equity and debt

Except as set out in the section titled "*Capital Structure*" on page 75, our Company has not raised any capital in the form of Equity. For details on the debt facilities of our Company, see "*Financial Indebtedness*" on page 318.

Injunctions or Restraining Order

Except as disclosed in "*Outstanding Litigation and Material Developments*", there are no injunctions or restraining order against our Company.

Defaults or rescheduling of borrowings with financial institutions/banks and conversion of loans into equity

There have been no defaults or rescheduling of borrowings with financial institutions/banks in respect of our current borrowings from lenders. None of our outstanding loans have been converted into Equity Shares. For details of any instances of delays in payments and non-compliance with certain covenants by our Company, see "*Risk Factors*" on page 19.

Time and Cost Overrun

There have been no instances of time and cost overruns pertaining to our business operations.

Changes in the activities of our Company

Pursuant to RBI Final Approval dated December 20, 2016, our Company has been granted the license to carry on SFB business in India subject to certain terms and conditions. Our Company commenced SFB operations with effect from April 19, 2017. For further details, regarding our SFB business, see "*Our Business*" on page 144.

Further, except as disclosed above and in "*History and Certain Corporate Matters- Divestments by our Company*" there has been no change in the activities of our Company during the last five years which may have had a material effect on the profit/loss account of our Company including discontinuance of line of business, loss of agencies or markets and similar factors.

Accumulated profits or losses

Our Company does not have any subsidiary as of the date of this Red Herring Prospectus and therefore, there are no profits or losses of any subsidiary not accounted for by our Company.

Our Shareholders

Our Company has 230 Shareholders as of the date of this Red Herring Prospectus. For further details, regarding our Shareholders, see "*Capital Structure*" on page 75.

Strategic or Financial Partners

As on the date of this Red Herring Prospectus, our Company does not have any strategic or financial partner.

Holding Company

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

Subsidiary

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

Associate Company

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

Joint Venture

As on the date of this Red Herring Prospectus, our Company has not entered into any joint venture agreements.

Summary of Key Agreements and Shareholders' Agreements

Share Subscription and Shareholders' Agreement entered among our Company, our Promoters, India Business Excellence Fund ("IBE Fund") and India Business Excellence Fund-I ("IBE Fund-I") dated February 8, 2008 ("2008 SHA")

Our Company and our Promoters entered into share subscription and shareholders' agreement with IBE Fund and IBE Fund - I dated February 8, 2008. Pursuant to the 2008 SHA, IBE Fund was allotted 100 Equity Shares representing 0.002% of the then Equity Share capital of our Company and 350,000 CCPS and IBE Fund - I was allotted 100 Equity Shares representing 0.002% of the then Equity Share capital of our Company and 650,000

CCPS, for an aggregate consideration of ₹ 35.00 million and ₹ 65.00 million, respectively. The 2008 SHA conferred on IBE Fund and IBE Fund - I certain rights in relation to the management and affairs of our Company including right to nominate two directors on the Board of our Company, along with certain other rights such as exit right through an initial public offering, strategic sale, voting and affirmative rights, right of first offer, tag along right, drag along right, anti-dilution rights and ratchet rights, among others. The 2008 SHA was terminated pursuant to the Termination Agreement - II (as defined below) dated March 7, 2012.

Shareholders' Agreement and Subscription Agreement each dated March 24, 2010 each entered among our Company, our Promoters, International Finance Corporation ("IFC"), IBE Fund and IBE Fund - I and Termination Agreement dated March 7, 2012 entered among our Promoters, IFC, IBE Fund and IBE Fund – I

IBE Fund, IBE Fund - I and IFC entered into a shareholders' agreement and a subscription agreement with our Company and our Promoters, each dated March 24, 2010 (collectively the "**2010 SHA**") pursuant to which IFC subscribed to 100 fully paid-up Equity Shares and to 3,499,990 fully paid-up CCPS for an aggregate subscription price of ₹ 350.00 million, representing 18.40% of the then Equity Share capital of our Company on a fully diluted basis. Further, IBE Fund subscribed to 600,000 fully paid-up CCPS for an aggregate subscription price of ₹ 60.00 million, representing 11.46% of the then Equity Share capital of our Company on a fully diluted basis and IBE Fund - I subscribed to 1,400,000 fully paid-up CCPS for an aggregate subscription price of ₹ 140.00 million, representing 22.93% of the then Equity Share capital of our Company on a fully diluted basis, and our Promoters subscribed to 500,000 fully paid-up CCPS for a consideration of ₹ 50 million. The 2010 SHA conferred certain shareholders' rights and obligations such as corporate governance rights, tag along rights and drag along rights, certain exit rights, among others. In terms of the 2010 SHA, our Company shall not, without the prior written consent of the IBE Fund, IBE Fund - I and IFC, take including, without limitation, the following actions: (i) any amendment or repealing or authorisation of any amendment or other actions in relation to Company's Documents (as defined in the 2010 SHA) and major operating policies; (ii) authorising or making any changes in the issued, subscribed or paid-up share capital of our Company; (iii) issuing any Equity Shares or share equivalents having structural or legal or other preference over or senior to (or *pari passu* with) the securities held by IBE Fund, IBE Fund – I and IFC; (iv) reorganising the share capital of our Company; (v) any amalgamation, merger or acquisition; (vi) making any changes to its business; (vii) authorise or undertake any listing; and (viii) appointment or removal of any KMP; and (ix) undertake any diversification not in accordance with the 2010 SHA.

IFC Covenants

Pursuant to the IFC policy covenants as set out under the 2010 SHA, our Company shall also adhere to certain other covenants, *inter alia*, with respect to the IFC ("**IFC Covenants**"). Certain of these covenants are described hereunder:

(i) Inform the IFC of any litigation or investigations or proceedings which may have a material adverse effect or any criminal investigations or proceedings against our Company or any related party;

(ii) Ensure compliance with certain environment covenants such as using all reasonable efforts to ensure, assess and manage the social and environmental performance of the relevant financing operation in compliance with the social and environmental requirements (as defined in 2010 SHA) and shall not amend or waive the application of the social and environmental management system (including the social and environmental requirements) (as defined in 2010 SHA);

(iii) The 2010 SHA also provides certain additional IFC rights such as right to appoint nominee director, subject to a prescribed minimum shareholding by IFC; and

(iv) Our Company also needs to adhere to certain anti-corruption guidelines for IFC related transactions. Further, the 2010 SHA also precludes lending to entities engaged in activities forming part of an IFC "exclusion list" as set out in the 2010 SHA.

Subsequently, the termination agreement entered amongst our Promoters, IFC, IBE Fund and IBE Fund - I dated March 7, 2012 ("**Termination Agreement**") resulted in termination of the 2010 share subscription agreement and its terms.

Shareholders' Agreement and Share Subscription Agreement each dated February 28, 2012 each entered among our Company, our Promoters, IBE Fund, IBE Fund - I, IFC and Redwood", Share Purchase Agreement dated February 28, 2012 entered among our Company, our Promoters, IBE Fund, IBE Fund - I and Redwood, Termination Agreement dated March 7, 2012 entered among our Promoters, IBE Fund and IBE Fund - I, First Amendment Agreement dated February 16, 2013 entered among our Company, our Promoters, IBE Fund, IBE Fund - I, IFC and Redwood, Second Amendment Agreement dated April 4, 2014 entered among our Company, our Promoters, IBE Fund, IBE Fund - I, IFC, Redwood, Labh, MYS and MOSL, Third Amendment Agreement dated December 22, 2014 among our Company, our Promoters, IFC, Redwood, IBE Fund, IBE Fund - I, Labh, MYS and MOSL, Fourth Amendment Agreement dated July 15, 2015 entered among our Company, our Promoters, IBE Fund, IBE Fund - I, IFC, Redwood, Labh, MYS, MOSL, Kedaara and Ourea and Fifth Amendment dated February 1, 2017 among our Company, our Promoters, IFC, Redwood, Labh, MYS, MOSL, Kedaara and Ourea.

Our Company, our Promoters, IBE Fund, IBE Fund - I, IFC and Redwood entered into share subscription agreement dated February 28, 2012 pursuant to which Redwood subscribed to 100 fully paid-up Equity Shares and to 999,986 fully paid-up CCPS for an aggregate consideration of ₹ 1,500.00 million, representing 18.51% of the then Equity Share capital of our Company on a fully diluted basis and IFC subscribed to 22 fully paid-up Equity Shares and to 220,295 fully paid-up CCPS for an aggregate consideration of ₹ 330.44 million, representing 18.34% of the then Equity Share capital of our Company on a fully diluted basis. Further, in terms with share purchase agreement dated February 28, 2012, entered among our Company, our Promoters, IBE Fund, IBE Fund - I and Redwood, Redwood acquired 1,055,165 fully paid-up Equity Shares from IBE Fund for an aggregate consideration of ₹ 211.25 million and 584,246 fully paid-up CCPS from IBE Fund - I for an aggregate consideration of ₹ 438.75 million, cumulatively with the subscription representing 26.54% of the then Equity Share capital of our Company on a fully diluted basis.

Our Company, our Promoters, IBE Fund, IBE Fund - I, IFC and Redwood entered into shareholders' agreement dated February 28, 2012 ("**2012 SHA**") in order to regulate their relationships and set forth their respective rights and obligations as shareholders of our Company.

The 2012 SHA confers certain rights and obligations upon IBE Fund, IBE Fund - I, IFC and Redwood including, *inter alia*, consent rights with respect to reserved matters and certain affirmative voting rights, drag along rights, tag along rights, and certain exit rights including listing of Equity Shares on initial public offering. IFC and Redwood have the right to appoint one nominee director each as long as each of them holds 5% or above of the Equity Share capital of our Company on a fully diluted basis. Further, IBE Fund and IBE Fund - I can also nominate one nominee director as long as they collectively hold 5% or above of the Equity Share capital of our Company on a fully diluted basis. The 2012 SHA shall continue in force until such time as IBE Fund, IBE Fund - I, IFC and Redwood no longer hold any securities in our Company. However, certain rights such as voting rights, corporate governance rights etc. may no longer be available to each of IBE Fund, IBE Fund - I, IFC or Redwood if the shareholding of IBE Fund, IBE Fund - I, IFC or Redwood falls below 5% of the Equity Share capital of our Company, respectively, and other right such as general reporting covenants and pre-emptive rights (as mentioned in 2012 SHA) shall terminate upon listing of the Equity Shares of our Company if so required under the applicable law. The 2012 SHA also provides for our Company to be in compliance with IFC Covenants and IFC policy covenants.

Consequent to the 2012 SHA, the termination agreement entered amongst our Promoters, IBE Fund and IBE Fund - I dated March 7, 2012 ("**Termination Agreement – II**") resulted in termination of the 2008 SHA and its terms.

Pursuant to an amendment agreement entered amongst our Company, our Promoters, IBE Fund, IBE Fund - I, IFC and Redwood dated February 16, 2013 ("**First Amendment Agreement**"), share purchase agreement entered between IBE Fund, IBE Fund - I and Labh Investments Limited ("**Labh**") dated February 16, 2013 ("**MOPE Share Purchase Agreement**") and share purchase agreement entered between our Promoters and Labh dated February 16,

2013 ("**Promoter Share Purchase Agreement**"), Labh acquired 2,640,845 fully paid-up Equity Shares under MOPE Share Purchase Agreement for an aggregate consideration of ₹ 749.99 million, representing 6.52% of the then Equity Share capital of our Company on a fully diluted basis and 1,408,451 fully paid-up Equity Shares under Promoter Share Purchase Agreement, for an aggregate consideration of ₹ 400.00 million, representing 3.48% of the then Equity Share capital of our Company on a fully diluted basis. The First Amendment Agreement together with the 2012 SHA confers certain shareholders' rights as per 2012 SHA on Labh, as also available to other investors.

Further, our Company, our Promoters, IBE Fund, IBE Fund - I, IFC, Redwood, Labh, MYS Holdings Private Limited ("**MYS**") and Motilal Oswal Securities Limited ("**MOSL**") entered into an amendment agreement dated April 4, 2014 ("**Second Amendment Agreement**"). In accordance with the Second Amendment Agreement and circular resolution passed by the Board on March 14, 2014 and Shareholders' on March 21, 2014, the MYS subscribed to 560,895 Equity Shares and MOSL subscribed to 546,966 Equity Shares, for an aggregate consideration of ₹ 193.50 million and ₹ 188.70 million, respectively.

Our Company and our Promoters also entered into an amendment agreement dated December 22, 2014 with IFC, Redwood, IBE Fund, IBE Fund - I, Labh, MYS and MOSL ("**Third Amendment Agreement**") in order to amend the rights and obligations governing the parties to the agreement pursuant to the share purchase agreement entered among IBE Fund, IBE Fund - I, Kedaara Capital Alternative Investment Fund – Kedaara Capital AIF 1 ("**Kedaara**") and Ourea Holdings Limited ("**Ourea**") dated December 22, 2014 ("**Kedaara SPA**"). In accordance with Kedaara SPA,, Kedaara acquired 177,073 fully paid-up Equity Shares from IBE Fund for an aggregate consideration of ₹ 79.68 million and Ourea acquired 722,927 fully paid-up Equity Shares from IBE Fund for an aggregate consideration of ₹ 325.31 million and 1,300,000 fully paid-up Equity Shares from IBE Fund - 1 for an aggregate consideration of ₹ 585.00 million, collectively representing 4.58% of the then Equity Share capital of our Company on a fully diluted basis. Pursuant to Kedaara SPA, all shareholders' rights, obligations, benefits or privileges of IBE Fund and IBE Fund - I under the shareholders' agreements in relation to the aforementioned Equity Shares were transferred to Kedaara and Ourea, along with certain drag along rights in addition to inter alia the rights granted to Kedaara and Ourea pursuant to the deeds of adherence to the 2012 SHA. Also, Ourea entered into a share sale agreement dated December 22, 2014 with IFC ("**IFC SSA**") under which Ourea acquired 2,200,000 fully paid-up Equity Shares from IFC for an aggregate consideration of ₹ 990.00 million, representing 4.58% of the then Equity Share capital of our Company on a fully-diluted basis. The Third Amendment Agreement together with the 2012 SHA conferred certain rights and obligations on Kedaara and Ourea and restricted specific rights such as drag along rights, tag along rights, among others, for IBE Fund and IBE Fund - I.

Our Company, our Promoters, IBE Fund, IBE Fund - I, IFC, Redwood, Labh, MYS, MOSL, Kedaara and Ourea entered into an amendment agreement dated July 15, 2015 ("**Fourth Amendment Agreement**") to extend the timelines provided for listing of our Company from expiry of 49th month to 56th month from closing date of the 2012 SHA, *i.e.* February 28, 2012.

Our Company, our Promoters, IFC, Redwood, Labh, MYS, MOSL, Kedaara and Ourea entered into an amendment agreement dated February 1, 2017 ("**Fifth Amendment Agreement**"), pursuant to which the Existing Shareholders' Agreement (as defined in the Fifth Amendment Agreement) along with the Fifth Amendment Agreement shall terminate upon the listing and trading of the Equity Shares on the Stock Exchanges pursuant to the Offer except for, *inter-alia*, subject to applicable laws, the right of any shareholder of our Company who holds 10% or more of the paid-up Equity Share capital of our Company, to nominate one Director each on the Board of our Company which shall be exercisable only after obtaining the approval of the Shareholders through a special resolution in a general meeting of our Company held after the listing of the Equity Shares on the Stock Exchanges.

Investment Agreement dated June 22, 2016 entered between certain investors (as mentioned in the Investment Agreement) and our Company ("Investment Agreement") and Seller Agreement dated June 21, 2016 among IFC, Redwood, Labh, IBE Fund, IBE Fund - I, Ourea and Kedaara ("Seller Agreement")

The in-principle approval obtained from RBI dated October 7, 2015 for conversion into an SFB required our Company to be owned and controlled by Indian residents before granting of final SFB license. As a consequence, IFC, Redwood, Labh, IBE Fund, IBE Fund - I, Ourea and Kedaara entered into the Seller Agreement to sell in

aggregate 7,156,238 Equity Shares to certain eligible Indian resident purchasers for an aggregate consideration of ₹ 7,514.04 million. Further, the Investment Agreement conferred certain rights and obligations on the purchasers, in accordance with the number of shares purchased, including, *inter-alia*, (i) that if the purchaser acquires or holds less than 100,000 Equity Shares, such purchaser shall only have the statutory rights prescribed under the Companies Act, 2013, (ii) purchaser holding in excess of 100,000 Equity Shares but not exceeding 2% of the total paid-up share capital of the Company on a fully diluted basis, will be entitled to receive the annual audited financial statements, the half-yearly financial statements and the quarterly financial statements, within the timelines prescribed in the Investment Agreement, (iii) non-individual purchasers shall continue to be Indian residents till such time it is a shareholder of the Company. The Investment Agreement may be terminated by mutual consent of the parties.

For further details, see "*Main Provisions of Articles of Association*" on page 413.

Divestment by our Company

Share Purchase Agreement dated February 5, 2016 ("AuHFL SPA") for divestment of stake in AuHFL, wholly owned Subsidiary of our Company

Our Company had received in-principle approval to establish a SFB from RBI on October 7, 2015, wherein it was stipulated to merge AuHFL with our Company. Further, by way of RBI Letter dated January 18, 2016, our Company had obtained no-objection from RBI to divest stake in AuHFL. Pursuant to AuHFL SPA, our Company sold 33,773,484 equity shares of AuHFL to Lake District Holdings Limited, Kedaara Capital Alternative Investment Fund – Kedaara Capital AIF 1, Partners Group Private Equity Master Fund LLC and Partner Group ESCL Limited for an aggregate consideration of ₹ 8,283.54 million.

Obtaining RBI approval for the divestment was a condition precedent to the execution of the transaction in the AuHFL SPA. Pursuant to RBI letter dated April 6, 2016, final approval for divestment of 90.10% stake in AuHFL was obtained by our Company.

Share Purchase Agreement dated May 3, 2016 ("IML" SPA) for divestment of stake in IML, wholly owned subsidiary of our Company

Our Company had received in-principle approval to establish a SFB from RBI on October 7, 2015, wherein it was stipulated to merge IML with our Company. Our Company by way of RBI Letter dated January 18, 2016, had obtained no-objection from RBI to divest stake in IML. Pursuant to IML SPA, our Company sold 1,724,490 equity shares of IML to Mr. Atul Arora, Mr. Alok Arora, Ms. Usha Rani, Mr. Shiv Dayal, Ms. Deepika Dhingra, Ms. Sonia Arora and Mr. Ravindra Garg for an aggregate consideration of ₹ 56.30 million.

Pursuant to RBI letter dated May 3, 2016, final approval for divestment of IML was obtained by our Company.

Other material agreements

Our Company has not entered into any other material agreements which are not in the ordinary course of its business.

Guarantees provided by our Promoter

In accordance with the provisions of the loan agreements entered into between our Company and various lenders of our Company, our Promoters, Mr. Sanjay Agarwal and Ms. Jyoti Agarwal, have issued deeds of guarantees in favour of such lenders. For details in relation to the guarantees issued by our Company and our Promoters, see "*Related Party Transactions*" and "*Material Contracts and Documents for Inspection*" on pages 222 and 494, respectively.

OUR MANAGEMENT

Board of Directors

In terms of our Articles of Association, our Company is required to have not more than nine Directors and not less than three Directors. As on the date of this Red Herring Prospectus, our Board comprises five Directors.

The following table sets forth details regarding our Board of Directors:

S. No.	Name, Designation, Address, Occupation, Nationality, Term and DIN	Age (years)	Other directorships
1.	**Mr. Mannil Venugopalan** ***Designation:*** Part-time Chairman and Independent Director* ***Address:*** Mannil House, House No. 17/229, Thalakkolly Desom, Aluva, Union Christian College, Ernakulam 683 102, Kerala, India. ***Occupation:*** Professional ***Nationality:*** Indian ***Term:*** Five years with effect from March 30, 2015. Not liable to retire by rotation. ***DIN:*** 00255575	72	*Indian Companies* 1. Dewan Housing Finance Corporation Limited; 2. DHFL Advisory & Investments Private Limited; 3. IL&FS Environmental Infrastructure and Services Limited; 4. LICHFL Asset Management Company Limited; 5. L&T Finance Limited; 6. Shaolin Trusteeship Private Limited; 7. Shivalik Agro Poly Products Limited; 8. Shreyas Shipping and Logistics Limited; 9. Shri Kailash Logistics (Chennai) Limited; and 10. Whitestone Resources Private Limited.
2.	**Mr. Sanjay Agarwal** ***Designation:*** Managing Director and CEO ***Address:*** D-111, Yasoda Path, Shyam Nagar, Jaipur- 302 019, Rajasthan, India. ***Occupation:*** Business ***Nationality:*** Indian ***Term:*** Three years with effect from April 13, 2017. Liable to retire by rotation.* ***DIN:*** 00009526	46	*Indian Companies* *Nil*
3.	**Mr. Uttam Tibrewal** ***Designation:*** Whole-time Director ***Address:*** F-19 Ram Path near CLC Institute,	46	*Indian Companies* *Nil.*

S. No.	Name, Designation, Address, Occupation, Nationality, Term and DIN	Age (years)	Other directorships
	Shyam Nagar Extension, Sodala, Jaipur 302 019, Rajasthan, India. ***Occupation**:* Business ***Nationality**:* Indian ***Term**:* Three years with effect from April 13, 2017. Liable to retire by rotation.* ***DIN**:* 01024940		
4.	**Mr. Krishan Kant Rathi** ***Designation**:* Independent Director ***Address**:* B/72, Dakshina Park, 7th floor, N.S. Road, 10th JVPD Scheme, Juhu, Mumbai 400 049, Maharashtra, India ***Occupation**:* Business ***Nationality**:* Indian ***Term**:* Five years with effect from March 30, 2015. Not liable to retire by rotation. ***DIN**:* 00040094	55	*Indian Companies* 1. AAVAS Financiers Limited (formerly known as Au Housing Finance Limited); 2. First Bridge Finance & Investments Private Limited; 3. Future Consumer Limited; 4. Future General India Insurance Company Limited; 5. Future Generali India Life Insurance Company Limited; 6. Indianivesh Fund Managers Private Limited; 7. INNEFU Labs Private Limited; 8. Omega Designs Private Limited; 9. Tea Post Private Limited; 10. Treo Engineering Private Limited; 11. Shendra Advisory Services Private Limited; and 12. Sprint Advisory Services Private Limited.
5.	**Ms. Jyoti Ishwar Chandra Narang** ***Designation**:* Independent Director ***Address**:* Maker Tower, Flat number- L-31, Cuffe Parade, Mumbai 400 005, Maharashtra, India. ***Occupation**:* Professional ***Nationality**:* Indian ***Term**:* Five years with effect from March 30, 2015. Not liable to retire by rotation.	59	*Indian Companies* 1. Avanamd Healthcare Private Limited; and 2. Calderys India Refractories Limited.

S. No.	Name, Designation, Address, Occupation, Nationality, Term and DIN	Age (years)	Other directorships
	DIN: 00351187		

***** Pursuant to RBI approval dated April 13, 2017, appointment of Mr. Sanjay Agarwal as Managing Director and CEO and Mr. Uttam Tibrewal as Whole-time Director is for a period of three years from the date of taking charge, i.e., April 13, 2017. Further, Mr. Mannil Venugopalan has been appointed as Part-time Chairman pursuant to the same approval.

Further, in terms of the SFB Guidelines, our Board of Directors is required to adhere to the 'fit and proper' criteria specified therein. For details, see "*Key Regulations and Policies in India*" on page 169.

Relationship between our Directors

None of our Directors are related to each other.

Brief biographies of our Directors

Mr. Mannil Venugopalan is the Part-time Chairman and an Independent Director of our Company. He holds a bachelor's degree in commerce from the University of Kerala and received a gold medal for securing the first position in his graduation. He is a recipient of the Canara Bank prize awarded by the University of Kerala in the year 1967 for securing the highest marks in the subject of commerce. He was also conferred honorary fellowship by the governing council of Indian Institute of Banking and Finance in the year 2005. He has been associated with our Company since August 27, 2011 as an additional director and was appointed as a non-executive Director on September 26, 2012. Subsequently, he was designated as an Independent Director on May 30, 2013 and re-appointed as an independent director on March 30, 2015. Pursuant to the RBI approval dated April 13, 2017, his designation has changed to Part-time Chairman on the Board of our Company. Prior to joining our Company, he was associated with Bank of India as the chairman and managing director. He has over 46 years of experience in the finance and banking industry.

Mr. Sanjay Agarwal is the Promoter, Managing Director and CEO of our Company. He holds a bachelor's degree in commerce from the Government College, Ajmer. He qualified as a chartered accountant from the Institute of Chartered Accountants of India and was the all India 39th rank holder. Mr. Agarwal has been associated with our Company since January 10, 1996 and was first appointed as our Managing Director on February 14, 2008. Subsequently, he was re-appointed as our Managing Director on February 14, 2013. Pursuant to the RBI approval dated April 13, 2017, his designation has changed to Managing Director and CEO of our Company. He is also the vice president of Rajasthan Finance Companies Association. He has over 21 years of experience in finance, accounting, strategic planning and credit risk management. Mr. Agarwal is the recipient of the "*Rajasthan Entrepreneur and Excellence Award - Personality of the year (finance category)*" in the year 2016 and has also been chosen as the "*Our Business Leader of the Year*" at the Institute of Chartered Accountants of India Awards, 2017.

Mr. Uttam Tibrewal is the Whole-time Director of our Company. He holds a bachelor's degree in commerce from the University of Delhi. He has been associated with our Company since the year 2003 as the head of business operations and was appointed as a Whole-time Director on February 14, 2008. Subsequently, Mr. Tibrewal was re-appointed as a Whole-time Director on February 14, 2013. Pursuant to the RBI approval dated April 13, 2017, his designation was approved as a Whole-time Director of our Company. He has over 13 years of experience in the non-banking finance industry.

Mr. Krishan Kant Rathi is an Independent Director of our Company. He holds a bachelor's degree with honours in commerce from the Rajasthan University. He is a qualified chartered accountant and is a member of the Institute of Chartered Accountants of India. Mr. Rathi is also a qualified company secretary and is a member of the Institute of Company Secretaries of India. He has been associated with our Company since March 18, 2008 as an additional director. Subsequently, he was appointed as an Independent Director on September 23, 2008 and was re-appointed as an Independent Director on March 30, 2015. Prior to joining our Company, he was associated with, the Future

Group as the chief financial officer, Future Consumer Limited as the chief investment officer and chief executive officer, H & R Johnson (I) Limited as the president of finance and KEC International Limited as the controller of corporate finance. Presently, Mr. Rathi is the managing director of Indianvesh Fund Managers Private Limited. He has over 26 years of experience working with various large corporates in the fields in finance and accounting.

Ms. Jyoti Ishwar Chandra Narang is an Independent Director of our Company. She holds a bachelor's degree in arts (economics) from Lady Shriram College for Women, University of Delhi and a master's degree in business administration from the University of Delhi. She has also completed an advanced management programme from the Harvard Business School. Ms. Narang was appointed as an Independent Director of our Company on March 30, 2015. Prior to joining our Company, she was associated with The Indian Hotels Company Limited as the chief operating officer. She has over 32 years of experience in senior leadership positions in the hospitality industry.

Confirmations

None of our Directors is or was a director of any listed company during the last five years preceding the date of this Red Herring Prospectus, whose shares have been or were suspended from being traded on the BSE or the NSE, during the term of their directorship in such company.

None of our Directors is or was a director of any listed company which has been or was delisted from any stock exchange during the term of their directorship in such company.

No proceedings/investigations have been initiated by SEBI against any company, the board of directors of which also comprise any of our Directors. No consideration in cash or shares or otherwise has been paid or agreed to be paid to any of our Directors or to the firms or companies in which they are interested as a member by any person either to induce him to become, or to help him qualify as a Director, or otherwise for services rendered by him or by the firm or company in which he is interested, in connection with the promotion or formation of our Company.

None of our Directors are associated with the securities market, except as stated below:

1. Mr. Krishan Kant Rathi is the Managing Director of Indianivesh Fund Managers Private Limited, which is the fund manager for Indianivesh Venture Capital Fund, which is a SEBI registered domestic venture capital fund. Further, SEBI has not initiated any action against Indianivesh Fund Managers Private Limited or Indianivesh Venture Capital Fund as on date.

2. Mr. Mannil Venugopalan is on the Board of LICHFL Asset Management Company Limited, which is the asset manager for LICHFL Urban Development Fund, which is a SEBI registered domestic venture capital fund. Further, SEBI has not initiated any action against LICHFL Asset Management Company Limited or LICHFL Urban Development Fund as on date.

Terms of appointment of Executive Directors

Mr. Sanjay Agarwal

Mr. Sanjay Agarwal is a Managing Director and CEO of our Company. He was first appointed as our Managing Director for a period of five years from February 14, 2008 pursuant to the resolutions passed by our Board and Shareholders on February 9, 2008 and February 14, 2008, respectively. Subsequently, he was re-appointed as our Managing Director for a period of five years from February 14, 2013 pursuant to the resolutions passed by our Board and Shareholders' on May 30, 2013 and August 26, 2013, respectively. Please see below, the terms of remuneration of Mr. Sanjay Agarwal as the Managing Director of our Company:

(₹ in million)

Director	Designation	Upper Limit	Yearly Cost to Company approved for 2016-17
Mr. Sanjay Agarwal	Managing Director	350.00*	15.00**

**Remuneration will not exceed 7.50% of net profit calculated in accordance with section 198 of Companies Act, 2013 and as prescribed in schedule V of Companies Act, 2013.*
***One time special bonus of ₹ 292.50 million was also approved by a Board resolution dated August 23, 2016, and will be paid in manner approved by Board in addition to ₹ 15 million.*

In addition to the above, pursuant to the Shareholders' resolutions dated August 31, 2016, Mr. Sanjay Agarwal is also entitled to the following allowances, perquisites, benefits, facilities and amenities as the Managing Director of our Company:

(1) *Housing:* He is entitled to furnished or unfurnished accommodation. If our Company does not provide residential accommodation, he will be paid such house allowance as the Board may decide from time subject to that the same does not exceed 60 per cent of the basic salary;

(2) *Medical Reimbursement:* Allowance for expenditure incurred for him and his family, subject to a ceiling of one month's basic salary in a year or three months basic salary over a period of three years;

(3) *Leave Travel Concession:* In accordance with the rules specified by our Company, he will also be entitled to leave travel concession for himself and his family;

(4) *Contribution to the provident fund, superannuation fund or annuity fund:* Contribution to such fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under Income Tax Act, 1961;

(5) *Gratuity:* Gratuity not exceeding half a month's salary for each completed year of service subject to a maximum limit as specified in the Payment of Gratuity Act, 1972;

(6) *Conveyance:* Free use of our Company's car with driver and personal use of car shall be billed by our Company;

(7) *Reimbursement of Expenses:* Apart from the remuneration, he will also be entitled to reimbursement of such expenses as are genuinely and actually incurred in efficient discharge of his duties in connection with business of our Company; and

(8) *Sitting Fees:* No sitting fees shall be paid to him for attending the meetings of the Board of Directors or any committee, thereof.

However, in line with the conversion of our Company to an SFB, his terms of employment including remuneration were revised pursuant to the resolutions passed by our Board and Shareholders' on February 22, 2017 and March 31, 2017, respectively, subject to the approval or any modifications from the RBI, as may be applicable. Subsequently, the Company by way of its letter dated February 23, 2017 had sought the approval of the RBI for, *inter-alia*, the appointment of Mr. Sanjay Agarwal as the Managing Director and CEO of our Company and his remuneration. Pursuant to the RBI approval dated April 13, 2017, (i) Mr Sanjay Agarwal's designation has been changed to Managing Director and CEO of our Company for a period of three years from the date of taking charge, *i.e.*, from April 13, 2017, and (ii) the RBI has directed the Company to submit the revised proposal for remuneration of Mr. Sanjay Agarwal as the Managing Director and CEO with suitable variable pay including a claw-back clause such that the fixed and variable pay is within the overall remuneration proposed. As on date, the approval from the RBI is awaited in this regard. Please see below, the revised terms of remuneration of Mr. Sanjay Agarwal as the Managing Director and CEO of our Company, which are subject to RBI approval:

(₹ in million)

Remuneration	Annual Remuneration
Remuneration:	
Salary	5.89
Dearness Allowance	-
House Rent Allowance	2.36

Remuneration	Annual Remuneration
Conveyance Allowance	-
Entertainment Allowance	-
Other Allowances (if any)	-
Transport Allowance	0.02
Education Allowance	0.002
Medical Reimbursement	0.02
Special Allowance	6.44
Total	14.72
Perquisites:	
Free furnished house	-
Free use of Company's car for: (i) Official purposes (two cars with chauffeurs for each of the cars) (ii) For private purposes in compensating the bank with suitable amount (iii) Servant	- -
Provident Fund/ Gratuity/ Pension (i) Provident fund (ii) Gratuity	0.02 0.26
Travelling and halting allowance	(as per the terms mentioned below)
Medical benefits	(as per the terms mentioned below)
Other benefits (if any)	(as per the terms mentioned below)
Leave:	
Casual Leave	-
Ordinary Leave	-
Sick Leave	-
Leave Fare Concession (Leaves details are mentioned below)	-
Total Cost to Company	**15***

**Mr. Sanjay Agarwal is also entitled to a further remuneration of 33.33% (variable pay component) over and above the fixed pay component i.e. ₹ 15 million making his aggregate compensation to be ₹ 20 million and application for approval of RBI has been filed in this regard.*

In addition to the above, pursuant to the Shareholders' resolutions dated March 31, 2017, Mr. Sanjay Agarwal is also entitled to the following allowances, perquisites, benefits, facilities and amenities:

(1) *Housing:* He will be paid such house allowance as the Board may decide from time to time subject to that the same does not exceed 60 per cent of the basic salary;

(2) *Medical Reimbursement:* Allowance for expenditure incurred for him and his family, subject to a ceiling of one month's basic salary in a year or three months basic salary over a period of three years;

(3) *Leave Travel Concession:* In accordance with the rules specified by our Company, he will also be entitled to leave travel concession for himself and his family;

(4) *Contribution to the provident fund, superannuation fund or annuity fund:* Contribution to such fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under Income Tax Act, 1961;

(5) *Gratuity:* Gratuity not exceeding half a month's salary for each completed year of service subject to a maximum limit as specified in the Payment of Gratuity Act, 1972;

(6) *Conveyance:* Free use of two chauffeur driven cars;

(7) *Reimbursement of Expenses:* Apart from the remuneration, he will also be entitled to reimbursement of such expenses as are genuinely and actually incurred in efficient discharge of his duties in connection with business of our Company;

(8) *Sitting Fees:* No sitting fees shall be paid to him for attending the meetings of the Board of Directors or any committee, thereof;

(9) *Servant Allowance:* Apart from the remuneration as aforesaid, Mr. Sanjay Agarwal, shall also be entitled to reimbursement of Servant expenses;

(10) *Travelling allowance:* Local and outstation travel expenses shall be reimbursed or paid by our Company on actual basis;

(11) *Insurance:* He will be covered with insurance cover total of up to ₹ 50 million for health, personal accidental insurance and under group Insurance Scheme put together; and

(12) Such other perquisites and allowance, special allowance or entertainment allowance such as club fees, personal accident insurance, etc., as per the rules of our Company or as may be approved by our Board or by any committee thereof from time to time.

(13) The valuation of the perquisites shall be done as per the Income Tax rules, wherever applicable.

Mr. Uttam Tibrewal

Mr. Uttam Tibrewal is a Whole-time Director of our Company since February 14, 2008. He was appointed as a Whole-time Director for a period of five years from February 14, 2008 pursuant to the resolutions passed by our Board and Shareholders' on February 9, 2008 and February 14, 2008, respectively. He was re-appointed as a Whole-time Director for a period of five years from February 14, 2013 pursuant to the resolutions passed by our Board and Shareholders on May 30, 2013 and August 26, 2013, respectively. Please see below, the terms of remuneration of Mr. Uttam Tibrewal as the Whole-time Director of our Company:

(₹ in million)

Director	Designation	Upper Limit	Yearly Cost to Company approved for 2016-17
Mr. Uttam Tibrewal	Whole-time Director	100.00*	13.00**

**Remuneration will not exceed 2.50% of net profit calculated in accordance with section 198 of Companies Act, 2013 and as prescribed in schedule V of Companies Act, 2013.*

***One time special bonus of ₹ 57.50 million was also approved by way of the Board resolution dated August 23, 2016, and will be paid in manner approved by Board in addition to ₹ 13 million.*

In addition to the above, pursuant to the Shareholders' resolutions dated August 31, 2016, Mr. Uttam Tibrewal is also entitled to the following allowances, perquisites, benefits, facilities and amenities:

(1) *Housing:* He is entitled to furnished or unfurnished accommodation. If our Company does not provide residential accommodation, he will be paid such house allowance as the Board may decide from time subject to that the same does not exceed 60 per cent of the basic salary;

(2) *Medical Reimbursement:* Allowance for expenditure incurred for him and his family, subject to a ceiling of one month's basic salary in a year or three months basic salary over a period of three years;

(3) *Leave Travel Concession:* In accordance with the rules specified by our Company, he will also be entitled to leave travel concession for himself and his family;

(4) *Contribution to the provident fund, superannuation fund or annuity fund:* Contribution to such fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under Income Tax Act, 1961;

(5) *Gratuity:* Gratuity not exceeding half a month's salary for each completed year of service subject to a maximum limit as specified in the Payment of Gratuity Act, 1972;

(6) *Conveyance:* Free use of our Company's car with driver and personal use of car shall be billed by our Company;

(7) *Reimbursement of Expenses:* Apart from the remuneration, he will also be entitled to reimbursement of such expenses as are genuinely and actually incurred in efficient discharge of his duties in connection with business of our Company;

(8) *Sitting Fees:* No sitting fees shall be paid to him for attending the meetings of the Board of Directors or any committee, thereof.

However, in line with the conversion of our Company to an SFB, his terms of employment including remuneration were revised pursuant to the Board and Shareholders' resolutions dated February 22, 2017 and March 31, 2017, respectively, subject to the approval or modifications from the RBI, as may be applicable. The RBI by way of its letter dated April 13, 2017 approved the appointment of Mr. Uttam Tibrewal as a whole-time Director of our Company for a period of three years from the date of taking charge, i.e., April 13, 2017. Subsequently, the Company by way of its letter dated February 23, 2017 had sought the approval of the RBI for, *inter-alia*, the appointment of Mr. Uttam Tibrewal as the whole-time Director of our Company and his remuneration. Pursuant to the RBI approval dated April 13, 2017, (i) the appointment of Mr Uttam Tibrewal as a whole-time Director of our Company was approved by the RBI for a period of three years from the date of taking charge, *i.e.*, from April 13, 2017, and (ii) the RBI has directed the Company to submit the revised proposal for remuneration of Mr. Uttam Tibrewal as the whole-time Director with suitable variable pay including a claw-back clause such that the fixed and variable pay is within the overall remuneration proposed. As on date, the approval from the RBI is awaited in this regard. Please see below the revised terms of remuneration of Mr. Uttam Tibrewal, which are subject to RBI approval:

(₹ in million)

Remuneration	Annual Remuneration
Remuneration:	
Salary	5.10
Dearness Allowance	-
House Rent Allowance	-
Conveyance Allowance	2.04
Entertainment Allowance	-
Other Allowances (if any)	-
Transport Allowance	0.02
Education Allowance	0.002
Medical Reimbursement	0.02
Special Allowance	5.58
Total	**12.76**
Perquisites:	
Free furnished house	-
Free use of Company's car for: (i) Official purposes (one car with chauffeur) (ii) For private purposes in compensating the bank with suitable amount	-
Provident Fund/ Gratuity/ Pension (i) Provident fund (ii) Gratuity	 0.02 0.22

Travelling and halting allowance	-
Medical benefits	-
Other benefits (if any)	-
Leave:	
Casual Leave	-
Ordinary Leave	-
Sick Leave	-
Leave Fare Concession (Leaves details are mentioned below)	-
Total	**13***

**Mr. Uttam Tibrewal is also entitled to a further remuneration of 23% (variable pay component) over and above the fixed pay component i.e. ₹ 13 million making his aggregate compensation to be ₹ 16 million and application for approval of RBI has been filed in this regard.*

In addition to the above, pursuant to the Shareholders' resolutions dated March 31, 2017, Mr. Uttam Tibrewal is also entitled to the following allowances, perquisites, benefits, facilities and amenities:

(1) *Housing:* He will be paid such house allowance as the Board may decide from time subject to that the same does not exceed 60 per cent of the basic salary;

(2) *Medical Reimbursement:* Allowance for expenditure incurred for him and his family, subject to a ceiling of one month's basic salary in a year or three months basic salary over a period of three years;

(3) *Leave Travel Concession:* In accordance with the rules specified by our Company, he will also be entitled to leave travel concession once a year for himself and his family;

(4) *Contribution to the provident fund, superannuation fund or annuity fund:* Contribution to such fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under Income Tax Act, 1961;

(5) *Gratuity:* Gratuity not exceeding half a month's salary for each completed year of service subject to a maximum limit as specified in the Payment of Gratuity Act, 1972;

(6) *Conveyance:* Free use of our Company's car with driver and personal use of car shall be billed by our Company;

(7) *Reimbursement of Expenses:* Apart from the remuneration, he will also be entitled to reimbursement of such expenses as are genuinely and actually incurred in efficient discharge of his duties in connection with business of our Company;

(8) *Sitting Fees:* No sitting fees shall be paid to him for attending the meetings of the Board of Directors or any committee, thereof;

(9) *Travelling Allowance:* Local and outstation expenses shall be reimbursed or paid by our Company on actual basis;

(10) *Insurance:* He will be covered with insurance cover of total up to ₹ 50 million for health, personal accident insurance, and under group insurance scheme put together; and

(11) Such other perquisites and allowance, special allowance or entertainment allowance such as club fees, personal accident insurance, etc., as per the rules of our Company or as may be approved by our Board or by any committee thereof from time to time.

(12) The valuation of the perquisites shall be done as per the Income Tax rules, wherever applicable.

Payment or benefit to Directors of our Company

The sitting fees/other remuneration of our Directors in Financial Year 2017 are as follows:

1. **Remuneration to Executive Directors:**

   The remuneration to Mr. Sanjay Agarwal and Mr. Uttam Tibrewal was ₹ 324.72 million and ₹ 82.76 million, respectively, for the Financial Year 2017.

2. **Remuneration to Non-Executive Directors:**

   Pursuant to the enabling resolution passed by our Shareholders on August 26, 2013, all our non-executive Directors are entitled to a commission of up to one per cent of the net profits per annum of our Company in the aggregate for a period of five years with effect from April 1, 2013. Further, our Company pursuant to the Shareholders' and Board resolutions, both dated March 30, 2015, has fixed a limit of ₹ 1 million as the remuneration payable to our Independent Directors, inclusive of sitting fees, towards attending meetings of the Board of Directors or a committee thereof, as well as receiving profit based commission.

   The total sitting fees of our Directors in the Financial Year 2017 was of ₹ 1.61 million. It may be noted that only Non-Executive Directors are paid sitting fees. Other than as disclosed above, our Company has not paid sitting fees to any of our other non-executive Directors. The travel expenses for attending meetings of the Board of Directors or a committee thereof, site visits and other Company related expenses are borne by our Company, from time to time.

   Pursuant to RBI approval dated April 13, 2017, Mr. Mannil Venugopalan, Part-time Chairman on the Board of our Company, will receive a consolidated remuneration of ₹ 1.7 million per annum for a period ending March 29, 2020.

   Further, our Company pursuant to the Board resolution, dated February 22, 2017, has fixed ₹ 40,000 and ₹ 20,000 as the sitting fees payable to our Independent Directors, towards attending meetings of the Board of Directors or a committee thereof. This will be in addition to ₹ 1.7 million per annum payable to Mr. Mannil Venugopalan, our Part-time Chairman and ₹ 1 million per annum payable to each of our remaining non-executive Directors.

Arrangement or understanding with major Shareholders, customers, suppliers or others

There is no arrangement or understanding with the major Shareholders, customers, suppliers or others, pursuant to which any of our Directors have been appointed on the Board. For further details, see "*History and Certain Corporate Matters*" on page 175.

Shareholding of Directors in our Company

As on the date of this Red Herring Prospectus, none of our Directors hold any qualification shares.

Except as disclosed below, as on the date of this Red Herring Prospectus, none of our Directors hold any Equity Shares:

Name of Director	Number of Equity Shares	Pre-Offer Shareholding Percentage (%)
Mr. Sanjay Agarwal	58,477,128	20.57
Mr. Uttam Tibrewal	2,519,790	0.89
Mr. Krishan Kant Rathi	94,289	0.03

Shareholding of Directors in subsidiary

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

Appointment of relatives of our Directors to any office or place of profit

None of the relatives of our Directors currently holds any office or place of profit in our Company.

Interest of our Directors

Our Independent Directors may be deemed to be interested in our Company to the extent of fees payable to them for attending meetings of our Board or committees thereof as well as to the extent of commission, other remuneration and reimbursement of expenses payable pursuant to our Articles of Association. Additionally, Mr. Krishan Kant Rathi, an Independent Director of our Company, holds Equity Shares in our Company. For details, see "*Our Management - Shareholding of Directors in our Company*" and "*Capital Structure*" on pages 199 and 75, respectively.

Our executive Directors may also be deemed as interested in our Company to the extent of the Equity Shares held by them or any Equity Shares that may be subscribed by or allotted to them from time to time. Further, Mr. Uttam Tibrewal, an executive Director on our Board may also be deemed to be interested in our Company to the extent of Equity Shares held by him. For details, see "*Our Management - Shareholding of Directors in our Company*" and "*Capital Structure*" on pages 199 and 75, respectively. Some of our Directors may also be deemed to be interested to the extent of any dividend, if any, payable to them and other distributions in respect of the Equity Shares held by them.

Except as mentioned below, our Directors have no interest in any property acquired or proposed to be acquired by our Company two years prior to the date of this Red Herring Prospectus:

Our Company had entered into a lease deed dated August 8, 2015 with one of our Promoters, Mr. Sanjay Agarwal for taking on lease the property situated at office no – 301 and 302 Atharwa Feriyaz Plaza Complex, Third Floor, Satara Road, Dhanakwadi, Pune, Maharashtra – 411 043. The property on lease was taken for being used as a branch office. In terms of the said lease agreement, our Company was required to pay rent of ₹ 0.06 million per month approximately for the period of August 8, 2015 to July 7, 2016 and ₹ 0.07 million per month approximately for the period of July 8, 2016 to September 30, 2016, aggregating up to ₹ 0.43 million from April 1, 2016 to September 30, 2016. Subsequently, our Company has purchased this property from Mr. Sanjay Agarwal for a sale consideration of ₹ 11.30 million pursuant to a deed of assignment dated September 30, 2016. For further details, see "*Our Promoters and Promoter Group - Interest of Promoters*" and "*Related Party Transactions*" on pages 217 and 222, respectively.

Except Mr. Sanjay Agarwal, who is also one of our Promoters, none of our other Directors have any interest in the promotion of our Company other than in ordinary course of business.

Except as disclosed above, no amount or benefit has been paid or given within the two preceding years or is intended to be paid or given to any of our Directors except the normal remuneration for services rendered as Directors.

None of our Directors have availed any loan from our Company.

None of the beneficiaries of loans, advances and sundry debtors are related to the Directors of our Company.

Except as disclosed in "*Our Management- Terms of appointment of Executive Directors*", none of our Directors is party to any bonus or profit sharing plan of our Company.

Further, except statutory benefits upon termination of their employment in our Company on retirement, no officer of our Company, including our Directors and the Key Management Personnel has entered into a service contract with our Company pursuant to which they are entitled to any benefits upon termination of employment.

Changes in the Board in last three years

Name	Date of Appointment/ Change/ Cessation	Reason

Name	Date of Appointment/ Change/ Cessation	Reason
Mr. Nishant Sharma	December 22, 2014	Appointment as Additional Director
Mr. Vishal Kumar Gupta	December 22, 2014	Cessation as Nominee Director
Ms. Jyoti Ishwar Chandra Narang	March 30, 2015	Appointment as Independent Director
Mr. Krishan Kant Rathi	March 30, 2015	Re-appointment as Independent Director
Mr. Mannil Venugopalan	March 30, 2015	Re-appointment as Independent Director
Mr. Nishant Sharma	July 13, 2015	Change in designation as Nominee Director
Mr. Ravindra Bahl	January 24, 2017	Cessation as Nominee Director
Mr. Nishant Sharma	January 24, 2017	Cessation as Nominee Director
Mr. Vishal Mahadevia	January 23, 2017	Cessation as Nominee Director
Mr. Mannil Venugopalan	January 24, 2017	Change in designation as the Chairman and Independent Director

Borrowing Powers of Board

As per the Articles of Association, our Board, may from time to time, raise or secure the repayment of any sum or sums in such manner and upon such terms and conditions in all respects as they may think fit, and in particular by the creation of any mortgage or charge on the undertaking or the whole or any part of the property, present or future or by the issue of bonds, perpetual or redeemable, debentures or debenture-stock of our Company, charged upon all or any part of the property of our Company both present and future.

Pursuant to a resolution passed by our Shareholders on August 31, 2016, the Board has been authorized to borrow sums of money for the purposes of our Company, with or without security, upon such terms and conditions as the Board may think fit, which, together with the monies borrowed by our Company (apart from temporary loans obtained or to be obtained from our Company's bankers in the ordinary course of business) shall not exceed the amount of ₹ 220,000 million including in excess of the aggregate of the paid-up share capital and free reserves of our Company.

Corporate Governance

The corporate governance provisions of the SEBI Listing Regulations will be applicable to us immediately upon the listing of the Equity Shares with the Stock Exchanges. The corporate governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management team and constitution of the Board committees, as required under law. We are in compliance with the requirements of the applicable regulations, including the SEBI Listing Regulations, the Companies Act and the SEBI ICDR Regulations, in respect of corporate governance including constitution of the Board and committees thereof and formulation of policies.

Currently, our Board has five Directors. In compliance with the requirements of the SEBI Listing Regulations, we have two Executive Directors and three Independent Directors on our Board. Our Board also has one woman Director.

The Board of Directors functions either as a full board or through various committees constituted to oversee specific operational areas. The executive management provides the Board of Directors detailed reports on its performance periodically.

The composition of our Board is also in compliance with the BR Act and conditions stipulated by the RBI in the, (i) in the RBI In-Principle Approval, (ii) RBI Final Approval, (iii) RBI letter dated February 20, 2017 approving the constitution of our Board. Further, RBI by way of its approval dated April 13, 2017, (i) approved the appointment of Mr Sanjay Agarwal as Managing Director and CEO of our Company and Mr. Uttam Tibrewal as the Whole-time Director of our Company for a period of three years from the date of taking charge, *i.e.*, from April 13, 2017, (ii) approved the appointment of Mr. Mannil Venugopalan as Part-time Chairman of our Company, and (iii) the RBI has directed the Company to submit the revised proposal for remuneration of Mr. Sanjay Agarwal as the Managing Director and CEO and Mr. Uttam Tibrewal as the Whole-time Director with suitable variable pay including a claw-

back clause such that the fixed and variable pay is within the overall remuneration proposed. As on date, the approval from the RBI is awaited in this regard. In terms of the BR Act and the RBI In-Principle Approval, not less than 51% of the total members of our Board have professional and other experience as specified under section 10A of the Banking Regulation Act. Further, in terms of the RBI In-Principle Approval, majority of our Directors i.e. three out of five, are Independent Directors. Additionally, under the BR Act, the appointment of Directors requires an approval of the RBI. For details of provisions relating to appointment of Directors as prescribed by the RBI, see "*Key Regulations and Policies in India*" on page 169.

Committees of the Board

In addition to the committees of the Board detailed below, our Board may from time to time, constitute committees for various functions.

Audit Committee

The members of the Audit Committee are:

S. No.	Name of Director	Committee Designation
1.	Mr. Krishan Kant Rathi	Chairman
2.	Mr. Mannil Venugopalan	Member
3.	Ms. Jyoti Ishwar Chandra Narang	Member
4.	Mr. Sanjay Agarwal	Member

The Audit Committee was constituted pursuant to the resolution passed by our Board on August 22, 2008. The Audit Committee was last re-constituted and its terms of reference were amended pursuant to the resolution passed by our Board on January 24, 2017. Pursuant to our Company being established as an SFB, the constitution and scope of work of Audit Committee was approved by the Board by way of its circular resolution on April 17, 2017. The scope and functions of the Audit Committee, which are in accordance with Section 177 of the Companies Act and Regulation 18 of the SEBI Listing Regulations, include the following:

The power of the Audit Committee includes the following:

1. To investigate any activity within its terms of reference;

2. To seek information from any employee;

3. To obtain outside legal or other professional advice; and

4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

Further, the role of the Audit Committee includes the following:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;

2. Recommendation for appointment, remuneration and terms of appointment of auditors of our Company;

3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;

4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:

    (i) Matters required to be included in the Directors' responsibility statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;

(ii) Changes, if any, in accounting policies and practices and reasons for the same;

(iii) Major accounting entries involving estimates based on the exercise of judgment by management;

(iv) Significant adjustments made in the financial statements arising out of audit findings;

(v) Compliance with listing and other legal requirements relating to financial statements;

(vi) Disclosure of any related party transactions; and

(vii) Qualifications in the draft audit report.

5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;

6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

7. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;

8. Approval of any subsequent modification of transactions of the company with related parties; ***Explanation:*** *The term "related party transactions" shall have the same meaning as provided in Clause2(zc) SEBI Listing Regulations and/or the Accounting Standards*;

9. Scrutiny of inter-corporate loans and investments;

10. Valuation of undertakings or assets of the company, wherever it is necessary;

11. Evaluation of internal financial controls and risk management systems;

12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

14. Discussion with internal auditors of any significant findings and follow up there on;

15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

17. Looking into the reasons for substantial defaults in the payment to depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

18. Reviewing the functioning of the whistle blower mechanism;

19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate; and

20. Oversee the vigil mechanism established by our Company and the chairman of audit committee shall directly hear grievances of victimisation of employees and directors, who use vigil mechanism to report genuine concerns; and

21. Carry out any other function as is mentioned in the terms of reference of the Audit Committee and any other terms of reference as may be decided by the board of directors of our Company or specified/provided under the Companies Act or by the SEBI Listing Regulations or by any other regulatory authority.

The Audit Committee shall mandatorily review the following information:

1. Management discussion and analysis of financial condition and results of operations;

2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;

3. Management letters / letters of internal control weaknesses issued by the statutory auditors;

4. Internal audit reports relating to internal control weaknesses;

5. The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee; and

6. Statement of deviations in terms of the SEBI Listing Regulations:

    i. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of regulation 32 (1) of the SEBI Listing Regulations; and

    ii. annual statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice in terms of regulation 32 (7) of the SEBI Listing Regulations.

In terms of the SEBI Listing Regulations, the Audit Committee is required to meet at least four times in a year. Our Company Secretary will act as the secretary to the Audit Committee.

Nomination and Remuneration Committee

The members of the Nomination and Remuneration Committee are:

S. No.	Name of Director	Committee Designation
1.	Mr. Krishan Kant Rathi	Chairman
2.	Mr. Mannil Venugopalan	Member
3.	Ms. Jyoti Ishwar Chandra Narang	Member

The Nomination and Remuneration Committee was first constituted as 'Corporate Governance and Nomination Committee' pursuant to the Board resolution dated June 14, 2010 and was bifurcated to constitute the Nomination and Remuneration Committee pursuant to the Board resolution dated January 22, 2016. The Nomination and Remuneration Committee was last re-constituted and its terms of reference were amended pursuant to the Board resolution dated January 24, 2017. Pursuant to our Company being established as an SFB, the constitution and scope of work of Nomination and Remuneration Committee was approved by the Board by way of its circular resolution on April 17, 2017. The scope and functions of the Nomination and Remuneration Committee, which are in

accordance with Section 178 of the Companies Act and Regulation 19 of the SEBI Listing Regulations, include the following:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy relating to the remuneration of the Directors, Key Management Personnel and other employees;

2. Formulation of criteria for evaluation of performance of Independent Directors and the Board, and determining whether to extend or continue the term of appointment of Independent Directors, on the basis of the report of performance evaluation of Independent Directors;

3. The Nomination and Remuneration Committee, while formulating the above policy, should ensure that:

    (a) the level and composition of remuneration be reasonable and sufficient to attract, retain and motivate directors of the quality required to run our Company successfully;

    (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

    (c) remuneration to Directors, Key Management Personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of our Company and its goals.

4. Devising a policy on Board diversity;

5. Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal;

6. Perform such functions as are required to be performed by the compensation committee under the SEBI (Share Based Employee Benefits) Regulations, 2014, including the following:

    (a) administering the ESOP plans;

    (b) determining the eligibility of employees to participate under the ESOP plans;

    (c) granting options to eligible employees and determining the date of grant;

    (d) determining the number of options to be granted to an employee;

    (e) determining the exercise price under the ESOP plans; and

    (f) construing and interpreting the ESOP plans and any agreements defining the rights and obligations of our Company and eligible employees under the ESOP plans, and prescribing, amending and/or rescinding rules and regulations relating to the administration of the ESOP plans.

7. Framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India or overseas, including:

    (a) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 or the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 to the extent each is applicable; or

(b) The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003; and

(c) Performing such other activities as may be delegated by the Board and/or are statutorily prescribed under any law to be attended to by the Nomination and Remuneration Committee.

The quorum for each meeting of the Nomination and Remuneration Committee shall be two members present.

Stakeholders' Relationship Committee

The members of the Stakeholders' Relationship Committee are:

S. No.	Name of Director	Committee Designation
1.	Mr. Mannil Venugopalan	Chairman
2.	Mr. Krishan Kant Rathi	Member
3.	Mr. Sanjay Agarwal	Member

The Stakeholders' Relationship Committee was constituted pursuant to a resolution passed by our Board dated January 24, 2017. Pursuant to our Company being established as an SFB, the constitution and scope of work of Stakeholders' Relationship Committee was approved by the Board by way of its circular resolution on April 17, 2017. The scope and function of the Stakeholders' Relationship Committee is in accordance with Section 178 of the Companies Act, 2013 and regulation 20 of the SEBI Listing Regulations. The terms of reference of the Stakeholders' Relationship Committee include the following:

1. Considering and resolving grievances of shareholders', debenture holders and other security holders;

2. Redressal of grievances of the security holders of our Company, including complaints in respect of allotment or transfer of Equity Shares, transfer of Equity Shares, non-receipt of declared dividends, balance sheets of our Company, etc.;

3. Allotment or transfer of Equity Shares, approval of transfer or transmission of Equity Shares, debentures or any other securities;

4. Issue of duplicate certificates and new certificates on, *inter alia*, split or consolidation or renewal; and

5. Carrying out any other function contained in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as and when amended from time to time.

In terms of the SEBI Listing Regulations, the Stakeholders' Relationship Committee is required to meet at least four times in a year. The quorum for each meeting of the Stakeholders' Relationship Committee shall be two members present.

Corporate Social Responsibility Committee

The members of the Corporate Social Responsibility Committee are:

S. No.	Name of Director	Committee Designation
1.	Mr. Krishan Kant Rathi	Chairman
2.	Mr. Mannil Venugopalan	Member
3.	Ms. Jyoti Ishwar Chand Narang	Member
4.	Mr. Sanjay Agarwal	Member

The Corporate Social Responsibility Committee was constituted pursuant to the Board resolution dated May 23, 2014. The Corporate Social Responsibility Committee was last reconstituted and the terms of reference were amended pursuant to the Board resolution dated January 24, 2017. Pursuant to our Company being established as an

SFB, the constitution and scope of work of Corporate Social Responsibility Committee was approved by the Board by way of its circular resolution on April 17, 2017. The terms of reference of the Corporate Social Responsibility Committee which are as per Section 135 of the Companies Act, include the following:

1. To formulate and recommend to the Board, a CSR policy which will indicate the activities to be undertaken by our Company in accordance with Schedule VII of the Companies Act;

2. To review and recommend the amount of expenditure to be incurred on the activities to be undertaken by our Company;

3. To monitor the CSR policy of our Company from time to time; and

4. Any other matter as the Corporate Social Responsibility Committee may deem appropriate after approval of the Board or as may be directed by the Board from time to time.

The quorum for the Corporate Social Responsibility Committee meeting is required to be one-third of its total strength or two members, whichever is higher. Our Company Secretary will act as the secretary to the Corporate Social Responsibility Committee.

IPO Committee

The members of the IPO Committee are:

S. No.	Name of Director	Committee Designation
1.	Mr. Krishan Kant Rathi	Chairman
2.	Mr. Sanjay Agarwal	Member
3.	Mr. Uttam Tibrewal	Member

The IPO Committee was constituted pursuant to the Board resolution dated December 20, 2016. The IPO Committee was last re-constituted and its terms of reference were amended pursuant to the Board resolution dated January 24, 2017. Pursuant to our Company being established as an SFB, the constitution and scope of work of IPO Committee was approved by the Board by way of its circular resolution on April 17, 2017. The terms of reference of the IPO Committee include the following:

(a) Approving amendments to the Memorandum of Association and the Articles of Association;

(b) Approving all actions required to dematerialize the Equity Shares, including seeking the admission of the Equity Shares into the Central Depository Services (India) Limited (the "**CDSL**") and the National Securities Depository Limited (the "**NSDL**") registrar and transfer agents and such other agencies, authorities or bodies as may be required in this connection with the power to authorize one or more officers of our Company to execute all or any of the aforementioned;

(c) Finalizing and arranging for the submission of the DRHP, the RHP, the Prospectus and the preliminary and final international wrap and any amendments, supplements, notices or corrigenda thereto, to appropriate government and regulatory authorities, institutions or bodies;

(d) Approving a code of conduct as may be considered necessary by the Board or the IPO Committee or as required under applicable laws for the Board, officers and other employees of our Company;

(e) Issuing advertisements as it may deem fit and proper in accordance with applicable laws;

(f) Approving suitable policies, including on insider trading, whistle blower/vigil mechanism, and other corporate governance requirement that may be considered necessary by the Board or the IPO Committee or as may be required under applicable laws in connection with the Offer;

(g) Deciding in consultation with the Book Running Lead Managers, any rounding off in the event of any oversubscription to the nearest multiple of minimum allotment lot, including the offer and allotment or transfer of Equity Shares of the stabilizing agent pursuant to the green shoe option, if any, as permitted under applicable laws;

(h) Determining the size of the Offer for Sale with the BRLM and taking on record the approval of the Offer for Sale by the Selling Shareholders and to determine the actual size (including, without limitation, any reservation for employees of our Company, employees or members of promoting companies/ Group Companies and/or any other reservations or firm allotments as may be permitted), timing, pricing (including the discount for any reserved category) and all the terms and conditions of issue of the Equity Shares pursuant to the Offer, including the price, and to accept any amendments, modifications, variations or alterations thereto;

(i) Taking all actions as may be necessary or authorized in connection with the Offer;

(j) Appointing and instructing Book Running Lead Managers, Syndicate Members, placement agents, Bankers to the Offer, the Registrar to the Offer, bankers of our Company, Underwriters, guarantors, escrow agents, accountants, auditors, legal counsels, depositories, trustees, custodians, credit rating agencies, monitoring agencies, experts, advertising agencies and all such persons or agencies as may be involved in or concerned with the Offer and whose appointment is required in relation to the Offer, including any successors or replacements thereof;

(k) Opening bank accounts, share/securities accounts, escrow or custodian accounts, in India or abroad, in Rupees or in any other currency, in accordance with applicable laws;

(l) Entering into agreements with or power to authorize one or more officers of our Company to negotiate, execute and deliver all or any of the aforementioned documents, and remunerating (as per the understanding between our Company and the Selling Shareholders) all such Book Running Lead Managers, syndicate Members, placement agents, Bankers to the Offer, the Registrar to the Offer, bankers of our Company, Underwriters, guarantors, escrow agents, accountants, auditors, legal counsels, depositories, trustees, custodians, credit rating agencies, monitoring agencies, experts, advertising agencies, and all other agencies or persons as may be involved in or concerned with the Offer, including any successors or replacements thereof, by way of commission, brokerage, fees or the like;

(m) Seeking the listing of the Equity Shares on the Stock Exchanges, submitting listing applications to the Stock Exchanges and taking all such actions as may be necessary in connection with obtaining such listing, including, without limitation, entering into the listing agreements with the Stock Exchanges;

(n) Seeking, if required, the consent of our Company's lenders, any other third party, as may be required, parties with whom our Company has entered into various commercial and other agreements, all concerned government and regulatory authorities in India or outside India, and any other consents that may be required in connection with the Offer;

(o) Submitting undertaking/certificates or providing clarifications to the SEBI and the Stock Exchanges;

(p) Determining the size of the Offer for sale and taking on record the approval of the Offer for sale by the Selling Shareholders and to determine the actual size (including, without limitation, any reservation for employees of our Company, employees or members of promoting companies or group companies and/ or any other reservations or firm allotments as may be permitted), timing, pricing (including the discount for any reserved category) and all the terms and conditions of issue of the Equity Shares pursuant to the Offer, including the price, and to accept any amendments, modifications, variations or alterations thereto;

(q) Determining the Bid/Offer Opening Date and Bid/Offer Closing Date;

(r) Finalizing the basis of allocation and transfer of the Equity Shares to Retail Individual Bidders/ Non - Institutional Bidders/ QIB and any other investor in consultation with the Book Running Lead Managers, the Stock Exchanges and/or any other entity;

(s) Approving/taking on record the transfer of the Equity Shares;

(t) Opening with the bankers to the Offer, Escrow Collection Banks and other entities such accounts as are required under applicable laws;

(u) To issue receipts/ allotment letters/ confirmations of allotment notes either in physical or electronic mode representing the underlying Equity Shares with such features and attributes as may be required and to provide for the tradability and free transferability thereof as per market practices and regulations, including listing on one or more Stock Exchange(s), with power to authorise one or more officers of our Company to sign all or any of the aforesaid documents; and

(v) Executing and delivering any and all documents, papers or instruments and doing or causing to be done any and all acts, deeds, matters or things as the IPO Committee may deem necessary, desirable or expedient in order to carry out the purposes and intent of the foregoing resolutions or the Offer; and any documents so executed and delivered or acts, deeds, matters and things done or caused to be done by the IPO Committee shall be conclusive evidence of the authority of the IPO Committee in so doing.

Risk Management Committee

The members of the Risk Management Committee are:

S. No.	Name of Director	Committee Designation
1.	Mr. Mannil Venugopalan	Chairman
2.	Mr. Krishan Kant Rathi	Member
3.	Mr. Sanjay Agarwal	Member
4.	Mr. Uttam Tibrewal	Member

The Risk Management Committee was constituted by our Board by way of its circular resolution dated April 17, 2017. The terms of reference of the Risk Management Committee include the following:

(a) Review of compliance of non-performing asset management policy;

(b) Review, approve and recommend, periodically update policies, strategies and risk management frameworks and seek the Board's approval for the same;

(c) Ensure that the procedures for identifying, measuring, monitoring and controlling risks are in place;

(d) Approve the risk appetite and any revisions to it with proper reasoning;

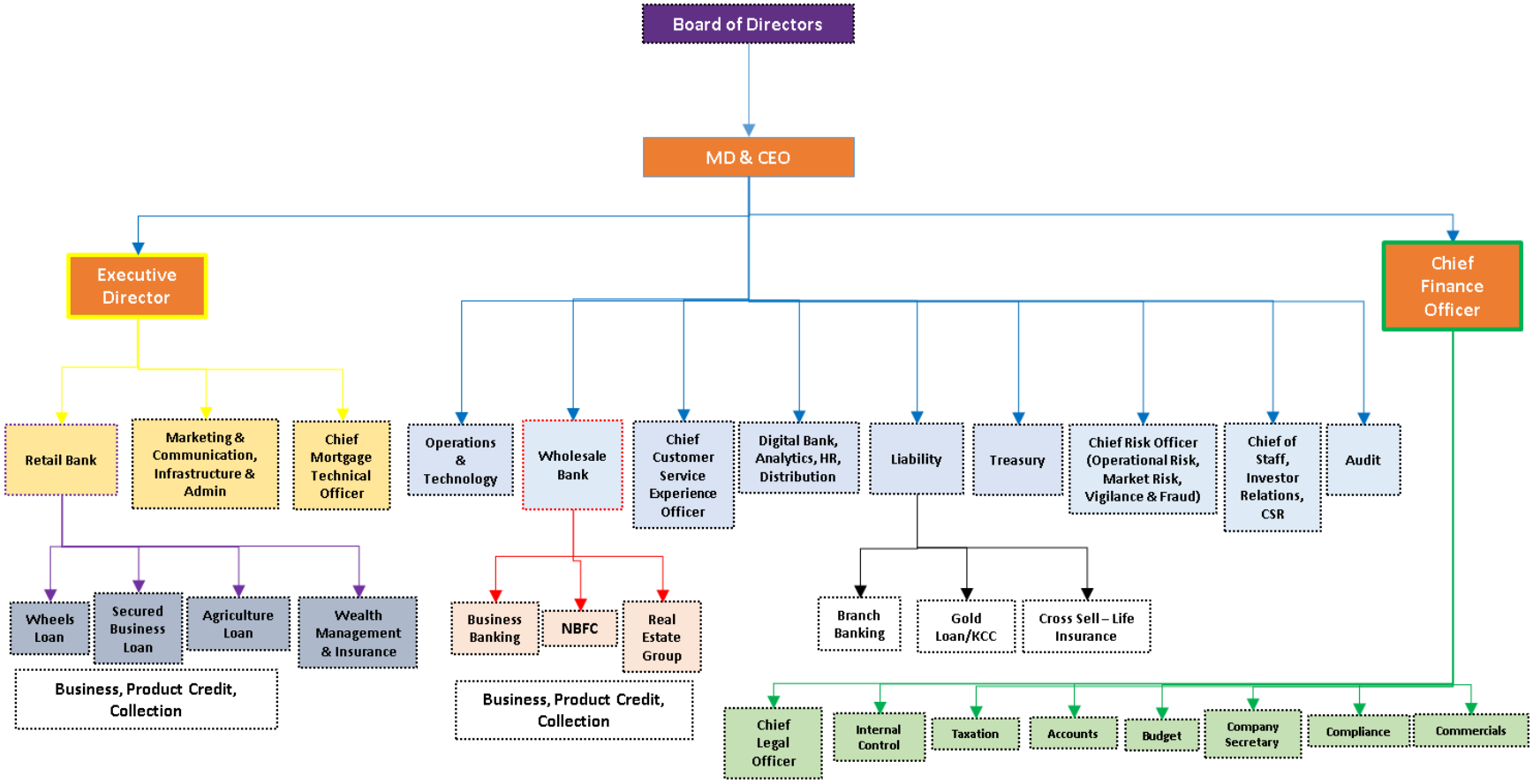
(e) Sub-delegate its powers and discretions to executives of our Company, with or without power to delegate further and fixing of accountability and to ensure that the delegated powers are duly exercised;

(f) Ensure appropriate risk organisation structure with authority and responsibility clearly defined, adequate staffing, and the independence of the risk management function;

(g) Provide appropriate and prompt reporting to the Board in order to fulfil the oversight responsibilities of the Board; and

(h) Review reports from management concerning.

Management Organisation Chart



Key Management Personnel

The details of our Key Management Personnel are as follows:

Mr. Sanjay Agarwal is the Managing Director and CEO of our Company. For further details in relation to Mr. Sanjay Agarwal, see "*Our Management – Brief Biographies of our Directors*" and "*Our Promoters and Promoter Group*" on pages 192 and 216, respectively.

Mr. Uttam Tibrewal is the Whole-time Director of our Company. For further details in relation to Mr. Uttam Tibrewal, see "*Our Management – Brief Biographies of Directors*" on page 192.

Mr. Deepak Jain is the chief financial officer of our Company. He holds a bachelor's degree in commerce from the University Commerce College, Jaipur, Rajasthan. He is a qualified chartered accountant and held a certificate of practice from the Institute of Chartered Accountants of India. He has been associated with our Company since May 15, 2010 as the chief financial officer. Prior to joining our Company, he was a practising chartered accountant. He has over 18 years of experience in the fields of financial, treasury operations and audit functions. The remuneration to Mr. Deepak Jain for the Financial Year 2017 was ₹ 28.84 million.

Mr. Manmohan Parnami is the Company Secretary and Compliance Officer of our Company. He holds bachelor's degrees in commerce and law from the University of Rajasthan, respectively and an advanced diploma in business management from ICFAI University, Dehradun. He is also a qualified company secretary and a member of the Institute of Company Secretaries of India. He has been associated with our Company since August 2, 2008 as the company secretary and was appointed as our compliance officer by way of the Board resolution dated December 20, 2016. Prior to joining our Company, he was associated with Musashi Auto Parts India Private Limited as a company secretary. He has over 13 years of experience in the fields of corporate laws, compliance and financial regulations. The remuneration to Mr. Manmohan Parnami for the Financial Year 2017 was ₹ 3.75 million.

None of the Key Management Personnel are related to each other.

All the Key Management Personnel are permanent employees of our Company.

Shareholding of Key Management Personnel

Except as disclosed below and in "*Our Management - Shareholding of Directors in our Company*" on page 199, none of our Key Management Personnel hold any Equity Shares in our Company as of the date of this Red Herring Prospectus:

Name	Number of Equity Shares	Pre-Offer Shareholding (%)
Mr. Deepak Jain	1,140,438	0.40
Mr. Manmohan Parnami	48,888	0.02

Bonus or profit sharing plan of the Key Management Personnel

None of the Key Management Personnel is party to any bonus or profit sharing plan of our Company other than the performance linked incentives given to each Key Management Personnel.

Interests of Key Management Personnel

Other than as disclosed under "*Our Management – Interest of our Directors*" and "*Our Management – Shareholding of Key Management Personnel*" on pages 199 and 211, respectively, our Key Management Personnel do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business and stock options that may be granted to them from time to time under the ESOP plans of our Company. The Key Management Personnel may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of such Equity Shares held by them.

Further, there are no arrangements or understandings with any major Shareholders, customers, suppliers or others, pursuant to which any Key Management Personnel was selected as member of senior management.

No loans have been availed by the Key Management Personnel from our Company.

The Key Management Personnel are not entitled to any contingent or deferred compensation.

Changes in the Key Management Personnel

No changes have been made in the Key Management Personnel in the last three years immediately preceding the date of this Red Herring Prospectus.

Payment or Benefit to officers of our Company

Except as disclosed in this Red Herring Prospectus, no amount or benefit has been paid or given within the two preceding years or is intended to be paid or given to any of our officers other than in the ordinary course of business.

Employee Stock Option Plans

For details, see "*Capital Structure*" on page 75.

Senior Management Personnel

Apart from our Board of Directors and Key Management Personnel, following are the details of our Senior Management Personnel, who are vital for the current and proposed operations of our Company:

S. No.	Name	Designation	Age (years)	Highest Qualification	Key Work Experience (years)	Relevant Experience
1.	Mr. Aalekh Vijayvargia	National Credit Manager Secured Business Loan-MSME	37	Chartered Accountant from the Institute of Chartered Accountants of India.	14	India Infoline Housing Limited and ICICI Bank Limited.
2.	Mr. Aditya Sharma	Chief Technical Officer – Mortgage	41	Master of Business Administration from Indian Institute of Technology, Delhi.	19	CitiBank and ICICI Bank Limited.
3.	Mr. Amit Malhotra	Regional Business Manager – Wheels	40	Diploma in Mechanical Engineering from Rajasthan University.	20	Bikaner Motors Private Limited, Nicco Corporation Limited and Bobshell Electrodes Limited.
4.	Mr. Ankur Tripathi	Senior Vice President – Information Technology	33	Bachelor of Technology (chemical engineering) from Indian Institute of Technology, Bombay.	10	WKI Solutions Private Limited.
5.	Mr. Ashish Gopal Saxena	Chief Technology Officer	42	Bachelor of Technology (electronics engineering) from University of Lucknow.	18	Aviva Life Insurance Company India Limited, Max New York Life Insurance Company Limited, Computer sciences Corporation India Private Limited and Tata Consultancy Services.
6.	Mr. Ashok Kumar Khandelwal	Chief Compliance Officer	39	Chartered Accountant from the Institute of Chartered Accountants of India.	15	Yes Bank Limited and ICICI Bank Limited.
7.	Mr. Bhaskar Vittal Karkera	Chief of Wheels	49	Bachelor of Engineering (automobile engineering) from University of Bombay.	26	Mahindra and Mahindra Financial Services Limited, HMP Engineers Limited, Mahindra & Mahindra Limited and

S. No.	Name	Designation	Age (years)	Highest Qualification	Key Work Experience (years)	Relevant Experience
						HDFC Bank Limited.
8.	Mr. Dilip K Vidyarthy	National Business Manager – BANCA Life Insurance	42	Bachelor of Commerce from the University of Calcutta.	21	DHFL Pramerica Life Insurance Company Limited, Max New York Life Insurance Company Limited and DLF Pramerica Life Insurance Company Limited.
9.	Mr. Hemant Sethia	Senior Vice President - Investor Relations	35	Master of Business Administration from Bharathidasan University and Chartered Accountant from the Institute of Chartered Accountants of India. .	11	Credit Analysis and Research Limited and HDFC Bank Limited.
10.	Mr. Manoj Tibrewal	Group Head - Marketing, Communication, Infrastructure and Administration	47	Company Secretary from Institute of Companies Secretaries of India.	24	Auto lite (India) Limited
11.	Mr. Mayank Markanday	Chief Risk Officer – Operations Enterprise Risk and Information Security	39	Masters of Business Administration from National Institute of Management Solutions	16	Bharti Airtel Limited, HDFC Bank Limited and ICICI Bank.
12.	Mr. Naveen Vashisht	National Business Manager – Wheels (Used)	49	Completed the Senior Management Programme from Indian Institute of Management, Kolkata.	25	Equitas Micro Finance Limited, Development Credit Bank Limited, Cholamandalam Investment and Finance Company Limited and Indiabulls Infrastructure Credit Limited.
13.	Mr. Nitin Gupta	Chief Audit Officer	38	Chartered Accountant from the Institute of Chartered Accountants of India.	13	British Telecom, Teradata India Private Limited, EIH Limited and Deloite Touche Tohmatsu India Private Limited.
14.	Mr. Pankaj Sharma	National Business Manager – MSME	42	Masters of Business Administration from Mohanlal Sukhadia University, Jaipur.	17	DSP Merrill Lynch Capital Limited, Indiabulls Housing Finance Limited, ICICI Bank Limited and BOB Housing Finance Limited.
15.	Mr. Priyam Alok	Chief of Business Banking	36	Masters of Business Administration from Bharathidasan University.	14	Kotak Mahindra Primus Limited, Citibank India NA, ING Vysya Bank Limited and Reliance Broadcast Network Limited.
16.	Mr. Ramachandra Panigrahy	Chief Legal Officer	46	Master of Law from Berhampur University	22	ICICI Bank Limited, Magma Fincorp Limited and Citigroup.

S. No.	Name	Designation	Age (years)	Highest Qualification	Key Work Experience (years)	Relevant Experience
17.	Mr. Rishi Dhariwal	Chief of Credit and Collection – Retail Bank	47	Post Graduate Program in Management for Executives from Indian Institution of Management, Ahmedabad.	24	Citicorp Finance (India) Limited and Ashok Leyland Limited
18.	Mr. Sanjay Singh Rajawat	Group Head – Liabilities	49	Chartered Accountant from the Institute of Chartered Accountants of India and Master of Philosophy from Rajasthan University.	25	Deutsche Bank, ICICI Bank Limited and IDBI Bank Limited.
19.	Ms. Shubhdarshini Ghosh	Chief Analytics and Strategy Officer	43	Bachelor of Arts (Honours) from Delhi University	20	Reliance Nippon Life Insurance Limited, TATA AIA Life Insurance and Citibank N.A
20.	Mr. Sharad Vishvanath	Group Head Digital Bank, Analytics and HR	45	Master of Business Administration from the Wharton School and Master of Business Administration from Delhi University	20	Tata Steel, Hongkong and Shanghai Banking Corporation and AON Hewitt Middle East Ltd
21.	Mr. Shekhar Shukla	Chief of Asset and Liability - Operations	48	Chartered Accountant from the Institute of Chartered Accountants of India.	23	ICICI Bank Limited and Transamerica Apple Distribution Finance Limited.
22.	Mr. Sumit Madan	Chief of Branch Banking	40	Completed Post Graduate Diploma in Management from Lal Bahadur Shastri Institute of Management, Delhi.	17	Citibank, State Bank of India Cards And Payments Services Private Limited, J.L. Morison (India) Limited and HDFC Bank Limited.
23.	Mr. Sunil Parnami	Chief of Staff (Managing Director's Office)	37	Chartered Accountant from the Institute of Chartered Accountants of India.	12	HDFC Bank Limited, Marsh and Mclennan, Lodha Capital Markets, Cipher Capital and JP Morgan
24.	Mr. Vijendra Singh Shekhawat	Chief Operations and Technology	35	Chartered Accountant from the Institute of Chartered Accountants of India.	13	Religare Enterprise Limited (formerly known as Fortis Securities Limited).
25.	Mr. Vimal Jain	Chief of Finance and Accounts.	36	Chartered Accountant from the Institute of Chartered Accountants of India.	12	GERA Developments Private Limited, Videocon Industries Limited and Videocon Appliances Limited
26.	Mr. Vinay Vaish	Chief of Credit and Collection Wholesale and Business Banking	46	Chartered Accountant from the Institute of Chartered Accountants of India.	21	Citibank NA and Bank of Punjab Limited.
27.	Mr. Vivek Tripathi	Chief of Wholesale Banking	38	Post-graduate diploma in management for executives from Indian Institute of Management Society, Lucknow and Masters of Textiles from	15	ICICI Bank Limited, Reliance Capital Limited, Grasim Industries Limited and Sintex Industries Limited.

S. No.	Name	Designation	Age (years)	Highest Qualification	Key Work Experience (years)	Relevant Experience
				University of Mumbai.		
28.	Mr. Yogesh Jain	Chief Treasury Officer	37	Chartered Accountant from the Institute of Chartered Accountants of India.	10	Panchratna Motels and Resorts Private Limited (KGK Group).
29.	Mr. Yogesh Soni	Chief Internal Control	32	Chartered Accountant from the Institute of Chartered Accountants of India.	8	Deepak Tarachand & Associates

OUR PROMOTERS AND PROMOTER GROUP

Our Promoters

Mr. Sanjay Agarwal, Ms. Jyoti Agarwal, Ms. Shakuntala Agarwal and Mr. Chiranji Lal Agarwal are the Promoters of our Company. As on date of this Red Herring Prospectus, the Promoters collectively hold 94,873,926 Equity Shares, which is equivalent to 33.38% of the pre-Offer paid-up equity share capital of our Company.

	Mr. Sanjay Agarwal, aged 46 years, is a Promoter of our Company. He is a resident Indian national. For further details of his/her educational qualifications, experience, positions and posts held in the past, other directorships and special achievements, see "*Our Management*" on page 190. Other than our Company, Mr. Sanjay Agarwal is not involved in any other ventures. He resides at D-111, Yasoda Path, Shyam Nagar, Jaipur – 302 019, Rajasthan, India. His driving license number is RJ14-20020211994 and his voter's identification card number is RJ/06/044/339022.
	Ms. Jyoti Agarwal, aged 41 years, is a Promoter of our Company. She is a resident Indian national. She has completed second year pre-university under the aegis of Education Department of Government of Karnataka. Ms. Jyoti Agarwal holds directorship in Shivgyan Mines and Minerals Private Limited. She resides at D-111, Yasoda Path, Shyam Nagar, Jaipur – 302 019, Rajasthan, India. Her driving license number is RJ14-20140008563 and her voter's identification card number is BLS/3987237.
	Ms. Shakuntala Agarwal, aged 72 years, is a Promoter of our Company. She is a resident Indian national. She discontinued her pursuit in education while receiving primary education. Other than our Company, Ms. Shakuntala Agarwal is not involved in any other ventures. She resides at D-111, Yasoda Path, Shyam Nagar, Jaipur – 302 019, Rajasthan, India. She does not have a driving license. Her voter's identification card number is RJ/06/044/339026.
	Mr. Chiranji Lal Agarwal, aged 76 years, is a Promoter of our Company. He is a resident Indian national. He completed his bachelor's in electrical engineering from Jodhpur Engineering College. Mr. Chiranji Lal Agarwal holds directorship in Shivgyan Mines and Minerals Private Limited. He resides at D-111, Yasoda Path, Shyam Nagar, Jaipur – 302 019 Rajasthan, India. He does not have a driving license. His voter's identification card number is RJ/06/044/340231.

Our Company confirms that the PAN, bank account numbers and passport numbers of our Promoters have been submitted to the Stock Exchanges at the time of filing the Draft Red Herring Prospectus with them.

Interests of Promoters

Our Promoters are interested in our Company to the extent that they have promoted our Company and to the extent of their respective shareholding in our Company and the dividends payable, if any, and any other distributions in respect of the Equity Shares held by them. For details on the shareholding of our Promoters in our Company, see "*Capital Structure*" and "*Our Management*" on pages 75 and 190, respectively.

Except as stated below, our Promoters have no interest in any property acquired by or leased to our Company during the two years immediately preceding the date of the Draft Red Herring Prospectus, or proposed to be acquired or leased to our Company, or in any transaction by our Company for acquisition of land, construction of building or supply of machinery.

Our Company entered into a lease deed dated August 8, 2015 with one of our Promoters, Mr. Sanjay Agarwal for taking on lease the property situated at office no – 301 and 302, Atharwa Feriyaz Plaza Complex, Third Floor, Satara Road, Dhanakwadi, Pune, Maharashtra – 411 043. The property was taken on lease for being used as a branch office. In terms of the said lease agreement, our Company was required to pay rent of ₹ 0.06 million per month approximately for the period of August 8, 2015 to July 7, 2016 and ₹ 0.07 million per month approximately for the period of July 8, 2016 to September 30, 2016, aggregating up to 0.43 million from April 1, 2016 to September 30, 2016. Subsequently, our Company purchased this property from Mr. Sanjay Agarwal for a sale consideration of ₹ 11.30 million pursuant to a deed of assignment dated September 30, 2016. For details, see "*Related Party Transactions*" and "*Our Management*" on pages 222 and 190, respectively.

Mr. Sanjay Agarwal is the Managing Director and CEO of our Company and may be deemed to be interested to the extent of remuneration and reimbursement of expenses payable to him. Mr. Sanjay Agarwal is also a Key Management Personnel of our Company. For further details, please see "*Our Management*" on page 190.

Our Promoters do not have any interest in any venture that is involved in any activities similar to those conducted by our Company.

None of our Promoters are interested as a member of a firm or company and no sum has been paid or agreed to be paid to any of our Promoters or to any such firm or company in cash or shares or otherwise by any person either to induce him to become, or to qualify him as, a director, or otherwise, for services rendered by such Promoter(s) or by such firm or company in connection with the promotion or formation of our Company.

Except as disclosed in the section "*Our Business*" on page 144, none of our Promoters hold any interest in intellectual property pertaining to the business of our Company.

Related Party Transactions

For details of related party transactions entered into by our Promoter, Promoter Group and our Company during the last financial year, the nature of transactions and the cumulative value of transactions, see "*Related Party Transactions*" on page 222.

Interest of Promoters in Sales and Purchases

Our Company does not have any Group Company or associate company. Accordingly, there are no sales/purchases between our Company and any Group Company and associate company when such sales or purchases exceed in value the aggregate of 10% of the total sales or purchases of our Company or any business interest between our Company, and our Group Company as on the date of the last financial statements.

Payment or benefits to our Promoters or our Promoter Group

Except as stated in "*Related Party Transactions*" and "*Our Management*" on pages 222 and 190, respectively, there has been no payment of benefits to our Promoters or Promoter Group during the two years preceding the filing of this Red Herring Prospectus nor is there any intention to pay or give any benefit to our Promoters or Promoter Group.

Our Company has not entered into any contract, agreements or arrangements during the preceding two years from the date of this Red Herring Prospectus or proposes to enter into any such contract in which our Promoters

or the members of our Promoter Group are directly or indirectly interested and no payments have been made to them in respect of the contracts, agreements or arrangements which are proposed to be made with.

Litigation involving our Promoters

For details of legal and regulatory proceedings involving our Promoters, see "*Outstanding Litigation and Material Developments*" on page 322.

Guarantees

Except as stated in the sections "*History and Certain Corporate Matters*" and "*Related Party Transactions*" on pages 175 and 222, respectively, our Promoters have not given any guarantee to a third party as on the date of this Red Herring Prospectus.

Change in the management and control of our Company

There has been no change in the management and control of our Company in the last five years from the date of filing of this Red Herring Prospectus.

Confirmations

Our Promoters, their relatives and members of our Promoter Group have not been declared as Wilful Defaulters and there are no violations of securities laws committed by our Promoters in the past and no proceedings for violation of securities laws are pending against them.

Our Promoters and members of our Promoter Group have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

There is no litigation or legal action pending or taken by any ministry, department of the Government or statutory authority during the last five years preceding the date of this Red Herring Prospectus against our Promoters.

Our Promoters are not and have never been a promoter, director or person in control of any other company which is prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

Except as disclosed in "*Related Party Transactions*" on page 222, our Promoters are not related to any of the sundry debtors or beneficiaries of loans and advances of our Company.

Companies with which our Promoters have disassociated in the last three years

Except as disclosed below, our Promoters have not disassociated themselves from any company in the last three years preceding the date of filing of this Red Herring Prospectus.

S. No.	Name of Promoter	Name of entity	Reason for disassociation	Date of disassociation
1.	Mr. Sanjay Agarwal	Arihant	Resignation from partnership[(1)]	March 3, 2017
		AuHFL	Transfer of control and resignation from directorship[(1)]	June 23, 2016
		IML	Transfer of control and resignation from directorship[(1)]	June 23, 2016
		Au Insurance Broking Services Private Limited	Transfer of shareholding and resignation from directorship[(1)]	December 8, 2016
		Jyoti Sanjay Family Trust	Transfer of trusteeship	January 22, 2015
		Speciality Stones Private Limited	Transfer of shareholding and control	January 7, 2015

S. No.	Name of Promoter	Name of entity	Reason for disassociation	Date of disassociation
		Shivgyan Mines and Minerals Private Limited	Resignation from directorship	December 26, 2014
		Star Auto Lounge Private Limited	Transfer of shareholding and control	December 22, 2014
2.	Ms. Jyoti Agarwal	AuHFL	Transfer of control[(1)]	June 23, 2016
		IML	Transfer of control[(1)]	June 20, 2016
		Jyoti Sanjay Family Trust	Transfer of trusteeship	January 22, 2015
		Speciality Stones Private Limited	Transfer of shareholding and control and resignation from directorship	January 7, 2015
		Nice Securities Private Limited	Resignation from directorship	December 15, 2014
3.	Ms. Shakuntala Agarwal	AuHFL	Transfer of control[(1)]	June 23, 2016
		IML	Transfer of control[(1)]	June 20, 2016
4.	Mr. Chiranji Lal Agarwal	AuHFL	Transfer of control[(1)]	June 23, 2016
		IML	Transfer of control[(1)]	June 20, 2016

[(1)] In reference to the RBI In-principle Approval granted for setting up Small Finance Bank by RBI and Section 10 (1)(c) of Banking Regulation Act, no banking company shall be managed by any person who is a director of any other company not being a subsidiary of the banking company, or company registered under Section 25 of the Companies Act, 1956. For details, see "History and Certain Corporate Matters" on page 175.

While Mr. Sanjay Agarwal has resigned from Arihant pursuant to his resignation letter dated March 3, 2017 and the IOCL has been informed by Arihant of the resignation and the re-constitution of the partnership pursuant to a letter dated March 7, 2017, IOCL's confirmation is awaited on such resignation. For details, see "*Risk Factors – Internal Risk Factors - One of our Promoters and our Managing Director and CEO, Mr. Sanjay Agarwal, has 49% partnership stake in M/s. Arihant Filling and Service Station and has resigned and disassociated himself from M/s. Arihant Filling and Service Station, which is required to be taken on record by Indian Oil Corporation Limited within six months from April 13, 2017, failing which it may adversely impact his appointment as our Managing Director and CEO.* " on page 33.

Our Promoter Group

A. Natural persons who are part of the Promoter Group

Name of Promoter	Name of relative	Relationship
Mr. Sanjay Agarwal	Mr. Chiranji Lal Agarwal	Father
	Ms. Shakuntala Agarwal	Mother
	Mr. Ajay Agarwal	Brother
	Ms. Pinki Agarwal	Sister
	Ms. Jyoti Agarwal	Spouse
	Mr. Yuvraj Agarwal	Son
	Ms. Mallika Agarwal	Daughter
	Mr. Suresh Chand Kedia	Spouse's father
	Ms. Chanda Devi Kedia	Spouse's mother
	Mr. Srikant Kedia	Spouse's brother
Ms. Jyoti Agarwal	Mr. Suresh Chand Kedia	Father
	Ms. Chanda Devi Kedia	Mother
	Mr. Srikant Kedia	Brother
	Mr. Sanjay Agarwal	Spouse
	Mr. Yuvraj Agarwal	Son
	Ms. Mallika Agarwal	Daughter
	Mr. Chiranji Lal Agarwal	Spouse's father
	Ms. Shakuntala Agarwal	Spouse's mother
	Mr. Ajay Agarwal	Spouse's brother
	Ms. Pinki Agarwal	Spouse's sister
Ms. Shakuntala Agarwal	Mr. Ashok Kumar Agarwal	Brother
	Mr. Mahender Kumar Agarwal	Brother

Name of Promoter	Name of relative	Relationship
	Mr. Dinesh Kumar Agarwal	Brother
	Mr. Manoj Kumar Agarwal	Brother
	Ms. Dropathy Jaipuria	Sister
	Ms. Bina Agarwal	Sister
	Ms. Anita Aggarwal	Sister
	Ms. Sunita Gupta	Sister
	Mr. Chiranji Lal Agarwal	Spouse
	Mr. Sanjay Agarwal	Son
	Mr. Ajay Agarwal	Son
	Ms. Pinki Agarwal	Daughter
	Dr. Niranjan Lal Aggarwal	Spouse's brother
	Mr. Baldev Agarwal	Spouse's brother
Mr. Chiranji Lal Agarwal	Dr. Niranjan Lal Aggarwal	Brother
	Mr. Baldev Agarwal	Brother
	Ms. Shakuntala Agarwal	Spouse
	Mr. Sanjay Agarwal	Son
	Mr. Ajay Agarwal	Son
	Ms. Pinki Agarwal	Daughter
	Mr. Ashok Kumar Agarwal	Spouse's brother
	Mr. Mahender Kumar Agarwal	Spouse's brother
	Mr. Dinesh Kumar Agarwal	Spouse's brother
	Mr. Manoj Kumar Agarwal	Spouse's brother
	Ms. Dropathy Jaipuria	Spouse's sister
	Ms. Bina Agarwal	Spouse's sister
	Ms. Anita Aggarwal	Spouse's sister
	Ms. Sunita Gupta	Spouse's sister

B. Entities forming part of the Promoter Group

The entities forming a part of our Promoter Group are as follows:

- MYS Holdings Private Limited; and
- M/s Natural Fab.

Except as mentioned above, there are no other Promoter Group entities of our Company. However, while Mr. Sanjay Agarwal has resigned from Arihant pursuant to his resignation letter dated March 3, 2017 and the IOCL has been informed by Arihant of the resignation and the re-constitution of the partnership pursuant to a letter dated March 7, 2017, IOCL's confirmation is awaited on such resignation. Accordingly, post such confirmation, Arihant will cease to be a Promoter Group.

C. Shareholding and other confirmation of our Promoter Group

For details of shareholding of the members of the Promoter Group in our Company and various other confirmations in relation to members of our Promoter Group, see "*Capital Structure*" and "*Other Regulatory and Statutory Disclosures*" on pages 75 and 336, respectively.

GROUP COMPANIES

As per the SEBI ICDR Regulations for the purpose of identification of Group Companies, our Company has considered companies covered under the applicable accounting standard, i.e., AS-18 as per the Restated Financial Statements and other companies considered material by our Board. Pursuant to a resolution of our Board dated December 20, 2016, for the purpose of disclosure in connection with the Offer, a company shall be considered material and disclosed as a Group Company as per the Materiality Policy if our Company has entered into one or more transactions with such company in the preceding Financial Year, cumulatively exceeding 10% of the total revenue of our Company for such Financial Year.

As on the date of this RHP and based on the above mentioned materiality policy, there are no Group Companies of our Company.

RELATED PARTY TRANSACTIONS

For details of the related party transactions during the Fiscal ended March 31, 2017, 2016, 2015, 2014, and 2013, as per the requirements under Accounting Standard 18 "Related Party Disclosures", see **"***Financial Statements - Annexure 31.1 - Restated Standalone Statement of Related party disclosures"* on page 267.

DIVIDEND POLICY

The declaration and payment of dividends will be recommended by the Board of Directors and approved by the Shareholders, at their discretion, subject to the provisions of the Articles of Association and the Companies Act. The dividend, if any, will depend on a number of factors, including but not limited to the future expansion plans and capital requirements, profit earned during the financial year, capital requirements, and surpluses, contractual restrictions, liquidity and applicable taxes including dividend distribution tax payable by our Company. In addition, our ability to pay dividends may be impacted by a number of factors, including restrictive covenants under the loan or financing arrangements our Company is currently availing of or may enter into to finance our fund requirements for our business activities. For further details, see "*Financial Indebtedness*" on page 318.

Our Company has a formal dividend policy. Our Company has not declared any dividend on the Equity Shares in Financial Years 2013, 2014, 2015, 2016, and 2017.

SECTION VI: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

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Report of auditors on the restated standalone summary statement of assets and liabilities as at March 31, 2017, 2016, 2015, 2014 and 2013 and restated standalone summary statements of profits and losses and cash flows for the years ended March 31, 2017, 2016, 2015, 2014 and 2013 of AU Small Finance Bank Limited (formerly known as Au Financiers (India) Limited) (collectively, the "Restated Standalone Summary Statements")

The Board of Directors,
AU Small Finance Bank Limited (formerly known as Au Financiers (India) Limited)
19-A, Dhuleshwar Garden
Ajmer Road, Jaipur – 302001, India

Dear Sirs,

1. We have examined the attached Restated Standalone Summary Statements of AU Small Finance Bank Limited (formerly known as Au Financiers (India) Limited) (the "Company") as at and for each of the years ended March 31, 2017, 2016, 2015, 2014, and 2013, annexed to this report and prepared by the Company for the purpose of inclusion in the offer document in connection with its proposed Initial Public Offer of equity shares of face value of Rs.10 each ("IPO"). The Restated Standalone Summary Statements, which have been approved by the Board of Directors of the Company, have been prepared by the Company in accordance with the requirements of:

    a) sub-clauses (i), (ii) and (iii) of clause (b) of sub-section (1) of Section 26 of Part I of Chapter III of the Companies Act, 2013 (the "Act") read with Rules 4 to 6 of Companies (Prospectus and Allotment of Securities) Rules, 2014 (the "Rules"); and

    b) relevant provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the "ICDR Regulations") issued by the Securities and Exchange Board of India ("SEBI") on August 26, 2009, as amended from time to time in pursuance of the Securities and Exchange Board of India Act, 1992.

Management's Responsibility for the Restated Standalone Summary Statements

2. The preparation of Restated Standalone Summary Statements, which is to be included in the offer document, is the responsibility of the Management of the Company for the purpose set out in paragraph 13 below. The Management's responsibility includes designing, implementing and maintaining adequate internal controls relevant to the preparation and presentation of the Restated Standalone Summary Statements. The Management is also responsible for identifying and ensuring that the Company complies with the Rules and the ICDR Regulations.

Auditors' Responsibilities

3. We have examined such Restated Standalone Summary Statements taking into consideration:

    a) the terms of reference and our engagement agreed with you vide our engagement letter dated May 23, 2017, requesting us to carry out work on such Restated Standalone Summary Statements, proposed to be included in the offer document of the Company in connection with the Company's proposed IPO;

    b) the Guidance Note on Reports in Company Prospectuses (Revised 2016) issued by the Institute of Chartered Accountants of India (the "Guidance Note"); and

    c) the requirements of Section 26 of the Act read with applicable provisions within Rule 4 to 6 of the Rules and the ICDR Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act and the ICDR Regulations in connection with the IPO.

4. The Company proposes to make an IPO which comprises an offer for sale made by certain shareholders' of existing equity shares of Rs.10 each, at such premium, arrived at by a book building process (referred to as the "Issue"), as may be decided by the Board of Directors of the Company.

Restated Standalone Summary Statements as per audited standalone financial statements

5. The Restated Standalone Summary Statements have been compiled by the management from the audited standalone financial statements of the Company as at and for each of the years ended March 31, 2017, 2016, 2015, 2014 and 2013 which have been approved by the Board of Directors at their meetings held on May 13, 2017, May 27, 2016, May 27, 2015, May 23, 2014 and May 30, 2013, respectively.

6. For the purpose of our examination, we have relied on:

   a) Auditors' Report issued by us dated May 13, 2017 on the standalone financial statements of the Company as at and for the year ended March 31, 2017, as referred in paragraph 5 above; and

   b) Auditors' Report issued by S.R. Batliboi & Co. LLP dated May 27, 2016, May 27, 2015, May 23, 2014 and May 30, 2013 on the standalone financial statements of the Company as at and for each of the years ended March 31, 2016, 2015, 2014 and 2013, respectively, as referred in paragraph 5 above.

7. Based on our examination, in accordance with the requirements of Section 26 of Part I of Chapter III of the Act, read with Rules 4 to 6 of the Rules, the ICDR Regulations, the Guidance Note and terms of our engagement agreed with you, we report that:

   a) The restated standalone summary statement of assets and liabilities of the Company as at March 31, 2017, 2016, 2015, 2014 and 2013 examined by us, as set out in Annexure 1 to this report, have been arrived at after making adjustments and regrouping/ reclassifications as in our opinion were appropriate and more fully described in Annexure 4 – Restated Standalone Summary Statement of Material Adjustments and Regroupings.

   b) The restated standalone summary statement of profit and loss of the Company for each of the year ended March 31, 2017, 2016, 2015, 2014 and 2013 examined by us, as set out in Annexure 2 to this report, have been arrived at after making adjustments and regrouping/ reclassifications as in our opinion were appropriate and more fully described in Annexure 4 – Restated Standalone Summary Statement of Material Adjustments and Regroupings.

   c) The restated standalone summary statement of cash flows of the Company for each of the year ended March 31, 2017, 2016, 2015, 2014 and 2013 examined by us, as set out in Annexure 3 to this report, have been arrived at after making adjustments and regrouping/ reclassifications as in our opinion were appropriate and more fully described in Annexure 4 – Restated Standalone Summary Statement of Material Adjustments and Regroupings.

   d) Based on the above and according to the information and explanations given to us, we further report that:

      i) Restated Standalone Summary Statements have been made after incorporating adjustments for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy for all the reporting periods;

      ii) Restated Standalone Summary Statements have been made after incorporating adjustments and regroupings for the material amounts in the respective financial years to which they relate;

      iii) Restated Standalone Summary Statements do not contain any extra-ordinary items that need to be disclosed separately in the Restated Standalone Summary Statements;

      iv) There are no qualifications in the auditors' reports on the standalone financial statements of the Company as at and for each of the years ended March 31, 2017, 2016, 2015, 2014 and 2013 which require any adjustments to the Restated Standalone Summary Statements;

      v) Other audit modification included in the Auditors' report pursuant to Rule 11(d) of Companies (Audit and Auditors) Amendment Rules, 2017 on the standalone financial statements for the financial year ended March 31, 2017 and the qualifications included in the Annexure to the auditors' report issued under Companies (Auditor's Report) Order, 2016, 2015 and 2003, as

applicable, on the standalone financial statements as at and for the years ended March 31, 2017, 2016, 2015, 2014 and 2013, which do not require any corrective adjustment in the Restated Standalone Summary Statements, are as follows:

A. Auditors' Report for the Financial year ended March 31, 2017

The Company has provided disclosures in Note 35 to these financial statements as to the holding of Specified Bank Notes (SBNs) on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 9, 2016 to December 30, 2016. Based on audit procedures and relying on management representations, except for the segregation between SBNs and other denominations as more fully described in Note 35 (a) to these financial statements, on which we are unable to comment in the absence of sufficient appropriate audit evidence, we report that the amounts disclosed in the said note are in accordance with the books of account maintained by the Company and produced before us for verification. Further, as stated in Note 35 (e) to the financial statements, the borrowers of the Company have directly deposited cash in the Company's bank accounts and, as represented to us, the denomination wise details of all such deposits are not available with the Company and accordingly, in the absence of sufficient appropriate audit evidence in this regard, we are unable to comment on the matter.

The aforesaid Note 35 to the standalone financial statements for the year ended March 31, 2017 has been reproduced as Note 7 of Annexure 31 to the Restated Standalone Summary Statements.

B. Annexure to auditors' report for the year ended March 31, 2017:

Clause (vii) (a)

Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there have been delays in a few cases.

Clause (vii) (b)

According to the records of the Company, the dues outstanding of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute, are as follows:

Name of the Statute	Nature of dues	Amount under dispute (Rs.)	Amount paid (Rs.)	Period to which its relates	Forum where dispute is pending
Rajasthan Value Added Tax Act, 2003	Value Added Tax	1,389,000 [#]	- [#]	Financial years 2008-09 to 2011-12	Rajasthan Tax Board, Ajmer
Chapter V of the Finance Act, 1994	Service Tax	204,754,318 [*]	9,072,158 [**]	April 2008 – March 2015	Central Excise and Service Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	47,257,170	5,194,780 [@]	Financial years 2012-13 and 2013-14	Income Tax Appellate Tribunal (FY 12-13); CIT-(A) (FY 13-14)

[#] Represents amount of penalty, fully covered by bank guarantee furnished
[*] Excluding interest and penalty, as applicable
[**] Paid under protest
[@] Includes an amount of Rs.3,600,000 paid under protest

Clause (x)

We have been informed that, during the year, there was an instance reported whereby amounts aggregating Rs.8,606,679 were collected from customers against issue of counterfeit receipts and the cash was misappropriated by the employees over a period of time. As informed, the Company has terminated the services of the employees involved and has initiated legal action against them. The outstanding balance in such loan accounts, net of recovery, has been fully provided.

C. Annexure to auditors' report for the year ended March 31, 2016:

Clause (vii) (a)

Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.

Clause (vii) (b)

According to the records of the Company, the dues outstanding of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute, are as follows:

Name of Statute	Nature of dues	Amount under dispute (Rs.)	Amount paid (Rs.)	Period to which its relates	Forum where dispute is pending
Rajasthan Value Added Tax, 2003	Value Added Tax	1,389,000 #	- #	Financial years 2008-09 to 2011-12	Rajasthan Tax Board, Ajmer
Chapter V of the Finance Act, 1994	Service Tax	120,962,101*	9,072,158 **	April 2008 – September 2013	Central Excise and Service Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	7,145,520	5,280,190	Financial years 2009-10 to 2012-13	Income Tax Appellate Tribunal; CIT (A) for FY 2012-13

Represents amount of penalty, fully covered by bank guarantee furnished
* Excluding interest and penalty, as applicable
** The Company has paid this amount under protest

D. Annexure to auditors' report for the year ended March 31, 2015:

Clause (vii) (a)

Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.

Clause (vii) (c)

According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax and cess on account of any dispute, are as follows:

Name of Statue	Nature of dues	Amount (Rs.)	Period to which it relates	Forum where dispute is pending
Rajasthan Value Added Tax, 2003	Value Added Tax	1,389,000	Financial years 2009-10 to 2012-13	Pending Appeal
Finance Act, 1994	Service Tax	120,962,101	April 2008 – September 2013	Central Excise and Service Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	6,458,040	Financial years 2008-09 to 2011-12	Commissioner of income tax (Appeals)

Clause (xii)

We have been informed that during the year two instances of misrepresentation by customers were reported whereby loans were obtained on the basis of fictitious documentation aggregating Rs.1,050,000. As informed, the Company has initiated legal action against the customers. The outstanding balance of Rs.1,050,000 has been fully provided.

E. Annexure to auditors' report for the year ended March 31, 2014:

Clause (ix) (a)

The Company has generally deposited all undisputed statutory dues including provident fund, income-tax, employees' state insurance, wealth tax, sales-tax, service tax, cess, professional tax and other material statutory dues regularly with the appropriate authorities except delays in few cases pertaining to service tax, sales tax, advance tax and professional tax.

Clause (ix) (c)

According to the records of the company, the amounts outstanding of sales tax, service tax and income tax dues disputed by the Company, are as follows:

Name of the statute	Nature of Statutory dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Rajasthan Value Added Tax, 2003	Vat Penalty	19,000	2009-10	Pending Appeal
	Vat Penalty	170,000	2010-11	Pending Appeal
	Vat Penalty	862,000	2011-12	Pending Appeal
	Vat Penalty	338,000	2012-13	Pending Appeal
Finance Act, 1994	Service Tax Demand	120,962,101	April 2008-September 2013	Commissioner of Central Excise

Clause (xix)

According to the information and explanations given to us, during the period covered by our audit report, the Company has issued 1,250 secured, redeemable, non-convertible debentures of Rs.10 lacs each. The Company has created security or charge in respect of debentures issued, except for 500 secured, redeemable, non-convertible debentures of Rs.10 lacs each which have been issued in the month of March 2014. We are informed by the management that the Company is taking steps to create security for the debentures issued. The Company has unsecured debentures outstanding during the year, on which no security or charge is required to be created.

F. Annexure to auditors' report for the year ended March 31, 2013:

Clause (ix) (a)

The Company has generally deposited all undisputed statutory dues including provident fund, income-tax, employees' state insurance, wealth tax, sales-tax, service tax, cess, professional tax and other material statutory dues regularly with the appropriate authorities except delays in a few cases pertaining to provident fund, service tax, tax deducted at source and professional tax which are not serious in nature.

Clause (xix)

According to the information and explanations given to us, during the period covered by our audit report, the Company has issued 1,750 and 245 secured non-convertible debentures of Rs.10 lacs and Rs.100 lacs each. The Company has created security or charge in respect of debentures issued, except for 250 secured non-convertible debentures of Rs.10 lacs each which have been issued in the month of March 2013. We are informed by the management that the Company is taking steps to create security for the debentures issued.

8. We have not audited any financial statements of the Company as of any date or for any period subsequent to March 31, 2017. Accordingly, we express no opinion on the financial position, results of operations or cash flows of the Company as of any date or for any period subsequent to March 31, 2017.

Other Financial Information

9. At the Company's request, we have also examined the following restated standalone statements of the Company proposed to be included in the offer document, set out in the Annexures, prepared by the Management and approved by the Board of Directors of the Company on June 2, 2017, as at and for the year ended March 31, 2017, 2016, 2015, 2014 and 2013:

    i. Statement of Share Capital, enclosed as Annexure 6;
    ii. Statement of Reserves and Surplus, enclosed as Annexure 7;
    iii. Statement of Long-term Borrowings, enclosed as Annexure 8;
    iv. Statement of Other long-term liabilities, enclosed as Annexure 9;
    v. Statement of Provisions, enclosed as Annexure 10;
    vi. Statement of Short-term borrowings, enclosed as Annexure 11;
    vii. Statement of Other Current Liabilities, enclosed as Annexure 12;
    viii. Statement of Property, Plant and Equipment, enclosed as Annexure 13(A);
    ix. Statement of Intangible Assets, enclosed as Annexure 13 (B);
    x. Statement of Investments, enclosed as Annexure 15;
    xi. Statement of Deferred Tax liability/(asset)(net), enclosed as Annexure 16;
    xii. Statement of Receivable under financing activities, enclosed as Annexure 17;
    xiii. Statement of Long Term Loans and Advances, enclosed as Annexure 18;
    xiv. Statement of Other Non-Current Assets, enclosed as Annexure 19;
    xv. Statement of Cash and Bank Balances, enclosed as Annexure 20;
    xvi. Statement of Short Term Loans and Advances, enclosed as Annexure 21;
    xvii. Statement of Other Current Assets, enclosed as Annexure 22;
    xviii. Statement of Revenue from operations, enclosed as Annexure 23;
    xix. Statement of Other Income, enclosed as Annexure 24;
    xx. Statement of Employee Benefit Expenses, enclosed as Annexure 25;
    xxi. Statement of Finance Costs, enclosed as Annexure 26;
    xxii. Statement of Other Expenses, enclosed as Annexure 27;
    xxiii. Statement of Provisions and Write offs, enclosed as Annexure 28;
    xxiv. Statement of Tax Expenses, enclosed as Annexure 29;
    xxv. Statement of Earnings per share, enclosed as Annexure 30
    xxvi. Statement of Additional Information, enclosed as Annexure 31;
    xxvii. Statement of Tax Shelter, enclosed as Annexure 32;
    xxviii. Statement of Capitalisation, enclosed as Annexure 33;
    xxix. Statement of Accounting Ratios, enclosed as Annexure 34;
    xxx. Statement of Dividend, enclosed as Annexure 35.

10. According to the information and explanations given to us, in our opinion, the Restated Standalone Summary Statements and the above restated standalone statements contained in Annexures 6 to 35 accompanying this report, read with Summary of Significant Accounting Policies disclosed in Annexure 5, are prepared after making adjustments and regroupings as considered appropriate and disclosed in Annexure 4 and have been prepared in accordance with Section 26 of Part I of Chapter III of the Act read with rules 4 to 6 of the Rules, the ICDR Regulations and the Guidance Note.

11. This report should not in any way be construed as a reissuance or redating of any of the previous audit reports issued by us, nor should this report be construed as a new opinion on any of the financial statements referred to herein.

12. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

13. Our report is intended solely for use of the management for inclusion in the offer document to be filed with SEBI, BSE Limited, the National Stock Exchange of India Limited and Registrar of Companies, Rajasthan in connection with the proposed IPO of the Company and is not be used, referred to or distributed for any other purpose except with our prior consent in writing.

Yours faithfully,

For **S.R. BATLIBOI & ASSOCIATES LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Amit Kabra
Partner
Membership No.: 094533

Paris
June 2, 2017

AU SMALL FINANCE BANK LIMITED
(Formerly Au Financiers (India) Limited)

ANNEXURE 1: RESTATED STANDALONE SUMMARY STATEMENT OF ASSETS AND LIABILITIES

(Rs. In Millions)

	Annexure	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
Equity and liabilities						
Shareholders' funds						
Share capital	6	2,842.51	440.81	440.81	429.64	404.71
Reserves and surplus	7	17,153.09	9,565.85	7,223.70	5,547.89	4,013.93
		19,995.60	**10,006.66**	**7,664.51**	**5,977.53**	**4,418.64**
Non-current liabilities						
Long-term borrowings	8	49,367.37	28,108.52	15,795.67	12,734.59	14,625.13
Other long-term liabilities	9	591.41	567.33	431.02	149.76	121.89
Long-term provisions	10	628.50	322.30	263.65	224.83	116.21
		50,587.28	**28,998.15**	**16,490.34**	**13,109.18**	**14,863.23**
Current liabilities						
Short-term borrowings	11	9,940.45	10,065.76	9,726.36	4,684.67	6,777.76
Other current liabilities	12	17,579.62	13,444.83	5,746.78	5,737.76	5,026.85
Short-term provisions	10	73.46	214.69	171.05	76.77	41.62
		27,593.53	**23,725.28**	**15,644.19**	**10,499.20**	**11,846.23**
TOTAL		**98,176.41**	**62,730.09**	**39,799.04**	**29,585.91**	**31,128.10**
Assets						
Non-current assets						
Fixed assets						
Property, Plant and Equipment	13(A)	345.60	224.61	172.26	160.52	158.14
Intangible assets	13(B)	14.20	17.44	12.88	8.08	8.14
Capital work-in-progress	13(A)	1,598.27	3.91	4.66	-	1.37
Intangible assets under development	13(B)	800.37	-	-	-	-
Non-current investments	15	6,152.18	593.43	1,126.53	873.61	566.72
Deferred tax assets (net)	16	38.40	211.15	363.77	306.14	156.56
Receivable under financing activity	17	45,177.80	37,804.55	22,481.63	14,914.13	11,930.39
Long-term loans and advances	18	367.85	88.51	117.54	162.25	129.75
Other non-current assets	19	9.52	64.48	54.35	45.32	430.89
		54,504.19	**39,008.08**	**24,333.62**	**16,470.05**	**13,381.96**
Current assets						
Current investments	15	15,350.96	1,722.26	271.87	261.98	6,820.16
Cash and bank balances	20	6,244.96	1,234.34	2,029.24	2,033.64	3,760.20
Receivable under financing activity	17	20,902.04	20,088.88	12,749.91	10,253.14	6,617.21
Short-term loans and advances	21	535.66	210.15	138.67	330.73	325.64
Other current assets	22	638.60	466.38	275.73	236.37	222.93
		43,672.22	**23,722.01**	**15,465.42**	**13,115.86**	**17,746.14**
TOTAL		**98,176.41**	**62,730.09**	**39,799.04**	**29,585.91**	**31,128.10**
Significant Accounting Policies	**5**					

The accompanying notes are an integral part of this statement.

As per our report of even date
For S.R. Batliboi & Associates LLP
ICAI Firm Registration No.: 101049W/E300004
Chartered Accountants

per Amit Kabra
Partner
Membership No. 094533

Place: Paris
Date: June 02, 2017

For and on behalf of the Board of Directors
AU Small Finance Bank Limited
(Formerly Au Financiers (India) Limited)

Sanjay Agarwal
(Managing Director and CEO)

Uttam Tibrewal
(Whole Time Director)

Deepak Jain
(Chief Financial Officer)

Manmohan Parnami
(Company Secretary)

Place: Mumbai
Date: June 02, 2017

AU SMALL FINANCE BANK LIMITED
(Formerly Au Financiers (India) Limited)

ANNEXURE 2: RESTATED STANDALONE SUMMARY STATEMENT OF PROFIT AND LOSS

(Rs. In Millions)

	Annexure	For the year ended				
		March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Income						
Revenue from operations	23	14,169.93	10,469.31	6,870.20	5,655.09	4,106.56
Other income	24	135.28	50.19	23.88	58.11	24.28
Total Revenue (I)		**14,305.21**	**10,519.50**	**6,894.08**	**5,713.20**	**4,130.84**
Expenses						
Employee benefit expenses	25	1,927.78	1,577.27	945.16	696.77	526.83
Finance costs	26	5,003.33	3,952.53	2,819.74	2,875.60	1,971.84
Depreciation and amortization expense	13(A)/13(B)	57.83	85.21	65.15	32.96	29.11
Other expenses	27	1,503.75	875.24	504.44	404.19	408.61
Provisions and write offs	28	766.73	256.82	486.53	607.17	167.77
Total expenses (II)		**9,259.42**	**6,747.07**	**4,821.02**	**4,616.69**	**3,104.16**
Profit before exceptional items and tax (III)= (I)-(II)		**5,045.79**	**3,772.43**	**2,073.06**	**1,096.51**	**1,026.68**
Exceptional Item (IV) (refer annexure 31.6)		6,703.49	-	-	-	-
Profit before tax (V)= (III)+(IV)		**11,749.28**	**3,772.43**	**2,073.06**	**1,096.51**	**1,026.68**
Tax expenses:						
Current tax	29	3,104.84	1,150.78	756.58	507.70	401.34
Deferred tax	29	172.75	152.62	(57.63)	(149.58)	(69.01)
Tax relating to earlier periods	29	44.56	(2.51)	(20.39)	12.99	0.77
Total tax expenses (VI)		**3,322.15**	**1,300.89**	**678.56**	**371.11**	**333.10**
Profit after tax (as restated) (VII)=(V)-(VI)		**8,427.13**	**2,471.54**	**1,394.50**	**725.40**	**693.58**
Earnings per equity share (including exceptional item)	30					
Basic (Rs.)		30.94	9.34	5.31	2.99	3.40
Diluted (Rs.)		30.36	9.28	5.31	2.99	2.86
Nominal value per share (Rs.)		10.00	10.00	10.00	10.00	10.00
Earnings per equity share (excluding exceptional item)	30					
Basic (Rs.)		11.96	9.34	5.31	2.99	3.40
Diluted (Rs.)		11.74	9.28	5.31	2.99	2.86
Nominal value per share (Rs.)		10.00	10.00	10.00	10.00	10.00
Significant Accounting Policies	**5**					

The accompanying notes are an integral part of this statement.

As per our report of even date
For S.R. Batliboi & Associates LLP
ICAI Firm Registration No.: 101049W/E300004
Chartered Accountants

per Amit Kabra
Partner
Membership No. 094533

Place: Paris
Date: June 02, 2017

For and on behalf of the Board of Directors
AU Small Finance Bank Limited
(Formerly Au Financiers (India) Limited)

Sanjay Agarwal
(Managing Director and CEO)

Uttam Tibrewal
(Whole Time Director

Deepak Jain
(Chief Financial Officer)

Manmohan Parnami
(Company Secretary)

Place: Mumbai
Date: June 02, 2017

AU SMALL FINANCE BANK LIMITED
(Formerly Au Financiers (India) Limited)

ANNEXURE 3 : RESTATED STANDALONE SUMMARY STATEMENT OF CASH FLOW

(Rs. In Millions)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2014	Year ended March 31, 2013
Cash flow from operating activities					
Net profit before tax as per statement of profit and loss	**11,749.28**	**3,772.43**	**2,073.06**	**1,096.51**	**1,026.68**
Add/(Less) :					
Depreciation and amortization expense	57.83	85.21	65.15	32.96	29.11
Share issue expenses	20.42	-	-	-	-
Loss/(Profit) on sale of Fixed Assets	(0.57)	(0.61)	(0.10)	0.61	(0.13)
Profit on sale of investments (considered in Investing activities)	(6,703.49)	-	-	-	-
Income received on Investments (considered in Investing activities)	(83.28)	(14.33)	(2.54)	(36.53)	(12.29)
Contingent provision against standard assets	56.23	85.20	25.33	16.36	25.28
Provision for non-performing assets	229.82	(22.49)	15.55	106.42	32.16
Provision for doubtful debts	(2.50)	4.79	-	(1.12)	1.04
Provision on old assigned cases	(0.31)	(2.72)	(9.79)	(25.95)	(36.65)
Provision for employee benefits	32.32	23.64	7.19	7.48	8.46
Employee stock option expenditure	40.75	20.78	-	-	-
Operating profit before working capital changes	**5,396.50**	**3,951.90**	**2,173.86**	**1,196.74**	**1,073.66**
Movement in working capital					
Decrease / (increase) in Receivable under financing activity	(8,186.41)	(22,661.88)	(10,064.28)	(6,619.67)	(10,099.60)
Decrease / (increase) in Short term loans and advances	(323.01)	(76.27)	192.06	(3.97)	(241.92)
Decrease / (increase) in Long-term loans and advances	(275.16)	0.43	48.64	(39.75)	115.16
Decrease / (increase) in Other current assets	(177.00)	(190.65)	(39.36)	(13.44)	(124.40)
(Decrease) / increase in Other long-term liabilities	(177.97)	(45.96)	171.66	14.60	(30.20)
(Decrease) / increase in Other current liabilities	1,991.39	663.61	644.36	219.45	380.05
Cash generated from/(used in) operations	**(1,751.66)**	**(18,358.82)**	**(6,873.06)**	**(5,246.04)**	**(8,927.25)**
Direct taxes paid	(3,203.89)	(1,021.37)	(598.20)	(455.55)	(383.04)
Wealth tax paid	-	(0.17)	(0.16)	(0.16)	0.03
Total Tax paid	**(3,203.89)**	**(1,021.54)**	**(598.36)**	**(455.71)**	**(383.01)**
Net cash flow from/ (used in) operating activities (A)	**(4,955.55)**	**(19,380.36)**	**(7,471.42)**	**(5,701.75)**	**(9,310.26)**
Cash flows from investing activities					
Purchase of intangible assets (Including Intangible assets under development)	(804.62)	(11.31)	(9.03)	(2.75)	(7.00)
Purchase of Property, Plant and Equipment (Including CWIP)	(1,766.96)	(131.15)	(79.82)	(32.78)	(37.29)
Sale of fixed assets	1.84	1.65	0.96	1.01	0.77
Sale of investment in subsidiaries / associate (net of related expenses)	8,094.11	-	-	-	-
Investments in Government Securities & Others	(9,139.94)				
Investments in subsidiaries	-	(700.00)	(300.00)	(200.00)	-
Investments in Associates	-	-	-	(45.00)	(0.65)
Investment in certificate of deposits	-	-	-	6,665.53	(6,665.53)
Decrease / (increase) in deposits (net)	(832.26)	709.96	119.70	(139.86)	351.85
Purchase of mutual fund units and PTCs	(64,748.30)	(17,636.85)	(3,827.90)	(10,999.24)	(1,911.57)
Sale of mutual fund units and PTCs	53,398.22	17,433.96	3,867.69	10,866.51	1,512.29
Net cash flow from/ (used in) investing activities (B)	**(15,797.91)**	**(333.74)**	**(228.40)**	**6,113.42**	**(6,757.13)**
Cash flows from financing activities					
Net proceeds/repayment from long term borrowing	23,402.25	19,347.29	2,425.73	(1,399.08)	14,642.45
Net proceeds/repayment from short term borrowing	(125.31)	339.40	5,041.68	(2,093.09)	3,933.50
Issue of Equity Shares (including Securities Premium)	1,715.22	-	385.25	860.25	-
Share Issue Expenses	(20.42)	-	-	-	-
Debentures issue expenses	(94.87)	(47.40)	(28.51)	(31.74)	(135.44)
Net cash flow from/ (used in) in financing activities (C)	**24,876.87**	**19,639.29**	**7,824.15**	**(2,663.66)**	**18,440.51**
Net increase/(decrease) in cash and cash equivalents (A + B + C)	**4,123.41**	**(74.81)**	**124.33**	**(2,251.99)**	**2,373.12**
Cash and cash equivalents at the beginning of the year	294.10	368.91	244.58	2,496.57	123.45
Cash and cash equivalents at the end of the year	**4,417.51**	**294.10**	**368.91**	**244.58**	**2,496.57**
Components of cash and cash equivalents					
Cash on hand	134.20	156.44	218.89	229.15	215.51
Balance with franking machine *	5.83	8.89	3.30	2.68	3.28
Balance with banks					
In current accounts	519.96	95.26	115.92	12.41	31.91
In deposit account	3,757.52	33.51	30.80	0.34	2,245.87
Total cash and cash equivalents (Refer annexure 20)	**4,417.51**	**294.10**	**368.91**	**244.58**	**2,496.57**

* The Company can utilize the balance only towards stamping of loan agreements executed with their borrowers.

As per our report of even date
For S.R. Batliboi & Associates LLP
ICAI Firm Registration No.: 101049W/E300004
Chartered Accountants

per Amit Kabra
Partner
Membership No. 094533

Place: Paris
Date: June 02, 2017

For and on behalf of the Board of Directors
AU Small Finance Bank Limited
(Formerly Au Financiers (India) Limited)

Sanjay Agarwal (Managing Director and CEO)
Uttam Tibrewal (Whole Time Director)

Deepak Jain (Chief Financial Officer)
Manmohan Parnami (Company Secretary)

Place: Mumbai
Date: June 02, 2017

AU SMALL FINANCE BANK LIMITED
(Formerly Au Financiers (India) Limited)

ANNEXURE 4 : Restated Standalone Statement of material adjustments and regroupings

4.1 Material adjustment

The summary of results of restatements made in the audited financial statements for the respective years and its impact on the profits of the Company is as follows:

(Rs. In Millions)

Particulars	For the year ended				
	March 31, 2017	**March 31, 2016**	**March 31, 2015**	**March 31, 2014**	**March 31, 2013**
Net Profit/ (Loss) as per Audited Financial Statement (A)	**8,219.76**	**2,116.20**	**1,402.35**	**923.93**	**802.07**
Restated Adjustment (Decrease) / Increase in profits					
Revenue from operations					
Cheque Return Charges [(1)]	10.89	28.02	38.42	(7.65)	(43.67)
Legal & Courier Charges [(1)]	0.20	0.99	3.17	0.70	(3.69)
Seizing Charges [(1)]	0.05	0.55	1.46	0.62	(0.66)
Overdue (penal) interest [(2)]	350.43	292.24	(234.84)	(350.21)	(199.34)
Interest income reversal [(3)]	69.25	42.86	30.59	6.78	0.35
Provisions and write offs					
Loan assets write off [(3)]	96.78	221.68	91.29	44.64	29.85
Provision for non performing advances[(3)]	(62.74)	(0.34)	86.61	11.59	23.49
Contingent provision against standard assets [(3)]	(1.43)	(1.23)	(0.02)	1.00	0.04
Provision for other doubtful loans and advances [(3)]	4.64	-	-	-	-
Bad Debts recovery [(4)]	(152.21)	(38.83)	(27.36)	(8.70)	(3.74)
Prior period item[(5)]					37.87
Total Effect of Adjustment before Tax (B)	**315.86**	**545.95**	**(10.69)**	**(301.22)**	**(159.51)**
Tax Adjustment					
Deferred Tax[(6)]	108.49	190.60	(2.85)	(102.69)	(51.03)
Total Tax adjustment (C)	**108.49**	**190.60**	**(2.85)**	**(102.69)**	**(51.03)**
Net Effect of increase in Profit/ (Loss) on adjustment after tax (D)= (B)-(C)	**207.37**	**355.35**	**(7.84)**	**(198.53)**	**(108.48)**
Net profit/ (Loss) for the year ended (E)= (A)+(D)	**8,427.13**	**2,471.54**	**1,394.50**	**725.39**	**693.58**

Explanatory notes for the above adjustments:

(1) Income relating to cheque return charges, legal and courier charges and seizing charges was being recognised on an accrual basis till September 30, 2013. The accounting policy in this regard was revised w.e.f. October 1, 2013 whereby the policy for recognition was changed prospectively, to treat such charges to accrue on realisation, due to the uncertainty of their realisation. The above adjustment has been made to give effect of such change in the accounting policy in the respective years.

(2) Income relating to overdue (penal) interest was being recognised on an accrual basis till March 31, 2015. The accounting policy in this regard was revised w.e.f. April 1, 2015 whereby the policy for recognition was changed prospectively, to treat such penal interest to accrue on realisation, due to the uncertainty of its realisation. The above adjustment has been made to give effect of such change in the accounting policy in the respective years.

(3) Since overdue (penal) interest was earlier recognized on an accrual basis (as explained in note 2), the total outstanding from a customer comprised overdue instalments as well as the penal interest accrued. Accordingly, the days-past-due (DPD) considered for identification of loans as non-performing assets (NPA) were based on such total outstanding. The change in recognition of penal interest required a change in the manner of computation of DPD, with a resultant change in interest income reversal for NPA, loan assets written off, provision for NPA and contingent provision against standard assets as adjusted above.

(4) Due to the change in computation of DPD explained above, certain loan assets have moved from write off category to NPA category. Consequent to such movement, the amounts received in respect of the then written off loans have been allocated to their loan outstanding (principal and interest) instead of recognising them as bad debts recovery. Such adjustments have been made in all the respective years.

(5) No provision for bonus was made in FY 2011-12. However the payment in this regard was made in subsequent year FY 2012-13 and recorded as an expense in the year of payment as a prior period item. Accordingly, the same has been adjusted in the year to which the expense pertains.

(6) The above restatement will have corresponding impact on deferred taxes. Accordingly, the timing differences arising on account of restatement for the above years have been considered in the respective financial years.

4.2 Non adjusting items

The auditor's report dated May 13, 2017 on the standalone financial statements of the Company as at and for the year ended March 31, 2017, included the following modification in respect of the matter to be reported in accordance with Rule 11 (d) of the Companies (Audit and Auditors) Rules, 2014, as amended, which does not require any corrective adjustment in the Restated Standalone Summary Statements:

The Company has provided disclosures in Note 35 to these financial statements as to the holding of Specified Bank Notes (SBNs) on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 9, 2016 to December 30, 2016. Based on audit procedures and relying on management representations, except for the segregation between SBNs and other denominations as more fully described in Note 35 (a) to these financial statements, on which we are unable to comment in the absence of sufficient appropriate audit evidence, we report that the amounts disclosed in the said note are in accordance with the books of account maintained by the Company and produced before us for verification. Further, as stated in Note 35 (e) to the financial statements, the borrowers of the Company have directly deposited cash in the Company's bank accounts and, as represented to us, the denomination wise details of all such deposits are not available with the Company and accordingly, in the absence of sufficient appropriate audit evidence in this regard, we are unable to comment on the matter.

(The aforesaid Note 35 to the standalone financial statements for the year ended March 31, 2017 has been reproduced as Note 7 of Annexure 31 to the Restated Standalone Summary Statements.)

Other audit qualifications included in the Annexure to the auditors' reports issued under Companies (Auditor's Report) Order, 2016, 2015 and 2003 (as amended), respectively on the Standalone financial statements for the years ended March 31, 2017, 2016, 2015, 2014 and 2013, which do not require any corrective adjustment in the Restated Standalone Summary Statements are as follows:

A. For the year ended March 31, 2017

Clause (vii) (a)

Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.

Clause (vii) (b)

According to the records of the Company, the dues outstanding of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute, are as follows:

Name of Statute	Nature of dues	Amount under dispute (Rs.)	Amount paid (Rs.)	Period to which its relates	Forum where dispute is pending
Rajasthan Value Added Tax, 2003	Value Added Tax	1,389,000 #	- #	Financial years 2008-09 to 2011-12	Rajasthan Tax Board, Ajmer
Chapter V of the Finance Act, 1994	Service Tax	204,754,318 *	9,072,158 **	April 2008 – March 2015	Central Excise and Service Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	4,72,57,170	5,194,780 @	Financial years 2012-13 and 2013-14	Income Tax Appellate Tribunal; CIT (A) for FY 12-13; CIT (A) (FY 13-14

Represents amount of penalty, fully covered by bank guarantee furnished

* Excluding interest and penalty, as applicable.

** Paid under protest.

@ Includes an amount of Rs.3,600,000 paid under protest

Clause (x)

We have been informed that, during the year, there was an instance reported whereby amounts aggregating Rs.8,606,679 were collected from customers against issue of counterfeit receipts and the cash was misappropriated by the employees over a period of time. As informed, the Company has terminated the services of the employees involved and has initiated legal action against them. The outstanding balance in such loan accounts, net of recovery, has been fully provided.

B. For the year ended March 31, 2016

Clause (vii) (a)

Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.

Clause (vii) (b)

According to the records of the Company, the dues outstanding of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute, are as follows:

Name of Statute	Nature of dues	Amount under dispute (Rs.)	Amount paid (Rs.)	Period to which its relates	Forum where dispute is pending
Rajasthan Value Added Tax, 2003	Value Added Tax	1,389,000 #	- #	Financial years 2008-09 to 2011-12	Rajasthan Tax Board, Ajmer
Chapter V of the Finance Act, 1994	Service Tax	120,962,101 *	9,072,158 **	April 2008 – September 2013	Central Excise and Service Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	71,45,520	52,80,190	Financial years 2009-10 to 2012-13	Income Tax Appellate Tribunal; CIT (A) for FY 2012-13

Represents amount of penalty, fully covered by bank guarantee furnished

* Excluding interest and penalty, as applicable.

** The Company has paid this amount under protest.

C. For the year ended March 31, 2015:

Clause (vii) (a)

Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.

Clause (vii) (c)

According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax and cess on account of any dispute, are as follows:

Name of Statue	Nature of dues	Amount (Rs.)	Period to which it relates	Forum where dispute is pending
Rajasthan Value Added Tax, 2003	Value Added Tax	13,89,000	Financial years 2009-10 to 2012-13	Pending Appeal
Finance Act, 1994	Service Tax	12,09,62,101	April 2008 – September 2013	Central Excise and Service Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	64,58,040	Financial years 2008-09 to 2011-12	Commissioner of income tax (Appeals)

Clause (xii)

We have been informed that during the year two instances of misrepresentation by customers were reported whereby loans were obtained on the basis of fictitious documentation aggregating Rs.1,050,000. As informed, the Company has initiated legal action against the customers. The outstanding balance of Rs.1,050,000 has been fully provided.

D. For the year ended March 31, 2014:

Clause (ix) (a)

The Company has generally deposited all undisputed statutory dues including provident fund, income-tax, employees' state insurance, wealth tax, sales-tax, service tax, cess, professional tax and other material statutory dues regularly with the appropriate authorities except delays in few cases pertaining to service tax, sales tax, advance tax and professional tax.

Clause (ix) (c)

According to the records of the company, the amounts outstanding of sales tax, service tax and income tax dues disputed by the Company, are as follows:

Name of the statute	Nature of Statutory dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Rajasthan Value Added Tax, 2003	Vat Penalty	19,000	2009-10	Pending Appeal
Rajasthan Value Added Tax, 2003	Vat Penalty	1,70,000	2010-11	Pending Appeal
Rajasthan Value Added Tax, 2003	Vat Penalty	8,62,000	2011-12	Pending Appeal
Rajasthan Value Added Tax, 2003	Vat Penalty	3,38,000	2012-13	Pending Appeal
Finance Act, 1994	Service Tax Demand	12,09,62,101	April 2008-September 2013	Commissioner of Central Excise

Clause (xix)

According to the information and explanations given to us, during the period covered by our audit report, the Company has issued 1,250 secured, redeemable, non-convertible debentures of Rs. 1.00 millon each. The Company has created security or charge in respect of debentures issued, except for 500 secured, redeemable, non-convertible debentures of Rs. 1.00 millon each which have been issued in the month of March 2014. We are informed by the management that the Company is taking steps to create security for the debentures issued. The Company has unsecured debentures outstanding during the year, on which no security or charge is required to be created.

E. For the year ended March 31, 2013:

Clause (ix) (a)

The Company has generally deposited all undisputed statutory dues including provident fund, income-tax, employees' state insurance, wealth tax, sales-tax, service tax, cess, professional tax and other material statutory dues regularly with the appropriate authorities except delays in a few cases pertaining to provident fund, service tax, tax deducted at source and professional tax which are not serious in nature.

Clause (xix)

According to the information and explanations given to us, during the period covered by our audit report, the Company has issued 1,750 and 245 secured non-convertible debentures of Rs. 1.00 million and Rs. 10.00 millon each. The Company has created security or charge in respect of debentures issued, except for 250 secured non-convertible debentures of Rs. 1.00 million each which have been issued in the month of March 2013. We are informed by the management that the Company is taking steps to create security for the debentures issued.

4.3 Appropriate adjustments have been made in the Restated Standalone Summary Statements of Assets and Liabilities, Profit and Losses and Cash Flows in accordance with the requirements of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (as amended), by a reclassification of the corresponding items of income, expenses, assets, liabilities and cash flows in order to bring them in line with the groupings as per the audited financial statements of the Company as at and for the year ended March 31, 2017, prepared in accordance with Schedule III of the Companies Act 2013.

ANNEXURE 5 : Significant Accounting Policies

5.1 Corporate information

AU Small Finance Bank Limited (formerly known as Au Financiers (India) Limited) ('the Company') is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956.

The Company is engaged in lending activities. The Company had obtained its license from Reserve Bank of India ('RBI') to operate as a non deposit accepting Non Banking Financial Company (NBFC-ND) on November 7, 2000 vide certificate of registration no. B-10-00139.

The Company has changed its name to AU Small Finance Bank Limited with effect from April 13, 2017 and commenced its operations as a Small Finance Bank from April 19, 2017 pursuant to the approvals received from the Reserve Bank of India dated December 20, 2016. The restated financial statements for the year ended March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013 have been prepared using the basis of preparation as applicable to a non-banking financial company, detailed in note 5.2.

5.2 Basis of preparation

The restated standalone summary statement of assets and liabilities of the Company as at March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013 and the related restated standalone summary statement of profits and losses and related restated standalone summary statement of cash flows for the years ended March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013 (collectively referred to as "Restated Standalone Summary Statements") have been compiled by the management from the audited standalone financial statements of the Company as at and for the years ended March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013 respectively which were originally approved by the Board of Directors of the Company at that relevant time. The accounting policies have been consistently applied by the Company in preparation of the Restated Standalone Summary Statements and are consistent with those adopted in the preparation of financial statement for the year ended March 31. 2017.

The standalone financial statements as at and for the years ended March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013 which form the basis of preparation of these Restated Standalone Summary Statements were prepared by the Company under the historical cost convention on an accrual basis to comply in all material respects with the applicable accounting standards specified under the Companies Act, 1956, under section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014, Companies (Accounting Standards) Amendment Rules, 2016, the provisions of the RBI as applicable to a Systemically Important Non-Deposit taking Non-Banking Financial Company ('NBFC-ND-SI') and other accounting principles generally accepted in India (Indian GAAP). The standalone financial statements were prepared using the presentation and disclosure requirements of the Schedule III of Companies Act 2013 / Revised Schedule VI of the Companies Act, 1956 (as applicable).

These Restated Standalone Summary Statements have been prepared specifically for the inclusion in the offer document to be filed by the Company with the Securities and Exchange Board of India ('SEBI') in connection with its proposed initial public offering. These Restated Standalone Summary Statements have been prepared by the Company to comply in all material respects with the requirements of Sub-clause (i), (ii) and (iii) of clause (b) of Sub-section (1) of Section 26 of Chapter III of The Companies Act, 2013 read with rule 4 to 6 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 and (the Securities and Exchange Board of India Issue of Capital and Disclosure Requirements) Regulations, 2009 ("the SEBI Guidelines") issued by SEBI on August 26, 2009 as amended.

5.3 Summary of significant accounting policies

(a)(i) Change in method of depreciation and useful lives of assets

(i) With effect from April 1, 2016, the Company revised the method of depreciation of fixed assets from 'written down value method' to 'straight line method' and has also reassessed the estimates of useful lives of certain classes of fixed assets. As a result of these changes in the estimates, the depreciation for the year ended March 31, 2017 is lower by Rs.50.18 million.

(ii) In accordance with the requirements to schedule ll to the Companies Act, 2013, the Company reassessed the useful lives of the fixed assets as on April 01, 2014 :

(a) An amount of Rs. 1.62 Million has been charged to the opening balance of the retained earnings in respect of the assets whose remaining useful life is Nil as at April 01, 2014.

(b) An amount of Rs 20.97 Million for the year ended March 31, 2015 representing the additional depreciation on the carrying value of the assets as at April 01, 2014 due to change in the useful life of the assets.

ANNEXURE 5 : Significant Accounting Policies

(a)(ii) Change in provisioning for loan portfolio

(i) With effect from April 1, 2016, the Company revised its estimates of provisioning for loan portfolio, in line with the requirements of the RBI Master Direction DNBR.PD.008/03.10.119/2016-17 dated September 01, 2016. As a result of such change, the profit for the year ended March 31, 2017 is lower by Rs 45.53 million (including the effect of income reversal on non-performing assets).

(ii) With effect from April 1, 2015, the Company revised its estimates of provisioning for loan portfolio, in line with the requirements of the RBI Notification No. DNBR. 009/ CGM (CDS) -2015 dated March 27, 2015 and revised its estimate of provisioning for loans over due for a period between 180 to 365 days. As a result of such change, the profit for the year ended March 31, 2016 is lower by Rs 29.63 million (including the effect of income reversal on non-performing assets).

(iii) For the purpose of Restated Standalone Summary Statements the above changes in estimates have not been restated.

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles in India (Indian GAAP) requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, these assumptions and estimates could result in the outcomes requiring an adjustment to the carrying amounts of assets or liabilities in future periods.

(c) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably.

(i) Income from financing activities

(a) Interest Income is recognized on a time proportion accrual basis taking into account the amount outstanding and the interest rate implicit in the underlying agreements. Income or any other charges on non-performing assets or on assets taken in custody for recovery of loan through disposal of such assets during the period are recognized only when realized. Any such income recognized and remaining unrealized, before the asset became non-performing or before disposal of assets in custody of the company, is reversed.
Overdue interest is recognized on realization basis. Overdue interest is treated to accrue on realisation, due to the uncertainty of their realisation.

(b) Loan origination income i.e. processing fee and other charges collected upfront are recognised at the inception of the loan.

(c) All other charges such as cheque return charges, legal charges, seizing charges, etc. are recognised on realisation basis. These charges are treated to accrue on realisation, due to the uncertainty of their realisation.

(ii) Income from assignment/securitization

(a) For assignment transactions done prior to RBI circular no. DNBS.PD.No. 301/3.10.01/2012-13 dated August 21, 2012.

In case of assignment of loan assets and related receivables "at par", income is accounted for by applying the interest rate implicit in such assigned contracts as reduced by Internal Rate of Return (IRR) committed to the purchaser of loan assets.

In case of assignment of loan assets and related receivables "at premium", the difference between the consideration received representing the net present value of future receivable assigned and the principal loan amount outstanding as per books is recognized upfront as gain or loss on assignment in the year of assignment.

(b) For transactions done after issuance of RBI circular no. DNBS.PD.No. 301/3.10.01/2012-13 dated August 21, 2012.

Gains arising on securitisation of assets is recognised over the tenure of securities issued by SPV as per guidelines on securitisation of standard assets issued by RBI. Income from excess interest spread is accounted for net of losses when redeemed in cash. Expenditure in respect of securitisation (except bank guarantee fees for credit enhancement) is recognised upfront. Bank guarantee fees for credit enhancement are amortised over the tenure of the agreements. Income arising on direct assignment is recognised over the tenure of agreement on accrual basis.

(iii) Income from channel finance business:

Income in the nature of interest rate differential i.e., applying the interest rate implicit in the loan contracts as reduced by Internal Rate of Return (IRR) committed to the bank who records the channel finance business, including related incidental charges are recognized on accrual basis.

(iv) Income from deposits:

Interest income on deposits with banks and other financial institutions is recognised on a time proportion accrual basis taking into account the amount outstanding and the rate applicable.

(v) Income from investment:

(a) Dividend is recognised as income when right to receive dividend is established by the date of balance sheet.
(b) Interest income on investment is recognised on accrual basis.

(d) Property, Plant and Equipment/ Intangible Assets/ Capital work-in-progress/ Intangible assets under development, Depreciation/ Amortisation and Impairment

(i) Property, Plant and Equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met, directly attributable cost of bringing the asset to its working condition for the intended use.

Gains or losses arising from derecognition of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

(a) Depreciation on property, plant and equipment:

Leasehold land is amortized on a straight line basis over the period of lease.

With effect from April 1, 2016, depreciation on property, plant and equipment is calculated on a straight-line basis using the rates arrived at, based on the useful lives estimated by the management as given below. Such useful lives, being different from those prescribed under Schedule II to the Companies Act, 2013, are supported by appropriate technical advice and are a matter of judgment, based on various factors such as type and make of an item, its place and pattern of usage, nature of technology, obsolescence factors, availability of spares, etc. which have a significant impact on the useful life of an asset.

Particulars	Useful Life (years) adopted from April 1, 2016
Buildings	60
Addition to Leased Premises	10
Furniture and Fixtures	10
Vehicles	8
Computers, Printers, servers and other office equipments	3-6
Vaults, Strong Room Doors, ATM and other equipments for Bank Operations	10-15

For the period prior to April 1, 2016, depreciation was provided on written down value method as per the rates and manner prescribed under :

a) Schedule XIV to the Companies Act, 1956 for the period upto March 31, 2014; and

b) Schedule II to the Companies Act, 2013 for the period from April 1, 2014 to March 31, 2016

Further, assets individually costing Rs. 5,000 or less are fully depreciated in the year of installation/purchase as the management estimates the useful life of such assets as one year. Depreciation on assets acquired/sold during the period is recognised on a pro-rata basis upto the date of such acquisition/sale.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial period end and adjusted prospectively, if appropriate.

(ii) Intangible assets

Intangible assets are amortized on a straight line basis over the estimated useful economic life. The Company uses a rebuttable presumption that the useful life of an intangible asset will not exceed seven years with effect from April 01, 2016 (four years in March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013) from the date when the asset is available for use. If the persuasive evidence exists to the affect that useful life of an intangible asset exceeds seven years with effect from April 01, 2016 (four years in year March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013), the company amortizes the intangible asset over the best estimate of its useful life.

The amortization period and the amortization method are reviewed at least at each financial period end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

ANNEXURE 5 : Significant Accounting Policies

(iii) Impairment of assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

(iv) Capital work-in-progress/ Intangible assets under development

Costs incurred towards acquisition of assets, including expenses incurred prior to those assets being put to use and directly attributable to bringing them to their working condition are included under “Capital Work in Progress” or "Intangible assets under development". Capital Work in Progress and Intangible assets under development are stated at the amount incurred up to the date of Balance Sheet including advances given to vendors.

(e) Retirement and other employee benefits

(i) Defined Contribution Plans

The Provident Fund and Employees State Insurance are defined contribution plans and the contribution to the same are charged to the statement of profit and loss during the year in which the services are rendered.

(ii) Defined Benefit Plans

Gratuity is a defined benefit obligation and is provided for at the year end on the basis of an actuarial valuation using the Projected Unit Credit method. Actuarial gains and losses are recognised in the statement of profit and loss as and when incurred.

(iii) Compensated absences

Compensated absences are considered as a long-term employee benefit and is provided for based on an actuarial valuation using Projected Unit Credit method. Actuarial gains and losses are recognised in the statement of profit and loss as and when incurred.

(f) Taxes on Income

Tax expenses comprises of current income tax and deferred tax.

Income tax

Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognised directly in equity is recognised in equity and not in statement of Profit and Loss.

Deferred taxes

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current half year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the respective reporting date. Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

The carrying cost of the deferred tax assets are reviewed at each balance sheet date. The Company writes down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

(g) Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

(h) Borrowing cost

Borrowing cost includes interest and amortization of ancillary costs incurred in connection with the arrangement of borrowings.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

(i) Share/ Debenture issue expenses incurred are expensed in the year of issue and redemption premium payable on debentures is expensed over the term of debentures. These are adjusted to the securities premium account in accordance with Section 52 of the Act to the extent of balance available in such premium account.

(j) Operating Leases

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

(k) Provisioning / write off of assets

(i) Secured / unsecured loans and receivables are provided for/written off as per the Company's provisioning estimates, given in sub-para (ii) below, subject to the minimum provision required as per the extant RBI Prudential Norms/Master Directions applicable to a Systemically Important Non-Deposit taking Non-Banking Financial Company (NBFC-ND-SI).

(ii) Loans with principal and / or interest overdue have been classified as sub-standard assets, in accordance with the extant RBI Prudential Norms/Master Directions applicable to NBFC-ND-SI after giving effect to the restatements, and have been provided for at the following rates:

Overdue period (in months)	Provision percentage on outstanding amount				
	For year ended				
	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Upto 6 months					
4 months to 5 months	10%	NA *			
5 months to 6 months	10%	10%	NA *		
6 months to 12 months	40%	40%	50%	50%	50%
12 months and above	Written off @100%				

**Not considered substandard as per extant RBI Prudential Norms applicable for respective years.*

(iii) Provision on standard assets is made in accordance with the extant RBI Prudential Norms/ Master Directions applicable to NBFC-ND-SI at the following rates:

Asset category	Provision percentage on outstanding amount				
	For year ended				
	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Standard Assets	0.35%	0.30%	0.25%	0.25%	0.25%

(iv) Provision for delinquencies and servicing costs on assets securitised/assigned before introduction of RBI guidelines on Direct Assignment dated August 21, 2012 is made at following rates, which are based on management estimates developed using the historical data:

On premium structure : @ 0.75% of the principal outstanding
On at par structure : @ 0.25% of the principal outstanding

ANNEXURE 5 : Significant Accounting Policies

(l) Provisions, contingent liabilities

A provision is recognised when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

(m) Earning Per Share (EPS)

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

(n) Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand, short-term deposits with an original maturity of three months or less and stamping/franking balance.

(o) Foreign currency transactions

(i) Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Foreign currency monetary items are retranslated using the exchange rate prevailing on the close of the financial year.

(iii) Exchange differences arises on the settlement of monetary items or on reporting the Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

(iv) Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/liability

The premium or discount arising at the inception of the forward exchange contract is amortized and recognised as an income/expense in the statement of profit and loss over the life of the contract. Exchange difference on such contracts are recognised in the statement of profit and loss in the period in which the exchange rates change.

(p) Share based payments

In case of stock option plan, measurement and disclosure of the employee share-based payment plans is done in accordance with the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India as applicable for equity-settled share based payments.

The cost of equity-settled transactions is measured using the intrinsic value method and recognised, together with a corresponding increase in the “Stock options outstanding account” in reserves. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company’s best estimate of the number of equity instruments that will ultimately vest. The expense or credit recognised in the statement of profit and loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

ANNEXURE 6 : Restated Standalone Statement of Share capital

(Rs. In Millions)

	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
Authorized shares					
Equity Shares of Rs. 10/- each					
- Number of shares	35,00,00,000	7,81,50,000	7,81,50,000	7,81,50,000	7,81,50,000
- Amount in Rs. Millions	3500.00	781.50	781.50	781.50	781.50
Compulsorily Convertible Preference Shares of Rs. 100/- each					
- Number of shares	-	18,85,000	18,85,000	18,85,000	18,85,000
- Amount in Rs. Millions	-	188.50	188.50	188.50	188.50
	3,500.00	**970.00**	**970.00**	**970.00**	**970.00**
Issued Capital					
Equity Shares of Rs. 10/- each					
- Number of shares	28,42,50,906	4,40,93,813	4,40,93,813	4,40,93,813	4,04,70,625
- Amount in Rs. Millions	2842.51	440.94	440.94	440.94	404.71
Total Issued Share Capital	**2,842.51**	**440.94**	**440.94**	**440.94**	**404.71**
Subscribed Capital **					
Equity Shares of Rs. 10/- each					
- Number of shares	28,42,50,906	4,40,80,752	4,40,80,752	4,32,54,395	4,04,70,625
- Amount in Rs. Millions	2842.51	440.81	440.81	432.54	404.71
Total Subscribed Capital	**2,842.51**	**440.81**	**440.81**	**432.54**	**404.71**
Paid-up Capital					
Fully Paid-Up:					
Equity Shares of Rs. 10/- each					
- Number of shares	28,42,50,906	4,40,80,752	4,40,80,752	4,26,73,789	4,04,70,625
- Amount in Rs. Millions	2842.51	440.81	440.81	426.74	404.71
Partly Paid-Up:*					
Equity Shares of Rs. 10/- each, Rs. 5/- paid up					
- Number of shares	-	-	-	5,80,606	-
- Amount in Rs. Millions	-	-	-	2.90	-
Total issued, subscribed and fully paid-up share capital	**2,842.51**	**440.81**	**440.81**	**429.64**	**404.71**

* Partly paid up shares have been considered at their face value for the purpose of above reconciliation.
** Equity shares issued which were not subscribed to were cancelled after obtaining necessary approval from the shareholders in accordance with the Companies Act, 2013.

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Equity Shares

	As at March 31, 2017		As at March 31, 2016		As at March 31, 2015		As at March 31, 2014		As at March 31, 2013	
	No. of Shares	Rs. In Millions	No. of Shares	Rs. In Millions	No. of Shares	Rs. In Millions	No. of Shares	Rs. In Millions	No. of Shares	Rs. In Millions
At the beginning of the year	4,40,80,752	440.81	4,40,80,752	440.81	4,32,54,395	432.54	4,04,70,625	404.71	1,83,72,401	183.72
Add: Shares issued during the year	1,15,44,399	115.44	-	-	8,26,357	8.26	27,83,770	27.84	-	-
Add: Bonus Shares issued during the year	22,86,25,755	2,286.26	-	-	-	-	-	-	-	-
Add: Equity Shares allotted on conversion of Compulsorily Convertible Preference Shares of Rs. 100/- each	-	-	-	-	-	-	-	-	2,20,98,224	220.98
Outstanding at the end of the year	**28,42,50,906**	**2,842.51**	**4,40,80,752**	**440.81**	**4,40,80,752**	**440.81**	**4,32,54,395**	**432.54**	**4,04,70,625**	**404.70**

Preference Shares

	As at March 31, 2017		As at March 31, 2016		As at March 31, 2015		As at March 31, 2014		As at March 31, 2013	
	No. of Shares	Rs. In Millions	No. of Shares	Rs. In Millions	No. of Shares	Rs. In Millions	No. of Shares	Rs. In Millions	No. of Shares	Rs. In Millions
Compulsorily Convertible Preference Shares at the beginning of the year	-	-	-	-	-	-	-	-	74,20,271	742.03
Less: Compulsorily Convertible Preference Shares converted into Equity Shares	-	-	-	-	-	-	-	-	74,20,271	742.03
Outstanding at the end of the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

(b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

ANNEXURE 6 : Restated Standalone Statement of Share capital

(c) Terms/ rights attached to Preference Share

(1) 2008 Preference Shares

The Compulsorily Convertible Preference Shares of Rs. 100 each issued in 2008 and in 2009 were fully convertible into Equity Shares of the Company of Rs. 10 each at the option of the investors upon exercise of the Option on occurrence of any one of the events mutually agreed upon amongst the shareholders at a premium to be arrived at by dividing (a) the existing preference share subscription price by (b) the Base Conversion Price. Pending such exercise of Option by the Investors, the Investors concurred to be allotted 75,01,961 Equity shares upon exercise of such "Option" at any time prior to/with the date of conversion of "2010 Preference Shares", issued, subscribed and allotted in 2010.

In partial exercise of the above "Option" by a holder of Compulsorily Convertible Preference Shares during the FY 10-11, an allotment of 26,25,686 equity shares of Rs. 10/- each against conversion of 7,00,000 Compulsorily Convertible Preference Shares of Rs. 100/- each was made . For the remaining of 13,00,000 of Compulsory Convertible Preference Shares of Rs. 100 each outstanding as at March 2012, upon exercise of "Option" by such date stated above, a total of 48,76,275 Equity Shares of Rs. 10/- each issued as mutually agreed as per shareholders agreement.

(2) 2010 Preference Shares

The "2010 Compulsorily Convertible Preference shares" of Rs. 100 each, allotted during the year 2009-10, were fully convertible into Equity Shares of the Company of Rs. 10 each at the option of the investor on occurrence of any one event mutually agreed upon among the shareholders at a premium arrived at by dividing (a) the 2010 Preference Subscription Price by (b) the Base Conversion Price, which "base conversion price" in turn was based upon a formula which was further dependent upon the performance of the Company during financial year 2009-10 to 2011-12.

On partial exercise of the above "Option" by holders of 2010 Compulsorily Convertible Preference Shares during the FY 11-12, 18,13,709 of equity shares of Rs. 10/- each were allotted on conversion of 11,00,000 Compulsory Convertible Preference Shares of Rs. 100/- each.

"For the remaining 48,99,990 Compulsorily Convertible Preference Shares of Rs. 100 each of 2010 which were outstanding as at March 31, 2012, 80,79,233 Equity Shares of Rs. 10/- each were issued in terms of shareholders agreement, pending the exercise of the option by the preference shareholder".

(3) 2012 Preference Shares

The "2012 Compulsorily Convertible Preference shares" of Rs. 100 each, i.e. 12,20,281 Convertible Preference Shares of Rs. 100/- each allotted during the year 2011-12, were fully convertible into Equity Shares of the Company of Rs. 10 each at the mandatory conversion date, which were no later than Forty Five days after the completion of calculation of the "Aggregate Actual PAT" based on the audited financial statements for the Financial Year 2009-10, 2010-11 and 2011-12. The Base conversion price determined on the basis of formula given in Section 5(a) of Annexure 3 "Terms of 2012 Preference Shares" a total of 91,42,716 of Equity shares were allotted on Conversion of "2012 Preference Shares".

Holders of 2008 Preference Shares, holders of 2010 Preference Shares and as holders of 2012 Preference Shares, as investors in the company had a right to number of votes equal to number of Equity Shares issuable upon conversion of such shares and were eligible to vote with Equity Shares on all matters except as specifically provided or as otherwise required by law. If the holders of 2008/2010/2012 Preference Shares were at any time restricted by applicable law from exercising votes equal to number of Equity Shares issuable upon their respective conversion, each of the promoters (sponsor) share holders were to vote in accordance with the instructions of the holders of the Preference Shares at a General Meeting or were to provide proxies without instructions to the holders of the Preference Shares for the purposes of voting at the General Meeting. The obligation of each of the promoters (Sponsors) were to vote on the basis of their Equity Shares holding as aforesaid were pro-rated in accordance with their respective shareholding in the Company.

(d) Details of shareholders holding more than 5% shares in the Company on date of reporting

Equity shares

Name of the shareholder	As at March 31, 2017		As at March 31, 2016		As at March 31, 2015		As at March 31, 2014		As at March 31, 2013	
	No. of Shares	% Holding	No. of Shares	% Holding	No. of Shares	% Holding	No. of Shares	% Holding	No. of Shares	% Holding
Redwood Investment Ltd	5,97,70,794	21.03	1,19,34,699	27.07	1,19,34,699	27.07	1,19,34,699	27.59	1,07,38,958	26.54
International Finance Corporation	3,02,88,678	10.66	60,47,875	13.72	60,47,875	13.72	74,21,518	17.16	74,21,518	18.34
Sanjay Agarwal	5,84,77,128	20.57	66,01,789	14.98	66,01,789	14.98	66,01,789	15.26	66,05,649	16.32
Labh Investments Limited	2,25,37,530	7.93	45,00,169	10.21	45,00,169	10.21	45,00,169	10.40	40,49,296	10.01
Ourea Holdings Limited	2,11,49,064	7.44	42,22,927	9.58	42,22,927	9.58	-	-	-	-
India Business Excellence Fund - I	-	-	-	-	-	-	32,10,665	7.42	32,10,665	7.93
Jyoti Agarwal	1,41,82,272	4.99	23,63,712	5.36	23,63,712	5.36	23,63,712	5.46	23,63,712	5.84
Shakuntala Agarwal	1,40,94,756	4.96	22,74,326	5.16	22,74,326	5.16	22,74,326	5.26	22,74,326	5.62

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

(e) Aggregate number of bonus shares issued during the period of five years immediately preceding the reporting date

Particular	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
Equity shares allotted as fully paid bonus shares by capitalization of securities premium	22,86,25,755	-	-	-	-

On October 19, 2016, the Company has issued bonus shares to its existing equity shareholders in the ratio of five shares for every one share held by them by capitalising its securities premium account.

(f) For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, refer annexure 31.5.

AU SMALL FINANCE BANK LIMITED
(Formerly Au Financiers (India) Limited)

ANNEXURE 7 : Restated Standalone Statement of Reserves and surplus

(Rs. In Millions)

	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
Statutory Reserve u/s 45- IC of RBI Act, 1934					
Balance as per last Balance Sheet	1,274.94	851.70	571.23	386.44	226.03
Add: Transfer during the year *	1,643.95	423.24	280.47	184.79	160.41
Closing Balance	**2,918.89**	**1,274.94**	**851.70**	**571.23**	**386.44**
Securities premium account					
Balance as per last financial statements	3,260.58	3,410.76	3,127.84	2,319.27	1,889.71
Add: Conversion of compulsorily convertible preference share to equity shares	-	-	-	-	521.05
Add: Addition on allotment of equity shares	1,599.78	-	374.08	835.31	-
	4,860.36	**3,410.76**	**3,501.92**	**3,154.58**	**2,410.76**
Less: Amount utilised during the year					
Debentures issue expenses (net of tax)	62.04	30.99	18.82	17.98	91.49
Premium payable on Redemption of Debentures (net of tax)	132.12	119.19	72.34	8.76	-
Issue of Bonus Shares	2,286.26	-	-	-	-
Closing Balance	**2,379.94**	**3,260.58**	**3,410.76**	**3,127.84**	**2,319.27**
Employee Stock Option Outstanding					
Balance as per last Balance Sheet	20.78	-	-	-	0.46
Add: Compensation of options granted during the year	40.75	20.78	-	-	-
Less: Reversed to Profit and Loss Account	-	-	-	-	(0.46)
Closing Balance	**61.53**	**20.78**	**-**	**-**	**-**
Surplus/ (deficit) in the statement of profit and loss					
Balance as per last financial statements	5,009.55	2,961.25	1,848.83	1,308.22	774.59
Less: Depreciation adjustments as per schedule II of the Companies Act 2013	-	-	(1.62)	-	-
Add: Other adjustments	-	-	-	-	0.46
Profit for the year	8,427.13	2,471.54	1,394.50	725.40	693.58
	13,436.68	**5,432.79**	**3,241.71**	**2,033.62**	**1,468.63**
Less: Transferred to Statutory Reserve u/s 45-IC of RBI Act 1934*	1,643.95	423.24	280.47	184.79	160.41
Closing Balance	**11,792.73**	**5,009.55**	**2,961.24**	**1,848.83**	**1,308.22**
Total reserves and surplus	**17,153.09**	**9,565.85**	**7,223.70**	**5,547.89**	**4,013.93**

*Transfer of 20% of the profit after tax before restatement adjustment, if any, to the statutory reserves in accordance with the provisions of section 45-IC of the Reserve Bank of India Act, 1934.

AU SMALL FINANCE BANK LIMITED
(Formerly Au Financiers (India) Limited)

ANNEXURE 8 : Restated Standalone Statement of Long-term borrowings

(Rs. In Millions)

	As at March 31, 2017		As at March 31, 2016		As at March 31, 2015		As at March 31, 2014		As at March 31, 2013	
	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current
Secured										
Redeemable Non - Convertible Debentures	23,450.00	2,825.00	13,725.00	4,825.00	9,100.00	825.00	4,950.00	500.00	4,200.00	-
Term loans										
(i) Term loan from banks	3,427.87	2,109.79	3,521.76	2,179.14	1,235.45	2,076.97	2,966.71	2,948.22	5,619.85	2,916.26
(ii) Term loan from financial institutions	10,420.00	4,246.67	4,516.67	1,035.35	552.02	259.92	811.94	259.92	1,071.86	169.92
(iii) Term loan from non-banking financial companies	873.72	404.71	1,368.42	105.26	1,000.00	45.42	53.33	170.20	231.45	329.17
(iv) Term loan from insurance company	412.50	150.00	562.50	150.00	-	-	-	-	-	-
(v) Auto loan from banks	33.28	15.79	14.17	6.10	7.17	2.76	0.58	1.98	1.97	2.42
(vi) Auto loan from Non Banking Financial Companies	-	-	-	1.03	1.03	1.01	2.03	0.90	-	-
Total term loans	15,167.37	6,926.96	9,983.52	3,476.88	2,795.67	2,386.08	3,834.59	3,381.22	6,925.13	3,417.77
Total secured borrowings	38,617.37	9,751.96	23,708.52	8,301.88	11,895.67	3,211.08	8,784.59	3,881.22	11,125.13	3,417.77
Unsecured										
Redeemable Non - Convertible Debentures (Sub-ordinated debts)	2,450.00	450.00	2,900.00	200.00	1,450.00	-	1,450.00	-	1,100.00	-
Redeemable Non - Convertible Debentures	8,000.00	1,100.00	1,100.00	1,100.00	2,200.00	-	2,200.00	-	2,200.00	-
Term loans										
(i) Banks (Sub-ordinated debts)	300.00	100.00	400.00	50.00	250.00	50.00	300.00	-	200.00	-
Total term loans	300.00	100.00	400.00	50.00	250.00	50.00	300.00	-	200.00	-
Total unsecured borrowings	10,750.00	1,650.00	4,400.00	1,350.00	3,900.00	50.00	3,950.00	-	3,500.00	-
Amount disclosed under the head "other current liabilities" (refer annexure 12)	-	(11,401.96)	-	(9,651.88)	-	(3,261.08)	-	(3,881.22)	-	(3,417.77)
	49,367.37	**-**	**28,108.52**	**-**	**15,795.67**	**-**	**12,734.59**	**-**	**14,625.13**	**-**

Secured borrowings (other than auto loans) are secured by hypothecation of loans under financing activity. Personal guarantees by directors and shareholders of the Company have been given for borrowing amount of Rs. 7,684.37 Millions at March 31, 2017, Rs. 8,494.83 Millions at March 31, 2016, Rs. 4,169.74 Millions at March 31, 2015, Rs 7,636.93 Millions at March 31, 2014, Rs. 10,882.42 Millions at March 31, 2013. Borrowings to the extent of Rs. 30,502.92 Millions at March 31, 2017, Rs.10,936.25 Millions at March 31, 2016, Rs. 2,742.89 Millions at March 31, 2015, Rs. 1,799.75 Millions at March 31, 2014, Rs. 2,561.50 Millions at March 31, 2013 are secured by pledge of the Company's shares held by the directors and pledge of property of Company and its directors and margin money deposits. Auto loans from banks are secured by hypothecation of Company's vehicles.

AU SMALL FINANCE BANK LIMITED
(Formerly Au Financiers (India) Limited)

Annexure 8.1 (a) Detail of Secured Redeemable Non-Convertible Debentures as at March 31, 2017

(Rs. In Millions)

Sr. No.	ISIN No.	Date of allotment	Date of redemption	Nominal value per debenture	Nos.	Rate of Interest p.a.	Total amount	Non-current maturity as at March 31, 2017	Current maturity as at March 31, 2017	Terms of redemption
1	INE949L07493	Jan 05, 2017	Dec 20, 2021	10,00,000	3,350	8.65%	3,350.00	3,350.00	-	Redeemable at Par
2	INE949L07535	Mar 16, 2017	Mar 16, 2021	10,00,000	1,700	8.79%	1,700.00	1,700.00	-	Redeemable at Par
3	INE949L07337	Jun 26, 2015	Jun 26, 2020	10,00,000	3,000	9.40%	3,000.00	3,000.00	-	Redeemable at Par
4	INE949L07485	Jun 13, 2016	Jun 12, 2020	10,00,000	500	10.05%	500.00	500.00	-	Redeemable at Par
5	INE949L07451	May 31, 2016	May 29, 2020	10,00,000	500	10.05%	500.00	500.00	-	Redeemable at Par
6	INE949L07329	May 21, 2015	May 21, 2020	10,00,000	2,000	9.40%	2,000.00	2,000.00	-	Redeemable at Par
7	INE949L07519	Feb 28, 2017	Apr 30, 2020	10,00,000	500	8.90%	500.00	500.00	-	Redeemable at Par
8	INE949L07444	May 10, 2016	Mar 30, 2020	10,00,000	650	10.05%	650.00	650.00	-	Redeemable at Par
9	INE949L07436	May 10, 2016	Nov 10, 2019	10,00,000	500	10.05%	500.00	500.00	-	Redeemable at Par
10	INE949L07428	May 10, 2016	Sep 30, 2019	10,00,000	450	10.05%	450.00	450.00	-	Redeemable at Par
11	INE949L07402	Sep 22, 2015	Sep 20, 2019	10,00,000	250	10.00%	250.00	250.00	-	Redeemable at Par
12	INE949L07279	Aug 08, 2014	Aug 08, 2019	10,00,000	1,500	11.30%	1,500.00	1,500.00	-	Redeemable at Par
13	INE949L07477	Jun 13, 2016	Jun 13, 2019	10,00,000	500	10.05%	500.00	500.00	-	Redeemable at Par
14	INE949L07469	May 31, 2016	May 31, 2019	10,00,000	500	10.00%	500.00	500.00	-	Redeemable at Par
15	INE949L07386	Sep 09, 2015	Apr 19, 2019	10,00,000	1,250	10.50%	1,250.00	1,250.00	-	Redeemable at Par
16	INE949L07410	May 10, 2016	Mar 29, 2019	10,00,000	400	10.05%	400.00	400.00	-	Redeemable at Par
17	INE949L07527	Feb 28, 2017	Jan 28, 2019	10,00,000	1,500	8.75%	1,500.00	1,500.00	-	Redeemable at Par
18	INE949L07501	Feb 23, 2017	Oct 23, 2018	10,00,000	1,500	8.75%	1,500.00	1,500.00	-	Redeemable at Par
19	INE949L07394	Sep 22, 2015	Sep 21, 2018	10,00,000	250	10.00%	250.00	250.00	-	Redeemable at Par
20	INE949L07378	Aug 25, 2015	Aug 24, 2018	10,00,000	250	10.50%	250.00	250.00	-	Redeemable at Par
21	INE949L07345	Aug 11, 2015	Aug 10, 2018	10,00,000	1,000	10.50%	1,000.00	1,000.00	-	Redeemable at Par
22	INE949L07360	Aug 25, 2015	Jul 16, 2018	10,00,000	200	10.50%	200.00	200.00	-	Redeemable at Par
23	INE949L07352	Aug 19, 2015	Jun 25, 2018	10,00,000	500	10.50%	500.00	500.00	-	Redeemable at Par
24	INE949L07311	May 08, 2015	Jun 13, 2018	10,00,000	350	10.50%	350.00	350.00	-	Redeemable at Par
25	INE949L07303	May 08, 2015	Apr 26, 2018	10,00,000	350	10.50%	350.00	350.00	-	Redeemable at Par
26	INE949L07295	Apr 30, 2015	Mar 08, 2018	10,00,000	500	10.50%	500.00	-	500.00	Redeemable at Par
27	INE949L07204	Mar 06, 2013	Mar 06, 2018	10,00,000	100	12.20%	100.00	-	100.00	Redeemable at Par
28	INE949L07196	Jan 24, 2013	Jul 24, 2017	10,00,000	125	11.95%	125.00	-	125.00	Redeemable at Par
29	INE949L07253	Jun 13, 2014	May 28, 2017	10,00,000	1,475	10.86%	1,475.00	-	1,475.00	Redeemable at Par
30	INE949L07188	Jan 24, 2013	May 24, 2017	10,00,000	125	11.95%	125.00	-	125.00	Redeemable at Par
31	INE949L07238	Mar 28, 2014	Apr 24, 2017	10,00,000	500	11.47%	500.00	-	500.00	Redeemable at Par
32	INE949L07170	Jan 24, 2013	Mar 24, 2017	10,00,000	125	11.95%	125.00	-	-	Redeemable at Par
33	INE949L07204	Mar 06, 2013	Mar 06, 2017	10,00,000	75	12.20%	75.00	-	-	Redeemable at Par
34	INE949L07162	Jan 24, 2013	Jan 24, 2017	10,00,000	125	11.95%	125.00	-	-	Redeemable at Par
35	INE949L07097	Jul 05, 2012	Jan 04, 2017	1,00,00,000	25	12.25%	250.00	-	-	Redeemable at Par
36	INE949L07287	Feb 23, 2015	Dec 23, 2016	10,00,000	1,000	10.75%	1,000.00	-	-	Redeemable at Par
37	INE949L07154	Jan 24, 2013	Nov 24, 2016	10,00,000	125	11.95%	125.00	-	-	Redeemable at Par
38	INE949L07089	Jul 05, 2012	Nov 04, 2016	1,00,00,000	25	12.25%	250.00	-	-	Redeemable at Par
39	INE949L07147	Jan 24, 2013	Sep 24, 2016	10,00,000	125	11.95%	125.00	-	-	Redeemable at Par
40	INE949L07071	Jul 05, 2012	Sep 04, 2016	1,00,00,000	25	12.25%	250.00	-	-	Redeemable at Par
41	INE949L07139	Jan 24, 2013	Jul 24, 2016	10,00,000	125	11.95%	125.00	-	-	Redeemable at Par
42	INE949L07063	Jul 05, 2012	Jul 04, 2016	1,00,00,000	25	12.25%	250.00	-	-	Redeemable at Par
43	INE949L07212	Jun 27, 2013	Jun 27, 2016	10,00,000	250	11.10%	250.00	-	-	Redeemable at Par
44	INE949L07121	Jan 24, 2013	May 24, 2016	10,00,000	125	11.95%	125.00	-	-	Redeemable at Par
45	INE949L07220	Nov 08, 2013	May 08, 2016	10,00,000	500	11.95%	500.00	-	-	Redeemable at Par, If Option is Exercise then in Call Redeemable at Premium & in Put Redeemable at Discount
46	INE949L07055	Jul 05, 2012	May 04, 2016	1,00,00,000	25	12.25%	250.00	-	-	Redeemable at Par
47	INE949L07246	Apr 29, 2014	Apr 28, 2016	10,00,000	1,000	11.47%	1,000.00	-	-	Redeemable at Par
							Total	**23,450.00**	**2,825.00**	

Annexure 8.1 (b) Detail of Unsecured Redeemable Non-Convertible Debentures & Sub-ordinated debts as at March 31, 2017

Rs. in Milions

Sr. No.	ISIN No.	Date of allotment	Date of redemption	Nominal value per debenture	Nos.	Rate of Interest p.a.	Total amount	Non-current maturity as at March 31, 2017	Current maturity as at March 31, 2017	Terms of redemption
1	INE949L08160	Nov 19, 2015	May 19, 2021	10,00,000	200	11.65%	200.00	200.00	-	Redeemable at Par
2	INE949L08152	Nov 04, 2015	May 04, 2021	10,00,000	750	11.75%	750.00	750.00	-	Redeemable at Par
3	INE949L08145	Sep 30, 2015	Apr 02, 2021	10,00,000	700	12.25%	700.00	700.00	-	Redeemable at Par
4	INE949L08129	Sep 30, 2013	Sep 30, 2020	10,00,000	100	12.41%	100.00	100.00	-	Redeemable at Par
5	INE949L08202	Mar 22, 2017	Mar 23, 2020	10,00,000	500	9.10%	500.00	500.00	-	Redeemable at Par
6	INE949L08194	Mar 17, 2017	Mar 17, 2020	10,00,000	4,500	8.85%	4,500.00	4,500.00	-	Redeemable at Par
7	INE949L08137	Nov 19, 2013	Sep 19, 2019	10,00,000	100	13.00%	100.00	100.00	-	Redeemable at Par
8	INE949L08111	Sep 04, 2013	Jul 03, 2019	10,00,000	50	12.50%	50.00	50.00	-	Redeemable at Par
9	INE949L08095	Jun 05, 2013	Mar 05, 2019	10,00,000	100	13.00%	100.00	100.00	-	Redeemable at Par
10	INE949L08186	Mar 15, 2017	Feb 15, 2019	10,00,000	1,000	8.89%	1,000.00	1,000.00	-	Redeemable at Par
11	INE949L08210	Mar 22, 2017	Sep 24, 2018	10,00,000	1,000	8.84%	1,000.00	1,000.00	-	Redeemable at Par
12	INE949L08079	Mar 18, 2013	Sep 18, 2018	10,00,000	100	12.75%	100.00	100.00	-	Redeemable at Par
13	INE949L08178	Mar 15, 2017	Sep 14, 2018	10,00,000	1,000	8.84%	1,000.00	1,000.00	-	Redeemable at Par
14	INE949L08061	Jan 30, 2013	Jul 30, 2018	10,00,000	100	12.75%	100.00	100.00	-	Redeemable at Par
15	INE949L08046	Jul 27, 2012	Jun 27, 2018	10,00,000	250	13.50%	250.00	250.00	-	Redeemable at Par
16	INE949L08087	Mar 25, 2013	Mar 25, 2018	10,00,000	275	12.35%	275.00	-	275.00	Redeemable at Par
17	INE949L08012	Mar 25, 2011	Mar 24, 2018	10,00,000	200	15.00%	200.00	-	200.00	Redeemable at Par
18	INE949L08038	Jul 20, 2012	Feb 20, 2018	10,00,000	250	12.50%	250.00	-	250.00	Redeemable at Par
19	INE949L08087	Mar 25, 2013	Dec 25, 2017	10,00,000	275	12.35%	275.00	-	275.00	Redeemable at Par
20	INE949L08087	Mar 25, 2013	Sep 25, 2017	10,00,000	275	12.35%	275.00	-	275.00	Redeemable at Par
21	INE949L08087	Mar 25, 2013	Jun 25, 2017	10,00,000	275	12.35%	275.00	-	275.00	Redeemable at Par
22	INE949L08087	Mar 25, 2013	Mar 25, 2017	10,00,000	275	12.35%	275.00	-	-	Redeemable at Par
23	INE949L08087	Mar 25, 2013	Dec 25, 2016	10,00,000	275	12.35%	275.00	-	-	Redeemable at Par
24	INE949L08020	May 28, 2011	Nov 28, 2016	10,00,000	200	14.40%	200.00	-	-	Redeemable at Par
25	INE949L08087	Mar 25, 2013	Sep 25, 2016	10,00,000	275	12.35%	275.00	-	-	Redeemable at Par
26	INE949L08087	Mar 25, 2013	Jun 25, 2016	10,00,000	275	12.35%	275.00	-	-	Redeemable at Par
							Total	**10,450.00**	**1,550.00**	

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Annexure 8.2 Terms of principal repayment of long term borrowings as at March 31, 2017

(Rs. In Millions)

Original maturity of loan	Interest rate (Range)	Due within 1 year		Due 1 to 3 Years		Due 3 to 5 Years		Due 5 to 7 Years		Due 7 to 9 Years		Total
		No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	
Monthly Repayment												
Upto 3 years	8% to 12%	60	446.64	48	166.13	-	-	-	-	-	-	612.77
3 to 5 years	8% to 12%	902	2366.59	1,357	4073.38	237	706.50	-	-	-	-	7,146.47
5 to 7 Years	8% to 12%	21	383.00	51	1088.00	30	816.50	-	-	-	-	2,287.50
	12% to 14%	3	50.00	-	-	-	-	-	-	-	-	50.00
Quarterly Repayment					-		-					
3 to 5 years	8% to 12%	17	725.31	27	1274.35	3	112.50	-	-	-	-	2,112.16
	12% to 14%	4	1100.00	-	-	-	-	-	-	-	-	1,100.00
Half Yearly Repayment					-		-					
Upto 3 yrs	8% to 12%	2	1366.67	4	2400.00	4	1200.00	-	-	-	-	4,966.67
5 to 7 Years	8% to 12%	2	1470.00	4	2940.00	4	392.00	1	98.00	-	-	4,900.00
Annual Repayment					-		-					
Upto 3 years	8% to 12%	1	168.75	1	1133.33	1	566.67	-	-	-	-	1,868.75
3 to 5 years	12% to 14%	1	100.00	-	-	-	-	-	-	-	-	100.00
5 to 7 Years	14% to 18%	1	50.00	-	-	-	-	-	-	-	-	50.00
Bullet Repayment					-		-					
Upto 3 yrs	8% to 12%	3	2475.00	15	14700.00	-	-	-	-	-	-	17,175.00
3 to 5 years	8% to 12%	2	250.00	8	5200.00	6	9850.00	-	-	-	-	15,300.00
5 to 7 Years	8% to 12%	-		-	-	3	1150.00	-	-	-	-	1,150.00
	12% to 14%	1	250.00	6	700.00	2	800.00	-	-	-	-	1,750.00
	14% to 18%	1	200.00	-	-	-	-	-	-	-	-	200.00
Total			**11,401.96**		**33,675.19**		**15,594.17**		**98.00**		**-**	**60,769.32**

ANNEXURE 9 : Restated Standalone Statement of Other long-term liabilities

(Rs. In Millions)

	As at March 31, 2017		As at March 31, 2016		As at March 31, 2015		As at March 31, 2014		As at March 31, 2013	
	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current
Security deposits from borrowers	93.25	94.66	150.64	100.36	155.88	51.70	135.28	26.55	86.28	8.44
Security deposits under assignment transactions and dealers	-	0.27	-	3.61	-	3.94	14.48	109.39	35.61	112.91
Security deposit from employees for vehicles provided	4.25	-	2.71	-	1.91	-	-	-	-	-
Interest accrued but not due on borrowings (include premium on debenture)	493.91	1,355.61	413.98	937.97	273.23	298.14	-	275.84	-	247.43
Amount disclosed under the head "other current liabilities" (refer annexure 12)	-	(1,450.54)	-	(1,041.94)	-	(353.78)	-	(411.78)	-	(368.77)
	591.41	**-**	**567.33**	**-**	**431.02**	**-**	**149.76**	**-**	**121.89**	**-**

ANNEXURE 10 : Restated Standalone Statement of Provisions

	As at March 31, 2017		As at March 31, 2016		As at March 31, 2015		As at March 31, 2014		As at March 31, 2013	
	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current
Provision for employees benefits										
Leave availment	22.39	1.14	13.82	0.87	7.39	1.73	9.56	2.36	8.68	1.91
Gratuity	69.04	0.82	45.80	0.59	27.93	0.39	18.02	0.31	11.98	0.20
	91.43	**1.96**	**59.62**	**1.46**	**35.32**	**2.12**	**27.58**	**2.67**	**20.66**	**2.11**
Other provisions										
Estimated loss on old assignments	0.06	0.03	0.20	0.20	0.57	2.55	3.95	8.95	16.14	22.71
Contingent provisions against standard assets	158.12	71.47	113.41	59.95	56.20	31.96	37.29	25.55	29.83	16.64
Provision on non- performing assets	378.89	-	149.07	-	171.56	-	156.01	-	49.59	-
Income tax (net of advance tax)	-	-	-	153.08	-	134.25	-	39.44	-	-
Wealth tax	-	-	-	-	-	0.17	-	0.16	-	0.16
	537.07	**71.50**	**262.68**	**213.23**	**228.33**	**168.93**	**197.25**	**74.10**	**95.55**	**39.51**
	628.50	**73.46**	**322.30**	**214.69**	**263.65**	**171.05**	**224.83**	**76.77**	**116.21**	**41.62**

AU SMALL FINANCE BANK LIMITED
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ANNEXURE 11 : Restated Standalone Statement of Short-term borrowings

(Rs. In Millions)

	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
Secured					
(i) Working capital facilities from banks repayable on demand	3,942.91	4,869.81	4,749.73	3,807.68	4,875.69
	3,942.91	4,869.81	4,749.73	3,807.68	4,875.69
(ii) Term loan from Banks	-	-	-	539.34	-
	-	-	-	539.34	-
	3,942.91	4,869.81	4,749.73	4,347.02	4,875.69
Unsecured					
(i) Debentures held by banks	-	-	-	-	1,000.00
	-	-	-	-	1,000.00
(ii) Commercial paper from banks	2,864.94	740.17	987.48	-	844.42
	2,864.94	740.17	987.48	-	844.42
(iii) Commercial paper from Mutual Funds	1,932.60	4,455.78	3,989.15	-	-
	1,932.60	4,455.78	3,989.15	-	-
(iv) Term loan from banks	-	-	-	337.65	57.65
	-	-	-	337.65	57.65
(iv) Term loan from non-banking financial companies	1,200.00	-	-	-	-
	5,997.54	5,195.95	4,976.63	337.65	1,902.07
	9,940.45	10,065.76	9,726.36	4,684.67	6,777.76

All working capital facilities from banks are repayable on demand and are secured by hypothecation of loans under financing activity. Personal guarantees by directors and shareholders of the Company have been given for borrowing amount of Rs. 3,692.91 Millions at March 31, 2017, Rs. 3,623.42 Millions at March 31, 2016, Rs. 4,631.49 Millions at March 31, 2015, Rs. 3,439.59 Millions at March 31, 2014 and Rs. 4,329.77 Millions at March 31, 2013. Borrowings to the extent of Rs. 3,650.56 millions at March 31, 2017, Rs. 1,789.59 Millions at March 31, 2016, Rs. 1,968.59 Millions at March 31, 2015, Rs. 882.67 millions at March 31, 2014 and Rs. 889.61 millions at March 31, 2013 are secured by pledge of the Company's shares held by the directors and pledge of property of Company and its directors and margin money deposits.

ANNEXURE 12 : Restated Standalone Statement of Other current liabilities

(Rs. In Millions)

	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
a. Current maturities of long-term borrowings					
Secured					
Debentures (refer annexure 8)	2,825.00	4,825.00	825.00	500.00	-
Term loan from banks (refer annexure 8)	2,109.79	2,179.14	2,076.97	2,948.22	2,916.26
Term loan from financial institutions (refer annexure 8)	4,246.67	1,035.35	259.92	259.92	169.92
Term loan from non-banking financial companies (refer annexure 8)	404.71	105.26	45.42	170.20	329.17
Term loan from insurance company (refer annexure 8)	150.00	150.00	-	-	-
Auto loan from banks (refer annexure 8)	15.79	6.10	2.76	1.98	2.42
Auto loan from non-banking financial companies (refer annexure 8)	-	1.03	1.01	0.90	-
	9,751.96	**8,301.88**	**3,211.08**	**3,881.22**	**3,417.77**
Unsecured					
Debentures (refer annexure 8)	1,550.00	1,300.00	-	-	-
Term loan From Banks (refer annexure 8)	100.00	50.00	50.00	-	-
	1,650.00	**1,350.00**	**50.00**	**-**	**-**
Total Current maturities of long-term borrowings	**11,401.96**	**9,651.88**	**3,261.08**	**3,881.22**	**3,417.77**
b. Interest accrued but not due on borrowings (include premium on debenture) (refer annexure 9)	1,355.61	937.97	298.14	275.84	247.43
	1,355.61	**937.97**	**298.14**	**275.84**	**247.43**
c. Interest accrued and due on borrowings	1.69	26.01	22.20	59.71	60.11
	1.69	**26.01**	**22.20**	**59.71**	**60.11**
d. Other payables*					
Margin money refundable/adjustable against disbursement	46.00	19.07	30.66	15.92	23.34
Payable to dealers/manufacturers	219.85	110.35	49.81	48.80	37.89
Due to assignees towards collections from assigned/securitized assets	3,097.20	1,794.64	1,540.46	1,103.38	885.08
Security deposit from borrowers (refer annexure 9)	94.66	100.36	51.70	26.55	8.44
Security deposits under assignment transactions and dealers (refer annexure 9)	0.27	3.61	3.94	109.39	112.91
Book overdrafts	489.08	258.63	216.46	0.29	6.94
Statutory liabilities	53.57	15.65	18.71	7.64	9.49
Employee benefits payable	473.10	339.58	122.06	121.50	108.49
Other current liabilities	346.63	187.08	131.56	87.52	108.96
	4,820.36	**2,828.97**	**2,165.36**	**1,520.99**	**1,301.54**
	17,579.62	**13,444.83**	**5,746.78**	**5,737.76**	**5,026.85**

* **Details of dues to micro and small enterprises as defined under the MSMED Act, 2006**

There are no amounts that need to be disclosed in accordance with the Micro Small and Medium Enterprise Development Act, 2006 (the 'MSMED') pertaining to micro or small enterprises. For the year March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013, no supplier has intimated the Company about its status as micro or small enterprises or its registration with the appropriate authority under MSMED.

AU SMALL FINANCE BANK LIMITED
(Formerly Au Financiers (India) Limited)

ANNEXURE 13(A) : Restated Standalone Statement of Property, Plant and Equipment : **(Rs. In Millions)**

	Leasehold Land	Freehold Land	Buildings	Furniture and fixtures	Office equipment	Vehicles	Total	WIP
Cost								
As at March 31, 2012	**30.35**	**24.35**	**23.57**	**37.72**	**40.12**	**28.27**	**184.38**	**2.42**
Additions	-	-	-	12.66	19.32	6.36	38.34	1.37
Deductions	-	-	-	-	-	(1.15)	(1.15)	(2.42)
Other adjustments	-	-	-	(0.74)	0.53	0.21	-	
As at March 31, 2013	**30.35**	**24.35**	**23.57**	**49.64**	**59.97**	**33.69**	**221.57**	**1.37**
Additions	-	-	2.27	11.21	15.25	5.41	34.14	
Deductions	-	-	-	(1.62)	(0.59)	(1.16)	(3.37)	(1.37)
As at March 31, 2014	**30.35**	**24.35**	**25.84**	**59.23**	**74.63**	**37.94**	**252.34**	**-**
Additions	-	-	-	20.90	40.42	13.86	75.18	4.66
Deductions	-	-	-	(0.06)	(0.04)	(2.42)	(2.52)	
As at March 31, 2015	**30.35**	**24.35**	**25.84**	**80.07**	**115.01**	**49.38**	**325.00**	**4.66**
Additions	-	-	-	31.51	82.36	17.99	131.86	3.91
Deductions	-	-	-	(0.09)	(0.45)	(3.75)	(4.29)	(4.66)
As at March 31, 2016	**30.35**	**24.35**	**25.84**	**111.49**	**196.92**	**63.62**	**452.57**	**3.91**
Additions	-	-	15.59	13.58	90.30	53.13	172.60	1,598.27
Deductions	-	-	-	(0.05)	(0.64)	(5.22)	(5.91)	(3.91)
As at March 31, 2017	**30.35**	**24.35**	**41.43**	**125.02**	**286.58**	**111.53**	**619.26**	**1,598.27**
Depreciation								
As at March 31, 2012	**0.35**	**-**	**2.68**	**7.87**	**15.37**	**9.70**	**35.97**	
Charge for the year	0.35	-	1.04	9.64	11.25	5.70	27.98	
Deductions	-	-	-	-	-	(0.52)	(0.52)	
Other adjustments	-	-	-	(0.37)	0.22	0.15	-	
As at March 31, 2013	**0.70**	**-**	**3.72**	**17.14**	**26.84**	**15.03**	**63.43**	
Charge for the year	0.35	-	1.08	9.52	14.00	5.20	30.15	
Deductions	-	-	-	(0.64)	(0.27)	(0.85)	(1.76)	
As at March 31, 2014	**1.05**	**-**	**4.80**	**26.02**	**40.57**	**19.38**	**91.82**	
Charge for the year	0.35	-	1.02	16.95	33.99	8.63	60.94	
Deductions	-	-	-	(0.05)	(0.01)	(1.58)	(1.64)	
Other adjustments	-	-	-	0.01	1.61	-	1.62	
As at March 31, 2015	**1.40**	**-**	**5.82**	**42.93**	**76.16**	**26.43**	**152.74**	
Charge for the year	0.35	-	0.98	19.04	47.47	10.63	78.47	
Deductions	-	-	-	(0.08)	(0.31)	(2.86)	(3.25)	
As at March 31, 2016	**1.75**	**-**	**6.80**	**61.89**	**123.32**	**34.20**	**227.96**	
Charge for the year	0.35	-	0.69	9.13	33.31	6.87	50.35	
Deductions	-	-	-	(0.05)	(0.32)	(4.28)	(4.65)	
As at March 31, 2017	**2.10**	**-**	**7.49**	**70.97**	**156.31**	**36.79**	**273.66**	
Net Block								
As at March 31, 2012	**30.00**	**24.35**	**20.89**	**29.85**	**24.75**	**18.57**	**148.41**	**2.42**
As at March 31, 2013	**29.65**	**24.35**	**19.85**	**32.50**	**33.13**	**18.66**	**158.14**	**1.37**
As at March 31, 2014	**29.30**	**24.35**	**21.04**	**33.21**	**34.06**	**18.56**	**160.52**	**-**
As at March 31, 2015	**28.95**	**24.35**	**20.02**	**37.14**	**38.85**	**22.95**	**172.26**	**4.66**
As at March 31, 2016	**28.60**	**24.35**	**19.04**	**49.60**	**73.60**	**29.42**	**224.61**	**3.91**
As at March 31, 2017	**28.25**	**24.35**	**33.94**	**54.05**	**130.27**	**74.74**	**345.60**	**1,598.27**

ANNEXURE 13(B) : Restated Standalone Statement of Intangible assets :

(Rs. In Millions)

Cost		
As at March 31, 2012	**4.71**	
Additions	7.00	
Deductions	-	
As at March 31, 2013	**11.71**	**-**
Additions	2.75	-
Deductions	-	-
As at March 31, 2014	**14.46**	**-**
Additions	9.00	-
Deductions	-	-
As at March 31, 2015	**23.46**	**-**
Additions	11.31	-
Deductions	-	-
As at March 31, 2016	**34.77**	**-**
Additions	4.25	800.37
Deductions	-	-
As at March 31, 2017	**39.02**	**800.37**
Depreciation	-	-
As at March 31, 2013	**3.57**	**-**
Charge for the year	2.81	-
Deductions	-	-
As at March 31, 2014	**6.38**	**-**
Charge for the year	4.20	-
Deductions	-	-
As at March 31, 2015	**10.58**	**-**
Charge for the year	6.75	-
Deductions	-	-
As at March 31, 2016	**17.33**	**-**
Charge for the year	7.49	-
Other adjustments	-	-
As at March 31, 2017	**24.82**	**-**
Net Block		
As At March 31, 2012	**2.27**	
As At March 31, 2013	**8.14**	**-**
As At March 31, 2014	**8.08**	**-**
As At March 31, 2015	**12.88**	**-**
As at March 31, 2016	**17.44**	**-**
As at March 31, 2017	**14.20**	**800.37**

ANNEXURE 14(A) Components of capital work-in progress and intangible assets under development

(Rs. In Millions)

Particulars	**Furniture and fixtures**	**Office equipment**	**Software**	**Other**	**Total**
Cost					
As at 1 April 2012	**2.42**	**-**	**-**	**-**	**2.42**
Additions	1.37	-	-	-	1.37
Deductions	(2.42)	-	-	-	(2.42)
At 1 April 2013	**1.37**	**-**	**-**	**-**	**1.37**
Additions	-	-	-	-	-
Deductions	(1.37)	-	-	-	(1.37)
As at March 31, 2014	**-**	**-**	**-**	**-**	**-**
Additions	4.66	-	-	-	4.66
Deductions	-	-	-	-	-
As at March 31, 2015	**4.66**	**-**	**-**	**-**	**4.66**
Additions	3.91				3.91
Deductions	(4.66)	-	-	-	(4.66)
As at March 31, 2016	**3.91**	**-**	**-**	**-**	**3.91**
Additions (refer annexure 14(B))	1,132.48	465.21	800.38	0.58	2,398.64
Deductions	(3.91)				(3.91)
As at March 31, 2017	**1,132.48**	**465.21**	**800.38**	**0.58**	**2,398.64**

ANNEXURE 14(B) Capital work-in-progress include following direct costs incurred for bringing the assets to their working condition:

(Rs. In Millions)

Particulars	**Amount**
Employee benefit expenses (incl. salaries and other benefits to employees)	286.70
Rent	42.41
Rates and taxes	16.696
Traveling and conveyance	13.892
Legal and professional fee	261.70
Total	**621.41**

AU SMALL FINANCE BANK LIMITED
(Formerly Au Financiers (India) Limited)

ANNEXURE 15 : Restated Standalone Statement of Investments

(Rs. In Millions)

	Face value	As at March 31, 2017		As at March 31, 2016		As at March 31, 2015		As at March 31, 2014		As at March 31, 2013	
	(In Rs.)	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current
Long Term Non-trade investments (valued at cost unless stated otherwise)											
Unquoted equity instruments											
Investment in subsidiaries											
Aavas Financiers Limited (formerly known as Au Housing Finance Limited)*											
- Cost of Investment (in Millions)	10	-	-	149.27	1,323.23	772.50	-	472.50	-	272.50	-
- Number of equity shares invested		-	-	38,09,850	3,37,73,484	3,29,16,667	-	2,99,16,667	-	2,72,50,000	-
Index Money Limited											
- Cost of Investment (in Millions)	10	-	-	-	30.95	30.95	-	30.95	-	30.95	-
- Number of equity shares invested		-	-	-	17,24,490	17,24,490	-	17,24,490	-	17,24,490	-
		-	**-**	**149.27**	**1,354.18**	**803.45**	**-**	**503.45**	**-**	**303.45**	**-**
Investment in associates											
Au Insurance Broking Services Private Limited											
- Cost of Investment (in Millions)	10	-	-	1.95	-	1.95	-	1.95	-	1.95	-
- Number of equity shares invested		-	-	1,95,000	-	1,95,000	-	1,95,000	-	1,95,000	-
M Power Micro Finance Private Limited											
- Cost of Investment (in Millions)	10	-	-	-	45.00	45.00	-	45.00	-	-	-
- Number of equity shares invested		-	-	-	45,00,000	45,00,000	-	45,00,000	-	-	-
		-	**-**	**1.95**	**45.00**	**46.95**	**-**	**46.95**	**-**	**1.95**	**-**
Investment in others											
M Power Micro Finance Private Limited											
- Cost of Investment (in Millions)	10	10.51	-	-	-	-	-	-	-	-	-
- Number of equity shares invested		10,51,200	-	-	-	-	-	-	-	-	-
Aavas Financiers Limited (formerly known as Au Housing Finance Limited)*											
- Cost of Investment (in Millions)	10	149.27	-	-	-	-	-	-	-	-	-
- Number of equity shares invested		43,41,149	-	-	-	-	-	-	-	-	-
		159.78	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Other Investments (valued at cost unless stated otherwise)											
Investment in pass through certificates (PTCs) (in Millions)		1,053.89	691.29	442.21	323.08	276.13	270.99	323.21	259.99	260.57	151.85
Investment in securities portfolio managed by HDFC Asset Management Company Limited		-	-	-	-	-	0.88	-	1.99	-	2.78
Investment in liquid mutual Funds (quoted)											
25,000 HDFC Debt Fund For Cancer Cure										0.25	
52,484 SBI Gold Fund										0.50	

AU SMALL FINANCE BANK LIMITED
(Formerly Au Financiers (India) Limited)

ANNEXURE 15 : Restated Standalone Statement of Investments

(Rs. In Millions)

	Face value	As at March 31, 2017		As at March 31, 2016		As at March 31, 2015		As at March 31, 2014		As at March 31, 2013	
	(In Rs.)	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current
Investment in liquid mutual Funds (unquoted)											
531,089.39 units in HDFC Liquid Fund - Direct Plan - Growth option		-	1,700.00	-	-	-	-	-	-	-	-
418,002.95 units in SBI Magnum Insta Cash Fund -Direct Plan - Growth		-	1,500.00	-	-	-	-	-	-	-	-
411,782.02 units in Franklin India Treasury Management Account - Super Institutional Plan - Direct		-	1,000.00	-	-	-	-	-	-	-	-
8,058,534.01 units in ICICI Prudential Saving Fund - Direct plan - Growth		-	2,000.00	-	-	-	-	-	-	-	-
56,033,982.31 units in DHFL Pramerica Low Duration Fund - Direct Plan - Growth		-	1,253.47	-	-	-	-	-	-	-	-
990,395.06 units in Kotak Low Duration Fund Direct Growth		-	2,000.00	-	-	-	-	-	-	-	-
322,970.54 units in DSP BlackRock Liquidity Fund - Direct Plan - Growth		-	750.00	-	-	-	-	-	-	-	-
134,216.19 units in BOI AXA Liquid Fund - Regular Plan - Growth (LFRGG)		-	250.00	-	-	-	-	-	-	-	-
Total investment in liquid mutual fund		**-**	**10,453.47**	**-**	**-**	**-**	**-**	**-**	**-**	**0.75**	**-**
Investment in government securities (quoted)											
2,500,000 units of 8.15% GOI 2026	100	262.15	-	-	-	-	-	-	-	-	-
2,500,000 units of 7.72% GOI 2025	100	256.77	-	-	-	-	-	-	-	-	-
5,000,000 units of 8.20% GOI 2025	100	527.68	-	-	-	-	-	-	-	-	-
7,500,000 units of 8.24% GOI 2027	100	796.80	-	-	-	-	-	-	-	-	-
5,000,000 units of 8.60% GOI 2028	100	546.19	-	-	-	-	-	-	-	-	-
3,000,000 units of 7.71% GSDL 2027	100	300.65	-	-	-	-	-	-	-	-	-
1,500,000 units of 7.87% UPSDL 2027	100	150.22	-	-	-	-	-	-	-	-	-
1,500,000 units of 7.89% HRSDL 2027	100	150.41	-	-	-	-	-	-	-	-	-
500,000 units of 8.36% MHSDL 2026	100	52.13	-	-	-	-	-	-	-	-	-
2,095,000 units of 7.85% TNSDL 2027	100	209.83	-	-	-	-	-	-	-	-	-
2,500,000 units of 7.86% KARTSDL 2027	100	250.49	-	-	-	-	-	-	-	-	-
3,000,000 units of 7.73% RJSDL 2027	100	300.65	-	-	-	-	-	-	-	-	-
2,500,000 units of 8.13% HARSDL 2025	100	257.12	-	-	-	-	-	-	-	-	-
500,000 units of 8.06% KERSDL 2025	100	51.13	-	-	-	-	-	-	-	-	-
1,000,000 units of 8.17% TNSDL 2025	100	103.12	-	-	-	-	-	-	-	-	-
500,000 units of 8.12% GUJSDL 2025	100	51.39	-	-	-	-	-	-	-	-	-
500,000 units of 8.01% TNSDL 2026	100	51.10	-	-	-	-	-	-	-	-	-
500,000 units of 8.24% MHSDL 2024	100	51.63	-	-	-	-	-	-	-	-	-
3,000,000 units of 8.31% APSDL 2025	100	311.44	-	-	-	-	-	-	-	-	-
2,500,000 units of 8.17% UPSDL 2025	100	257.61	-	-	-	-	-	-	-	-	-
Total investment in government secuirties		**4,938.51**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Investment in certificate of deposits (unquoted)											
12,500 Units of IDFC bank ltd	1,00,000	-	1,243.05	-	-	-	-	-	-	-	-
5,000 Units of ICICI bank ltd	1,00,000	-	494.89	-	-	-	-	-	-	-	-
10,000 Units Of Axis bank ltd	1,00,000	-	986.09	-	-	-	-	-	-	-	-
15,000 Units of Indusind bank ltd	1,00,000	-	1,482.17	-	-	-	-	-	-	-	-
2500 Units of Allahabad Bank Ltd	1,00,000	-	-	-	-	-	-	-	-	-	229.77
20,000 Units of Andhra Bank Ltd	1,00,000	-	-	-	-	-	-	-	-	-	1,836.20
2,500 Units of Bank of India	1,00,000	-	-	-	-	-	-	-	-	-	230.46
2,500 Units of Canara Bank Ltd	1,00,000	-	-	-	-	-	-	-	-	-	230.51
25,000 Units of HDFC Bank Ltd	1,00,000	-	-	-	-	-	-	-	-	-	2,450.44
2,500 Units of IDBI Bank Ltd	1,00,000	-	-	-	-	-	-	-	-	-	245.58
2,500 Units of Indian Bank Ltd	1,00,000	-	-	-	-	-	-	-	-	-	230.03
5,000 Units of Oriental Bank of Commerce Ltd	1,00,000	-	-	-	-	-	-	-	-	-	491.16
2,500 Units of Punjab National Bank Ltd	1,00,000	-	-	-	-	-	-	-	-	-	246.12
2,500 Units of State Bank of Hyderabad	1,00,000	-	-	-	-	-	-	-	-	-	245.28
2,500 Units of Vijaya Bank Ltd	1,00,000	-	-	-	-	-	-	-	-	-	229.98
Total investment in certficate of Deposits		**-**	**4,206.20**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**6,665.53**
		6,152.18	**15,350.96**	**593.43**	**1,722.26**	**1,126.53**	**271.87**	**873.61**	**261.98**	**566.72**	**6,820.16**

AU SMALL FINANCE BANK LIMITED
(Formerly Au Financiers (India) Limited)

ANNEXURE 15 : Restated Standalone Statement of Investments

(Rs. In Millions)

	Face value (In Rs.)	As at March 31, 2017		As at March 31, 2016		As at March 31, 2015		As at March 31, 2014		As at March 31, 2013	
		Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current
Aggregate Value of Quoted Investments											
Cost		4,938.51	-	-	-	-	-	-	-	-	-
Aggregate Value of Unquoted Investments											
Cost		1,213.67	15,350.96	593.43	1,722.26	1,126.53	271.87	873.61	261.98	566.72	6,820.16

*The Company has entered into a Share Purchase Agreement and Shareholders Agreement dated February 05, 2016 for a partial sale of its investment in subsidiary, Aavas Financiers Limited (formerly known as Au Housing Finance Limited). Pending the fulfillment of certain conditions precedent to the sale as at March 31, 2016, such investment had been disclosed as "current investment", as the same was expected to be fulfilled in the subsequent financial year.

15.1 Investment Detail

	As at March 31, 2017		As at March 31, 2016		As at March 31, 2015		As at March 31, 2014		As at March 31, 2013	
	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current
Value of Investment										
Gross Value of Investment	**6,152.18**	**15,350.96**	**593.43**	**1,722.26**	**1,126.53**	**271.87**	**873.61**	**261.98**	**566.72**	**6,820.16**
In India	6,152.18	15,350.96	593.43	1,722.26	1,126.53	271.87	873.61	261.98	566.72	6,820.16
Outside India	-	-	-	-	-	-	-	-	-	-
Provision for Depreciation	-	-	-	-	-	-	-	-	-	-
In India	-	-	-	-	-	-	-	-	-	-
Outside India	-	-	-	-	-	-	-	-	-	-
Net Value of Investment	**6,152.18**	**15,350.96**	**593.43**	**1,722.26**	**1,126.53**	**271.87**	**873.61**	**261.98**	**566.72**	**6,820.16**
In India	6,152.18	15,350.96	593.43	1,722.26	1,126.53	271.87	873.61	261.98	566.72	6,820.16
Outside India			-	-	-	-				
Movement of provisions held towards depreciation on investment										
Opening Balance	-	-	-	-	-	-	-	-	-	-
Add: Provisions made during the year	-	-	-	-	-	-	-	-	-	-
Less: Write Off/Write Back Excess provision during the year	-	-	-	-	-	-	-	-	-	-
Closing Balance	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

ANNEXURE 16 : Restated Standalone Statement of Deferred tax assets (net) **(Rs. In Millions)**

	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
Deferred tax liability					
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	-	-	-	-	0.95
Unamortized resource mobilization expenses	15.37	13.08	14.33	22.63	18.18
Impact of Restatement	80.96	-	-	-	-
Gross deferred tax liability	**96.33**	**13.08**	**14.33**	**22.63**	**19.13**
Deferred tax asset					
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	32.32	23.40	16.28	21.01	7.74
Impact of difference between tax depreciation and depreciation charged for financial reporting	5.54	16.86	9.12	0.31	-
Provision for doubtful debts and advances	96.87	156.44	134.57	92.16	55.35
Impact of Restatement	-	27.53	218.13	215.29	112.60
Gross deferred tax asset	**134.73**	**224.23**	**378.10**	**328.77**	**175.69**
Net deferred tax asset	**38.40**	**211.15**	**363.77**	**306.14**	**156.56**

Deferred tax assets and deferred tax liabilities have been offset wherever the Company has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

ANNEXURE 17 : Restated Standalone Statement of Receivable under financing activity

	March 31, 2017		As at March 31, 2016		As at March 31, 2015		As at March 31, 2014		As at March 31, 2013	
	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current
Secured										
Loans under financing activity										
-Considered good	42,865.40	19,729.03	36,562.58	18,285.89	21,486.02	11,607.81	14,192.14	9,275.13	11,713.07	5,555.96
-Considered doubtful *	1,005.12	-	359.17	-	321.55	-	310.94	-	99.17	-
Loans placed towards minimum retention requirement (MRR) for direct assignment transactions										
-Considered good	1,265.87	532.04	871.35	556.83	669.11	466.16	409.97	196.56	118.15	37.00
-Considered doubtful *	18.30	-	11.44	-	4.95	-	1.08	-	-	-
	45,154.69	**20,261.07**	**37,804.55**	**18,842.72**	**22,481.63**	**12,073.97**	**14,914.13**	**9,471.69**	**11,930.39**	**5,592.96**
Unsecured										
Loans under financing activity										
-Considered good	-	31.00	-	100.25	-	46.88	-	276.74	-	13.72
-Considered doubtful *	-	-	-	-	-	-	-	-	-	-
Trade advances to dealers - Considered good	-	609.97	-	1,145.91	-	629.06	-	504.71	-	1,010.53
Trade advances to dealers - Considered doubtful	23.11	-	-	-	-	-	-	-	-	-
	23.11	**640.97**	**-**	**1,246.16**	**-**	**675.94**	**-**	**781.45**	**-**	**1,024.25**
	45,177.80	**20,902.04**	**37,804.55**	**20,088.88**	**22,481.63**	**12,749.91**	**14,914.13**	**10,253.14**	**11,930.39**	**6,617.21**

* Represent substandard assets as per the extant RBI Prudential Norms / Master Directions applicable to NBFC-ND-SI.

ANNEXURE 18 : Restated Standalone Statement of Long-term loans and advances

	As at March 31, 2017		As at March 31, 2016		As at March 31, 2015		As at March 31, 2014		As at March 31, 2013	
	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current
Unsecured considered good										
Security deposits (refer annexure 21)	160.12	10.93	25.15	6.51	19.36	4.81	7.74	8.73	10.78	3.52
Indirect taxes recoverable	114.12	-	9.07	-	7.50	-	7.50	-	-	-
Prepaid expenses (refer annexure 21)	59.13	65.19	23.08	21.25	30.87	24.55	41.43	29.88	35.84	27.87
Advance tax (net of Provision)	34.48	-	30.31	-	58.91	-	54.98	-	62.23	-
Security deposits with NBFC's/Financial institutions	-	0.90	0.90	-	0.90	-	50.60	180.03	20.90	211.61
Amount disclosed under the head “short-term loans and advances” (refer annexure 21)	-	(77.02)	-	(27.76)	-	(29.36)	-	(218.64)	-	(242.99)
									-	-
	367.85	**-**	**88.51**	**-**	**117.54**	**-**	**162.25**	**-**	**129.75**	**-**

ANNEXURE 19 : Restated Standalone Statement of Other Non-current assets

(Rs. In Millions)

	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
Deposits with banks (refer annexure 20)	9.52	64.48	54.35	45.32	430.89
(Deposits with original maturity for more than 12 months)					-
	9.52	**64.48**	**54.35**	**45.32**	**430.89**

ANNEXURE 20 : Restated Standalone Statement of Cash and bank balances

(Rs. In Millions)

	As at March 31, 2017		As at March 31, 2016		As at March 31, 2015		As at March 31, 2014		As at March 31, 2013	
	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current
Cash and cash equivalents										
Balances with banks:										
– On current accounts	519.96	-	95.26	-	115.92	-	12.41	-	31.91	-
– Deposits with original maturity of less than three months (refer annexure 20.1)	3,757.52	-	33.51	-	30.80	-	0.34	-	2,245.87	-
Stamps/franking balance	5.83	-	8.89	-	3.30	-	2.68	-	3.28	-
Cash on hand	134.20	-	156.44	-	218.89	-	229.15	-	215.51	-
	4,417.51	**-**	**294.10**	**-**	**368.91**	**-**	**244.58**	**-**	**2,496.57**	**-**
Other bank balances										
– Deposits with original maturity for more than 3 months but less than 12 months (refer annexure 20.1)	236.99	-	197.81	-	459.38	-	131.19	-	1,263.63	-
– Deposits with original maturity for more than 12 months (refer annexure 20.1)	1,590.46	9.52	742.43	64.48	1,200.95	54.35	1,657.87	45.32	-	430.89
Amount disclosed under the head "other non-current assets" (refer annexure 19)	-	(9.52)	-	(64.48)	-	(54.35)	-	(45.32)	-	(430.89)
	6,244.96	**-**	**1,234.34**	**-**	**2,029.24**	**-**	**2,033.64**	**-**	**3,760.20**	**-**

20.1 Deposits include Rs. 1,361.95 millions as on March 31, 2017, Rs. 764.29 millions as on March 31, 2016, Rs. 1,429.93 millions as on March 31, 2015, Rs. 1,422.55 millions as on March 31, 2014, Rs. 2,104.51 millions as on March 31, 2013 as cash collateral for assignment/securitization, Rs. 293.41 millions as on March 31, 2017, Rs. 107.00 millions as on March 31, 2016, Rs. 215.48 Millions as on March 31, 2015, Rs. 264.92 Millions as on March 31,2014, Rs. 222.48 millions as on March 31, 2013 cash collateral for bank guarantees under assignment/securitization transactions, Rs. 1.95 millions as on March 31, 2017, Rs 1.51 millions as on March 31, 2016, Rs. 1.89 millions as on March 31, 2015, Rs. 1.89 millions as on March 31, 2014 as cash collateral for other bank guarantees, Rs. 38.50 millions as on March 31, 2017, Rs. 73.90 millions as on March 31, 2016, Rs. 69.40 millions as on March 31, 2015, Rs. 68.50 millions as on March 31, 2014, Rs. 46.77 millions as on March 31, 2013 as cash collateral for working capital/term loan facilities from banks repayable on demand and Nil as on March 31, 2017, Rs. 3.20 millions as on March 31, 2016, Rs. 26.95 millions as on March 31, 2015, Rs. 46.10 millions as on March 31, 2014, Rs. 46.10 millions as on March 31, 2013 as cash collateral for channel financing business.

ANNEXURE 21 : Restated Standalone Statement of Short-term loans and advances

(Rs. In Millions)

	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
Unsecured, considered good					
Prepaid expenses (refer annexure 18)	65.19	21.25	24.55	29.88	27.87
Advances to suppliers/service providers	102.31	85.53	24.59	2.77	15.36
Advances to staff	29.17	16.32	21.82	25.14	21.07
Inter corporate deposit to subsidiary (unsecured)	-	-	-	64.50	-
Security deposits (refer annexure 18)	10.93	6.51	4.81	8.73	3.52
Security deposits with NBFC's/Financial institutions (refer annexure 18)	0.90	-	-	180.03	211.61
Recoverable in cash or in kind or for value to be received					
-Considered good	318.17	79.51	62.90	19.68	44.31
-Considered doubtful	11.28	5.82	-	-	3.02
	537.95	214.94	138.67	330.73	326.76
Less: Provision for doubtful advances	2.29	4.79	-	-	1.12
	535.66	**210.15**	**138.67**	**330.73**	**325.64**

ANNEXURE 22 : Restated Standalone Statement of Other current assets

(Rs. In Millions)

	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
Interest accrued but not due on loans to borrowers	508.52	430.01	212.35	173.68	141.20
Charges recoverable from borrowers	49.81	26.11	47.35	42.29	3.06
Interest accrued but not due on deposit with banks and others	12.50	10.24	15.07	18.60	78.67
Interest accrued but not due on government securities and certificates of deposit	67.15	-	-	-	-
Other current asset	0.62	0.02	0.96	1.80	-
	638.60	**466.38**	**275.73**	**236.37**	**222.93**

AU SMALL FINANCE BANK LIMITED
(Formerly Au Financiers (India) Limited)

ANNEXURE 23 : Restated Standalone Statement of Revenue from operations

(Rs. In Millions)

	For the year ended				
	March 31, 2017	**March 31, 2016**	**March 31, 2015**	**March 31, 2014**	**March 31, 2013**
Interest income and other charges on :					
Loan portfolio	12,630.97	9,616.32	6,049.57	4,742.80	3,138.62
Securitisation and direct assignment	1,441.45	753.38	659.24	655.54	710.72
Channel finance business	-	0.04	1.27	15.98	26.00
Bank deposits placed as collateral	97.51	99.57	160.12	240.77	231.22
	14,169.93	**10,469.31**	**6,870.20**	**5,655.09**	**4,106.56**

23.1 Information of assignment/securitisation activity as an originator :

Particulars		For the year ended				
		March 31, 2017	**March 31, 2016**	**March 31, 2015**	**March 31, 2014**	**March 31, 2013**
Total number of Loan assets assigned / securitized	Nos.	1,04,012	60,793	48,560	33,826	35,600
Total book value of the Loan assets assigned/securitized	(Rs. In Millions)	34,951.70	18,174.59	12,659.40	10,888.98	10,073.70
Sales consideration received for the assigned/securitized assets	(Rs. In Millions)	34,951.70	18,174.59	12,659.40	10,888.98	10,073.70
Income recognised in the statement of profit and loss (including income on MRR)	(Rs. In Millions)	2,605.78	1,740.12	1,257.60	800.80	711.63

Information with respect to outstanding guarantees and cash collaterals (At Par)

(Rs. In Millions)

Particulars	**TRANSACTIONS AT PAR**				
	As at March 31, 2017	**As at March 31, 2016**	**As at March 31, 2015**	**As at March 31, 2014**	**As at March 31, 2013**
Outstanding credit enhancements (first loss):					
Corporate guarantee	-	-	50.00	74.20	74.20
Cash collaterals (placed as bank deposits)	1,276.23	716.44	1,323.41	1,396.52	1,350.77
Outstanding credit enhancements (second loss):					
Guarantees provided by banks on behalf of the Company	1,670.30	840.82	1,286.20	1,363.31	877.70
Cash collateral placed in lieu of bank guarantee		-	-	-	-
Liquidity facility (utilised)	228.98	59.69	1.61	-	-
Liquidity facility (unutilised)	83.51	38.14	21.35	-	-
Cash margins / deposits pledged with the banks	293.41	106.76	215.48	264.92	203.06

Information with respect to outstanding guarantees and cash collaterals (At Premium)

(Rs. In Millions)

Particulars	**TRANSACTIONS AT PREMIUM**				
	As at March 31, 2017	**As at March 31, 2016**	**As at March 31, 2015**	**As at March 31, 2014**	**As at March 31, 2013**
Outstanding credit enhancements (first loss):					
Corporate guarantee	58.12	114.47	233.00	473.46	1,210.40
Cash collaterals (placed as bank deposits)	2.31	9.20	84.06	235.76	741.16
Outstanding credit enhancements (second loss):					
Guarantees provided by banks on behalf of the Company*	-	-	-	-	96.90
Cash collateral placed in lieu of bank guarantee	-	-	-	-	-
Liquidity facility (utilised)	-	-			-
Liquidity facility (unutilised)	-	-	-	-	-
Cash margins / deposits pledged with the banks	-	-	-	-	19.42

** Cash margins / deposits pledged with the banks, have not been netted off.*

Disclosure as per RBI guidelines for securitisation transactions

Particulars		**As at March 31, 2017**	**As at March 31, 2016**	**As at March 31, 2015**	**As at March 31, 2014**	**As at March 31, 2013**
No. of SPVs Sponsored by the NBFC for securitisation transactions	Nos.	34	20	17	12	7
Total amount of securitised assets as per books of the SPVs sponsored by the NBFC as on the date of the balance sheet	(Rs. In Millions)	26,277.68	11,816.06	9,235.11	9,951.17	7,153.70
Total amount of exposures retained by the NBFC to comply with minimum retention requirement (MRR) as on the date of						
a) Off balance sheet exposures						
First Loss	(Rs. In Millions)	-	-	-	-	-
Others	(Rs. In Millions)	-	-	-	-	-
b) On balance sheet exposures						
First Loss	(Rs. In Millions)	-	-	-	-	-
Others	(Rs. In Millions)	1,745.19	765.29	547.11	583.19	411.70
Amount of exposures to securitisation transaction other than MRR						
a) Off balance sheet exposures						
I) Exposure to own securitisations						
First Loss	(Rs. In Millions)	-	-	-	-	-
Others (Guarantees provided by banks on behalf of the Company *)	(Rs. In Millions)	1,670.30	790.82	668.40	511.21	244.30
II) Exposure to Third party securitisations						
First Loss	(Rs. In Millions)	-	-	-	-	-
Others	(Rs. In Millions)	-	-	-	-	-
b) On balance sheet exposures						
I) Exposure to own securitisations						
First Loss	(Rs. In Millions)	1,276.23	691.44	744.04	555.03	333.80
Others (Cash collateral placed in lieu of bank guarantee)	(Rs. In Millions)	-	-	-	-	-
II) Exposure to Third party securitisations						
First Loss	(Rs. In Millions)	-	-	-	-	-
Others (Cash collateral placed in lieu of bank guarantee)	(Rs. In Millions)	-	-	-	-	-

** Cash margins / deposits pledged with the banks, have not been netted off.*

ANNEXURE 24 : Restated Standalone Statement of Other income

(Rs. In Millions)

	For the year ended				
	March 31, 2017	**March 31, 2016**	**March 31, 2015**	**March 31, 2014**	**March 31, 2013**
Income received on investments	83.28	14.33	2.54	36.53	12.29
Provisions no longer required, written back	29.33	19.32	7.14	14.17	3.19
Miscellaneous income	22.67	16.54	14.20	7.41	8.80
	135.28	**50.19**	**23.88**	**58.11**	**24.28**

ANNEXURE 25 : Restated Standalone Statement of Employee benefit expenses

(Rs. In Millions)

	For the year ended				
	March 31, 2017	**March 31, 2016**	**March 31, 2015**	**March 31, 2014**	**March 31, 2013**
Salaries and other benefits (refer annexure 14(B))	1,623.09	1,442.41	877.91	628.30	483.80
Directors remuneration	157.48	49.28	20.76	32.35	14.26
Contribution to provident and other funds	65.93	42.15	31.13	23.60	17.44
Stock option expenditure	40.75	20.78	-	-	-
Staff welfare expenses	40.53	22.65	15.36	12.52	11.33
	1,927.78	**1,577.27**	**945.16**	**696.77**	**526.83**

25.1 Details of employees benefits

a) Defined contribution plan

Provident fund

The Company makes Provident Fund contributions to a defined contribution retirement benefit plans for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to the Provident Fund Commissioner to fund the benefits.

The Company recognized Rs. 51.61 millions for the year ended March 31, 2017, Rs. 32.89 millions for the year ended, March 31, 2016, Rs. 22.40 millions for the year ended March 31, 2015, Rs. 15.52 millions for the year ended March 31, 2014 and Rs 10.82 millions for the year ended March 31,2013 for provident fund contributions in the statement of profit and loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

b) Defined benefit plans

Gratuity

The Company operates defined gratuity plans, for its employees. Under the gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure @ 15 days of last drawn salary for each completed year of service. The Company has not created any fund for payment of gratuity.

The following table sets out the disclosures as required by revised Accounting Standard 15 for Gratuity

Statement of profit and loss

Net employee benefit expense recognized in the employee cost

(Rs. In Millions)

	For the year ended				
	March 31, 2017	**March 31, 2016**	**March 31, 2015**	**March 31, 2014**	**March 31, 2013**
Current service cost	18.60	15.49	9.65	6.42	5.11
Interest cost on benefit obligation	3.71	2.27	1.65	1.00	0.57
Expected return on plan assets	-	-	-	-	-
Net actuarial (gain)/loss recognized in the year	1.81	1.07	(0.73)	(1.28)	(0.00)
Net benefit expense	**24.12**	**18.83**	**10.57**	**6.14**	**5.68**

Balance sheet

Benefit asset/liability

	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
Present value of defined benefit obligation	69.86	46.40	28.32	18.32	12.17
Fair value of plan assets	-	-	-	-	-
Plan asset / (liability)	**69.86**	**46.40**	**28.32**	**18.32**	**12.17**

Changes in the present value of the defined benefit obligation are as follows:

	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
Opening defined benefit obligation	46.40	28.32	18.35	12.17	6.49
Current service cost	18.60	15.49	9.65	6.42	5.11
Interest cost	3.71	2.27	1.65	1.00	0.57
Benefit Paid During the Year	(0.66)	(0.75)	(0.60)	-	-
Actuarial (gain)/loss on obligation	1.81	1.07	(0.73)	(1.28)	(0.00)
Closing defined benefit obligation	**69.86**	**46.40**	**28.32**	**18.32**	**12.17**

The principal assumptions used in determining gratuity benefit obligations for the Company's plans are shown below:

	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
Discount rate	7.50%	8.00%	8.00%	9.00%	8.25%
Salary escalation rate	7.50%	7.50%	7.00%	7.00%	6.50%
Withdrawal rate	1.00%	1.00%	1.00%	1.00%	1.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Experience adjustment for the reported periods are as follows :

	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
Defined benefit obligation	69.86	46.38	28.32	18.32	12.17
Plan assets	-	-	-	-	-
Surplus / (deficit)	69.86	46.38	28.32	18.32	12.17
Experience adjustments on plan liabilities	1.81	1.07	(0.73)	(1.28)	(0.00)
Experience adjustments on plan assets	-	-	-	-	-

c) Other Benefits

The Company has provided for compensatory leaves which can be availed and not encashed as per policy of the Company as present value obligation of the benefit at related current service cost measured using the Projected Unit Credit Method on the basis of an actuarial valuation. The Company has accordingly booked Rs. 8.85 millions for the year ended March 31, 2017, Rs. 5.57 millions for the year ended March 31, 2016, reversed of Rs. 2.81 millions for the year ended March 31, 2015, booked Rs. 1.34 millions for the year ended March 31, 2014 and Rs 2.78 millions for the year ended March 31, 2013 in the books of account.

ANNEXURE 26 : Restated Standalone Statement of Finance cost

(Rs. In Millions)

	For the year ended				
	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Interest expense (refer annexure 26.1)	4,828.33	3,800.46	2,708.65	2,754.79	1,809.13
Other borrowing costs (refer annexure 26.2)	175.00	152.07	111.09	120.81	162.71
	5,003.33	**3,952.53**	**2,819.74**	**2,875.60**	**1,971.84**
26.1 Interest expense include interest on					
Subordinated debts (debenture/term loan)	438.32	339.15	239.79	216.99	135.52
Term loans/cash credit facilities/commercial Papers	2,182.57	1,501.62	1,295.23	1,489.32	1,265.27
Direct/Indirect taxes	0.65	0.24	8.62	2.11	1.54
Non-convertible debentures	2,173.12	1,933.01	1,144.25	904.15	340.00
Others	33.67	26.44	20.76	142.22	66.80
	4,828.33	**3,800.46**	**2,708.65**	**2,754.79**	**1,809.13**
26.2 Other borrowing costs include					
Resource mobilisation expenses	150.81	134.64	92.01	98.96	140.21
Bank charges and commission	24.19	17.43	19.08	21.85	22.50
	175.00	**152.07**	**111.09**	**120.81**	**162.71**

ANNEXURE 27 : Restated Standalone Statement of Other expenses

(Rs. In Millions)

	For the year ended				
	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Advertisement and publicity	33.39	32.14	9.55	2.82	3.32
Business promotion	20.23	15.92	12.13	13.12	20.92
Commission and brokerage	257.31	193.54	100.48	84.79	103.36
Communication	43.54	31.79	20.26	17.92	16.53
Director sitting fee	1.61	4.01	1.63	1.26	2.31
Donations and CSR	62.44	25.09	5.99	2.32	2.27
Electricity and water	36.07	21.28	14.03	11.22	9.68
Fee and subscription	4.10	4.58	3.59	0.44	0.83
Field investigation and credit control	3.42	2.75	2.44	2.84	3.65
Insurance	3.97	3.33	3.07	4.87	2.14
Legal and professional fee (refer annexure 14(B))	109.24	72.45	76.32	31.64	52.54
Loss on sale of repossessed assets	22.01	9.95	22.73	20.57	12.90
Sponsorship fees	9.68	0.43	-	-	-
Manpower supply cost	388.16	138.01	-	-	-
Office expenses	15.71	18.58	13.31	18.71	13.84
Postage and courier	10.52	9.99	7.38	7.64	7.68
Printing and stationery	11.47	7.24	6.81	9.71	13.40
Loss On Sale Of Fixed Assets	-	-	-	0.61	-
Rates and taxes (refer annexure 14(B))	2.80	0.81	0.60	7.28	0.48
Rent (refer annexure 27.1 and 14(B))	82.23	65.86	48.84	49.81	37.06
Repair and maintenance	92.62	13.26	13.62	11.31	7.68
Repossession expenses	70.17	51.90	31.05	11.01	11.17
Swachh Bharat Cess	4.95	1.16	-	-	-
Traveling and conveyance (refer annexure 14(B))	186.02	140.70	101.75	85.37	81.78
Valuation and RTO	2.72	3.50	3.12	3.18	2.67
Vat expenses	2.43	1.97	1.76	2.81	-
Share Issue Expenses	20.42	-		-	-
Auditor's remuneration					
-Audit fees	5.05	4.70	3.53	2.50	2.00
-Tax audit fees	0.40	0.30	0.45	0.45	0.40
-Other services	1.07	-	-	-	-
	1,503.75	**875.24**	**504.44**	**404.19**	**408.61**

27.1 The Company's significant leasing arrangements in terms of Accounting Standard 19 on Leases are in respect of operating leases for premises. These leasing arrangements, which are cancellable, generally range between 11 months and 36 months and are usually renewable by mutual consent on mutually agreeable terms.

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ANNEXURE 28 : Restated Standalone Statement of Provisions and write off

(Rs. In Millions)

	For the year ended				
	March 31, 2017	**March 31, 2016**	**March 31, 2015**	**March 31, 2014**	**March 31, 2013**
A. Provisions as at Current year					
Provision on old assigned cases	0.09	0.40	3.12	12.90	38.85
Provision on non performing assets	378.89	149.07	171.56	156.01	49.59
Provision for other doubtful loans and advances	2.29	4.79	-	-	1.12
Contingent provision against standard assets	229.59	173.36	88.16	62.83	46.47
	610.86	**327.62**	**262.84**	**231.74**	**136.02**
B. Provisions as at Previous year					
Provision on old assigned cases	0.40	3.12	12.90	38.85	75.50
Provision on non performing assets	149.07	171.56	156.01	49.59	17.43
Provision for other doubtful loans and advances	4.79	-	-	1.12	0.08
Contingent provision against standard assets	173.36	88.16	62.83	46.47	21.19
	327.62	**262.84**	**231.74**	**136.02**	**114.19**
Net provision made during the year (A-B)	**283.24**	**64.78**	**31.10**	**95.71**	**21.83**
C. Write off during the year (net of recoveries)					
Loan assets write off	553.20	280.83	375.23	365.99	53.90
Loss on settlement with borrowers	51.65	40.87	151.57	158.47	93.77
Recovery against loans written off	(121.36)	(129.66)	(71.37)	(13.00)	(1.73)
Write off during the year (net)	**483.49**	**192.04**	**455.43**	**511.46**	**145.94**
	766.73	**256.82**	**486.53**	**607.17**	**167.77**

28.1 The Reserve Bank of India vide circular No.DBR.No.BP.BC.37/21.04.048/2016-17 dated November 21, 2016 and DBR.No.BP.BC.49/21.04.048/2016-17 dated December 28, 2016 provided a dispensation whereby a short-term deferment of 90 days could be applied to dues payable between November 1, 2016 to December 31, 2016 for the purpose of classification of loan accounts as sub-standard. However, the Company has not applied the said dispensation and has continued to identify loans as sub-standard as at March 31, 2017 in accordance with the extant provisioning policy of the Company detailed in note 5.3(k).

28.2 Provisions and Contingencies

Break up of Provisions and Contingencies shown in Statement of Profit and Loss	For the year ended				
	March 31, 2017	**March 31, 2016**	**March 31, 2015**	**March 31, 2014**	**March 31, 2013**
Provisions for depreciation on Investment	-	-	-	-	-
Provision towards NPA	229.82	(22.49)	15.55	106.42	32.16
Provision for Standard Assets	56.23	85.20	25.33	16.36	25.28
Provision for income tax and deferred tax	3,322.15	1,300.89	678.56	371.11	333.10
Other Provision and Contingencies					
i) 'Provision on old assigned cases	(0.31)	(2.72)	(9.78)	(25.95)	(36.65)
ii)Provision for leave availment	8.84	5.57	(2.80)	1.33	2.78
iii)Provision for gratuity	23.47	18.07	9.99	6.15	5.68
iv)Provision for bonus	267.03	80.00	60.00	40.00	35.00
v)Provision for other doubtful loans and advances	(2.50)	4.79	-	(1.12)	1.04

28.3 Movement of NPA

Particulars	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
Net NPAs to Net Advances (%)	1.05%	0.38%	0.44%	0.62%	0.27%
Movement of NPAs (Gross)					
(a) Opening balance	370.61	326.50	312.02	99.17	34.86
(b) Additions during the year	1,029.10	338.63	316.76	309.27	98.50
(c) Reductions during the year (including loans written off)	(327.41)	(294.52)	(302.28)	(96.42)	(34.19)
(d) Closing balance	1,072.30	370.61	326.50	312.02	99.17
Movement of Net NPAs					
(a) Opening balance	221.54	154.94	156.01	49.58	17.43
(b) Additions during the year	676.68	206.84	150.07	154.64	49.24
(c) Reductions during the year	(204.81)	(140.24)	(151.14)	(48.21)	(17.09)
(d) Closing balance	693.41	221.54	154.94	156.01	49.58
Movement of provisions for NPAs					
(a) Opening balance	149.07	171.56	156.01	49.59	17.43
(b) Provisions made during the year	352.43	131.79	166.69	154.63	49.26
(c) Write-off / write-back of excess provisions	(122.61)	(154.28)	(151.14)	(48.21)	(17.10)
(d) Closing balance	378.89	149.07	171.56	156.01	49.59

ANNEXURE 29 : Restated Standalone Statement of Tax Expenses

(Rs. In Millions)

	For the year ended				
	March 31, 2017	**March 31, 2016**	**March 31, 2015**	**March 31, 2014**	**March 31, 2013**
Current tax	3,104.84	1,150.78	756.58	507.70	401.34
Deferred tax	172.75	152.62	(57.63)	(149.58)	(69.01)
Adjustment of tax relating to earlier periods	44.56	(2.51)	(20.39)	12.99	0.77
Total tax expenses	**3,322.15**	**1,300.89**	**678.56**	**371.11**	**333.10**

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ANNEXURE 30 : Restated Standalone Statement of Earning Per share

(Rs. In Millions)

	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
Profit/ (loss) after tax **(A)**	8,427.13	2,471.54	1,394.50	725.40	693.58
Less: Exceptional item (net of tax)	5,168.58	-	-	-	-
Net profit excluding exceptional item **(B)**	3,258.55	2,471.54	1,394.50	725.40	693.58
Weighted average number of equity shares in calculating basic EPS **(C)**	27,23,85,729	26,44,84,512	26,27,21,166	24,29,87,704	20,39,55,093
Effect of dilution:					
Add: Effect of dilution - Stock option granted to employees	51,79,083	17,04,362	-	-	-
Add: Effect of dilution - Convertible Preference Shares	-	-	-	-	3,88,68,657
Weighted average number of equity shares in calculating diluted EPS **(D)**	27,75,64,812	26,61,88,874	26,27,21,166	24,29,87,704	24,28,23,750
Earning per share including exceptional item					
Basic (In Rs.) **(A / C)**	30.94	9.34	5.31	2.99	3.40
Diluted (In Rs.) **(A / D)**	30.36	9.28	5.31	2.99	2.86
Nominal value per share (In Rs.)	10.00	10.00	10.00	10.00	10.00
Earning per share excluding exceptional item					
Basic (In Rs.) **(B / C)**	11.96	9.34	5.31	2.99	3.40
Diluted (In Rs.) **(B / D)**	11.74	9.28	5.31	2.99	2.86
Nominal value per share (In Rs.)	10.00	10.00	10.00	10.00	10.00

Note:

The number of equity shares and resultant EPS and DPS in respect of financial year ended March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013 considered above is adjusted for the issue of bonus shares in the financial year ended March 31, 2017 in the ratio of 5:1.

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ANNEXURE 31 : Restated Standalone Statement of Additional information

ANNEXURE 31.1 : Restated Standalone Statement of Related party disclosures

Names of related parties and related party relationship

Related parties where control exists	
Subsidiaries	Aavas Financiers Limited (formerly known as Au Housing Finance Limited) (Upto June 22, 2016)
	Index Money Limited (Upto June 16, 2016)
Other related parties with whom transactions have been taken place during the year	
Associates	Au Insurance Broking Services Private Limited (Upto December 8, 2016)
	M Power Micro Finance Private Limited (Upto September 07, 2016)
Enterprises over which Key management personnel has significant influence	M Power Micro Finance Private Limited.
Key management personnel	Mr. Sanjay Agarwal, Managing Director and CEO
	Mr. Uttam Tibrewal, Whole Time Director
	Mr. Deepak Jain, Chief Financial Officer
	Mr. Manmohan Parnami, Company Secretary
Relatives of key management personnel	Mr. Subhash Tibrewal, brother of Mr. Uttam Tibrewal (upto Financial year ended March 31, 2015)

a. Loans given and repayment there of **(Rs. In Millions)**

Name of related party	For the year ended	Loans given	Repayment of loans given	Interest due	Interest Received	Amount owed by related parties
Subsidiaries						
Aavas Financiers Limited (formerly known as Au Housing Finance Limited)	Mar 31, 2017	-	-	-	-	-
	Mar 31, 2016	1,194.50	1,194.50	1.26	1.26	-
	Mar 31, 2015	3,381.45	3,445.95	10.37	10.37	-
	Mar 31, 2014	2,428.97	2,364.47	16.60	16.60	64.50
	Mar 31, 2013	1,175.40	1,175.40	6.93	6.93	-
Index Money Limited	Mar 31, 2016	-	-	-	-	-
	Mar 31, 2015	1.20	1.20	-	-	-
	Mar 31, 2014	-	-	-	-	-
	Mar 31, 2013	-	-	-	-	-
Associates/Enterprises over which Key management personnel has significant influence						
M Power Micro Finance Private Limited	Mar 31, 2017	447.50	447.50	2.72	2.72	-
	Mar 31, 2016	562.37	663.03	2.53	2.53	-
	Mar 31, 2015	225.00	125.00	1.84	1.18	100.66
	Mar 31, 2014	20.00	20.00	0.14	0.14	-
	Mar 31, 2013	-	-	-	-	-
Au Insurance Broking Service Private Limited	Mar 31, 2013	6.50	6.50	0.01	0.01	-

Loans given to related parties are repayable on demand. These loans carry interest @ of 12% to 17% p.a.

b. Remuneration to key managerial personnel **(Rs. In Millions)**

	For the year ended				
	March 31, 2017*	**March 31, 2016**	**March 31, 2015**	**March 31, 2014**	**March 31, 2013**
Mr. Sanjay Agarwal, Managing Director and CEO	324.72	32.27	8.98	18.90	18.31
Mr. Uttam Tibrewal, Whole Time Director	82.76	17.14	11.78	13.44	11.95
Mr. Deepak Jain, Chief Financial Officer	28.84	12.72	8.66	8.79	-
Mr. Manmohan Parnami, Company Secretary	3.75	3.18	2.91	2.85	-
Total	**440.07**	**65.31**	**32.33**	**43.98**	**30.26**

Note:

1. The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.
2. *Includes special bonus paid to Key Managerial Personnel in connection with the transactions disclosed as exceptional item (refer Annexure 31.6).

c. Other transactions

(Rs. In Millions)

Name of related party	Nature of related party	Nature of transactions	For the year ended									
			March 31, 2017		March 31, 2016		March 31, 2015		March 31, 2014		March 31, 2013	
			Amount received during the year	Amount paid during the year	Amount received during the year	Amount paid during the year	Amount received during the year	Amount paid during the year	Amount received during the year	Amount paid during the year	Amount received during the year	Amount paid during the year
Aavas Financiers Limited (formerly known as Au Housing Finance Limited)	Subsidiary company	Investment (Shares)	-	-	-	700.00	-	300.00	-	200.00	-	-
Aavas Financiers Limited (formerly known as Au Housing Finance Limited)	Subsidiary company	Reimbursement of expenses	0.90	0.25	15.96	2.18	12.96	4.03	5.21	1.03	6.94	0.03
Aavas Financiers Limited (formerly known as Au Housing Finance Limited)	Subsidiary company	Reimbursement of Statutory payments	3.18	-	18.09	-	10.36	-	7.02	-	-	-
Index Money Limited	Subsidiary company	Reimbursement of expenses	-	-	-	-	0.00	-	0.02	-	-	-
Index Money Limited	Subsidiary company	Reimbursement of Statutory payments	-	-	1.79	-	0.40	-	3.46	-	0.33	-
Index Money Limited	Subsidiary company	Advisory fee	-	-	-	0.01	-	0.40	-	0.61	-	-
Au Insurance Broking Services Private Limited	Associate company	Reimbursement of expenses	0.73	-	0.91	0.27	2.35	-	1.62	-	3.28	-
Au Insurance Broking Services Private Limited	Associate company	Investment (Shares)	-	-	-	-	-	-	-	-	-	0.65
Au Insurance Broking Services Private Limited	Associate company	Reimbursement of statutory payments	1.33	-	4.64	-	3.71	-	3.27	-	1.91	-
M Power Micro Finance Private Limited	Associates/Enterprises over which Key management personnel has significant influence	Service fees paid	-	-	-	0.16	-	-	-	-	-	-
Mr. Sanjay Agarwal	Managing Director & CEO	Issue of Equity Shares of Company	1,589.23	-	-	-	-	-	-	-	-	-
Mr. Sanjay Agarwal	Managing Director & CEO	Purchase of Flat	-	11.30	-	-	-	-	-	-	-	-
Mr. Sanjay Agarwal	Managing Director & CEO	Rent	-	0.43	-	0.78	-	0.71	-	0.64	-	0.58
Mr. Uttam Tibrewal	Whole Time Director	Issue of Equity Shares of Company	105.00	-	-	-	-	-	-	-	-	-
Mr. Deepak Jain	Chief Financial Officer	Issue of Equity Shares of Company	21.00	-	-	-	-	-	-	-	-	-
Mr. Subhash Tibrewal	Relative of KMP's	Salary and Bonus	-	-	-	-	-	2.07	-	2.53	-	2.05

(Rs. In Millions)

Name of related party	Nature of related party	Nature of transactions	For the year ended				
			March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Aavas Financiers Limited (formerly known as Au Housing Finance Limited)	Subsidiary company	Corporate guarantee	-	3,441.72	3,313.27	3,186.21	2,300.00
Mr. Sanjay Agarwal	Managing Director & CEO	Personal guarantee on behalf of Company	10,550.88	10,229.92	6,016.44	7,086.70	19,738.20
Mr. Sanjay Agarwal and Mr. Uttam Tibrewal	Managing Director & CEO and Whole Time Dire	Personal guarantee on behalf of Company	300.00	552.02	1,068.34	1,494.45	2,400.00
Mr. Sanjay Agarwal & Mrs. Jyoti Agarwal	Managing Director & CEO and Shareholder	Personal guarantee on behalf of Company	526.40	1,336.31	1,716.49	2,495.38	-
Mr. Sanjay Agarwal	Managing Director & CEO	Equity shares pledged	-	-	38.09	919.61	900.00
Mr. Sanjay Agarwal	Managing Director & CEO	Property pledged	-	-	492.86	759.82	1,850.00

d. Outstanding Balances of Related Party

(Rs. In Millions)

Name of related party	Nature of related party	Nature of transactions	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
Aavas Financiers Limited (formerly known as Au Housing Finance Limited)	Subsidiary	Reimbursement of expenses	-	-	-	0.24	0.43
Aavas Financiers Limited (formerly known as Au Housing Finance Limited)	Subsidiary	Investment (Shares)	-	1,472.50	772.50	472.50	272.50
Au Insurance Broking Services Private Limited	Associate	Investment (Shares)	-	1.95	1.95	1.95	1.95
Au Insurance Broking Services Private Limited	Associate	Reimbursement of expenses	-	-	-	0.04	-
Index Money Limited	Subsidiary company	Investment (Shares)	-	30.95	30.95	30.95	30.95
M Power Micro Finance Private Limited	Associate/ Enterprises over which Key management personnel has significant influence	Investment (Shares)	10.51	45.00	45.00	45.00	-

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ANNEXURE 31 : Restated Standalone Statement of Additional information

ANNEXURE 31.2 : Restated Standalone statement of Capital and other commitments:

(Rs. In Millions)

	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
Estimated amount of contracts remaining to be executed on capital accounts not provided for :					
Property, Plant and Equipment	514.27	-	1.68	-	-
Intangible assets	325.93	14.25	0.04	-	1.50
Loan sanctioned but not disbursed	343.40	94.84	139.32	109.10	-
	1,183.60	**109.09**	**141.04**	**109.10**	**1.50**

ANNEXURE 31.3 :Restated Standalone statement of Contingent liability not provided for :

(Rs. In Millions)

	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
Credit enhancements provided by the Company towards asset assignment / securitisation (including cash collaterals, principal and interest subordination)	3,041.77	1,622.78	2,402.30	3,808.17	4,573.61
Corporate Guarantees/Corporate Undertakings in case of Channel business activity	-	5.72	59.74	257.79	734.80
Corporate Guarantees on borrowings taken by other companies (Aavas Financiers Limited (formerly known as Au Housing Finance Limited))	1,280.40	3,441.72	3,313.27	3,186.21	2,300.00
Claims against the Company not acknowledged as debts *	28.15	18.76	22.60	9.39	3.89
Value added tax	1.39	1.39	1.39	1.39	-
Income tax demand #	47.26	7.15	6.56	4.59	0.91
Service tax	204.75	205.14	120.96	120.96	-

The claims against the Company comprise of :

* Claims by borrowers consequent to actions against them by the Company in case of defaults and/or repossession of secured assets. The Company has been advised by its legal division that liability is possible, but not probable and according no provision for such liability has been recognised in the financial statements.

As on March 31, 2017, Income tax demand of Rs. 1.60 millions from the Indian tax authorities for payment of tax of financial year 2012-13 upon completion of their tax review. The tax demands are mainly on account of disallowance of expenses which are being contested in appeal before the Income Tax Appeals Tribunal (ITAT) and is pending for disposal. Income tax demand of Rs. 45.66 Millions from the Indian tax authorities for payment of tax of financial year 2013-14 upon completion of their tax review. The tax demands are mainly on account of disallowance of expenses which are being contested in appeal before the Commissioner of Income Tax Appeals, Jaipur and is pending for disposal. Out of total demand of Rs. 45.66 Millions, Rs. 21.60 Millions adjusted by the Indian income tax authority from the refund claimed by The Company and Rs. 3.60 Millions has deposited at the time of appeal filing in front of Commissioner of Income tax appeals, Jaipur.

As on March 31, 2016, Income tax demand of Rs. 0.95 millions, Rs. 2.73 millions, Rs. 1.86 millions and Rs. 1.59 millions from the Indian tax authorities for payment of tax of financial year 2009-10, 2010-11, 2011-12 and 2012-13 respectively upon completion of their tax review. The tax demands are mainly on account of disallowance of expenses which are being contested in appeal before the Commissioner of Income Tax (Appeals)/ Income Tax Appeals Tribunal (ITAT) and is pending for disposal. The Company has deposited the demand but has not recognized the provision pending disposal of appeal.

As on March 31, 2015, Income tax demand of Rs. 0.91 millions, Rs. 0.95 millions, Rs. 2.73 millions and Rs. 1.86 millions from the Indian tax authorities for payment of additional tax of financial year 2008-09, 2009-10, 2010-11 and 2011-12 respectively upon completion of their tax review. The tax demands are mainly on account of disallowance of expenses which are being contested in appeal before the Commissioner of Income Tax (Appeals) and is pending for disposal. The company has deposited the demand but has not recognised the provision pending disposal of appeal.

As on March 31, 2014, Income tax demand of Rs. 0.91 millions, Rs. 0.95 millions and Rs. 2.73 millions from the Indian tax authorities for payment of additional tax of financial year 2008-09, 2009-10 & 2010-11 respectively upon completion of their tax review. The tax demands are mainly on account of disallowance of expenses which are being contested in appeal before the Commissioner of Income Tax (Appeals) and is pending for disposal. The company has deposited the demand but has not recognised the provision pending disposal of appeal.

As on March 31, 2013, Income tax demand comprise demand of Rs 0.91 millon from the Indian tax authorities for payment of additional tax of financial year 2008-09, upon completion of their tax review for the financial year 2008-09. The tax demands are mainly on account of disallowance of expenses which are being contested in appeal before the Commissioner of Income Tax (Appeals) and is pending for disposal. The company has deposited the demand but has not recognised the provision pending disposal of appeal.

As on March 31, 2017 Service tax demand of Rs. 120.96 Millions lacs (up to September 2013) and Rs. 83.79 Millions lacs (for the period from October 2013 to March 2015) respectively received from the Service Tax authorities. The Company has filed an appeal against the order before the Custom Excise and Service Tax Appellate Tribunal (CESTAT) and has deposited Rs.9.07 Millions under protest. The tax demand is mainly on collection agency service on portfolio assigned/securitized to banks/financial institution/non-banking financial institutions.

As on March 31 2016, Service tax demand of Rs. 120.96 millions (up to September 2013) and show cause notice for Rs. 83.79 millions (for the period from October 2013 to March 2015) received from the Service Tax authorities. Company has appealed to Commissioner – Service Tax in this matter and Commissioner has given the decision in favor of department. Company has deposited Rs. 15.37 millions against appeal to CESTAT. The tax demand is mainly on collection agency service on portfolio assigned/securitized to banks/financial institution/non-banking financial institutions.

As on March 31, 2015, Service tax demand of Rs. 120.96 millions from the Indian tax authorities for payment of additional tax up to September 2013. Company has appealed to Commissioner – Service Tax in this matter and Commissioner has given the decision in favor of department. Now company has applied to Custom Excise & Service Tax Appellate Tribunal (CESTAT) at Delhi on may 22, 2015. Company has deposited Rs. 9.07 millions against appeal to CESTAT. The tax demand is mainly on account of collection agency Service valuation amount on portfolio assigned/securitized to banks/financial institution/non banking financial institutions.

As on March 31, 2014 Service tax demand of Rs. 120.96 millions from the indian tax authorities for payment of additional tax upto September 2013. Company has paid Rs. 7.50 millions under protest against the said demand. The tax demand is mainly on account of collection agency Service valuation amount on portfolio assigned/securitized to banks/financial institution/non banking financial institutions.

ANNEXURE 31.4 :Restated Standalone statement of Segment Reporting

The Company operates in a single reportable segment i.e. lending to borrowers, which have similar risks and returns for the purpose of AS 17 on 'Segment Reporting' specified under section 133 of the Companies act 2013, read with rule 7 of the companies (Accounts) Rules, 2014. The Company operates in a single geographical segment i.e. domestic.

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ANNEXURE 31 : Restated Standalone Statement of Additional information

ANNEXURE 31.5 :Restated Standalone statement of Stock options

The Company has provided various share-based payment schemes to its Directors and Employees. The plans in operation are Plan A, Plan B and Plan C. The numerical A1, A2, B1, B2, B3, B4, C1, C2 and C3 represents different grants made under these plans. During the year ended March 31, 2017, the following series were in operation:

Particulars	Plan A1	Plan A2	Plan B1	Plan B2	Plan B3	Plan B4	Plan C1	Plan C2	Plan C3
Date of grant	Aug 31, 2015	Aug 23, 2016	Aug 31, 2015	Aug 23, 2016	Nov 11, 2016	Jan 24, 2017	Nov 11, 2016	Jan 24, 2017	Feb 22, 2017
Date of Board / Compensation Committee approval	Aug 10, 2015	Aug 23, 2016	Aug 10, 2015	Aug 23, 2016	Nov 11, 2016	Jan 24, 2017	Nov 11, 2016	Jan 24, 2017	Feb 22, 2017
Number of Options granted	33,38,436	4,18,512	28,62,846	10,92,654	36,000	30,000	11,700	1,85,900	70,700
Method of settlement	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity
Graded vesting period:									
1st vesting "12 months from the date of grant or on the date of proposed initial public offer of Company`s equity shares, whichever is later"	20%	20%	20%	20%	20%	20%	NA	NA	NA
1st vesting "12 months from the date of grant or one year from the date of proposed initial public offer of Company`s equity shares, which ever is later"	NA	NA	NA	NA	NA	NA	20%	20%	20%
2nd vesting "On expiry of one year from the 1st vesting date"	30%	30%	30%	30%	30%	30%	30%	30%	30%
3rd vesting "On expiry of two years from the 1st vesting date"	50%	50%	50%	50%	50%	50%	50%	50%	50%
Exercise period	4 years from the 1st vesting date						6 years from the 1st vesting date		
Vesting conditions	Continuous service						Continuous service		
Weighted average remaining contractual life (years)	4.50	4.50	4.50	4.50	4.62	4.82	7.51	7.51	7.51
Weighted average exercise price per option (Rs.)	10.11	10.11	33.37	33.37	33.37	33.37	140.00	140.00	140.00

Note:
Number of options and exercise prices disclosed above are adjusted for the issue of bonus shares during the current year in the ratio of 5:1.

The Company has provided various share-based payment schemes to its Directors and Employees. The plans in operation are Plan A and Plan B. The numerical A1 and B1 represents different grants made under these plans. During the year ended March 31, 2016, the following series were in operation:

Particulars	Plan A1	Plan B1
Date of grant	Aug 31, 2015	Aug 31, 2015
Date of Board / Compensation Committee approval	Aug 10, 2015	Aug 10, 2015
Number of Options granted	33,38,436	28,62,846
Method of settlement	Equity	Equity
Graded vesting period:		
1st vesting "12 months from the date of grant or on the date of proposed initial public offer of Company`s equity shares (currently estimated September 30, 2017) whichever is later"	20%	20%
1st vesting "12 months from the date of grant or one year from the date of proposed initial public offer of Company`s equity shares, which ever is later"	NA	NA
2nd vesting "On expiry of one year from the 1st vesting date"	30%	30%
3rd vesting "On expiry of two years from the 1st vesting date"	50%	50%
Exercise period	4 years from the 1st vesting date	
Vesting conditions	Continuous service	
Weighted average remaining contractual life (years)	4.50	4.50
Weighted average exercise price per option (Rs.)	10.11	33.37

Note:
Number of options and exercise prices disclosed above are adjusted for the issue of bonus shares during the current year in the ratio of 5:1.

Reconciliation of grants in operation during the year ended March 31, 2017 have been summarised below:

Particulars	March 31, 2017								
	Plan A1	Plan A2	Plan B1	Plan B2	Plan B3	Plan B4	Plan C1	Plan C2	Plan C3
Options outstanding at the beginning of the year	33,38,418	-	28,62,846	-	-	-	-	-	-
Granted during the year	-	4,18,512	-	10,92,654	36,000	30,000	11,700	1,85,900	70,700
Forfeited during the year	-	-	-	-	-	-	-	-	-
Exercised during the year	-	-	-	-	-	-	-	-	-
Expired during the year	(3,18,864)	-	(59,892)	(85,824)	-	-	-	-	-
Outstanding at the end of the year	30,19,554	4,18,512	28,02,954	10,06,830	36,000	30,000	11,700	1,85,900	70,700
Exercisable at the end of the year	-	-	-	-	-	-	-	-	-

Reconciliation of grants in operation during the year ended March 31, 2016 have been summarised below:

Particulars	March 31, 2016								
	Plan A1	Plan A2	Plan B1	Plan B2	Plan B3	Plan B4	Plan C1	Plan C2	Plan C3
Options outstanding at the beginning of the year	-	-	-	-	-	-	-	-	-
Granted during the year	33,38,418	-	28,62,846	-	-	-	-	-	-
Forfeited during the year	-	-	-	-	-	-	-	-	-
Exercised during the year	-	-	-	-	-	-	-	-	-
Expired during the year	-	-	-	-	-	-	-	-	-
Outstanding at the end of the year	33,38,418	-	28,62,846	-	-	-	-	-	-
Exercisable at the end of the year	-	-	-	-	-	-	-	-	-

Details of stock options granted during the year ended March 31, 2017:

Plan A & B: The weighted average fair value of stock options granted during the year was Rs. 43.50 (Plan A2), Rs 30.82 (plan B2), Rs 68.12 (plan B3), Rs 68.12 (plan B4), Rs. 39.84 (plan C1), Rs. 38.85 (plan C2) and Rs. 38.45 (plan C3).
The Black-Scholes Model has been used for computing the weighted average fair value considering the following:

Particulars	Plan A2		
	Tranche vesting in FY 2017-18	Tranche vesting in FY 2018-19	Tranche vesting in FY 2019-20
Share price on the date of grant (Rs.)	51.05	51.05	51.05
Exercise price (Rs.)	10.11	10.11	10.11
Expected volatility (%)	49.91%	49.91%	49.91%
Life of the options granted (years)	3.10	3.60	4.10
Risk-free interest rate (%)	6.86%	6.86%	6.86%
Expected dividend rate (%)	0%	0%	0%
Fair value of the option (Rs.)	43.07	43.40	43.74

Particulars	Plan B2			Plan B3			Plan B4		
	Tranche vesting in FY 2017-18	Tranche vesting in FY 2018-19	Tranche vesting in FY 2019-20	Tranche vesting in FY 2017-18	Tranche vesting in FY 2018-19	Tranche vesting in FY 2019-20	Tranche vesting in FY 2017-18	Tranche vesting in FY 2018-19	Tranche vesting in FY 2019-20
Share price on the date of grant (Rs.)	51.05	51.05	51.05	92.25	92.25	92.25	92.25	92.25	92.25
Exercise price (Rs.)	33.37	33.37	33.37	33.37	33.37	33.37	33.37	33.37	33.37
Expected volatility (%)	49.91%	49.91%	49.91%	49.91%	49.91%	49.91%	49.91%	49.91%	49.91%
Life of the options granted (years)	3.10	3.60	4.10	3.00	3.50	4.00	3.00	3.50	4.00
Risk-free interest rate (%)	6.86%	6.86%	6.86%	6.86%	6.86%	6.86%	6.86%	6.86%	6.86%
Expected dividend rate (%)	0%	0%	0%	0%	0%	0%	0%	0%	0%
Fair value of the option (Rs.)	28.31	29.57	30.69	66.50	67.81	68.95	66.50	67.81	68.95

Particulars	Plan C1			Plan C2			Plan C3		
	Tranche vesting in FY 2017-18	Tranche vesting in FY 2018-19	Tranche vesting in FY 2019-20	Tranche vesting in FY 2017-18	Tranche vesting in FY 2018-19	Tranche vesting in FY 2019-20	Tranche vesting in FY 2017-18	Tranche vesting in FY 2018-19	Tranche vesting in FY 2019-20
Share price on the date of grant (Rs.)	92.25	92.25	92.25	92.25	92.25	92.25	92.25	92.25	92.25
Exercise price (Rs.)	140.00	140.00	140.00	140.00	140.00	140.00	140.00	140.00	140.00
Expected volatility (%)	49.91%	49.91%	49.91%	49.91%	49.91%	49.91%	49.91%	49.91%	49.91%
Life of the options granted (years)	4.89	5.39	5.89	4.68	5.18	5.69	4.61	5.11	5.61
Risk-free interest rate (%)	6.86%	6.86%	6.86%	6.86%	6.86%	6.86%	6.86%	6.86%	6.86%
Expected dividend rate (%)	0%	0%	0%	0%	0%	0%	0%	0%	0%
Fair value of the option (Rs.)	36.34	39.18	41.63	35.31	38.18	40.66	35.16	37.72	40.21

Note:
Number of options and exercise prices disclosed above are adjusted for the issue of bonus shares during the current year in the ratio of 5:1.

ANNEXURE 31 : Restated Standalone Statement of Additional information

Details of stock options granted during the year ended March 31, 2016:

Plan A & B: The weighted average fair value of stock options granted during the year was Rs. 32.03 (Plan A1) and Rs 21.31 (plan B1).

The Black-Scholes Model has been used for computing the weighted average fair value considering the following:

Particulars	Plan A1			Plan B1		
	Tranche vesting in FY 2017-18	Tranche vesting in FY 2018-19	Tranche vesting in FY 2019-20	Tranche vesting in FY 2017-18	Tranche vesting in FY 2018-19	Tranche vesting in FY 2019-20
Share price on the date of grant (Rs.)	38.70	38.70	38.70	38.70	38.70	38.70
Exercise price (Rs.)	10.11	10.11	10.11	33.37	33.37	33.37
Expected volatility (%)	47.90%	47.90%	47.90%	47.90%	47.90%	47.90%
Life of the options granted (years)	4.100	4.600	5.100	4.100	4.600	5.100
Risk-free interest rate (%)	7.80%	7.80%	7.80%	7.80%	7.80%	7.80%
Expected dividend rate (%)	0%	0%	0%	0%	0%	0%
Fair value of the option (Rs.)	31.60	31.93	32.25	20.03	21.07	21.97

Note:

Number of options and exercise prices disclosed above are adjusted for the issue of bonus shares during the current year in the ratio of 5:1.

The Company measures the cost of ESOP using the intrinsic value method. Had the Company used the fair value model to determine compensation, its profit after tax and earnings per share as reported would have changed to the amounts indicated below:

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Profit after tax as reported (Rs. In Millions)	**8,427.13**	**2,471.54**
Add: ESOP cost using intrinsic value method (net of tax) (Rs. In Millions)	26.64	13.59
Less: ESOP cost using fair value method (net of tax) (Rs. In Millions)	40.87	20.24
Profit after tax (adjusted) (Rs. In Millions)	**8,412.90**	**2,464.89**
Earnings Per Share		
Basic		
- As reported	30.94	9.34
- Adjusted for ESOP cost using fair value method	30.89	9.32
Diluted		
- As reported	30.36	9.28
- Adjusted for ESOP cost using fair value method	30.31	9.26

(Rs. In Millions)

Particulars	As at March 31, 2017	As at March 31, 2016
Stock options outstanding (gross)	140.10	112.81
Deferred compensation cost outstanding	78.57	92.03
Stock options outstanding (net)	**61.53**	**20.78**

31.6 During the year March 31, 2017, the Company sold its investment in subsidiary companies viz. Aavas Financiers Limited (formerly known as Au Housing Finance Limited) and Index Money Limited and associate companies viz. M Power Micro Finance Private Limited and Au Insurance Broking Services Private Limited. The profit on sale of these investments (net of the expenses incurred in connection with such sale) of Rs.6,703.49 Millions (Rs.5,168.58 Millions, net of tax) has been disclosed as an exceptional item in the financial statements.

The profit after tax excluding the impact of such exceptional item is Rs.3,258.55 millions during the year ended March 31, 2017 and the resultant basic and diluted earnings per share is Rs. 11.96 and Rs.11.74, respectively.

ANNEXURE 31.7 : Restated Standalone statement of Details of Specified Bank Notes (SBNs) held and transacted by the Company during the period November 8, 2016 to December 30, 2016

(Rs. In Millions)

Particulars	SBNs	Other denominati on notes	Total
Closing cash in hand as on November 8, 2016 [note (b)]	39.99	4.45	44.44
(+) Permitted receipts [note (c)]	-	986.51	986.51
(-) Permitted payments [note (d)]	-	(196.19)	(196.19)
(-) Amount deposited in Banks	(39.99)	(763.59)	(803.58)
Closing cash in hand as on December 30, 2016	-	31.18	31.18

Notes:

(a) Under the technology and processes operated by the Company, details of the denomination of notes are not available for all types of cash receipts and payments made by the Company. However, the Company has established a process to monitor the denomination of the notes for the end of day cash balance through daily cash reports submitted by the branches.

(b) Includes amounts collected by the Company from its loan borrowers against receipts issued on November 8, 2016. These amounts have been accounted on November 9, 2016 in the ordinary course of business, based on the field collection data received from collection officers in respect of the previous day.

(c) Permitted receipts in other denomination notes include collections made by the Company from its loan borrowers towards regular loan obligations and withdrawals from bank accounts during the period from November 9, 2016 to December 30, 2016 in the ordinary course of business. The Company had implemented interim measures and controls to ensure no transactions are carried out in SBNs. Accordingly, no instances have been reported of any non-permitted receipts or payments being made by the Company.

(d) Permitted payments in other denomination notes include disbursement of loans to its borrowers and other cash payments in the ordinary course of business.

(e) In addition to the amounts indicated in the above table, the borrowers of the Company have directly deposited amounts aggregating Rs.133.50 Millions in the Company's bank accounts through cash and electronic fund transfers. The identification of cash deposits from such amount and the denomination wise details thereof are not available with the Company except for Rs.0.55 Millions deposited in SBNs in one bank account of the Company.

ANNEXURE 31.8 :Restated Standalone Statement of Disclosure as per RBI guidelines:-

(A) Capital adequacy ratio

Particulars	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
CRAR (%)	23.21%	16.91%	17.29%	18.75%	18.33%
CRAR - Tier I capital (%)	21.08%	13.47%	15.79%	15.70%	14.85%
CRAR - Tier II capital (%)	2.13%	3.44%	1.50%	3.05%	3.48%
Amount of subordinated debt raised as Tier-II Capital (Rs in millions)	3,300.00	3,550.00	1,750.00	1,750.00	1,300.00
Amount raised by issue of Perpetual Debt Instruments	-	-	-	-	-

(B) Exposures to Real Estate Sector

(Rs. In Millions)

Category	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
(A) Direct Exposure-					
Residential Mortgages-					
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;	Nil	Nil	Nil	Nil	Nil
Commercial Real Estate-					
Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	6,806.20	7,314.28	4,918.49	1,758.46	Nil
Investments in Mortgage Backed					
(a) Residential	Nil	Nil	Nil	Nil	Nil
(b) Commercial Real Estate.	Nil	Nil	Nil	Nil	Nil
(B) Indirect Exposure					
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFC's).	660.35	2,035.67	956.38	586.33	272.50

Of the loans given against the mortgage of any real estate, only those loans have been classified as an exposure to commercial real estate, the prospects for repayment in respect of which depend primarily on the cash flows generated by such mortgaged asset (including the recovery in the event of default).

31.9 Litigation

The Company has certain litigations pending with the income tax authorities, service tax authorities and other litigations which have arisen in the ordinary course of business. The Company has reviewed all such pending litigations having an impact on the financial position, and has adequately provided for where provision is required and disclosed the contingent liabilities where applicable, in its financial statements. Refer annexure 31.3 for items disclosed as contingent liabilities.

31.10 As at March 31, 2017, 2016, 2015, 2014 and 2013 the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

31.11 Previous year figures have been regrouped / reclassified, where necessary, to conform to this year's classification.

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ANNEXURE 32 : Restated Standalone Statement of Tax shelter

(Rs. In Millions)

Particulars		For the year ended				
		2016-17	2015-16	2014-15	2013-14	2012-13
Profit before current and deferred taxes as restated	**(A)**	**11,749.28**	**3,772.43**	**2,073.06**	**1,096.51**	**1,026.68**
Capital gains included in (A):						
Short term capital gains		833.17	-	-	-	-
Long term capital gains		6,130.27	-	-	-	-
Tax rate	**(B)**					
Normal Tax rate (%)		34.61%	34.61%	33.99%	33.99%	32.45%
Tax rate on short term capital gain		34.61%	0.00%	0.00%	0.00%	0.00%
Tax rate on long term capital gain		23.07%	0.00%	0.00%	0.00%	0.00%
Tax thereon	**(C)**					
Tax on normal profit		1,656.29	1,305.56	704.63	372.70	333.11
Tax on short term capital gain		288.34	-	-	-	-
Tax on long term capital gain		1,414.38	-	-	-	-
Total		**3,359.01**	**1,305.56**	**704.63**	**372.70**	**333.11**
Adjustments						
Permanent Differences						
Disallowance u/s 14A of Income Tax Act		-	-	-	47.14	-
Impact of indexation on long term capital gain		(343.37)	-	-	-	-
Income exempt under Income Tax Act		(20.69)	(36.03)	(34.68)	(51.03)	(0.69)
Subtotal	**(D)**	**(364.06)**	**(36.03)**	**(34.68)**	**(3.89)**	**(0.69)**
Temporary Differences						
Difference in depreciation as per tax and books of account		(31.78)	22.37	24.26	3.45	2.76
Expenses disallowed as per Income Tax Act		15.83	21.22	19.74	33.88	1.09
Expenses disallowed in previous year which are allowed in current year		(6.55)	(9.61)	(17.71)	(40.66)	-
Other timing differences		(146.44)	100.76	150.04	102.70	47.15
Subtotal	**(E)**	**(168.94)**	**134.73**	**176.32**	**99.38**	**51.00**
Net Adjustment (D+E)	**(F)**	**(533.01)**	**98.71**	**141.65**	**95.49**	**50.31**
Tax thereon	**(G)**					
Tax on normal profit		(65.63)	34.16	48.15	32.46	16.32
Tax on long term capital gain		(79.20)	-	-	-	-
Income Tax impact on restatement	**(H)**	(108.47)	(190.60)	2.85	102.69	51.03
Current tax on restated profit, as derived (C+G+H)	**(I)**	**3,105.71**	**1,149.12**	**755.63**	**507.85**	**400.46**
Current tax on restated profit, as derived (rounded off)		**3,104.84**	**1,150.78**	**756.58**	**507.70**	**401.34**
Current tax expenses as per restated summary statements		**3,104.84**	**1,150.78**	**756.58**	**507.70**	**401.34**

Notes:

1. The aforesaid Statement of Tax Shelter has been prepared as per the restated standalone summary statement of profits and losses of the Company.

2. The above statement should be read with the notes to restated standalone summary statements of assets and liabilities, profits and losses and cash flows appearing in Annexure 4.

3. Income tax rate includes applicable surcharge, education cess and higher education cess of the year concerned.

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ANNEXURE 33 : Restated Standalone Statement of Capitalisation

Position of Debt and Shareholder's funds as at March 31, 2017 as below: **(Rs. In Millions)**

Particulars	Pre Issue	Post Issue
Short Term Debt* **(A)**	9,940.45	[●]
Long Term Debt **(B)**	49,367.37	[●]
Add: Current maturities of long term borrowings (including non convertible debentures) **(C)**	11,401.96	[●]
Total Debt (D= A+B+C)	**70,709.78**	[●]
Shareholder's Funds		
Share Capital **('E)**	2,842.51	[●]
Reserves & Surplus **(F)**	17,153.09	[●]
Total Shareholder's Funds (G=E+F)	**19,995.60**	[●]
Long Term Debt / Shareholder's Funds (H=(B+C)/G)**	3.04	[●]
Total Debt / Shareholder's Funds (I=D/G)	3.54	[●]

* Short term debts represent borrowings having a repayment tenure of 12 months or less.

** Long term debts include current portion of long-term borrowings repayable over the next twelve months.

Note:

1. The above figures are based on the restated figures. The issue price and number of shares are being finalised and hence the post-issue capitalisation statement cannot be presented.

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ANNEXURE 34 : Restated Standalone Statement of Accounting Ratios

Accounting Ratios

Table (A) **(Rs. In Millions)**

Particulars		For the year ended				
		March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Basic and Diluted Earnings Per Share (Rs.)	**A**					
Basic Earnings Per Share (Basic EPS)						
Profit/ (loss) after tax (A) (Rs In millions)		8,427.13	2,471.54	1,394.50	725.40	693.58
Less: Exceptional item (net of tax) (Rs In millions)		5,168.58	-	-	-	-
Net profit excluding exceptional item (B) (Rs In millions)		3,258.55	2,471.54	1,394.50	725.40	693.58
Weighted average number of Equity Shares outstanding (C) (refer note no. 4)		27,23,85,729	26,44,84,512	26,27,21,166	24,29,87,704	20,39,55,093
Earning Per Share - basic (refer note no. 3(i))						
including exceptional item (A / C)		**30.94**	**9.34**	**5.31**	**2.99**	**3.40**
excluding exceptional item (B / C)		**11.96**	**9.34**	**5.31**	**2.99**	**3.40**
Nominal value per share		**10.00**	**10.00**	**10.00**	**10.00**	**10.00**
Diluted Earnings Per Share (Diluted EPS)						
Profit/ (loss) after tax (A) (Rs In millions)		8,427.13	2,471.54	1,394.50	725.40	693.58
Less: Exceptional item (net of tax) (Rs In millions)		5,168.58	-	-	-	-
Net profit excluding exceptional item (B) (Rs In millions)		3,258.55	2,471.54	1,394.50	725.40	693.58
Weighted average number of Shares used for calculating Basic EPS (C) (refer note no. 4)		27,23,85,729	26,44,84,512	26,27,21,166	24,29,87,704	20,39,55,093
Add: Effect of ESOPs which are dilutive (D)		51,79,083	17,04,362	-	-	-
Add: Effect of Convertible Preference Shares which are dilutive (E)		-	-	-	-	3,88,68,657
Weighted average number of shares considered for calculating Diluted EPS (F)= (C+D+E)		27,75,64,812	26,61,88,874	26,27,21,166	24,29,87,704	24,28,23,750
Earning Per Share - Diluted (refer note no. 3(i))						
including exceptional item (A / F)		**30.36**	**9.28**	**5.31**	**2.99**	**2.86**
excluding exceptional item (B / F)		**11.74**	**9.28**	**5.31**	**2.99**	**2.86**
Nominal value per share		**10.00**	**10.00**	**10.00**	**10.00**	**10.00**
Net Assets Value per equity share (Rs.)	**B**	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
Net worth, as restated (Rs In millions) (A) (refer note no. 5)		19,995.60	10,006.66	7,664.51	5,977.53	4,418.64
Number of equity shares outstanding at the end of the year (or period) (B)		28,42,50,906	26,44,84,512	26,44,84,512	25,95,26,370	24,28,23,750
Net Assets Value per equity share (Rs.) (C)= (A)/(B) (refer note no. 3 (ii))		**70.34**	**37.83**	**28.98**	**23.03**	**18.20**
Return on Net worth	**C**	For the year ended				
		March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Net Profit after tax, as restated (Rs In millions) (A)		8,427.13	2,471.54	1,394.50	725.40	693.58
Net worth, as restated (Rs In millions) (B)		19,995.60	10,006.66	7,664.51	5,977.53	4,418.64
Return on Net Worth % (C)= (A)/ (B) (refer note no. 3 (iii))		**42.14%**	**24.70%**	**18.19%**	**12.14%**	**15.70%**

1. The figures disclosed above are based on the restated standalone summary statements of the Company.

2. The above statement should be read with the notes to restated standalone summary statements of assets and liabilities, profits and losses and cash flows appearing in Annexure 4.

3. The ratios have been computed as per the following formulae:

(i) Earnings per share = Net profit available to equity shareholders (including and excluding exceptional items) / Weighted average number of equity shares outstanding during the year

(ii) Net asset value per equity share = Net worth excluding revaluation reserve as at the end of the year / Number of equity shares outstanding at the end of the year

(iii) Return on net worth (%) = Net profit after tax (after extra- ordinary items) / Net worth excluding revaluation reserve at the end of the year

4. Weighted average number of equity shares is the number of equity shares outstanding at the beginning of the year/period adjusted by the number of equity shares issued during year/period multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the year/period.

5. Net worth for ratios mentioned in above note represents the aggregate of the paid up share capital and reserves and surplus (excluding revaluation reserve) as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off) and the debit balance of the profit and loss account.

6. Earnings per share calculations are in accordance with Accounting Standard 20 on Earnings Per Share notified under section 133 of the Companies Act 2013, read together along with paragraph 7 of the Companies (Accounts) Rules, 2014.

7 The number of equity shares and resultant EPS and DPS in respect of financial year ended March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013 considered above is adjusted for the issue of bonus shares in the financial year ended March 31, 2017 in the ratio of 5:1.

AU SMALL FINANCE BANK LIMITED
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ANNEXURE 35 : Restated Standalone Statement of Dividend

Particulars	For the year ended				
	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Equity shares - Face value – (Rs.)	10.00	10.00	10.00	10.00	10.00
% of Dividend	Nil	Nil	Nil	Nil	Nil
Final dividend	Nil	Nil	Nil	Nil	Nil

SUMMARY OF SIGNIFICANT DIFFERENCES IN ACCOUNTING POLICIES APPLICABLE TO OUR COMPANY AS A SYSTEMICALLY IMPORTANT NON-BANKING FINANCIAL COMPANY AND A SMALL FINANCE BANK

Our financial statements have been prepared in accordance with the provisions of the RBI as applicable to a Systemically Important Non-Banking Financial Company, which differs in certain material respects from the requirements prescribed under the Third Schedule (Form A and Form B) of the Banking Regulation Act and RBI Circulars as applicable to a Small Finance Bank.

The following table summarizes differences in accounting policies applicable to a Systemically Important Non-Banking Financial Company and Small Finance Bank.

This summary should not be taken as an exhaustive list of all the differences; accordingly, no assurance is provided that the following summary is complete. Our Company has not prepared any reconciliation of our financial statements and no attempt has been made to identify all recognition and measurement, disclosures, presentation or classification differences that would affect the manner in which transactions or events are presented in our financial statements (or notes thereto). Our management has not quantified any of the effects of the differences discussed below. Accordingly, no assurance can be provided to investors that upon commencement of our SFB operations our financial statements would not be materially different if prepared in accordance with requirements prescribed under the Third Schedule (Form A and Form B) of the Banking Regulation Act and RBI Circulars as applicable to a Small Finance Bank.

Potential investors should consult their own advisers for an understanding of the principal differences in the accounting policies of a Systemically Important Non-Banking Financial Company and a Small Finance Bank and how these differences might affect the financial statements appearing in this DRHP.

Au Financiers (India) Limited (as an NBFC)	**Au Small Finance Bank Limited (as an SFB)**
Basis of Preparation:	
As an NBFC, financial statements of our Company in all material respects are being prepared in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Companies Act, 2013 ("the Act"), read with Rule 7 of the Companies (Accounts) Rules, 2014, Companies (Accounting Standards) Amendment Rules, 2016 and the provisions of the RBI as applicable to a Systemically Important Non-Banking Financial Company ("NBFC-ND-SI"). The financial statements are prepared on an accrual basis and under the historical cost convention except as detailed under the section "Revenue Recognition" on page 297.	As an SFB, financial statements will be prepared under the historical cost convention and on the accrual basis of accounting, unless otherwise stated, and comply with the requirements prescribed under the Third Schedule (Form A and Form B) of the Banking Regulation Act, 1949 and RBI's Circular/s on Revised Format of the Balance Sheet and Profit and Loss Account issued from time to time. The accounting and reporting policies of the Bank, used in the preparation of the financial statements will confirm to Indian GAAP, the guidelines issued by RBI from time to time, the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014, Companies (Accounting Standards) Amendment Rules, 2016 to the extent applicable and practices generally prevalent in the banking industry in India.

Au Financiers (India) Limited (as an NBFC)	Au Small Finance Bank Limited (as an SFB)
Investments	
Applicable Regulations: The Companies Act, 2013, Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 - RBI/DNBR/2016-17/45 Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 1, 2016. Classification: Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.	**Applicable Regulations:** - Banking Regulation Act, 1949 (As amended from time to time) and circulars/directions issued by Reserve Bank of India from time to time. Classification Investments are classified into 'Held for Trading' ("HFT"), 'Available for Sale' ("AFS") and 'Held to Maturity' ("HTM") categories at the time of purchase. Investments, which the SFB intends to hold till maturity will be classified as HTM investments. Investments that are held principally for resale within a short period, including short sale, will be classified as HFT investments. All other investments will be classified as AFS investments. For the purpose of disclosure in the financial statements, the Investments will be classified under six groups a) Government Securities b) Other Approved Securities c) Shares d) Debentures, Subsidiaries and Joint Ventures e) Bonds and f) Others.
Recognition and Valuation: On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments. On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.	Recognition and Valuation: Investments are classified as performing or non-performing as per the RBI guidelines. Investments classified as HTM will be carried at amortised cost. Any premium paid on acquisition, over the face value, will be amortised over the remaining period of maturity by applying constant yield method. Such amortisation of premium is adjusted against interest income under the head Income from investments as per the RBI guidelines. Where in the opinion of the management, a diminution, other than temporary in the value of investments classified under HTM has taken place, suitable provisions will be made. Investments classified as AFS and HFT will be marked to-market on a periodic basis as per relevant RBI guidelines. The securities will be valued scrip-wise, depreciation and appreciation will be aggregated for each category. Net appreciation in each category, if any, shall be ignored, while net depreciation will be provided for. The book value of individual securities will not be changed consequent to the periodic valuation of investments.

Au Financiers (India) Limited (as an NBFC)	Au Small Finance Bank Limited (as an SFB)
	Quoted investments" in Held for Trading" and "Available for Sale" categories will be valued at traded or quoted price available on the recognised stock exchanges, subsidiary general ledger account transactions, price list of the RBI or prices declared by the Primary Dealers Association of India ("PDAI") jointly with the Fixed Income Money Market and Derivatives Association ("FIMMDA") applicable as at the balance sheet date. For deriving market value of unquoted fixed income securities (other than Central and State Government securities), yields or mark-up rates (reflecting associate credit risk) declared by the FIMMDA in consultation with the PDAI will be used. Unquoted equity shares will be valued at the break-up value, if the latest balance sheet is available (which should not be more than one year prior to the date of valuation) and in absence of such balance sheet at ₹1 as per the RBI guidelines. Treasury bills, commercial papers and certificates of deposit will be valued at carrying cost including the pro rata discount accreted for the holding period. Quoted mutual fund units will be valued as per stock exchange quotations and un-quoted mutual fund units will be valued at last available re-purchase price or net asset value (where re-purchase price is not available). Units of Venture Capital Funds ("VCF") held under AFS category will be valued using the Net Asset Value ("NAV") shown by VCF units as per the financial statement. The VCFs will be valued based on the audited results once in a year. In case the audited financials are not available for a period beyond 18 months, the investments will be valued at ₹ 1 per VCF unit. **Transfer between categories:** a) Transfer from AFS or HFT to HTM will be made at the lower of book value or market value at the time of transfer. The depreciation, if any, on such transfer would be fully provided for. b) Transfer from HTM to AFS or HFT will be made at acquisition price or book value if originally placed in HTM at par or at a discount and at amortised cost if originally placed in HTM at a premium. c) Transfer from AFS to HFT category or vice-versa will be made at book value and the provision for the accumulated depreciation, if any, held is transferred to the provisions for depreciation against the HFT securities or vice-versa Investments will be classified as performing and non performing, based on the applicable guidelines/ directions issued by RBI from time to time.

Au Financiers (India) Limited (as an NBFC)	Au Small Finance Bank Limited (as an SFB)
	In respect of Non performing investments income is not recognized and provision is made for depreciation in value of such securities as per RBI guidelines/directions as applicable.
Repurchase ('repo') and reverse repurchase ('reverse repo') transactions	
Applicable Regulations: Not applicable for NBFCs	**Applicable Regulations:** Repurchase ('repo') and reverse repurchase ('reverse repo') transactions including liquidity adjustment facility (with RBI) will be accounted for as borrowing and lending transactions. Accordingly, securities given as collateral under an agreement to repurchase them will be held under the investment account of the SFB and the SFB will accrue the coupon or discount on the security during the repo period. Also, the SFB will continue to value the securities sold under repo as per the investment classification of the security. The difference between the clean price of the first leg and clean price of the second leg is recognized as interest income or expense over the period of the transaction in the profit and loss account

Au Financiers (India) Limited (as an NBFC)	Au Small Finance Bank Limited (as an SFB)
Income Recognition, Asset Classification & Provisioning of Advances	
Applicable Regulations: Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 - RBI/DNBR/2016-17/45 Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016.	**Applicable Regulations:** - Master Circular - Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances –RBI/2015-16/101 DBR.No.BP.BC.2/21.04. 048/2015-16 dated July 01, 2015 and other circulars, notifications and directions issued thereafter by RBI from time to time - Master Circular- Loans and Advances – Statutory and Other Restrictions RBI/2015-16/95 DBR.No.Dir.BC.10/13.03.00/2015-16 dated July 01, 2015 and other circulars, notifications and directions issued thereafter by RBI from time to time. - Master Circular - Interest Rates on Advances RBI/2015-16/37 - DBR.No.Dir.BC.9/13.03.00 /2015-16 dated July 01, 2015 and other circulars, notifications and directions issued thereafter by RBI from time to time
Secured and unsecured loans and receivables are provided for or written off as per our Company's policy, as provided under the section "Provisioning / Write-Off of Assets" on page 301, subject to the minimum provision required as per Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.	Advances are classified into performing and non-performing advances ('NPAs') as per the RBI guidelines. Provisions for NPAs will be made for sub-standard and doubtful assets at rates as prescribed by the RBI Master circular "RBI 2015-16/101 DBR No.BP.BC.2/21.04.048/ 2015-16", notifications and directions issued from time to time. Loans and Advances will be shown net off provision for NPA.

Au Financiers (India) Limited (as an NBFC)	Au Small Finance Bank Limited (as an SFB)
	In addition to the above, the SFB on a prudential basis, will make provision for expected losses against advances or other exposures to specific assets, industry or sector either on a case-by-case basis or for a group of assets, based on specific information by RBI and Senior management. These will be classified as contingent provision and will be included under "Other Liabilities" in the balance sheet. Provision made against standard assets will be included in 'Other Liabilities and Provisions'.
Securitization and Assignment	
Accounting for Securitization and Assignment transaction is done as per RBI circular no. DNBS. PD. No. 301/3.10.01/2012-13 dated August 21, 2012.	Accounting for Securitization and Assignment transaction will be done as per RBI circular no. DBOD.No.BP.BC-103/21.04.177/2011-12 May 07, 2012.

SELECTED STATISTICAL INFORMATION

The following information is included for analytical purposes and should be read in conjunction with our Restated Financial Statements on page 232, as well as "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 144 and 290, respectively.

Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance 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. However, note that these non-GAAP financial measures and other statistical information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other financial services companies.

The following financial and statistical information relates to our Company and should be read in conjunction with our "*Financial Statements*" on page 224:

Return on Equity and Assets

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

	(₹ in million, except percentages)				
	As of and for the				
	FY 2013	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**
Profit After Tax [(1)*]	693.58	725.40	1,394.50	2,471.54	8,427.13
Total Assets [(2)]	31,128.10	29,585.91	39,799.04	62,730.09	98,176.41
Gross AUM [(3)]	37,043.23	44,490.12	55,677.09	82,212.83	107,338.59
Average Gross AUM [(4)]	31,293.36	40,766.68	50,083.61	68,944.96	94,775.71
Net Worth [(5)]	4,418.64	5,977.53	7,664.51	10,006.66	19,995.60
Average Net Worth [(6)]	4,117.59	5,198.09	6,821.02	8,835.58	15,001.13
Total Borrowings [(7)]	24,820.66	21,300.48	28,783.11	47,826.16	70,709.78
Average Borrowings [(8)]	15,681.94	23,060.57	25,041.79	38,304.63	59,267.97
Return on Average Gross AUM (%) [(9)]	2.22%	1.78%	2.78%	3.58%	8.89%
Return on Average Net Worth (%) [(10)]	16.84%	13.96%	20.44%	27.97%	56.18
Average Borrowings / Average Net Worth	3.81	4.44	3.67	4.34	3.95
Average Net worth/Average Gross AUM	13.16%	12.75%	13.62%	12.82%	15.83%
Basic Earnings Per Share excluding exceptional items[(11)]	3.40	2.99	5.31	9.34	11.96
Diluted Earnings Per Share excluding exceptional items [(12)]	2.86	2.99	5.31	9.28	11.74
Net Assets Value per equity share [(13)]	18.20	23.03	28.98	37.83	70.34

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

[*] *Includes ₹ 5,168.58 million (net of the expenses incurred in connection with such sale and net of tax) on account of sale of investments in two subsidiaries and two associate companies.*
Our Company sold 90.10% of the outstanding equity shares of Au Housing Finance Limited, 100% of the outstanding equity shares of Index Money LLP (formerly known as Index Money Limited), 29.53% of the outstanding equity shares of M Power Micro Finance Private Limited and 26% of the outstanding equity shares of Au Insurance Broking Services Private Limited during the Financial Year ended March 31, 2017.

(1) Profit After Tax represents Profit After Tax for the relevant period

(2) Total Assets represents Total Assets as of the last day of the relevant period

(3) Gross AUM represents aggregate of future principal outstanding and overdue principal outstanding, if any, for all loan assets under management which includes loan assets held by Company as of the last day of the relevant period as well as loan assets which have been transferred by our Company by way of securitization or assignment and are outstanding as of the last day of the relevant period

(4) Average Gross AUM is the average of our Gross AUM as of the last day of the relevant period and our Gross AUM of the last day of the previous period.

(5) Net Worth represents Net Worth as of the last day of the relevant period

(6) Average Net Worth represents the simple average of our Net Worth as of the last day of the relevant period and our Net Worth as of the last day of the previous period. Net worth is the aggregate of the of the paid up share capital and reserves and surplus (excluding revaluation reserve) as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off) and the debit balance of the profit and loss account..

(7) Total Borrowings represents the aggregate of all our borrowings outstanding (term loans, working capital facilities, non-convertible debentures, subordinate borrowings / Tier-II, commercial paper) as of the last day of the relevant period.

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

(9) Return on Average Gross AUM is calculated as the Profit After Tax for the relevant period as a percentage of Average Gross AUM in such period.

(10) Return on Average Net Worth is calculated as the Profit After Tax for the relevant period as a percentage of Average Net Worth in such period.

(11) Basic Earnings Per Share excluding exceptional items =

$$\frac{\text{Net profit available to equity shareholders (excluding exceptional items)}}{\text{Weighted average number of equity shares outstanding during the year}}$$

(12) Diluted Earnings Per Share excluding exceptional items =

$$\frac{\text{Net profit available to equity shareholders (excluding exceptional items) adjusted for effect of ESOPs which are dilutive and effect of Convertible Preference Shares which are dilutive}}{\text{Weighted average number of equity shares outstanding during the year}}$$

(13)Net Asset Value per equity share = $\frac{\text{Net worth excluding revaluation reserve as at the end of the year}}{\text{Number of equity shares outstanding at the end of the year}}$

Financial Ratios

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

	(₹ in million, except percentages and numbers)				
	As of and for the				
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Gross AUM (1)	37,043.23	44,490.12	55,677.09	82,212.83	107,338.59
Gross AUM Growth (%) (2)	45.02%	20.10%	25.14%	47.66%	30.56%
Average Gross AUM (3)	31,293.36	40,766.68	50,083.61	68,944.96	94,775.71
Securitized AUM (4)	18,611.63	19,929.64	21,637.51	26,004.77	43,438.81
Net AUM (5)	18,431.60	24,560.48	34,039.58	56,208.06	63,899.78
Disbursements (6)	24,380.86	26,850.37	33,775.25	56,192.27	67,304.67
Disbursement Growth (%) (7)	17.05%	10.13%	25.79%	66.37%	19.78%
Total Active Loan Accounts (8)	1,46,277	1,75,531	1,89,175	2,25,713	2,80,349
Interest income and other charges (9)	4,106.56	5,655.09	6,870.20	10,469.31	14,169.93
Other Income (10)	24.28	58.11	23.88	50.19	135.28
Total Revenue (11)	4,130.84	5,713.20	6,894.08	10,519.50	14,305.21
Interest Expense and Other Borrowing Cost (12)	1,971.84	2,875.60	2,819.74	3,952.53	5,003.33
Net Interest Income (13)	2,134.72	2,779.49	4,050.46	6,516.78	9,166.60
Net Interest Margin = Net Interest Income / Average Gross AUM (%)	6.82%	6.82%	8.09%	9.45%	9.67%
Total Expenses (14)	3,104.16	4,616.69	4,821.02	6,747.07	9,259.42
Operating Expense (15)	951.65	1,113.35	1,492.02	2,527.77	3,467.35
Operating Expense / Average Gross AUM (%)	3.04%	2.73%	2.98%	3.67%	3.66%
Credit Cost (16)	180.67	627.74	509.26	266.77	788.74
Credit Cost / Average Gross AUM (%)	0.58%	1.54%	1.02%	0.39%	0.83%
Gross NPA (17)	99.17	312.02	326.50	370.61	1,072.30
Gross NPA / Gross Advances (%) (18)	0.53%	1.23%	0.92%	0.64%	1.61%

	(₹ in million, except percentages and numbers)				
	As of and for the				
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Net NPA [19]	49.58	156.01	154.94	221.54	693.41
Net NPA / Net Advances (%) [20]	0.27%	0.62%	0.44%	0.38%	1.05%

Figures disclosed in the above table, except "Interest income and other charges", "Other Income", "Total Revenue", "Interest Expense and Other Borrowing Cost" and "Total Expenses" are not measures of financial position, operating performance or liquidity defined by generally accepted accounting principles and may not be comparable to similarly titled measures presented by other companies.

[1] Gross AUM represents aggregate of future principal outstanding and overdue principal outstanding, if any, for all loan assets under management which includes loan assets held by Company as of the last day of the relevant period as well as loan assets which have been transferred by our Company by way of securitization or assignment and are outstanding as of the last day of the relevant period.

[2] Gross AUM Growth represents percentage growth in Gross AUM for the relevant period over Gross AUM of the previous period.

[3] Average Gross AUM is the simple average of our Gross AUM as of the last day of the relevant period and our Gross AUM of the last day of the previous period.

[4] Securitized AUM represents aggregate of future principal outstanding and overdue principal outstanding, if any, for loan assets which have been transferred by our Company by way of securitization or assignment and outstanding as of the last day of the relevant period

[5] Net AUM represents the Gross AUM less Securitized AUM as of the end of the relevant period.

[6] Disbursements represent the aggregate of all loan amounts extended to our customers in the relevant period.

[7] Disbursement Growth represents percentage growth in disbursement for the relevant period over disbursement of the previous period.

[8] Total Active Loan Accounts represent the aggregate number of loan accounts outstanding as of the end of the relevant period including loan accounts which have been transferred by our Company by way of securitization or assignment and are outstanding as of the last day of the relevant period.

[9] Interest income and other charges represents Interest Income on Loan Portfolio, Securitisation and Direct assignment, Bank Deposits placed as collateral and channel finance business

[10] Other Income represents Income received on Investments, Provisions no longer required, written back and Miscellaneous income for the relevant period

[11] Total Revenue represents sum of Interest Income and other charges and Other Income

[12] Interest Expense and Other Borrowing Cost represents sum of Interest expense and Other borrowing for the relevant period. Interest Expense include interest on Subordinated debentures, Term loans/cash credit facilities/commercial Papers, Non-convertible debentures, Direct/Indirect taxes and Others. Other borrowing costs include Resource mobilisation expenses and Bank charges and commission

[13] Net Interest Income represents Interest income and other charges in the relevant period reduced by Interest Expense and Other Borrowing Cost in such period

[14] Total expenses represents Total Expenses for the relevant period. Total expenses include Employee benefit expenses, Finance costs, Depreciation and amortization expense, Other expenses and Provisions and write offs.

[15] Operating Expense represents Employee benefit expenses, Depreciation and amortization expense and Other expenses excluding loss on sale of repossessed assets for the relevant period.

[16] Credit Cost represents aggregate of Provisions and write offs and loss on sale of repossessed assets for the relevant period

[17] Gross NPA represents Closing balance of Gross NPA as of the last day of the relevant period

[18] Gross NPA / Gross Advances represents Gross NPA as of the last day of the relevant period as a percentage of Gross Advances as of the last day of the relevant period. Gross Advances represents sum of Receivables under financing activity and Interest accrued but not due on loans to borrowers.

[19] Net NPA represents Closing balance of Net NPA as of the last day of the relevant period

[20] Net NPA / Net Advances represents Net NPA as of the last day of the relevant period as a percentage of Net Advances as of the last day of the relevant period. Net Advances represents sum of Receivables under financing activity and Interest accrued but not due on loans to borrowers, as reduced by closing balance of Provisions for NPA.

Yield and Cost of Funds

The following table sets forth, for the periods indicated, Yields and Cost of Funds for our Company:

	As at and for the year ended March 31,				
	2013	2014	2015	2016	2017
Average Yield on Gross AUM (%) [(1)]	17.93%	17.68%	17.48%	17.09%	16.51%
Average Yield on Disbursement (%) [(2)]	18.11%	17.76%	17.60%	17.24%	16.25%
Average Cost of Borrowing (%) [(3)]	12.61%	11.98%	11.42%	10.48%	10.13%
Average Cost of Securitization and Assignment (%) [(4)]	10.71%	9.86%	9.28%	9.11%	8.72%
Average Cost of Funds (%) [(5)]	11.63%	11.15%	10.55%	10.03%	9.62%

[(1)] Average Yield on Gross AUM represents weighted average Yield on Gross AUM, weights being AUM of each loan outstanding as of the last day of the relevant period.

[(2)] Average Yield on Disbursement represents weighted average Yield on Disbursement, weights being Disbursement of each loan disbursed during the period.

[(3)] Average Cost of Borrowing represents simple average of monthly weighted average interest cost on borrowings, weights being daily average borrowings. Borrowings include term loans, working capital facilities, non-convertible debentures, commercial paper and subordinate debt.

[(4)] Average Cost of Securitization and Assignment represents simple average of monthly weighted average rate of interest on securitization and assignment transactions, weights being principal outstanding of securitisation and assignment transaction as of the last day of the relevant period.

[(5)] Cost of Funds represents simple average of monthly weighted average cost of borrowings and cost of securitization and assignment

Productivity Ratios

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

	As at and for the year ended March 31,				
	2013	2014	2015	2016	2017
Number of branches [(1)]	177	220	231	291	301
Number of employees [(2)]	2,266	2,716	3,553	5,072	8,515
Number of active loan accounts [(3)]	146,277	175,531	189,175	225,713	280,349
Gross AUM per branch [(4)] (` in Million)	209.28	202.23	241.03	282.52	356.61
Gross AUM per employee [(5)] (` in Million)	16.35	16.38	15.67	16.21	12.61
Gross AUM per active loan account [(6)] (₹ in Million)	0.25	0.25	0.29	0.36	0.38
Disbursement per branch [(7)] (₹ in Million)	137.74	122.05	146.21	193.10	223.60
Disbursement per employee [(8)] (₹ in Million)	10.76	9.89	9.51	11.08	7.90

[(1)] Number of branches represents aggregate number of branches of our Company as of the last day of relevant period.

[(2)] Number of employee represents aggregate number of employees of our Company as of the last day of relevant period.

[(3)] Number of active loan accounts represents aggregate number of all loan assets under management which includes loan assets held by Company as of the last day of the relevant period as well as loan assets which have been transferred by our Company by way of securitization or assignment and are outstanding as of the last day of the relevant period.

[(4)] Gross AUM per branch represents Gross AUM as of last day of the relevant period divided by Number of branches.

[(5)] Gross AUM per employee represents Gross AUM as of the last day of the relevant period divided by Number of employees.

[(6)] Gross AUM per active loan accounts represents Gross AUM as of the last day of the relevant period divided by Number of active loan accounts.

[(7)] Disbursement per branch represents Disbursements in the relevant period divided by Number of branches.

[(8)] Disbursement per employee represents Disbursements in the relevant period divided by Number of employees.

Geographical Spread of Active Loan Accounts

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

State/ Union Territory	Number of Loan Accounts									
	As at March 31, 2013		As at March 31, 2014		As at March 31, 2015		As at March 31, 2016		As at March 31, 2017	
	No. of active loan accounts	% of Total	No. of active loan accounts	% of Total	No. of active loan accounts	% of Total	No. of active loan accounts	% of Total	No. of active loan accounts	% of Total
Rajasthan	73,789	50.44%	86,193	49.10%	92,818	49.06%	1,10,813	49.09%	132,747	47.35%
Maharashtra	35,706	24.41%	38,304	21.82%	36,009	19.03%	36,817	16.31%	42,633	15.21%
Gujarat	24,593	16.81%	29,982	17.08%	30,762	16.26%	33,788	14.97%	39,564	14.11%
Madhya Pradesh	5,358	3.66%	9,260	5.28%	13,017	6.88%	20,978	9.29%	31,837	11.36%
Delhi	616	0.42%	2,532	1.44%	5,237	2.77%	9,092	4.03%	13,891	4.95%
Punjab^	4,097	2.80%	6,287	3.58%	7,920	4.19%	9,694	4.29%	12,396	4.42%
Chhattisgarh	1,158	0.79%	1,897	1.08%	2,295	1.21%	2,494	1.10%	3,055	1.09%
Haryana	-	0.00%	-	0.00%	9	0.00%	728	0.32%	2,195	0.78%
Himachal Pradesh	-	0.00%	40	0.02%	174	0.09%	597	0.26%	1,433	0.51%
Goa	960	0.66%	1,036	0.59%	934	0.49%	712	0.32%	598	0.21%
Total	**1,46,277**	**100.00%**	**1,75,531**	**100.00%**	**1,89,175**	**100.00%**	**2,25,713**	**100.00%**	**2,80,349**	**100.00%**

^Includes Chandigarh

Geographical Spread of Gross AUM

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

State	Gross AUM (₹ in million, except percentages)									
	As at March 31, 2013		As at March 31, 2014		As at March 31, 2015		As at March 31, 2016		As at March 31, 2017	
	Gross AUM	% of Total	Gross AUM	% of Total	Gross AUM	% of Total	Gross AUM	% of Total	Gross AUM	% of Total
Rajasthan	18,551.27	50.08%	24,145.83	54.27%	32,856.41	59.01%	47,281.03	57.51%	57,721.82	53.78%
Gujarat	5,586.17	15.08%	6,612.39	14.86%	7,441.01	13.36%	10,836.91	13.18%	14,189.07	13.22%
Maharashtra	9,988.65	26.96%	8,931.63	20.08%	7,967.29	14.31%	10,123.74	12.31%	13,195.79	12.29%
Madhya Pradesh	1,173.84	3.17%	2,035.61	4.58%	3,141.20	5.64%	6,711.20	8.16%	11,295.89	10.52%
Delhi	177.75	0.48%	785.91	1.77%	1,935.44	3.48%	3,855.63	4.69%	5,471.56	5.10%
Punjab^	1,066.07	2.88%	1,419.84	3.19%	1,738.53	3.12%	2,351.79	2.86%	3,407.03	3.17%
Chhattisgarh	254.33	0.69%	335.00	0.75%	416.57	0.75%	540.86	0.66%	836.00	0.78%
Haryana	-	0.00%	-	0.00%	3.84	0.01%	251.14	0.31%	739.65	0.69%
Himachal Pradesh	-	0.00%	9.43	0.02%	35.79	0.06%	149.28	0.18%	374.91	0.35%
Goa	245.15	0.66%	214.47	0.48%	141.02	0.25%	111.24	0.14%	106.85	0.10%
Total	**37,043.23**	**100.00%**	**44,490.12**	**100.00%**	**55,677.09**	**100.00%**	**82,212.83**	**100.00%**	**107,338.59**	**100.00%**

^Includes Chandigarh

Sources of Funding

The following table sets out our sources of funding:

	As at March 31, 2013		As at March 31, 2014		As at March 31, 2015		As at March 31, 2016		As at March 31, 2017	
	₹ in Mn	% of Total	₹ in Mn	% of Total	₹ in Mn	% of Total	₹ in Mn	% of Total	₹ in Mn	% of Total
Non-Convertible Debentures – Secured	**4,200.00**	**16.92%**	**5,450.00**	**25.59%**	**9,925.00**	**34.48%**	**18,550.00**	**38.79%**	**26,275.00**	**37.16%**
Banks	250.00	1.01%	250.00	1.17%	250.00	0.87%	675.00	1.41%	3,600.00	5.09%
Mutual Funds	3,500.00	14.10%	4,500.00	21.13%	7,500.00	26.06%	14,650.00	30.63%	14,900.00	21.07%
Financial Institutions	450.00	1.81%	450.00	2.11%	450.00	1.56%	1,475.00	3.08%	6,525.00	9.23%
Others	-	-	250.00	1.17%	1,725.00	5.99%	1,750.00	3.66%	1,250.00	1.77%

	As at March 31, 2013		As at March 31, 2014		As at March 31, 2015		As at March 31, 2016		As at March 31, 2017	
	₹ in Mn	% of Total	₹ in Mn	% of Total	₹ in Mn	% of Total	₹ in Mn	% of Total	₹ in Mn	% of Total
Non-Convertible Debentures - Unsecured	**3,200.00**	**12.89%**	**2,200.00**	**10.33%**	**2,200.00**	**7.64%**	**2,200.00**	**4.60%**	**9,100.00**	**12.87%**
Financial Institutions	2,200.00	8.86%	2,200.00	10.33%	2,200.00	7.64%	2,200.00	4.60%	1,100.00	1.56%
Banks	1,000.00	4.03%	-	-	-	-	-	-	-	-
Mutual Funds	-	-	-	-	-	-	-	-	8,000.00	11.31%
Non-Convertible Debentures – Unsecured - Subordinate Debt	**1,100.00**	**4.43%**	**1,450.00**	**6.81%**	**1,450.00**	**5.04%**	**3,100.00**	**6.48%**	**2,900.00**	**4.10%**
Banks	1,100.00	4.43%	1,450.00	6.81%	1,450.00	5.04%	1,400.00	2.93%	1,950.00	2.76%
Mutual Funds	-	-	-	-	-	-	1,350.00	2.82%	950.00	1.34%
Others	-	-	-	-	-	-	350.00	0.73%	-	-
Term Loans – Secured	**10,342.90**	**41.67%**	**7,755.15**	**36.41%**	**5,181.75**	**18.00%**	**13,460.40**	**28.14%**	**22,094.33**	**31.25%**
Banks	8,540.50	34.41%	6,456.83	30.31%	3,322.35	11.54%	5,721.17	11.96%	5,586.73	7.90%
Financial Institutions	1,241.78	5.00%	1,071.86	5.03%	811.94	2.82%	5,552.02	11.61%	14,666.67	20.74%
Others	560.62	2.26%	226.46	1.06%	1,047.46	3.64%	2,187.21	4.57%	1,840.93	2.60%
Term Loans – Unsecured	**57.65**	**0.23%**	**337.65**	**1.59%**	**-**	**-**	**-**	**-**	**1,200.00**	**1.70%**
Banks	57.65	0.23%	337.65	1.59%	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	1,200.00	1.70%
Term Loans – Unsecured - Subordinate Debt	**200.00**	**0.81%**	**300.00**	**1.41%**	**300.00**	**1.04%**	**450.00**	**0.94%**	**400.00**	**0.57%**
Banks	200.00	0.81%	300.00	1.41%	300.00	1.04%	450.00	0.94%	400.00	0.57%
Working Capital Facilities repayable on demand – Secured	**4,875.69**	**19.64%**	**3,807.68**	**17.88%**	**4,749.73**	**16.50%**	**4,869.81**	**10.18%**	**3,942.91**	**5.58%**
Banks	4,875.69	19.64%	3,807.68	17.88%	4,749.73	16.50%	4,869.81	10.18%	3.942.91	5.58%
Commercial Paper	**844.42**	**3.40%**	**-**	**-**	**4,976.63**	**17.29%**	**5,195.95**	**10.86%**	**4,797.54**	**6.78%**
Banks	844.42	3.40%	-	-	987.48	3.43%	740.17	1.55%	2,864.94	4.05%
Mutual Funds and Insurance Companies	-	-	-	-	3,989.15	13.86%	4,455.78	9.32%	1,932.60	2.73%
Total	**24,820.66**	100.00%	**21,300.48**	100.00%	**28,783.11**	100.00%	**47,826.16**	100.00%	**70,709.78**	**100.00%**

Classification of Assets

The Prudential Norms Directions prescribed by the RBI, among other matters, require us to observe the classification of our assets; treatment of NPAs; and provisioning against NPAs. For further information, see "*Key Regulations and Policies in India*" on page 169 and *"Management's Discussion and Analysis of Financial Condition and Results of Operations – Statement of Significant Accounting Policies"* on page 296.

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

Asset Classification	(₹ in million)				
	As at March 31,				
	2013	2014	2015	2016	2017
Receivables under financing activities (gross)					
Standard Assets	18,448.43	24,855.25	34,905.04	57,522.82	65,033.31
Sub-Standard Assets	99.17	312.02	326.50	370.61	1,046.53
Doubtful Assets	-	-	-	-	
Total Receivables under financing activities (gross)	**18,547.60**	**25,167.27**	**35,231.54**	**57,893.43**	**66,079.84**
Provisions					

Asset Classification	(₹ in million)				
	As at March 31,				
	2013	2014	2015	2016	2017
Standard Assets	46.47	62.83	88.16	173.36	229.59
Sub-Standard Assets	49.59	156.01	171.56	149.07	378.89
Doubtful Assets	-	-	-	-	
Total Provisions	**96.06**	**218.84**	**259.72**	**322.43**	**608.48**
Receivables under financing activities (net of provisions)					
Standard Assets	18,401.96	24,792.41	34,816.89	57,349.45	64,803.72
Sub-Standard Assets	49.58	156.01	154.94	221.54	667.64
Doubtful Assets	-	-	-	-	
Total Receivables under financing activities (net of provisions)	**18,451.54**	**24,948.42**	**34,971.82**	**57,571.00**	**65,471.36**

Capital Adequacy

Our Company is subject to the capital adequacy requirements prescribed by the RBI. As of March 31, 2017, our Company was required to maintain a minimum CRAR of 15%, based on the total capital to risk-weighted assets. The following table sets forth certain information relating to the CRAR of our Company as of the periods indicated:

(₹ in million, except percentage)

Particulars	As at March 31,				
	2013	2014	2015	2016	2017
Tier I Capital	4,023.32	5,231.04	6,596.07	8,776.41	18,954.50
Tier II Capital	942.90	1,015.32	626.14	2,237.64	1,915.78
Total Capital	**4,966.22**	**6,246.36**	**7,222.21**	**11,014.05**	**20,870.28**
Total Risk Weighted Assets	**27,095.83**	**33,320.20**	**41,775.17**	**65,126.12**	**89,928.41**
Capital Adequacy Ratio					
CRAR - Tier I capital (%)	14.85%	15.70%	15.79%	13.47%	21.08%
CRAR - Tier II capital (%)	3.48%	3.05%	1.50%	3.44%	2.13%
CRAR (%)	**18.33%**	**18.75%**	**17.29%**	**16.91%**	**23.21%**

Provisioning and Write-offs

Secured / unsecured loans and receivables are provided for or written off as per our Company's provisioning estimates, as given below, subject to the minimum provision required as per the extant RBI Prudential Norms / Master Directions applicable to a Systemically Important Non-Deposit taking Non-Banking Financial Company ("**NBFC-ND-SI**").

Loans with principal and/or interest overdue have been classified as sub-standard assets, in accordance with the extant RBI Prudential Norms/Master Directions applicable to NBFC-ND-SI after giving effect to the restatements, and have been provided for at the following rates:

Overdue period (in months)	Provision percentage on outstanding amount				
	For the year ended				
	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Up to 6 months					
4 months to 5 months	10%	NA*			
5 months to 6 months	10%	10%	NA*		
6 months to 12 months	40%	40%	50%	50%	50%
12 months and above	Written off @ 100%				

* *Not considered substandard as per extant RBI Prudential Norms applicable for respective years*

Provision on standard assets is made in accordance with the extant RBI Prudential Norms/ Master Directions applicable to NBFC-ND-SI at the following rates:

Particulars	Provision percentage on outstanding amount				
	For the year ended				
	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Standard assets	0.35%	0.30%	0.25%	0.25%	0.25%

Provision for delinquencies and servicing costs on assets securitized or assigned before introduction of the RBI guidelines on Direct Assignment dated August 21, 2012 is made at following rates, which are based on management estimates developed using the historical data:

- On premium structure: at 0.75% of the principal outstanding; and
- On at par structure: at 0.25% of the principal outstanding.

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

You should read the following discussion in conjunction with our restated standalone financial statements as of and for the financial years ended March 31, 2017, 2016, and 2015 including the related notes, schedules and annexures. These Restated Financial Statements are prepared in accordance with Indian GAAP and the provisions of the RBI that were applicable to us while we were an NBFC and restated as per the SEBI ICDR Regulations.

Indian GAAP differs in certain material respects with Ind AS, IFRS and U.S. GAAP. See "Risk Factors - Internal Risk Factors - Our financial statements for historic periods may not be indicative of our financial position for any future periods as an SFB." on page 25.

Our financial year ends on March 31 of each year. Accordingly, all references to a particular financial year are to the 12-month period ended March 31 of that year. Our financial statements have been prepared in accordance with the provisions of the RBI as applicable to a Systemically Important Non-Banking Financial Company, which differs in certain material respects from the requirements prescribed under the Third Schedule (Form A and Form B) of the Banking Regulation Act and RBI Circulars as applicable to a Small Finance Bank. See "Summary Of Significant Differences In Accounting Policies Applicable To Our Company As A Systemically Important Non-Banking Financial Company And A Small Finance Bank" on page 277.

This discussion contains forward-looking statements that involve risks and uncertainties and reflects our current view with respect to future events and financial performance. Actual results may differ from those anticipated in these forward-looking statements as a result of factors such as those set forth under "Forward-looking Statements" and "Risk Factors" on pages 17 and 19, respectively.

Overview

We are a small finance bank ("**SFB**") that has recently transitioned from a prominent, retail focused non-banking finance company ("**NBFC**"), which primarily served low and middle-income individuals and businesses that have limited or no access to formal banking and finance channels. We received a license from the Reserve Bank of India to set up an SFB on December 20, 2016 and we were the only NBFC categorized as an asset finance company to obtain such license. We commenced our SFB operations with effect from April 19, 2017. Prior to such date, our Company was categorized as a "Systemically Important, Non-Deposit Accepting Asset Finance Company" (NBFC-ND-AFC) by the RBI.

As an NBFC, we operated in three business lines: vehicle finance; micro, small and medium enterprises ("**MSMEs**") loans; and small and medium enterprises ("**SMEs**") loans. As we commenced our SFB operations, we have expanded and strengthened our business model to offer a diverse suite of banking products and services by leveraging our asset-based lending strengths, NBFC customer base and cost efficient, technology driven hub-and-spoke branch operating model to successfully operate our SFB. In addition to our vehicle finance, MSME and SME offerings, our asset product offerings include working capital facilities, gold loans, agriculture related term loans, Kisan credit cards for farmers and loans against securities. Our liability product offerings include current accounts, savings accounts, term deposits, recurring deposits and collections and payments solutions for MSME and SME customers. We believe that transitioning to an SFB has offered us significant growth potential and we aim to be a retail focused, preferred trusted SFB offering integrated and tailored solutions to customers.

Our vehicle finance business extends loans for the purchase of new and pre-owned vehicles and for refinancing of vehicles, which are primarily used for revenue generating activities. For the financial year 2017, the average ticket size of our vehicle finance loans was ₹ 0.34 million. Loan tenures for our vehicle finance loans are up to five years. Our MSME loans business extends loans to MSMEs primarily for business expansion, working capital and the purchase of equipment. For the financial year 2017, the average ticket size of our MSME loans was ₹ 1.08 million. Loan tenures for our MSME loans are up to 12 years. Our SME loans business extends loans to several types of small and medium sized businesses. For the financial year 2017, the average ticket size of our SME loans was ₹ 21.92 million. Loan tenures for our SME loans are up to 15 years. We categorize our MSME and SME loans on the basis of ticket size, with the initial MSME loan disbursed for an amount up to ₹ 5.00 million and the initial SME loan disbursed for amounts over ₹ 5.00 million. As of March 31, 2017, 98.99% of our total receivables under financing activity were secured.

We adopted a strategy of contiguous expansion across regions and as of March 31, 2017, we conducted our operations through 301 NBFC branches spread across 10 states and one union territory in India, with significant presence in the states of Rajasthan, Gujarat, Maharashtra and Madhya Pradesh and employed 8,515 personnel serving 280,349 active loan accounts. The credit penetration of Gujarat, Madhya Pradesh and Rajasthan is below average, while the credit penetration of Maharashtra is above average (*Source: CRISIL Inclusix Report, June 2015*), thus offering us significant growth potential.

As of May 31, 2017, we conducted our operations through 269 branches, 121 asset centers, one central processing center and 10 offices. In addition, we plan to set up an additional 162 branches and seven central processing centers during the financial year 2018.

The following table sets forth certain key financial and operational information while we continued to operate as an NBFC:

	As of and for the		
Metric	**Year ended March 31, 2017**	**Year ended March 31, 2016**	**Year ended March 31, 2015**
Gross AUM*			
*Vehicle finance ** (₹ in million)*	53,956.82	41,744.75	31,462.86
MSME loans (₹ in million)	32,163.38	22,176.02	13,755.83
SME loans (₹ in million)	21,218.39	18,292.06	10,458.41
Total Gross AUM *(₹ in million)*	107,338.59	82,212.83	55,677.09
Disbursement			
Vehicle finance (₹ in million)	35,437.75	28,981.88	17,261.19
MSME loans (₹ in million)	17,039.98	13,142.60	7,444.52
SME loans (₹ in million)	14,826.94	14,067.79	9,069.53
Total Disbursement *(₹ in million)*	67,304.67	56,192.27	33,775.25
Revenue from operations *(₹ in million)*	14,169.93	10,469.31	6,870.20
Profit after tax (as restated) *(₹ in million)*	8,427.13[#]	2,471.54	1,394.50
Gross NPA *(₹ in million)*	1,072.30	370.61	326.50
Gross NPA/Gross Advances	1.61%	0.64%	0.92%
Net NPA *(₹ in million)*	693.41	221.54	154.94
Net NPA/ Net Advances	1.05%	0.38%	0.44%
Net worth *(₹ in million)*	19,995.60	10,006.66	7,664.51
Number of branches	301	291	231
Number of active loan accounts[***]	280,349	225,713	189,175

** Gross assets under management ("**AUM**") comprise the sum of principal outstanding and overdue principal outstanding, if any, for all loan assets under management which includes loan assets held by us as of the last day of the relevant year as well as loan assets which have been assigned or securitized and are outstanding as of the last day of the relevant year.*

*** Includes trade advances to dealers – considered good of ₹ 609.97 million and trade advances to dealers – considered doubtful of ₹ 23.11 million as at March 31, 2017. Also includes trade advances to dealers – considered good of ₹ 1,145.91 million and ₹ 629.06 million as at March 31, 2016 and March 31, 2015, respectively.*

[#] Includes ₹ 5,168.58 million (net of the expenses incurred in connection with such sale and net of tax) on account of sale of investments in two subsidiaries and two associate companies.

Our Company sold 90.10% of the outstanding equity shares of Aavas Financiers Limited (formerly known as Au Housing Finance Limited), 100% of the outstanding equity shares of Index Money LLP (formerly known as Index Money Limited), 29.53% of the outstanding equity shares of M Power Micro Finance Private Limited and 26% of the outstanding equity shares of Au Insurance Broking Services Private Limited during the financial year ended March 31, 2017.

[***] Total active loan accounts represent the aggregate number of loan accounts outstanding as of the end of the relevant year including loan accounts which have been transferred by our Company by way of securitization or assignment and are outstanding as of the last day of the relevant year.

As of and for the year ended March 31, 2017, our Total Borrowings were ₹ 70,709.78 million and our average cost of borrowings was 10.13%. Our average cost of borrowings has reduced from 12.61% for the financial year 2013 to 10.13% for the financial year 2017, including as a result of improvement of our credit ratings during such periods. For details, see "*Our Business – Our Competitive Strengths - Access to Diversified Sources of Funding*" on page 148.

Our Company commenced operations in 1996 in Jaipur, Rajasthan and was registered as an NBFC with the RBI in 2000. In 2005, our Company became a commercial associate of HDFC Bank for originating and servicing

vehicle loans and such relationship assisted us in the implementation of various processes and systems. We continued expanding the scale of our business with a vision to cater to the unserved and underserved customer segments. We expanded our product portfolio to include MSME loans in 2007, housing finance in 2011 (a business which we have since sold) and SME loans in 2012, to cater to the evolving needs of our customers. We commenced our SFB operations with effect from April 19, 2017.

Our Promoters include Mr. Sanjay Agarwal, our managing director and CEO, who is a first generation entrepreneur. Our shareholders include marquee investors such as the International Finance Corporation (part of the World Bank Group), Redwood Investment Ltd (belonging to the Warburg Pincus group), Labh Investments Limited (a wholly-owned subsidiary of ChrysCapital VI, LLC), Ourea Holdings Limited (a wholly-owned subsidiary of Kedaara Capital I Limited) and Kedaara Capital Alternative Investment Fund - Kedaara Capital AIF 1. Our Company was featured in the September 2013 publication of Forbes India as one of the 14 hidden gems of India and was awarded the 'Best PE-Backed Financial Services Company 2012' at the VC Circle Awards.

Significant Factors Affecting our Results of Operations

Our results of operations and financial condition are affected by a number of important factors including:

SFB Operations

Our Company was categorized as an NBFC-ND-AFC and we received a license to set up an SFB on December 20, 2016 from the RBI. We commenced our SFB operations with effect from April 19, 2017. We aim to be a preferred SFB providing integrated and tailor made solutions for the underserved ecosystem, with a technology led model and low cost reach, supported by robust IT, risk management and human resources platform. In the short term, our focus is on developing and embedding key systems and processes, building our team, setting up the branch architecture in a phased manner and achieving asset and deposit growth.

In addition to our NBFC product portfolio, we provide a diverse range of asset, liability and other products at our SFB branches for the personal and business banking needs of our customers. Our future revenue and profitability will therefore be impacted by the introduction of additional products and services as we implement our business strategies and address market opportunities.

We have incurred and will continue to incur significant expenditure on our branch network, human resources and IT platforms for our SFB operations. In addition to our existing 269 branches and 121 asset centers, we intend to gradually open 162 additional branches during the financial year 2018 to reach 431 branches and 121 asset centers at the end of the financial year 2018. Our 431 branches will comprise 164 branches in Tier 1 centers and 267 branches in Tier 2 to Tier 6 centers. Of our 431 branches, 119 branches are expected to be located in unbanked rural centers. As of March 31, 2017, we had 8,515 employees. Further, as of March 31, 2017, we had invested ₹ 800.37 million in setting up our IT platform for our SFB operations.

The banking industry in India is subject to extensive regulation by Governmental and regulatory authorities, including the RBI. These rules and regulations govern issues such as foreign investment, corporate governance and market conduct, customer protection, foreign exchange management, capital adequacy, margin requirements, anti-money laundering and provisioning for NPAs. As an SFB, we will need to comply with such additional rules and regulations, which will affect our business, operations, cash flows, profitability and financial condition. Our CRAR as of March 31, 2017, March 31, 2016 and March 31, 2015 was 23.21%, 16.91% and 17.29%, respectively, which was computed in accordance with the extant master direction and prudential norms issued by RBI as applicable to a NBFC-ND-SI. Under the SFB Operating Guidelines, we are required to maintain a minimum capital adequacy of 15% to be computed as per the Basel III norms prescribed by RBI, including a minimum Tier I capital of 7.5 %, and the Tier II capital should be limited to a maximum of 100% of total Tier I capital. However, under the SFB Operating Guidelines, we are not required to maintain any capital conservation buffer or any counter-cyclical capital buffer.

Further, in our banking operations, under the current requirements, we are required to maintain a minimum CRR of 4% of our net demand and time liabilities in a current account with the RBI. We will not earn interest income on the CRR. We will also be required to maintain, under the current requirements, a SLR equivalent to 20.50% of our net demand and time liabilities, to be invested in cash and Government or other RBI-approved securities. As an NBFC, we were not required to maintain a minimum CRR with the RBI or meet any SLR requirements, and

such capital was available for our operations, resulting in better net interest margin and return on net worth. As an SFB, our net interest margin and return on net worth may be adversely affected, since we will are required to set aside capital to meet the CRR and SLR requirements of the RBI. Further, until we scale up our deposit base, a significant portion of the CRR and SLR requirements will be met from our borrowings, which may also adversely affect our net interest margin and return on net worth in the short to medium term. In addition, under the SFB Operating Guidelines, we are required to extend 75% of our adjusted net bank credit to the sectors eligible for classification as priority sector lending by the RBI. See *"Risk Factors – Internal Risk Factors - Our inability to comply with laws and regulations applicable to an SFB may have an adverse effect on our business, results of operations, financial condition and cash flows"* on page 21.

We have no operating history as an SFB and the success of our SFB operations depends on a number of factors, including the demand for our services at these locations and our ability to compete with other banks and financial institutions effectively. For further details, see "*Risk Factors - Internal Risk Factors - Our inability to successfully transition from an NBFC to an SFB may have an adverse effect on our business, results of operations, financial condition and cash flows.*" on page 19.

Availability of Cost-Effective Sources of Funding

The availability of cost-effective funding affects our results of operations. Our funding sources are varied, as we believe that a diversified debt profile ensures that we are not overly dependent on any one type or source for funding. As an NBFC-ND-AFC, we had access to diverse sources of liquidity, such as term loans and working capital facilities, proceeds from loan assets assigned and securitized, proceeds from the issuance of NCDs and commercial paper and subordinated debt borrowings from banks, mutual funds, insurance companies and other domestic and foreign financial institutions to meet our funding requirements. This enabled us to optimize our cost of borrowings, funding and liquidity requirements, capital management and asset liability management.

As an SFB, we believe we will be able to access funds such as savings accounts, current accounts, term deposits and recurring deposits. We will also be able to raise funds from liquidity adjustment facility and market stabilization fund of the RBI, refinance facilities from financial institutions, capital market borrowings such as infrastructure bonds, tier II bonds and perpetual bonds. We will continue to securitize and assign loans, which qualify as priority sector lending, as well as our non-priority sector loans through securitization or direct assignment to banks, financial institutions and mutual funds, which enables us to optimize our cost of borrowings, funding and liquidity requirements, capital management and asset liability management. We will also have access to inter-bank participatory certificates and will be able to participate in the priority sector lending certificates market wherein we will be able to trade our right of claim for priority sector loans for a fee. Money market borrowings, interbank borrowings and issuance of certificates of deposit will only be permitted or available to us once we become a scheduled commercial bank, which will require additional time. However, we will be unable to raise secured borrowings from banks and financial institutions or raise funds from the issuance of secured NCDs.

As of March 31, 2017, our aggregate secured borrowings were ₹ 52,312.24 million or 73.98% of our Total Borrowings. Of the secured borrowings, current maturities of long-term borrowings were ₹ 9,751.96 million and short term borrowings were ₹ 3,942.91 million aggregating to ₹ 13,694.87 million, or 19.37% of our Total Borrowings, are due and payable on or before March 31, 2018. Our reliance on current, savings and term deposits in the short term as a key source of funding makes us vulnerable to interest rate costs and volatility. We will need to offer competitive interest rates on deposits to attract depositors, corporates or otherwise. We also rely on proceeds from loan assets assigned or securitized to scheduled commercial banks. The RBI requires scheduled commercial banks to meet certain targets in extending loans to priority sectors, such as agriculture, small scale industries, micro credit and export credit sectors. Any change in such targets could affect our ability to assign or securitize loan assets in the future. For further details, see "*Risk Factors - Internal Risk Factors - As an SFB, we will be unable to access some of the sources of funds available to us as an NBFC and our inability to replace such sources of funds in an acceptable and timely manner, or at all, may have an adverse effect on our business, results of operations, financial condition and cash flows.*" on page 20.

Our ability to continue to meet customer demand for new loans will depend primarily on our ability to raise funds by issuing equity and debt securities and to borrow from various external sources on suitable interest rates, other terms and in a timely manner. Our debt service costs and overall cost of funds depend on many external factors, including developments in the Indian credit markets and, in particular, interest rate movements and the existence of adequate liquidity in the debt markets. Internal factors that affect our cost of funds include our credit ratings,

cash flows and available credit limits. As of March 31, 2017, 2016 and 2015, the aggregate of our Total Borrowings were ₹ 70,709.78 million, ₹ 47,826.16 million and ₹ 28,783.11 million, respectively. Any increase in our cost of funds may lead to a reduction in our net interest margin, or require us to increase interest rates on loans disbursed to customers in the future to maintain our net interest margin.

Volatility in Borrowing and Lending Rates

Our results of operations depend substantially on the level of our net interest income, which is the difference between our interest income and other charges, and interest expense and other borrowing costs. Any change in interest rates would affect our interest expense on our floating interest-bearing liabilities, and as such our net interest margins. Our interest income and other charges on loan portfolio constitute the largest component of revenue from operations.

The table below sets for certain key financial indicators as of or for the periods specified in connection with this factor.

(₹ in million)

	As of		
Metric	**Year ended March 31, 2017**	**Year ended March 31, 2016**	**Year ended March 31, 2015**
Total Borrowings	70,709.78	47,826.16	28,783.11
Interest income and other charges on loan portfolio	12,630.97	9,616.32	6,049.57
Interest income and other charges on securitization and direct assignment	1,441.45	753.38	659.24
Finance cost (Interest expense and other borrowing costs)	5,003.33	3,952.53	2,819.74

Net interest income, i.e. interest income and other charges in the relevant period reduced by interest expense and other borrowing costs in such period is an important parameter in our business lines. For further information on our net interest income and net interest margins, see "*Selected Statistical Information*" on page 282. Any adverse change to net interest income and net interest margins in our business lines will have a significant impact on our results of operations. Interest rates are sensitive to many factors beyond our control, including the monetary policies of the RBI, inflation, GDP growth rates, deregulation of the financial sector in India and domestic and international economic conditions. Moreover, interest rates in India are typically correlated with the inflation rate, and as the inflation rate increases, the RBI has historically sought to raise interest rates. Our results of operations are thus affected by changes in interest rates and our inability to re-price our interest-earning assets accordingly.

Credit Quality and Provisioning

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. In addition to requiring us to make a provision on standard assets, the RBI requires us to classify and, depending on the duration of non-payment, make a provision on loans that become NPAs, which are further sub-classified as sub-standard, doubtful and loss assets. As the number of our loans that become NPAs increases, the credit quality of our loan portfolio decreases. As an NBFC, RBI norms required classifying loans that are over 120 days past due as an NPA and as an SFB, RBI norms require classifying loans that are over 90 days past due as an NPA. For details, see "*Selected Statistical Information*" on page 282.

The following table illustrates our NPAs as an NBFC, for the periods indicated:

	As of		
Metric	**Year ended March 31, 2017**	**Year ended March 31, 2016**	**Year ended March 31, 2015**
Gross NPA (₹ in million)	1,072.30	370.61	326.50
Gross NPA/Gross Advances (%)	1.61	0.64	0.92
Net NPA (₹ in million)	693.41	221.54	154.94
Net NPA/ Net Advances (%)	1.05	0.38	0.44

The significant increase in our Gross NPA from ₹ 370.61 million as on March 31, 2016 to ₹ 1,072.30 million as on March 31, 2017 has been primarily on account of the change in the period of classification of loans as an NPA, from 150 days past due as on March 31, 2016 to 120 days past due as on March 31, 2017. As an SFB, this period

will reduce further from 120 days past due to 90 days past due, which may result in a further increase in our Gross NPA. The total amount of our loans, which were between 90 days past due and 120 days past due, as on March 31, 2017 was ₹ 139.21 million.

Further, as an NBFC, any amount recovered from a loan account (which had been classified as an NPA), pursuant to which the days past due rolls back to less than 120 days, was re-classified as an standard asset. However, as an SFB, even if an outstanding amount is recovered from a loan account (which has been classified as an NPA), pursuant to which the days past due rolls back to less than 90 days, the account cannot be reclassified as a standard asset. Such account can be reclassified as a standard asset, only when the entire amount which is outstanding has been repaid, resulting in zero days past due. This may result in us continuing to report Gross NPAs for a longer period of time in our financial statements as an SFB.

For further details, see "*Our Business – Loan Collection and Monitoring*" on page 158 and "*Management's Discussion and Analysis of Financial Condition and Results of Operations - Statement of Significant Accounting Policies – Provisioning / Write-Off of Assets"* on page 301.

Government Policy and Regulation

Our results of operations and continued growth depend on stable government policies and regulation. As an SFB, we will continue to be affected by a number of regulations promulgated by the RBI that regulate, among other things, NPA provisioning norms, priority sector and other lending stipulations and other operational restrictions. For details, see "*Industry Overview*" on page 121. Any change in the regulatory framework affecting SFBs, and in particular those requiring to maintain certain financial ratios, CRR and SLR requirements, placement restrictions on securitization, accessing funds or lending to SFBs among others, would adversely affect our results of operations and growth. Government regulation that affects the demand for vehicles could also affect our results of operations. Further, the recent Government action of demonetization has resulted in greater market volatility and a reduction in income of some of our customers, and has adversely affected our business in the short term. For details, see "*Risk Factors - Internal Risk Factors - There is uncertainty on the impact of currency demonetization in India on our business.*" on page 30.

General Economic Growth in India

As an SFB operating in India, our financial condition and results of operation are influenced by the general economic conditions prevailing in India. A slowdown in the Indian economy could adversely affect our business and our borrowers, especially if such a slowdown were to be continued and prolonged. Various factors beyond our control, such as a rise in unemployment, prolonged recessionary conditions in the world economy, a sharp and sustained rise in the interest rates, developments in the Indian economy, movements in global commodity markets and exchange rates, increased global competition and changes in Indian laws, regulations and policies could have an adverse impact on the quality of our loan portfolio. Any trends or events which have a significant impact on the economic situation in India, including a rise in interest rates, could have an adverse impact on our business. For details, see "*Industry Overview*" on page 121.

Changes in Accounting Framework as an SFB

As an NBFC, our financial statements were prepared in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, Companies (Accounting Standards) Amendment Rules, 2016 and the provisions of the RBI as applicable to a Systemically Important Non-Banking Financial Company ("**NBFC-ND-SI**").

As an SFB, our financial statements will be prepared under the historical cost convention and on the accrual basis of accounting, unless otherwise stated, and comply with the requirements prescribed under the Third Schedule (Form A and Form B) of the Banking Regulation Act, 1949, as amended. The accounting and reporting policies, used in the preparation of our financial statements shall be required to conform to Indian GAAP, the guidelines issued by RBI from time to time, the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014, Companies (Accounting Standards) Amendment Rules, 2016 to the extent applicable. For further details, see "*Summary of Significant Differences in Accounting Policies Applicable to our Company as a Systematically Important Non-Banking Financial Company*

and a Small Finance Bank" on page 277.

Volatility from Treasury Earnings

As an NBFC, investments are classified into current investments and non-current investments, while as an SFB, investments are classified into 'Held for Trading' ("HFT"), 'Available for Sale' ("AFS") and 'Held to Maturity' ("HTM") categories. As an NBFC, investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments, and all other investments are classified as long-term investments. Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis, whereas long-term investments are carried at cost. As an SFB, investments classified as HTM are carried at amortised cost, whereas investments classified as HFT and AFS are required to be marked-to-market on a periodic basis, as per relevant RBI guidelines. As a result of our transition to an SFB, our investments have significantly increased, primarily for complying with the SLR requirements of investing into Government or other RBI-approved securities. Therefore, we may have to record marked-to-market losses, in case of any adverse movements in the HFT and AFS portfolio, depending on interest rate movements and other factors, which may adversely affect our profitability.

Consolidated Financial Statements

During the financial year 2017, our Company sold its investment in subsidiary companies, Aavas Financiers limited (Formerly known as Au Housing Finance Limited) and Index Money LLP (formerly known as Index Money Limited), and associate companies, M Power Micro Finance Private Limited and Au Insurance Broking Services Private Limited. The aggregate profit on sale of these investments (net of the expenses incurred in connection with such sale) of ₹ 6,703.49 million (₹ 5,168.58 million, net of tax) has been disclosed as an exceptional item in the restated summary statement of profit and loss.

As a result of the sale of 90.10% of the outstanding equity shares of Aavas Financiers Limited (formerly known as Au Housing Finance Limited) on June 22, 2016, and 100% of the outstanding equity shares of Index Money LLP (formerly known as Index Money Limited) on June 16, 2016, our Company does not have any subsidiaries. As a result, the financial statements included in this Red Herring Prospectus are standalone (unconsolidated) financial statements only. However, as such dispositions occurred during the financial year ending March 31, 2017, our Company is expected to prepare and publish consolidated financial statements as of and for the year ending March 31, 2017, reflecting the effect of consolidation of such subsidiaries and the associates until the sale of equity shares of such entities.

Statement of Significant Accounting Policies

Basis of preparation

Our Restated Financial Statements have been prepared in accordance with Indian GAAP and restated as per the SEBI ICDR Regulations and are prepared to comply in all material respects with the Accounting Standards notified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, as applicable; the Companies (Accounting Standards) Amendment Rules, 2016 and the provisions of the RBI as applicable to us as a NBFC-ND-SI.

Change in Estimates

- With effect from April 1, 2016, our Company has revised the method of depreciation of fixed assets from written down value method to straight line method, and has also reassessed the estimates of useful lives of certain classes of fixed assets. As a result of these changes in the estimates, the depreciation for the year ended March 31, 2017, has decreased by ₹ 50.18 million.

- In accordance with the requirements to Schedule II to the Companies Act, 2013, our Company has reassessed the useful lives of the fixed assets as on April 1, 2014 :

    - an amount of ₹ 1.62 million has been charged to the opening balance of the retained earnings in respect of the assets whose remaining useful life is nil as at April 1, 2014; and

- an amount of ₹ 20.97 million for the year ended March 31, 2015 representing the additional depreciation on the carrying value of the assets as at April 1, 2014 due to change in the useful life of the assets.

- With effect from April 1, 2016, our Company has revised its estimates of provisioning for loan portfolio, in line with the requirements of the RBI Master Direction DNBR.PD.008/03.10.119/2016-17 dated September 1, 2016. As a result of such change, the profit for year ended March 31, 2017 has decreased by ₹ 45.53 million (including the effect of income reversal on non-performing assets).

- With effect from April 1, 2015, our Company has revised its estimates of provisioning for loan portfolio, in line with the requirements of the RBI Notification No. DNBR. 009/ CGM (CDS) -2015 dated March 27, 2015 and revised its estimate of provisioning for loans over due for a period between 180 to 365 days. As a result of such change, the profit for the year ended March 31, 2016, is lower by ₹ 29.63 million (including the effect of income reversal on non-performing assets).

- For the purpose of Restated Standalone Summary Statements, the above changes in estimates have not been restated.

Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires our management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on our management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to our Company and the revenue can be measured reliably.

Income from financing activities

- Interest income is recognized on a time proportion accrual basis taking into account the amount outstanding and the interest rate implicit in the underlying agreements. Income or any other charges on non-performing assets or on assets taken in custody for recovery of loan through disposal of such assets during the period are recognized only when realized. Any such income recognized and remaining unrealized, before the asset became non-performing or before disposal of assets in custody of the Company, is reversed. Overdue interest is recognized on realization basis. Overdue interest is treated to accrue on realization, due to the uncertainty of their realization.

- Loan origination income i.e. processing fee and other charges collected upfront are recognized at the inception of the loan.

- All other charges such as cheque return charges, legal charges, seizing charges, etc. are recognized on realization basis. These charges are treated to accrue on realization, due to the uncertainty of their realization.

Income from assignment or securitization

For assignment transactions done prior to RBI circular no. DNBS.PD.No. 301/3.10.01/2012-13 dated August 21, 2012:

- In case of assignment of loan assets and related receivables "at par", income is accounted for by applying the interest rate implicit in such assigned contracts as reduced by Internal Rate of Return ("**IRR**") committed to the purchaser of loan assets.

- In case of assignment of loan assets and related receivables "at premium", the difference between the consideration received representing the net present value of future receivable assigned and the principal loan amount outstanding as per books is recognized upfront as gain or loss on assignment in the year of assignment.

For transactions done after issuance of the RBI circular no. DNBS.PD.No. 301/3.10.01/2012-13 dated August 21, 2012:

- Gains arising on securitization of assets is recognized over the tenure of securities issued by SPV as per guidelines on securitization of standard assets issued by RBI. Income from excess interest spread is accounted for net of losses when redeemed in cash. Expenditure in respect of securitization (except bank guarantee fees for credit enhancement) is recognized upfront. Bank guarantee fees for credit enhancement are amortized over the tenure of the agreements. Income arising on direct assignment is recognized over the tenure of agreement on accrual basis.

Income from channel finance business

- Income in the nature of interest rate differential i.e., applying the interest rate implicit in the loan contracts as reduced by IRR committed to the bank who records the channel finance business, including related incidental charges are recognized on accrual basis.

Income from deposits

- Interest income on deposits with banks and other financial institutions is recognized on a time proportion accrual basis taking into account the amount outstanding and the rate applicable.

Income from investment

- Dividend is recognized as income when right to receive dividend is established by the date of balance sheet.

- Interest income on investment is recognized on accrual basis.

Property, Plant and Equipment

Property, plant and equipment, capital work in progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met, directly attributable cost of bringing the asset to its working condition for the intended use.

Gains or losses arising from derecognition of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Depreciation on property, plant and equipment

Leasehold land is amortized on a straight line basis over the period of lease.

With effect from April 1, 2016, depreciation on property, plant and equipment is calculated on a straight-line basis using the rates arrived at, based on the useful lives estimated by the management as given below. Such useful lives, being different from those prescribed under Schedule II to the Companies Act, 2013, are supported by appropriate technical advice and are a matter of judgment and based on various factors such as type and make of an item, its place and pattern of usage, nature of technology, obsolescence factors and availability of spares makes a significant impact on the useful life of an asset.

Particulars	**Useful lives adopted (years)**
Buildings	60
Additions to leased premises	10
Furniture and fixtures	10

Particulars	Useful lives adopted (years)
Vehicles	8
Computers, printers, servers and other office equipment	3-6
Vaults, strong room doors, ATMs and other equipment for bank operations	10-15

For the period prior to April 1, 2016, depreciation was provided on written down value method as per the rates and manner prescribed under:

a) Schedule XIV to the Companies Act, 1956 for the period up to March 31, 2014; and

b) Schedule II to the Companies Act, 2013 for the period from April 1, 2014 to March 31, 2016.

Further, assets individually costing ₹ 5,000 or less are fully depreciated in the year of installation or purchase as the management estimates the useful life of such assets as one year. Depreciation on assets acquired or sold during the period is recognized on a pro-rata basis up to the date of such acquisition/sale.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial period end and adjusted prospectively, if appropriate.

Intangible assets

Intangible assets are amortized on a straight line basis over the estimated useful economic life. Our Company uses a rebuttable presumption that the useful life of an intangible asset will not exceed seven years with effect from April 1, 2016 (four years in year then ended March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013) from the date when the asset is available for use. If the persuasive evidence exists to the affect that useful life of an intangible asset exceeds seven years with effect from April 1, 2016 (four years in year then ended March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013), our Company amortizes the intangible asset over the best estimate of its useful life.

The amortization period and the amortization method are reviewed at least at each financial period end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with Accounting Standard 5 - Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Impairment of assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal or external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

Capital work-in-progress / Intangible assets under development

Costs incurred towards acquisition of assets, including expenses incurred prior to those assets being put to use and directly attributable to bringing them to their working condition are included under “Capital work in progress” or “Intangible assets under development’. Capital work in progress and intangible assets under development are stated at the amount incurred up to the date of balance sheet including advances given to vendors.

Retirement and other employee benefits

- The Provident Fund and Employee State Insurance are defined contribution schemes. Our Company recognizes contribution payable to the Provident Fund and Employee State Insurance schemes in the statement of profit and loss during the year in which the services are rendered.

- Gratuity liability is a defined benefit obligation and is provided for at the year end on the basis of an actuarial valuation using the Projected Unit Credit method. Actuarial gains and losses are recognized in the statement of profit and loss as and when incurred.

- Compensated absences are considered as a long-term employee benefit and is provided for based on an actuarial valuation using Projected Unit Credit method. Actuarial gains and losses are recognized in the statement of profit and loss as and when incurred.

Taxes on Income

Tax expenses comprises of current income tax and deferred tax.

Income tax

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in statement of profit and loss.

Deferred tax

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current half year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where our Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

The carrying cost of the deferred tax assets are reviewed at each balance sheet date. Our Company writes down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

Borrowing Cost

Borrowing cost includes interest and amortization of ancillary costs incurred in connection with the arrangement of borrowings.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

Share or Debenture Issue Expenses

Share or debenture issue expenses incurred are expensed in the year of issue and redemption premium payable on debentures is expensed over the term of debentures. These are adjusted to the securities premium account in accordance with the provisions of the Companies Act, to the extent of balance available in such premium account.

Operating Leases

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Provisioning / Write-Off of Assets

Secured / unsecured loans and receivables are provided for or written off as per our Company's provisioning estimates, as given below, subject to the minimum provision required as per the extant RBI Prudential Norms / Master Directions applicable to an NBFC-ND-SI.

Loans with principal and/or interest overdue have been classified as sub-standard assets, in accordance with the extant RBI Prudential Norms/Master Directions applicable to NBFC-ND-SI after giving effect to the restatements, and have been provided for at the following rates:

Overdue period (in months)	**Provision percentage on outstanding amount**				
	For the year ended				
	March 31, 2017	**March 31, 2016**	**March 31, 2015**	**March 31, 2014**	**March 31, 2013**
Up to 6 months					
4 months to 5 months	10%	NA*			
5 months to 6 months	10%	10%	NA*		
6 months to 12 months	40%	40%	50%	50%	50%
12 months and above	Written off @ 100%				

** Not considered substandard as per extant RBI Prudential Norms applicable for respective years*

Provision on standard assets is made in accordance with the extant RBI Prudential Norms/ Master Directions applicable to NBFC-ND-SI at the following rates:

Particulars	**Provision percentage on outstanding amount**				
	For the year ended				
	March 31, 2017	**March 31, 2016**	**March 31, 2015**	**March 31, 2014**	**March 31, 2013**
Standard assets	0.35%	0.30%	0.25%	0.25%	0.25%

Provision for delinquencies and servicing costs on assets securitized or assigned before introduction of the RBI guidelines on Direct Assignment dated August 21, 2012 is made at following rates, which are based on management estimates developed using the historical data:

- On premium structure: at 0.75% of the principal outstanding; and
- On at par structure: at 0.25% of the principal outstanding.

Provisions and Contingent Liabilities

A provision is recognized when our Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of our Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. Our Company does not recognize a contingent liability but discloses its existence in its financial statements.

Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand, short-term deposits with an original maturity of three months or less and stamping or franking balance.

Foreign currency transactions

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Foreign currency monetary items are retranslated using the exchange rate prevailing on the close of the financial year.

Exchange differences arises on the settlement of monetary items or on reporting our monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

Forward exchange contracts entered into to hedge foreign currency risk of an existing asset or liability.

The premium or discount arising at the inception of the forward exchange contract is amortized and recognized as an income or expense in the statement of profit and loss over the life of the contract. Exchange difference on such contracts are recognized in the statement of profit and loss in the period in which the exchange rates change.

Share based payments

In case of stock option plan, measurement and disclosure of the employee share-based payment plans is done in accordance with the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India as applicable for equity-settled share based payments.

The cost of equity-settled transactions is measured using the intrinsic value method and recognized, together with a corresponding increase in the "Stock options outstanding account" in reserves. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and our Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit recognized in the statement of profit and loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

Revenue and Expenses

Our revenue and expenditure is reported in the following manner:

Revenue

Total revenue consists of revenue from operations and other income.

Revenue from operations. Revenue from operations comprises interest income and other charges on (i) loan portfolio, (ii) securitization and direct assignment of loans, (iii) bank deposits placed as collateral and (iv) channel finance business.

Revenue from our loan portfolio comprises interest income and other charges on loans extended in our three business lines of vehicle finance, MSME loans, and SME loans.

Revenue from securitization and direct assignment comprise our agriculture and priority sector loans as well as our non-priority sector loans that are transferred through securitization or direct assignment to banks, financial institutions and mutual funds.

Revenue from bank deposits placed as collateral primarily relates to bank deposits made as credit enhancement in connection with securitization transactions.

Revenue from channel finance business comprises income generated from our channel finance business, which was discontinued from November 2012.

Other Income. Other Income comprises income received on investments, miscellaneous income and provisions no longer required, written back.

Expenses

Expenses comprise employee benefit expenses, finance costs, depreciation and amortization expense, other expenses and provisions and write-offs.

Employee benefits expenses. Employee benefit expenses comprise salaries and other benefits, directors remuneration, contribution to provident and other funds, stock option expenditure and staff welfare expenses. Such expense line item does not include manpower supply cost (costs incurred for use of contract personnel) which is incurred under other expenses.

Finance costs. Finance costs primarily comprise interest expense on term loans, working capital facilities, commercial paper, NCDs and subordinated debentures as well as other borrowing costs such as resource mobilization expenses, bank charges and commission.

Depreciation and amortization expense. Depreciation and amortization expense includes depreciation on tangible assets and amortization on intangible assets.

Other expenses. Other expenses primarily comprise manpower supply cost (costs incurred for use of contract personnel), commission and brokerage, travelling and conveyance expenses and legal and professional fees.

Provisions and write-offs. Provisions and write-offs primarily comprise provision on NPAs, provision on old assigned cases, contingent provision against standard assets, loan assets written off, loss on settlement with borrowers and recovery against loans written off.

Our Results of Operations

The following table sets forth select financial data from our restated standalone statement of profit and loss for the financial years 2017, 2016 and 2015, the components of which are also expressed as a percentage of total revenue for such periods:

	Financial Year

	2017		2016		2015	
	(₹ in million)	*(% of Total Revenue)*	*(₹ in million)*	*(% of Total Revenue)*	*(₹ in million)*	*(% of Total Revenue)*
Revenue:						
Revenue from operations	14,169.93	99.05%	10,469.31	99.52%	6,870.20	99.65%
Other income	135.28	0.95%	50.19	0.48%	23.88	0.35%
Total Revenue	**14,305.21**	100.00%	**10,519.50**	100.00%	**6,894.08**	100.00%
Expenses:						
Employee benefit expenses	1,927.78	13.48%	1,577.27	14.99%	945.16	13.71%
Finance Costs	5,003.33	34.98%	3,952.53	37.57%	2,819.74	40.90%
Depreciation and amortization expense	57.83	0.40%	85.21	0.81%	65.15	0.95%
Other expenses	1,503.75	10.51%	875.24	8.32%	504.44	7.32%
Provisions and write offs	766.73	5.36%	256.82	2.44%	486.53	7.06%
Total expenses	**9,259.42**	64.73%	**6,747.07**	64.14%	**4,821.02**	69.93%
Profit before exceptional items and tax	**5,045.79**	35.27%	**3,772.43**	35.86%	**2,073.06**	30.07%
Exceptional item	6,703.49	46.86%	-	-	-	-
Profit before tax	**11,749.28**	82.13%	**3,772.43**	35.86%	**2,073.06**	30.07%
Tax expenses:						
Current tax	3,104.84	21.70%	1,150.78	10.94%	756.58	10.97%
Deferred tax	172.75	1.21%	152.62	1.45%	(57.63)	(0.84)%
Tax relating to earlier periods	44.56	0.31%	(2.51)	(0.02)%	(20.39)	(0.30)%
Total tax expenses	**3,322.15**	**23.22%**	**1,300.89**	12.37%	**678.56**	9.84%
Profit after tax	**8,427.13**	58.91%	**2,471.54**	23.49%	**1,394.50**	20.23%

Financial Year 2017 compared to Financial Year 2016

Our results of operations for the financial year 2017 were particularly affected by the following factors:

- an increase in the amount of loans disbursed by us from an increase in the number of customers in our vehicle finance business, MSME loans business and SME loans business; and

- an increase in provisions and write offs.

Total Revenue

Our total revenue increased by 35.99% to ₹ 14,305.21 million for the financial year 2017 from ₹ 10,519.50 million for the financial year 2016, primarily due to an increase in revenue from operations and other income.

Revenue from Operations. Our revenue from operations increased by 35.35% to ₹ 14,169.93 million for the financial year 2017 from ₹ 10,469.31 million for the financial year 2016, primarily due to an increase in interest income and other charges on loan portfolio to ₹ 12,630.97 million for the financial year 2017 from ₹ 9,616.32 million for the financial year 2016 and an increase in interest income and other charges on securitization and direct assignment to ₹ 1,441.45 million for the financial year 2017 from ₹ 753.38 million for the financial year 2016. The increase in interest income and other charges on our loan portfolio was consistent with the increase in our customer base in our three business lines of vehicle finance, MSME loans and SME loans; we disbursed loans aggregating to ₹ 67,304.67 million during the financial year 2017 as compared to loans aggregating to ₹ 56,192.27 million during the financial year 2016. The increase in interest income and other charges on securitization and direct assignment was on account of higher average outstanding of securitized and assigned loans during the financial year 2017.

Other income. Our other income increased to ₹ 135.28 million for the financial year 2017 from ₹ 50.19 million for the financial year 2016, primarily due to an increase in income received on investments to ₹ 83.28 million for the financial year 2017 from ₹ 14.33 million for the financial year 2016 and an increase in provisions no longer required, written back to ₹ 29.33 million for the financial year 2017 from ₹ 19.32 million for the financial year 2016.

Expenses

Employee benefit expenses. Employee benefit expenses increased by 22.22% to ₹ 1,927.78 million for the financial year 2017 from ₹ 1,577.27 million for the financial year 2016, primarily due to an increase in salaries and other benefits due to an increase in our number of employees as a result of growth in our business and compensation increments given to our employees and an increase in directors' remuneration. Our number of employees increased to 8,515 employees as of March 31, 2017 (including contract personnel which are accounted for under "Other expenses") from 5,072 employees as of March 31, 2016.

Finance costs. Our finance costs increased by 26.58% to ₹ 5,003.33 million for the financial year 2017 from ₹ 3,952.53 million for the financial year 2016, primarily as a result of:

- an increase in interest expense to ₹ 4,828.33 million for the financial year 2017 from ₹ 3,800.46 million for the financial year 2016, primarily due to an increase in interest expense on term loans, cash credit facilities and commercial paper to ₹ 2,182.57 million for the financial year 2017 from ₹ 1,501.62 million for the financial year 2016 and an increase in interest expense on NCDs to ₹ 2,173.12 million for the financial year 2017 from ₹ 1,933.01 million for the financial year 2016; the increase in interest expense was on account of higher average balances of borrowings for the financial year 2017, however such increase was partially offset by a reduction in the average cost of borrowings; and

- an increase in other borrowing costs to ₹ 175.00 million for the financial year 2017 from ₹ 152.07 million for the financial year 2016, primarily due to an increase in resource mobilization expenses to ₹ 150.81 million for the financial year 2017 from ₹ 134.64 million for the financial year 2016.

Depreciation and amortization expense. Our depreciation and amortization expense decreased by 32.13% to ₹ 57.83 million for the financial year 2017 from ₹ 85.21 million for the financial year 2016, on account of a change in the estimated life of assets.

Other expenses. Our other expenses increased by 71.81% to ₹ 1,503.75 million for the financial year 2017 from ₹ 875.24 million for the financial year 2016, primarily on account of an increase in manpower supply cost to ₹ 388.16 million for the financial year 2017 from ₹ 138.01 million for the financial year 2016, an increase in commission and brokerage expenses to ₹ 257.31 million for the financial year 2017 from ₹ 193.54 million for the financial year 2016, an increase in repair and maintenance expenses to ₹ 92.62 million for the financial year 2017 from ₹ 13.26 million for the financial year 2016 and an increase in legal and professional fees to ₹ 109.24 million for the financial year 2017 from ₹ 72.45 million for the financial year 2016.

Provisions and write offs. Our provisions and write offs increased to ₹ 766.73 million for the financial year 2017, comprising net provisions made during the year of ₹ 283.24 million and write offs during the year (net of recoveries) of ₹ 483.49 million, from ₹ 256.82 million for the financial year 2016, comprising net provision made during the year of ₹ 64.78 million and write offs during the year (net of recoveries) of ₹ 192.04 million.

Exceptional item. During the financial year 2017, our Company sold 90.10% of the outstanding equity shares of Aavas Financiers Limited (formerly known as Au Housing Finance Limited), 100.00% of the outstanding equity shares of Index Money LLP (formerly known as Index Money Limited), 29.53% of the outstanding equity shares of M Power Micro Finance Private Limited and 26.00% of the outstanding equity shares of Au Insurance Broking Services Private Limited. The aggregate profit on sale of these investments (net of the expenses incurred in connection with such sale) of ₹ 6,703.49 million (₹ 5,168.58 million, net of tax) has been disclosed as an exceptional item in the restated summary statement of profit and loss.

Total tax expenses. Our total tax expenses increased to ₹ 3,322.15 million for the financial year 2017 from ₹ 1,300.89 million for the financial year 2016, as a result of an increase in profit before tax. For the financial year 2017, we had a current tax expense of ₹ 3,104.84 million, a deferred tax charge of ₹ 172.75 million and tax relating to earlier periods of ₹ 44.56 million. For the financial year 2016, we had a current tax expense of ₹ 1,150.78 million and a deferred tax expense of ₹ 152.62 million, which was partially offset by a tax relating to earlier periods of ₹ 2.51 million.

Profit after tax. Our profit after tax increased to ₹ 8,427.13 million for the financial year 2017 from ₹ 2,471.54

million for the financial year 2016.

Financial Year 2016 compared to Financial Year 2015

Our results of operations for the financial year 2016 were particularly affected by the following factors:

- an increase in the amount of loans disbursed by us from an increase in the number of customers in our vehicle finance business, MSME loans business and SME loans business;
- an increase in employee costs; and
- a reduction in average cost of borrowing and a reduction in provisions and write offs.

Total Revenue

Our total revenue increased by 52.59% to ₹ 10,519.50 million for the financial year 2016 from ₹ 6,894.08 million for the financial year 2015, primarily due to an increase in revenue from operations.

Revenue from Operations. Our revenue from operations increased by 52.39% to ₹ 10,469.31 million for the financial year 2016 from ₹ 6,870.20 million for the financial year 2015, primarily due to an increase in interest income and other charges on loan portfolio to ₹ 9,616.32 million for the financial year 2016 from ₹ 6,049.57 million for the financial year 2015 and an increase in interest income and other charges on securitization and direct assignment to ₹ 753.38 million for the financial year 2016 from ₹ 659.24 million for the financial year 2015. The increase in interest income and other charges on our loan portfolio was consistent with the increase in our customer base in our three business lines of vehicle finance, MSME loans and SME loans; we disbursed loans aggregating to ₹ 56,192.28 million during the financial year 2016 as compared to loans aggregating to ₹ 33,775.25 million during the financial year 2015. The increase in interest income and other charges on securitization and direct assignment was on account of higher average outstanding of securitized and assigned loans during the financial year 2016.

Other income. Our other income increased to ₹ 50.19 million for the financial year 2016 from ₹ 23.88 million for the financial year 2015, primarily due to an increase in provisions no longer required, written back to ₹ 19.32 million for the financial year 2016 from ₹ 7.14 million for the financial year 2015, an increase in income received on investments to ₹ 14.33 million for the financial year 2016 from ₹ 2.54 million for the financial year 2015, and an increase in miscellaneous income to ₹ 16.54 million for the financial year 2016 from ₹ 14.20 million for the financial year 2015.

Expenses

Employee benefit expenses. Employee benefit expenses increased by 66.88% to ₹ 1,577.27 million for the financial year 2016 from ₹ 945.16 million for the financial year 2015, primarily as a result of an increase in salaries and other benefits due to an increase in our number of employees as a result of the growth in our business and compensation increments given to our employees. Our number of employees increased to 5,072 employees as of March 31, 2016 (including contract personnel which are accounted for under "Other expenses") from 3,553 employees as of March 31, 2015.

Finance costs. Our finance costs increased by 40.17% to ₹ 3,952.53 million for the financial year 2016 from ₹ 2,819.74 million for the financial year 2015, primarily as a result of:

- an increase in interest expense to ₹ 3,800.46 million for the financial year 2016 from ₹ 2,708.65 million for the financial year 2015, primarily due to an increase in interest expense on NCDs to ₹ 1,933.01 million for the financial year 2016 from ₹ 1,144.25 million for the financial year 2015, and an increase in interest expense on term loans, cash credit facilities and commercial paper to ₹ 1,501.62 million for the financial year 2016 from ₹ 1,295.23 million for the financial year 2015; the increase in interest expense was on account of higher average balances of borrowings during the financial year 2016, however, such increase was partially offset by a reduction in average cost of borrowings; and

- an increase in other borrowing costs to ₹ 152.07 million for the financial year 2016 from ₹ 111.09 million for the financial year 2015, primarily due to an increase in resource mobilization expenses to ₹ 134.64 million for the financial year 2016 from ₹ 92.01 million for the financial year 2015.

Depreciation and amortization expense. Our depreciation and amortization expense increased by 30.79% to ₹ 85.21 million for the financial year 2016 from ₹ 65.15 million for the financial year 2015, primarily due to an increase in our asset base of office equipment, vehicles and buildings and software.

Other expenses. Our other expenses increased by 73.51% to ₹ 875.24 million for the financial year 2016 from ₹ 504.44 million for the financial year 2015, primarily due to an increase in commission and brokerage expenses to ₹ 193.54 million for the financial year 2016 from ₹ 100.48 million from the financial year 2015, manpower supply cost to ₹ 138.01 million for the financial year 2016 from nil for the financial year 2015 and travel and conveyance expenses to ₹ 140.70 million for the financial year 2016 from ₹ 101.75 million for the financial year 2015.

Provisions and write offs. Our provisions and write offs for financial year 2016 decreased by 47.21% to ₹ 256.82 million, comprising provisions of ₹ 64.78 million and write offs (net of recoveries against loans written off of ₹ 129.66 million) of ₹ 192.04 million, from ₹ 486.53 million for the financial year 2015, comprising provisions of ₹ 31.10 million and write offs (net of recoveries against loans written off of ₹ 71.37 million) of ₹ 455.43 million.

Total tax expenses. Our total tax expenses increased by 91.71% to ₹ 1,300.89 million for the financial year 2016 from ₹ 678.56 million for the financial year 2015, as a result of an increase in profit before tax. For the financial year 2016, we had a current tax expense of ₹ 1,150.78 million and a deferred tax expense of ₹ 152.62 million, which was partially offset by a tax relating to earlier periods of ₹ 2.51 million. For the financial year 2015, we had a current tax expense of ₹ 756.58 million, which were partially offset by a deferred tax credit of ₹ 57.63 million and a tax relating to earlier periods of ₹ 20.39 million.

Profit after tax. Our profit after tax increased 77.23% to ₹ 2,471.54 million for the financial year 2016 from ₹ 1,394.50 million for the financial year 2015.

Financial Position

Our net worth (as restated) increased by 99.82% to ₹ 19,995.60 million as of March 31, 2017 from ₹ 10,006.66 million as of March 31, 2016.

Assets

The following table sets forth the principal components of our assets as of March 31, 2017, 2016 and 2015:

(₹ in million)

Assets	As of March 31,		
	2017	2016	2015
Non-Current Assets:			
Fixed assets:			
Property, plant and equipment	345.60	224.61	172.26
Intangible assets	14.20	17.44	12.88
Capital work in progress	1,598.27	3.91	4.66
Intangible assets under development	800.37	-	-
Non-current investments	6,152.18	593.43	1,126.53
Deferred tax assets (net)	38.40	211.15	363.77
Receivables under financing activity	45,177.80	37,804.55	22,481.63
Long-term loans and advances	367.85	88.51	117.54
Other non-current assets	9.52	64.48	54.35
Total Non-Current Assets	**54,504.19**	**39,008.08**	**24,333.62**
Current Assets:			
Current investments	15,350.96	1,722.26	271.87
Cash and bank balances	6,244.96	1,234.34	2,029.24
Receivable under financing activity	20,902.04	20,088.88	12,749.91

Short-term loans and advances	535.66	210.15	138.67
Other current assets	638.60	466.38	275.73
Total Current Assets	43,672.22	**23,722.01**	**15,465.42**
Total Assets	**98,176.41**	**62,730.09**	**39,799.04**

As of March 31, 2017, we had total assets of ₹ 98,176.41 million, compared to ₹ 62,730.09 million as of March 31, 2016 and ₹ 39,799.04 million as of March 31, 2015. The significant increase in our total assets was primarily on account of a significant growth in our loan portfolio due to an increase in the number of our customers across our business lines of vehicle finance, MSME loans and SME loans.

Non Current Assets

Property, Plant and Equipment

As of March 31, 2017, we had property, plant and equipment of ₹ 345.60 million, compared to ₹ 224.61 million as of March 31, 2016 and ₹ 172.26 million as of March 31, 2015. The increase in property, plant and equipment was primarily on account of purchase of office equipment, vehicles and furniture and fixtures.

Capital Work In Progress

As of March 31, 2017, we had capital work in progress of ₹ 1,598.27 million, compared to ₹ 3.91 million as of March 31, 2016. The increase in capital work in progress was primarily on account of infrastructure development of branches and purchase of computer hardware.

Intangible Assets Under Development

As of March 31, 2017, we had intangible assets under development of ₹ 800.37 million, as compared to no intangible assets under development as of March 31, 2016. The increase in intangible assets under development was primarily on account of investments in technology.

Non-Current Investments

As of March 31, 2017, we had non-current investments of ₹ 6,152.18 million, compared to ₹ 593.43 million as of March 31, 2016 and ₹ 1,126.53 million as of March 31, 2015. The increase in non-current investments between March 31, 2017 and March 31, 2016 was primarily on account of investments in government securities for meeting the SLR requirements, on the commencement of our SFB operations. The decrease in non-current investments between March 31, 2016 and March 31, 2015 was primarily on account of the reclassification of investments in a subsidiary and an associate from non-current to current due to the commencement of the process of proposed sale of equity shares of such entities.

Deferred Tax Assets (Net)

As of March 31, 2017, we had a deferred tax asset (net) of ₹ 38.40 million. We had deferred tax asset (net) of ₹ 211.15 million as of March 31, 2016, compared to ₹ 363.77 million as of March 31, 2015. The decrease in deferred tax asset (net) between March 31, 2017 and March 31, 2016 was primarily on account of provision for doubtful debts and advances. The decrease in deferred tax asset (net) between March 31, 2016 and March 31, 2015 was primarily on account of restatement of provisions and the provision of current tax.

Receivables Under Financing Activity (Non-Current)

Receivables under financing activity were ₹ 45,177.80 million as of March 31, 2017, compared to ₹ 37,804.55 million as of March 31, 2016 and ₹ 22,481.63 million as of March 31, 2015. Receivables under financing activity represented 46.02%, 60.27% and 56.49% of our total assets as of March 31, 2017, 2016 and 2015, respectively.

The increase in receivables under financing activity was primarily on account of a growth in our operations and branch network resulting in a higher disbursement of loans across our business lines of vehicle finance, MSME loans and SME loans.

Our vehicle finance loan portfolio increased from ₹ 29,305.98 million as of March 31, 2013 to ₹53,956.82 million as of March 31, 2017, at a CAGR of 16.49%. Our MSME loan portfolio increased from ₹5,613.70 million as of March 31, 2013 to ₹32,163.38 million as of March 31, 2017, at a CAGR of 54.71%. Our SME loan portfolio increased from ₹ 2,123.56 million as of March 31, 2013 to ₹ 21,218.38 million as of March 31, 2017, at a CAGR of 77.79%.

Current Assets

Current Investments

Current investments were ₹ 15,350.96 million as of March 31, 2017, compared to ₹ 1,722.26 million as of March 31, 2016, and ₹ 271.87 million as of March 31, 2015. The increase in current investments between March 31, 2017 and March 31, 2015 was primarily on account investments in liquid mutual funds and others and the sale of the investments in subsidiaries and associates during the financial year 2017.

Cash and Bank Balances

Cash and bank balances were ₹ 6,244.96 million as of March 31, 2017, compared to ₹ 1,234.34 million as of March 31, 2016 and ₹ 2,029.24 million as of March 31, 2015.

Receivable Under Financing Activity (Current)

Receivable under financing activity (current) was ₹ 20,902.04 million as of March 31, 2017, compared to ₹ 20,088.88 million as of March 31, 2016 and ₹ 12,749.91 million as of March 31, 2015. The significant increase in our receivables under financing activity was primarily on account of a growth in our operations and branch network resulting in a higher disbursement of loans across our business lines of vehicle finance, MSME loans and SME loans.

Other Current Assets

Other current assets were ₹ 638.60 million as of March 31, 2017, compared to ₹ 466.38 million as of March 31, 2016 and ₹ 275.73 million as of March 31, 2015. The increase in other current assets was primarily on account of an increase in interest accrued but not due on loans to borrowers.

Liabilities and Provisions

The following table sets forth the principal components of our liabilities as of March 31, 2017, 2016 and 2015:

(₹ in million)

Liabilities	As of March 31,		
	2017	2016	2015
Non-Current Liabilities			
Long term borrowings	49,367.37	28,108.52	15,795.67
Other long term liabilities	591.41	567.33	431.02
Long term provisions	628.50	322.30	263.65
Total Non-Current Liabilities	**50,587.28**	**28,998.15**	**16,490.34**
Current Liabilities			
Short term borrowings	9,940.45	10,065.76	9,726.36
Other current liabilities	17,579.62	13,444.83	5,746.78
Short term provisions	73.46	214.69	171.05
Total Current Liabilities	**27,593.53**	**23,725.28**	**15,644.19**

Non-Current Liabilities

Long Term Borrowings

Our long term borrowings increased to ₹ 49,367.37 million as of March 31, 2017 from ₹ 28,108.52 million as of March 31, 2016 and ₹ 15,795.67 million as of March 31, 2015, in order to satisfy the credit requirements of our

growing customer base as well as our growing vehicle finance, MSME loans and SME loans businesses.

Other Long Term Liabilities

Our other long term liabilities increased to ₹ 591.41 million as of March 31, 2017 from ₹ 567.33 million as of March 31, 2016 and ₹ 431.02 million as of March 31, 2015, primarily due to increase in interest accrued but not due and payable on borrowings.

Long Term Provisions

Our long term provisions increased to ₹ 628.50 million as of March 31, 2017 from ₹ 322.30 million as of March 31, 2016, primarily due to an increase in provisions on NPAs and provision for employees benefits.

Current Liabilities

Short Term Borrowings

Our short term borrowings decreased to ₹ 9,940.45 million as of March 31, 2017 from ₹ 10,065.76 million as of March 31, 2016, primarily due to lower average outstanding working capital borrowings and lower average outstanding commercial paper. Our short term borrowings increased to ₹ 10,065.76 million as of March 31, 2016 from ₹ 9,726.36 million as of March 31, 2015, primarily due to higher average issued and outstanding commercial paper.

Other Current Liabilities

Our other current liabilities, which comprise current maturities of long-term borrowings, interest accrued and due on borrowings and other payables, increased to ₹ 17,579.62 million as of March 31, 2017 from ₹ 13,444.83 million as of March 31, 2016 and ₹ 5,746.78 million as of March 31, 2015, primarily due to increase in term loans from financial institutions, other payables due to assignees towards collections from assigned/securitized assets and issuance of secured and unsecured debentures.

Short Term Provisions

Short term provisions were ₹ 73.46 million as of March 31, 2017, primarily due to contingent provisions against standard assets. As of March 31, 2016 and 2015, the short term provisions were ₹ 214.69 million and ₹ 171.05 million, respectively.

Shareholders' Funds

As of March 31, 2017, our shareholders' funds increased to ₹ 19,995.60 million, representing 20.37% of our total assets. Our shareholders' funds increased to ₹ 19,995.60 million as of March 31, 2017 from ₹ 10,006.66 million as of March 31, 2016 primarily due to an increase in reserves and surplus to ₹ 17,153.09 million as of March 31, 2017 from ₹ 9,565.85 million as of March 31, 2016 and an increase in share capital to ₹ 2,842.51 million as of March 31, 2017 from ₹ 440.81 million as of March 31, 2016. As of March 31, 2016, our shareholders' funds represented 15.95% of our total assets.

Our shareholders' funds increased to ₹ 10,006.66 million as of March 31, 2016 from ₹ 7,664.51 million as of March 31, 2015, primarily due to an increase in reserves and surplus to ₹ 9,565.85 million as of March 31, 2016 from ₹ 7,223.70 million as of March 31, 2015. As of March 31, 2015, our shareholders' funds were ₹ 7,664.51 million, representing 19.26% of our total assets.

Liquidity and Capital Resources

The purpose of the liquidity management function is to ensure that we have sufficient funds available to extend loans to our customers across our various business lines, to repay principal and interest on our borrowings and to fund our working capital requirements. We endeavor to diversify our sources of capital. We have access to diverse sources of liquidity, both debt and equity. For the financial year 2017, we received an aggregate ₹ 74,628.27

million from these sources. For the financial year 2016, we received an aggregate ₹ 42,881.73 million from these sources. We typically invest our surplus cash in liquid mutual funds.

We actively manage our liquidity and capital position by raising funds periodically. We regularly monitor our funding levels to ensure that we are able to satisfy the requirements for loan disbursements and maturity of our liabilities. All our loan agreements and debentures contain a number of covenants including financial covenants. In addition, some loans may contain provisions which allow the lender, at its discretion to call for repayment of the loan at short notice and/or require us to prepay on a *pari passu* basis if any other loan is being repaid. Such covenants, if acted upon, may have an impact on our liquidity. For details, see "*Financial Indebtedness*" and "*Risk Factors – Internal Risk Factors - As an SFB, we will be unable to access some of the sources of funds available to us as an NBFC and our inability to replace such sources of funds in an acceptable and timely manner, or at all, may have an adverse effect on our business, results of operations, financial condition and cash flows.*" on pages 318 and 20, respectively.

Cash Flows

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

(₹in million)

	Financial Year		
	2017	**2016**	**2015**
Net cash generated/(used in) Operating Activities	(4,955.55)	(19,380.36)	(7,471.42)
Net cash generated/(used in) Investing Activities	(15,797.91)	(333.74)	(228.40)
Net cash generated/(used in) Financing Activities	24,876.87	19,639.29	7,824.15
Net increase/(decrease) in Cash and Cash Equivalents	4,123.41	(74.81)	124.33

Operating Activities

Net cash used in operating activities was ₹ 4,955.55 million for the financial year 2017. While our net profit before tax was ₹ 11,749.28 million for the financial year 2017, we had an operating profit before working capital changes of ₹ 5,396.50 million, primarily as a result of provision for non-performing assets of ₹ 229.82 million, depreciation and amortization expense of ₹ 57.83 million and contingent provision against standard assets of ₹ 56.23 million. Our changes in working capital for the financial year 2017 primarily consisted of an increase in receivables under financing activity of ₹ 8,186.41 million, an increase in short term loans and advances of ₹ 323.01 million and an increase in long-term loans and advances of ₹ 275.16 million, which were partially offset by an increase in other current liabilities of ₹ 1,991.39 million.

Net cash used in operating activities was ₹ 19,380.36 million for the financial year 2016. While our net profit before tax was ₹ 3,772.43 million for the financial year 2016, we had an operating profit before working capital changes of ₹ 3,951.90 million, primarily as a result of depreciation and amortization expense of ₹ 85.21 million and contingent provision against standard assets of ₹ 85.20 million. Our changes in working capital for the financial year 2016 primarily consisted of an increase in receivables under financing activity of ₹ 22,661.88 million, an increase in other current assets of ₹ 190.65 million, and an increase in short term loans and advances of ₹ 76.27 million, which were partially offset by an increase in other current liabilities of ₹ 663.61 million.

Net cash used in operating activities was ₹ 7,471.42 million for the financial year 2015. While our net profit before tax was ₹ 2,073.06 million for the financial year 2015, we had an operating profit before working capital changes of ₹ 2,173.86 million, primarily as a result of depreciation and amortization expense of ₹ 65.15 million, contingent provision against standard assets of ₹ 25.33 million and provision for non-performing assets of ₹ 15.55 million. Our changes in working capital for the financial year 2015 primarily consisted of an increase in receivables under financing activity of ₹ 10,064.28 million and an increase in other current assets of ₹ 39.36 million, partially offset by an increase in other current liabilities of ₹ 644.36 million, a decrease in short term loans and advances of ₹ 192.06 million and an increase in other long term liabilities of ₹ 171.66 million.

Investing Activities

Net cash generated used in investing activities was ₹ 15,797.91 million for the financial year 2017, primarily comprising purchase of mutual fund units and PTCs of ₹ 64,748.30 million and investments in government

securities and others of ₹ 9,139.94 million, partially offset by sale of mutual fund units and PTCs of ₹ 53,398.22 million and sale of investment in subsidiaries or associates (net of related expenses) of ₹ 8,094.11 million. Sale of investment in subsidiaries or associates comprised the sale of 90.10% of the outstanding equity shares of Aavas Financiers Limited (formerly known as Au Housing Finance Limited), 29.53% of the outstanding equity shares of M Power Micro Finance Private Limited, 26% of the outstanding shares of Au Insurance Broking Services Private Limited and 100% of the outstanding shares of Index Money LLP (formerly known as Index Money Limited).

Net cash used in investing activities was ₹ 333.74 million for the financial year 2016, primarily comprising purchase of mutual fund units and PTCs of ₹ 17,636.85 million and investments in subsidiaries of ₹ 700.00 million, partially offset by sale of mutual fund units and PTCs of ₹ 17,433.96 million.

Net cash used in investing activities was ₹ 228.40 million for the financial year 2015, primarily comprising purchase of mutual fund units and PTCs of ₹ 3,827.90 million and investments in subsidiary of ₹ 300.0 million, partially offset by sale of mutual fund units and PTCs of ₹ 3,867.69 million.

Financing Activities

Net cash generated from financing activities was ₹ 24,876.87 million for the financial year 2017, primarily consisting of net proceeds from long term borrowings of ₹ 23,402.25 million and issue of equity shares (including securities premium) of ₹ 1,715.22 million.

Net cash generated from financing activities was ₹ 19,639.29 million for the financial year 2016, primarily consisting of net proceeds from long term borrowing of ₹ 19,347.29 million and net proceeds from short term borrowing of ₹ 339.40 million.

Net cash generated from financing activities was ₹ 7,824.15 million for the financial year 2015, primarily consisting net proceeds from short term borrowing of ₹ 5,041.68 million and net proceeds from long term borrowing of ₹ 2,425.73 million.

Indebtedness

As of March 31, 2017, we had long term borrowings of ₹ 49,367.37 million, short term borrowings of ₹ 9,940.45 million and current maturities of long term borrowings of ₹ 11,401.96 million. As of March 31, 2016, we had long term borrowings of ₹ 28,108.52 million, short term borrowings of ₹ 10,065.76 million and current maturities of long term borrowings of ₹ 9,651.88 million. For details, see "*Financial Indebtedness*" on page 318. The following table sets forth certain information relating to outstanding indebtedness as of March 31, 2017, and our repayment obligations in the periods indicated:

(₹ in million)

	As of March 31, 2017				
	Payment due by period				
	Total	**Less than 1 year**	**1-3 years**	**3-5 years**	**More than 5 years**
Long term Borrowings					
Secured	38,617.37	-	24,875.20	13,644.17	98.00
Unsecured	10,750.00	-	8,800.00	1,950	-
Total long term borrowings	49,367.37	-	33,675.20	15,594.17	98.00
Current maturities of long term borrowings					
Secured	9,751.96	9,751.96	-	-	-
Unsecured	1,650.00	1,650.00	-	-	-
Total current maturities of long term borrowings	11,401.96	11,401.96	-	-	-
Short term borrowings:					
Secured	3,942.91	3,942.91	-	-	-
Unsecured	5,997.54	5,997.54	-	-	-
Total Short Term Borrowings	9.940.45	9.940.45	-	-	-
Total Borrowings	**70,709.78**				

Contractual Obligations and Commitments

The following table sets forth certain information relating to future payments due under known contractual obligations and commitments as of March 31, 2017, aggregated by type of contractual obligation:

(₹ in million)

	As of March 31, 2017				
	Payment due by period				
	Total	**Less than 1 year**	**1-3 years**	**3-5 years**	**More than 5 years**
Loans sanctioned but not disbursed	343.40	343.40	-	-	-
Estimated amount of contracts remaining to be executed on capital account and not provided for:					
Tangible assets	514.27	514.27	-	-	-
Intangible assets	325.93	325.93	-	-	-
Total	**1,183.60**	1,183.60	-	-	-

In addition, we have entered into short-term lease agreements for our offices and branches.

Securitization and Assignment Arrangements

For the years ended March 31, 2017, 2016 and 2015, we had securitized and assigned assets worth ₹ 34,951.70 million, ₹ 18,174.59 million and ₹ 12,659.40 million, respectively. The following table sets forth information regarding our securitization and assignment activities in the financial years 2017, 2016 and 2015:

Particulars	**Financial Year**		
	2017	**2016**	**2015**
Total number of loan assets assigned and securitized	104,012	60,793	48,560
Total book value of the loan assets assigned and securitized (₹ in million)	34,951.70	18,174.59	12,659.40
Sales consideration received for the assigned and securitized assets (₹ in million)	34,951.70	18,174.59	12,659.40
Income recognized in the statement of profit and loss (including income on MRR) (₹ in million)	2,605.78	1,740.12	1,257.60

Contingent Liabilities

The following table sets forth certain information relating to our contingent liabilities which have not been provided for, as of March 31, 2017, as per AS-29 issued by the ICAI:

Particulars	**Amount (₹ in million)**
Credit enhancements provided by the Company towards asset assignment / securitisation (including cash collaterals, principal and interest subordination)	3,041.77
Corporate Guarantees on borrowings taken by Aavas Financiers Limited (formerly known as Au Housing Finance Limited)	1,280.40
Claims against our Company not acknowledged as debts	28.15
Value added tax	1.39
Income tax demand	47.26
Service tax	204.75
Total	**4,603.72**

We sold 90.10% of outstanding equity shares of Aavas Financiers Limited (formerly known as Au Housing Finance Limited) on June 22, 2016.

For details, see "*Financial Statements – Annexure 31.3: Restated standalone statement of Contingent liability not provided for*" on page 269.

Debt/Equity Ratio

Our long term debt/equity ratio was 3.04 and 3.77 as of March 31, 2017 and March 31, 2016, respectively, while

our total debt/equity ratio was 3.54 and 4.78, as of March 31, 2017 and March 31, 2016, respectively. "Long term debt" represents the sum of long term borrowings and current maturities of long term borrowings.

"Total debt" represents the sum of long term borrowings, short term borrowings and current maturities of long term borrowings.

"Equity" represents the sum of the paid up share capital and reserves and surplus.

Historical and Planned Capital Expenditures

For the financial year 2017, we added fixed assets of ₹ 172.60 million, for office equipment, furniture and fixtures, vehicles and buildings. For the financial year 2016, we added fixed assets of ₹ 131.86 million, for office equipment, furniture and fixtures and vehicles. For the financial year 2015, we added fixed assets of ₹ 75.18 million, for office equipment, furniture and fixtures and vehicles.

Capital to Risk-Weighted Assets Ratios

The RBI monitors capital to risk-weighted assets ratios based on financial information. The following table sets forth our capital to risk-weighted assets ratios for the periods indicated:

		As of March 31,			
	2017	**2016**	**2015**	**2014**	**2013**
CRAR (%)	23.21%	16.91%	17.29%	18.75%	18.33%
CRAR - Tier I capital (%)	21.08%	13.47%	15.79%	15.70%	14.85%
CRAR - Tier II capital (%)	2.13%	3.44%	1.50%	3.05%	3.48%
Amount of subordinated debt raised as Tier – II capital (₹ in million)	3,300.00	3,550.00	1,750.00	1,750.00	1,300.00
Amount raised by issue of Perpetual Debt Instruments	-	-	-	-	-

Credit Ratings

The following table sets forth our credit ratings as of the date of this Red Herring Prospectus:

Rating Agency	**Term**	**Rating**
CRISIL Ratings	Long Term	CRISIL A+ / Stable
	Short Term	-
ICRA	Long Term	[ICRA]A+ (Stable)
	Short Term	[ICRA]A1+
India Ratings	Long Term	IND A+ (Positive)
	Short Term	IND A1+
CARE Ratings	Long Term	CARE A+ / Stable
	Short Term	-
Brickwork Ratings	Long Term	BWR AA / Stable
	Short Term	-

Related Party Transactions

We have engaged in the past, and may engage in the future, in transactions with related parties. For details of our related party transactions, see "*Related Party Transactions*" on page 222.

Quantitative and Qualitative Disclosures about Market Risk

We are exposed to various types of market risks during the normal course of business such as credit risk, interest rate risk, liquidity risk, operational risk, cash management risk, asset risk and inflation risk.

Credit Risk

Credit risk is the risk of loss that may occur from defaults by our customers under our loan agreements. In order to

address credit risk, each of our business lines has a separate set of credit policies that outline a standardized approach for customer selection. Credit approvers and field investigation officers are responsible for ensuring adherence to these policies. We have set-up a robust collections management system, which includes a collection control room that centrally manages allocations between collection agents and we use analytics for the optimum allocation of cases to the collections team. We have also established standardized operating procedures that are backed by our technology platform. We have implemented a real time analytics software for risk management through portfolio profiling, early warning systems, static pool reports, delinquency trend analysis, geographical mapping of risk areas and collection predictive reports. Our credit teams track cases for early signs of stress, ensuring that corrective action is taken in the case of non-starter or early delinquency cases.

Interest Rate Risk

We are subject to interest rate risk, principally because we lend to customers at fixed interest rates and for periods that may differ from our funding sources, while our borrowings are at both fixed and variable interest rates for different periods. We assess and manage our interest rate risk by managing our assets and liabilities. Our Asset Liability Management Committee evaluates asset liability management, and ensures that all significant mismatches, if any, are being managed appropriately. For details, see "*Risk Factors – Internal Risk Factors - Our inability to manage interest rate risk may adversely affect our business, results of operations, financial condition and cash flows.*" on page 23.

Liquidity Risk

Liquidity risk arises due to the unavailability of adequate funds at an appropriate cost or tenure. Our resource mobilization department sources funds from multiple sources, including from banks, financial institutions and capital markets. Our resource mobilization department is responsible for diversifying fundraising sources, managing interest rate risks and maintaining a strong relationship with banks, financial institutions, mutual funds, insurance companies, other domestic and foreign financial institutions and rating agencies. For details, see "*Risk Factors – Internal Risk Factors - As an SFB, we will be unable to access some of the sources of funds available to us as an NBFC and our inability to replace such sources of funds in an acceptable and timely manner, or at all, may have an adverse effect on our business, results of operations, financial condition and cash flows.*" on page 20.

Operational Risk

Operational risks arise from inadequate or failed internal processes, people or systems, or from external events. We control our operational risk by maintaining a comprehensive system of internal controls. Our dedicated operation risk management team identifies all people and process related risks and updates them in a risk register with rank, impact and controllability. In addition, we have leveraged technology to protect us from fraud by taking measures such as verifying customer details and documentation online and using credit bureau data to get information on potential frauds. Our team also manages compliance with requirements set forth by regulatory bodies and our internal standards. For details, see "*Risk Factors – Internal Risk Factors - We have recently introduced additional risk management architecture for our SFB operations and any failure or weakness therein, could adversely affect our business, results of operations, financial condition and cash flows.*" on page 29.

Cash Management Risk

Our branches collect and deposit a large amount of cash through a high volume of transactions taking place in our branch network. To address the cash management risks, we have developed advanced cash management checks that we employ at every level to track and tally accounts. We ensure that cash collected up to a certain time is deposited at local bank branches on the same day. Cash that is to be deposited is accounted for at the branch level and at a central level to avoid discrepancies. Moreover, we conduct regular audits to ensure the highest levels of compliance with our cash management systems. For details, see "*Risk Factors – Our operations involve handling significant amounts of cash, making us susceptible to loss or misappropriation or fraud by our employees.*" on page 28.

Asset Risk

Asset risks arise due to the decrease in the value of collateral over time. The selling price of a re-possessed asset may be less than the total amount of loan and interest outstanding in such borrowing and we may be unable to

realize the full amount lent to our customers due to such a decrease in the value of collateral. We may also face certain practical and execution difficulties during the process of seizing collateral of defaulting customers. We engage collections agencies to repossess such assets and ensure that these repossession agents follow legal procedures and take appropriate care in dealing with customers for seizing assets. We have also set up a collateral appraisal system and legal and technical teams for our MSME and SME loan business to mitigate collateral risk across geographies. For details, see "*Risk Factors – Internal Risk Factors - We may incur losses due to a decline in the value of collateral obtained as security for the loans disbursed by us and our inability to seize and recover the full value of collateral may adversely affect our business, results of operations, financial condition and cash flows.*" on page 26.

Inflation Risk

Inflation rates in India have been volatile in recent years, and such volatility may continue in the future. A return of high inflation rates may result in an increase in overall interest rates which may adversely affect our results of operations. High rates of inflation in the Indian economy could impact the results of our operations, by leading to a lower demand for our vehicle finance and SME and MSME loans. High inflation rates may also adversely affect growth in the Indian economy and our operating expenses.

Unusual or Infrequent Events or Transactions

Except as described in this Red Herring Prospectus, to our knowledge, there have been no unusual or infrequent events or transactions that have in the past or may in the future affect our business operations or future financial performance.

Significant Economic Changes that Materially affect or are likely to affect Income from Continuing Operations

Our business has been subject, and we expect it to continue to be subject, to significant economic changes that materially affect or are likely to affect our income from continuing operations identified above in "*Factors Affecting our Results of Operations*" and the uncertainties described in "*Risk Factors*" on page 19.

Known Trends or Uncertainties

Our business has been subject, and we expect it to continue to be subject, to significant economic changes arising from the trends identified above in "*Factors affecting our Results of Operations*" and the uncertainties described in "*Risk Factors*" on page 19. To our knowledge, except as discussed in this Red Herring Prospectus, there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on revenues or income of our Company from continuing operations.

Future Relationship between Cost and Revenue

Other than as described in "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 19, 144 and 290, respectively, to our knowledge there are no known factors that may adversely affect our business prospects, results of operations and financial condition.

New Products or Business Segments

Other than as disclosed in this section and in "*Our Business*" on page 144, there are no new products or business segments that have or are expected to have a material impact on our business prospects, results of operations or financial condition.

Dependence on a Few Customers

Given the nature of our business operations, we do not believe our business is dependent on any single or a few customers.

Seasonality of Business

Our business is not seasonal in nature.

Competitive Conditions

We operate in a competitive environment. Please refer to "*Our Business*", "*Industry Overview*" and "*Risk Factors*" on pages 144, 121 and 19, respectively for further information on our industry and competition.

Recent Accounting Pronouncements

As of the date of this Red Herring Prospectus, there are no recent accounting pronouncements which would have a material effect on our financial condition or results of operations.

Material developments subsequent to March 31, 2017

We commenced our SFB operations with effect from April 19, 2017.

FINANCIAL INDEBTEDNESS

Our Company avails credit facilities in the ordinary course of business for the purposes of onward lending, general corporate purpose and working capital requirements.

Pursuant to a resolution passed by our shareholders in the AGM held on August 31, 2016, the Board has been authorized to borrow sums of money for the purposes of our Company, with or without security, upon such terms and conditions as the Board may think fit, which, together with the monies borrowed by our Company (apart from temporary loans obtained or to be obtained from our Company's bankers in the ordinary course of business) shall not exceed the amount of ₹ 220,000 million including in excess of the aggregate of the paid-up share capital and free reserves of our Company.

Set forth below is a brief summary of our aggregate borrowings as of March 31, 2017:

Category of Borrowing	**Sanctioned Amount (*in ₹ million*)**	**Rate of Interest (*in percentage*)**	**Re-payment schedule**	**Outstanding amount as on March 31, 2017 (*in ₹ million*)**
A. Fund based borrowings				
Term Loans				
Secured	29,111.36	8.50% to 10.75%[(I)(a)]	Our secured term loans are repayable between Fiscals 2017 to 2022	22,094.33
Unsecured	1,200.00	8.19% [I)(a)]	Our unsecured term loans are repayable between Fiscals 2018 to 2021	1,200.00
Unsecured – subordinate debt (Tier – II)	500.00	10.20% to 16.10%[(I)(a)]		400.00
Cash Credits				
Secured	6,225.00	8.75% to 11.65%[(I)(b)]	All cash credit facilities availed by us are to be repaid within one year from date of sanction	3,942.91
Unsecured	–			–
NCDs				
Secured	27,175.00	8.42% to 11.83%[(III)(a)]	Our NCDs are repayable between Fiscals 2017 to 2020	26,275.00
Unsecured	10,200.00	8.50% to 12.23%	Unsecured NCDs issued by our Company is repayable in 2020	9,100.00
Unsecured – subordinate debt (Tier – II)	2,900.00	11.07% to 14.82%	Bullet repayment due on or before 2021	2,900.00
Commercial Papers	5,000.00	7.25% to 9.40%[(IV)]	Bullet repayment due on or before fiscal 2018	4,797.54
Total Fund Based Borrowing	82,311.36			70,709.78
B. Non- Fund based borrowings				
Bank Guarantees	2,040.37	Bank Guarantee Commission from 1.00% to 1.75%	N.A.	1,746.20
Total Non-Fund Based Borrowing	2,040.37			1,746.20

Apart from the above, our Company has availed loans post March 31, 2017, in the ordinary course of business including by way of issuance of non convertible debentures.

I. Principal terms of Term Loans availed by us:

a. ***Interest*****:** In terms of the term loans availed by us, the interest rate is typically the base rate of a specified lender and spread per annum, subject to a minimum interest rate. The spread typically varies between

different loans ranging from 0.50% to 2.20%. In the event of default by our Company in payment of its dues, the lenders may also impose a penal interest from 1% to 3% over and above the mutually agreed interest rate.

b. ***Tenor*****:** The tenor of the term loans availed by us typically ranges from two years to seven years.

c. ***Security*****:** In terms of our borrowings where security needs to be created, we are typically required to:

1. create security by way of hypothecation on our Company's present and future book-debts and receivables;

2. create a security cover for the loan by way of charge over the loan assets/book debts at a minimum prescribed limit; and

3. in certain cases, our Promoters, Mr. Sanjay Agarwal and Ms. Jyoti Agarwal, have provided personal guarantee.

This is an indicative list and there may be additional requirements for creation of security under the various borrowing arrangements entered into by us.

d. ***Re-payment*****:** While certain term loans are repayable on demand, the repayment period for most term loans typically ranges from two years to seven years, with monthly repayment after the end of the moratorium period, as prescribed by certain lenders, in terms of the respective loan agreements.

e. ***Restrictive Covenants*****:** As per the terms of our loan agreements, certain corporate actions for which our Company requires prior written consent of the lenders include:

1. formulating any scheme of amalgamation, compromise, reconstruction, consolidation, demerger or merger;

2. effecting any change in ownership or control of our Company;

3. effecting any major change in the constitution or management of our Company;

4. effecting any change in the capital structure or shareholding pattern of our Company;

5. effecting any amendments to the Memorandum of Association and Articles of Association;[1] and

6. declaring any dividends or distributing any profits except where the instalments of principal and interest payable to a particular lender is being paid regularly and there are no irregularities in relation thereto.

f. ***Events of Default*****:** Borrowing arrangements entered into by our Company contain standard events of default, including:

1. non-payment of instalment/interest within the stipulated time;

2. representations or warranties found to be untrue or misleading when made;

3. our Company ceasing or threatening to cease or carrying on its business;

4. utilisation of a loan for purposes other than the sanctioned purpose; and

5. cross default under other borrowings of the borrower.

This is an indicative list and there may be additional terms that may amount to an event of default under the various borrowing arrangements entered into by us.

II. Principal terms of Cash Credit facilities availed by us:

a. ***Interest*****:** In terms of the cash credit facilities availed by us, the interest rate is typically the base rate of a specified lender and spread per annum, subject to a minimum interest rate. The spread varies between different loans ranging from 0.25% to 2.25%.

b. ***Tenor*****:** The tenor of the cash credit facilities are typically one year.

c. ***Security*****:** In terms of our borrowings, we are typically required to:

1. create security by way of hypothecation on our Company's present and future book-debts and receivables;

2. create a security cover for the loan by way of charge over the loan assets/book debts at a minimum prescribed limit; and

3. in certain cases, our Promoters, Mr. Sanjay Agarwal and Ms. Jyoti Agarwal, have provided personal guarantee.

This is an indicative list and there may be additional requirements for creation of security under the various borrowing arrangements entered into by us.

d. ***Re-payment*****:** While typically cash credit facilities availed by our Company are repayable on demand, the repayment period for most facilities is one year, either on monthly repayment or bullet repayment basis.

e. ***Restrictive Covenants*****:** As per the terms of our cash credit facilities agreements, certain corporate actions for which our Company requires prior written consent of the lenders include:

1. formulating any scheme of amalgamation, compromise, reconstruction, consolidation, demerger or merger;

2. effecting any change in ownership or control of our Company;

3. effecting any major change in the constitution or management of our Company;

4. effecting any change in the capital structure or shareholding pattern of our Company;

5. effecting any amendments to the Memorandum of Association and Articles of Association;[2] and

6. declaring any dividends or distributing any profits except where the instalments of principal and interest payable to a particular lender is being paid regularly and there are no irregularities in relation thereto.

f. ***Events of Default*****:** As per the terms of the cash credit facilities agreements the following, among others, constitute as events of default:

1. non-payment of any sum/interest when due;

2. representations or warranties found to be untrue or misleading when made;

3. our Company ceasing or threatening to cease or carrying on its business;

4. utilisation of a loan for purposes other than the sanctioned purpose; and

5. cross default under other borrowings of the borrower.

This is an indicative list and there may be additional terms that may amount to an event of default under the various cash credit facilities agreements entered into by us.

III. Principal terms of the Non Convertible Debentures ("NCDs") issued by us:

a. ***Interest*****:** For NCDs, we enter into debenture trust deeds (the "**DTDs**") and have issued Information Memoranda. Further, in terms of such DTDs, a specified interest or coupon rate is to be paid *per annum*. The NCDs issued by us are listed on the stock exchanges in India.

b. ***Tenor*****:** The tenor of the NCDs ranges between one year and ten months years to seven years.

c. ***Security*****:** Of the total 41 NCDs issued and outstanding as on March 31, 2017. NCDs amounting to ₹ 12,000.00 million are unsecured and NCDs amounting to ₹ 26,275.00 million are secured by way of hypothecation on our Company's present and future book-debts and in some cases, mortgage of immovable properties of our Company, in terms of the respective DTDs.

d. ***Restrictive Covenants*****:** As per the terms of the DTDs, certain corporate actions by our Company which requires prior written consent of the bond trustee, among others, include:

1. amendment in main object clause of the Memorandum of Association in a manner which would prejudicially affect the interest of the debenture holders;

2. sell, transfer or otherwise dispose off all or substantially all of its assets other than in normal course of business; and

3. enter into any transaction of merger, spin-off, consolidation, reorganization or implementation of any scheme of amalgamation or reconstruction.

IV. Commercial Papers

Our Company has issued commercial papers aggregating to ₹ 5,000.00 million, in Fiscal 2017, out of which ₹ 4,797.54 million is outstanding as on March 31, 2017. All the commercial papers issued by us are repayable on their respective maturity dates and carry a fixed rate of interest.

SECTION VII: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

*Except as stated below, there is no outstanding (i) criminal litigation involving our Company, its Directors, or Promoters; (ii) actions taken by statutory or regulatory authorities involving our Company, its Directors, or Promoters; (iii) outstanding claims involving our Company, its Directors or Promoters for any direct or indirect tax liabilities; and (iv) other material litigations involving our Company, its Directors or Promoters, in terms of the Materiality Policy, as on the date of this Red Herring Prospectus. Our Board, in its meeting held on December 20, 2016, has adopted a policy for identification of Group Companies, material creditors and material legal proceedings ("**Materiality Policy**").*

Further, except as stated in this section, there are no (i) outstanding proceedings initiated for economic offences against our Company; (ii) pending defaults or non-payment of statutory dues by our Company; (iii) material fraud against our Company in the last five years immediately preceding this Red Herring Prospectus; (iv) inquiry, inspection or investigation initiated or conducted under the Companies Act against our Company during the last five years immediately preceding the year of this Red Herring Prospectus; (v) prosecutions filed (whether pending or not); fines imposed against or compounding of offences under the Companies Act by our Company, in the last five years immediately preceding the year of this Red Herring Prospectus; (vi) litigation or legal action, pending or taken, against our Promoters by any ministry or Government department or statutory authority during the last five years immediately preceding this Red Herring Prospectus; (vii) other pending litigations involving our Company, Directors, Promoters or any other person, as determined to be material by our Board of Directors, in accordance with the SEBI ICDR Regulations; or (viii) outstanding dues to creditors of our Company as determined to be material by our Board of Directors, in accordance with the SEBI ICDR Regulations; and (ix) outstanding dues to small scale undertaking and other creditors; and (x) overdues or defaults to banks or financial institutions by our Company.

Other than the abovementioned legal proceedings, our Company is not involved in any other material legal proceedings, determined material pursuant to the Materiality Policy. For the purposes of disclosure, pursuant to the SEBI ICDR Regulations and the Materiality Policy of our Company, all other pending litigation involving our Company, its Directors, and Promoters, other than criminal proceedings, statutory or regulatory actions and taxation matters, would be considered 'material' if the monetary amount of claim by or against the entity or person in any such pending proceeding is in excess of 2.5% of the profit after tax of our Company as on March 31, 2016 as per the Restated Financial Statements or such pending litigation proceedings whose outcome may have a material adverse bearing on the operations or performance of our Company, as the case may be.

*In terms of the Materiality Policy, with respect to (i) outstanding dues to creditors; (ii) material creditors of our Company or (iii) outstanding dues to small scale undertakings and other creditors, determined that outstanding dues to creditors in excess of 2.5 % of our Company's total dues owed to small scale undertakings and other creditors as per the last Restated Financial Statements, shall be considered as material dues ("**Material Dues**") and the creditors to whom such Material Dues are outstanding as on March 31, 2017 would be considered as the material creditors of our Company ("**Material Creditors**").*

Further, it is clarified that for the purpose of the above, pre litigation notices received by our Company, our Promoters, or our Directors, from third parties (excluding statutory / regulatory authorities or notices threatening criminal action) shall, in any event, not be evaluated for materiality until such time that our Company, our Promoters, or our Directors are impleaded as defendants in litigation proceedings before any judicial forum.

All terms defined in a particular disclosure of a litigation matter are for that particular disclosure of that litigation only.

Litigation involving our Company

I. Litigation against our Company

A. *Criminal Proceedings*

1. Mr. Manish Mohanlal Thakkar has filed a criminal complaint (No. 1173/55 of 2014) before the Chief Metropolitan Magistrate 10th Court at Andheri, Mumbai against, among other persons, our Company, Mr. Sanjay Agarwal, and Mr. Uttam Tibrewal, under sections 499 and 500 of the IPC. Mr. Manish Mohanlal Thakkar has alleged that the accused have wrongly defamed him by publishing his name as loan defaulter on his CIBIL report and that the accused are allegedly using the same as a tool to threaten the complainant in order to recover undue financial gains. Mr. Manish Mohanlal Thakkar has sought the Court's direction to delete the alleged defamatory loan account information published on the CIBIL database. The matter is currently pending before the Chief Metropolitan Magistrate 10th Court at Andheri, Mumbai.

2. Mr. Shivnarayan Mohan has filed a criminal complaint (No.1049 of 2015) and a criminal miscellaneous application (No. 126 of 2016) before the Judicial Magistrate First Class No. 1, Pimpari, Pune against, among others, our Company alleging offences under sections 420 and 406 of the IPC. Mr. Shivnarayan Mohan has sought directions be issued to a third party to produce the financed vehicle before the Court as a third party bought the vehicle from the complainant and had agreed to pay the outstanding loan amount to our Company. This matter is currently pending before the Judicial Magistrate First Class No. 1 at Pimpari, Pune.

3. Mr. Sanjeev Raghuvanshi has filed a criminal complaint (No. 5396 of 2014) before Judicial Magistrate, First Class, Jabalpur, Madhya Pradesh against certain employees of our Company, under sections 294, 506B, 341, 342, 323, 327, 406, 420 and 452 of IPC and section 3(1)(x) of the Scheduled Castes and the Scheduled Tribes (Prevention of Atrocities) Act, 1989. Mr. Sanjeev Raghuvanshi alleged that the accused have forced him to sign on certain documents and have wrongly repossessed the vehicle financed by our Company, basis such signature. Mr. Sanjeev Raghuvanshi further alleged that the accused have made abusive and derogatory remarks against his caste while forcibly taking possession of the financed vehicle. The Judicial Magistrate First Class, Jabalpur took cognizance of the matter under sections 294 and 420 read with section 34 of the IPC. Our Company preferred a revision petition (No. 320 of 2015) before the Session Judge Jabalpur seeking to set aside the cognizance order passed by the Judicial Magistrate First Class, Jabalpur. Mr. Sanjeev Raghuvanshi also preferred a revision petition (253 of 2016) before the Session Judge, Jabalpur seeking to include the originally alleged charges namely sections 294, 506B, 341, 342, 323, 406, 420, 327 and 452 of IPC and section 3(1)(x) of the Scheduled Castes and the Scheduled Tribes (Prevention of Atrocities) Act, 1989. The Session Judge, Jabalpur through an order dated September 12, 2016 directed the Judicial Magistrate First Class, Jabalpur to register the case under sections 294, 342, 506B and 448 of the Indian Penal Code. The matter is currently pending before the Judicial Magistrate First Class, Jabalpur.

4. Mr. Muralidhar Saini has filed an FIR (No. 237 of 2015) before Police Station Chomu, Jaipur against, among other persons, Mr. Sanjay Agarwal under sections 420, 467, 471, 468, 469 and 120B of the IPC. Mr. Muralidhar Saini has alleged that the accused have forged his signature to illegally charge certain amount and interest, at the time of granting the loan to him for his vehicle. Our Company has filed a criminal miscellaneous petition (No. 3027 of 2015) before the High Court of Judicature for Rajasthan at Jaipur under section 482 of the CrPC alleging among other things that the matter in question has been already decided by two courts, District Consumer Redressal Forum, Jaipur (No. 531 of 2012) and Additional District Judge, Jaipur (No. 195 of 2011), previously and sought to quash the FIR. The High Court of Judicature for Rajasthan at Jaipur has granted interim stay on July 27, 2015. The matter is currently pending before the High Court of Judicature for Rajasthan at Jaipur.

5. Mr. Khemchand has filed an FIR (No. 51 of 2015) before the Police Station, Bajaj Nagar, Jaipur against our Company and others, under sections 420, 406, 467, 468, 471 and 120-B of the IPC. Mr. Khemchand has alleged that the accused have forged the documents on behalf of Mr. Khemchand to bind him as a guarantor to a vehicle loan availed from our Company by a third party. This matter is currently pending police investigation.

6. Ms. Suman Devi has filed an FIR (No. 04 of 2016) before the Police Station, Pali, Rajasthan against, among other persons, Mr. Sanjay Agarwal, under sections 498-A, 406, 323, 465, 468, 420, 120B and 149 of the IPC. Ms. Suman Devi alleged that the accused have illegally repossessed the vehicle for which the loan was granted by our Company. This matter is currently pending police investigation.

7. Mr. Bhim Raj has filed an FIR (No. 744 of 2016) before Police Station, Sadar, Gurgaon, against certain employees of our Company, under sections 379A, 365, 411 and 34 of the IPC. Mr. Bhim Raj has alleged that the accused have stolen his vehicle, which was financed by our Company. Our Company filed a criminal miscellaneous petition (No. 24926 of 2016) before the High Court for the States of Punjab and Haryana at Chandigarh, alleging that the vehicle was legally repossessed by our Company in lieu of the alleged default in paying installments within the stipulated time, by Mr. Bhim Raj, in terms of the loan agreement and sought directions from the Court to quash the FIR. The matter is currently pending before the High Court for the States of Punjab and Haryana at Chandigarh.

8. Mr. Prakash Kumar has filed a criminal complaint (No. 409 of 2016) before chief Judicial Magistrate, Sumerpur, Pali, against certain employees of our Company, under sections 420, 406, 467 468, 471 and 120 B of the IPC. Mr. Prakash Kumar alleged that the accused have accepted certain amount from him promising to register the vehicle financed by our Company. However, Mr. Prakash Kumar alleged that the accused did not register the financed vehicle as promised. This matter is currently pending police investigation.

9. Mr. Jabbar Khan has filed an FIR (No. 50 of 2007) before Police Station, Ramgarh, Sikar against among other persons, certain employees of our Company, under sections 341, 323, 147, 372, 420, 406 and 120B of the IPC. Mr. Jabbar Khan alleged that the accused have forcibly and illegally repossessed the vehicle financed by our Company. Subsequently, Mr. Jabbar Khan filed a protest petition before Additional Chief Judicial Magistrate, Fatehpur, Sikar challenging the final report (No. 8 of 2007) filed before the Additional Chief Judicial Magistrate, Fatehpur, Sikar whereby the investigating officer treated the matter as civil dispute. The Additional Chief Judicial Magistrate, Fatehpur, Sikar through its order dated October 22, 2009 rejected the final report submitted by the police and took cognizance against the accused under section 382 of Indian Penal Code. The matter is currently pending before the trail court.

10. Mr. Abhishek Saini filed a criminal complaint against our Company and others before the Metropolitan Magistrate No. 25, Chomu, Jaipur alleging offences under sections 341, 323, 392, 504, 384, 354, 406, 120B of the IPC. Mr. Abhishek Saini alleged wrongful repossession and theft by certain representatives of our Company. Our Company filed a criminal miscellaneous petition (No. 1067 of 2013) under section 482 of the CrPC before the High Court of Judicature for Rajasthan at Jaipur, seeking quashing of the first information report. Subsequently, Mr. Abhishek Saini also filed a criminal miscellaneous petition (No. 2728 of 2013) under section 482 of the CrPC before the High Court of Judicature for Rajasthan at Jaipur, seeking, *inter alia*, the transfer of the investigation to another agency. Further, the Chief Metropolitan Magistrate No. 22, Chomu, Jaipur took cognizance under sections 342 and 384 of the IPC. Our Company filed a revision petition before District and Sessions Judge, Chomu, Jaipur challenging the cognizance order. The revisional court after hearing the matter reversed the cognizance order and remanded back the matter to the trial court. This matter is currently pending.

    In the meanwhile, Mr. Abhishek Saini also filed a civil writ petition (No. 4864 of 2014) against our Company through our Managing Director Mr. Sanjay Agarwal before the High Court of Judicature for Rajasthan at Jaipur seeking *inter alia*, direction against our company to frame certain procedural rules relating to the repossession and sale of financed vehicles, and direction to the RBI to conduct an audit of the affairs of all finance companies in relation to the procedure followed by them in relation to financing, repossession and sale of vehicles.

11. Ms. Jaya Chouhan filed an FIR (No. 60 of 2017) before the Police Station, Kardhani against Mr. Sanjay Agarwal and others alleging offences under sections 504, 509 and 354A of the IPC. Ms. Jaya Chouhan alleged that the accused have made abusive and derogatory remarks. This matter is currently pending police investigation.

12. Mr. Roop Narayan filed an FIR (No. 376 of 2013) before the Police Station, Jyoti Nagar, Jaipur against certain employees of our Company, under sections 392 and 120B of the IPC. Mr. Roop Narayan alleged that the accused have illegally repossessed the vehicle financed by our Company. This matter is currently pending police investigation.

13. Mr. Rakesh Kumar Jain filed an FIR (No. 514 of 2016) before the Police Station, Subhash Nagar, Bhilwara against our Company and others, under sections 420 and 120B of the IPC. Mr. Rakesh Kumar

Jain alleged that the accused have fraudulently got a vehicle financed by our Company and they have illegally retained certain documents. This matter is currently pending police investigation.

14. Mr. Anil Kumar Sharma filed an FIR (No. 130 of 2017) before the Police Station, Muralipura, Jaipur against an employee of our Company and others, under sections 323, 341, 392, 420, 406, 467, 468, 471 and 120B of the IPC. Mr. Anil Kumar Sharma alleged that the accused have illegally repossessed the vehicle financed by our Company. This matter is currently pending police investigation.

15. Mr. Jagdish Prasad Saini filed an FIR (No. 165 of 2017) before the Police Station, Khetadi, Jhunjunu against certain employees of our Company, under sections 420, 468, 471 and 120B of the IPC. Mr. Jagdish Prasad Saini alleged that the accused have fraudulently made his wife a guarantor to a vehicle loan sanctioned by our Company. This matter is currently pending police investigation.

16. Mr. Mohammed Shafi filed an FIR (No. 76 of 2016) before the Police Station, Bajaj Nagar, Jaipur against certain employees of our Company and our Company, under sections 420, 406, 403 and 120B of the IPC. Mr. Mohammed Shafi alleged that the accused have misused certain cheques which were in their possession. This matter is currently pending police investigation.

17. Mr. Gaurav Saini filed an FIR (No. 197 of 2013) before the Police Station, Vidhayakpuri, Jaipur against Mr. Sanjay Agarwal, Mr. Krishan Kant Rathi, Mr. Mannil Venugopalan, Mr. Uttam Tibrewal, and Mr. Manmohan Parnami, our Company and others, under sections 167, 420, 406, 467, 468, 471, 384, 504 and 120B of the IPC. Mr. Gaurav Saini alleged that the accused colluded with police officials in relation to another pending investigation. A final report was filed by the Police Station, Vidhayakpuri, Jaipur pursuant to which the investigation was closed. Subsequently, our Company received a notice from the Police Station, Vidhayakpuri, Jaipur reopening the matter and requesting for certain information. This matter is currently pending police investigation.

18. Ms. Kamli Devi filed an FIR (No. 270 of 2017) before the Police Station, Jhotwara, Jaipur against an employee of our Company and others, under sections 420, 406, and 120B of the IPC. Ms. Kamli Devi alleged that the accused have fraudulently submitted incorrect reports in relation to her credit rating. This matter is currently pending police investigation.

B. *Actions by Statutory/ Regulatory Authorities*

Except as disclosed below in "*Outstanding Litigation and Material Developments – Inquiries, inspections or investigations under Companies Act*" on page 329, there is no outstanding action by any statutory or regulatory authority against our Company, as on the date of this Red Herring Prospectus.

C. *Tax Proceedings*

Except as disclosed below, there are no proceedings relating to direct and/or indirect taxes pending against our Company, as on the date of this Red Herring Prospectus.

(in ₹ million)

Particulars	Number of cases	Ascertainable amount involved
Direct Tax		
Income Tax	1	45.66
Sub-Total (A)	**1**	**45.66**
Indirect Tax		
Value Added Tax	1	103.60
Service Tax	3	280.15
Sub-Total (B)	**4**	**383.75**
Total (A+B)	**5**	**429.41**

II. Litigation by our Company

A. *Criminal Proceedings*

1. There are 1,521 cases filed by our Company against various entities across the country under the provisions of section 138 of the Negotiable Instruments Act, 1881. All these matters have been filed in order to recover sums due to our Company for which cheques issued in favor of our Company were dishonored. The total value involved in all these matters is approximately ₹ 1,196.46 million.

2. Our Company, in the ordinary course of its business, has lodged 116 FIRs under various sections of the IPC before various police authorities alleging *inter alia* offences relating to fraud, recovery of assets, and theft committed by certain individuals which also includes certain borrowers, who had availed loans from our Company and have defaulted in repayment thereof. These matters are currently pending.

3. Our Company, in the ordinary course of its business, has lodged 46 criminal complaints under various sections of the IPC before various magistrates alleging *inter alia* offences relating to fraud and recovery of assets committed by certain individuals which also includes certain borrowers, who had availed loans from our Company and have defaulted in repayment thereof. These matters are currently pending.

4. Our Company, in the ordinary course of its business, has filed 235 applications under various sections of the CrPC before various courts and tribunals to allow our Company, *inter alia*, to take possession of vehicles from certain borrowers, who had availed vehicle loans from our Company and have defaulted in repayment thereof, and permission to dispose of the vehicles which are in possession of our Company. These matters are currently pending.

Litigation involving our Promoters

Mr. Sanjay Agarwal

I. Litigation against Mr. Sanjay Agarwal

A. *Criminal Proceedings*

1. Mr. Muralidhar Saini has filed an FIR (No. 237 of 2015) before Police Station Chomu, Jaipur against, among other persons, Mr. Sanjay Agarwal under sections 420, 467, 471, 468, 469 and 120B of the IPC. Mr. Muralidhar Saini has alleged that the accused have forged his signature to illegally charge certain amount and interest, at the time of granting the loan to him for his vehicle. Our Company has filed a criminal miscellaneous petition (No. 3027 of 2015) before the High Court of Judicature for Rajasthan at Jaipur under section 482 of the CrPC alleging among other things that the matter in question has been already decided by two courts, District Consumer Redressal Forum, Jaipur (No. 531 of 2012) and Additional District Judge, Jaipur (No. 195 of 2011), previously and sought to quash the FIR. The High Court of Judicature for Rajasthan at Jaipur has granted interim stay on July 27, 2015. The matter is currently pending before the High Court of Judicature for Rajasthan at Jaipur.

2. Ms. Suman Devi has filed an FIR (No. 04 of 2016) before the Police Station, Pali, Rajasthan against, among other persons, Mr. Sanjay Agarwal, under sections 498-A, 406, 323, 465, 468, 420, 120B and 149 of the IPC. Ms. Suman Devi alleged that the accused have illegally repossessed the vehicle for which the loan was granted by our Company. This matter is currently pending police investigation.

3. Mr. Manish Mohanlal Thakkar has filed a criminal complaint (No. 1173/55 of 2014) before the Chief Metropolitan Magistrate 10th Court at Andheri, Mumbai against, among other persons, our Company, Mr. Sanjay Agarwal, and Mr. Uttam Tibrewal, under sections 499 and 500 of the IPC. Mr. Manish Mohanlal Thakkar has alleged that the accused have wrongly defamed him by publishing his name as loan defaulter on his CIBIL report and that the accused are allegedly using the same as a tool to threaten the complainant in order to recover undue financial gains. Mr. Manish Mohanlal Thakkar has sought the Court's direction to delete the alleged defamatory loan account information published on the CIBIL database. The matter is currently pending before the Chief Metropolitan Magistrate 10th Court at Andheri, Mumbai.

4. Ms. Jaya Chouhan filed an FIR (No. 60 of 2017) before the Police Station, Kardhani against Mr. Sanjay Agarwal and others alleging offences under sections 504, 509 and 354A of the IPC. Ms. Jaya Chouhan

alleged that the accused have made abusive and derogatory remarks. This matter is currently pending police investigation.

5. Mr. Gaurav Saini filed an FIR (No. 197 of 2013) before the Police Station, Vidhayakpuri, Jaipur against Mr. Sanjay Agarwal, Mr. Krishan Kant Rathi, Mr. Mannil Venugopalan, Mr. Uttam Tibrewal, and Mr. Manmohan Parnami, our Company and others, under sections 167, 420, 406, 467, 468, 471, 384, 504 and 120B of the IPC. Mr. Gaurav Saini alleged that the accused colluded with police officials in relation to another pending investigation. A final report was filed by the Police Station, Vidhayakpuri, Jaipur pursuant to which the investigation was closed. Subsequently, our Company received a notice from the Police Station, Vidhayakpuri, Jaipur reopening the matter and requesting for certain information. This matter is currently pending police investigation.

Ms. Jyoti Agarwal

NIL

Mr. Chiranji Lal Agarwal

NIL

Ms. Shakuntala Agarwal

NIL

Litigation involving our Directors

Mr. Sanjay Agarwal

For details, see "*Outstanding Litigation and Material Developments – Litigation involving our Promoters – Mr. Sanjay Agarwal*" on page 326**.**

Mr. Uttam Tibrewal

I. Litigation against Mr. Uttam Tibrewal

A. *Criminal Proceedings*

1. Mr. Manish Mohanlal Thakkar has filed a criminal complaint (No. 1173/55 of 2014) before the Chief Metropolitan Magistrate 10th Court at Andheri, Mumbai against, among other persons, our Company, Mr. Sanjay Agarwal, and Mr. Uttam Tibrewal, under sections 499 and 500 of the IPC. Mr. Manish Mohanlal Thakkar has alleged that the accused have wrongly defamed him by publishing his name as loan defaulter on his CIBIL report and that the accused are allegedly using the same as a tool to threaten the complainant in order to recover undue financial gains. Mr. Manish Mohanlal Thakkar has sought the Court's direction to delete the alleged defamatory loan account information published on the CIBIL database. The matter is currently pending before the Chief Metropolitan Magistrate 10th Court at Andheri, Mumbai.

2. Mr. Gaurav Saini filed an FIR (No. 197 of 2013) before the Police Station, Vidhayakpuri, Jaipur against Mr. Sanjay Agarwal, Mr. Krishan Kant Rathi, Mr. Mannil Venugopalan, Mr. Uttam Tibrewal, and Mr. Manmohan Parnami, our Company and others, under sections 167, 420, 406, 467, 468, 471, 384, 504 and 120B of the IPC. Mr. Gaurav Saini alleged that the accused colluded with police officials in relation to another pending investigation. A final report was filed by the Police Station, Vidhayakpuri, Jaipur pursuant to which the investigation was closed. Subsequently, our Company received a notice from the Police Station, Vidhayakpuri, Jaipur reopening the matter and requesting for certain information. This matter is currently pending police investigation.

Mr. Krishan Kant Rathi

I. Litigation against Mr. Krishan Kant Rathi

A. *Criminal Proceedings*

1. Mr. Gaurav Saini filed an FIR (No. 197 of 2013) before the Police Station, Vidhayakpuri, Jaipur against Mr. Sanjay Agarwal, Mr. Krishan Kant Rathi, Mr. Mannil Venugopalan, Mr. Uttam Tibrewal, and Mr. Manmohan Parnami, our Company and others, under sections 167, 420, 406, 467, 468, 471, 384, 504 and 120B of the IPC. Mr. Gaurav Saini alleged that the accused colluded with police officials in relation to another pending investigation. A final report was filed by the Police Station, Vidhayakpuri, Jaipur pursuant to which the investigation was closed. Subsequently, our Company received a notice from the Police Station, Vidhayakpuri, Jaipur reopening the matter and requesting for certain information. This matter is currently pending police investigation.

Mr. Mannil Venugopalan

I. Litigation against Mr. Mannil Venugopalan

A. *Criminal Proceedings*

1. Mr. Gaurav Saini filed an FIR (No. 197 of 2013) before the Police Station, Vidhayakpuri, Jaipur against Mr. Sanjay Agarwal, Mr. Krishan Kant Rathi, Mr. Mannil Venugopalan, Mr. Uttam Tibrewal, and Mr. Manmohan Parnami, our Company and others, under sections 167, 420, 406, 467, 468, 471, 384, 504 and 120B of the IPC. Mr. Gaurav Saini alleged that the accused colluded with police officials in relation to another pending investigation. A final report was filed by the Police Station, Vidhayakpuri, Jaipur pursuant to which the investigation was closed. Subsequently, our Company received a notice from the Police Station, Vidhayakpuri, Jaipur reopening the matter and requesting for certain information. This matter is currently pending police investigation.

Ms. Jyoti Ishwar Chandra Narang

NIL

Litigation involving our subsidiary

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

Litigation involving our Group Companies

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

Material frauds

Except as given below, there are no material frauds committed against our Company during the last five years immediately preceding this Red Herring Prospectus:

S. No.	Period of occurrence	Amount involved (In ₹ million)	Brief description/ Action taken by our Company
1.	Financial Year 2013-14	1.05	Two fraud cases where the borrowers had forged documents pertaining to the loan availed. Our Company had reported the matters to the police and the investigations are on-going. Further, an arbitration award in one case has been passed by the arbitrator on May 14, 2015 directing the borrowers to pay the amounts due along with, inter-alia, the cost and interest. However, the amount involved has not yet been recovered by our Company.
2.	Financial Year 2015-16	2.00	Two fraud cases where the borrowers and/or certain members of the staff of our Company, as applicable have forged documents pertaining to the loans availed.

S. No.	Period of occurrence	Amount involved (In ₹ million)	Brief description/ Action taken by our Company
			In one matter, the customer has availed loan from our Company by forging documents in relation to the security provided and such security was also mortgaged with multiple lenders. In the other matter, our Company had filed a criminal complaint against certain of its staff members who had forged the official documents of our Company. Accordingly in both the matters, criminal complaints were filed by our Company and the trial proceedings are on-going. Further, execution proceedings have been initiated in both the matters pursuant to arbitration awards passed by the arbitrators directing the borrowers and/or the staff members, as applicable to pay the loan amounts or amounts due including costs and interest. In the multiple lender financing case, one of the banks has taken symbolic possession of the security under SARFAESI against which the company has filed its objection petition before the debt recovery tribunals for staying the possession of the mortgaged property and the recovery proceedings by the other lender.
3.	Financial Years 2016-17	25.81	Three fraud cases where the borrowers and/or certain members of the staff of our Company, as applicable have forged documents pertaining to the loans availed. In two of the cases, the borrowers and/or co-borrowers and/or the guarantor, as applicable had forged documents in relation to the mortgaged property pursuant to which criminal complaints were filed by our Company. The security provided in both the cases was mortgaged by the borrowers in favor of multiple lenders. The matters are presently under trial. Our Company has also initiated arbitration proceedings for claiming the amounts due, including cost and interest, if any. In the third case, certain members of our staff had issued fake collection receipts and other documents pertaining to loans provided by our Company. Our Company has filed a police complaint and the trial proceedings are on-going. There was a partial recovery of ₹ 0.46 million from one of the culprit employee.

Inquiries, inspections or investigations under Companies Act

Except as given below there are no inquiries, inspections or investigations initiated or conducted against our Company under the Companies Act, 2013 or any previous company law in the last five years. Further, except as disclosed above, there are no prosecutions filed (whether pending or otherwise), fines imposed, compounding of offences done by our Company under the Companies Act, 2013 or any previous Companies Act in the last five years immediately preceding the date of filing this Red Herring Prospectus involving our Company.

The RoC, by a show cause notice dated October 5, 2016 requested our Company to provide explanation/ show cause in respect of certain alleged contraventions of Section 135 read with section 134(3)(o) of the Companies Act, 2013 by our Company. The alleged contraventions included, not developing and implementing a policy on CSR as per the format prescribed by the Companies (Corporate Social Responsibility Policy) Rules, 2014 and not including the same as part of the board report to the financial statements of our Company for Financial Year 2014-2015. Our Company filed a reply to the show cause notice on October 10, 2016 stating therein how the relevant provisions of the Companies Act, 2013 have been complied with, and enclosing relevant annexures and supporting documents. Further, our Company has also filed a reply dated November 3, 2016 noting therein, acknowledgment of the RoC of receipt of the reply filed by our Company. Our Company has not received any further communication from the RoC in this regard.

Fines imposed or compounding of offences

There are no compounding applications which have been filed by our Company. Further, there are no fines that have been imposed on our Company.

Litigation or legal action against our Promoters taken by any Ministry, Department of Government or any statutory authority

There is no llitigation or legal action pending or taken by any ministry or department of the government or statutory authority against our Promoters during the last five years immediately preceding the date of filing this Red Herring Prospectus. Further, except as disclosed below, there is no direction issued by such ministry or government department or statutory authority upon conclusion of such litigation or legal action.

Proceedings initiated against our Company and our Directors for economic offences

There are no proceedings initiated against our Company or our Directors for any economic offences.

Default or non-payment of statutory dues

As on the date of this Red Herring Prospectus, there are no defaults or non-payment of statutory dues by our Company.

Material developments

Except as disclosed in "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on page 290, there have not arisen, since the date of the last financial information disclosed in this Red Herring Prospectus, any circumstances which materially and adversely affect, or are likely to affect, our profitability taken as a whole or the value of our consolidated assets or our ability to pay our liabilities within the next 12 months.

Outstanding dues to Creditors

As of March 31, 2017, our Company owes the following amounts to small scale undertakings, other creditors, and material creditors:

(in ₹ million)

Particulars	Number of creditors	Amount involved
Small scale undertakings	-	-
Material Creditors	2	10.77
Other creditors	901	87.58
Total	**903**	**98.35**

Details in relation to the amount owed by our Company to material creditors, small scale undertakings and other creditors as on March 31, 2017 are also available on https://www.aubank.in/disclosures. It is clarified that such details available on our website do not form a part of this Red Herring Prospectus. Anyone placing reliance on any other source of information, including our Company's website, www.aubank.in would be doing so at their own risk.

Outstanding litigation against any other person or companies whose outcome could have an adverse effect on our Company

There are no outstanding litigation, suits, criminal or civil prosecutions, statutory or legal proceedings including those for economic offences, tax liabilities, prosecution under any enactment in respect of Schedule V of the Companies Act, 2013, show cause notices or legal notices pending against any other person or company whose outcome could affect the operation or finances of our Company or have a material adverse effect on the position of our Company.

Adverse findings against any persons/entities connected with our Company as regards non-compliance with securities laws

There are no adverse findings involving any persons/entities connected with our Company as regards non-compliance with securities law.

Disciplinary action taken by SEBI or stock exchanges against our Company

There are no disciplinary actions taken by SEBI or stock exchanges against our Company, Promoters or Directors.

GOVERNMENT AND OTHER APPROVALS

We have set out below an indicative list of material approvals obtained by our Company. The approvals set out below are obtained by our Company, for the purposes of carrying out its business. In view of these approvals, our Company can undertake this Offer and its business activities. In the event that any of the approvals and licenses required for our business operations expires in the ordinary course of business, we shall apply for their renewal from time to time. The approvals listed herein are as on date except for the approvals in relation to shops and establishments registrations of our branches, asset centers and offices, which are as on May 31, 2017. For details in connection with the regulatory and legal framework within which we operate, see "Key Regulations and Policies in India" on page 169.

The objects clause of the memoranda of association enables us to undertake our present business activities.

I. APPROVALS IN RELATION TO THE OFFER

See "*Other Regulatory and Statutory Disclosures – Authority for the Offer*" on page 336 for approvals and authorizations in relation to the Offer.

II. APPROVALS FOR OUR COMPANY

A. Material licenses and approvals obtained by our Company

We require various approvals to carry on our business in India. We have received the following major Government and other approvals pertaining to our business:

a. Incorporation Details

(i) Certificate of incorporation dated January 10, 1996 issued to L.N. Finco Gems Private Limited by the RoC.

(ii) Fresh certificate of incorporation dated May 24, 2005, issued by the RoC, upon change of name to Au Financiers (India) Private Limited.

(iii) Fresh certificate of incorporation dated January 11, 2013, issued by the RoC, upon conversion of our Company into a public limited company.

(iv) Fresh certificate of incorporation dated April 13, 2017, issued by the RoC, upon change of name to AU Small Finance Bank Limited, pursuant to conversion of our Company into an SFB.

(v) Our Company was issued a corporate identification number L36911RJ1996PLC011381 by the RoC, Ministry of Corporate Affairs, Government of India.

b. Regulatory Approvals

(i) The RBI through a letter dated October 7, 2015 granted our Company an in-principle approval to establish an SFB under Section 22 of the Banking Regulation Act, subject to certain conditions, which our Company was required to comply within 18 months from the date of in-principal approval;

(ii) The RBI through a letter dated November 16, 2016 has permitted our Company to open 431 general banking branches, consisting of 164 branches in Tier 1 centres and 267 branches in Tier 2 to Tier 6 centres, which includes 119 branches in unbanked rural centres, subject to certain conditions;

(iii) The RBI through a letter dated December 20, 2016 (License No. MUM: 126) granted our Company the license to carry on SFB business under Section 22 of the Banking Regulation Act, subject to certain conditions;

(iv) The RBI through a letter dated January 13, 2017 has granted our Company, an approval for participating in the Centralised Payment Systems viz. Real Time Gross Settlement ("**RTGS**"), National Electronic

Funds Transfer ("**NEFT**") and National Electronic Clearance Services ("**NECS**"), subject to certain conditions;

(v) The RBI through a letter dated January 13, 2017 has granted to our Company, an approval to commence and operate mobile banking services, with flexible channels for registration of customers, subject to certain conditions;

(vi) The RBI through a letter dated February 8, 2017 has granted permission for issuance of Semi closed and Open systems Prepaid Payment Instruments ("**PPIs**") in India to the our Company, subject to certain conditions;

(vii) The RBI through an email dated February 14, 2017 has accorded primary Indian Financial System Code ("**IFSC**") - AUBL0000001 to our Company;

(viii) The RBI through a letter dated February 15, 2017 has granted its approval for opening of current account with the Deposit Accounts Department by our Company;

(ix) The RBI through a letter dated February 20, 2017 has granted its approval for constitution of the board of directors of our Company, subject to certain conditions;

(x) The RBI through a letter dated February 20, 2017 has granted the INFINET Membership to our Company, subject to certain conditions;

(xi) The RBI through an Email dated March 20, 2017 has granted our Company approval for eKuber Core Banking Solution ("**CBS**") membership;

(xii) The RBI through a certificate dated March 22, 2017 has authorized our Company as an Authorized Dealer – Category II bearing number FE.JP.ADCAT-II 01/2017, subject to certain conditions. The authorization presently covers 213 branches;

(xiii) The RBI through a letter dated March 29, 2017 has informed us that we have been granted membership of Western Grid Bankers Clearing House ("**WGBCH**"), subject to certain conditions;

(xiv) The Deposit Insurance and Credit Guarantee Corporation through a letter dated April 3, 2017 has registered our Company as an insured bank, in terms of Deposit Insurance and Credit Guarantee Corporation Act, 1961;

(xv) The RBI through a letter dated April 13, 2017 has granted its approval for the appointment and remuneration of Managing Director and CEO, Whole-time Director and Part-time Chairman of our Company, subject to certain conditions;

(xvi) The RBI through a letter dated April 19, 2017 has informed us of opening of Subsidiary Ledger ("**SGL**") Account bearing number 32657500001 and IDL-SGL account bearing number 32657500002, subject to certain conditions;

(xvii) The RBI through a letter dated April 26, 2017 has granted, our Company, Real Time Gross Settlement ("**RTGS**") System Membership Type 'A', subject to certain conditions and consequently, RTGS Settlement Account ("**RSA**") has been opened in the name of our Company at Banking Department, Mumbai. The RBI though the same letter has sanctioned an intra-day liquidity ("**IDL**") limit of ₹1,597.53 crores;

(xviii) The RBI through an email dated April 24, 2017 has issued 3 digit Basic Statistical Return ("**BSR**") code-211 to our Company, subject to certain conditions;

(xix) The National Payments Corporation of India through an email dated April 29, 2017 has granted our Company membership of Northern Grid for the purposes of participating in Cheque Truncation System;

(xx) The RBI through various letters has allotted the MICR Code to 301 branches and 6 processing centres of our Company, subject to certain conditions;

(xxi) The RBI through various letters has granted permission to our Company to open 302 branches and 8 central processing centres, at the places as specified therein, subject to certain conditions. As noted above, pursuant to RBI letter dated November 16, 2016, Company has been permitted to open 431 general banking branches. In this respect, Company is required to obtain authorization from RBI for opening branches at specific centres/places and accordingly Company had applied and received permission for 302 branches as mentioned above. For rest of branches, Company will seek RBI's permission in due course during next one year;

(xxii) The Fixed Income Money Market and Derivatives Association of India through a letter dated May 9, 2017 has granted us membership at Fixed Income Money Market and Derivatives Association of India;

(xxiii) The Financial Intelligence Unit – India through an email dated May 18, 2017 has granted our Company registration as a reporting entity;

(xxiv) The RBI through a letter dated May 30, 2017 has permitted our Company to undertake distribution of mutual fund units and insurance products on non-risk sharing basis without any commitment of own funds, subject to certain conditions;

(xxv) The RBI though a letter dated May 31, 2017 has admitted our Company for participation in NEFT system with effect from May 24, 2017; and

(xxvi) The Clearing Corporation of India Limited ("**CCIL**") pursuant to its letter dated May 31, 2017 has granted our Company membership to the CCIL's Security Segment, subject to certain conditions.

Further, our Company is yet to obtain the following approvals as on date

S. No.	Approval details	Relevant Authority	Status
1.	Registration as an Other Service Provider under the revised "Terms and conditions – Other Service Provider ("OSP") Category, 2008	Department of Telecommunications, Ministry of Communication	Not applied
2.	Approval for Negotiated Dealing System (NDS)	Reserve Bank of India	Applied
3.	Inclusion of our Company's name in Second Schedule to the RBI Act, 1934	Reserve Bank of India	Applied

c. Approvals under tax laws

(i) The permanent account number of our Company is AAACL2777N.

(ii) The tax deduction account number of our Company is JPRL01384F.

(iii) The service tax registration number of our Company is AAACL2777NST001.

(iv) The TIN number of our Company is 08302114939.

(v) Our Company has applied for registration under goods and service tax through application dated January 10, 2017 bearing application reference number AA08011700362821.

(vi) Our Company has obtained registrations in the normal course of business for its branches across various states in India under the applicable profession tax legislations. Certain approvals may have lapsed in their normal course and our Company has either made an application to the appropriate authorities for renewal of such registration or is in the process of making such applications.

d. Intellectual Property

Our Company has applied for the following trademarks:

S. No.	Trade Mark	Type	Image	Class	Application Number	Date of Application	Status
1.	Au	Word	N.A.	36	2717999	April 15, 2014	Objected
2.	au finance	Device		36	2988393	June 16, 2015	Objected
3.	AU	Device		36	3415116	November 22, 2016	Accepted & Advertised
4.	CHALO AAGE BADHEIN	Device		36	3415117	November 22, 2016	Accepted & Advertised
5.	AU SMALL FINANCE BANK	Device		36	3415118	November 22, 2016	Advertised before acceptance

e. Other Approvals

(i) Letter dated February 8, 2007 from the Employees' Provident Fund Organization, Regional Office, Jaipur with respect to applicability of the Employees Provident Funds and Miscellaneous Provisions Act, 1952 to our Company and allotting Employees Provident Funds Code number of R.J./16155/Enf./Cov./9156 to our Company.

(ii) Our Company has obtained registration under Contract Labour (Regulation and Abolition) Act, 1970 as principal employer bearing registration number CLPE/2016/14/409357.

(iii) Our Company has obtained registrations in the normal course of business for its branches across various states in India under the applicable employees' provident fund organization and employee state insurance legislations. Certain licenses may have lapsed under their normal course and our Company has either made an application to the appropriate authorities for fresh registrations or renewal of existing registrations or is in the process of making such applications.

(iv) Our Company has obtained registrations in the normal course of business, for its branches, asset centres and offices located across various states in India, under the applicable shops and establishments laws. As on May 31, 2017, our Company had applied for and was yet to obtain registrations under the applicable shops and establishments' laws for 55 branches, eight asset centres and one office. Our Company is in the process of applying for registration under the applicable shops and establishments laws for the following:

S. No.	Branch	State
Branches		
1.	Rajgarh Road, Solan	Himachal Pradesh
Asset centers		
1.	Kalsi Nagar, Ludhiana	Punjab
2.	Model Town, Bathinda	Punjab

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Offer

1. Our Board has by way of the resolution dated December 20, 2016 approved the Offer.

2. The Shareholders have approved the Offer pursuant to resolution by way of postal ballot dated January 24, 2017.

3. For details on the authorisations of the Selling Shareholders in relation to the Offer, see "*The Offer*" and "*Capital Structure*" on pages 63 and 75, respectively.

4. Further, the Draft Red Herring Prospectus and this Red Herring Prospectus has been approved by our Board and the IPO Committee is authorised to make any further modifications to the same.

5. Our Company has received in-principle approvals from the BSE and the NSE for listing of the Equity Shares pursuant to letters dated February 10, 2017 and February 16, 2017, respectively.

The Selling Shareholders, severally and not jointly, confirm that their respective proportion of the Offered Shares, have been held by them for a period of at least one year prior to the filing of the Draft Red Herring Prospectus with SEBI (except for such Offered Shares that have been issued to them by our Company as a result of the bonus issue made pursuant to our Board resolution dated October 19, 2016 and Shareholders' resolution dated October 10, 2016 where the underlying Equity Shares (on which the bonus issue was made) have been held continuously for a period of one year prior to the filing of the Draft Red Herring Prospectus) or have been issued or received in accordance with Regulation 26(6) of the SEBI ICDR Regulations, and are eligible for being offered for sale in the Offer as required by Regulation 26(6) of the SEBI ICDR Regulations.

The Selling Shareholders have, severally and not jointly, confirmed that their respective proportion of Offered Shares are free from any lien, charge, and encumbrance.

Our Company has received the RBI In-principle Approval and the RBI Final Approval on October 7, 2015 and December 20, 2016 respectively from the RBI. For further details in relation to the RBI In-Principle Approval, RBI Final Approval and no-objection letter, see "*Government and Other Approvals*" on page 332.

The RBI has by way of the RBI In-principle Approval and the SFB Guidelines, communicated that, (i) the existing non-Promoters who currently hold 5% or more in our Company, shall obtain prior approval of the RBI if they desire to continue to hold 5% or more of the post-Offer paid-up share capital of our Company and (ii) our Company shall ensure compliance to the provisions of Section 12B of the Banking Regulation Act. Accordingly, our Company has amended its Articles of Association to state that "Any issue / acquisition of shares which results in a Person holding (by himself or acting in concert with any other Person) five percent (5%) or more of the paid-up equity share capital or voting rights of our Company shall be made with prior approval of RBI, if applicable".

Further, the RBI, pursuant to its letter dated October 13, 2016, has granted its approval to Ourea Holdings Limited, Labh Investments Limited, International Finance Corporation and Redwood Investment Ltd, to hold more than five per cent but less than ten per cent in our Company. The RBI approval is subject to the condition that Labh Investments Limited, International Finance Corporation and Redwood Investment Ltd. would bring down their shareholding in our Company to less than ten per cent by October 6, 2018.

As of the date hereof, the regulatory framework does not provide whether the restrictions mentioned above are applicable to only an investor (by himself or acting in concert with any other person) or would also include the relatives of, or associated enterprises of, or persons acting in concert with, the investor as described under Section 12B of the Banking Regulation Act ("**Other Persons**").

Our Company has voluntarily decided to apply such restrictions to the investor or the investing entity, as the case may be, to also include the Other Persons associated with the respective investor or the investing entity, as the case may be. Accordingly, any Bidder who, either by himself directly or indirectly or along with the Other Persons associated with it, Bids for such number of Equity Shares that (along with the existing aggregate shareholding in our Company of such Bidder and the Other Persons associated with such Bidder), result in such

Bidder, together with the Other Persons associated with such Bidder, holding 5% or more of the post-Offer paid-up share capital of our Company, shall obtain a valid and subsisting approval of the RBI to be eligible to acquire and hold, after considering its existing shareholding if any, in our Company, together with the existing shareholding in our Company, if any, of the Other Persons associated with such Bidder, 5% or more of the post-Offer paid-up share capital of our Company, either individually or on an aggregate basis with the Other Persons associated with such Bidder, as the case may be, subject to the subscription level in the Offer.

In the absence of such RBI approval, a Bid by any Bidder, either by himself, directly or indirectly, or along with Other Persons associated with him, for the number of Equity Shares (including any existing aggregate shareholding in our Company of such Bidder and the Other Persons associated with such Bidder) amounting to 5% or more of the post-Offer paid-up share capital of our Company, or which may result into the Bidder holding, post the Offer, 5% or more of the post-Offer paid-up share capital of our Company, either individually or on an aggregate basis together with the Other Persons, as the case may be, shall be considered for Allotment of such number of Equity Shares such that the aggregate shareholding of the Bidders and the Other Persons associated with such Bidders in our Company post-Offer is not equal to or does not exceed 5% of the post-Offer paid-up share capital of our Company. Such Allotment of Equity Shares amongst each Bidder inter-se (together with the Other Persons associated with such Bidder) shall be done on a pro-rata basis taking into account the aggregate of Bids received from such Bidder and the Other Persons associated with such Bidder under all categories, and allocation made under the Anchor Investor Portion.

Please note that it is the responsibility of each Bidder to determine whether his Bid(s), directly or indirectly, or along with Other Persons (and together with the existing aggregate shareholding in our Company of such Bidder and the Other Persons associated with such Bidder), amounts to 5% or more of the post-Offer paid-up share capital of our Company and seek an RBI approval if the Bid so exceeds.

Our Company, the BRLMs and the Registrar to the Offer will rely strictly and solely on the RBI approvals received from Bidders for making any Allotment of Equity Shares to such Bidders and to the Other Persons, if any, that results in such Bidder, either individually or on an aggregate basis with the Other Persons associated with such Bidder, holding Equity Shares equal to or in excess of 5% of the post-Offer paid-up share capital of our Company thereafter, after considering their existing aggregate shareholding in our Company, if any. Our Company, the Registrar to the Offer and BRLMs will not be responsible for identifying the Other Persons associated with any Bidder, or for the consequences of any Bidder and the Other Persons holding Equity Shares, which together with their existing shareholding amount to 5% or more of the post-Offer paid-up share capital of our Company pursuant to the Allotment made without a valid and subsisting RBI approval.

A clearly legible copy of the RBI approval in the name(s) of the Bidders together with the application submitted for obtaining such RBI approval must be submitted by the Bidders with the Bid cum Application Form as well as to the Registrar to the Offer at any time prior to the date falling one day before the date for finalisation of the Basis of Allotment. Such RBI approval should clearly mention the name(s) of the entities which propose to Bid in the Offer, the aggregate shareholding of the Bidder and the Other Persons in the pre-Offer paid-up share capital of our Company and the maximum permitted holding of Equity Shares by the Other Persons. All allotments to such Bidders and the Other Persons, shall be in accordance with and subject to the conditions contained in such RBI approval.

Under the Banking Regulation Act, an "associated enterprise" of an entity is defined to mean a company, whether incorporated or not, which (i) is a holding company or a subsidiary company of such entity; (ii) is a joint venture of such entity; (iii) controls the composition of the board of directors or other body governing of such entity; (iv) exercises, in the opinion of the RBI, significant influence on such entity in taking financial or policy decisions; or (v) is able to obtain economic benefits from the activities of such entity. A "relative" is defined to have the meaning given to such term under the Companies Act, 1956. Further, under the Banking Regulation Act, persons shall be deemed to be "acting in concert" who, for a common objective or purpose of the acquisition of shares or voting rights in excess of the percentage mentioned in Section 12B of the Banking Regulation Act, pursuant to an agreement or understanding (formal or informal), directly or indirectly cooperate by acquiring or agreeing to acquire shares or voting rights a banking company.

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

Further, pursuant to our Company being established as an SFB and as per the extant FDI Policy and SFB Guidelines, foreign direct investment in our Company is permitted up to 49% under the automatic route and up to 74% under government route in a private sector Indian bank. Currently, 47.11% of our Equity Share capital is held by foreign entities. If any foreign investor purchases or applies for purchasing our Equity Shares which, either exceeds the 49% automatic investment threshold or increases the foreign shareholding percentage of our Company in excess of 49%, the Stock Exchanges may alert the RBI regarding such purchase and consequently, the RBI may either direct the investor to seek its approval prior to such purchase or to bring down the foreign shareholding of our Company below the permissible limit.

Prohibition by the SEBI or other governmental authorities

Our Company, our Directors, our Promoters, Promoter Group, are not and have not been associated as directors or promoters or persons in control of any other company, which is or was debarred from accessing the capital markets under any order or directions made by SEBI. Each of the Selling Shareholders specifically confirms that it has not been prohibited or debarred from accessing the capital markets under any order or direction passed by SEBI or any other governmental authority in India.

There is no prohibition on our Company, our Promoters, Promoter Group, and our Directors, from accessing the capital markets for any reasons by SEBI or any other authorities.

Further, there has been no violation of any securities law committed by any of them in the past and no such proceedings are currently pending against any of them.

Except as given below, none of our Directors or any entity with which our Directors have been associated with as a promoter or a director are associated with the securities market, including any securities related business and there has been no action taken by SEBI against our Directors or any such entity:

1. Mr. Krishan Kant Rathi is the Managing Director of Indianivesh Fund Managers Private Limited, which is the fund manager for Indianivesh Venture Capital Fund, which is a SEBI registered domestic venture capital fund. Further, SEBI has not initiated any action against Indianivesh Fund Managers Private Limited or Indianivesh Venture Capital Fund as on date.

2. Mr. Mannil Venugopalan is on the Board of LICHFL Asset Management Company Limited, which is the asset manager for LICHFL Urban Development Fund, which is a SEBI registered domestic venture capital fund. Further, SEBI has not initiated any action against LICHFL Asset Management Company Limited or LICHFL Urban Development Fund as on date.The listing of securities of our Company has never been refused at any time by any stock exchange in India or abroad.

Prohibition by RBI with respect to Wilful Defaulters

Our Company, our Directors, our Promoters, relatives of our Promoters (as per Companies Act, 1956) have not been categorized as Wilful Defaulters.

Each Selling Shareholder, severally and not jointly, specifically confirms that they have not been classified as Wilful Defaulters.

Eligibility for the Offer

Our Company is eligible for the Offer in accordance with the Regulation 26(1) of the SEBI ICDR Regulations as described below.

"An issuer may make an initial public offer, if:

(a) it has net tangible assets of at least three crore rupees in each of the preceding three full years (of twelve months each), of which not more than fifty per cent. are held in monetary assets:

Provided that if more than fifty per cent. of the net tangible assets are held in monetary assets, the issuer has made firm commitments to utilise such excess monetary assets in its business or project;

Provided further that the limit of fifty per cent. on monetary assets shall not be applicable in case the public offer is made entirely through an offer for sale.

(b) it has a minimum average pre-tax operating profit of rupees fifteen crore, calculated on a restated and consolidated basis, during the three most profitable years out of the immediately preceding five years.

(c) it has a Net Worth of at least one crore rupees in each of the preceding three full years (of twelve months each);

(d) the aggregate of the proposed issue and all previous issues made in the same financial year in terms of issue size does not exceed five times its pre-issue Net Worth as per the audited balance sheet of the preceding financial year;

(e) if it has changed its name within the last one year, at least fifty per cent. of the revenue for the preceding one full year has been earned by it from the activity indicated by the new name."

Our Company's pre-tax operating profit, net worth and net tangible assets derived from the Restated Financial Statements included in the Draft Red Herring Prospectus as at, and for the immediately preceding three Financial Years from the date of the Draft Red Herring Prospectus are stated below:

(*₹ in million, except percentage values*)

Particulars	Financial Year 2016	Financial Year 2015	Financial Year 2014
Networth [(1)]	10,006.66	7,664.51	5,977.53
Net tangible assets [(2)]	62,501.50	39,422.39	29,271.69
Pre-tax operating profit[(3)]	3,722.24	2,049.18	1,038.40
Monetary assets [(4)]	1,234.34	2,029.24	2,033.64
Monetary assets as a % of net tangible assets [(5)]	1.97%	5.15%	6.95%

Notes

(1) Net Worth has been computed as the aggregate of share capital and reserves and surplus (Statutory Reserve u/s 45-IC of RBI Act, 1934, Securities premium account, Employee stock option outstanding and Surplus/ (deficit) in the statement of profit and loss);

(2) Net tangible assets means the sum of all net assets of our Company excluding deferred tax assets/liability (net) and intangible assets as per Accounting Standard 22 and Accounting Standard 26, respectively, as defined under Companies (Accounting Standards) Rules, 2014 (as amended);

(3) 'Pre-tax operating profit', is Profit Before Tax excluding Other income, are considered post restatement adjustments on account of changes in other material adjustments;

(4) Monetary Assets include cash on hand, cheques in hand and balance with banks (including the deposit accounts);

(5) Monetary Assets as restated as a percentage of the net tangible assets means Monetary Assets as restated divided by net tangible assets, as restated, expressed as a percentage.

Financial Years 2016, 2015 and 2014 were the three most profitable years out of the immediately preceding five Financial Years in terms of our Restated Financial Statements and our average pre-tax operating profit calculated on a restated basis during such period which is ₹ 2,269.94 million.

Further, in accordance with Regulation 26(4) of the SEBI ICDR Regulations, our Company shall ensure that the number of prospective allottees to whom the Equity Shares will be allotted will be not less than 1,000, failing which the entire application money shall be refunded by our Company and the Selling Shareholders, forthwith.

In terms of Rule 19(2)(b) of the SCRR, the Offer is being made for either at least 10% of the post-Offer paid-up equity share capital of our Company. The Offer is through the Book Building Process, in reliance of Regulation 26(1) of the SEBI ICDR Regulations, wherein 50% of the Net Offer shall be allotted on a proportionate basis to QIBs. Provided that our Company and the Selling Shareholders, in consultation with the BRLMs, may allocate up to 60% of the QIB Category under the Anchor Investor Portion. 5% of the QIB Category (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Category shall be available for allocation on a proportionate basis to all QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Net Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Offer shall be available for allocation, in accordance

with the SEBI ICDR Regulations, to Retail Individual Bidders, subject to valid Bids being received at or above the Offer Price. For further details, see "*Offer Procedure*" on page 366.

Neither of the Selling Shareholders shall be liable to reimburse our Company for any interest paid by it on behalf of the Selling Shareholders on account of any delay with respect to Allotment of their respective portion of their respective Offered Shares or otherwise, unless such delay is solely accountable to such Selling Shareholder.

Our Company is in compliance with the conditions specified in Regulation 4(2) of the SEBI ICDR Regulations, to the extent applicable.

Disclaimer Clause of SEBI

AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED TO MEAN THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BRLMS, ICICI SECURITIES LIMITED, HDFC BANK LIMITED, MOTILAL OSWAL INVESTMENT ADVISORS LIMITED (FORMERLY MOTILAL OSWAL INVESTMENT ADVISORS PRIVATE LIMITED), AND CITIGROUP GLOBAL MARKETS INDIA PRIVATE LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED OFFER.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, EACH SELLING SHAREHOLDER WILL BE RESPONSIBLE ONLY FOR THE STATEMENTS SPECIFICALLY CONFIRMED OR UNDERTAKEN BY IT IN THE DRAFT RED HERRING PROSPECTUS IN RELATION TO ITSELF AND ITS PORTIONS OF THE OFFERED SHARES, AND THE BRLMS, ICICI SECURITIES LIMITED, HDFC BANK LIMITED, MOTILAL OSWAL INVESTMENT ADVISORS LIMITED (FORMERLY MOTILAL OSWAL INVESTMENT ADVISORS PRIVATE LIMITED), AND CITIGROUP GLOBAL MARKETS INDIA PRIVATE LIMITED ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY AND THE SELLING SHAREHOLDERS DISCHARGE ITS RESPONSIBILITIES ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE. THE BRLMS, ICICI SECURITIES LIMITED, HDFC BANK LIMITED, MOTILAL OSWAL INVESTMENT ADVISORS LIMITED (FORMERLY MOTILAL OSWAL INVESTMENT ADVISORS PRIVATE LIMITED), AND CITIGROUP GLOBAL MARKETS INDIA PRIVATE LIMITED HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED FEBRUARY 1, 2017, WHICH READS AS FOLLOWS:

WE, THE BRLMS TO THE ABOVE MENTIONED FORTHCOMING OFFER, STATE AND CONFIRM AS FOLLOWS:

1. **WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE OFFER;**

2. **ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE OFFER,**

PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY AND THE SELLING SHAREHOLDERS;

WE CONFIRM THAT:

(A) THE DRAFT RED HERRING PROSPECTUS FILED WITH SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE OFFER;

(B) ALL THE LEGAL REQUIREMENTS RELATING TO THE OFFER AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND

(C) THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED OFFER AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE COMPANIES ACT, 2013, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED, AND OTHER APPLICABLE LEGAL REQUIREMENTS.

3. WE CONFIRM THAT BESIDES OURSELVES ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID. – COMPLIED WITH AND NOTED FOR COMPLIANCE.

4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS. - NOTED FOR COMPLIANCE.

5. WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTERS HAVE BEEN OBTAINED FOR INCLUSION OF THEIR EQUITY SHARES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE EQUITY SHARES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN, SHALL NOT BE DISPOSED/SOLD/TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS. - COMPLIED WITH.

6. WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS 2009, WHICH RELATES TO THE EQUITY SHARES INELIGIBLE FOR COMPUTATION OF PROMOTERS' CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS. – COMPLIED WITH AND NOTED FOR COMPLIANCE.

7. WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE OFFER. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED

COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE PUBLIC OFFER. – NOT APPLICABLE.

8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT OFFER FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE COMPANY. – NOT APPLICABLE.

AND THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION. – COMPLIED WITH.

9. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE OFFER ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SECTION 40(3) OF THE COMPANIES ACT, 2013 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE OFFER, THE COMPANY AND THE SELLING SHAREHOLDERS SPECIFICALLY CONTAINS THIS CONDITION. – NOTED FOR COMPLIANCE. ALL MONIES RECEIVED OUT OF THE OFFER SHALL BE CREDITED/ TRANSFERRED TO A SEPARATE BANK ACCOUNT AS REFERRED TO IN SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013.

10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE. – NOT APPLICABLE. UNDER SECTION 29 OF THE COMPANIES ACT, 2013, EQUITY SHARES IN THE OFFER HAVE TO BE ISSUED ONLY IN DEMATERIALISED FORM.

11. WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION. – COMPLIED WITH.

12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:

(A) AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY; AND

(B) AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE SEBI FROM TIME TO TIME.

13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE OFFER. – COMPLIED WITH AND NOTED FOR COMPLIANCE.

14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE COMPANY, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS' EXPERIENCE, ETC. - COMPLIED WITH

15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.

16. WE ENCLOSE STATEMENT ON 'PRICE INFORMATION OF PAST ISSUES HANDLED BY MERCHANT BANKERS BELOW (WHO ARE RESPONSIBLE FOR PRICING THE OFFER)', AS PER FORMAT SPECIFIED BY THE SEBI THROUGH CIRCULAR.

17. WE CERTIFY THAT THE PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS. – COMPLIED WITH TO THE EXTENT OF THE RELATED PARTY TRANSACTIONS OF THE COMPANY, REPORTED IN ACCORDANCE WITH AS-18, AS CERTIFIED, BY M/S G.M. KAPADIA AND CO., CHARTERED ACCOUNTANTS, PURSUANT TO THEIR CERTIFICATE DATED JANUARY 28, 2017.

18. WE CERTIFY THAT THE ENTITY IS ELIGIBLE UNDER 106Y (1) (A) OR (B) (AS THE CASE MAY BE) TO LIST ON THE INSTITUTIONAL TRADING PLATFORM, UNDER CHAPTER XC OF THESE REGULATIONS. (IF APPLICABLE). – NOT APPLICABLE.

The filing of this Red Herring Prospectus does not, however, absolve our Company from any liabilities under Section 34 or Section 36 of the Companies Act, 2013 or from the requirement of obtaining such statutory or other clearances as may be required for the purpose of the Offer. SEBI further reserves the right to take up, at any point of time, with the BRLMS any irregularities or lapses in the Draft Red Herring Prospectus, this Red Herring Prospectus and the Prospectus.

The filing of this Red Herring Prospectus does not absolve the Selling Shareholders from any liabilities to the extent of the statements made by it in respect of itself or its respective proportion of the Offered Shares, as part of the offer for sale, under Sections 28, 34 or Section 36 of the Companies Act, 2013.

All legal requirements pertaining to the Offer will be complied with at the time of filing of this Red Herring Prospectus with the RoC in terms of Section 32 of the Companies Act, 2013 and at the time of registration of the Prospectus with the RoC in terms of Sections 26, 30 and 32 of the Companies Act, 2013.

The SEBI further reserves the right to take up at any point of time, with the BRLMs, any irregularities or lapses in this Red Herring Prospectus.

Price information of past issues handled by the BRLMs

The price information of past issues handled by the BRLMs is as follows:

Price information of past issues handled by I-Sec

Sr. No.	Issue Name	Issue Size (₹ million)	Issue Price (₹)	Listing Date	Opening Price on Listing Date	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1	VRL Logistics Limited	4,678.78	205.00	30-Apr-15	288.00	+50.90%, [+3.08%]	+85.49%, [+1.90%]	+100.90%, [+0.97%]
2	PNC Infratech Limited	4,884.41	378.00	26-May-15	387.00	+0.32%, [+0.26%]	+14.66%, [-6.36%]	+42.72%, [-5.88%]
3	Manpasand Beverages Limited	4,000.00	320.00	09-Jul-15	300.00	+23.20%, [+2.83%]	+36.53%, [-2.11%]	+58.34%, [-6.45%]

Sr. No.	Issue Name	Issue Size (₹ million)	Issue Price (₹)	Listing Date	Opening Price on Listing Date	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
4	Sadbhav Infrastructure Project Limited	4,916.57	103.00	16-Sep-15	111.00	-2.28%, [+3.55%]	-5.63%, [-3.15%]	-14.56%,[-4.56%]
5	Teamlease Services Limited	4,236.77	850.00	12-Feb-16	860.00	+15.34%, [+7.99%]	+5.38%, [+12.43%]	+35.35%, [+24.31%]
6	Quick Heal Technologies Limited	4,512.53	321.00	18-Feb-16	305.00	-31.56%, [+5.74%]	-20.05%, [+9.72%]	-24.21%, [+20.17%]
7	Equitas Holdings Limited	21,766.85	110.00	21-Apr-16	145.10	+34.64%, [-2.05%]	+57.91%, [+7.79%]	+63.77%, [+7.69%]
8	Thyrocare Technologies Limited	4,792.14	446.00	09-May-16	665.00	+36.85%, [+5.09%]	+22.57%, [+10.75%]	+39.09%, [+7.22%]
9	Ujjivan Financial Services Limited	8,824.96	210.00	10-May-16	231.90	+72.38%, [+4.88%]	+115.38%, [+10.44%]	+103.93%, [+7.72%]
10	Quess Corp Limited	4,000.00	317.00	12-Jul-16	500.00	+73.60%, [+0.64%]	+94.59%, [+2.20%]	+110.36%, [-3.34%]
11	Larsen & Toubro Infotech Limited	12,363.75	710.00 (1)	21-Jul-16	667.00	-6.39%, [+1.84%]	-12.44%, [+1.97%]	-4.21%, [-1.14%]
12	Advanced Enzyme Technologies Limited	4,114.88	896.00 (2)	01-Aug-16	1,210.00	+56.24%, [+1.24%]	+148.91%, [-0.13%]	+101.14%, [+0.05%]
13	RBL Bank Limited	12,129.67	225.00	31-Aug-16	274.20	+27.07%, [-2.22%]	+56.98%, [-7.50%]	+107.91%, [+1.26%]
14	ICICI Prudential Life Insurance Company Limited	60,567.91	334.00	29-Sep-16	330.00	-7.60%, [+0.54%]	-11.54%, [-6.50%]	+12.31%, [+5.28%]
15	HPL Electric & Power Limited	3,610.00	202.00	04-Oct-16	190.00	-14.75%, [-2.91%]	-51.19%, [-6.72%]	-37.77%, [+5.34%]
16	Sheela Foam Limited	5,100.00	730.00	09-Dec-16	860.00	+30.23%, [-0.31%]	+48.39%, [+8.02%]	+88.65%, [+16.65%]
17	Music Broadcast Limited	4,885.29	333.00	17-Mar-17	413.00	+4.58%, [-0.23%]	-	-
18	Avenue Supermarts Limited	18,700.00	299.00	21-Mar-17	600.00	+145.08%, [-0.20%]	-	-
19	Housing and Urban Development Corporation Limited	12,095.70	60.00(2)	19-May-17	73.00	-	-	-

(1) Discount of Rs. 10 per equity share offered to retail investors. All calculations are based on Issue Price of Rs. *710.00 per equity share.*
(2) Discount of Rs. 86 per equity share offered to Eligible Employees. All calculations are based on Issue Price of Rs. *896.00 per equity share.*
(3) Discount of Rs.2 per equity share offered to retail investors and to Eligible Employees. All calculations are based on Issue Price of Rs. *60.00 per equity share.*

Notes:

1. *All data sourced from www.nseindia.com*
2. *Benchmark index considered is NIFTY*
3. *30th, 90th, 180th calendar day from listed day have been taken as listing day plus 29, 89 and 179 calendar days, except wherever 30th, 90th, 180th calendar day is a holiday, in which case we have considered the closing data of the next trading day*

Summary statement of price information of past issues handled by I-Sec

Financial Year	Total no. of IPOs	Total amount of funds	No. of IPOs trading at discount - 30th calendar days from listing	No. of IPOs trading at premium - 30th calendar days from listing	No. of IPOs trading at discount - 180th calendar days from listing	No. of IPOs trading at premium - 180th calendar days from listing

		raised (₹ million)	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2017-18*	1	12,095.70	-	-	-	-	-	-	-	-	-	-	-	-
2016-17	12	160,855.45	-	-	3	4	4	1	-	1	1	6	2	-
2015-16	6	27,229.06	-	1	1	1	-	3	-	-	2	2	2	-

**The information is as on the date of this Red Herring Prospectus*

Price information of past issues handled by HDFC

Sr. No.	Issue name	Issue size (₹ million)	Issue price (₹)	Listing date	Opening price on listing date	+/- % change in closing price, [+/- % change in closing benchmark] – 30th calendar day from listing	+/- % change in closing price, [+/- % change in closing benchmark] – 90th calendar day from listing	+/- % change in closing price, [+/- % change in closing benchmark] – 180th calendar day from listing
1.	Shankara Building Products Limited	3,450.01	460	April 5, 2017	555.05	+51.04% [+1.02%]	-	-
2.	Avenue Supermarts Limited	18,700.00	299	March 21, 2017	600.00	+145.08% [-0.20%]	-	-
3.	RBL Bank Limited	12,129.67	225	August 31, 2016	274.20	+27.07% [-2.22%]	+56.98% [-7.50%]	+107.91% [+1.26%]
4.	Precision Camshafts Limited	4,101.90	186	February 8, 2016	165.00	-14.57% [+1.33%]	-20.32% [+6.48%]	-20.11% [+17.54%]
5.	Snowman Logistics Limited	1,974.00	47	September 12, 2014	76.00	+79.36% [-2.73%]	+117.66% [+3.09%]	+79.79% [+7.48%]

Source: www.nseindia.com for price information and Red Herring Prospectus for Offer details

Notes:

1. *Opening price information as disclosed on the website of NSE*
2. *Change in closing price over the issue/offer price as disclosed on NSE*
3. *Change in closing price over the closing price as on the listing date for benchmark index i.e. NIFTY 50*
4. *In case of reporting dates falling on a trading holiday, values for the trading day immediately after the trading holiday have been considered*
5. *30th calendar day has been taken as listing date plus 29 calendar days; 90th calendar day has been taken as listing date plus 89 calendar days; 180th calendar day has been taken as listing date plus 179 calendar days*

Summary statement of price information of past issues handled by HDFC

Financial Year	Total no. of IPOs	Total amount of funds raised (₹ million)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2017 - 18*	1	3,450.01	-	-	-	-	-	-	1	-	-	-	-	-
2016 - 2017	2	30,829.67	-	-	-	-	-	-	1	1	-	1	-	-
2015 - 2016	1	4,101.90	-	-	1	-	-	1	-	-	-	-	-	-
2014 - 2015	1	1,974.00	-	-	-	-	-	-	1	-	-	1	-	-

**The information is as on the date of this Red Herring Prospectus*

Price information of past issues handled by Motilal

Sr. No.	Issue Name	Issue Size (₹ million)	Issue Price (₹)	Listing Date	Opening Price on listing date	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1	PSP Projects Limited	2,116.80	210.00	29-May-17	190.00	NA	NA	NA
2	Avenue Supermarts Limited	18,700.00	299.00	21-Mar-17	600.00	152.94%[+0.16%]	NA	NA
3	BSE Limited	12,434.32	806.00	3-Feb-17	1,085.00	10.51% [+1.79%]	24.21%[+7.08%]	NA

Sr. No.	Issue Name	Issue Size (₹ million)	Issue Price (₹)	Listing Date	Opening Price on listing date	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
4	S.P. Apparels Limited	2,391.20	268.00	12-Aug-16	275.00	27.33% [+2.24%]	17.09% [-0.54%]	51.94%[+1.11%]
5	Parag Milk Foods Limited	7,505.37	215.00	19-May-16	217.50	17.07% [+4.97%]	48.67%[+11.04%]	38.93%[+6.59%]
6	Pennar Engineered Building Systems Limited	1,561.87	178.00	10-Sep-15	177.95	-5.93% [+5.16%]	-11.26% [-1.11%]	-16.71%[-3.89%]
7	Power Mech Projects Limited	2,732.20	640.00	26-Aug-15	600.00	-9.36% [+ 0.98%]	-4.63% [+0.74%]	-10.65%[-7.15%]

Source: www.nseindia.com

Notes:

i. The S&P CNX NIFTY is considered as the Benchmark Index.
ii. Price on NSE is considered for all of the above calculations.
iii. In the event any day falls on a holiday, the price/index of the immediately preceding working day has been considered.
iv. In Parag Milk Foods Limited, the issue price to retail individual investor and employees was ₹ 203 per equity share after a discount of ₹ 12 per equity share. The Anchor Investor Issue price was ₹ 227 per equity share.

Summary statement of price information of past issues handled by Motilal

Financial Year	Total no. of IPOs	Total funds raised (₹ million)	Nos. of IPOs trading at discount as on 30th calendar day from listing date			Nos. of IPOs trading at premium as on 30th calendar day from listing date			Nos. of IPOs trading at discount as on 180th calendar day from listing date			Nos. of IPOs trading at premium as on 180th calendar day from listing date		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2017 – date*	1	2,116.80	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
2016-2017	4	41,000.89	NA	NA	NA	1	1	2	NA	NA	NA	1	1	NA
2015-2016	2	4,294.07	NA	NA	2	NA	NA	NA	NA	NA	2	NA	NA	NA

Source: www.nseindia.com

** The information is as on the date of the document*

The information for each of the financial years is based on issues listed during such financial year.

Price information of past issues handled by Citi

Sr. No.	Issue Name	Issue size (₹ million)	Issue price (₹)	Listing date	Opening price on listing date	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1.	UFO Moviez India Ltd.	6,000.0	625.00	May 14, 2015	600.00	(-)11.68% [(-)2.93 %]	(-)3.18% [+2.90%]	(-)18.27% [(-)3.76%]
2.	Coffee Day Enterprise Limited	11,500.0	328.00	November 2, 2015	317.00	(-)21.42% [(-)1.19%]	(-)20.76% [(-)6.15%]	(-)20.98% [(-)2.50%]
3.	InterGlobe Aviation Limited	30,085.0	765.00	November 10, 2015	855.80	+32.39% [(-)2.20%]	+9.41% [(-)3.78%]	+40.59% [(-)0.64%]
4.	Dr. Lal Pathlabs Limited	6,319.1	550.00	December 23, 2015	720.00	+32.54% [(-)7.49%]	+66.95% [(-)2.06%]	+63.13% [(+)3.87%]
5.	Mahanagar Gas Ltd.	10,388.8	421.00	July 1, 2016	540.00	+20.86% [+3.72%]	+57.15% [+5.00%]	+83.71% [(-)3.55%]
6.	L&T Infotech Ltd	12,363.8	710.00	July 21, 2016	667.00	(-)6.39% [+1.84%]	(-)12.44% [+1.97%]	(-)4.21% [(-)1.14%]

Sr. No.	Issue Name	Issue size (₹ million)	Issue price (₹)	Listing date	Opening price on listing date	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
7.	RBL Bank Limited	12,129.7	225.00	August 31, 2016	274.20	+27.07% [(-)2.22%]	+56.98% [(-)7.50%]	+103.07% [+1.74%]
8.	Endurance Technologies Limited	11,617.4	472.00	October 19, 2016	572.00	+16.06% [(-)6.69%]	+23.78% [(-)2.84%]	+76.32% [+5.68%]
9.	Laurus Labs Limited	13,305.1	428.00	December 19, 2016	489.90	+11.44% [+3.62%]	+23.97% [+13.03%]	NA
10.	India Grid Trust	22,499.6	100.00	June 6, 2017	99.70	NA	NA	NA

Source: www.nseindia.com

Notes:

1. Nifty is considered as the benchmark index.
2. In case 30th/ 90th/180th day is not a trading day, closing price on the NSE of a trading day immediately prior to the 30th/ 90th/180th day, is considered
3. Since the listing date of Laurus Labs Limited. was December 19, 2016, information relating to closing prices and benchmark index as on 180th calendar day from listing date is not available
4. Since the listing date of India Grid Trust was June 6, 2017, information relating to closing prices and benchmark index as on 30th / 90th / 180th calendar day from listing date is not available

Summary statement of price information of past issues handled by Citi

Fiscal Year	Total No. of IPOs	Total Funds Raised (₹ million)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2017-18	1	22,499.6	-	-	-	-	-	-	-	-	-	-	-	-
2016-17	5	59,804.8	-	-	1	-	1	3	-	-	1	3	-	-
2015-16	4	53,904.1	-	-	2	-	2	-	-	-	2	1	1	-

Notes:

1. Since the listing date of Laurus Labs Limited was December 19, 2016, information relating to closing prices and benchmark index as on 180th calendar day from listing date is not available
2. Since the listing date of India Grid Trust was June 6, 2017, information relating to closing prices and benchmark index as on 30th / 180th calendar day from listing date is not available

Track record of past issues handled by the BRLMs

For details regarding the track record of the BRLMs, as specified in circular (CIR/MIRSD/1/2012) dated January 10, 2012 issued by SEBI, please refer to the websites of the BRLMs, as set forth in the table below:

S. No.	Name of the BRLMs	Website
1.	I-Sec	http:// www.icicisecurities.com
2.	HDFC	www.hdfcbank.com
3.	Motilal	www.motilaloswalgroup.com
4.	Citi	http://www.online.citibank.co.in/rht

S. No.	Name of the BRLMs	Website
		m/citigroupglobalscreen1.htm

Caution – Disclaimer from our Company, the Selling Shareholders, our Directors, and the BRLMs

Our Company, the Selling Shareholders, our Directors and the BRLMs accept no responsibility for statements made otherwise than in this Red Herring Prospectus or in any advertisements or any other material issued by or at our Company's instance. Anyone placing reliance on any other source of information, including our Company's website, www.aubank.in, or the website of any of our Promoter Group or of any affiliate or associate of our Company, would be doing so at their own risk.

It is clarified that the Selling Shareholders are providing information in this Red Herring Prospectus only in relation to themselves and their respective portion of the Offered Shares and the Selling Shareholders and their directors, affiliates, associates and officers accept and/or undertake no responsibility or liability for any other statement or information contained in this Red Herring Prospectus.

The BRLMs accept no responsibility, save to the limited extent as provided in the Offer Agreement and the Underwriting Agreement to be entered into among the Underwriters, Selling Shareholders and our Company.

All information shall be made available by our Company, the Selling Shareholders and the BRLMs to the public and investors at large and no selective or additional information will be made available for a section of investors in any manner whatsoever including at road show presentations, in research or sales reports, at bidding centres or elsewhere.

None among our Company, the Selling Shareholders or any member of the Syndicate is liable for any failure in uploading the Bids due to faults in any software/ hardware system or otherwise.

Bidders will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholders and the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares and that they shall not issue, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, the Selling Shareholders, the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares.

The BRLMs and their respective affiliates and associates may engage in transactions with, and perform services for, our Company, the Selling Shareholders and their respective group companies, affiliates or associates or third parties in the ordinary course of business and have engaged, or may in the future engage, in transactions including underwriting, commercial banking and investment banking transactions with or become customers to our Company, the Selling Shareholders and their respective affiliates, associates, group companies or third parties, for which they have received, and may in the future receive, compensation. As used herein, the term 'affiliate' means any person or entity that controls or is controlled by or is under common control with another person or entity.

Disclaimer in Respect of Jurisdiction

The Offer is being made in India to persons resident in India, including Indian national residents in India who are competent to contract under the Indian Contract Act, 1872, as amended, HUFs, companies, corporate bodies and societies registered under applicable laws in India and authorised to invest in shares, Mutual Funds, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorised under their respective constitutions to hold and invest in shares, public financial institutions as specified in Section 2(72) of the Companies Act, 2013, venture capital funds, permitted insurance companies, multilateral and bilateral development financial institutions, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of ₹250 million and pension funds with minimum corpus of ₹250 million, National Investment Fund, insurance funds set up and managed by army, navy or air force of Union of India, insurance funds set up and managed by the Department of Posts, GoI and

permitted Non-Residents including FPIs and Eligible NRIs and other eligible foreign investors, if any, provided that they are eligible under all applicable laws and regulations to purchase the Equity Shares.

Exclusive jurisdiction for the purpose of any dispute arising out of this Offer will be subject to the competent courts/authorities in Mumbai, Maharashtra, India.

The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws in the United States. Accordingly, the Equity Shares are only being offered and sold (i) in the United States only to persons reasonably believed to be "qualified institutional buyers" (as defined in Rule 144A under the Securities Act and referred to in this Red Herring Prospectus as "U.S. QIBs", for the avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in this Red Herring Prospectus as "QIBs") in transactions exempt from, or not subject to, the registration requirements of the Securities Act, and (ii) outside the United States in offshore transactions in reliance on Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

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

This Red Herring Prospectus will not, however, constitute an offer to sell or an invitation to subscribe for Equity Shares offered hereby in any jurisdiction other than India, to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that the Draft Red Herring Prospectus has been filed with SEBI for its observations. Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and this Red Herring Prospectus may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company and the Selling Shareholders and their respective affiliates from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

Until the expiry of 40 days after the commencement of this Offer, an offer or sale of Equity Shares within the United States by a dealer (whether or not it is participating in this Offer) may violate the registration requirements of the Securities Act.

Disclaimer Clause of NSE

As required, a copy of this Offer Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter Ref.: NSE/LIST/104441 dated February 16, 2017 permission to the Issuer to use the Exchange's name in this Offer Document as one of the stock exchanges on which this Issuer's securities are proposed to be listed. The Exchange has scrutinized this draft offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the offer document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription /acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Disclaimer Clause of BSE

BSE Limited ("the Exchange") has given vide its letter dated February 10, 2017 permission to this Company to use the Exchange's name in this offer document as one of the stock exchanges on which this company's securities are proposed to be listed. The Exchange has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:-

a) warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
b) warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or
c) take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or constructed that this offer document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Filing

A copy of the Draft Red Herring Prospectus has been filed with SEBI at the Corporate Finance Department, SEBI Bhavan, Plot No. C4-A, G Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051, India.

A copy of this Red Herring Prospectus, along with the documents required to be filed under Section 32 of the Companies Act, 2013 would be delivered for registration to the RoC, and a copy of the Prospectus to be filed under Section 26 of the Companies Act, 2013 would be delivered for registration with the RoC situated at the address below:

Registrar of Companies, Jaipur
Corporate Bhawan
G/6-7, Second Floor
Residency Area, Civil Lines
Jaipur: 302 001
Rajasthan
Tel: +91 141 2222465/ 2222466
Fax: +91 141 2222464

Listing

In-principle listing approvals dated February 10, 2017 and February 16, 2017 have been received from BSE and NSE, respectively. Applications will be made to the Stock Exchanges for final permissions for the listing of the Equity Shares in the Offer and to obtain an official quotation of the Equity Shares. The NSE will be the Designated Stock Exchange with which the 'Basis of Allotment' will be finalised.

If permission to deal in and for an official quotation of the Equity Shares is not granted by any of the Stock Exchanges, our Company will forthwith repay, all moneys received from the applicants in pursuance of this Red Herring Prospectus, as required by applicable law. If such money is not repaid within the prescribed time, then our Company and every officer in default shall be liable to repay the money, with interest as prescribed under applicable laws.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges are taken within six Working Days of the Bid/Offer Closing Date, or such other timeline prescribed under applicable law. Each of the Selling Shareholders, severally and not jointly specifically confirms that it shall provide reasonable support and extend reasonable cooperation as required

or necessary and requested by our Company to facilitate this process. If our Company does not Allot Equity Shares pursuant to the Offer within six Working Days from the Bid/Offer Closing Date or within such timeline as prescribed by SEBI, it shall repay without interest all monies received from bidders within the timelines prescribed under applicable law, failing which interest shall be due to be paid to the Bidders at the rate of 15% p.a. for the delayed period.

Subject to applicable law, a Selling Shareholder shall not be liable to pay interest for any delay, unless such delay has been caused solely by such Selling Shareholder and to the extent of its portion of the Offered Shares.

Consents

Consents in writing of the Selling Shareholders, the Directors, our Company Secretary and Compliance Officer, Chief Financial Officer, the Bankers to our Company, lenders to our Company, the BRLMs and Syndicate Members, Escrow Collection Bank(s), Refund Bank(s), Registrar to the Offer, ICRA, CRISIL, legal counsel to our Company, legal counsel to the BRLMs as to Indian Law, legal counsel to the BRLMs as to international law, M/s G.M. Kapadia and Co., Chartered Accountants, to act in their respective capacities, has been and/or will be obtained, as the case may be and shall be filed along with a copy of this Red Herring Prospectus with the RoC, as required under the Companies Act, 2013 and such consents shall not be withdrawn up to the time of delivery of the Prospectus for registration with the RoC.

Our Company has received written consent from the Statutory Auditors namely, S. R. Batliboi & Associates LLP, Chartered Accountants, to include their name as required under Section 26(1)(a)(v) of the Companies Act, 2013 in this Red Herring Prospectus and as an "Expert" as defined under Section 2(38) of the Companies Act, 2013, in respect of the reports of the Statutory Auditors on the Restated Financial Statements dated June 2, 2017, and the statement of tax benefits dated May 31, 2017, included 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 Securities Act.

The expert opinions have been obtained from the following:

Our Company has received written consent from the Statutory Auditors namely, S. R. Batliboi & Associates LLP, Chartered Accountants, to include their name as required under Section 26(1)(a)(v) of the Companies Act, 2013 in this Red Herring Prospectus and as an "Expert" as defined under Section 2(38) of the Companies Act, 2013, in respect of the reports of the Statutory Auditors on the Restated Financial Statements dated June 2, 2017, and the statement of tax benefits dated May 31, 2017, included 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 Securities Act.

Offer Expenses

The expenses of the Offer include, among others, brokerage and selling commission, printing and stationary expenses, legal fees, advertising and marketing expenses, registrar and depository fees and listing fees. For further details of Offer expenses, see "*Objects of the Offer*" on page 111.

Other than listing fees, which will be paid by our Company, all costs, fees and expenses with respect to the Offer will be shared between the Selling Shareholders, in proportion to their respective proportion of the Offered Shares, upon successful completion of the Offer. Upon the successful completion of the Offer, each of the Selling Shareholders agree that they shall severally and not jointly reimburse our Company, on a pro-rata basis, in proportion to their respective proportion of the Offered Shares, for any expenses incurred by our Company on behalf of such Selling Shareholder. However, in the event that the Offer is withdrawn or not completed for any reason whatsoever, all Offer related expenses will be borne by our Company.

Fees, Brokerage and Selling Commission Payable to the Syndicate, SCBS, Registered Brokers, RTAs and CDPs

The total fees payable to the members of the Syndicate (including underwriting commission, brokerage and selling commission and reimbursement of their out-of-pocket expense) will be as stated in the engagement letters among our Company, the Selling Shareholders and the BRLMs and the Syndicate Agreement. For details on fee

payable to the SCBS, Registered Brokers, RTAs and CDPs see, "*Other Regulatory and Statutory Disclosures – Offer Expenses*" on page 351.

Fees Payable to the Registrar to the Offer

The fees payable to the Registrar to the Offer for processing of application, data entry, printing of Allotment Advice/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the Registrar Agreement, a copy of which is available for inspection at the Registered Office. Any expense incurred by our Company on behalf of the Selling Shareholders on account of payment to the Registrar to the Offer, shall be paid by our Company in the first instance and reimbursed by the Selling Shareholders upon successful completion of the Offer, in proportion to their respective proportion of the Offered Shares, in accordance with applicable law.

The Registrar to the Offer will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Offer to enable it to send such refund or Allotment Advice by registered post/speed post/ordinary post.

IPO grading

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

Previous public or rights issues by our Company during the last five years

Our Company has not made any previous public issue or any rights issues during the five years preceding the date of this Red Herring Prospectus.

Previous issues of securities by our Company otherwise than for cash

Except as disclosed under "*Capital Structure – Notes to Capital Structure – Share Capital History*" on page 75, our Company has not issued any securities for consideration other than cash.

Underwriting commission, brokerage and selling commission on previous issues

Since this is the initial public offering of Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure public subscription for any of the Equity Shares since our Company's inception.

Capital issuances in the preceding three years

Except as disclosed in "*Capital Structure – Notes to Capital Structure – Share Capital History"* on page 75, our Company has not made any capital issues during the three years preceding the date of this Red Herring Prospectus.

Details of public/ rights issues by listed Group Companies and associates in the last three years

As on the date of this Red Herring Prospectus, our Company does not have any Group Company or associate. Accordingly, none of our Group Companies or associates are listed.

Public/rights issue of our Company and/or listed Group Companies and associates of our Company

Other than as disclosed in "*Capital Structure – Notes to Capital Structure – Share Capital History*" on page 75, our Company has not undertaken any previous public or rights issue. As on the date of this Red Herring Prospectus, our Company does not have any Group Company or associate. Accordingly, none of our Group Companies or associates have undertaken any public or rights issue of their equity shares in the last ten years preceding the date of this Red Herring Prospectus.

Partly Paid-up Shares

Our Company does not have any partly paid-up Equity Shares as on the date of this Red Herring Prospectus.

Outstanding debentures or bond issues

Other than as disclosed in "*Financial Indebtedness*" on page 318, there are no outstanding debentures or bonds as of the date of this Red Herring Prospectus.

Outstanding preference shares or other convertible instruments issued by our company

Our Company does not have any outstanding preference shares or other convertible instruments as on date of this Red Herring Prospectus.

Stock Market Data of the Equity Shares

This being an initial public offering of our Company, the Equity Shares are not listed on any stock exchange and accordingly no stock market data is available for the Equity Shares.

Other Disclosures

Other than as disclosed in "*Capital Structure*" on page 75, none of our Directors or their immediate relatives, Promoters and/or the members of our Promoter Group have purchased or sold any securities of our Company, during a period of six months preceding the filing of the Draft Red Herring Prospectus with SEBI.

Mechanism for Redressal of Investor Grievances

The Registrar Agreement provides for retention of records, including refund intimations made to the Bidders, with the Registrar to the Offer for a period of at least three years from the date of commencement of trading of the Equity Shares, to enable the investors to approach the Registrar to the Offer for redressal of their grievances.

All grievances of ASBA Bidders may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary with whom the ASBA Form was submitted. The ASBA should give full details such as name of the sole or first Bidder, ASBA Form number, Bidder DP ID, Client ID, PAN, date of the ASBA Form, address of the ASBA Bidder, number of the Equity Shares applied for and the name and address of the Designated Intermediary where the ASBA Form was submitted by the Bidder and ASBA Account details.

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

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

Disposal of Investor Grievances by our Company

Our Company estimates that the average time required by our Company or the Registrar to the Offer for the redressal of routine investor grievances shall be ten Working Days from the date of receipt of the complaint. In case of complaints that are not routine or where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible. Our Company shall comply with SEBI Circular CIR/OIAE/2012 dated August 13, 2012, as applicable.

Our Company has constituted a Stakeholders' Relationship Committee, comprising of Mr. Mannil Venugopalan, Mr. Krishan Kant Rathi, and Mr. Sanjay Agarwal as members. For details, see "*Our Management - Committees of the Board*" on page 202.

Our Company has appointed Mr. Manmohan Parnami as our Company Secretary and Compliance Officer and he may be contacted in case of any pre-Offer or post-Offer related problems. For his contact details, see "*General Information - Company Secretary and Compliance Officer*", on page 66.

There have been no investor grievances received by our Company since the three years immediately preceding the filing of the Draft Red Herring Prospectus.

As on date there are no investor complaints pending.

Disposal of investor grievances by listed Group Companies

As on the date of this Red Herring Prospectus, our Company does not have any Group Companies.

Change in Statutory Auditors

Except as stated below, there have been no changes in the auditors of our Company during the three years preceding the date of this Red Herring Prospectus:

Name	Date of change	Nature of / reason for change
S.R. Batliboi & Associates LLP	August 31, 2016	Appointment as statutory auditor
S.R Batliboi & Co. LLP	August 31, 2016	Resignation as statutory auditor

Capitalisation of Reserves or Profits

Except as disclosed in "*Capital Structure*" on page 75, our Company has not capitalised its reserves or profits at any time during the last five years preceding the date of this Red Herring Prospectus. .

Revaluation of Assets

Our Company has not revalued its assets since its incorporation.

SECTION VIII: OFFER INFORMATION

TERMS OF THE OFFER

The Equity Shares being offered pursuant to the Offer are subject to the provisions of the Companies Act, the SEBI ICDR Regulations, the SCRR, the SCRA, our Memorandum of Association and Articles of Association, the terms of this Red Herring Prospectus, the Prospectus, the abridged prospectus, the Bid cum Application Form, the Revision Form and other terms and conditions as may be incorporated in the CAN/Allotment Advice and other documents/certificates that may be executed in respect of the Offer. The Equity Shares shall also be subject to applicable laws, guidelines, notifications and regulations relating to the Offer and transfer of capital and listing of securities issued from time to time by SEBI, the Banking Regulations Act, the SFB Guidelines, the GoI, the Stock Exchanges, RBI, RoC, Department of Financial Services, Ministry of Finance and/or other authorities, as in force on the date of the Offer and to the extent applicable, or such other conditions as may be prescribed by SEBI, RBI and/or any other regulatory authority to the extent applicable.

Offer for Sale

The Offer comprises an Offer for Sale by the Selling Shareholders. The fees and expenses relating to the Offer shall be shared amongst the Selling Shareholders in proportion to their respective proportion of the Offered Shares in accordance with applicable law.

Ranking of Equity Shares

The Equity Shares being issued and transferred pursuant to the Offer shall be subject to the provisions of our Memorandum of Association and Articles of Association and the Companies Act and shall rank *pari passu* with the existing Equity Shares including rights in respect of dividend. The Allottees in receipt of Equity Shares under the Offer will be entitled to dividends and / or any other corporate benefits, if any, declared by our Company after the date of Allotment. For details, see "*Main Provisions of Articles of Association*" on page 413.

Mode of Payment of Dividend

Our Company shall pay dividend, if declared, to the Shareholders of our Company as per the provisions of the Companies Act, 2013, the Dividend Policy of our Board our Memorandum of Association and Articles of Association and the Listing Regulations and dividend policy formulated by our Board. For details, see "*Dividend Policy*" and "*Main Provisions of Articles of Association*" on pages 223 and 413, respectively.

Face value, Price Band, and Offer Price

The Equity Shares with a face value of ₹ 10 each shall be transferred in terms of this Red Herring Prospectus at an Offer Price of ₹ [●] per Equity Share. The Anchor Investor Offer Price is ₹ [●] per Equity Share. At any given point of time, there shall be only one denomination for the Equity Shares, subject to applicable laws.

The Price Band and the minimum Bid Lot will be decided by our Company and the Selling Shareholders, in consultation with the BRLMs. These will be published by our Company at least five Working Days prior to the Bid/Offer Opening Date with the relevant financial ratios calculated at the Floor Price and at the Cap Price, in Financial Chronicle, an English national daily newspaper, Rashtriya Sahara, a Hindi national daily newspaper (Hindi also being the regional language of Jaipur, where our Registered Office is located), each with wide circulation. Such information shall also be disclosed to the Stock Exchanges for dissemination through, and shall be pre-filled in the Bid cum Application Forms available on, the Stock Exchanges' websites.

Offer Program

For details of the Offer program, see "*Offer Structure*" on page 359.

Compliance with SEBI ICDR Regulations

Our Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholders

Subject to applicable laws, rules, regulations and guidelines and the provisions of our Articles of Association, the Shareholders of our Company shall have the following rights:

1. Right to receive dividend, if declared;

2. Right to attend general meetings and exercise voting powers, unless prohibited by law;

3. Right to vote on a poll either in person or by proxy or 'e-voting';

4. Right to receive offers for rights shares and be allotted bonus shares, if announced;

5. Right to receive surplus on liquidation subject to any statutory and preferential claims being satisfied;

6. Right of free transferability, subject to applicable law; and

7. Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, 2013, the terms of the SEBI Listing Regulations, and our Memorandum of Association and Articles of Association.

For details on the main provisions of our Company's Articles of Association including those dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, see "*Main Provisions of Articles of Association*" on page 413.

Market lot and trading lot

As per the applicable law, the trading of our Equity Shares shall only be in dematerialised form for all investors. Since trading of our Equity Shares will be in dematerialised form, the tradable lot is one Equity Share. In terms of Section 29 of the Companies Act, 2013, the Equity Shares shall be Allotted only in dematerialised form. In this context, our Company and the Registrar to the Offer have entered into agreements dated March 9, 2011 and June 10, 2011, with NSDL and CDSL, respectively. Allotment in the Offer will be done only in electronic form in multiples of one Equity Share subject to a minimum Allotment of [●] Equity Shares to successful Bidders.

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they will be deemed to hold such Equity Shares as joint-tenants with benefits of survivorship.

Nomination facility to the Bidders

In accordance with Section 72 of the Companies Act, 2013, read with Companies (Share Capital and Debentures) Rules, 2014, the sole or first Bidder, with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, will vest. A nominee entitled to the Equity Shares by reason of the death of the original holder(s), will, in accordance with Section 72 of the Companies Act, 2013, be entitled to the same benefits to which he or she will be entitled if he or she were the registered holder of the Equity Shares. Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of the holder's death during minority. A nomination may be cancelled, or varied by nominating any other person in place of the present nominee, by the holder of the Equity Shares who has made the nomination, by giving a notice of such cancellation or variation to our Company in the prescribed form. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office or to the registrar and transfer agents of our Company.

Further, any person who becomes a nominee by virtue of the provisions of Section 72 of the Companies Act, 2013, shall upon the production of such evidence as may be required by the Board, elect either:

1. to register himself or herself as the holder of the Equity Shares; or

2. to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment will be made only in dematerialized mode, there is no need to make a separate nomination with our Company. Nominations registered with respective depository participant of the applicant would prevail. If the investors require a change the nomination, they are requested to inform their respective Depository Participant.

Minimum subscription

As the Offer is by way of an offer for sale, the requirement of minimum subscription is not applicable to the Offer in accordance with SEBI ICDR Regulations. However, in the event our Company does not receive the minimum subscription in the Offer as specified under Rule 19(2)(b) of the SCRR, as applicable, including through devolvement to the Underwriters, as applicable, within sixty (60) days from the date of Bid/Offer Closing Date, our Company shall forthwith refund the entire subscription amount received. In case of delay, if any, in refund within such timeline as prescribed under applicable laws, our Company and the respective Selling Shareholders (in proportion of their respective portion of Offered Shares) shall be liable to pay interest on the application money at the rate of 15% p.a. for the period of delay. It is clarified that, subject to applicable law, none of the Selling Shareholders shall be liable to pay any amounts as refunds or interest for any delay, unless such default or delay has been caused solely by such Selling Shareholder in relation to their respective proportion of the Offered Shares.

Under subscription, if any, in any category except the QIB Portion, would be met with spill-over from the other categories at the discretion of our Company and the Selling Shareholders in consultation with the BRLMs and the Designated Stock Exchange.

Further, pursuant to Regulation 26(4) of the SEBI ICDR Regulations, our Company shall ensure that the number of Bidders to whom Equity Shares will be Allotted shall not be less than 1,000.

Any expense incurred by our Company on behalf of the Selling Shareholders with regard to refunds, interest for delays etc. for the Equity Shares being offered in the Offer will be reimbursed by the Selling Shareholders in relation to their respective proportion of the Offered Shares to our Company in proportion to the Equity Shares being offered for sale by the Selling Shareholders in the Offer.

Arrangements for disposal of odd lots

Since our Equity Shares will be traded in dematerialized form only, the market lot for our Equity Shares will be one, no arrangements for disposal of odd lots are required.

Restriction on transfer and transmission of shares

Except for the lock-in of the pre- Offer Equity Shares, minimum Promoters' contribution, Anchor Investor lock-in, pursuant to the Offer as detailed in "*Capital Structure*" on page 75 and except as provided in "*Main Provisions of Articles of Association*" and "*Other Regulatory and Statutory Disclosures*" on pages 413 and 336, respectively, there are no restrictions on transfers of Equity Shares. Further, there are no restrictions on transmission of shares/ debentures and on their consolidation/ splitting except as provided in "*Main Provisions of Articles of Association*" and "*Other Regulatory and Statutory Disclosures*" on pages 413 and 336, respectively.

Option to receive Equity Shares in Dematerialized Form

In accordance with Section 29 of the Companies Act, 2013, Allotment will only be in the dematerialized form. Bidders will not have the option of Allotment of the Equity Shares in physical form. The Equity Shares on Allotment will be traded only in the dematerialized segment of the Stock Exchanges.

OFFER STRUCTURE

Initial public offering of 53,422,169 Equity Shares for cash at a price of ₹ [●] per Equity Share including a share premium of ₹ [●] per Equity Share, aggregating to ₹ [●] million consisting of an offer for sale of, 14,800,000 Equity Shares offered by Redwood, 7,572,169 Equity Shares offered by IFC, 11,250,000 Equity Shares offered by Labh, 10,365,368 Equity Shares offered by Ourea, 434,632 Equity Shares offered by Kedaara, 576,744 Equity Shares offered by MYS, 2,494,769 Equity Shares offered by Mr. Sanjay Agarwal, 2,363,712 Equity Shares offered by Ms. Jyoti Agarwal, 1,290,449 Equity Shares offered by Mr. Chiranji Lal Agarwal, and 2,274,326 Equity Shares offered by Ms. Shakuntala Agarwal in accordance with, and pursuant to, Section 28 of the Companies Act, 2013 and the terms of this Red Herring Prospectus. The Offer includes an Employee Reservation Portion of up to 1,000,000 Equity Shares aggregating to ₹ [●] million, for subscription by Eligible Employees. The Net Offer shall constitute at least 10 % of the fully diluted post-Offer paid-up Equity Share capital of our Company.

The Offer is being made through the Book Building Process

Particulars	Eligible Employees	QIBs[(1)]	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares available for Allotment/ allocation[(2)]	Up to 1,000,000 Equity Shares	26,211,083 Equity Shares	Not less than 7,863,326 Equity Shares or the Net Offer less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation	Not less than 18,347,760 Equity Shares or the Net Offer less allocation to QIB Bidders and Non Institutional Bidders shall be available for allocation
Percentage of Offer size available for Allotment/ allocation	1.87 % of the Offer. The employee reservation portion comprises approximately [●] % of our Company's post offer paid up Equity Share capital	50% of the Net Offer size. However 5% of the QIB Portion, net of the Anchor Investor Portion shall be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the 5% reservation in the portion will also be eligible for allocation in the QIB category. Unsubscribed portion in the Mutual Fund Portion will be added to the QIB Portion	Not less than 15% of the Net Offer or Offer less allocation to QIB Bidders and Retail Individual Bidders	Not less than 35% of the Net Offer or Offer less allocation to QIB Bidders and Non Institutional Bidders
Basis of Allotment/allocation if respective category is oversubscribed	Proportionate	Proportionate as follows (excluding the Anchor Investor Portion): (a) At least 524,222 Equity Shares shall be allocated on a proportionate basis to Mutual Funds	Proportionate	In the event, the Bids received from Retail Individual Bidders exceeds [●] Equity Shares, then the maximum number of Retail Individual Bidders who can be Allotted the minimum Bid lot will be computed by dividing the total number of Equity Shares available for

Particulars	Eligible Employees	QIBs[(1)]	Non-Institutional Bidders	Retail Individual Bidders
		only and (b) 9,960,212 Equity Shares shall be Allotted on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above. Up to 15,726,649 Equity shares have been allocated on a discretionary basis to Anchor Investors		Allotment to Retail Individual Bidders by the minimum Bid lot ("**Maximum RIB Allottees**"). The Allotment to Retail Individual Bidders will then be made in the following manner: • In the event the number of Retail Individual Bidders who have submitted valid Bids in the Offer is equal to or less than Maximum RIB Allottees, (i) Retail Individual Bidders shall be Allotted the minimum Bid lot; and (ii) the balance Equity Shares, if any, remaining in the Retail Category shall be Allotted on a proportionate basis to the Retail Individual Bidders who have received Allotment as per (i) above for less than the Equity Shares Bid by them (*i.e.,* who have Bid for more than the minimum Bid lot). • In the event the number of Retail Individual Bidders who have submitted valid Bids in the Offer is more than Maximum RIB Allottees, the Retail Individual Bidders (in that category) who will then be Allotted minimum Bid lot shall be determined on draw of lots basis
Minimum Bid	[●] Equity Shares and in multiples of [●] Equity Shares	Such number of Equity Shares that the Bid Amount	Such number of Equity Shares that the Bid Amount	[●] Equity Shares and in multiples of [●] Equity Shares thereafter

Particulars	Eligible Employees	QIBs[(1)]	Non-Institutional Bidders	Retail Individual Bidders
	thereafter	exceeds ₹ 200,000 and in multiples of [●] Equity Shares thereafter	exceeds ₹ 200,000 and in multiples of [●] Equity Shares thereafter	
Maximum Bid	Such number of Equity Shares in multiples of [●] so as to ensure that the Bid Amount does not exceed ₹ 500,000.[(3)]	Such number of Equity Shares in multiples of [●] Equity Shares not exceeding the size Net Offer subject to applicable limits to the Bidder	Such number of Equity Shares in multiples of [●] Equity Shares not exceeding the size of the Net Offer subject to applicable limits to the Bidder	Such number of Equity Shares in multiples of [●] Equity Shares such that the Bid Amount does not exceed ₹200,000.
Mode of Allotment	Compulsorily in dematerialised form.			
Bid lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.			
Allotment Lot	[●] Equity Shares and in multiples of one Equity Share thereafter.			
Trading lot	One Equity Share.			
Who can apply[(4)]	Eligible Employees	Public financial institutions as specified in Section 2(72) of the Companies Act, 2013, scheduled commercial banks, multilateral and bilateral development financial institutions, mutual fund registered with SEBI, FPIs other than Category III Foreign Portfolio Investors, VCFs, AIFs, state industrial development corporation, insurance companies registered with IRDAI, provident fund (subject to applicable law) with minimum corpus of ₹ 250 million, pension fund with minimum corpus of ₹ 250 million, in accordance with applicable law and National Investment Fund set up by the Government of India, insurance funds set up and managed by army, navy or air force of the Union of India and insurance funds set up and managed by the Department of Posts, India.	Resident Indian individuals, Eligible NRIs, HUFs (in the name of Karta), companies, corporate bodies, scientific institutions societies and trusts, Category III Foreign Portfolio Investors	Resident Indian Individuals, Eligible NRIs, HUF (in the name of *Karta*).
Terms of Payment	***In case of Anchor Investors:*** Full Bid Amount shall be payable by the Anchor Investors at the time			

Particulars	Eligible Employees	QIBs[(1)]	Non-Institutional Bidders	Retail Individual Bidders
	of submission of their bids. ***In case of all other Bidders:*** Full Bid Amount shall be blocked by the SCSBs in the bank account of the ASBA Bidder that is specified in the ASBA Form at the time of submission of the ASBA Form.[(5)]			

(1) *Our Company and the Selling Shareholders may, in consultation with the BRLMs, allocate up to 60% of the QIB Category 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. For details, see "Offer Procedure" on page 366.*

(2) *Subject to valid Bids being received at or above the Offer Price. The Offer is being made in accordance with Rule 19(2)(b) of the SCRR and under Regulation 26(1) of the SEBI ICDR Regulations. The Offer is being made through the Book Building Process wherein 50% of the Net Offer shall be available for allocation on a proportionate basis to QIBs, provided that our Company and the Selling Shareholders in consultation with the BRLMs may allocate up to 60% of the QIB Category 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. 5% of the QIB Category (excluding the Anchor Investor Portion), shall be available for allocation on a proportionate basis to Mutual Funds only and the remainder of the QIB Category shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors) including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Net Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price.*

(3) *Allotment to an Eligible Employee in the Employee Reservation Portion may exceed ₹200,000 only in the event of an under-subscription in the Employee Reservation Portion and such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, subject to the total Allotment to an Eligible Employee not exceeding ₹500,000.*

(4) *In case of joint Bids, the Bid cum Application Form should contain only the name of the first Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such first Bidder would be required in the Bid cum Application Form and such first Bidder would be deemed to have signed on behalf of the joint holders.*

(5) *In case the Anchor Investor Allocation Price is lower than the Offer Price, the balance amount shall be payable as per the pay-in-date mentioned in the revised CAN. In case the Offer Price is lower than the Anchor Investor Allocation Price, the amount in excess of the Offer Price paid by the Anchor Investors shall not be refunded to them. For details of terms of payment applicable to Anchor Investors, see "Offer Procedure – Allotment Procedure and Basis of Allotment" on page 403.*

Under subscription, if any, in any category except the QIB Portion, would be met with spill-over from the other categories at the discretion of our Company and the Selling Shareholders in consultation with the BRLMs and the Designated Stock Exchange. Any unsubscribed Equity Shares in the Employee Reservation Portion shall be added to the Net Offer.

The RBI has by way of the RBI In-principle Approval and the RBI Final Approval, communicated that, (i) the existing non-Promoters who currently hold 5% or more in our Company, shall obtain prior approval of the RBI if they desire to continue to hold 5% or more of the post-Offer paid-up share capital of our Company and (ii) our Company shall ensure compliance to the provisions of Section 12B of the Banking Regulation Act. Accordingly, our Company has amended its Articles of Association to state that "Any issue / acquisition of shares which results in a Person holding (by himself or acting in concert with any other Person) five percent (5%) or more of the paid-up equity share capital or voting rights of our Company shall be made with prior approval of RBI, if applicable".

As of the date hereof, the regulatory framework does not provide whether the restrictions mentioned above are applicable to only an investor (by himself or acting in concert with any other person) or would also include the relatives of, or associated enterprises of, or persons acting in concert with, the investor as described under Section 12B of the Banking Regulation Act ("**Other Persons**").

Our Company has voluntarily decided to apply such restrictions to the investor or the investing entity, as the case may be, to also include the Other Persons associated with the respective investor or the investing entity, as the case may be. Accordingly, any Bidder who, either by himself directly or indirectly or along with the Other Persons associated with it, Bids for such number of Equity Shares that (along with the existing aggregate shareholding in our Company of such Bidder and the Other Persons associated with such Bidder), result in such Bidder, together with the Other Persons associated with such Bidder, holding 5% or more of the post-Offer paid-up share capital of our Company, shall obtain a valid and subsisting approval of the RBI to be eligible to acquire and hold, after considering its existing shareholding if any, in our Company, together with the existing shareholding in our Company, if any, of the Other Persons associated with such Bidder, 5% or more of the post-

Offer paid-up share capital of our Company, either individually or on an aggregate basis with the Other Persons associated with such Bidder, as the case may be, subject to the subscription level in the Offer.

In the absence of such RBI approval, a Bid by any Bidder, either by himself, directly or indirectly, or along with Other Persons associated with him, for the number of Equity Shares (including any existing aggregate shareholding in our Company of such Bidder and the Other Persons associated with such Bidder) amounting to 5% or more of the post-Offer paid-up share capital of our Company, or which may result into the Bidder holding, post the Offer, 5% or more of the post-Offer paid-up share capital of our Company, either individually or on an aggregate basis together with the Other Persons, as the case may be, shall be considered for Allotment of such number of Equity Shares such that the aggregate shareholding of the Bidders and the Other Persons associated with such Bidders in our Company post-Offer does is not equal to or not exceed 5% of the post-Offer paid-up share capital of our Company. Such Allotment of Equity Shares amongst each Bidder inter-se (together with the Other Persons associated with such Bidder) shall be done on a pro-rata basis taking into account the aggregate of Bids received from such Bidder and the Other Persons associated with such Bidder under all categories, and allocation made under the Anchor Investor Portion.

Please note that it is the responsibility of each Bidder to determine whether his Bid(s), directly or indirectly, or along with Other Persons (and together with the existing aggregate shareholding in our Company of such Bidder and the Other Persons associated with such Bidder), amounts to 5% or more of the post-Offer paid-up share capital of our Company and seek an RBI approval if the Bid so exceeds.

Our Company, the BRLMs and the Registrar to the Offer will rely strictly and solely on the RBI approvals received from Bidders for making any Allotment of Equity Shares to such Bidders and to the Other Persons, if any, that results in such Bidder, either individually or on an aggregate basis with the Other Persons associated with such Bidder, holding Equity Shares equal to or in excess of 5% of the post-Offer paid-up share capital of our Company thereafter, after considering their existing aggregate shareholding in our Company, if any. Our Company, the Registrar to the Offer and BRLMs will not be responsible for identifying the Other Persons associated with any Bidder, or for the consequences of any Bidder and the Other Persons holding Equity Shares, which together with their existing shareholding amount to 5% or more of the post-Offer paid-up share capital of our Company pursuant to the Allotment made without a valid and subsisting RBI approval.

A clearly legible copy of the RBI approval in the name(s) of the Bidders together with the application submitted for obtaining such RBI approval must be submitted by the Bidders with the Bid cum Application Form as well as to the Registrar to the Offer at any time prior to the date falling one day before the date for finalisation of the Basis of Allotment, *i.e.*, July 4, 2017. Such RBI approval should clearly mention the name(s) of the entities which propose to Bid in the Offer, the aggregate shareholding of the Bidder and the Other Persons in the pre-Offer paid-up share capital of our Company and the maximum permitted holding of Equity Shares by the Other Persons. All allotments to such Bidders and the Other Persons, shall be in accordance with and subject to the conditions contained in such RBI approval.

Under the Banking Regulation Act, an "associated enterprise" of an entity is defined to mean a company, whether incorporated or not, which (i) is a holding company or a subsidiary company of such entity; (ii) is a joint venture of such entity; (iii) controls the composition of the board of directors or other body governing of such entity; (iv) exercises, in the opinion of the RBI, significant influence on such entity in taking financial or policy decisions; or (v) is able to obtain economic benefits from the activities of such entity. A "relative" is defined to have the meaning given to such term under the Companies Act, 1956. Further, under the Banking Regulation Act, persons shall be deemed to be "acting i n concert" who, for a common objective or purpose of the acquisition of shares or voting rights in excess of the percentage mentioned in Section 12B of the Banking Regulation Act, pursuant to an agreement or understanding (formal or informal), directly or indirectly cooperate by acquiring or agreeing to acquire shares or voting rights a banking company.

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

Further, pursuant to our Company being established as an SFB and as per the extant FDI Policy and SFB Guidelines, foreign direct investment in our Company is permitted up to 49% under the automatic route and up to 74% under government route in a private sector Indian bank. Currently, 47.11% of our Equity Share capital is held by foreign entities. If any foreign investor purchases or applies for purchasing our Equity Shares which,

either exceeds the 49% automatic investment threshold or increases the foreign shareholding percentage of our Company in excess of 49%, the Stock Exchanges may alert the RBI regarding such purchase and consequently, the RBI may either direct the investor to seek its approval prior to such purchase or to bring down the foreign shareholding of our Company below the permissible limit.

Withdrawal of the Offer

Our Company and the Selling Shareholders, severally and not jointly, in consultation with the BRLMs, reserve the right not to proceed with the Offer after the Bid/Offer Closing Date but before the Allotment. In such an event, our Company in consultation with BRLMs shall issue a public notice in the newspapers in which the pre-Offer advertisements were published, within two days of the Bid/Offer Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Offer. The BRLMs, through the Registrar to the Offer, will instruct the SCSBs to unblock the bank accounts of ASBA Bidders within one Working Day from the date of receipt of such notification. Our Company shall also inform the same to the Stock Exchanges on which the Equity Shares are proposed to be listed. In the event of withdrawal of the Offer and subsequently, plans of a fresh offer by our Company, a fresh draft red herring prospectus will be submitted again to the SEBI.

Notwithstanding the foregoing, the Offer is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment, and (ii) the final RoC approval of the Prospectus after it is filed with the RoC.

Bid/ Offer Program

BID/ OFFER OPENS ON	Wednesday, June 28, 2017 [(1)]
BID/ OFFER CLOSES ON	Friday, June 30, 2017

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

An indicative timetable in respect of the Offer is set out below:

Event	Indicative Date
Bid/Offer Closing Date	Friday, June 30, 2017
Finalisation of Basis of Allotment with the Designated Stock Exchange	On or about July 5, 2017
Initiation of refunds (if any, for Anchor Investors)/unblocking of funds from ASBA Account	On or about July 6, 2017
Credit of Equity Shares to demat accounts of Allottees	On or about July 7, 2017
Commencement of trading of the Equity Shares on the Stock Exchanges	On or about July 10, 2017

The above timetable, other than the Bid/Offer Closing Date, is indicative and does not constitute any obligation on our Company or the Selling Shareholders or the BRLMs.

While our Company shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchanges are taken within six Working Days from the Bid/ Offer Closing Date, or as may be required under the applicable law, the timetable may be extended due to various factors, such as extension of the Bid/Offer Period by our Company and the Selling Shareholders, revision of the Price Band or any delay in receiving the final listing and trading approval from the Stock Exchanges. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges and in accordance with the applicable laws. The Selling Shareholders confirm that they shall extend reasonable co-operation required by our Company and the BRLMs for the completion of the necessary formalities for listing and commencement of trading of the Equity Shares (offered by each such Selling Shareholders in the Offer for Sale) at all Stock Exchanges within six Working Days from the Bid/ Offer Closing Date.

Submission of Bids (other than Bids from Anchor Investors):

Bid/Offer Period (except the Bid/Offer Closing Date)

Submission and Revision in Bids	Only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time ("IST")
Bid/Offer Closing Date	
Submission and Revision in Bids	Only between 10.00 a.m. and 3.00 p.m. IST

On the Bid/Offer Closing Date, the Bids shall be uploaded until:

1. 4.00 p.m. IST in case of Bids by QIBs and Non-Institutional Bidders; and
2. until 5.00 p.m. IST or such extended time as permitted by the Stock Exchanges, in case of Bids by Retail Individual Bidders and Eligible Employees.

On Bid/Offer Closing Date, extension of time will be granted by Stock Exchanges only for uploading Bids received by Retail Individual Bidders Eligible Employees after taking into account the total number of Bids received and as reported by the BRLMs to the Stock Exchanges.

It is clarified that Bids not uploaded on the electronic bidding system or in respect of which the full Bid Amount is not blocked by SCSBs would be rejected.

Due to limitation of the time available for uploading the Bids on the Bid/Offer Closing Date, Bidders are advised to submit their Bids one day prior to the Bid/Offer Closing Date and, in any case, no later than 1.00 p.m. IST on the Bid/Offer Closing Date. Bidders are cautioned that, in the event a large number of Bids are received on the Bid/ Offer Closing Date, as is typically experienced in public offerings, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under the Offer. Bids will be accepted only on Business Days *i.e.*, Monday to Friday (excluding any public holiday). Our Company or any of the Selling Shareholders or the members of Syndicate are not liable for any failure in uploading Bids due to faults in any software/hardware system or otherwise. Any time mentioned in this Red Herring Prospectus is Indian Standard Time.

In case of any discrepancy in the data entered in the electronic book vis-a-vis the data contained in the physical or electronic Bid cum Application Form, for a particular Bidder, the Registrar to the Offer shall ask for rectified data from the relevant Designated Intermediary.

Our Company and the Selling Shareholders in consultation with the BRLMs, reserve the right to revise the Price Band during the Bid/ Offer Period, provided that the Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. The revision in the Price Band shall not exceed 20% on either side *i.e.*, the Floor Price can move up or down to the extent of 20% of the Floor Price and the Cap Price will be revised accordingly.

In case of revision in the Price Band, the Bid/ Offer Period shall be extended for at least three additional Working Days after such revision, subject to the Bid/Offer Period not exceeding 10 Working Days. Any revision in Price Band, and the revised Bid/Offer Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges, by issuing a press release and also by indicating the change on the terminals of the other members of the Syndicate Members. However, in case of revision in Price Band, the Bid Lot shall remain the same.

In case of any discrepancy in the data entered in the electronic book vis-à-vis the data contained in the Bid cum Application Form for a particular Bidder, the details as per the Bid file received from the Stock Exchanges shall be taken as the final data for the purpose of Allotment.

OFFER PROCEDURE

*All Bidders should review the General Information Document for Investing in Public Issues prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013 notified by SEBI and updated pursuant to SEBI circular bearing number CIR/CFD/POLICYCELL/11/ 2015 dated November 10, 2015 and SEBI circular bearing number SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016 ("**General Information Document**") included below under the sub-section titled "– Part B - General Information Document", which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI ICDR Regulations. The General Information Document has been updated to reflect amendments to the SEBI ICDR Regulations and provisions of the Companies Act 2013, to the extent applicable to a public issue and any other enactments and regulations. The General Information Document is also available on the websites of the Stock Exchanges and the BRLMs. Please refer to the relevant portions of the General Information Document which are applicable to the Offer. All Designated Intermediaries in relation to the Offer should ensure compliance with the SEBI circular (CIR/CFD/POLICYCELL/11/2015) dated November 10, 2015, as amended and modified by the SEBI circular (SEBI/HO/CFD/DIL/CIR/P/2016/26) dated January 21, 2016, in relation to clarifications on streamlining the process of public issue of equity shares and convertibles.*

Our Company, the Selling Shareholders and the BRLMs do not accept any responsibility for the completeness and accuracy of the information stated in this section and the General Information Document and are not liable for any amendment, modification or change in applicable law which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids are submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or as specified in this Red Herring Prospectus.

PART A

Book Building Procedure

The Offer is being made through the Book Building Process wherein 50% of the Net Offer shall be available for allocation to QIBs on a proportionate basis, provided that our Company and the Selling Shareholders in consultation with the BRLMs may allocate up to 60% of the QIB Category to Anchor Investors on a discretionary basis in accordance with SEBI ICDR Regulations, of which one third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. 5% of the QIB Category (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Category shall be available for allocation to all QIB Bidders (other than Anchor Investors) on a proportionate basis, including Mutual Funds, subject to valid Bids being received at or above the Offer Price. 1,000,000 Equity Shares will be available for allocation on a proportionate basis to Eligible Employees bidding in the Employee Reservation Portion, subject to valid bids having been received at or above the Offer Price. The maximum Bid Amount under the Employee Reservation Portion by an Eligible Employee shall not exceed ₹500,000 on a net basis. However, Allotment to an Eligible Employee in the Employee Reservation Portion may exceed ₹200,000 only in the event of an under-subscription in the Employee Reservation Portion and such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, for a value in excess of ₹200,000, subject to the total Allotment to an Eligible Employee not exceeding ₹500,000.

Further, not less than 15% of the Net Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price.

Under-subscription if any, in any category, except in the QIB Category, would be allowed to be met with spill over from any other category or a combination of categories at the discretion of our Company and the Selling Shareholders, in consultation with the BRLMs and the Designated Stock Exchange. Any unsubscribed portion in Employee Reservation Portion shall be added to the Net Offer. In case of under subscription in the Net Offer category, spill-over to the extent of under-subscription shall be permitted from the reserved category to the Net Offer.

The Equity Shares, on Allotment, shall be traded only in the dematerialised segment of the Stock Exchanges.

Investors should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialised form. The Bid cum Application Forms which do not have the details of the Bidders' depository account, including DP ID, Client ID and PAN, shall be treated as incomplete and will be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form.

Bid cum Application Form

Copies of the ASBA Form and the abridged prospectus will be available with the, Designated Intermediaries at the Bidding Centers, and Registered Office of our Company. An electronic copy of the ASBA Form will also be available for download on the websites of the NSE (www.nseindia.com), the BSE (www.bseindia.com) at least one day prior to the Bid/Offer Opening Date. For Anchor Investors, copies of the Anchor Investor Application Form and the abridged prospectus will be available at the offices of the BRLMs.

All Bidders (other than Anchor Investors) shall mandatorily participate in the Offer only through the ASBA process. Anchor Investors are not permitted to participate in the Offer through the ASBA process. ASBA Bidders must provide bank account details and authorisation to block funds in the relevant space provided in the ASBA Form and the ASBA Forms that do not contain such details are liable to be rejected.

ASBA Bidders shall ensure that the Bids are made on ASBA Forms bearing the stamp of a Designated Intermediary, submitted at the Bidding Centers only (except in case of electronic ASBA Forms) and the ASBA Forms not bearing such specified stamp are liable to be rejected.

The prescribed colour of the Bid cum Application Form for the various categories is as follows:

Category	Colour of Bid cum Application Form*
Resident Indians and Eligible NRIs applying on a non-repatriation basis	White
Non-Residents including Eligible NRIs, FPI, registered multilateral and bilateral development financial institutions applying on a repatriation basis	Blue
Anchor Investors**	White
Eligible Employees bidding in the Employee Reservation Portion	Pink

**Excluding electronic Bid cum Application Form*
***Anchor Investor Application Forms will be made available at the office of the BRLMs*

Designated Intermediaries (other than SCSBs) shall submit/deliver the ASBA Forms to the respective SCSB, where the Bidder has a bank account and shall not submit it to any non-SCSB bank or any Escrow Collection Bank.

The RBI has by way of the RBI In-principle Approval and the RBI Final Approval, communicated that, (i) the existing non-Promoters who currently hold 5% or more in our Company, shall obtain prior approval of the RBI if they desire to continue to hold 5% or more of the post-Offer paid-up share capital of our Company and (ii) our Company shall ensure compliance to the provisions of Section 12B of the Banking Regulation Act. Accordingly, our Company has amended its Articles of Association to state that "Any issue / acquisition of shares which results in a Person holding (by himself or acting in concert with any other Person) five percent (5%) or more of the paid-up equity share capital or voting rights of our Company shall be made with prior approval of RBI, if applicable".

As of the date hereof, the regulatory framework does not provide whether the restrictions mentioned above are applicable to only an investor (by himself or acting in concert with any other person) or would also include the relatives of, or associated enterprises of, or persons acting in concert with, the investor as described under Section 12B of the Banking Regulation Act ("**Other Persons**").

Our Company has voluntarily decided to apply such restrictions to the investor or the investing entity, as the case may be, to also include the Other Persons associated with the respective investor or the investing entity, as the case may be. Accordingly, any Bidder who, either by himself directly or indirectly or along with the Other Persons associated with it, Bids for such number of Equity Shares that (along with the existing aggregate shareholding in our Company of such Bidder and the Other Persons associated with such Bidder), result in such Bidder, together with the Other Persons associated with such Bidder, holding 5% or more of the post-Offer paid-

up share capital of our Company, shall obtain a valid and subsisting approval of the RBI to be eligible to acquire and hold, after considering its existing shareholding if any, in our Company, together with the existing shareholding in our Company, if any, of the Other Persons associated with such Bidder, 5% or more of the post-Offer paid-up share capital of our Company, either individually or on an aggregate basis with the Other Persons associated with such Bidder, as the case may be, subject to the subscription level in the Offer.

In the absence of such RBI approval, a Bid by any Bidder, either by himself, directly or indirectly, or along with Other Persons associated with him, for the number of Equity Shares (including any existing aggregate shareholding in our Company of such Bidder and the Other Persons associated with such Bidder) amounting to 5% or more of the post-Offer paid-up share capital of our Company, or which may result into the Bidder holding, post the Offer, 5% or more of the post-Offer paid-up share capital of our Company, either individually or on an aggregate basis together with the Other Persons, as the case may be, shall be considered for Allotment of such number of Equity Shares such that the aggregate shareholding of the Bidders and the Other Persons associated with such Bidders in our Company post-Offer does is not equal to or not exceed 5% of the post-Offer paid-up share capital of our Company. Such Allotment of Equity Shares amongst each Bidder inter-se (together with the Other Persons associated with such Bidder) shall be done on a pro-rata basis taking into account the aggregate of Bids received from such Bidder and the Other Persons associated with such Bidder under all categories, and allocation made under the Anchor Investor Portion.

Please note that it is the responsibility of each Bidder to determine whether his Bid(s), directly or indirectly, or along with Other Persons (and together with the existing aggregate shareholding in our Company of such Bidder and the Other Persons associated with such Bidder), amounts to 5% or more of the post-Offer paid-up share capital of our Company and seek an RBI approval if the Bid so exceeds.

Our Company, the BRLMs and the Registrar to the Offer will rely strictly and solely on the RBI approvals received from Bidders for making any Allotment of Equity Shares to such Bidders and to the Other Persons, if any, that results in such Bidder, either individually or on an aggregate basis with the Other Persons associated with such Bidder, holding Equity Shares equal to or in excess of 5% of the post-Offer paid-up share capital of our Company thereafter, after considering their existing aggregate shareholding in our Company, if any. Our Company, the Registrar to the Offer and BRLMs will not be responsible for identifying the Other Persons associated with any Bidder, or for the consequences of any Bidder and the Other Persons holding Equity Shares, which together with their existing shareholding amount to 5% or more of the post-Offer paid-up share capital of our Company pursuant to the Allotment made without a valid and subsisting RBI approval.

A clearly legible copy of the RBI approval in the name(s) of the Bidders together with the application submitted for obtaining such RBI approval must be submitted by the Bidders with the Bid cum Application Form as well as to the Registrar to the Offer at any time prior to the date falling one day before the date for finalisation of the Basis of Allotment, *i.e.*, July 4, 2017. Such RBI approval should clearly mention the name(s) of the entities which propose to Bid in the Offer, the aggregate shareholding of the Bidder and the Other Persons in the pre-Offer paid-up share capital of our Company and the maximum permitted holding of Equity Shares by the Other Persons. All allotments to such Bidders and the Other Persons, shall be in accordance with and subject to the conditions contained in such RBI approval.

Under the Banking Regulation Act, an "associated enterprise" of an entity is defined to mean a company, whether incorporated or not, which (i) is a holding company or a subsidiary company of such entity; (ii) is a joint venture of such entity; (iii) controls the composition of the board of directors or other body governing of such entity; (iv) exercises, in the opinion of the RBI, significant influence on such entity in taking financial or policy decisions; or (v) is able to obtain economic benefits from the activities of such entity. A "relative" is defined to have the meaning given to such term under the Companies Act, 1956. Further, under the Banking Regulation Act, persons shall be deemed to be "acting in concert" who, for a common objective or purpose of the acquisition of shares or voting rights in excess of the percentage mentioned in Section 12B of the Banking Regulation Act, pursuant to an agreement or understanding (formal or informal), directly or indirectly cooperate by acquiring or agreeing to acquire shares or voting rights a banking company.

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

Further, pursuant to our Company being established as an SFB and as per the extant FDI Policy and SFB Guidelines, foreign direct investment in our Company is permitted up to 49% under the automatic route and up to 74% under government route in a private sector Indian bank. Currently, 47.11% of our Equity Share capital is held by foreign entities. If any foreign investor purchases or applies for purchasing our Equity Shares which, either exceeds the 49% automatic investment threshold or increases the foreign shareholding percentage of our Company in excess of 49%, the Stock Exchanges may alert the RBI regarding such purchase and consequently, the RBI may either direct the investor to seek its approval prior to such purchase or to bring down the foreign shareholding of our Company below the permissible limit.

Participation by Promoters, Promoter Group, the BRLMs the Syndicate Members and persons related to the Promoters/Promoter Group/BRLMs

The BRLMs and the Syndicate Members shall not be allowed to purchase Equity Shares in this Offer in any manner, except towards fulfilling their underwriting obligations. However, the associates and affiliates of the BRLMs and the Syndicate Members may Bid for Equity Shares in this Offer, either in the QIB Category or in the Non-Institutional Category as may be applicable to such Bidders, where the allocation is on a proportionate basis and such subscription may be on their own account or on behalf of their clients. All categories of investors, including associates or affiliates of the BRLMs and Syndicate Members, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

The BRLMs and any persons related to the BRLMs (other than Mutual Funds sponsored by entities related to the BRLMs) and our Promoters, Promoter Group and any persons related to our Promoters and Promoter Group cannot apply in the Offer under the Anchor Investor Portion.

Bids by Mutual Funds

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid without assigning any reason thereof. Bids made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Bids are made.

Bids made by asset management companies or custodian of Mutual Funds shall specifically state the names of the concerned schemes for which such Bids are made.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in case of index funds or sector or industry specific schemes. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights. **However, in terms of the Banking Regulation Act, prior approval from the RBI is required for any issue / acquisition of shares which results in a person holding (by himself or acting in concert with any other person) five percent (5%) or more of the paid-up equity share capital or voting rights of our Company.**

Bids by Eligible NRIs

Eligible NRIs may obtain copies of Bid cum Application Form from the Designated Intermediaries. Eligible NRI Bidders bidding on a repatriation basis by using the Non-Resident Forms should authorize their SCSB to block their Non-Resident External ("**NRE**") accounts, or Foreign Currency Non-Resident ("**FCNR**") Accounts, and eligible NRI Bidders bidding on a non-repatriation basis by using Resident forms should authorize their SCSB to block their Non-Resident Ordinary ("**NRO**") accounts for the full Bid Amount, at the time of the submission of the Bid cum Application Form.

Eligible NRIs Bidding on non-repatriation basis are advised to use the Bid cum Application Form for residents (white in colour). Eligible NRIs Bidding on a repatriation basis are advised to use the Bid cum Application Form meant for Non-Residents (blue in colour).

In terms of the FDI Policy, Eligible NRIs may hold up to 24% of the Equity Share capital of our Company under the automatic route. For details, see "*Key Regulations and Policies in India*" on page 169.

Further, non-residents should note that, pursuant to our Company being established as an SFB and as per the extant FDI Policy and SFB Guidelines, foreign direct investment in our Company is permitted up to 49% under the automatic route and up to 74% under government route in a private sector Indian bank. Currently, 47.11% of our Equity Share capital is held by foreign entities. If any foreign investor purchases or applies for purchasing our Equity Shares which, either exceeds the 49% automatic investment threshold or increases the foreign shareholding percentage of our Company in excess of 49%, the Stock Exchanges may alert the RBI regarding such purchase and consequently, the RBI may either direct the investor to seek its approval prior to such purchase or to bring down the foreign shareholding of our Company below the permissible limit.

Bids by FPIs

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) must be below 10% of our post-Offer Equity Share capital. Further, in terms of the FEMA Regulations, the total holding by each FPI shall be below 10% of the total paid-up Equity Share capital of our Company and the total holdings of all FPIs put together shall not exceed 24% of the paid-up Equity Share capital of our Company. The aggregate limit of 24% may be increased up to the sectoral cap by way of a resolution passed by the Board of Directors followed by a special resolution passed by the Shareholders and subject to prior intimation to RBI. In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included. The existing individual and aggregate investment limits for an FPI in our Company are 10% and 24% of the total paid-up Equity Share capital of our Company, respectively.

FPIs are permitted to participate in the Offer subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

FPI's who wish to participate in the Offer are advised to use Bid cum Application Form for non-residents.

Further, non-residents should note that, pursuant to our Company being established as an SFB and as per the extant FDI Policy and SFB Guidelines, foreign direct investment in our Company is permitted up to 49% under the automatic route and up to 74% under government route in a private sector Indian bank. Currently, 47.11% of our Equity Share capital is held by foreign entities. If any foreign investor purchases or applies for purchasing our Equity Shares which, either exceeds the 49% automatic investment threshold or increases the foreign shareholding percentage of our Company in excess of 49%, the Stock Exchanges may alert the RBI regarding such purchase and consequently, the RBI may either direct the investor to seek its approval prior to such purchase or to bring down the foreign shareholding of our Company below the permissible limit.

Bids by SEBI registered VCFs and AIFs

The SEBI AIF Regulations *inter-alia* prescribe the investment restrictions on the VCFs and AIFs registered with SEBI.

The holding by any individual VCF registered with SEBI in one venture capital undertaking should not exceed 25% of the corpus of the VCF. Further, VCFs can invest only up to 33.33% of the investible funds by way of subscription to an initial public offering.

The category I and II AIFs cannot invest more than 25% of the corpus in one investee company. A category III AIF cannot invest more than 10% of the investible funds in one investee company. A venture capital fund registered as a category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than 1/3rd of its corpus by way of subscription to an initial public offering of a venture capital undertaking. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the SEBI VCF Regulations until the existing fund or scheme managed by the fund is wound up.

All Non-Resident Bidders should note that refunds (in case of Anchor Investors), dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and commissions.

Neither our Company nor the BRLMs will be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Bids by limited liability partnerships

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid without assigning any reason thereof.

Bids by banking companies

In case of Bids made by banking companies registered with the RBI, certified copies of: (i) the certificate of registration issued by the RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the Bid cum Application Form failing which, our Company reserves the right to reject any Bid by a banking company without assigning any reason thereof.

The investment limit for banking companies in financial services companies, not being subsidiaries, as per the Banking Regulation Act, and the Master Direction – Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, is 10% of the bank's paid-up share capital and reserves as per the last audited balance sheet or a subsequent balance sheet, whichever is lower. Further, the aggregate investment in subsidiaries and other entities engaged in financial and non-financial services company cannot exceed 20% of the bank's paid-up share capital and reserves.

Bids by SCSBs

SCSBs participating in the Offer are required to comply with the terms of the SEBI circulars dated September 13, 2012 and January 2, 2013. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for such applications.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, Eligible FPIs, Mutual Funds, insurance companies, insurance funds set up by the army, navy, or air force of India, insurance funds set up by the Department of Posts, India or the National Investment Fund and provident funds with a minimum corpus of ₹ 250 million and pension funds with a minimum corpus of ₹ 250 million (in each case, subject to applicable law and in accordance with their respective constitutional documents), a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws, as applicable must be lodged along with the Bid cum Application Form. Failing this, our Company and the Selling Shareholders reserve the right to accept or reject any such Bid in whole or in part, in either case, without assigning any reasons thereof.

Our Company and the Selling Shareholders in consultation with the BRLMs in their absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form.

Bids by insurance companies

In case of Bids made by insurance companies registered with the IRDAI, a certified copy of certificate of registration issued by IRDAI must be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholders reserve the right to reject any Bid without assigning any reason thereof.

The exposure norms for insurers are prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2000 ("**IRDA Investment Regulations**"), as amended are broadly set forth below:

(a) equity shares of a company: the lower of 10% of the outstanding Equity Shares (face value) or 10% of the respective fund in case of life insurer or 10% of investment assets in case of general insurer or reinsurer;

(b) the entire group of the investee company: not more than 15% of the respective fund in case of a life insurer or 15% of investment assets in case of a general insurer or reinsurer or 15% of the investment assets in all companies belonging to the group, whichever is lower; and

(c) the industry sector in which the investee company belongs to: not more than 15% of the fund of a life insurer or a general insurer or a reinsurer or 15% of the investment asset, whichever is lower.

The maximum exposure limit, in the case of an investment in equity shares, cannot exceed the lower of an amount of 10% of the investment assets of a life insurer or general insurer and the amount calculated under (a), (b) and (c) above, as the case may be.

Insurance companies participating in this Offer shall comply with all applicable regulations, guidelines and circulars issued by IRDAI from time to time.

Bids by Eligible Employees

The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter so as to ensure that the Bid Amount payable by the Eligible Employee does not exceed ₹ 500,000 on a net basis. The Allotment in the Employee Reservation Portion will be on a proportionate basis. Eligible Employees under the Employee Reservation Portion may Bid at Cut-off Price.

Bids under Employee Reservation Portion by Eligible Employees shall be:

(a) Made only in the prescribed Bid cum Application Form or Revision Form (i.e. pink colour form).

(b) The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter so as to ensure that the Bid Amount payable by the Eligible Employee does not exceed ₹ 500,000 on a net basis. The maximum Bid in this category by an Eligible Employee cannot exceed ₹ 500,000 on a net basis.

(c) Allotment to an Eligible Employee in the Employee Reservation Portion will exceed ₹ 200,000 only in the event of an under-subscription in the Employee Reservation Portion and such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, subject to the total Allotment to an Eligible Employee not exceeding ₹ 500,000.

(d) Eligible Employees should mention their employee number at the relevant place in the Bid cum Application Form.

(e) The Bidder should be an Eligible Employee as defined above. In case of joint bids, the first Bidder shall be an Eligible Employee.

(f) Only Eligible Employees would be eligible to apply in this Offer under the Employee Reservation Portion.

(g) Only those Bids, which are received at or above the Offer Price, would be considered for Allotment under this category.

(h) Eligible Employees can apply at Cut-off Price.

(i) Bid by Eligible Employees can be made also in the "Net Offer to the Public" and such Bids shall not be treated as multiple Bids.

(j) If the aggregate demand in this category is less than or equal to 1,000,000 Equity Shares at or above the Offer Price, full allocation shall be made to the Eligible Employees to the extent of their demand.

(k) Under-subscription, if any, in the Employee Reservation Portion will be added back to the Net Offer. In case of under-subscription in the Net Offer, spill over to the extent of under-subscription shall be permitted from the Employee Reservation Portion subject to the Net Offer constituting **[●]**% of the post-Offer share capital of our Company.

If the aggregate demand in this category is greater than 1,000,000 Equity Shares at or above the Offer Price, the allocation shall be made on a proportionate basis. For the method of proportionate basis of allocation, see "*Offer Procedure – Allotment Procedure and Basis of Allotment*" on pages 403 to 405.

Bids by provident funds/pension funds

In case of Bids made by provident funds/pension funds, subject to applicable laws, with minimum corpus of ₹ 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be attached to the Bid cum Application Form. Failing which, our Company and the Selling Shareholders reserve the right to reject any such Bid, without assigning any reason thereof.

The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholders and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of the Equity Shares that can be held by them under applicable law or regulation or as specified in this Red Herring Prospectus. In accordance with RBI regulations, OCBs cannot participate in the Offer.

General Instructions

Do's:

1. Check if you are eligible to apply as per the terms of this Red Herring Prospectus and under applicable laws, rules, regulations, guidelines and approvals;

2. Ensure that you have Bid within the Price Band;

3. All Bidders (other than Anchor Investors) should submit their Bids through the ASBA process only;

4. Read all the instructions carefully and complete the Bid cum Application Form in the prescribed form. Ensure that you have mentioned the correct ASBA number in the Bid Cum Application Form ;

5. Ensure that the details about the PAN, DP ID and Client ID are correct and the Bidders depository account is active, as Allotment of the Equity Shares will be in the dematerialized form only;

6. Ensure that your Bid cum Application Form bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the Bidding Centers within the prescribed time;

7. If the first applicant is not the bank account holder, ensure that the Bid cum Application Form is signed by the account holder. Ensure that you have an account with an SCSB and have mentioned the correct bank account number of that SCSB in the Bid cum Application Form;

8. With respect to Bids by SCSBs, ensure that you have a separate account in your own name with any other SCSB having clear demarcated funds for applying under the ASBA process and that such separate account (with any other SCSB) is used as the ASBA Account with respect to your Bid;
9. Ensure that the signature of the First Bidder in case of joint Bids, is included in the Bid cum Application Forms;

10. Ensure that you request for and receive a stamped acknowledgement of the Bid cum Application Form and an Acknowledgement Slip for all your Bid options;

11. Ensure that the name(s) given in the Bid cum Application Form is/are exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case of joint Bids, the Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names;

12. With respect to ASBA Bids, ensure funds equivalent to the Bid Amount are blocked;

13. Ensure that you request for and receive a stamped acknowledgement, in the form of a counterfoil, of the Bid cum Application Form for all your Bid options or by specifying the application number from the concerned Designated Intermediary;

14. Ensure that you have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB before submitting the Bid cum Application Form under the ASBA process to the respective member of the Syndicate (at the Specified Locations), the SCSBs (at the Designated Branches), the Registered Broker (at the Broker Centers), the RTAs (at the Designated RTA Locations) or CDPs (at the Designated CDP Locations);

15. Submit revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised acknowledgment slip;

16. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of a SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, and (ii) Bids by persons resident in the state of Sikkim, who, in terms of a SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, all Bidders should mention their PAN allotted under the IT Act. The exemption for the Central or the State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same. All other applications in which PAN is not mentioned will be rejected;

17. Ensure that the Demographic Details are updated, true and correct in all respects;

18. Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;

19. Ensure that the category and the investor status is indicated;

20. Ensure that in case of Bids under power of attorney or by limited companies, corporates, trust, *etc*., relevant documents are submitted;

21. Ensure that Bids submitted by any person outside India should be in compliance with applicable foreign and Indian laws;

22. Bidders should note that in case the DP ID, Client ID and the PAN mentioned in their Bid cum Application Form and entered into the online IPO system of the Stock Exchanges by the relevant Designated Intermediary, as the case may be, do not match with the DP ID, Client ID and PAN available in the Depository database, then such Bids are liable to be rejected. Where the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in the same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form;

23. Ensure that the Bid cum Application Forms are delivered by the Bidders within the time prescribed as per the Bid cum Application Form and this Red Herring Prospectus;

24. Ensure that you have correctly signed the authorisation/undertaking box in the Bid cum Application Form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for blocking

funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form at the time of submission of the Bid;

25. Ensure that you receive an acknowledgement from the concerned Designated Intermediary, for the submission of your Bid cum Application Form;

26. Ensure that the name(s) given in the Bid cum Application Form is/ are exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case of joint Bids, the Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names;

27. The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with;

28. Ensure that you tick the correct investor category, as may be applicable, in the Bid cum Application Form to ensure proper upload of the Bid in the online IPO system of the Stock Exchanges;

29. Ensure that Bids submitted by any person outside India should be in compliance with applicable foreign and Indian laws;

30. Bids by Eligible NRIs and Category III FPIs for a Bid Amount of less than ₹ 200,000 would be considered under the Retail Category for the purposes of allocation and Bids for a Bid Amount exceeding ₹200,000 would be considered under the Non-Institutional Category for allocation in the Offer;

31. Ensure that the Bid cum Application Form is submitted only with a Designated Intermediary at the Bidding Centers and that the SCSB where the ASBA Account of the Bidder is maintained, as specified in the Bid cum Application Form, has named at least one branch at that location for the Designated Intermediary to deposit Bid cum Application Forms;

32. Ensure that while Bids submitted by companies, other corporates, trusts, *etc*., under powers of attorney, the relevant documents, including a copy of the power of attorney, are submitted along with the Bid. The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with;

33. If you (together with persons acting in concert with you, your relatives or associated enterprises) intend to Bid for such number of Equity Shares in the Offer which would result in you (together with persons acting in concert with you, your relatives or associated enterprises) holding 5% or more of the post-Offer paid-up share capital of our Company (including the Equity Shares held by you, the persons acting in concert with you, your relatives or associated enterprises in the pre-Offer paid-up share capital of our Company), ensure that you submit the valid and subsisting approval of the RBI, together with the application submitted for such RBI approval, to our Company and the Registrar in the manner detailed in "*Offer Procedure – Basis of Allocation*" on page 401.

Don'ts:

1. Do not Bid for lower than the minimum Bid size;

2. Do not Bid/revise Bid Amount to less than the Floor Price or higher than the Cap Price;

3. Do not pay the Bid Amount in cheques, demand drafts or by cash, money order, postal order or by stock invest;

4. Do not send Bid cum Application Forms by post; instead submit the same to the Designated Intermediary only;

5. Do not submit the Bid cum Application Forms to any non-SCSB bank or our Company;

6. Do not Bid on a Bid cum Application Form that does not have the stamp of the relevant Designated Intermediary;

7. Do not Bid at Cut-off Price (for Bids by QIBs and Non-Institutional Bidders);

8. Do not bid for an amount more than that the funds available in your ASBA account;

9. Do not Bid for a Bid Amount exceeding ₹200,000 (for Bids by Retail Individual Bidders);

10. Do not Bid for a Bid Amount exceeding ₹ 200,000 for Bids by Retail Individual Bidders and Bid Amount exceeding ₹ 500,000 by Eligible Employees Bidding under the Employee Reservation Portion. Allotments to Eligible Employees in excess of ₹ 200,000 up to ₹ 500,000 shall be considered on a proportionate basis, in the event of under subscription in the Employee Reservation Portion;

11. Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the Offer size and/or investment limit or maximum number of the Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations or under the terms of this Red Herring Prospectus;

12. Do not submit the General Index Register number instead of the PAN;

13. Do not submit the Bid without ensuring that funds equivalent to the entire Bid Amount are available for blocking in the relevant ASBA Account;

14. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of Bidder;

15. Do not submit a Bid in case you are not eligible to acquire Equity Shares under applicable law or your relevant constitutional documents or otherwise;

16. Do not Bid if you are not competent to contract under the Indian Contract Act, 1872 (other than minors having valid depository accounts as per Demographic Details provided by the depository);

17. Do not submit more than five Bid cum Application Forms per ASBA Account;

18. Anchor Investors should not bid through the ASBA process;

19. Do not submit multiple Bids.

20. Do not submit Bids to a Designated Intermediary unless the SCSB where the ASBA Account of the Bidder is maintained, as specified in the Bid cum Application Form, has named at least one branch at that location for the Designated Intermediary to deposit Bid cum Application Forms;

21. Do not submit Bids to a Designated Intermediary at a location other than their respective Bidding Centers;

22. Do not withdraw or lower the size of your Bid (in terms of quantity of Equity Shares or price) at any stage if you are a QIB or a Non-Institutional Bidder;

23. Do not submit your Bid after 3.00 p.m. on the Bid/Offer Closing Date.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

Payment into Escrow Account for Anchor Investors

Our Company and the Selling Shareholders in consultation with the BRLMs, in their absolute discretion, will decide the list of Anchor Investors to whom the CAN will be sent, pursuant to which the details of the Equity Shares allocated to them in their respective names will be notified to such Anchor Investors. For Anchor Investors, the payment instruments for payment into the Escrow Account should be drawn in favour of:

In case of resident Anchor Investors: "Escrow Account - AU SFB - Anchor Investor - R"

In case of Non-Resident Anchor Investors: "Escrow Account - AU SFB - Anchor Investor - NR"

Pre- Offer Advertisement

Subject to Section 30 of the Companies Act, 2013, our Company shall, after registering this Red Herring Prospectus with the RoC, publish a pre-Offer advertisement, in the form prescribed by the SEBI ICDR Regulations, in all editions of an English national newspaper Financial Chronicle, all editions of a Hindi national newspaper Rashtriya Sahara (Hindi also being the regional language of Jaipur, where our Registered Office is located), each with wide circulation.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013, which is reproduced below:

"*Any person who:*

(a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing , for, its securities; or

(b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or

(c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447."

The liability prescribed under Section 447 of the Companies Act, 2013 includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

Undertakings by our Company

Our Company undertakes the following that:

1. if our Company or the Selling Shareholders do not proceed with the Offer after the Bid/Offer Closing Date, the reason thereof shall be given as a public notice in the newspapers to be issued by our Company within two days of the Bid/Offer Closing Date. The public notice shall be issued in the same newspapers in which the pre-Offer advertisements were published. The Stock Exchanges shall also be informed promptly;

2. if our Company and the Selling Shareholders withdraw the Offer after the Bid/Offer Closing Date, our Company shall be required to file a fresh offer document with the RoC / SEBI, in the event our Company and / or any of the Selling Shareholders subsequently decides to proceed with the Offer;

3. the complaints received in respect of the Offer shall be attended to by our Company expeditiously and satisfactorily;

4. all steps for completion of the necessary formalities for listing and commencement of trading of the Equity Shares at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within six Working Days of Bid/Offer Closing Date;

5. if Allotment is not made, application money shall be refunded/ unblocked in ASBA Account within 15 days from the Bid/Offer Closing Date or such lesser time specified by SEBI, failing which interest shall be due to the applicants at the rate of 15% p.a. for the delayed period;

6. the funds required for making refunds (to the extent applicable) as per the mode(s) disclosed shall be made available to the Registrar to the Offer by our Company;

7. where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days from the Bid/Offer Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;

8. no further issue of the Equity Shares shall be made till the Equity Shares offered through this Red Herring Prospectus are listed or until the Bid monies are refunded/ unblocked in ASBA Account on account of non-listing, under-subscription, *etc*.;

9. adequate arrangements shall be made to collect all Bid cum Application Forms submitted by Bidders; and

10. the certificates of the securities or refund orders to the non-resident Indians shall be dispatched within the specified time.

Undertakings by the Selling Shareholders

Only statements and undertakings which are specifically "confirmed" or "undertaken" by the Selling Shareholders in this Red Herring Prospectus shall be deemed to be "statements and undertakings made by the Selling Shareholder". All other statements and/or undertakings in this Red Herring Prospectus shall be statements and undertakings made by our Company even if the same relates to the Selling Shareholder. Each Selling Shareholder undertakes, severally and not jointly that:

- its portion of the Offered Shares have been held by it for a period of at least one year prior to the date of filing the Draft Red Herring Prospectus with SEBI (except for such Offered Shares that have been issued to it by our Company as a result of the bonus issue made pursuant to our Board resolution dated October 19, 2016 and Shareholders' resolution dated October 10, 2016 where the underlying Equity Shares (on which the bonus issue was made) have been held continuously for a period of one year prior to the filing of the Draft Red Herring Prospectus, if any) or have been issued or received in accordance with Regulation 26(6) of the SEBI ICDR Regulations, and are eligible for being offered for sale in the Offer as required by Regulation 26(6) of the SEBI ICDR Regulations;;

- it is the legal and beneficial owner of its portion of the Offered Shares and that its portion of the Offered Shares are fully paid-up and are in dematerialised form and shall be transferred in the Offer, free from liens, charges and encumbrances of any kind whatsoever;

- to the extent of the Offered Shares offered by it, funds required for making refunds to unsuccessful applicants, to the extent applicable, as per the mode(s) disclosed in this Red Herring Prospectus and Prospectus shall be made available to the Registrar to the Offer by the Selling Shareholders in a timely manner in accordance with applicable law;;

- it shall not have recourse to the proceeds of the Offer which shall be held in escrow in favour of the Selling Shareholders until the final listing and trading approvals from all Stock Exchanges where listing is proposed, have been obtained;

- it shall take all such reasonable steps as may be required to ensure that the Offered Shares are available for transfer in the Offer within the time specified under applicable law; and

- it shall comply with all applicable laws, in India, including but not limited to, the SEBI ICDR Regulations and the Companies Act, and the rules and regulations made thereunder, each as amended, in each case, in relation to the Offer.

Utilisation of Offer proceeds

Our Company and each of the Selling Shareholders severally and not jointly, specifically confirm and declare that all monies received out of this Offer shall be credited/ transferred to a separate bank account other than the bank account referred to in sub-section (3) of the Section 40 of the Companies Act, 2013.

PART B

General Information Document for Investing in Public Issues

This General Information Document highlights the key rules, processes and procedures applicable to public issues in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI ICDR Regulations. Bidders/Applicants should not construe the contents of this General Information Document as legal advice and should consult their own legal counsel and other advisors in relation to the legal matters concerning the Offer. For taking an investment decision, the Bidders/Applicants should rely on their own examination of the Issuer and the Offer, and should carefully read this Red Herring Prospectus/Prospectus before investing in the Offer.

SECTION 1: PURPOSE OF THE GENERAL INFORMATION DOCUMENT (GID)

This document is applicable to the public issues undertaken through the Book-Building Process as well as to the Fixed Price Issues. The purpose of the "General Information Document for Investing in Public Issues" is to provide general guidance to potential Bidders/Applicants in IPOs and FPOs, on the processes and procedures governing IPOs and FPOs, undertaken in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("**SEBI ICDR Regulations, 2009**")

Bidders/Applicants should note that investment in equity and equity related securities involves risk and Bidder/Applicant should not invest any funds in the Offer unless they can afford to take the risk of losing their investment. The specific terms relating to securities and/or for subscribing to securities in an Offer and the relevant information about the Issuer undertaking the Offer are set out in this Red Herring Prospectus ("**RHP**")/ Prospectus filed by the Issuer with the registrar of companies. Bidders/Applicants should carefully read the entire RHP/Prospectus and the Bid cum Application Form/Application Form and the Abridged Prospectus of the Issuer in which they are proposing to invest through the Offer. In case of any difference in interpretation or conflict and/or overlap between the disclosure included in this document and the RHP/Prospectus, the disclosures in the RHP/Prospectus shall prevail. The RHP/Prospectus of the Issuer is available on the websites of stock exchanges, on the website(s) of the BRLM(s) to the Offer and on the website of Securities and Exchange Board of India ("**SEBI**") at www.sebi.gov.in.

For the definitions of capitalized terms and abbreviations used herein Bidders/Applicants see "*Definitions and Abbreviations*" on page 1.

SECTION 2: BRIEF INTRODUCTION TO IPOs/FPOs

2.1 Initial public offer (IPO)

An IPO means an offer of specified securities by an unlisted Issuer to the public for subscription and may include an Offer for Sale of specified securities to the public by any existing holder of such securities in an unlisted Issuer.

For undertaking an IPO, an Issuer is *inter alia* required to comply with the eligibility requirements of in terms of either Regulation 26(1) or Regulation 26(2) of the SEBI ICDR Regulations, 2009 For details of compliance with the eligibility requirements by the Issuer. Bidders/Applicants may refer to the RHP/Prospectus.

2.2 Further public offer (FPO)

An FPO means an offer of specified securities by a listed Issuer to the public for subscription and may include Offer for Sale of specified securities to the public by any existing holder of such securities in a listed Issuer.

For undertaking an FPO, the Issuer is *inter alia* required to comply with the eligibility requirements in terms of Regulation 26/Regulation 27 of the SEBI ICDR Regulations. For details of compliance with the eligibility requirements by the Issuer Bidders/Applicants may refer to the RHP/Prospectus.

2.3 Other Eligibility Requirements:

In addition to the eligibility requirements specified in paragraphs 2.1 and 2.2, an Issuer proposing to undertake an IPO or an FPO is required to comply with various other requirements as specified in the SEBI ICDR Regulations, 2009 the Companies Act, 2013, the Companies Act, 1956 (to the extent applicable), the Securities Contracts (Regulation) Rules, 1957 (the "**SCRR**"), industry-specific regulations, if any, and other applicable laws for the time being in force.

For details in relation to the above Bidders/Applicants may refer to the RHP/Prospectus.

2.4 Types of Public Issues – Fixed Price Issues and Book Built Issues

In accordance with the provisions of the SEBI ICDR Regulations, an Issuer can either determine the Offer Price through the Book Building Process ("**Book Built Issue**") or undertake a Fixed Price Issue ("**Fixed Price Issue**"). An Issuer may mention Floor Price or Price Band in the RHP (in case of a Book Built Issue) and a Price or Price Band in the Draft Prospectus (in case of a fixed price Issue) and determine the price at a later date before registering the Prospectus with the registrar of companies.

The cap on the Price Band should be less than or equal to 120% of the Floor Price. The Issuer shall announce the Price or the Floor Price or the Price Band through advertisement in all newspapers in which the pre-issue advertisement was given at least five Working Days before the Bid/Offer Opening Date, in case of an IPO and at least one Working Day before the Bid/Offer Opening Date, in case of an FPO.

The Floor Price or the Offer price cannot be lesser than the face value of the securities. Bidders/Applicants should refer to the RHP/Prospectus or Offer advertisements to check whether the Offer is a Book Built Issue or a Fixed Price Issue.

2.5 OFFER PERIOD

The Offer may be kept open for a minimum of three Working Days (for all category of Bidders/Applicants) and not more than ten Working Days. Bidders/Applicants are advised to refer to the Bid cum Application Form and Abridged Prospectus or RHP/Prospectus for details of the Bid/Offer Period. Details of Bid/Offer Period are also available on the website of Stock Exchange(s).

In case of a Book Built Issue, the Issuer may close the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date if disclosures to that effect are made in the RHP. In case of revision of the Floor Price or Price Band in Book Built Issues the Bid/Offer Period may be extended by at least three Working Days, subject to the total Bid/Offer Period not exceeding 10 Working Days. For details of any revision of the Floor Price or Price Band, Bidders/Applicants may check the announcements made by the Issuer on the websites of the Stock Exchanges, and the BRLMs and the advertisement in the newspaper(s) issued in this regard.

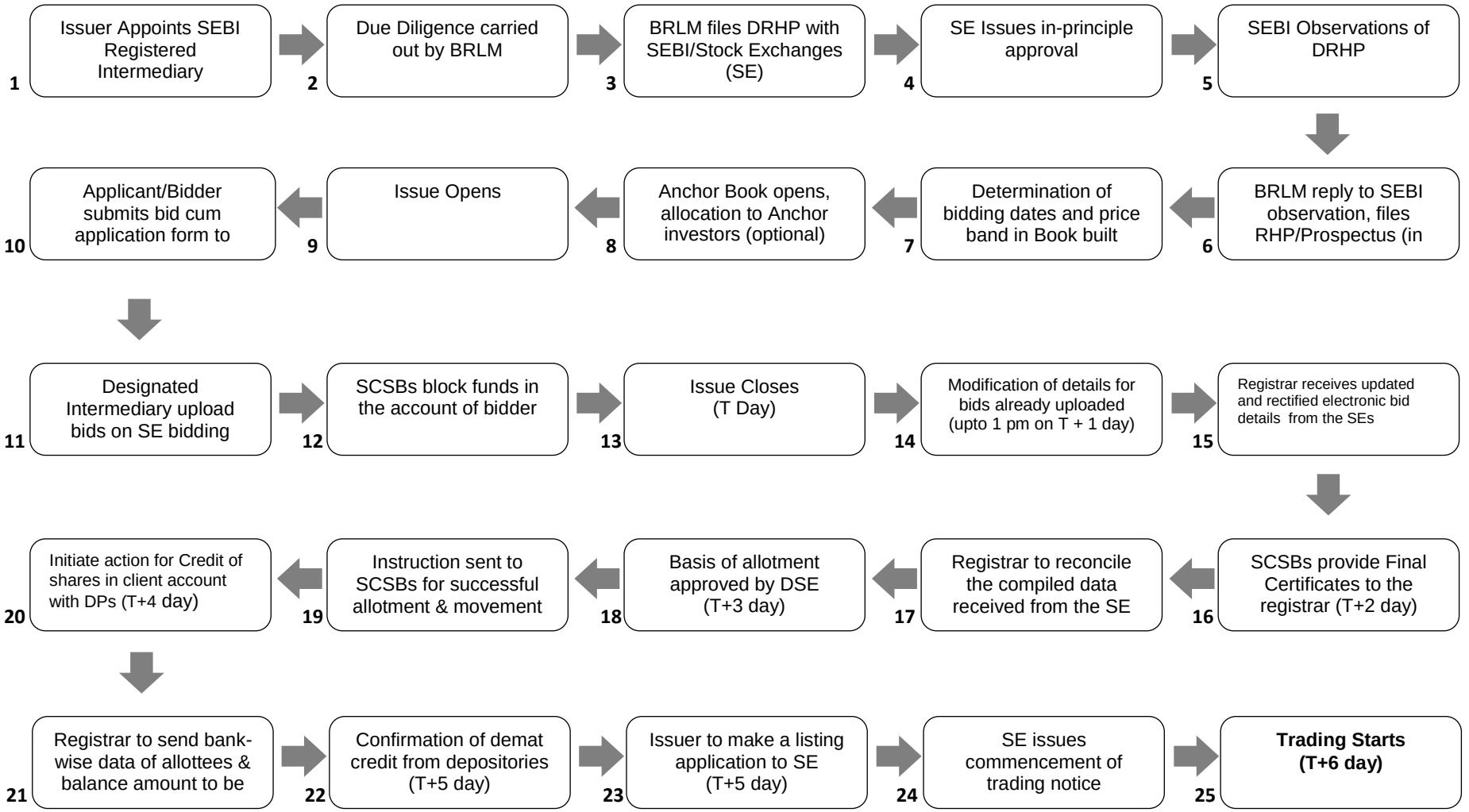
2.6 FLOWCHART OF TIMELINES

A flow chart of process flow in Fixed Price and Book Built Issues is as follows. Bidders/Applicants may note that this is not applicable for Fast Track FPOs:

(a) In case of Issue other than Book Build Issue (Fixed Price Issue) the process at the following of the below mentioned steps shall be read as:

i. Step 7 : Determination of Offer Date and Price

ii. Step 10: Applicant submits ASBA Form with any of the Designated Intermediaries and Anchor Investor Application Forms with BRLMs.


1
Issuer Appoints SEBI Registered Intermediary
2
Due Diligence carried out by BRLM
3
BRLM files DRHP with SEBI/Stock Exchanges (SE)
4
SE Issues in-principle approval
5
SEBI Observations of DRHP
6
BRLM reply to SEBI observation, files RHP/Prospectus (in
7
Determination of bidding dates and price band in Book built
8
Anchor Book opens, allocation to Anchor investors (optional)
9
Issue Opens
10
Applicant/Bidder submits bid cum application form to
11
Designated Intermediary upload bids on SE bidding
12
SCSBs block funds in the account of bidder
13
Issue Closes (T Day)
14
Modification of details for bids already uploaded (upto 1 pm on T + 1 day)
15
Registrar receives updated and rectified electronic bid details from the SEs
16
SCSBs provide Final Certificates to the registrar (T+2 day)
17
Registrar to reconcile the compiled data received from the SE
18
Basis of allotment approved by DSE (T+3 day)
19
Instruction sent to SCSBs for successful allotment & movement
20
Initiate action for Credit of shares in client account with DPs (T+4 day)
21
Registrar to send bank-wise data of allottees & balance amount to be
22
Confirmation of demat credit from depositories (T+5 day)
23
Issuer to make a listing application to SE (T+5 day)
24
SE issues commencement of trading notice
25
Trading Starts (T+6 day)

SECTION 3: CATEGORY OF INVESTORS ELIGIBLE TO PARTICIPATE IN AN ISSUE

Each Bidder/Applicant should check whether it is eligible to apply under applicable law.

Furthermore, certain categories of Bidders/ Applicants, such as NRIs and FPIs may not be allowed to Bid/ Apply in the Offer or to hold Equity Shares, in excess of certain limits specified under applicable law. Bidders/ Applicants are requested to refer to the RHP/Prospectus for more details.

Subject to the above, an illustrative list of Bidders is as follows:

1. Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, in single or joint names (not more than three);

2. Bids/Applications belonging to an account for the benefit of a minor (under guardianship);

3. Hindu Undivided Families or HUFs, in the individual name of the Karta. The Bidder/ Applicant should specify that the Bid/ Application is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of sole or first Bidder/Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids/Applications by HUFs may be considered at par with Bids/Applications from individuals;

4. Companies, corporate bodies and societies registered under applicable law in India and authorised to hold and invest in equity shares;

5. Scientific and/or industrial research organisations authorised in India to invest in the Equity Shares;

6. QIBs;

7. NRIs on a repatriation basis or on a non-repatriation basis subject to applicable law;

8. Indian Financial Institutions, regional rural banks, co-operative banks (subject to RBI regulations and the SEBI ICDR Regulations, 2009 and other laws, as applicable);

9. FPIs registered with SEBI;

10. FPIs other than Category III foreign portfolio investors Bidding under the QIBs category;

11. FPIs which are Category III foreign portfolio investors, Bidding under the NIBs category;

12. Trusts/societies registered under the Societies Registration Act, 1860, or under any other law relating to trusts/societies and who are authorised under their respective constitutions to hold and invest in equity shares;

13. Limited liability partnerships registered under the Limited Liability Partnership Act, 2008;

14. Any other person eligible to Bid in the Offer, under the laws, rules, regulations, guidelines and policies applicable to them and under Indian laws; and

15. As per the existing regulations, OCBs are not allowed to participate in an Offer.

SECTION 4: APPLYING IN THE ISSUE

Book Built Issue: Bidders/Applicants should only use the specified ASBA Form (or in case of Anchor Investors, the Anchor Investor Application Form) either bearing the stamp of any other Designated Intermediary, as available or downloaded from the websites of the Stock Exchanges.

Bid cum Application Forms are available with the Designated Intermediaries at the Bidding Centers and at the registered office of the Issuer. Electronic Bid cum Application Forms will be available on the websites of the Stock Exchanges at least one day prior to the Bid/Offer Opening Date. For further details regarding availability of Bid cum Application Forms, Bidders/Applicants may refer to the RHP/Prospectus. For Anchor Investors, Bid cum Application Forms shall be available at the offices of the BRLMs.

Fixed Price Issue: Applicants should only use the specified Bid Cum Application Form bearing the stamp of the relevant Designated Intermediaries, as available or downloaded from the websites of the Stock Exchanges. Application Forms are available with the Designated SCSB Branches of the SCSBs and at the Registered Office of the Issuer. For further details regarding availability of Application Forms, Applicants may refer to the Prospectus.

Bidders/Applicants should ensure that they apply in the appropriate category. The prescribed colour of the Bid cum Application Form for various categories of Bidders/Applicants is as follows:

Category	Colour of the Bid cum Application Form
Resident Indian, Eligible NRIs applying on a non repatriation basis	White
NRIs, FPIs, on a repatriation basis	Blue
Anchor Investors (where applicable) & Bidders Bidding/applying in the reserved category	White

Securities Issued in an IPO can only be in dematerialised form in accordance with Section 29 of the Companies Act, 2013. Bidders/Applicants will not have the option of getting the Allotment of specified securities in physical form. However, they may get the specified securities rematerialised subsequent to Allotment.

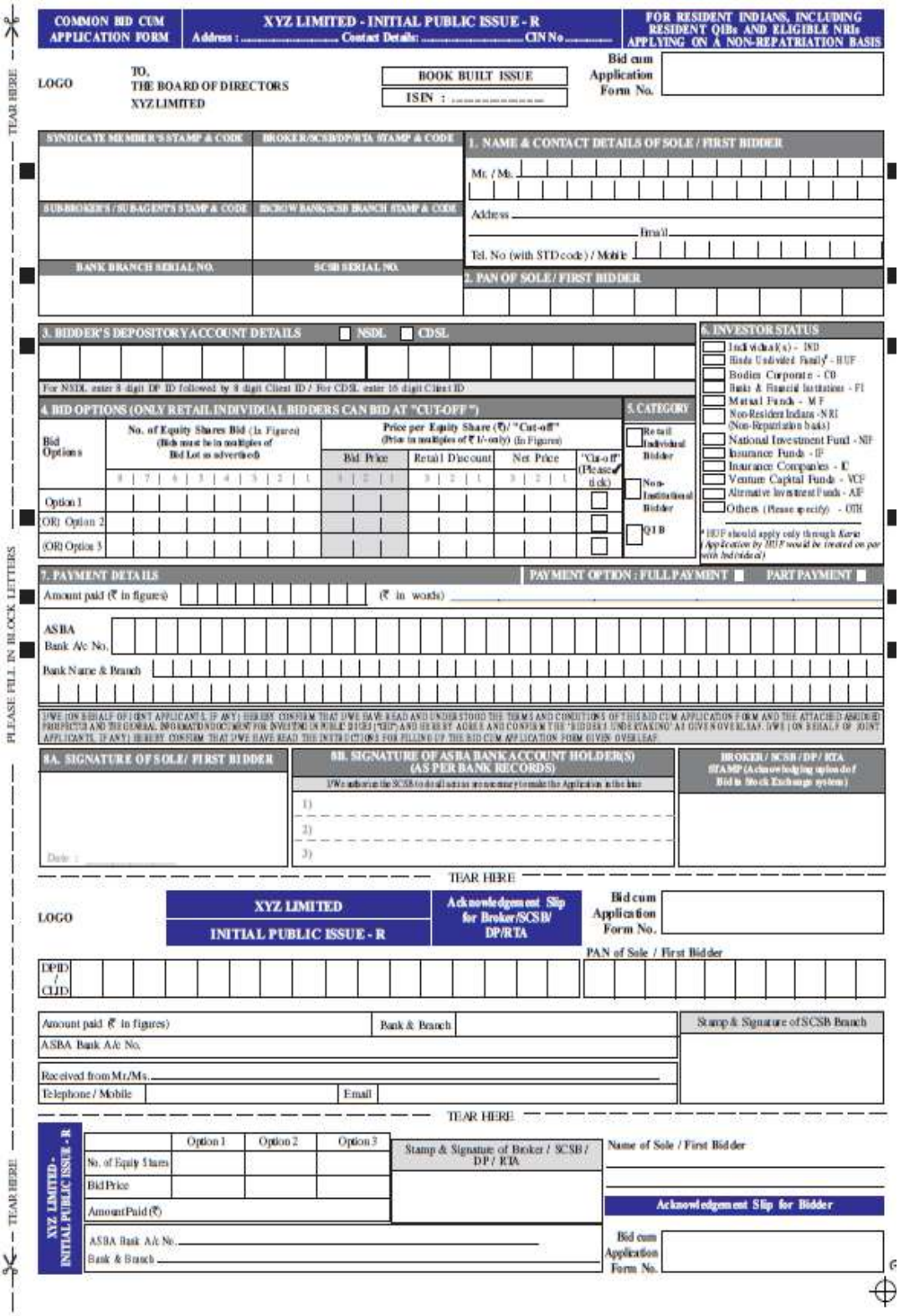
4.1 INSTRUCTIONS FOR FILLING THE BID CUM APPLICATION FORM/ APPLICATION FORM

Bidders/Applicants may note that forms not filled completely or correctly as per instructions provided in this GID, the RHP and the Bid cum Application Form/Application Form are liable to be rejected.

Instructions to fill each field of the Bid cum Application Form can be found on the reverse side of the Bid cum Application Form. Specific instructions for filling various fields of the Resident Bid cum Application Form and Non-Resident Bid cum Application Form and samples are provided below.

The samples of the Bid cum Application Form for resident Bidders and the Bid cum Application Form for Non-Resident Bidders are reproduced below:

Application Form – for Residents



COMMON BID CUM APPLICATION FORM | XYZ LIMITED - INITIAL PUBLIC ISSUE - R | Address : ..... Contact Details: ..... CIN No ..... | FOR RESIDENT INDIANS, INCLUDING RESIDENT QIBs AND ELIGIBLE NRIs APPLYING ON A NON-REPATRIATION BASIS

LOGO

TO,
THE BOARD OF DIRECTORS
XYZ LIMITED

BOOK BUILT ISSUE
ISIN : .....

Bid cum Application Form No.

SYNDICATE MEMBER'S STAMP & CODE | BROKER/SCSB/DP/RTA STAMP & CODE
SUB-BROKER'S / SUB-AGENT'S STAMP & CODE | RECEIVING BANK/SCSB BRANCH STAMP & CODE
BANK BRANCH SERIAL NO. | SCSB SERIAL NO.

1. NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER
Mr. / Ms.
Address
Email
Tel. No (with STD code) / Mobile

2. PAN OF SOLE / FIRST BIDDER

3. BIDDER'S DEPOSITORY ACCOUNT DETAILS ☐ NSDL ☐ CDSL
For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID

6. INVESTOR STATUS
☐ Individual(s) - IND
☐ Hindu Undivided Family* - HUF
☐ Bodies Corporate - CB
☐ Banks & Financial Institutions - FI
☐ Mutual Funds - MF
☐ Non-Resident Indians -NRI (Non-Repatriation basis)
☐ National Investment Fund - NIF
☐ Insurance Funds - IF
☐ Insurance Companies - IC
☐ Venture Capital Funds - VCF
☐ Alternative Investment Funds - AIF
☐ Others (Please specify) - OTH
* HUF should apply only through Karta (Application by HUF would be treated on par with Individual)

4. BID OPTIONS (ONLY RETAIL INDIVIDUAL BIDDERS CAN BID AT "CUT-OFF")

Bid Options	No. of Equity Shares Bid (In Figures) (Bids must be in multiples of Bid Lot as advertised)	Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures) Bid Price	Retail Discount	Net Price	"Cut-off" (Please ✓ tick)
Option 1					☐
(OR) Option 2					☐
(OR) Option 3					☐

5. CATEGORY
☐ Retail Individual Bidder
☐ Non-Institutional Bidder
☐ QIB

7. PAYMENT DETAILS | PAYMENT OPTION : FULL PAYMENT ☐ PART PAYMENT ☐
Amount paid (₹ in figures) (₹ in words)
ASBA Bank A/c No.
Bank Name & Branch

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID CUM APPLICATION FORM AND THE ATTACHED ABRIDGED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES ("GID") AND HEREBY AGREE AND CONFIRM THE "BIDDER I UNDERTAKING" AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE BID CUM APPLICATION FORM GIVEN OVERLEAF

8A. SIGNATURE OF SOLE/ FIRST BIDDER
Date :

8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS)
I/We authorize the SCSB to do all acts as are necessary to make the Application in the Issue
1)
2)
3)

BROKER / SCSB / DP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system)

TEAR HERE

LOGO

XYZ LIMITED
INITIAL PUBLIC ISSUE - R

Acknowledgement Slip for Broker/SCSB/ DP/RTA

Bid cum Application Form No.

DPID / CLID

PAN of Sole / First Bidder

Amount paid (₹ in figures) | Bank & Branch | Stamp & Signature of SCSB Branch
ASBA Bank A/c No.
Received from Mr./Ms.
Telephone / Mobile | Email

TEAR HERE

XYZ LIMITED - INITIAL PUBLIC ISSUE - R

	Option 1	Option 2	Option 3
No. of Equity Shares			
Bid Price			
Amount Paid (₹)			

Stamp & Signature of Broker / SCSB / DP / RTA

ASBA Bank A/c No.
Bank & Branch

Name of Sole / First Bidder

Acknowledgement Slip for Bidder

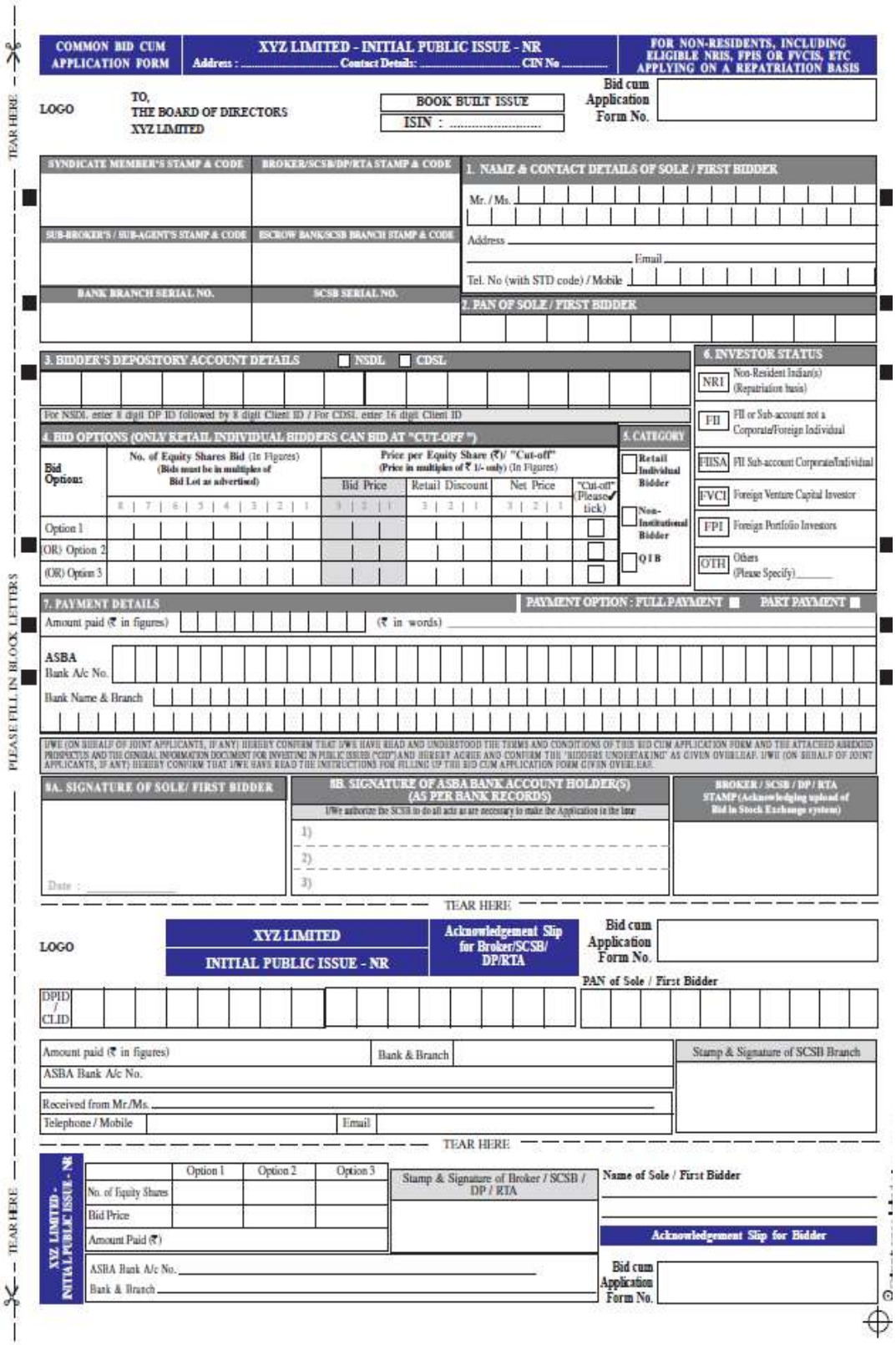
Bid cum Application Form No.

PLEASE FILL IN BLOCK LETTERS

TEAR HERE

TEAR HERE

Application Form – for Non Residents



COMMON BID CUM APPLICATION FORM

XYZ LIMITED - INITIAL PUBLIC ISSUE - NR

Address : ..... Contact Details: ..... CIN No .....

FOR NON-RESIDENTS, INCLUDING ELIGIBLE NRIS, FPIS OR FVCIS, ETC APPLYING ON A REPATRIATION BASIS

LOGO

TO,
THE BOARD OF DIRECTORS
XYZ LIMITED

BOOK BUILT ISSUE

ISIN : .....

Bid cum Application Form No.

SYNDICATE MEMBER'S STAMP & CODE

BROKER/SCSB/DP/RTA STAMP & CODE

SUB-BROKER'S / SUB-AGENT'S STAMP & CODE

ESCROW BANK/SCSB BRANCH STAMP & CODE

BANK BRANCH SERIAL NO.

SCSB SERIAL NO.

1. NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER

Mr. / Ms.

Address

Email

Tel. No (with STD code) / Mobile

2. PAN OF SOLE / FIRST BIDDER

3. BIDDER'S DEPOSITORY ACCOUNT DETAILS ☐ NSDL ☐ CDSL

For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID

4. BID OPTIONS (ONLY RETAIL INDIVIDUAL BIDDERS CAN BID AT "CUT-OFF")

Bid Options	No. of Equity Shares Bid (In Figures) (Bids must be in multiples of Bid Lot as advertised)	Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures)			
		Bid Price	Retail Discount	Net Price	"Cut-off" (Please ✓ tick)
	8 7 6 5 4 3 2 1	3 2 1	3 2 1	3 2 1	
Option 1					☐
(OR) Option 2					☐
(OR) Option 3					☐

5. CATEGORY

☐ Retail Individual Bidder

☐ Non-Institutional Bidder

☐ QIB

6. INVESTOR STATUS

NRI Non-Resident Indian(s) (Repatriation basis)

FII FII or Sub-account not a Corporate/Foreign Individual

FIISA FII Sub-account Corporate/Individual

FVCI Foreign Venture Capital Investor

FPI Foreign Portfolio Investors

OTH Others (Please Specify)_____

7. PAYMENT DETAILS

PAYMENT OPTION : FULL PAYMENT ■ PART PAYMENT ■

Amount paid (₹ in figures) (₹ in words)

ASBA Bank A/c No.

Bank Name & Branch

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID CUM APPLICATION FORM AND THE ATTACHED ABRIDGED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES ("GID") AND HEREBY AGREE AND CONFIRM THE 'BIDDERS UNDERTAKING' AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THIS BID CUM APPLICATION FORM GIVEN OVERLEAF.

8A. SIGNATURE OF SOLE/ FIRST BIDDER

Date : _____

8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS)

I/We authorize the SCSB to do all acts as are necessary to make the Application in the Issue

1)

2)

3)

BROKER / SCSB / DP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system)

TEAR HERE

LOGO

XYZ LIMITED

INITIAL PUBLIC ISSUE - NR

Acknowledgement Slip for Broker/SCSB/ DP/RTA

Bid cum Application Form No.

DPID / CLID

PAN of Sole / First Bidder

Amount paid (₹ in figures) Bank & Branch

ASBA Bank A/c No.

Stamp & Signature of SCSB Branch

Received from Mr./Ms.

Telephone / Mobile Email

TEAR HERE

XYZ LIMITED - INITIAL PUBLIC ISSUE - NR

	Option 1	Option 2	Option 3
No. of Equity Shares			
Bid Price			
Amount Paid (₹)			

Stamp & Signature of Broker / SCSB / DP / RTA

Name of Sole / First Bidder

Acknowledgement Slip for Bidder

ASBA Bank A/c No.

Bank & Branch

Bid cum Application Form No.

TEAR HERE

PLEASE FILL IN BLOCK LETTERS

4.1.1 FIELD NUMBER 1: NAME AND CONTACT DETAILS OF THE SOLE/FIRST BIDDER/APPLICANT

(a) Bidders/Applicants should ensure that the name provided in this field is exactly the same as the name in which the Depository Account is held.

(b) **Mandatory Fields:** Bidders/Applicants should note that the name and address fields are compulsory and e-mail and/or telephone number/mobile number fields are optional. Bidders/Applicants should note that the contact details mentioned in the Bid-cum Application Form/Application Form may be used to dispatch communications in case the communication sent to the address available with the Depositories are returned undelivered or are not available. The contact details provided in the Bid cum Application Form may be used by the Issuer, Designated Intermediaries and the Registrar to the Offer only for correspondence(s) related to an Offer and for no other purposes.

(c) **Joint Bids/Applications:** In the case of Joint Bids/Applications, the Bids /Applications should be made in the name of the Bidder/Applicant whose name appears first in the Depository account. The name so entered should be the same as it appears in the Depository records. The signature of only such first Bidder/Applicant would be required in the Bid cum Application Form/Application Form and such first Bidder/Applicant would be deemed to have signed on behalf of the joint holders. All Communications may be addressed to such Bidder and may be dispatched to his or her address as per the Demographic Details received from the Depositories.

Impersonation: Attention of the Bidders/Applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

"***Any person who:***

a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or

b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or

c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,

shall be liable for action under Section 447."

The liability prescribed under Section 447 of the Companies Act, 2013 includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

(d) **Nomination Facility to Bidder/Applicant:** Nomination facility is available in accordance with the provisions of Section 72 of the Companies Act, 2013. In case of Allotment of the Equity Shares in dematerialised form, there is no need to make a separate nomination as the nomination registered with the Depository may prevail. For changing nominations, the Bidders/Applicants should inform their respective DP.

4.1.2 FIELD NUMBER 2: PAN OF SOLE/FIRST BIDDER/APPLICANT

(a) PAN (of the sole/ first Bidder/Applicant) provided in the Bid cum Application Form/Application Form should be exactly the same as the PAN of the person(s) in whose sole or first name the relevant beneficiary account is held as per the Depositories' records.

(b) PAN is the sole identification number for participants transacting in the securities market irrespective of the amount of transaction except for Bids/Applications on behalf of the Central or State Government, Bids/Applications by officials appointed by the courts and Bids/Applications by Bidders/Applicants residing in Sikkim ("PAN Exempted Bidders/Applicants"). Consequently, all Bidders/Applicants, other than the PAN Exempted Bidders/Applicants, are required to disclose their PAN in the Bid cum Application Form/Application Form, irrespective of the Bid/Application Amount. Bids/Applications by the Bidders/Applicants whose PAN is not available as per the Demographic Details available in their Depository records, are liable to be rejected.

(c) The exemption for the PAN Exempted Bidders/Applicants is subject to (a) the Demographic Details received from the respective Depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same.

(d) Bid cum Application Forms which provide the GIR Number instead of PAN may be rejected.

(e) Bids/Applications by Bidders/ Applicants whose demat accounts have been 'suspended for credit' are liable to be rejected pursuant to the circular issued by SEBI on July 29, 2010, bearing number CIR/MRD/DP/22/2010. Such accounts are classified as "Inactive demat accounts" and Demographic Details are not provided by depositories.

4.1.3 FIELD NUMBER 3: BIDDERS DEPOSITORY ACCOUNT DETAILS

(a) Bidders/ Applicants should ensure that DP ID and the Client ID are correctly filled in the Bid cum Application Form/Application Form. The DP ID and Client ID provided in the Bid cum Application Form/ Application Form should match with the DP ID and Client ID available in the Depository database, **otherwise, the Bid cum Application Form is liable to be rejected.**

(b) Bidders/ Applicants should ensure that the beneficiary account provided in the Bid cum Application Form is active.

(c) Bidders/ Applicants should note that on the basis of the DP ID and Client ID as provided in the Bid cum Application Form/ Application Form, the Bidder/ Applicant may be deemed to have authorised the Depositories to provide to the Registrar to the Offer, any requested Demographic Details of the Bidder as available on the records of the depositories. These Demographic Details may be used, among other things, for unblocking of ASBA Account or for other correspondence(s) related to an Offer.

(d) Bidders/ Applicants are, advised to update any changes to their Demographic Details as available in the records of the Depository Participant to ensure accuracy of records. Any delay resulting from failure to update the Demographic Details would be at the Bidders/Applicants' sole risk.

4.1.4 FIELD NUMBER 4: BID OPTIONS

(a) Price or Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) may be disclosed in the Prospectus/RHP by the Issuer. The Issuer is required to announce the Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) by way of an advertisement in at least one English, one Hindi and one regional newspaper, with wide circulation, at least five Working Days before Bid/Offer Opening Date in case of an IPO, and at least one Working Day before Bid/Offer Opening Date in case of an FPO.

(b) The Bidders may Bid at or above Floor Price or within the Price Band for IPOs /FPOs undertaken through the Book Building Process. In the case of Alternate Book Building Process for an FPO, the Bidders may Bid at Floor Price or any price above the Floor Price (for further details Bidders may refer to Section 5.6 (e)).

(c) **Cut-Off Price**: Retail Individual Bidders or Employees or Retail Individual Shareholders can Bid at the Cut-off Price indicating their agreement to Bid for and purchase the Equity Shares at the Offer Price as determined at the end of the Book Building Process. Bidding at the Cut-off Price is prohibited for QIBs and NIBs and such Bids from QIBs and NIBs may be rejected. The maximum Bid Amount under the Employee Reservation Portion by an Eligible Employee shall not exceed ₹500,000 on a net basis. However, Allotment to an Eligible Employee in the Employee Reservation Portion may exceed ₹200,000 (which will be less Employee Discount) only in the event of an under-subscription in the Employee Reservation Portion and such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, for a value in excess of ₹200,000, subject to the total Allotment to an Eligible Employee not exceeding ₹500,000 (which will be less Employee Discount).

(d) **Minimum Application Value and Bid Lot:** The Issuer in consultation with the BRLMs may decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹ 10,000 to ₹ 15,000. The minimum Bid Lot is accordingly determined by an Issuer on basis of such minimum application value.

(e) **Allotment:** The Allotment of specified securities to each RIB shall not be less than the minimum Bid Lot, subject to availability of shares in the RIB category, and the remaining available shares, if any, shall be Allotted on a proportionate basis. For details of the Bid Lot, Bidders may refer to the RHP/Prospectus or the advertisement regarding the Price Band published by the Issuer.

4.1.4.1 Maximum and Minimum Bid Size

(a) The Bidder may Bid for the desired number of Equity Shares at a specific price. Bids by Retail Individual Bidders must be for such number of shares so as to ensure that the Bid Amount less Discount (as applicable), payable by the Bidder does not exceed ₹200,000.

In case the Bid Amount exceeds ₹ 200,000 due to revision of the Bid or any other reason, the Bid may be considered for allocation under the Non-Institutional Category (with it not being eligible for Discount if any), then such Bid may be rejected if it is at the Cut-off Price.

The maximum Bid Amount under the Employee Reservation Portion by an Eligible Employee shall not exceed ₹500,000 on a net basis. However, Allotment to an Eligible Employee in the Employee Reservation Portion may exceed ₹200,000 (which will be less Employee Discount) only in the event of an under-subscription in the Employee Reservation Portion and such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, for a value in excess of ₹200,000, subject to the total Allotment to an Eligible Employee not exceeding ₹500,000 (which will be less Employee Discount).

(b) For NRIs, a Bid Amount of up to ₹200,000 may be considered under the Retail Category for the purposes of allocation and a Bid Amount exceeding ₹200,000 may be considered under the Non-Institutional Category for the purposes of allocation.

(c) Bids by QIBs and NIBs must be for such minimum number of shares such that the Bid Amount exceeds ₹ 200,000 and in multiples of such number of Equity Shares thereafter, as may be disclosed in the Bid cum Application Form and the RHP/Prospectus, or as advertised by the Issuer, as the case may be. NIBs and QIBs are not allowed to Bid at 'Cut-off Price'.

(d) In case the Bid Amount reduces to ₹200,000 or less due to a revision of the Price Band, Bids by the NIBs who are eligible for allocation in the Retail Category would be considered for allocation under the Retail Category.

(e) For Anchor Investors, if applicable, the Bid Amount shall be at least ₹10 crores. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors. Bids by various schemes of a Mutual Fund shall be aggregated to

determine the Bid Amount. A Bid cannot be submitted for more than 60% of the QIB Category under the Anchor Investor Portion. Anchor Investors cannot withdraw their Bids or lower the size of their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after the Anchor Investor Bid/ Offer Period and are required to pay the Bid Amount at the time of submission of the Bid. In case the Anchor Investor Allocation Price is lower than the Offer Price, the balance amount shall be payable as per the pay-in-date mentioned in the revised CAN. In case the Offer Price is lower than the Anchor Investor Allocation Price, the amount in excess of the Offer Price paid by the Anchor Investors shall not be refunded to them.

(f) A Bid cannot be submitted for more than the Offer size.

(g) The maximum Bid by any Bidder including QIB Bidder should not exceed the investment limits prescribed for them under the applicable laws.

(h) The price and quantity options submitted by the Bidder in the Bid cum Application Form may be treated as optional bids from the Bidder and may not be cumulated. After determination of the Offer Price, the highest number of Equity Shares Bid for by a Bidder at or above the Offer Price may be considered for Allotment and the rest of the Bid(s), irrespective of the Bid Amount may automatically become invalid. This is not applicable in case of FPOs undertaken through Alternate Book Building Process (For details of Bidders may refer to (Section 5.6 (e)).

4.1.4.2 Multiple Bids

(a) Bidder should submit only one Bid cum Application Form. Bidder shall have the option to make a maximum of three Bids at different price levels in the Bid cum Application Form and such options are not considered as multiple Bids.

(b) Submission of a second Bid cum Application Form to either the same or to another Designated Intermediary and duplicate copies of Bid cum Application Forms bearing the same application number shall be treated as multiple Bids and are liable to be rejected.

(c) Bidders are requested to note the following procedures may be followed by the Registrar to the Offer to detect multiple Bids:

(i) All Bids may be checked for common PAN as per the records of the Depository. For Bidders other than Mutual Funds, Bids bearing the same PAN may be treated as multiple Bids by a Bidder and may be rejected.

(ii) For Bids from Mutual Funds, submitted under the same PAN, as well as Bids on behalf of the PAN Exempted Bidders, the Bid cum Application Forms may be checked for common DP ID and Client ID. Such Bids which have the same DP ID and Client ID may be treated as multiple Bids and are liable to be rejected.

(d) The following Bids may not be treated as multiple Bids:

(i) Bids by Reserved Categories Bidding in their respective Reservation Portion as well as bids made by them in the Net Offer portion in public category.

(ii) Separate Bids by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Bids clearly indicate the scheme for which the Bid has been made.

(i) Bids by Mutual Funds, submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.

(ii) Bids by Anchor Investors under the Anchor Investor Portion and the QIB Category.

4.1.5 FIELD NUMBER 5 : CATEGORY OF BIDDERS/APPLICANTS

(a) The categories of Bidders/Applicants identified as per the SEBI ICDR Regulations 2009 for the purpose of Bidding, allocation and Allotment in the Offer are RIBs, NIBs and QIBs.

(b) Up to 60 % of the QIB Category can be allocated by the Issuer, on a discretionary basis subject to the criteria of minimum and maximum number of Anchor Investors based on allocation size, to the Anchor Investors, in accordance with the SEBI ICDR Regulations, with one-third of the Anchor Investor Portion reserved for domestic Mutual Funds subject to valid Bids being received at or above the Offer Price. For details regarding allocation to Anchor Investors, Bidders/Applicants may refer to the RHP/Prospectus.

(c) An Issuer can make reservation for certain categories of Bidders/Applicants as permitted under the SEBI ICDR Regulations 2009. For details of any reservations made in the Offer, Bidders/Applicants may refer to the RHP/Prospectus.

(d) The SEBI ICDR Regulations 2009, specify the allocation or Allotment that may be made to various categories of Bidders/Applicants in an Offer depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For Offer specific details in relation to allocation Bidder may refer to the RHP/Prospectus.

4.1.6 FIELD NUMBER 6: INVESTOR STATUS

(a) Each Bidder/Applicant should check whether it is eligible to apply under applicable law and ensure that any prospective Allotment to it in the Offer is in compliance with the investment restrictions under applicable law.

(b) Certain categories of Bidders/Applicants, such as NRIs and FPIs may not be allowed to Bid in the Offer or hold Equity Shares exceeding certain limits specified under applicable law. Bidders/Applicants are requested to refer to the RHP/Prospectus for more details.

(c) Bidders/Applicants should check whether they are eligible to apply on non-repatriation basis or repatriation basis and should accordingly provide the investor status. Details regarding investor status are different in the Resident Bid cum Application Form and Non-Resident Bid cum Application Form.

(d) Bidders/Applicants should ensure that their investor status is updated in the Depository records.

4.1.7 FIELD NUMBER 7: PAYMENT DETAILS

(a) The full Bid Amount (net of any Discount, as applicable) shall be blocked based in the ASBA Account on the authorisation provided in the ASBA Form. If the Discount is applicable in the Offer, the RIBs should indicate the full Bid Amount in the Bid cum Application Form and the funds shall be blocked for Bid Amount net of Discount. Only in cases where the RHP/Prospectus indicates that part payment may be made, such an option can be exercised by the Bidder/Applicant. In case of Bidders/Applicants specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, *i.e.*, Bid price less Discount offered, if any.

(b) RIBs who Bid at Cut-off Price shall arrange to block the Bid Amount based on the Cap Price.

(c) All Bidders (except Anchor Investors) who have to participate in the Offer only through the ASBA mechanism.

(d) Bid Amount cannot be paid in cash, through money order or through postal order.

4.1.7.1 Instructions for Anchor Investors:

(a) Anchor Investors may submit their Bids with a BRLM.

(b) Payments should be made either by RTGS or NEFT.

(c) The Escrow Collection Banks shall maintain the monies in the Escrow Account for and on behalf of the Anchor Investors until the Designated Date.

4.1.7.2 Payment instructions for ASBA Bidders/Applicants

i. Bidders/Applicants may submit the ASBA Form either:

(i) in electronic mode through the internet banking facility offered by an SCSB authorizing blocking of funds that are available in the ASBA account specified in the ASBA Form, or

(ii) in physical mode to any Designated Intermediary.

ii. Bidders/Applicants must specify the Bank Account number in the Bid cum Application Form. The Bid cum Application Form submitted by Bidder/Applicant and which is accompanied by cash, demand draft, cheque, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account maintained with an SCSB, will not be accepted.

iii. Bidders/Applicants should ensure that the Bid cum Application Form is also signed by the ASBA Account holder(s) if the Bidder is not the ASBA Account holder.

iv. Bidders/Applicants shall note that for the purpose of blocking funds under ASBA facility clearly demarcated funds shall be available in the account.

v. From one ASBA Account, a maximum of five Bids cum Application Forms can be submitted.

vi. Bidders/Applicants should submit the Bid cum Application Form only at the Bidding Centers, *i.e.*, to the respective member of the Syndicate at the Specified Locations, the SCSBs, the Registered Broker at the Broker Centers, the RTA at the Designated RTA Locations or CDP at the Designated CDP Locations.

vii. Bidders/Applicants bidding through a Designated Intermediary, other than a SCSB, should note that ASBA Forms submitted to such Designated Intermediary may not be accepted, if the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has not named at least one branch at that location for such Designated Intermediary, to deposit ASBA Forms.

viii. Bidders/ Applicants bidding directly through the SCSBs should ensure that the ASBA Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained.

ix. Upon receipt of the ASBA Form, the Designated Branch of the SCSB may verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the ASBA Form.

x. If sufficient funds are available in the ASBA Account, the SCSB may block an amount equivalent to the Bid Amount mentioned in the ASBA Form and for application directly submitted to SCSB by investor, may enter each Bid option into the electronic bidding system as a separate Bid.

xi. If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB may not accept and upload such Bids on the stock exchange platform and such bids are liable to be rejected.

xii. Upon submission of a completed ASBA Form each Bidder/ Applicant may be deemed to have agreed to block the entire Bid Amount and authorised the Designated Branch of the SCSB to block the Bid Amount specified in the ASBA Form in the ASBA Account maintained with the SCSBs.

xiii. The Bid Amount may remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Offer Account, or until withdrawal or failure of the Offer, or until withdrawal or rejection of the Bid, as the case may be.

xiv. SCSBs bidding in the Offer must apply through an Account maintained with any other SCSB; else their Bids are liable to be rejected.

xv. Bidders bidding through a member of the Syndicate should ensure that the Bid cum Application Form is submitted to a member of the Syndicate only at the Specified Locations. Bidders should also note that Bid cum Application Forms submitted to the Syndicate at the Specified Locations may not be accepted by the member of the Syndicate if the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has not named at least one branch at that location for the members of the Syndicate to deposit Bid cum Application Forms (a list of such branches is available on the website of SEBI at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries).

4.1.7.2.1 Unblocking of ASBA Account

(a) Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Offer may provide the following details to the controlling branches of each SCSB, along with instructions to unblock the relevant bank accounts and for successful applications transfer the requisite money to the Public Offer Account designated for this purpose, within the specified timelines: (i) the number of Equity Shares to be Allotted against each Bid, (ii) the amount to be transferred from the relevant bank account to the Public Offer Account, for each Bid, (iii) the date by which funds referred to in (ii) above may be transferred to the Public Offer Account, and (iv) details of rejected Bids, if any, to enable the SCSBs to unblock the respective bank accounts.

(b) On the basis of instructions from the Registrar to the Offer, the SCSBs may transfer the requisite amount against each successful Bidder other than Anchor Investors to the Public Offer Account and may unblock the excess amount, if any, in the ASBA Account of the ASBA Bidders.

(c) In the event of withdrawal or rejection of the ASBA Form and for unsuccessful Bids, the Registrar to the Offer may give instructions to the SCSB to unblock the Bid Amount in the relevant ASBA Account within six Working Days of the Bid/Offer Closing Date.

4.1.7.3 Discount (if applicable)

(a) The Discount is stated in absolute rupee terms.

(b) Bidders applying under RIB category, Retail Individual Shareholder and employees are only eligible for discount. For Discounts offered in the Offer, Bidders may refer to the RHP/Prospectus.

(c) The Bidders entitled to the applicable Discount in the Offer may block an amount *i.e.*, the Bid Amount less Discount (if applicable).

(d) Bidder may note that in case the net amount blocked (post Discount) is more than two lakh Rupees, the Bidding system automatically considers such applications for allocation under Non-Institutional Category. These applications are neither eligible for Discount nor fall under RIB category.

4.1.8 FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS

(a) Only the First Bidder is required to sign the Bid cum Application Form. Bidders/ Applicants should ensure that signatures are in one of the languages specified in the Eighth Schedule to the Constitution of India.

(b) If the ASBA Account is held by a person or persons other than the Bidder/ Applicants, then the Signature of the ASBA Account holder(s) is also required.

(c) The signature has to be correctly affixed in the authorisation/undertaking box in the ASBA Form, or an authorisation has to be provided to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the ASBA Form.

(d) Bidders/Applicants must note that Bid cum Application Form/Application Form without signature of Bidder/Applicant and /or ASBA Account holder is liable to be rejected.

4.1.9 ACKNOWLEDGEMENT AND FUTURE COMMUNICATION

(a) Bidders/ Applicants should ensure that they receive the Acknowledgment Slip duly signed and stamped by the Designated Intermediary, as applicable, for submission of the ASBA Form.

(b) All communications in connection with Bids made in the Offer may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary to whom the Bid cum Application Form was submitted. The Bidder should give full details such as name of the sole or first Bidder/Applicant, Bid cum Application Form number, Bidders'/Applicants' DP ID, Client ID, PAN, date of the submission of Bid cum Application Form, address of the Bidder/ Applicant, number of the Equity Shares applied for and the name and address of the Designated Intermediary where the Bid cum Application Form was submitted by the Bidder.

The following details (as applicable) should be quoted while making any queries -

- full name of the sole or First Bidder/Applicant, Bid cum Application Form number, Applicants'/Bidders' DP ID, Client ID, PAN, number of Equity Shares applied for, amount paid on application;
- name and address of the Designated Intermediary, where the Bid was submitted;
- In case of Bids other than from Anchor Investors, ASBA Account number in which the amount equivalent to the Bid Amount was blocked; or
- In case of Anchor Investor bids, the unique transaction reference (UTR) number and the name of the relevant bank thereof.

Further, the investor shall also enclose a copy of the Acknowledgment Slip duly received from the Designated Intermediaries in addition to the information mentioned hereinabove.

For further details, Bidder/Applicant may refer to the RHP/Prospectus and the Bid cum Application Form.

4.2 INSTRUCTIONS FOR FILING THE REVISION FORM

(a) During the Bid/Offer Period, any Bidder (other than QIBs and NIBs, who can only revise their bid upwards) who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the Revision Form, which is a part of the Bid cum Application Form.

(b) RIB may revise their bids or withdraw their Bids till the Bid/Offer Closing Date.

(c) Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form.

(d) The Bidder/ Applicant can make this revision any number of times during the Bid/ Offer Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same Designated Intermediary through which such Bidder had placed the original Bid. Bidders are advised to retain copies of the blank Revision Form and the Bid(s) must be made only in such Revision Form or copies thereof.

A sample revision form is reproduced below:

COMMON BID REVISION FORM	XYZ LIMITED - INITIAL PUBLIC ISSUE - R Address : ..... Contact Details: ..... CIN No	FOR RESIDENT INDIANS, INCLUDING RESIDENT QIBs, AND ELIGIBLE NRIs APPLYING ON A NON-REPATRIATION BASIS

LOGO

TO,
THE BOARD OF DIRECTORS
XYZ LIMITED

BOOK BUILT ISSUE
ISIN : .....

Bid cum Application Form No.

SYNDICATE MEMBER'S STAMP & CODE	BROKER/SCSB/DP/RTA STAMP & CODE
SUB-BROKER'S / SUBAGENT'S STAMP & CODE	**ESCROW BANK/SCSB BRANCH STAMP & CODE**
BANK BRANCH SERIAL NO.	**SCSB SERIAL NO.**

1. NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER

Mr. /Ms. .....

Address .....

Email .....

Tel. No (with STD code) / Mobile .....

2. PAN OF SOLE / FIRST BIDDER

3. BIDDER'S DEPOSITORY ACCOUNT DETAILS ☐ NSDL ☐ CDSL

For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID

PLEASE CHANGE MY BID

4. FROM (AS PER LAST BID OR REVISION)

Bid Options	No. of Equity Shares Bid (Bids must be in multiples of Bid Lot as advertised) (In Figures)	Price per Equity Share (₹) "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures) Bid Price	Retail Discount	Net Price	"Cut-off" (Please ✓ tick)
Option 1					☐
(OR) Option 2					☐
(OR) Option 3					☐

5. TO (Revised Bid) (Only Retail Individual Bidders can Bid at "Cut-off")

Bid Options	No. of Equity Shares Bid (Bids must be in multiples of Bid Lot as advertised) (In Figures)	Price per Equity Share (₹) "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures) Bid Price	Retail Discount	Net Price	"Cut-off" (Please ✓ tick)
Option 1					☐
(OR) Option 2					☐
(OR) Option 3					☐

6. PAYMENT DETAILS PAYMENT OPTION : FULL PAYMENT ☐ PART PAYMENT ☐

Additional Amount Paid (₹ in figures) ..... (₹ in words) .....

ASBA Bank A/c No. .....

Bank Name & Branch .....

I/WE (IN CASE OF JOINT APPLICANTS, I/WE ANY OF US) HEREBY CONFIRM & AUTHORISE YOU THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THE BID REVISION FORM AND THE ATTACHED ABRIDGED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES ("GID") AND AGREE AND CONFIRM THE UNDERTAKINGS AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE BID REVISION FORM GIVEN OVERLEAF.

7A. SIGNATURE OF SOLE/ FIRST BIDDER	7B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(s) (AS PER BANK RECORDS)	BROKER / SCSB / DP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system)
Date :	D/We authorise the SCSB to do all acts as are necessary to make the Application in the issue 1) 2) 3)	

TEAR HERE

LOGO

XYZ LIMITED
BID REVISION FORM - INITIAL PUBLIC ISSUE - R

Acknowledgement Slip for Broker/SCSB/ DP/RTA

Bid cum Application Form No.

DPID / CLID

PAN of Sole / First Bidder

Additional Amount Paid (₹) | Bank & Branch | Stamp & Signature of SCSB Branch

ASBA Bank A/c No.

Received from Mr./Ms. .....

Telephone / Mobile | Email

TEAR HERE

XYZ LIMITED - BID REVISION FORM - INITIAL PUBLIC ISSUE - R

	Option 1	Option 2	Option 3
No. of Equity Shares			
Bid Price			
Additional Amount Paid (₹)			

Stamp & Signature of Broker / SCSB / DP / RTA

Name of Sole / First Bidder .....

Acknowledgement Slip for Bidder

ASBA Bank A/c No. .....

Bank & Branch .....

Bid cum Application Form No.

TEAR HERE — PLEASE FILL IN BLOCK LETTERS — TEAR HERE

Instructions to fill each field of the Revision Form can be found on the reverse side of the Revision Form. Other than instructions already highlighted at paragraph 4.1 above, point wise instructions regarding filling up various fields of the Revision Form are provided below:

4.2.1 FIELDS 1, 2 AND 3: NAME AND CONTACT DETAILS OF SOLE/FIRST BIDDER/ APPLICANTS, PAN OF SOLE/FIRST BIDDER & DEPOSITORY ACCOUNT DETAILS OF THE BIDDER

Bidders/ Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

4.2.2 FIELD 4 & 5: BID OPTIONS REVISION 'FROM' AND 'TO'

(a) Apart from mentioning the revised options in the Revision Form, the Bidder must also mention the details of all the bid options given in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and such Bidder is changing only one of the options in the Revision Form, the Bidder must still fill the details of the other two options that are not being revised, in the Revision Form. The Designated Intermediaries may not accept incomplete or inaccurate Revision Forms.

(b) In case of revision, Bid options should be provided by Bidders/ Applicants in the same order as provided in the Bid cum Application Form.

(c) In case of revision of Bids by RIBs and Retail Individual Shareholders, such Bidders should ensure that the Bid Amount, subsequent to revision, does not exceed ₹ 200,000. In case the Bid Amount exceeds ₹ 200,000 due to revision of the Bid or for any other reason, the Bid may be considered, subject to eligibility, for allocation under the Non-Institutional Category, not being eligible for Discount (if applicable) and such Bid may be rejected if it is at the Cut-off Price. The Cut-off Price option is given only to the RIBs and Retail Individual Shareholders indicating their agreement to Bid for and purchase the Equity Shares at the Offer Price as determined at the end of the Book Building Process. The maximum Bid Amount under the Employee Reservation Portion by an Eligible Employee shall not exceed ₹500,000 on a net basis. However, Allotment to an Eligible Employee in the Employee Reservation Portion may exceed ₹200,000 (which will be less Employee Discount) only in the event of an under-subscription in the Employee Reservation Portion and such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, for a value in excess of ₹200,000, subject to the total Allotment to an Eligible Employee not exceeding ₹500,000 (which will be less Employee Discount).

(d) In case the total amount (*i.e.*, original Bid Amount plus additional payment) exceeds ₹ 200,000, the Bid will be considered for allocation under the Non-Institutional Category in terms of the RHP/Prospectus. If, however, the RIB does not either revise the Bid or make additional payment and the Offer Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of allocation, such that no additional payment would be required from the RIB and the RIB is deemed to have approved such revised Bid at Cut-off Price.

(e) In case of a downward revision in the Price Band, RIBs and Bids by Employees under the Reservation Portion, who have bid at the Cut-off Price could either revise their Bid or the excess amount paid at the time of Bidding may be unblocked after the allotment is finalised.

4.2.3 FIELD 6: PAYMENT DETAILS

(a) All Bidders/Applicants are required to authorise that the full Bid Amount (less Discount (if applicable) is blocked at the time of submitting the Revision Form. In case of Bidders/Applicants specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, *i.e.*, Bid price less discount offered, if any.

(b) Bidder/Applicants may issue instructions to block the revised amount based on cap of the revised Price Band (adjusted for the Discount (if applicable) in the ASBA Account, to the same Designated Intermediary through whom such Bidder/Applicant had placed the original Bid to enable the relevant SCSB to block the additional Bid Amount, if any.

(c) In case the total amount (*i.e.*, original Bid Amount less discount (if applicable) plus additional payment) exceeds ₹200,000, the Bid may be considered for allocation under the Non-Institutional Category in terms of the RHP/Prospectus. If, however, the Bidder/Applicant does not either revise the Bid or make additional payment and the Offer Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for, where possible, may be adjusted downwards for the purpose of Allotment, such that additional amount is required blocked and the Bidder/Applicant is deemed to have approved such revised Bid at the Cut-off Price.

(d) In case of a downward revision in the Price Band, RIBs, Employees and Retail Individual Shareholders, who have bid at the Cut-off Price, could either revise their Bid or the excess amount blocked at the time of Bidding may be unblocked after the finalisation of basis of allotment.

4.2.4 FIELDS 7 : SIGNATURES AND ACKNOWLEDGEMENTS

Bidders may refer to instructions contained at paragraphs 4.1.8 and 4.1.9 for this purpose.

4.3 INSTRUCTIONS FOR FILING APPLICATION FORM IN ISSUES MADE OTHER THAN THROUGH THE BOOK BUILDING PROCESS (FIXED PRICE ISSUE)

4.3.1 FIELDS 1, 2, 3 NAME AND CONTACT DETAILS OF SOLE/FIRST BIDDER, PAN OF SOLE/FIRST BIDDER & DEPOSITORY ACCOUNT DETAILS OF THE BIDDER

Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

4.3.2 FIELD 4: PRICE, APPLICATION QUANTITY & AMOUNT

(a) The Issuer may mention Offer Price or Price Band in the draft Prospectus. However a prospectus registered with RoC contains one price or coupon rate (as applicable).

(b) Minimum Application Value and Bid Lot: The Issuer in consultation with the BRLMs may decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹10,000 to ₹15,000. The minimum Lot size is accordingly determined by an Issuer on basis of such minimum application value.

(c) Applications by RIBs and Retail Individual Shareholders, must be for such number of shares so as to ensure that the application amount payable does not exceed ₹200,000. The maximum Bid Amount under the Employee Reservation Portion by an Eligible Employee shall not exceed ₹500,000 on a net basis. However, Allotment to an Eligible Employee in the Employee Reservation Portion may exceed ₹200,000 (which will be less Employee Discount) only in the event of an under-subscription in the Employee Reservation Portion and such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, for a value in excess of ₹200,000, subject to the total Allotment to an Eligible Employee not exceeding ₹500,000 (which will be less Employee Discount).

(d) Applications by other investors must be for such minimum number of shares such that the application amount exceeds ₹200,000 and in multiples of such number of Equity Shares thereafter, as may be disclosed in the application form and the Prospectus, or as advertised by the Issuer, as the case may be.

(e) An application cannot be submitted for more than the Offer size.

(f) The maximum application by any Applicant should not exceed the investment limits prescribed for them under the applicable laws.

(g) **Multiple Applications:** An Applicant should submit only one Application Form. Submission of a second Application Form to either the same or other SCSB and duplicate copies of Application Forms bearing the same application number shall be treated as multiple applications and are liable to be rejected.

(h) Applicants are requested to note the following procedures may be followed by the Registrar to the Offer to detect multiple applications:

(i) All applications may be checked for common PAN as per the records of the Depository. For Applicants other than Mutual Funds, Applications bearing the same PAN may be treated as multiple applications by an Applicant and may be rejected.

(ii) For applications from Mutual Funds, submitted under the same PAN, as well as Applications on behalf of the PAN Exempted Applicants, the Application Forms may be checked for common DP ID and Client ID. In any such applications which have the same DP ID and Client ID, these may be treated as multiple applications and may be rejected.

(i) The following applications may not be treated as multiple Bids:

(i) Applications by Reserved Categories in their respective reservation portion as well as that made by them in the Offer portion in public category.

(ii) Separate applications by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Applications clearly indicate the scheme for which the Bid has been made.

(iii) Applications by Mutual Funds, submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.

4.3.3 FIELD NUMBER 5 : CATEGORY OF APPLICANTS

(a) The categories of applicants identified as per the SEBI ICDR Regulations, 2009 for the purpose of Bidding, allocation and allotment in the Offer are RIBs, individual applicants other than RIB's and other investors (including corporate bodies or institutions, irrespective of the number of specified securities applied for).

(b) An Issuer can make reservation for certain categories of Applicants permitted under the SEBI ICDR Regulations, 2009. For details of any reservations made in the Offer, applicants may refer to the Prospectus.

(c) The SEBI ICDR Regulations, 2009 specify the allocation or Allotment that may be made to various categories of applicants in an Offer depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For Offer specific details in relation to allocation applicant may refer to the Prospectus.

4.3.4 FIELD NUMBER 6: INVESTOR STATUS

Applicants should refer to instructions contained in paragraphs 4.1.6.

4.3.5 FIELD 7: PAYMENT DETAILS

(a) All Applicants (other than Anchor Investors) are required to only make use of ASBA for applying in the Offer.

(b) Application Amount cannot be paid in cash, through money order, cheque, demand draft or through postal order or through stock invest.

4.3.5.1 Payment instructions for Applicants:

Applicants should refer to instructions contained in paragraphs 4.1.7.2.

4.3.5.2 Unblocking of ASBA Account

Applicants should refer to instructions contained in paragraphs 4.1.7.2.1.

4.3.5.3 Discount (if applicable)

Applicants should refer to instructions contained in paragraphs 4.1.7.3.

4.3.6 FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS & ACKNOWLEDGEMENT AND FUTURE COMMUNICATION

Applicants should refer to instructions contained in paragraphs 4.1.8 & 4.1.9.

4.4.1 SUBMISSION OF BID CUM APPLICATION FORM/ REVISION FORM

Bidders/ Applicants may submit completed Bid-cum-application form / Revision Form in the following manner:-

Mode of Application	Submission of Bid cum Application Form
Anchor Investors Application Form	1) To the BRLMs of the Syndicate at the locations mentioned in the Anchor Investor Application Form
ASBA Form	(a) To members of the Syndicate in the Specified Locations or Registered Brokers at the Broker Centers or the RTA at the Designated RTA Location or the DP at the Designated DP Location (b) To the Designated Branches of the SCSBs

(a) Bidders should submit the Revision Form to the same Designated Intermediary through which such Bidder had placed the original Bid.

(b) Upon submission of the Bid-cum-Application Form, the Bidder will be deemed to have authorised the Issuer to make the necessary changes in the RHP and the Bid cum Application Form as would be required for filing Prospectus with the RoC and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the relevant Bidder/Applicant.

(c) Upon determination of the Offer Price and filing of the Prospectus with the RoC, the Bid-cum-Application Form will be considered as the application form.

SECTION 5: OFFER PROCEDURE IN BOOK BUILT ISSUE

Book Building, in the context of the Offer, refers to the process of collection of Bids within the Price Band or above the Floor Price and determining the Offer Price based on the Bids received as detailed in Schedule XI of the SEBI ICDR Regulations. The Offer Price is finalised after the Bid/Offer Closing Date. Valid Bids received at or above the Offer Price are considered for allocation in the Offer, subject to applicable regulations and other terms and conditions.

5.1 SUBMISSION OF BIDS

(a) During the Bid/Offer Period, Bidders/ Applicants may approach any of the Designated Intermediaries to register their Bids. Anchor Investors who are interested in subscribing for the Equity Shares should approach the BRLM, to register their Bid.

(b) In case of Bidders (excluding NIBs and QIBs) Bidding at Cut-off Price, the Bidders may instruct the SCSBs to block Bid Amount based on the Cap Price less discount (if applicable).

(c) For Details of the timing on acceptance and upload of Bids in the Stock Exchanges Platform Bidders are requested to refer to the RHP.

5.2 ELECTRONIC REGISTRATION OF BIDS

(a) The Designated Intermediary may register the Bids using the on-line facilities of the Stock Exchanges. The Designated Intermediaries can also set up facilities for off-line electronic registration of Bids, subject to the condition that they may subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis before the closure of the issue.

(b) On the Bid/Offer Closing Date, Designated Intermediaries may upload the Bids till such time as may be permitted by the Stock Exchanges and as disclosed in this Red Herring Prospectus.

(c) Only Bids that are uploaded on the Stock Exchanges Platform are considered for allocation/ Allotment. The Designated Intermediary are given up to till 1 p.m on the day following the Bid/Offer Closing Date to modify select fields uploaded in the Stock Exchange Platform during the Bid/Offer Period after which the Stock Exchange(s) send the bid information to the Registrar to the Offer for further processing.

5.3 BUILD UP OF THE BOOK

(a) Bids received from various Bidders through the Designated Intermediaries may be electronically uploaded on the Bidding Platform of the Stock Exchanges' on a regular basis. The book gets built up at various price levels. This information may be available with the BRLMs at the end of the Bid/Offer Period.

(b) Based on the aggregate demand and price for Bids registered on the Stock Exchanges Platform, a graphical representation of consolidated demand and price as available on the websites of the Stock Exchanges may be made available at the Bidding Centers during the Bid/Offer Period.

5.4 WITHDRAWAL OF BIDS

(a) RIBs can withdraw their Bids until Bid/Offer Closing Date. In case a RIB wishes to withdraw the Bid during the Bid/Offer Period, the same can be done by submitting a request for the same to the concerned Designated Intermediary, who shall do the requisite, including unblocking of the funds by the SCSB in the ASBA Account.

(b) The Registrar to the Offer shall give instruction to the SCSB for unblocking the ASBA Account on the upon or after finalization of basis of allotment. QIBs and NIBs can neither withdraw nor lower the size of their Bids at any stage.

5.5 REJECTION & RESPONSIBILITY FOR UPLOAD OF BIDS

(a) The Designated Intermediaries are individually responsible for the acts, mistakes or errors or omission in relation to

(i) the Bids accepted by the Designated Intermediaries,

(ii) the Bids uploaded by the Designated Intermediaries,

(iii) the Bid cum application forms accepted but not uploaded by the Designated Intermediaries.

(b) The BRLMs and their affiliate Syndicate Members, as the case may be, may reject Bids if all the information required is not provided and the Bid cum Application Form is incomplete in any respect.

(c) The SCSBs shall have no right to reject Bids, except in case of unavailability of adequate funds in the ASBA account or on technical grounds.

(d) In case of QIB Bidders, only the (i) SCSBs (for Bids other than the Bids by Anchor Investors); and (ii) the BRLMs and their affiliate Syndicate Members (only in the Specified Locations) have the right to reject bids. However, such rejection shall be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing.

(e) All bids by QIBs, NIBs & RIBs Bids can be rejected on technical grounds listed herein.

5.5.1 GROUNDS FOR TECHNICAL REJECTIONS

Bid cum Application Forms can be rejected on the below mentioned technical grounds either at the time of their submission to any of the Designated Intermediaries, or at the time of finalisation of the Basis of Allotment. Bidders/Applicants are advised to note that the Bids/Applications are liable to be rejected, inter alia, on the following grounds, which have been detailed at various placed in this GID:-

(a) Bid by persons not competent to contract under the Indian Contract Act, 1872, as amended, (other than minors having valid Depository Account as per Demographic Details provided by Depositories);

(b) Bids by OCBs;

(c) In case of partnership firms, Bid for Equity Shares made in the name of the firm. However, a limited liability partnership can apply in its own name;

(d) DP ID and Client ID not mentioned in the Bid cum Application Form;

(e) In case of Bids under power of attorney or by limited companies, corporate, trust, *etc*., relevant documents are not being submitted along with the Bid cum Application Form;

(f) Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;

(g) Bids by persons in the United States excluding persons who are a U.S. QIB (as defined in this Red Herring Prospectus);

(h) Bids by any person outside India if not in compliance with applicable foreign and Indian laws;

(i) PAN not mentioned in the Bid cum Application Form except for Bids by or on behalf of the Central or State Government and officials appointed by the court and by the investors residing in the State of Sikkim, provided such claims have been verified by the Depository Participant;

(j) In case no corresponding record is available with the Depositories that matches the DP ID, the Client ID and the PAN;

(k) Bids for lower number of Equity Shares than the minimum specified for that category of investors;

(l) Bids at a price less than the Floor Price & Bids/Applications at a price more than the Cap Price;

(m) Bids at Cut-off Price by NIBs and QIBs;

(n) The amounts mentioned in the Bid cum Application Form do not tally with the amount payable for the value of the Equity Shares Bid for;

(o) Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;

(p) Submission of more than five Bid cum Application Forms through a single ASBA Account;

(q) Bids for number of Equity Shares which are not in multiples as specified in the RHP;

(r) Multiple Bids as defined in this GID and the RHP/Prospectus;

(s) Bids not uploaded in the Stock Exchanges bidding system;

(t) Inadequate funds in the bank account to block the Bid Amount specified in the Bid cum Application Form at the time of blocking such Bid Amount in the bank account;

(u) Where no confirmation is received from SCSB for blocking of funds;

(v) Bids by Bidders (other than Anchor Investors) not submitted through ASBA process or Bids/Applications by QIBs (other than Anchor Investors) and Non Institutional Bidders accompanied with cheque(s) or demand draft(s);

(w) Bids submitted to a BRLM at locations other than the Specified Locations and Bid cum Application Forms, under the ASBA process, submitted to the Escrow Collecting Banks (assuming that such bank is not a SCSB where the ASBA Account is maintained), to the issuer or the Registrar to the Offer;

(x) Bids by SCSBs wherein a separate account in its own name held with any other SCSB is not mentioned as the ASBA Account in the Bid cum Application Form;

(y) Bid cum Application Forms/Application Forms are not delivered by the Bidders/Applicants within the time prescribed as per the Bid cum Application Forms/Application Form, Bid/Issue Opening Date advertisement and as per the instructions in the RHP and the Bid cum Application Forms;

(z) Bids/Applications of Bidders (other than Anchor Investors) accompanied by cash, draft, cheques, money order or any other mode of payment other than amounts blocked in the Bidders' ASBA Account maintained with an SCSB;

5.6 BASIS OF ALLOCATION

(a) The SEBI ICDR Regulations, 2009 specify the allocation or Allotment that may be made to various categories of Bidders in an Offer depending on compliance with the eligibility conditions. Certain details pertaining to the percentage of Offer size available for allocation to each category is disclosed overleaf of the Bid cum Application Form and in the RHP / Prospectus. For details in relation to allocation, the Bidder may refer to the RHP / Prospectus.

(b) Under-subscription in any category (except QIB Category) is allowed to be met with spill-over from any other category or combination of categories at the discretion of the Issuer and in consultation with the BRLMs and the Designated Stock Exchange and in accordance with the SEBI ICDR Regulations, 2009. Unsubscribed portion in QIB Category is not available for subscription to other categories.

(c) In case of under subscription in the Net Offer, spill-over to the extent of such under-subscription may be permitted from the Reserved Portion to the Offer. For allocation in the event of an under-subscription applicable to the Issuer, Bidders/Applicants may refer to the RHP.

(d) **Illustration of the Book Building and Price Discovery Process**

Bidders should note that this example is solely for illustrative purposes and is not specific to the Offer; it also excludes Bidding by Anchor Investors.

Bidders can Bid at any price within the Price Band. For instance, assume a price band of ₹20 to ₹ 24 per share, issue size of 3,000 equity shares and receipt of five bids from bidders, details of which are shown in the table below. The illustrative book given below shows the demand for the

equity shares of the issuer at various prices and is collated from bids received from various investors.

Bid Quantity	Bid Price (₹)	Cumulative Quantity	Subscription
500	24	500	16.70%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.70%
2,500	20	7,500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number of equity shares is the price at which the book cuts off, *i.e.,* ₹ 22.00 in the above example. The issuer, in consultation with the book running lead managers, may finalise the offer price at or below such cut-off price, *i.e.,* at or below ₹22.00. All bids at or above the offer price and cut-off bids are valid bids and are considered for allocation in the respective categories.

(e) **Alternate Method of Book Building**

In case of FPOs, Issuers may opt for an alternate method of Book Building in which only the Floor Price is specified for the purposes of Bidding ("**Alternate Book Building Process**").

The Issuer may specify the Floor Price in the RHP or advertise the Floor Price at least one Working Day prior to the Bid/Offer Opening Date. QIBs may Bid at a price higher than the Floor Price and the Allotment to the QIBs is made on a price priority basis. The Bidder with the highest Bid Amount is allotted the number of Equity Shares Bid for and then the second highest Bidder is Allotted Equity Shares and this process continues until all the Equity Shares have been allotted. RIBs, NIBs and Employees are Allotted Equity Shares at the Floor Price and allotment to these categories of Bidders is made proportionately. If the number of Equity Shares Bid for at a price is more than available quantity then the Allotment may be done on a proportionate basis. Further, the Issuer may place a cap either in terms of number of specified securities or percentage of issued capital of the Issuer that may be Allotted to a single Bidder, decide whether a Bidder be allowed to revise the bid upwards or downwards in terms of price and/or quantity and also decide whether a Bidder be allowed single or multiple bids.

SECTION 6: ISSUE PROCEDURE IN FIXED PRICE ISSUE

Applicants may note that there is no Bid cum Application Form in a Fixed Price Issue. As the Offer Price is mentioned in the Fixed Price Issue therefore on filing of the Prospectus with the RoC, the Application so submitted is considered as the application form.

Applicants may only use the specified Application Form for the purpose of making an Application in terms of the Prospectus which may be submitted through the Designated Intermediary.

Applicants may submit an Application Form either in physical form to any of the Designated Intermediaries or in the electronic form to the SCSB or the Designated SCSB Branches of the SCSBs authorising blocking of funds that are available in the bank account specified in the Application Form only ("ASBA Account"). The Application Form is also made available on the websites of the Stock Exchanges at least one day prior to the Bid/Offer Opening Date.

In a fixed price Issue, allocation in the net offer to the public category is made as follows: minimum fifty % to Retail Individual Bidders; and remaining to (i) individual investors other than Retail Individual Bidders; and (ii) other Applicants including corporate bodies or institutions, irrespective of the number of specified securities applied for. The unsubscribed portion in either of the categories specified above may be allocated to the Applicants in the other category.

For details of instructions in relation to the Application Form, Bidders/Applicants may refer to the relevant section of the GID.

SECTION 7: ALLOTMENT PROCEDURE AND BASIS OF ALLOTMENT

The Allotment of Equity Shares to Bidders other than Retail Individual Bidders and Anchor Investors may be on proportionate basis. For Basis of Allotment to Anchor Investors, Bidders/Applicants may refer to RHP/Prospectus. No Retail Individual Bidder will be Allotted less than the minimum Bid Lot subject to availability of shares in Retail Individual Bidder Category and the remaining available shares, if any will be Allotted on a proportionate basis. The Issuer is required to receive a minimum subscription of 90% of the Net Offer (excluding any Offer for Sale of specified securities). However, in case the Offer is in the nature of Offer for Sale only, then minimum subscription may not be applicable.

7.1 ALLOTMENT TO RIBs

Bids received from the RIBs at or above the Offer Price may be grouped together to determine the total demand under this category. If the aggregate demand in this category is less than or equal to the Retail Category at or above the Offer Price, full Allotment may be made to the RIBs to the extent of the valid Bids. If the aggregate demand in this category is greater than the allocation to in the Retail Category at or above the Offer Price, then the maximum number of RIBs who can be Allotted the minimum Bid Lot will be computed by dividing the total number of Equity Shares available for Allotment to RIBs by the minimum Bid Lot ("**Maximum RIB Allottees**"). The Allotment to the RIBs will then be made in the following manner:

(a) In the event the number of RIBs who have submitted valid Bids in the Offer is equal to or less than Maximum RIB Allottees, (i) all such RIBs shall be Allotted the minimum Bid Lot; and (ii) the balance available Equity Shares, if any, remaining in the Retail Category shall be Allotted on a proportionate basis to the RIBs who have received Allotment as per (i) above for the balance demand of the Equity Shares Bid by them (*i.e.*, who have Bid for more than the minimum Bid Lot).

In the event the number of RIBs who have submitted valid Bids in the Offer is more than Maximum RIB Allottees, the RIBs (in that category) who will then be Allotted minimum Bid Lot shall be determined on the basis of draw of lots.

7.2 ALLOTMENT TO NIBs

Bids received from NIBs at or above the Offer Price may be grouped together to determine the total demand under this category. The Allotment to all successful NIBs may be made at or above the Offer Price. If the aggregate demand in this category is less than or equal to the Non-Institutional Category at or above the Offer Price, full Allotment may be made to NIBs to the extent of their demand. In case the aggregate demand in this category is greater than the Non-Institutional Category at or above the Offer Price, Allotment may be made on a proportionate basis up to a minimum of the Non-Institutional Category.

7.3 ALLOTMENT TO QIBs

For the Basis of Allotment to Anchor Investors, Bidders may refer to the SEBI ICDR Regulations or RHP / Prospectus. Bids received from QIBs Bidding in the QIB Category (net of Anchor Portion) at or above the Offer Price may be grouped together to determine the total demand under this category. The QIB Category may be available for Allotment to QIBs who have Bid at a price that is equal to or greater than the Offer Price. Allotment may be undertaken in the following manner:

(a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Category may be determined as follows: (i) In the event that Bids by Mutual Fund exceeds 5% of the QIB Category, allocation to Mutual Funds may be done on a proportionate basis for up to 5% of the QIB Category; (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Category then all Mutual Funds may get full Allotment to the extent of valid Bids received above the Offer Price; and (iii) Equity Shares remaining unsubscribed, if any and not allocated to Mutual Funds may be available for allotment to all QIBs as set out at paragraph 7.4(b) below;

(b) In the second instance, Allotment to all QIBs may be determined as follows: (i) In the event of oversubscription in the QIB Category, all QIBs who have submitted Bids above the Offer Price may be Allotted Equity Shares on a proportionate basis for up to 95% of the QIB Category; (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIBs; and (iii) Under-subscription below 5% of the QIB Category, if any, from Mutual Funds, may be included for allocation to the remaining QIBs on a proportionate basis.

7.4 ALLOTMENT TO ANCHOR INVESTOR (IF APPLICABLE)

(a) Allocation of Equity Shares to Anchor Investors at the Anchor Investor Allocation Price will be at the discretion of the issuer subject to compliance with the following requirements:

not more than 60% of the QIB Category will be allocated to Anchor Investors;

(i) one-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors; and

(ii) allocation to Anchor Investors shall be on a discretionary basis and subject to:

a. a maximum number of two Anchor Investors for allocation up to ₹100 million;

b. a minimum number of two Anchor Investors and maximum number of 15 Anchor Investors for allocation of more than ₹100 million and up to ₹2,500 million subject to minimum Allotment of ₹50 million per such Anchor Investor; and

c. a minimum number of five Anchor Investors and maximum number of 15 Anchor Investors for allocation of more than ₹2500 million, and an additional 10 Anchor Investors for every additional ₹2500 million or part thereof, subject to minimum Allotment of ₹50 million per such Anchor Investor.

(b) An Anchor Investor shall make an application of a value of at least ₹100 million in the Offer.

(c) A physical book is prepared by the Registrar on the basis of the Anchor Investor Application Forms received from Anchor Investors. Based on the physical book and at the discretion of the issuer in consultation with the BRLMs, selected Anchor Investors will be sent a CAN and if required, a revised CAN.

(d) **In the event that the Offer Price is higher than the Anchor Investor Allocation Price:** Anchor Investors will be sent a revised CAN within one day of the Pricing Date indicating the number of Equity Shares allocated to such Anchor Investor and the pay-in date for payment of the balance amount. Anchor Investors are then required to pay any additional amounts, being the difference between the Offer Price and the Anchor Investor Allocation Price, as indicated in the revised CAN within the pay-in date referred to in the revised CAN. Thereafter, the Allotment Advice will be issued to such Anchor Investors.

(e) In the event the Offer Price is lower than the Anchor Investor Allocation Price: Anchor Investors who have been Allotted Equity Shares will directly receive Allotment Advice.

7.5 BASIS OF ALLOTMENT FOR QIBs (OTHER THAN ANCHOR INVESTORS), NIBs AND RESERVED CATEGORY IN CASE OF OVER-SUBSCRIBED ISSUE

In the event of the Offer being over-subscribed, the Issuer may finalise the Basis of Allotment in consultation with the Designated Stock Exchange in accordance with the SEBI ICDR Regulations.

The allocation may be made in marketable lots, on a proportionate basis as explained below:

(a) Bidders may be categorized according to the number of Equity Shares applied for;

(b) The total number of Equity Shares to be Allotted to each category as a whole may be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio;

(c) The number of Equity Shares to be Allotted to the successful Bidders may be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio;

(d) In all Bids where the proportionate Allotment is less than the minimum Bid Lot decided per Bidder, the Allotment may be made as follows: the successful Bidders out of the total Bidders for a category may be determined by a draw of lots in a manner such that the total number of Equity Shares Allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above; and each successful Bidder may be Allotted a minimum of such Equity Shares equal to the minimum Bid Lot finalised by the Issuer;

(e) If the proportionate Allotment to a Bidder is a number that is more than the minimum Bid Lot but is not a multiple of one (which is the marketable lot), the decimal may be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5 it may be rounded off to the lower whole number. Allotment to all Bidders in such categories may be arrived at after such rounding off; and

(f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares Allotted to the Bidders in that category, the remaining Equity Shares available for Allotment may be first adjusted against any other category, where the Allotted Equity Shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment may be added to the category comprising Bidders applying for minimum number of Equity Shares.

7.6 DESIGNATED DATE AND ALLOTMENT OF EQUITY SHARES

(a) **Designated Date:** On the Designated Date, the Escrow Collection Banks shall transfer the funds represented by allocation of Equity Shares to Anchor Investors from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Offer Account with the Bankers to the Offer. The balance amount after transfer to the Public Offer Account shall be transferred to the Refund Account. Payments of refund to the Bidders applying in the Anchor Investor Portion shall be made from the Refund Account as per the terms of the Escrow Agreement and the RHP. On the Designated Date, the Registrar to the Offer shall instruct the SCSBs to transfer funds represented by allocation of Equity Shares from ASBA Accounts into the Public Offer Account.

(b) **Issuance of Allotment Advice:** Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall upload the same on its website. On the basis of the approved Basis of Allotment, the Issuer shall pass necessary corporate action to facilitate the Allotment and credit of Equity Shares. Bidders are advised to instruct their Depository Participant to accept the Equity Shares that may be allotted to them pursuant to the Offer.

Pursuant to confirmation of such corporate actions, the Registrar will dispatch Allotment Advice to the Bidders who have been Allotted Equity Shares in the Offer.

(c) The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract.

(d) Issuer will ensure that: (i) the Allotment of Equity Shares; and (ii) credit of shares to the successful Bidders Depository Account will be completed within six Working Days of the Bid/Offer Closing Date.

SECTION 8: INTERIM AND REFUNDS

8.1 COMPLETION OF FORMALITIES FOR LISTING & COMMENCEMENT OF TRADING

The Issuer shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges are taken within six Working Days of the Bid/Offer Closing Date. The Registrar to the Offer may initiate corporate action for credit to Equity Shares the beneficiary account with Depositories, and within six Working Days of the Bid/Offer Closing Date.

8.2 GROUNDS FOR REFUND

8.2.1 NON RECEIPT OF LISTING PERMISSION

An Issuer makes an application to the Stock Exchange(s) for permission to deal in/list and for an official quotation of the Equity Shares. All the Stock Exchanges from where such permission is sought are disclosed in RHP/Prospectus. The Designated Stock Exchange may be as disclosed in the RHP/Prospectus with which the Basis of Allotment may be finalised.

If the Issuer fails to make application to the Stock Exchange(s) or obtain permission for listing of the Equity Shares, in accordance with the provisions of Section 40 of the Companies Act, 2013, the Issuer shall be punishable with a fine which shall not be less than ₹5 lakhs but which may extend to ₹50 lakhs and every officer of the Issuer who is in default shall be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than ₹50,000 but which may extend to ₹ 3 lakhs, or with both.

If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchange(s), the Issuer may forthwith take steps to refund, without interest, all moneys received from Bidders.

If such money is not refunded to the Bidders/ Applicants within the prescribed time after the Issuer becomes liable to repay it, then the Issuer and every director of the Issuer who is an officer in default may, on and from such expiry of such period, be liable to repay the money, with interest at such rate, as disclosed in the RHP/Prospectus.

8.2.2 NON RECEIPT OF MINIMUM SUBSCRIPTION

If the Issuer does not receive a minimum subscription of 90% of the Net Offer (excluding any offer for sale of specified securities), including devolvement to the Underwriters, the Issuer may forthwith, take steps to unblock the entire subscription amount received within six Working Days of Bid/Offer Closing Date and repay without interest, all moneys received from Anchor Investors. In case the Offer is in the nature of Offer for Sale only, then minimum subscription may not be applicable.

If there is a delay beyond the prescribed time after the Issuer becomes liable to pay the amount received from Bidders, then the Issuer and every director of the Issuer who is an officer in default may on and from expiry of 15 Working Days, be jointly and severally liable to repay the money, with interest at the rate of 15% p.a. in accordance with the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended.

8.2.3 MINIMUM NUMBER OF ALLOTTEES

The Issuer may ensure that the number of prospective Allottees to whom Equity Shares may be Allotted may not be less than 1,000 failing which the entire application monies may be refunded forthwith.

8.2.4 IN CASE OF ISSUES MADE UNDER COMPULSORY BOOK BUILDING

In case an Issuer not eligible under Regulation 26(1) of the SEBI ICDR Regulations,2009 comes for an Offer under Regulation 26(2) of SEBI ICDR Regulations,2009 but fails to Allot at least 75% of the Net Offer to QIBs, in such case full subscription money is to be refunded.

8.3 MODE OF REFUND

(a) **In case of ASBA Bids:** Within six Working Days of the Bid/Offer Closing Date, the Registrar to the Offer may give instructions to SCSBs for unblocking the amount in ASBA Account on unsuccessful Bid and also for any excess amount blocked on Bidding.

(b) **In case of Anchor Investors**: Within six Working Days of the Bid/Offer Closing Date, the Registrar to the Offer may dispatch the refund orders for all amounts payable to unsuccessful Anchor Investors.

(c) In case of Anchor Investors, the Registrar to the Offer may obtain from the depositories the Bidders' bank account details, including the MICR code, on the basis of the DP ID, Client ID and PAN provided by the Anchor Investors in their Anchor Investor Application Forms for refunds. Accordingly, Anchor Investors are advised to immediately update their details as appearing on the records of their depositories. Failure to do so may result in delays in dispatch of refund orders or refunds through electronic transfer of funds, as applicable, and any such delay may be at the Anchor Investors' sole risk and neither the Issuer, the Registrar to the Offer, the Escrow Collection Banks, or the Syndicate, may be liable to compensate the Anchor Investors for any losses caused to them due to any such delay, or liable to pay any interest for such delay. Please note that refunds shall be credited only to the bank account from which the Bid Amount was remitted to the Escrow Collection Bank.

8.3.1 Electronic mode of making refunds for Anchor Investors

The payment of refund, if any, may be done through various electronic modes as mentioned below:

(a) **NACH** – National Automated Clearing House which is a consolidated system of ECS. Payment of refund would be done through NACH for Applicants having an account at one of the centres specified by the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including Magnetic Ink Character Recognition (MICR) code wherever applicable from the depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by the RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS.

(b) **NEFT**—Payment of refund may be undertaken through NEFT wherever the branch of the Anchor Investors' bank is NEFT enabled and has been assigned the Indian Financial System Code ("IFSC"), which can be linked to the MICR of that particular branch. The IFSC Code may be obtained from the website of RBI as at a date prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Anchor Investors have registered their nine-digit MICR number and their bank account number while opening and operating the demat account, the same may be duly mapped with the IFSC Code of that particular bank branch and the payment of refund may be made to the Anchor Investors through this method. In the event NEFT is not operationally feasible, the payment of refunds may be made through any one of the other modes as discussed in this section;

(c) **RTGS**— Anchor Investors having a bank account at any of the centers notified by SEBI where clearing houses are managed by the RBI, may have the option to receive refunds, if any, through RTGS; and

(d) **Direct Credit** – Anchor Investors having their Bank Account with the Refund Bankers may be eligible and receive funds, if any, through direct credit to such bank account.

Please note that refunds through the above mentioned modes, shall be credited only to the bank account from which the Bid Amount was remitted to the Escrow Collection Bank.

For details of levy of charges, if any, for any of the above methods, Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers, *etc*. Anchor Investors may refer to RHP/Prospectus.

8.4 INTEREST IN CASE OF DELAY IN ALLOTMENT OR REFUND

The Issuer may pay interest at the rate of 15% p.a. if Allotment is not made and the refund instructions have not been given to the clearing system in the disclosed manner or instructions for unblocking of funds in the ASBA Account are not dispatched within 15 days of the Bid/Offer Closing Date.

The Issuer may pay interest at 15% p.a. for any delay beyond 15 days from the Bid/ Offer Closing Date, if Allotment is not made.

SECTION 9: GLOSSARY AND ABBREVIATIONS

Unless the context otherwise indicates or implies, certain definitions and abbreviations used in this document may have the meaning as provided below. References to any legislation, act or regulation may be to such legislation, act or regulation as amended from time to time

Term	Description
Acknowledgement Slip	The slip or document issued by the Designated Intermediary to an ASBA Bidder as proof of registration of the ASBA Bid
Allotment/ Allot/ Allotted	The transfer of Equity Shares pursuant to the Offer for Sale to successful Bidders
Allotment Advice	Note or advice or intimation of Allotment sent to the Bidders/Applicants who have been allotted Equity Shares after the Basis of Allotment has been approved by the designated Stock Exchange
Allottee	An Bidder to whom the Equity Shares are Allotted
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
Anchor Investor Application Form	The form used by an Anchor Investor to make a Bid in the Anchor Investor Portion and which will be considered as an application for Allotment in terms of this Red Herring Prospectus and Prospectus
Anchor Investor Portion	Up to 60% of the QIB Category which may be allocated by the Issuer and the Selling Shareholders in consultation with the BRLMs, to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion is reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors
Application Form	The form in terms of which the Applicant should make an application for Allotment in case of issues other than Book Built Issues, includes Fixed Price Issue
Application Supported by Blocked Amount/ASBA	An application, whether physical or electronic, used by Bidders, other than Anchor Investors, to make a Bid and authorising an SCSB to block the Bid Amount in the specified bank account maintained with such SCSB
ASBA Account	Account maintained with an SCSB which may be blocked by such SCSB to the extent of the Bid Amount of the Bidder
ASBA Bidder	All Bidders except Anchor Investors
ASBA Form	Application form, whether physical or electronic, used by ASBA Bidders/Applicants, which will be considered as the application for Allotment in terms of this Red Herring Prospectus and the Prospectus
Banker(s) to the Offer/ Escrow Bank(s)/ Collecting Banker	The banks which are clearing members and registered with SEBI as Banker to the Offer with whom the Escrow Account(s) for Anchor Investors may be opened, and as disclosed in the RHP/Prospectus and Bid cum Application Form of the Issuer
Basis of Allotment	Basis on which the Equity Shares may be Allotted to successful Bidders/Applicants under the Offer
Bid	An indication to make an offer during the Bid/Offer Period by a prospective Bidder pursuant to submission of Bid cum Application Form or during the Anchor Investor Bid/Offer Period by the Anchor Investors, to subscribe for or purchase the Equity Shares of the Issuer at a price within the Price Band, including all revisions and modifications thereto. In case of issues undertaken through the fixed price process, all references to a Bid should be construed to mean an Application

Term	Description
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder/Applicant upon submission of the Bid (except for Anchor Investors), less discounts (if applicable). In case of issues undertaken through the fixed price process, all references to the Bid Amount should be construed to mean the Application Amount
Bid cum Application Form	The Anchor Investor Application Form or the ASBA Form, as the context requires
Bid /Offer Closing Date	Except in the case of Anchor Investors (if applicable), the date after which the Designated Intermediaries may not accept any Bids for the Offer, which may be notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Applicants/bidders may refer to the RHP/Prospectus for the Bid/ Offer Closing Date
Bid/Offer Opening Date	The date on which the Designated Intermediaries may start accepting Bids for the Offer, which may be the date notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Applicants/bidders may refer to the RHP/Prospectus for the Bid/ Offer Opening Date
Bid/Offer Period	Except in the case of Anchor Investors (if applicable), the period between the Bid/Offer Opening Date and the Bid/Offer Closing Date inclusive of both days and during which prospective ASBA Bidders can submit their Bids, inclusive of any revisions thereof. The Issuer may consider closing the Bid/ Offer Period for QIBs one working day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations. Applicants/bidders may refer to the RHP/Prospectus for the Bid/ Offer Period
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the RHP/Prospectus and the Bid cum Application Form. In case of issues undertaken through the fixed price process, all references to a Bidder should be construed to mean an Bidder
Book Built Process/ Book Building Process/ Book Building Method	The book building process as provided under the SEBI ICDR Regulations, in terms of which the Offer is being made
Broker Centers	Broker centers notified by the Stock Exchanges, where Bidders can submit the ASBA Forms to a Registered Broker. The details of such broker centers, along with the names and contact details of the Registered Brokers are available on the websites of the Stock Exchanges.
BRLM(s)/ Book Running Lead Manager(s)	The Book Running Lead Manager to the Offer as disclosed in the RHP/Prospectus and the Bid cum Application Form of the Issuer. In case of issues undertaken through the fixed price process, all references to the Book Running Lead Manager should be construed to mean the Lead Manager or LM
Business Day	Monday to Saturday (except 2nd and 4th Saturday of a month and public holidays)
CAN	Notice or intimation of allocation of Equity Shares sent to Anchor Investors, who have been allocated Equity Shares, after the Anchor Investor Bid/ Issue Period
Cap Price	The higher end of the Price Band, above which the Offer Price and the Anchor Investor Allocation Price may not be finalised and above which no Bids may be accepted
Client ID	Client Identification Number maintained with one of the Depositories in relation to demat account
Collecting Depository Participant or CDPs	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
Cut-off Price	Offer Price, finalised by the Issuer in consultation with the BRLM(s), which can be any price within the Price Band. Only RIBs, Retail Individual Shareholders and employees are entitled to Bid at the Cut-off Price. No other category of Bidders/Applicants are entitled to Bid at the Cut-off Price
DP	Depository Participant
DP ID	Depository Participant's Identification Number
Depositories	National Securities Depository Limited and Central Depository Services (India) Limited
Demographic Details	Details of the Bidders including the Bidder's address, name of the Bidder's father/husband, investor status, occupation and bank account details
Designated SCSB Branches	Such branches of the SCSBs which may collect the Bid cum Application Forms used by Bidders (excluding Anchor Investors) and a list of which is available on http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html

Term	Description
Designated CDP Locations	Such locations of the CDPs where Bidders can submit the ASBA Forms to Collecting Depository Participants. The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)
Designated Date	The date on which funds are transferred by the Escrow Bank(s) from the Escrow Account and the amounts blocked by the SCSBs are transferred from the ASBA Accounts, as the case may be, to the Public Offer Account or the Refund Account, as appropriate, after the Prospectus is filed with the RoC, following which the Equity Shares shall be Alloted to successful Bidders pursuant to the Offer for Sale
Designated Intermediaries	Syndicate Members, Sub-Syndicate/Agents, SCSBs, Registered Brokers, Brokers, the CDPs and RTAs, who are authorised to collect ASBA Forms from the Bidders, in relation to the Offer
Designated RTA Locations	Such locations of the RTAs where Bidders can submit the ASBA Forms to RTAs. The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)
Designated Stock Exchange	The designated stock exchange as disclosed in the RHP/Prospectus of the Issuer
Discount	Discount to the Offer Price that may be provided to Bidders in accordance with the SEBI ICDR Regulations, 2009.
Draft Prospectus	The draft prospectus filed with SEBI in case of Fixed Price Issues and which may mention a price or a Price Band
Employees	Employees of an Issuer as defined under the SEBI ICDR Regulations,2009 and including, in case of a new company, persons in the permanent and full time employment of the promoting companies excluding the promoters and immediate relatives of the promoters. For further details Bidder may refer to the RHP/Prospectus
Equity Shares	Equity Shares of the Issuer
Escrow Account	Account opened with the Escrow Bank(s) and in whose favour the Anchor Investors may issue cheques, demand drafts or transfer money through NEFT/RTGS in respect of the Bid Amount when submitting a Bid
Escrow Agreement	Agreement to be entered into among the Issuer, the Registrar to the Offer, the BRLM(s), the Syndicate Member(s), the Escrow Bank(s) and the Refund Bank(s) for collection of the Bid Amounts from Anchor Investors and where applicable, remitting refunds of the amounts collected to the Anchor Investors on the terms and conditions thereof
FCNR Account	Foreign Currency Non-Resident Account
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form
Fixed Price Offer/Fixed Price Process/Fixed Price Method	The Fixed Price process as provided under the SEBI ICDR Regulations,2009 in terms of which the Offer is being made
Floor Price	The lower end of the Price Band, at or above which the Offer Price and the Anchor Investor Allocation Price may be finalised and below which no Bids may be accepted, subject to any revision thereto
FPIs	Foreign Portfolio Investors as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
FPO	Further public offering
IPO	Initial public offering
Issuer/ Company	The Issuer proposing the initial public offering/further public offering as applicable
Maximum RIB Allottees	The maximum number of RIBs who can be Allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIBs by the minimum Bid Lot.
MICR	Magnetic Ink Character Recognition - nine-digit code as appearing on a cheque leaf
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
Mutual Funds Portion	5% of the QIB Category (excluding the Anchor Investor Portion) available for allocation to Mutual Funds only, being such number of equity shares as disclosed in the RHP/Prospectus and Bid cum Application Form
Net Offer	The Offer minus the Employee Reservation Portion
NEFT	National Electronic Fund Transfer
NRE Account	Non-Resident External Account

Term	Description
NRI	NRIs from such jurisdictions outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the RHP/Prospectus constitutes an invitation to subscribe to or purchase the Equity Shares
NRO Account	Non-Resident Ordinary Account
Non-Institutional Bidders or NIBs	All Bidders, and FPIs which are Category III foreign portfolio investors, that are not QIBs or RIBs and who have Bid for Equity Shares for an amount of more than ₹ 200,000 (but not including NRIs other than Eligible NRIs)
Non-Institutional Category	The portion of the Offer being such number of Equity Shares available for allocation to NIBs on a proportionate basis and as disclosed in the RHP/Prospectus and the Bid cum Application Form
Non-Resident	A person resident outside India, as defined under FEMA and includes Eligible NRIs and FPIs, registered with SEBI
OCB/Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA
Offer	Public offer of such number of Equity Shares as disclosed in the RHP/Prospectus through an offer for sale by the Selling Shareholders
Offer for Sale	Public offer of such number of Equity Shares as disclosed in the RHP/Prospectus through an offer for sale by the Selling Shareholders
Other Investors	Investors other than Retail Individual Investors in a Fixed Price Offer. These include individual applicants other than retail individual investors and other investors including corporate bodies or institutions irrespective of the number of specified securities applied for.
Offer Price	The final price, less discount (if applicable) at which the Equity Shares may be Allotted to Bidders other than Anchor Investors, in terms of the Prospectus. Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Allocation Price The Offer Price may be decided by the Issuer and the Selling Shareholders, in consultation with the BRLM(s)
PAN	Permanent Account Number allotted under the Income Tax Act, 1961
Price Band	Price Band with a minimum price, being the Floor Price and the maximum price, being the Cap Price and includes revisions thereof. The Price Band and the minimum Bid lot size for the Offer may be decided by the Issuer and the Selling Shareholders in consultation with the BRLM(s) and advertised, at least five working days in case of an IPO and one working day in case of FPO, prior to the Bid/ Offer Opening Date, in English national daily, Hindi national daily and regional language at the place where the registered office of the Issuer is situated, newspaper each with wide circulation
Pricing Date	The date on which the Issuer and the Selling Shareholders in consultation with the BRLM(s), finalise the Offer Price
Prospectus	The prospectus to be filed with the RoC in accordance with Section 26 of the Companies Act, 2013 after the Pricing Date, containing the Offer Price, the size of the Offer and certain other information
Public Offer Account	An account opened with the Banker to the Offer to receive monies from the Escrow Account and from the ASBA Accounts on the Designated Date
QIB Category	The portion of the Offer being such number of Equity Shares to be Allotted to QIBs on a proportionate basis
Qualified Institutional Buyers or QIBs	As defined under the SEBI ICDR Regulations
RTGS	Real Time Gross Settlement
Red Herring Prospectus/ RHP	This red herring prospectus issued in accordance with Section 32 of the Companies Act, 2013, which does not have complete particulars of the price at which the Equity Shares are offered and the size of the Offer. The RHP may be filed with the RoC at least three days before the Bid/Offer Opening Date and may become a Prospectus upon filing with the RoC after the Pricing Date. In case of issues undertaken through the fixed price process, all references to the RHP should be construed to mean the Prospectus
Refund Account(s)	The account opened with Refund Bank(s), from which refunds to Anchor Investors, if any, of the whole or part of the Bid Amount may be made
Refund Bank(s)	Refund bank(s) as disclosed in the RHP/Prospectus and Bid cum Application Form of the Issuer

Term	Description
Refunds through electronic transfer of funds	Refunds through Direct Credit, NEFT, RTGS or ASBA, as applicable
Registrar and Share Transfer Agents or RTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
Registered Broker	Stock Brokers registered with the Stock Exchanges having nationwide terminals, other than the members of the Syndicate
Registrar to the Offer/RTO	The Registrar to the Offer as disclosed in the RHP/Prospectus and Bid cum Application Form
Reserved Category/ Categories	Categories of persons eligible for making application/Bidding under reservation portion
Reservation Portion	The portion of the Offer reserved for such category of eligible Bidders as provided under the SEBI ICDR Regulations,2009
Retail Individual Investors / RIBs	Investors who applies or bids for a value of not more than ₹ 200,000 (including HUFs applying through their karta and Eligible NRIs and does not include NRIs other than Eligible NRIs
Retail Individual Shareholders	Shareholders of a listed Issuer who applies or bids for a value of not more than ₹ 200,000
Retail Category	The portion of the Offer being such number of Equity Shares available for allocation to RIBs which shall not be less than the minimum Bid Lot, subject to availability in RIB category and the remaining shares to be Allotted on proportionate basis
Revision Form	The form used by the Bidders, including ASBA Bidders, in an issue through Book Building Process to modify the quantity of Equity Shares and/or bid price indicated therein in any of their Bid cum Application Forms or any previous Revision Form(s)
RoC	The Registrar of Companies
SEBI	The Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992
SEBI ICDR Regulations,2009	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
Self Certified Syndicate Bank(s) or SCSB(s)	A bank registered with SEBI, which offers the facility of ASBA and a list of which is available on http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html
Specified Locations	Bidding centers where the Syndicate shall accept Bid cum Application Forms, a list of which is available on the website of SEBI at www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries updated from time to time
Stock Exchanges/ SE	The stock exchanges as disclosed in the RHP/Prospectus of the Issuer where the Equity Shares Allotted pursuant to the Offer are proposed to be listed
Syndicate	The BRLM(s) and the Syndicate Member
Syndicate Agreement	The agreement to be entered into among the Issuer, and the Syndicate in relation to collection of Bid cum Application Forms by Syndicate Members
Syndicate Member(s)/SM	The Syndicate Member(s) as disclosed in the RHP/Prospectus
Underwriters	The BRLM(s) and the Syndicate Member(s)
Underwriting Agreement	The agreement amongst the Issuer, and the Underwriters to be entered into on or after the Pricing Date
Working Day	All days other than second and fourth Saturday of the month, Sunday or a public holiday, on which commercial banks in Mumbai are open for business; provided however, with reference to (a) announcement of Price Band; and (b) Bid/Offer Period, shall mean all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business; and (c) the time period between the Bid/ Offer Closing Date and the listing of the Equity Shares on the Stock Exchanges, shall mean all trading days of Stock Exchanges, excluding Sundays and bank holidays, as per the SEBI Circular SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016.

SECTION IX: MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

Note: By a Special Resolution passed by way of postal ballot on January 24, 2017 these Articles were adopted as the Articles of Association of the Company in substitution for and to the exclusion of all the existing Articles of the Company.

(THE COMPANIES ACT, 2013)

(COMPANY LIMITED BY SHARES)

ARTICLES OF ASSOCIATION

OF

AU SMALL FINANCE BANK LIMITED

The Articles of Association of the Company comprise of two parts, Part A and Part B, which parts shall, unless the context otherwise requires, co-exist with each other. In case of inconsistency or contradiction, conflict or overlap between Part A and Part B, the provisions of Part B shall, subject to Applicable Law, prevail and be applicable. However, Part B shall automatically terminate and cease to have any force and effect from the date of listing and trading of Equity Shares on a recognized stock exchange in India pursuant to an initial public offering of the Equity Shares of the Company, without any further corporate action by the Company or by the shareholders. Further, in terms of Article 13 (b) of Part A herein, the right of the shareholders holding 10% of the paid-up equity share capital of our Company on a fully diluted basis, to nominate one (1) Director each on the Board of the Company shall be be exercisable upon receipt of shareholders' approval through a special resolution in a general meeting of the Company held after the successful completion of the Offer.

Our Company has been granted the RBI Final Approval on December 20, 2016 for conversion into a SFB and subsequently our Company has commenced its Small Finance Bank operations on April 19, 2017. The present Articles which were approved by our Shareholders pursuant to their resolution dated January 24, 2017 have come into effect since the conversion of our Company into a Small Finance Bank.

PART A[1]

	INTRODUCTION	
1.	The regulations contained in Table F of the First Schedule to the Act, shall not apply to this Company, unless otherwise specifically referred or incorporated herein.	**Table 'F'**
2.	Wherever used in these Articles, unless the context otherwise requires, terms defined in any part of these Articles shall, when capitalized, have the same meanings unless otherwise defined in Article 3 below.	

[1] *These articles which were adopted by way of the resolution passed by our Shareholders on January 24, 2017, reflect the observations issued by the RBI by way of its letter dated July 14, 2016, i.e., in relation to, (i) deletion of references to 'subsidiaries' of our Company from the AoA, as a bank is not permitted to set up subsidiaries as per the extant banking regulations, (ii) deletion of winding up procedures, as the same is dealt with separately in the Banking Regulations Act, 1949, and (iii) to stipulate that the Managing Director and CEO were kept as a single post in line with the prevalent practice in the banking sector (which has been mentioned in Part A - Article 13(c) of the present Articles).*

3.	In these Articles:	**Interpretation**
	"**Accounting Standards**" means Indian generally accepted accounting principles or any other accounting principles / standards promulgated by the Institute of Chartered Accountants of India or any other body or entity authorized in this regard in India, together with its pronouncements thereon from time to time, and applied on a consistent basis;	
	"**Act**" means the (Indian) Companies Act, 2013 (including the relevant rules framed thereunder), to the extent enforced, as amended, modified, replaced or supplemented from time to time. The provisions of the Companies Act, 1956, as amended, referred herein shall be deemed to be substituted by the corresponding provisions of the Companies Act, 2013 to the extent such provision of the Companies Act, 2013 has been notified by the relevant government authority;	
	"**Applicable Law**" means all applicable statutes, laws, ordinances, rules and regulations, judgments, notifications, orders, decrees, bye-laws, guidelines, or any decision, or determination, or any interpretation, policy or administration, having the force of law, including but not limited to, the Banking Act, the Guidelines and any Authorization by any Authority, in each case as in effect from time to time;	
	"**Articles**" means these articles of association of the Company (as from time to time amended, modified or supplemented) and a reference to an "**Article**" shall be construed as a reference to any specific provision of these Articles;	
	"**Auditors**" means independent, external statutory auditors of the Company;	
	"**Authority**" means any national, supranational, regional or local government or governmental, statutory, regulatory, administrative, fiscal, judicial, or government-owned body, department, commission, authority, tribunal, agency or entity, or central bank (or any Person whether or not government owned and howsoever constituted or called, that exercises the functions of a central bank) or any securities exchange or body or authority regulating such securities exchange;	
	"**Authorization**" means any consent, registration, filing, agreement, notarization, certificate, license, approval, in-principal approval, permit, authority or exemption from, by or with any Authority, whether given by express action or deemed given by failure to act within any specified time period and all corporate, creditors' and shareholders' approvals or consents;	
	"**Banking Act**" means the Banking Regulation Act, 1949 and all rules and regulations issued thereunder, and would include any statutory modifications or re-enactment thereof for the time being in force;	
	"**Board of Directors**" or "**Board**" means the board of directors of the Company nominated and appointed from time to time in accordance with Article 13, 13A or 13B herein;	
	"**CEO**" has the meaning set forth in Article 13(c);	

	"**Chairman**" means the chairman of the Board of Directors elected or appointed from time to time;	
	"**Charter**" means the memorandum of association of the Company and these Articles;	
	"**Company**" means AU SMALL FINANCE BANK LIMITED, a company incorporated in India;	
	"**Country**" means the Republic of India;	
	"**Director**" means an individual who is a member of the Board nominated/proposed and appointed from time to time in accordance with Article 13 or 13A or 13B herein;	
	"**Equity Shares**" or "**Shares**" shall mean equity shares of Company, having a par value of Rs. 10 (Rupees Ten) per share;	
	"**General Meeting**" means either an extraordinary general meeting or the annual general meeting of the Company's shareholders;	
	"**Guidelines**" means the Guidelines on Licensing of Small Finance Bank in the Private Sector dated November 27, 2014, read with the Clarifications to Queries on Guidelines for Licensing of Small Finance Bank in the Private Sector dated January 01, 2015, each issued by the RBI, and such other rules and regulations as may be relevant;	
	"**Independent Director**" shall mean an independent director as defined under the Act and under the Listing Regulations;	
	"**Indian GAAP**" shall mean the generally accepted accounting principles or any such principles recommended by the Institute of Chartered Accountants of India and/or stipulated by the Authority and where there are no such principles recommended/stipulated, the accounting principles accepted in India and consistently applied from period to period and throughout any period in accordance with past practices of the Company;	
	"**INR**" or "**Rs**" or "**Rupees**" means the lawful currency of the Country;	
	"**Key Management Personnel**", in relation to the Company, means collectively, the chief executive officer/managing director/manager, the company secretary, the whole-time directors, the chief financial officer and such other officers as maybe prescribed and declared by the Company to be a key management personnel;	
	"**Lien**" means any mortgage, pledge, charge, assignment, hypothecation, security interest, title retention, preferential right, option (including call commitment), trust arrangement, any voting rights, right of set-off, counterclaim or banker's lien, privilege or priority of any kind having the effect of security, any designation of loss payees or beneficiaries or any similar arrangement under or with respect to any insurance policy;	
	"**MD**" has the meaning set forth in Article 13(c);	
	"**Memorandum of Association**" means the memorandum of association of the Company (as from time to time amended, modified or supplemented)	

	"**Person**" means as the context may require any individual, corporation, company, partnership, firm, voluntary association, joint venture, trust, unincorporated organization, Authority or any other entity whether acting in an individual, fiduciary or other capacity	
	"**Share Equivalents**" means preference shares, bonds, loans, warrants, options or other similar instruments or securities which are convertible into or exercisable or exchangeable for, or which carry a right to subscribe for or purchase, Equity Shares (or any other Share Equivalents) or any instrument or certificate representing a beneficial ownership interest in the Equity Shares, including global depositary receipts or American depositary receipts;	
	"**Tax**" and, collectively "**Taxes**" shall mean any and all foreign, central, state, municipal and local (or equivalent) taxes of any country, assessments and other governmental charges, customs duties, duties, impositions and liabilities, including taxes based upon or measured by gross receipts, income, profits sales, service, use and occupation, and value added, ad valorem, stamp duty, stamp transfer, franchise, withholding, payroll, recapture, employment, excise and property taxes, together with all interest, penalties and additions imposed with respect to such amounts and any obligations under any agreements or arrangements with any other Person with respect to such amounts and including any liability for taxes of a predecessor entity;	
4.	(a) Subject to the other provisions of these Articles, wherever in the Act and/or Companies Act, 1956, as amended and/or the Banking Act and/or the Guidelines, it has been provided that the Company shall have any right, privilege or authority or that the Company could carry out any transaction only if the Company is so authorized by its Articles, then and in that case this Article hereby authorizes and empowers the Company to have such right, privilege or authority and to carry such transaction as have been permitted by the Act and/or Companies Act, 1956, as amended and/or the Banking Act and/or the Guidelines, without there being any specific regulation in that behalf herein provided. (b) Any reference to "he"/ "his"/"him"/"himself" in these Articles will include reference to "she"/ "it"/ "her"/ "her"/ "its"/"herself"/ "itself" as the context may require, subject to Applicable Law.	
	SHARE CAPITAL	
5.	The authorized share capital of the Company shall be such amount and be divided into such shares as may, from time to time, be provided in Clause V of the Memorandum of Association with power to increase or reduce the capital in accordance with the provisions of these Articles, the Act, the Banking Act, the Guidelines and with the power to divide the share capital, whether original or increased or decreased into several classes and attach thereto respectively such ordinary, preferential or special rights and conditions in such a manner as may for the time being be provided by these Articles and allowed by Applicable Law. The minimum paid up capital of the Company shall at all times be in accordance with Applicable Law.	**Authorised Capital**
6.	(a) Subject to the provisions of these Articles, Sections 23, 62, 42, 43, the	**Further Issue of Share**

	relevant rules framed thereunder (if any) and other applicable provisions of the Act, to the extent enforced and the relevant rules framed thereunder (if any), to the extent applicable, Section 12 of the Banking Act and other guidelines/ directions and circulars issued by RBI from time to time (including the Guidelines) the shares of the Company shall be under the control of the Board who may allot or otherwise dispose of the same or any of them to such Person, in such proportion and on such terms and conditions and either at a premium or at par or at a discount and at such time as the Board from time to time thinks fit and with full power with the sanction of the Company in a General Meeting to give to any Person the shares either at par or at premium, during such times and for such consideration as the Board thinks fit. (b) The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class and specified in these Articles, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith. (c) Where at any time, the Company proposes to increase its subscribed capital by the allotment of further shares either out of the unissued capital or out of the increased share capital, such shares shall be offered: A. to persons who, at the date of the offer, are holders of Equity Shares of the Company in proportion, as nearly as circumstances admit, to the paid-up share capital on those shares by sending a letter of offer subject to the following conditions, namely: a. the offer shall be made by notice specifying the number of shares offered and limiting a time not being less than 15 (fifteen) days and not exceeding 30 (thirty) days from the date of the offer within which the offer, if not accepted, shall be deemed to have been declined; b. the offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person; and the notice referred to in clause a. above shall contain a statement of this right. Provided that the Directors may decline, without assigning any reason to allot any shares to any person in whose favour any member may renounce the shares offered to him; c. after the expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board may dispose of them in such manner which is not disadvantageous to the shareholders and the Company; and d. Nothing in sub-clause b of clause A of sub-article (c) above shall be deemed: (i) to extend the time within which the offer should be accepted; or (ii) to authorize any person to exercise the right of renunciation for a second time, on the ground that the person in whose favor the renunciation was first made has declined to take the	**Capital**

	shares comprised in the renunciation. e. Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debenture issued or loans raised by the Company: (i) to convert such debentures or loans into shares in the Company; or (ii) to subscribe for shares in the Company (whether such option is conferred in these Articles or otherwise). Provided that the terms of the issue of such debentures or the terms of such loans include a term providing for such option and such term: (a) either has been approved by the central government before the issue of the debentures or the raising of the loans or is in conformity with the rules, if any, made by that government in this behalf; and (b) in the case of debentures or loans or other than debentures issued to or loans obtained from Government or any institution specified by the central government in this behalf, has also been approved by a special resolution passed by the Company in General Meeting before the issue of the debentures or raising of the loans. B. To employees under a scheme of employees' stock option, subject to a special resolution passed by the Company and subject to such conditions as prescribed in the Act and the rules thereunder; C. to any persons, if it is authorised by a special resolution passed by the Company in a General Meeting, whether or not those persons include the persons referred to in clause A above, either for cash or for a consideration other than cash, if the price of such shares is determined by the valuation report of a registered valuer subject to the rules. Where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in the General Meeting (including the casting vote, if any, of the Chairman) by the members who, being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the central government is satisfied, on an application made by the Board in this behalf that the proposal is most beneficial to the Company, then further shares may be offered to such persons. (d) The notice referred to in sub-clause a. of clause A of sub-article (c) shall be dispatched through registered post or speed post or through electronic mode to all the existing shareholders at least 3 (three) days before the opening of the issue. (e) The provisions contained in this Article shall be subject to the provisions of the Section 42 and Section 62 of the Act, the rules thereunder and other applicable provisions of the Act.	

6A.	(i) The Company shall not give, whether directly or indirectly and whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of, or in connection with, a purchase or subscription made or to be made, by any person of or for any shares in the company or in its holding company. Provided however that the sub-section (i) above shall not apply to: (a) the provision by a company of money in accordance with any scheme approved by company through special resolution and in accordance with such requirements as may be prescribed, for the purchase of, or subscription for, fully paid-up shares in the company or its holding company, if the purchase of, or the subscription for, the shares held by trustees for the benefit of the employees or such shares held by the employee of the company; (b) the giving of loans by a company to persons in the employment of the company other than its directors or key managerial personnel, for an amount not exceeding their salary or wages for a period of six months with a view to enabling them to purchase or subscribe for fully paid-up shares in the company or its holding company to be held by them by way of beneficial ownership. (ii) Notwithstanding anything contained herein, the right of a company to redeem any preference shares issued by it under the Act and/or Companies Act, 1956 shall not be affected.	**Funds of Company may not be applied in purchase of shares of the Company**
6B.	Subject to the provisions of these Articles and the Act, the Board may, when and if thought fit, buy back such of the Company's own Shares as it may think necessary, subject to such limits, upon such terms and conditions, and subject to such approvals, as may be stipulated by Applicable Law.	**Buyback of Shares**
6C.	(i) The company in general meeting may, upon the recommendation of the Board, resolve— (a) that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the company's reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and (b) that such sum be accordingly set free for distribution in the manner specified in clause (ii) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions. (ii) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained herein below, either in or towards— (A) paying up any amounts for the time being unpaid on any shares held by such members respectively; (B) paying up in full, unissued shares of the company to be allotted and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid; (C) partly in the way specified in sub-clause (A) and partly in that specified in sub-clause (B); (D) A securities premium account and a capital redemption reserve	**Capitalisation of Profits**

	account may, for the purposes of this regulation, be applied in the paying up of unissued shares to be issued to members of the company as fully paid bonus shares; (E) The Board shall give effect to the resolution passed by the company in pursuance of this regulation.	
6D.	(i) Whenever such a resolution as aforesaid shall have been passed, the Board shall— (a) make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares if any; and (b) generally do all acts and things required to give effect thereto. (ii) The Board shall have power- (a) to make such provisions, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of shares becoming distributable in fractions; and (b) to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the company providing for the allotment to them respectively, credited as fully paid-up, of any further shares to which they may be entitled upon such capitalisation, or as the case may require, for the payment by the company on their behalf, by the application thereto of their respective proportions of profits resolved to be capitalised, of the amount or any part of the amounts remaining unpaid on their existing shares; (iii) Any agreement made under such authority shall be effective and binding on such members.	
6E.	Subject to the provisions of Section 62 and other applicable provisions of the Act and these Articles, the shares in the capital of the Company for the time shall be under the control of the Board who may issue, allot or otherwise dispose of the same or any of them to such Persons in such proportion and on such terms and conditions and either at a premium or at par or at a discount (subject to the compliance with the provision of Section 53 of the Act) and at such time as they may, from time to time, think fit and with sanction of the Company in the General Meeting to give to any person or persons the option or right to call for any Shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any Shares which may be so allotted may be issued as fully paid up Shares and is so issued, shall be deemed to be fully paid up shares. Provided that option or right to call shares shall not be given to any person or persons without the sanction of the Company in the General Meeting	**Shares at the disposal of Directors**
	CERTIFICATES OF SHARES	
6F.	If any share certificate be worn out, defaced, mutilated or torn or if there be no further space on the back for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deem	**Issue of new certificate in place of one defaced, lost or destroyed**

	adequate, a new certificate in lieu thereof shall be given and a new certificate in lieu thereof shall be given to the parties entitled to such lost or destroyed certificate, in compliance with the provisions of the Act and the Securities Contracts (Regulation) Rules, 1957, as amended. Every certificate under this Article shall be issued on payment of such sum of money as the Board may think fit which amounts shall not be less than twenty rupees and not more than fifty rupees for each certificate. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer. Provided that notwithstanding what is stated above the Directors shall comply with such rules or regulation or requirements of any stock exchange or the rules made under the Act or rules made under Securities Contracts (Regulation) Act, 1956 or any other act, or rules applicable thereof in this behalf. The provisions of this Article shall *mutatis mutandis* apply to debentures of the Company. Except as required by law, no person shall be recognized by the Company as holding any share upon any trust, and the Company shall not be bound by, or be compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these Articles or by Applicable Law) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.	
6G.	Every shareholder shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as the Directors may from time to time determine) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates within 2 (two) months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be under the seal of the Company and shall specify the number and distinctive numbers of shares in respect of which it is issued and the amount paid up thereon and shall be in such form as the Directors may prescribe and approve, provided that in respect of a share or shares held jointly by several persons, the Company shall not be bound to issue more than 1 (one) certificate and delivery of a certificate of shares to 1 (one) of several joint holders shall be sufficient delivery to all such holders.	**Limitation of time for issue of certificates**
	DIVIDEND	
6H.	Where the Company has declared a dividend which has not been paid or the dividend warrant in respect thereof has not been posted or sent within 30 (thirty) days from the date of declaration to any shareholder entitled to payment of the Dividend, the Company shall transfer the total amount of dividend, which remained unpaid or unclaimed within 7 (seven) days from the date of expiry of the said period of 30 (thirty) days to a special account to be opened by the Company in that behalf in any scheduled bank to be called the "Unpaid Dividend Account"	**Unpaid or unclaimed dividend**

	and transfer to the said account, the total amount of dividend which remains unpaid or in relation to which no dividend warrant has been posted. Any money so transferred to the Unpaid Dividend Account of the Company which remains unpaid or unclaimed for a period of 7 (seven) years from the date of such transfer, shall be transferred by the Company to the fund established under sub-section (1) of Section 125 of the Act, viz. "Investors Education and Protection Fund". No unclaimed or unpaid dividend shall be forfeited by the Board before it becomes barred by law.	
	DEBENTURES	
6I.	Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting at the General Meeting), appointment of Directors and otherwise debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in the General Meeting by a special resolution.	**Term of issue of debenture**
	CALLS ON SHARES	
7.	If any member fails to pay any call due to him on or before the day appointed for payment thereof or any extension thereof, he/she shall be liable to pay interest on the same from the day appointed for payment thereof to the time of actual payment at such rate as shall from time to time be fixed by Board of Directors but nothing in this Article renders it compulsory for the Board of Directors to demand or recover any interest (in whole or part) from such member. Save as aforesaid, Regulations 13 to 18 of Table "F" shall apply. The Directors may, if they think fit, subject to the provisions of Section 50 of the Act, agree to and receive from any member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced. However, such a payment shall not confer a right to dividend or to participate in profits. No member paying any such sum in advance shall be entitled to voting rights in respect of the moneys so paid by him until the same would but for such payment become presently payable. The provisions of this Article shall *mutatis mutandis* apply to debentures of the Company.	**Calls on Shares** **Calls on Shares** **Payment in anticipation of call may carry interest**

	Regulations of 28 to 34 of Table "F" shall apply.	**Forfeiture of Shares**
7A.	**COMPANY'S LIEN**	
	(a) The fully paid Shares will be free from all Liens, while in the case of partly paid Shares, the Company's Lien, if any, will be restricted to moneys called or payable at a fixed time in respect of such Shares.	**Fully paid Shares will be free from all Liens**
	(b) The Company shall have a first and paramount Lien:	**First and paramount Lien**
	(i) on every Share (not being a fully paid-up Share), for all monies (whether presently payable or not) called, or payable at a fixed time, in respect of that Share; and	
	(ii) on all Shares (not being fully paid Shares) standing registered in the name of a single person, for all monies presently payable by him or his estate to the Company:	
	Provided that the Board may at any time declare any Share to be wholly or in part exempt from the provisions of this Article.	
	(c) The Company's Lien, if any, on a Share shall extend to all Dividends payable and bonuses declared from time to time in respect of such Shares.	
	(d) The Company may sell, in such manner as the Board thinks fit, any Shares on which the Company has a Lien:	**Powers of the Company to sell the Shares under Lien**
	Provided that no sale shall be made:	
	(i) unless a sum in respect of which the Lien exists is presently payable; or	
	(ii) until the expiration of 14 days after a notice in writing stating and demanding payment of such part of the amount in respect of which the Lien exists as is presently payable, has been given to the registered holder for the time being of the Share or the person entitled thereto by reason of his death or insolvency.	
	(e) To give effect to any such sale, the Board may authorise some person to transfer the Shares sold to the purchaser thereof.	
	(i) The purchaser shall be registered as the holder of the Shares comprised in any such transfer;	
	(ii) The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the Shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.	
	(f) The proceeds of the sale shall be received by the Company and applied in payment of such part of the amount in respect of which the Lien exists as is presently payable.	
	(g) The residue, if any, shall, subject to a like Lien for sums not presently payable as existed upon the Shares before the sale, be paid to the person entitled to the Shares at the date of the sale.	

INCREASE OF CAPITAL		
8.	The Company may, from time to time, by resolution, in accordance with the provisions of these Articles, increase its share capital by such sum to be divided into shares of such amounts, as the resolution shall prescribe.	**Authority**
9.	(a) Except so far as otherwise provided in these Articles, the Company at its General Meeting may, by ordinary resolution- (i) Consolidate and divide all or any of its share capital into shares of larger amount than its existing shares. Provided that no consolidation and division which results in changes in the voting percentage of shareholders shall take effect unless it is approved by a competent tribunal under Applicable Law on an application made in the prescribed manner. (ii) Convert any or all of its fully paid-up shares into stock and reconvert that stock into fully paid-up shares of any denomination. (iii) Sub-divide its existing shares or any of them into shares of smaller amount than is fixed in the Memorandum of Association subject to the provisions of clause (d) of sub-section (1) of the Section 61 of the Act. (iv) Cancel any shares which, at the date of passing of the resolution, have not been taken or agreed to be taken by a Person and such cancellation shall not be deemed to be reduction in share capital.	**Consolidation and Division** **Converting shares into stock and vice versa** **Sub-division** **Cancellation**
TRANSFER AND TRANSMISSION OF SHARES AND RESTRICTIONS ON TRANSFER		
10.	A common form of transfer shall be used. The instrument of transfer shall be in writing and all provisions of Section 56 of the Act and statutory modification thereof for the time being shall be duly compiled with in respect of all transfer of shares and registration thereof. The transferor and transferee or their duly constituted agents, by submitting to the registered office of the Company, duly executed prescribed instrument for share transfer, may apply to register the transfer of shares.	**Instrument of transfer**
10A.	Subject to the provisions of Sections 58 and 59 of the Act, these Articles and other applicable provisions of the Act or any other Applicable Law for the time being in force, the Board may, at its absolute and uncontrolled discretion and by giving reasons, refuse to register the transfer of, or the transmission by operation of law of the right to, any securities (whether fully paid up or not) or interest of a Shareholder in the Company and the right to refusal shall not be affected by the circumstances that the proposed transferee is already a member of the Company. The Company shall, within 30 days from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to the Company, send a notice of refusal to the transferee and transferor or to the person giving notice of such transmission, as the case may be, giving reasons for such refusal. Provided that, registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other Person or Persons indebted	**Directors may refuse to register transfer**

	to the Company on any account whatsoever except where the Company has a Lien on Shares. Subject to the applicable provisions of the Act and these Articles, the Directors shall have the absolute and uncontrolled discretion to refuse to register a Person entitled by transmission to any shares or his nominee as if he were the transferee named in any ordinary transfer presented for registration, and shall not be bound to give any reason for such refusal and in particular may also decline in respect of shares upon which the Company has a Lien. Subject to the provisions of these Articles, any transfer of shares or Debentures in whatever lot shall not be refused, though there may be no objection to the Company refusing to split a share certificate into several scripts of any small denominations or, to consider a proposal for transfer of shares comprised in a share certificate to several Shareholders, involving such splitting, if on the face of it such splitting/transfer appears to be unreasonable or without a genuine need. The Company should not, therefore, refuse transfer of shares in violation of the stock exchange listing requirements on the ground that the number of shares to be transferred is less than any specified number.	
10B.	No fee shall be charged for the registration of transfer, transmission, probate, succession certificate and letters of administration, certificate of death or marriage, power of attorney or similar other document.	**No fee on transfer or transmission**
10C.	The Company shall refuse to register any transfer or other disposition of Equity Shares purported to be made by any such holder in breach of any of the provisions herein contained. The Company and the shareholders shall cast their votes in such a manner as to ensure that the Company registers all transfers made in accordance with these Articles, and refuses to register a transfer that is not in accordance with these Articles. No Person / group of Persons shall acquire or agree to acquire, directly or indirectly, by himself or acting in concert with any other Person, any shares of the Company or voting rights therein, in contravention to the provisions of the Banking Act, the Guidelines and these Articles	**Invalid Transfers**
GENERAL POWERS OF THE COMPANY AND THE BOARD		
11.	In the making of contracts with any individual, firm or body corporate, the Company shall comply with the various provisions of the Act and Companies Act, 1956 (to the extent applicable) and these Articles.	**To make contracts**
11A.	Subject to the relevant provisions of the Act, the Guidelines and the Banking Act, the Board, may from time to time, raise or secure the repayment of any sum or sums in such manner and upon such terms and conditions in all respects as they may think fit, and in particular by the creation of any mortgage or charge on the undertaking or the whole or any part of the property, present or future or by the issue of bonds, perpetual or redeemable, debentures or debenture-stock of the Company, charged upon all or any part of the property of the Company both present and future.	**Borrowing powers**
12.	Subject to the applicable provisions of the Act, these Articles and other provisions of Applicable Law: (a) The Board may exercise all such powers of the Company and do all such acts and things as are not, by the Act, the Companies Act, 1956 (to the	**Restrictions on powers of the Board**

	extent applicable) or by the Charter required to be exercised by the Company in a General Meeting. Such exercise of powers by the Board will nevertheless be subject to these Articles, to the provisions of the Act and the Companies Act, 1956 (to the extent applicable), the Banking Act and/or the Guidelines and as may be prescribed by the Company in a General Meeting. (b) The Board is vested with the entire management and control of the Company, including as regards any and all decisions and resolutions to be passed, for and on behalf of the Company. (c) Provided that the Board shall not, except with the consent of the Company by a Special Resolution:- i. Sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking, of the whole, or substantially the whole, of any such undertaking. The term 'undertaking' and the expression 'substantially the whole of the undertaking' shall have the meaning ascribed to them under the provisions of Section 180 of the Act; ii. Remit, or give time for repayment of, any debt due by a Director; iii. Invest otherwise than in trust securities the amount of compensation received by the Company as a result of any merger or amalgamation; and iv. Borrow money(ies) where the money(ies) to be borrowed together with the money(ies) already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of businesses), will exceed the aggregate of the paid up capital of the Company and its free reserves.	
CORPORATE GOVERNANCE		
13.	(a) The number of Directors comprising the Board shall in accordance with the provisions of the Applicable Law including the Banking Act and/or the Guidelines and the relevant circulars and guidelines issued by the Reserve Bank of India from time to time. (b) Subject to Applicable Law, when the shares held by any shareholder(s) represent at least ten percent (10%) of the paid up equity share capital of the Company on a fully-diluted basis, such shareholder(s) shall have the right to nominate one (1) Director each and all the other shareholders shall ensure that such nominee is promptly appointed as a Director. (c) The Board shall have the overall responsibility for management of Company and may appoint and delegate such day to day functions to the managing director ("**MD**") and/or chief executive officer ("**CEO**") or to such committee as may be required or deemed appropriate by the Board. It is clarified that in line with the prevalent practice in the banking sector, a	**Board Composition**

	single post of MD and CEO may be created by the Company and the same person may be appointed as the MD and CEO of the Company[2]. (d) The Board shall constitute the statutory committees in accordance with Applicable Law. (e) The Board shall always be in compliance with the provisions of the Banking Act and/or the Guidelines, as applicable, the Act and the relevant circulars and guidelines issued by RBI from time to time	
13A.	Subject to the provisions of the Act and the Articles, the Board shall have power at any time, and from time to time, to appoint a Person as an additional Director, provided the number of the Directors and additional Directors together shall not at any time exceed the maximum strength fixed for the Board and under Applicable Law. Subject to the provisions of these Articles, such Person appointed as additional Director shall hold office only up to the date of the next annual general meeting of the Company but shall be eligible for appointment by the Company as a Director at that meeting subject to the provisions of the Act.	**Appointment of Additional Directors**
13B.	The Company shall have such number of Independent Directors on the Board of the Company, as may be required in terms of the provisions of Applicable Law, as may be applicable. Further, such appointment of such Independent Directors shall be in terms of, and subject to, the aforesaid provisions of Applicable Law.	**Appointment of Independent Directors**
14.	A Director need not hold any qualification Shares.	**Qualification Shares**
14A.	(a) At every annual General Meeting of the Company, one-third of such of the Directors for the time being as are liable to retire by rotation or if their number is not three or a multiple of three, the number nearest to one-third shall retire from office. (b) Subject to Section 152(6)(d) of the Act, the Directors to retire by rotation at every annual General Meeting shall be those who have been longest in office since their last appointment, but as between Persons who become Directors on the same day, those who are to retire, shall, in default of and subject to any agreement amount themselves, be determined by lot. (c) A retiring Director shall be eligible for re-election. (d) Subject to Sections 152(6)(e) and 152(7)(a) of the Act and these Articles, the Company at the General Meeting at which a Director retires in a manner aforesaid may fill up the vacated office by electing a Person thereto. (e) If the place of the retiring Director is not so filled up and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is a national holiday, till the next succeeding day which is not a national holiday, at the same time and place. (f) If at the adjourned meeting also, the place of the retiring Director is not filled up and that meeting also has not expressly resolved not to fill the vacancy, then the retiring Director shall be deemed to have been	**Retirement of Directors by Rotation**

[2] *This Article was amended by way of the resolution passed by our Shareholders on January 24, 2017 in line with the observations issued by the RBI by way of its letter dated July 14, 2016, i.e., to state that Managing Director and CEO may be kept as a single post in line with the prevalent practice in the banking sector.*

	reappointed at the adjourned meeting, unless:- (i) at that meeting or at the previous meeting a resolution for the reappointment of such Director has been put to the meeting and lost; (ii) the retiring Director has, by a notice in writing addressed to the Company or its Board , expressed his unwillingness to be so reappointed; (iii) he is not qualified or is disqualified for appointment; or (iv) a resolution whether special or ordinary is required for the appointment or reappointment by virtue of any applicable provisions of the Act and the Companies Act, 1956 (to the extent applicable).	
14B.	(a) No Person not being a retiring Director, shall be eligible for appointment to the office of Director at any General Meeting unless he or some member intending to propose him has, not less than fourteen (14) days before the meeting, left at the registered office of the Company a notice in writing under his hand signifying his candidature for the office of Director or the intention of such member to propose him as a candidate for that office (along with a deposit of Rs 100,000 (Rupees One Hundred Thousand) or such higher amount as may be prescribed by the rules made under the Act which shall be refunded to such Person or as the case may be, to such member if the Person succeeds in getting elected as a Director. Any such nomination and appointment as stated aforesaid shall be subject to the provisions of these Articles. (b) Every Person (other than a Director retiring by rotation or otherwise or a person who has left at the registered office of the Company a notice under Section 160 of the Act, signifying his candidature for the office of a Director) proposed as a candidate for the office of a Director shall sign and file with the Company, the consent in writing to act as a Director, if appointed. (c) A Person other than a Director re-appointed after retirement by rotation or immediately on the expiry of his term of office, or an additional or alternate Director, or a Person filling a casual vacancy in the office of a Director under Section 161 of the Act, appointed as a Director or re-appointed as an additional or alternate Director, immediately on the expiry of his term of office shall not act as a Director of the Company, unless, as per Section 152(5) of the Act, he has given his consent to hold the office as director and such consent has been filed with the registrar of companies by the Company within thirty (30) days of his appointment.	**Notice and Consent required for appointment of Directors**
14C.	Subject to the provisions of Sections 161(4) and 169 (5) and (7) of the Act and these Articles, the Board shall have the power at any time and from time to time to appoint any other qualified Person to be a Director to fill a casual vacancy. Any Person so appointed shall hold office only upto the date upto which the Director in whose place he is appointed would have held office if it had not been vacated by him.	**Casual Vacancy**
14D.	Any remuneration and/or fees payable to a Director (including the MD and CEO or any whole-time Director, if any) by the Company shall be as per the provisions of the Banking Act, the Guidelines and the relevant regulations/ guidelines and	**Remuneration to Directors**

	circulars issued by RBI from time to time and the Act, including Sections 196 and 197 and the relevant rules framed thereunder (if any), read with Schedule V of the Act.	
14E.	(a) Except with the consent of the audit committee, Board or the shareholders, as may be required in terms of the provisions of section 188 of the Act and the Companies (Meetings of Board and its Powers) Rules, 2014 and as provided in the Act, the Company shall not enter into any contract or arrangement with a 'related party' (b) no Shareholder of the Company shall vote on such ordinary resolution, to approve any contract or arrangement which may be entered into by the Company, if such Shareholder is a related party. (c) nothing in this Article shall apply to any transactions entered into by the Company in its ordinary course of business other than transactions which are not on an arm's length basis (d) The Director, so contracting or being so interested shall not be liable to the Company for any profit realised by any such contract or the fiduciary relation thereby established. (e) The terms "office of profit" and "arm's length basis" shall have the meaning ascribed to them under Section 188 of the Act. (f) The term 'related party' shall have the same meaning as ascribed to it under the Act. (g) The compliance of the Companies (Meetings of Board and its Powers) Rules, 2014 shall be made for the aforesaid contracts and arrangements.	**Director may contract with the Company**
14F.	Except as required by Applicable Law, no person shall be recognized by the Company as holding any share upon any trust, and the Company shall not be bound by, or be compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these Articles or by Applicable Law) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.	**Directors and Officers' Liability Insurance**
	PROCEEDINGS OF THE BOARD	
15.	(a) The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit. (b) A director may, and the manager or secretary on the requisition of a director shall, at any time, summon a meeting of the Board. i. (a) Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes. (b) In case of an equality of votes, the Chairperson of the Board, if any, shall have a second or casting vote. ii. The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may	**Procedure of the Board**

	act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the company, but for no other purpose. iii. (a) The Board may elect a Chairperson of its meetings and determine the period for which he is to hold office. (b) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the directors present may choose one of their member to be Chairperson of the meeting. iv. (a) The Board may, subject to the provisions of the Act, delegate any of its powers to committees consisting of such member or members of its body as it thinks fit. (b) Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board. v. (a) A committee may elect a Chairperson of its meetings. (b) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairperson of the meeting. vi. (a) A committee may meet and adjourn as it thinks fit. (b) Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present, and in case of an equality of votes, the Chairperson shall have a second or casting vote. vii. All acts done in any meeting of the Board or of a committee thereof or by any person acting as a director, shall, notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such directors or of any person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such director or such person had been duly appointed and was qualified to be a director. viii. Save as otherwise expressly provided in the Act, a resolution in writing, signed by all the members of the Board or of a committee thereof, for the time being entitled to receive notice of a meeting of the Board or committee, shall be valid and effective as if it had been passed at a meeting of the Board or committee, duly convened and held.	
16.	(a) The quorum for a meeting of the Board and their committees shall be in accordance with the provisions of the Act. (b) Any Director shall be entitled to participate in a meeting of the Board or a committee of the Board of which he or she is a member, at which he or she is not physically present, by video conference or similar electronic means in accordance with the provisions of the Act and/or the circulars issued by the Ministry of Corporate Affairs (as amended from time to time) and the	**Quorum for Board meeting**

	Chairman shall ensure that such Director's observations are duly recorded in the minutes of such meeting.	
17.	All decisions of the Board shall, unless provided for otherwise, be taken as per the provisions of the Act and the Companies Act, 1956 (to the extent applicable) at a duly convened meeting of the Board at which a quorum is present.	**Decisions of the Board**
18.	Subject to Applicable Law, the Board or a committee thereof may take decisions through resolution by circulation or written consent. No resolution shall be deemed to have been duly passed by the Board or a committee of the Board by circulation or written consent, unless the resolution: (a) has been circulated in draft form together with the information required to make a fully-informed, good faith decision with respect to such resolution and appropriate documents required to evidence passage of such resolution, if any, to all Directors or to all Directors on the relevant committee at their usual address, and (b) has been approved in writing by a simple majority of the Directors on the Board or that committee, as required by the Act.	**Circular Resolution**
GENERAL MEETINGS		
19.	In accordance with the provisions of the Act, the Company shall in each year hold a General Meeting specified as its annual general meeting and shall specify the meeting as such in the notices convening such meetings. Further, not more than 15 (fifteen) months gap shall exist between the date of one annual general meeting and the date of the next annual general meeting. All General Meetings other than annual general meetings shall be extraordinary general meetings.	**General Meetings**
19A	The quorum for the General Meeting shall be in accordance with Section 103 of the Act. Subject to the provisions of Section 103(2) of the Act, if such a quorum is not present within half an hour from the time set for the General Meeting, the General Meeting shall be adjourned to the same time and place or to such other date and such other time and place as the Board may determine and the agenda for the adjourned General Meeting shall remain the same. If at such adjourned meeting also, a quorum is not present, at the expiration of half an hour from the time appointed for holding the meeting, the Shareholders present shall be a quorum, and may transact the business for which the meeting was called.	**No business to be transacted in General Meeting if quorum is not present**
20.	i. The Board may, whenever it thinks fit, call an extraordinary general meeting and it shall do so upon a requisition received from such number of shareholders who hold, on the date of receipt of the requisition, not less than one-tenth of such of the paid up share capital of the Company as on that date carries the right of voting and such meeting shall be held at the registered office of the Company or at such place and at such time as the Board thinks fit. ii. Any valid requisition so made by shareholders must state the object or objects of the meeting proposed to be called, and must be signed by the requisitionists and be deposited at the registered office of the Company; provided that such requisition may consist of several documents in like form each signed by one or more requisitionists. iii. Upon the receipt of any such valid requisition, the Board shall forthwith call an extraordinary general meeting and if they do not proceed within 21	**When Annual General Meeting to be held**

	(twenty-one) days from the date of the requisition being deposited at the registered office of the Company to cause a meeting to be called on a day not later than 45 (forty-five) days from the date of deposit of the requisition, the requisitionists or such of their number as represent either a majority in value of the paid up share capital held by all of them or not less than one-tenth of such of the paid up share capital of the Company as is referred to in Section 100 of the Act, whichever is less, may themselves call the meeting, but in either case any meeting so called shall be held within three months from the date of the delivery of the requisition as aforesaid. iv. Any meeting called under the foregoing sub-articles by the requisitionists, shall be called in the same manner, as nearly as possible, as that in which a meeting is to be called by the Board. v. The accidental omission to give any such notice as aforesaid to any of the shareholders, or the non-receipt thereof, shall not invalidate any resolution passed at any such meeting. vi. No General Meeting, annual or extraordinary, shall be competent to enter into, discuss or transact any business which has not been mentioned in the notice or notices by which it was convened. vii. The extraordinary general meeting called under this Article shall be subject to and in accordance with the provisions contained under the Companies (Management and Administration) Rules, 2014.	
20A.	Except as otherwise required by the relevant applicable Laws, all decisions of the Shareholders of the Company shall be made by simple majority.	**Decision Making**
21.	(i) Every annual general meeting shall be called during business hours, that is, between 9 A.M. and 6 P.M. on a day that is not a national holiday, and shall be held at the registered office of the Company or at some other place within the city, town or village in which the registered office of the Company is situated, as the Board may determine and the notices calling the meeting shall specify it as the annual general meeting. (ii) Every shareholder of the Company shall be entitled to attend the annual general meeting either in person or by proxy and the Auditor of the Company shall have the right to attend and to be heard at any General Meeting which he attends on any part of the business which concerns him as Auditor. At every Annual General Meeting of the Company there shall be laid on the table, the directors' report and audited statement of accounts, Auditors' report, (if not already incorporated in the audited statement of accounts), the proxy register with proxies and the register of directors' shareholdings which latter Register shall remain open and accessible during the continuance of the meeting. The Board shall cause to be prepared the annual return and forward the same to the concerned registrar of companies, in accordance with Sections 92 and 137 of the Act. The Directors are also entitled to attend the annual general meeting.	**Venue, Day and Time for holding Annual General Meeting**
22.	The Chairman for General Meetings shall be determined in accordance with the provisions of the Act and Companies Act, 1956 (to the extent applicable) and any other Applicable Law. The Chairman of the Board shall be entitled to take the Chair at every General	**Chairman for General Meeting**

	Meeting, whether annual or extraordinary. If there be no such Chairman of the Board or if at any meeting he shall not be present within fifteen minutes of the time appointed for holding such meeting or if he is unable or unwilling to take the Chair, then the Directors present shall elect one of them as Chairman. If no Director be present or if all the Directors present decline to take the Chair, then the shareholders present shall elect, on a show of hands or on a poll if properly demanded, one of their number to be the Chairman of the meeting. No business shall be discussed at any General Meeting except the election of a Chairman while the chair is vacant.	
22A	The Chairman may, with the consent given in the meeting at which a quorum is present (and if so directed by the meeting) adjourn the General Meeting from time to time and from place to place within the city, town or village in which the Office of the Company is situated but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place	**Chairman can adjourn the General Meeting**
23.	Any shareholder of the Company may appoint another Person as his proxy (and in case of a corporate shareholder, an authorized representative) to attend a meeting and vote thereat on such shareholder's behalf, provided that the power given to such proxy must be in writing and shall be delivered to the Company. Any Person possessing a proxy or other such written authorization with respect to any Equity Shares shall be able to vote on such Equity Shares and participate in meetings as if such Person were a shareholder, subject to the Applicable Law.	**Proxies**
23A.	(a) Notwithstanding any of the provisions of these Articles, the Company may, and in the case of resolutions relating to such business as notified under the Companies (Management and Administration) Rules, 2014, as amended, or other Law required to be passed by postal ballot, shall get any resolution passed by means of a postal ballot, instead of transacting the business in the General Meeting of the Company. Also, the Company may, in respect of any item of business other than ordinary business and any business in respect of which Directors or Auditors have a right to be heard at any meeting, transact the same by way of postal ballot. (b) Where the Company decides to pass any resolution by resorting to postal ballot, it shall follow the procedures as prescribed under Section 110 of the Act and the Companies (Management and Administration) Rules, 2014, as amended from time.	**Passing resolutions by postal ballot**
23B.	(a) Subject to any rights or restrictions for the time being attached to any class or classes of shares, — (i) on a show of hands, every Shareholder present in person shall have one vote; and (ii) on a poll, the voting rights of Shareholders shall be in proportion to his share in the paid-up equity Share Capital of the Company. (b) A Shareholder may exercise his vote at a meeting by electronic means in accordance with Section 108 of the Act and shall vote only once. (c) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the register of members. (d) A Shareholder of unsound mind, or in respect of whom an order has been	**Votes of Members**

	made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy. (e) Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll. (f) No Shareholder shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid or in regard to which the Company has exercised any right of Lien. (g) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the Chairperson of the meeting, whose decision shall be final and conclusive and every vote not disallowed at such meeting shall be valid for all purposes	
23C.	The Company shall also provide E-voting facility to the Shareholders of the Company in terms of the provisions of Act and the Companies (Management and Administration) Rules, 2014 or any other Law, if applicable to the Company. Company will follow the following procedure, in accordance with the provisions of the Act and the applicable Rules, namely: a. the notices of the meeting shall be sent to all the Shareholders, auditors of the company, or directors either: (i) by registered post or speed post; or (ii) through electronic means like registered e-mail id; or (iii) through courier service. b. the notice shall also be placed on the website of the company, if any and of the agency forthwith after it is sent to the Shareholders. c. the notice of the meeting shall clearly mention that the business may be transacted through electronic voting system and the company is providing facility for voting by electronic means. d. the notice shall clearly indicate the process and manner for voting by electronic means and the time schedule including the time period during which the votes may be cast and shall also provide the login ID and create a facility for generating password and for keeping security and casting of vote in a secure manner. e. the company shall cause an advertisement to be published, not less than five days before the date of beginning of the voting period, at least once in a vernacular newspaper in the principal vernacular language of the district in which the registered office of the company is situated, and having a wide circulation in that district, and at least once in English language in an English newspaper having a wide circulation in that district, about having sent the notice of the meeting and specifying therein, inter alia, the following matters, namely: (i) statement that the business may be transacted by electronic voting;	**E-Voting**

	(ii) the date of completion of sending of notices; (iii) the date and time of commencement of voting through electronic means; (iv) the date and time of end of voting through electronic means; (v) the statement that voting shall not be allowed beyond the said date and time; (vi) website address of the company and agency, if any, where notice of the meeting is displayed; and (vii) contact details of the person responsible to address the grievances connected with the electronic voting. f. the E-voting shall remain open for not less than one day and not more than three days: Provided that in all such cases, such voting period shall be completed three days prior to the date of the general meeting. g. the Board shall appoint one scrutinizer, who may be chartered Accountant in practice, Cost Accountant in practice, or Company Secretary in practice or an advocate, but not in employment of the company and is a person of repute who, in the opinion of the Board can scrutinize the E-voting process in a fair and transparent manner. h. the scrutinizer shall, within a period of not exceeding three working days from the date of conclusion of E-voting period, unblock the votes in the presence of at least two witnesses not in the employment of the company and make a scrutinizer's report of the votes cast in favour or against, if any, forthwith to the Chairman. i. subject to receipt of sufficient votes, the resolution shall be deemed to be passed on the date of the relevant general meeting of Shareholders	
24.	The Company shall comply with the provisions of Section 111 of the Act as to giving notice of resolutions and circulating statements on the requisition of shareholders.	**Circulation of Shareholders' resolution**
25.	(i) Number of days' notice of General Meeting to be given: A General Meeting of the Company may be called by giving not less than 21 (twenty one) days clear notice in writing or in electronic mode, excluding the day on which notice is served or deemed to be served (i.e., on expiry of 48 (forty eight) hours after the letter containing the same is posted). However, a General Meeting may be called after giving shorter notice if consent is given in writing or by electronic mode by not less than 95 (ninety five) percent of the shareholders entitled to vote at that meeting. (ii) The notice of every meeting shall be given to: a. every shareholder, legal representative of any deceased shareholder or the assignee of an insolvent shareholder of the Company, b. Auditor or Auditors of the Company, and c. all Directors.	**Notice of meetings**
FINANCIAL RECORDS		
26.	The Company shall maintain true and accurate financial and accounting records of all operations in accordance with Indian GAAP, and in accordance with all relevant Accounting Standards and the policies from time to time adopted by the	**Financial and accounting records**

	Board. The financial statements and accounts of the Company shall be prepared in English and shall be audited on an annual basis.	
27.	The provisions of the Act including as provided in Table "F" to Schedule I of the Act shall apply.	**Notices**

PART B[3]

The provisions of this Part B have been inserted pursuant to the execution of the shareholders' agreement dated February 28, 2012 executed amongst the Company, the Sponsors, India Business Excellence Fund, India Business Excellence Fund 1, International Finance Corporation and Redwood Investment Ltd.

In the event of any inconsistency between Part A and Part B of the Articles of Association, the provisions of Part B of the Articles of Association shall, subject to Applicable Law, prevail over Part A. Part B of the Articles shall automatically terminate and cease to have any force and effect and shall be deemed to fall away on and from the date of listing and trading of the Equity Shares on a stock exchange in India, subsequent to an initial public offering of the Equity Shares of the Company without any further action by the Company or its shareholders.

	INTRODUCTION		
1.	The regulations contained in Table F of the First Schedule to the Act, shall not apply to this Company, unless otherwise specifically referred or incorporated herein.		**Table 'F'**
2.	Wherever used in these Articles, unless the context otherwise requires, terms defined in any part of these Articles shall, when capitalized, have the same meanings unless otherwise defined in Article 3 below.		
3.	In these Articles:		**Interpretation and Definitions**
	(a)	The marginal notes of these Articles shall not affect their interpretation;	
	(b)	"**Accession Instrument**" has the meaning set forth in Article 35 herein;	
	(c)	"**Accounting Standards**" means Indian generally accepted accounting principles promulgated by the Institute of Chartered Accountants of India or any other body or entity authorized in this regard in India, together with its pronouncements thereon from time to time, and applied on a consistent basis;	
	(d)	"**Act**" means the (Indian) Companies Act, 2013 (including the relevant rules framed thereunder), to the extent enforced, as amended, modified, replaced or supplemented from time to time. The provisions of the Companies Act, 1956 referred herein shall be deemed to be substituted by the corresponding provisions of the Companies Act, 2013 to the extent such provision of the Companies Act, 2013 has been notified by the relevant government authority;	
	(e)	"**Additional Securities**" has the meaning set forth in Article	

[3] *These Articles which were adopted by way of the resolution passed by our Shareholders on January 24, 2017, reflect the observations issued by the RBI by way of its letter dated July 14, 2016, i.e., in relation to, (i) deletion of references to 'subsidiaries' of our Company from the AoA, as a bank is not permitted to set up subsidiaries as per the extant banking regulations, (ii) deletion of winding up procedures, as the same is dealt with separately in the Banking Regulations Act, 1949, and (iii) to stipulate that the Managing Director and CEO were kept as a single post in line with the prevalent practice in the banking sector (which has been mentioned in Part B - Article 20(f) of the present Articles).*

		36(a) herein;	
	(f)	"**Adjourned Meeting**" has the meaning set forth in Article 24(b) herein;	
	(g)	"**Affiliate**" means with respect to: (a) any Person other than a natural person, any Person directly or indirectly (either by share capital, voting rights or otherwise) Controlling, Controlled by or under common Control with, that Person; and (b) any Person being a natural person, any Relatives of such Person. For the purpose of this definition, none of the Investors (including successors, assigns or Affiliates of any Investor) shall be or deemed to be an Affiliate of the Company (including successors, assigns or transferees of the Company) and/or the Sponsors (including successors, assigns or transferees of any Sponsor) at any time for any purpose and no Investor (including successor, assigns or Affiliate of any Investor) shall be an Affiliate or deemed to be an Affiliate of any other Investor (including successor, assigns or Affiliate of any Investor) at any time for any purpose. It is hereby clarified that in relation to RIL, an "Affiliate" shall mean (i) funds managed by Warburg Pincus LLC, and (ii) investment entities and special purpose vehicles which are Controlled, either directly or indirectly, by funds referred to in (i) above, but shall exclude their portfolio companies;	
	(h)	"**Applicable Law**" means all applicable statutes, laws, ordinances, rules and regulations, judgments, notifications, orders, decrees, bye-laws, guidelines, or any decision, or determination, or any interpretation, policy or administration, having the force of law, including but not limited to, the Banking Act, the Guidelines and any Authorization by any Authority, in each case as in effect from time to time;	
	(i)	"**Applicable S&E Law**" means all applicable statutes, laws, ordinances, rules and regulations of the Country, including, without limitation, all Authorizations setting standards concerning environmental, social, labor, health and safety or security risks of the type contemplated by the Performance Standard II or imposing liability for the breach thereof;	
	(j)	"**Articles**" means these articles of association of the Company (as amended, modified or supplemented from time to time) and a reference to an "**Article**" shall be construed as a reference to any specific provision of these Articles;	
	(k)	"**Auditors**" means independent, external statutory auditors of the Company, which unless otherwise agreed by each Investor, shall at all times be one of the Big Four Accounting Firms;	
	(l)	"**Authority**" means any national, supranational, regional or local government or governmental, statutory, regulatory, administrative, fiscal, judicial, or government-owned body, department, commission, authority, tribunal, agency or entity, or central bank (or any Person whether or not government	

		owned and howsoever constituted or called, that exercises the functions of a central bank) or any securities exchange or body or authority regulating such securities exchange;	
	(m)	"**Authorization**" means any consent, registration, filing, agreement, notarization, certificate, license, approval, in-principle approval, permit, authority or exemption from, by or with any Authority, whether given by express action or deemed given by failure to act within any specified time period and all corporate, creditors' and shareholders' approvals or consents;	
	(n)	"**Authorized Person**" has the meaning set forth in Article 41(a) herein;	
	(o)	"**Authorized Representative**" means, in relation to the Company, any individual who is duly authorized by the Company to act on its behalf and whose name and a specimen of whose signature appears on the Certificate of Incumbency and Authority most recently delivered by the Company to IFC;	
	(p)	"**Banking Act**" means the Banking Regulation Act, 1949 and all rules and regulations issued thereunder, and would include any statutory modifications or re-enactment thereof for the time being in force;	
	(q)	"**Big Four Accounting Firms**" means one of the big four international accounting firms more particularly any of PwC, Deloitte Touche Tohmatsu Limited, KPMG and EY or their Indian affiliates;	
	(r)	"**Board of Directors**" or "**Board**" means the board of directors of the Company nominated and appointed from time to time in accordance with Article 20 and 20A herein;	
	(s)	"**Bonafide Financial Investor**" shall mean any of the following: (i) foreign institutional investors and their sub-accounts registered with the SEBI; (ii) funds (including equity, mutual fund, venture capital, hedge funds, bond, balanced, private equity, buy-out, proprietary funds of banking companies primarily in the business of investments in the nature of private equity); (iii) any Person or pension funds, foundation funds or corporate funds in the nature of private equity; and/or (iv) investment companies controlled, directly or indirectly, by Persons referred to in (i), (ii), (iii) above;	
	(t)	"**Borrowing Policy**" has the meaning set forth in Article 20(h)(vi) herein;	
	(u)	"**Budget**" has the meaning set forth in Article 42(d);	

	(v)	"**Business**" means the business of the Company undertaken in accordance with the Memorandum of Association of the Company, the Guidelines, guidelines/ instruction issued by RBI for small finance banks from time to time and Section 6 of the Banking Act, which shall include but shall not be limited to undertaking of the basic banking activities of acceptance of deposits and lending to unserved and underserved sections, including small business units, small and marginal farmers, micro and small industries and unorganised sector entities;	
	(w)	"**Business Day**" means a day other than Saturday or Sunday when banks in Mauritius, New York (USA) and Mumbai (India) are open for business;	
	(x)	"**Business Plan**" means the current business plan of the Company and thereafter, any revised business plan;	
	(y)	"**Buyer**" has the meaning set forth in Article 14(a) herein;	
	(z)	"**Capex**" has the meaning set forth in Article 42(d)(iii) herein;	
	(aa)	"**CAO**" means the Compliance Advisor Ombudsman, the independent accountability mechanism for IFC that responds to environmental and social concerns of affected communities and aims to enhance outcomes;	
	(bb)	"**CAO's Role**" means the role of the CAO, which is: (i) to respond to complaints by Persons who have been or are likely to be negatively affected by the social or environmental impacts of IFC projects; and (ii) to oversee audits of IFC's social and environmental performance, particularly in relation to sensitive projects, and to ensure compliance with IFC's social and environmental policies, guidelines, procedures and systems;	
	(cc)	"**CEO**" has the meaning set forth in Article 20(g);	
	(dd)	"**Certificate of Incumbency and Authority**" means a certificate provided to IFC by the Company, substantially in the form agreed by and amongst the Company, Sponsors and Investors in writing;	
	(ee)	"**Chairman**" means the chairman of the Board of Directors elected or appointed from time to time;	
	(ff)	"**Charter**" means the Memorandum of Association of the Company and these Articles;	
	(gg)	"**Client**" means any borrower, investee or other Person financed directly or indirectly by the Relevant Business Operations;	
	(hh)	"**Client Operations**" means any operations or activities of the	

		Clients (or with respect to any Client, the operations and activities of the Client) financed directly or indirectly by the Relevant Business Operations;	
	(ii)	"**Company**" means AU SMALL FINANCE BANK LIMITED, a company incorporated in India;	
	(jj)	"**Company Documents**" means: (i) the Charter; (ii) the Employment Agreement of the Key Person; and (iii) any license/registration certificate issued by the RBI to the Company;	
	(kk)	"**Competitor**" means any Person (including any entity incorporated in India, whether registered as a non-banking financial company, banking entity or any other form of entity), engaged directly or indirectly or having passed a board resolution (in the last twelve (12) months) indicating its intent to engage directly or indirectly, either alone or jointly with, any other Person, in a business or activity identical or similar to or that directly or indirectly competes with the Business of the Company or any business or activities that may be commenced by the Company after the commencement of Business. For the purpose of this definition, any Bonafide Financial Investor shall not be deemed to be a Competitor;	
	(ll)	"**Control**" means the power to direct or cause the direction of the management or policies of a Person or control the composition of the board of directors or equivalent body, directly or indirectly, whether through the ownership of shares or other securities, by contract, voting rights or otherwise; provided that, in any event, the direct or indirect beneficial ownership of twenty six percent (26%) or more of the voting share capital of a Person is deemed to constitute Control of that Person, and "**Controlling**" and "**Controlled**" have corresponding meanings;	
	(mm)	"**Country**" means the Republic of India;	
	(nn)	"**Director**" means an individual who is a member of the Board nominated/proposed and appointed from time to time in accordance with Article 20 or 20A herein;	
	(oo)	"**Distribution**" means: (a) the transfer of cash or other property without consideration, whether by way of dividend or otherwise; or (b) the purchase or redemption of any Shares or Share Equivalents for cash or property, other than any repurchase of Shares or Share Equivalents issued to or held by employees, officers, directors or consultants of the Company pursuant to the ESOP 1 and 2 Options;	
	(pp)	"**Economic Ownership Interest**" means the percentage beneficial ownership interest in an entity (which must include the right to receive a proportionate share of dividends, profits	

		and similar amounts distributed by such entity) held by a Person or Persons, directly or indirectly on a Fully Diluted Basis. For example and by way of illustration, if company A were to hold fifty percent (50%) of such ownership interests in company B, and company B were to own sixty percent (60%) of such ownership interests in company C, then, for purposes of this definition, company A would own an Economic Ownership Interest in company C of thirty percent (30%);	
	(qq)	"**Effective Date**" means March 10, 2012;	
	(rr)	"**Employment Agreements**" means duly executed employment contracts in form and substance satisfactory to the Investors and RBI, in accordance with Applicable Law, with the Key Management Personnel, setting out, *inter alia*, the scope of their role and responsibilities with respect to the Company, targets to be achieved, remuneration, and obligations of exclusivity of services to the Company;	
	(ss)	"**Equity Shares**" or "**Shares**" shall mean equity shares of the Company, having a par value of Rs. 10 (Rupees Ten) per share;	
	(tt)	"**ESOP 1 and 2 Options**" means options exercisable for one million two hundred eighty two thousand three hundred eighty five (1,282,385) Equity Shares pursuant to the employee stock option plans of the Company dated September 27, 2011 and August 31, 2015;	
	(uu)	"**ESOP 3 Options**" means options exercisable in accordance with Article 37A for one million six hundred forty four thousand three hundred ninety nine (1,644,399) Equity Shares representing four percent (4%) of the fully paid up Equity Share capital on a Fully Diluted Basis as on the Effective Date, whose exercise price shall be the RIL Subscription Price;	
	(vv)	"**Exit Event**" has the meaning as set forth in Article 37A herein;	
	(ww)	"**FCPA**" has the meaning as set forth in Article 44(a) herein;	
	(xx)	"**Financial Year**" means the accounting year of the Company commencing each year on April 1 and ending on March 31 of the following year, or such other period as the Company, upon thirty (30) days prior notice to the Investors, from time to time designates as its accounting year in accordance with Applicable Law;	
	(yy)	"**First General Meeting**" has the meaning set forth in Article 31(a)(i) herein;	
	(zz)	"**Fully Diluted Basis**" means with respect to any calculation of the number of outstanding equity shares of a company, calculated as if all capital instruments convertible to (whether or not compulsorily convertible) or exercisable for equity	

		shares of such company outstanding on the date of calculation have been exercised or exchanged for or converted into equity shares of such company and all equity shares of such company issuable pursuant to contractual or other obligations have been issued;	
	(aaa)	"**General Meeting**" means either an extraordinary general meeting or the annual general meeting of the Shareholders;	
	(bbb)	"**Government Official**" has the meaning set forth in Article 44(b) herein;	
	(ccc)	"**Guidelines**" means the Guidelines on Licensing of Small Finance Bank in the Private Sector dated November 27, 2014, read with the Clarifications to Queries on Guidelines for Licensing of Small Finance Bank in the Private Sector dated January 01, 2015, each issued by the RBI, and such other rules and regulations as may be relevant;	
	(ddd)	"**Holding Company**" has the meaning set forth in Article 33(d) herein;	
	(eee)	"**IFC**" means the International Finance Corporation, an international organization established by Articles of Agreement among its member countries including the Republic of India;	
	(fff)	"**IFC Securities**" means collectively, the Equity Shares and Share Equivalents subscribed for by IFC and/or otherwise held by IFC from time to time;	
	(ggg)	"**IFC Subscription Date**" means March 24, 2010;	
	(hhh)	"**Incoming Minority Investors**" means collectively: (i) the Incoming Minority Investors Group 1, and (ii) the Incoming Minority Investors Group 2;	
	(iii)	"**Incoming Minority Investors Group 1**" means and includes each such third party investor that subscribes to, and/or acquires Shares and/or Share Equivalents in the Company at any time after April 30, 2016 and whose shareholding in the Company is more than two percent (2%) but less than or equal to four point nine nine percent (4.99%) of the total paid-up share capital of the Company on a Fully Diluted Basis;	
	(jjj)	"**Incoming Minority Investors Group 2**" means and includes each such third party investor that subscribes to, and/or acquires Shares and/or Share Equivalents in the Company at any time after April 30, 2016 and whose shareholding in the Company is up to two percent (2%) of the total paid-up share capital of the Company on a Fully Diluted Basis;	
	(kkk)	"**Incoming Minority Investors Group 1 Rights**" means the following rights: (i) Information rights as provided in Article 41 herein; (ii) Pre-emptive rights as provided in Article 36 herein, and (iii) Tag Along rights as provided in Article 15	

		herein, provided, however, that if the Sponsor Shares Buyer only agrees to buy part and not all of the shares offered to him by the Selling Sponsors and the tagging Investor(s), the entitlement of the Incoming Minority Investors Group 1 to Tag -+Along its/ their shares shall be reduced proportionately in accordance with the first proviso to Article 15(d) and such Incoming Minority Investors Group 1 will not (in any circumstance) be entitled to a full Tag Along right as set out under the second proviso to Article 15(d);	
	(lll)	"**Incoming Minority Investors Group 2 Rights**" means the following right: (i) right to receive the annual audited financial statements of the Company, the half-yearly financial statements and the quarterly financial statements as provided in Article 41 herein;	
	(mmm)	"**Independent Director**" means a Director of the Company who is an 'independent director': (A) as defined under the Act and in compliance with any criteria specified by RBI; and (B) who: (i) has not been employed by the Company or its Affiliates in the past five (5) years, (ii) is not, and is not affiliated with a company that is, an advisor or consultant to the Company or its Affiliates, (iii) is not affiliated with a significant Client of the Company or its Affiliates, (iv) has no personal service contracts with the Company, its Affiliates, or its senior management, (v) is not a member of the immediate family of an individual who is, or has been during the past five (5) years, employed by the Company or its Affiliates as an executive officer; and (vi) is not a Controlling Person of the Company (or member of a group of individuals and/or entities that collectively exercise Control over the Company). Provided that the criteria mentioned above in sub-point (B) may be waived in respect of an Independent Director if consented to by all Shareholders (excluding any Shareholder holding less than or equal to six percent (6%) of the total paid-up share capital of the Company on a Fully Diluted Basis);	
	(nnn)	"**Indian GAAP**" shall mean the generally accepted accounting principles recommended by the Institute of Chartered Accountants of India and where there are no such principles recommended, the accounting principles accepted in India and consistently applied from period to period and throughout any period in accordance with past practices of the Company;	
	(ooo)	"**INR**" or "**Rs**" or "**Rupees**" means the lawful currency of the Country;	
	(ppp)	"**Investors**" shall mean the following Persons collectively: (i) IFC, (ii) RIL, (iii) KCAIF and Ourea and "**Investor**" shall mean any one of them. It is clarified that the term "**Investor**" or "**Investors**",	

		wherever used for the purpose of: (i) the definition of "**Affiliate**" under Article 3(g); (ii) the definition of "**Certificate of Incumbency and Authority**" under Article 3(dd); (iii) the definition of "**Financial Year**" under Article 3(xx); (iv) Article 15; (v) Article 16; (vi) Article 17; (vii) Article 34(b); (viii) Article 36; (ix) Article 37(a), (b), (c), (d), (e), (h), (i), (j), (k), (l); (x) Article 39; (xi) Article 41; (xii) Article 42(d); (xiii) Article 53; and (xiv) the definition of "**Shareholder**" under Article 3 (ooooo), of these Articles, shall include Labh Investments;	
	(qqq)	"**Investor Securities**" means collectively, the RIL Securities and the IFC Securities. It is clarified that for the purpose of: (i) Article 15(d); (ii) Article 16; (iii) Article 34(b), (c) and (d); (iv) Article 37(c), (i), (v) Article 39; (vi) Article 32(b) and (vii) Article 53, of these Articles, the term "**Investor Securities**", wherever used, shall include Labh Investments Securities;	
	(rrr)	"**Issue Notice**" has the meaning set forth in Article 36(a) herein;	
	(sss)	"**IRC**" has the meaning set forth in Article 45(a) herein;	
	(ttt)	"**KCAIF**" means Kedaara Capital Alternative Investment Fund – Kedaara Capital AIF 1;	
	(uuu)	"**Kedaara**" means KCAIF and Ourea, collectively;	
	(vvv)	"**Key Management Personnel**" in relation to the Company, means collectively, the chief executive officer/managing director/manager, the company secretary, the executive directors, the chief financial officer and such other officers as maybe prescribed and declared by the Company to be a key management personnel;	
	(www)	"**Key Person**" means Mr. Sanjay Agarwal, a Sponsor currently holding the office of Managing Director and Chief Executive Officer in the Company;	
	(xxx)	"**Labh Investments**" means Labh Investments Limited, a company incorporated under the laws of Mauritius (which expression shall, unless repugnant to the context thereof, mean and include its Affiliates);	
	(yyy)	"**Labh Investments Securities**" mean the Equity Shares and Share Equivalents held by Labh Investments and its Affiliates from time to time;	
	(zzz)	"**Lien**" means any mortgage, pledge, charge, assignment, hypothecation, security interest, title retention, preferential right, option (including call commitment), trust arrangement, any voting rights, right of set-off, counterclaim or banker's lien, privilege or priority of any kind having the effect of security, any designation of loss payees or beneficiaries or any	

		similar arrangement under or with respect to any insurance policy;	
	(aaaa)	"**Liquidation Event**" means any liquidation, winding up or bankruptcy, reorganization, composition with creditors or other analogous insolvency proceeding of the Company, whether voluntary or involuntary, or any petition presented or resolution passed for any such event or for the appointment of an insolvency practitioner;	
	(bbbb)	"**Listing**" means the admission of the Equity Shares to listing and/or trading on a Relevant Market;	
	(cccc)	"**Listing Default**" has the meaning set forth in Article 37(b) herein;	
	(dddd)	"**Listing Intermediaries**" has the meaning set forth in Article 37(o) herein;	
	(eeee)	"**Material Adverse Effect**" means a material adverse effect on: (i) the Company, its assets or properties; (ii) the Company's business or financial condition; (iii) the carrying on of the Company's business or operations; (iv) the ability of the Company to implement the Budget or the Business Plan; or (v) the ability of the Company to comply with its obligations under these Articles, or under any other transaction documents executed with the Shareholders;	
	(ffff)	"**MD and CEO**" means the Managing Director and Chief Executive Officer of the Company;	
	(gggg)	"**MIS**" means management information systems;	
	(hhhh)	"**Modified Issue Notice**" has the meaning set forth in Article 36(a) herein;	
	(iiii)	"**RIL Securities**" means collectively, the Equity Shares and Share Equivalents subscribed for by RIL, and/or otherwise held by RIL from time to time;	
	(jjjj)	"**New Securities**" has the meaning set forth in Article 36(f) herein;	
	(kkkk)	"**Nominee Director**" has the meaning set forth in Article 20(c) herein, however, it is clarified that for the purpose of: (A) (i) the definition of "Related Party" in Article 3 (zzzz); (ii) Article 21(a); (iii) Article 23(e); and (iv) Article 12, the term "Nominee Director" or "Nominee Directors" shall include the nominee Director of Labh Investments; and (B) Articles 12, 21(a) and 23, the term "Nominee Director" or "Nominee Directors" or "nominees" shall include the Nominee Director of Kedaara;	

	(llll)	"**Non Competing Non Financial Investor**" means any Person who is not a Competitor and is not a Bonafide Financial Investor;	
	(mmmm)	"**Notification Period**" has the meaning set forth in Article 36(a) herein;	
	(nnnn)	"**OFAC**" has the meaning set forth in Article 44(d) herein;	
	(oooo)	"**Offering**" means any primary or secondary public offering of Equity Shares;	
	(pppp)	"**Ourea**" means Ourea Holdings Limited;	
	(qqqq)	"**Overriding Articles**" means Articles 3, 5(b), 10(b), 10(c), 10 (d), 12, 14, 15, 15A, 16, 20- 26, 27, 28, 28A, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 53, 54;	
	(rrrr)	"**Performance Standard II**" means IFC's Performance Standard II on Labour and Working Conditions, dated April 30, 2006, a copy of which is available at http://www.ifc.org/ifcext/enviro.nsf/Content/EnvSocStandards ;	
	(ssss)	"**Permitted Transfers**" has the meaning set forth in Article 33(a) herein;	
	(tttt)	"**Person**" means as the context may require any individual, corporation, company, partnership, firm, voluntary association, joint venture, trust, unincorporated organization, Authority or any other entity whether acting in an individual, fiduciary or other capacity;	
	(uuuu)	"**PFIC**" has the meaning set forth in Article 45(a) herein;	
	(vvvv)	"**PMLA**" has the meaning set forth in Article 44(a) herein;	
	(wwww)	"**Pro-rata share**" means, with respect to any Shareholder, the total number of issued and outstanding Equity Shares and Share Equivalents held by the relevant Shareholder, expressed as a percentage of the total number of Equity Shares and Share Equivalents then issued and outstanding, calculated on an Fully-Diluted Basis;	
	(xxxx)	"**RBI**" means the Reserve Bank of India;	
	(yyyy)	"**Related Party**" means any: (a) Person that holds a material interest in the Company; (b) Person in which the Sponsors hold a material interest; (c) Person that is an Affiliate of the Company; (d) Sponsor and Affiliates of the Sponsors; (e) Person who serves as a Director; (f) Person who is a Key Management Personnel or has within the past twelve (12) months served as a Key Management Personnel; (g) Person	

		who is a Relative of any individual included in any of the foregoing (a) to (f); or (h) any Person owned or Controlled by any Sponsor, nominees of the Sponsors or by any Persons mentioned in (g). For the purpose of this definition, "material interest" shall mean a direct or indirect ownership of equity shares representing at least five percent (5%) of the outstanding voting power or equity share capital of the relevant Person;	
	(zzzz)	"**Relative**" shall have the meaning as ascribed to it in the Act;	
	(aaaaa)	"**Relevant Business Operations**" means all of the existing and future business operations of the Company;	
	(bbbbb)	"**Relevant Market**" means the BSE (formerly known as Bombay Stock Exchange Ltd.), the National Stock Exchange of India Limited, or any other reputable and internationally recognized automated quotation system(s) or stock exchange(s) acceptable to the Investors in their sole discretion;	
	(ccccc)	"**RIL**" means Redwood Investment Ltd;	
	(ddddd)	"**RIL Subscription Price**" means the price per Equity Share in respect of the Equity Shares issued to RIL, being INR 200.21 (Rupees Two Hundred and Twenty-One Paise);	
	(eeeee)	"**Scheduled Banks**" means the banks that have been listed in the Second Schedule of the Reserve Bank of India Act, 1934;	
	(fffff)	"**S&E Management System**" means the Company's social and environmental management system, as implemented and in effect at all times, enabling it to identify, assess and manage the social and environmental risks in respect of the Relevant Business Operations on an ongoing basis in accordance with the S&E Requirements;	
	(ggggg)	"**S&E Performance Report**" means the S&E Performance Report, in form and substance satisfactory to IFC, evaluating the social and environmental performance of the Clients during the previous Financial Year, describing in reasonable detail: (a) implementation and operation of the S&E Management System; and (b) the environmental and social performance of the Clients, in the form as may be agreed by and amongst the Company, Sponsors and Investors in writing;	
	(hhhhh)	"**S&E Requirements**" means the social and environmental obligations to be undertaken by the Clients to ensure compliance with (a) the Exclusion List; (b) Applicable S&E Laws; (c) the Performance Standard II; and (d) any other requirements established by the S&E Management System;	
	(iiiii)	"**SEBI**" means the Securities and Exchange Board of India formed under the Securities and Exchange Board of India Act, 1992;	

	(jjjjj)	"**SEBI Guidelines**" has the meaning set forth in Article 37(f) herein;	
	(kkkkk)	"**Selling Investor**" has the meaning set forth in Article 14(a) herein;	
	(llllll)	"**Selling Sponsor**" has the meaning set forth in Article 15(a) herein;	
	(mmmmm)	"**Share Equivalents**" means preference shares, bonds, loans, warrants, options or other similar instruments or securities which are convertible into or exercisable or exchangeable for, or which carry a right to subscribe for or purchase, Equity Shares (or any other Share Equivalents) or any instrument or certificate representing a beneficial ownership interest in the Equity Shares, including global depositary receipts or American depositary receipts;	
	(nnnnn)	"**Shareholders**" means collectively, the Investors, the Sponsors and any other shareholder of the Company or a Person that agrees to become a shareholder in the Company pursuant to an Accession Instrument, as may be appropriately modified, and "**Shareholder**" shall mean any of them individually;	
	(ooooo)	"**Sponsor**" or "**Sponsors**" shall mean Mr. Chiranjilal Agarwal, Mrs. Shakuntala Agarwal, Mr. Sanjay Agarwal and Mrs. Jyoti Agarwal;	
	(ppppp)	"**Sponsor Shares**" means the Equity Shares and Share Equivalents held collectively by the Sponsors from time to time;	
	(qqqqq)	"**Sponsor Shares Buyer**" has the meaning set forth in Article 15(a) herein;	
	(rrrrr)	"**Sponsor Tag Exercise Period**" has the meaning set forth in Article 15(c) herein;	
	(sssss)	"**Sponsor Tag Notice**" has the meaning set forth in Article 15(c) herein;	
	(ttttt)	"**Sponsor Tagged Shares**" has the meaning set forth in Article 15(c) herein;	
	(uuuuu)	"**Subscription Notice**" has the meaning set forth in Article 36(a) herein;	
	(vvvvv)	*Intentionally left blank*	
	(wwwww)	"**Transfer**" means to transfer, sell, convey, assign, create a Lien on, place in trust (voting or otherwise), transfer by operation of law or in any other way subject to any encumbrance or dispose of, whether or not voluntarily, and "**Transferring**" and "**Transferred**" shall have corresponding meanings;	

	(xxxxx)	"**Transfer Notice**" has the meaning set forth in Article 15(c) herein;	
	(yyyyy)	"**Transferable Securities**" has the meaning set forth in Article 14(a) herein;	
	(zzzzz)	"**Treasury Policy**" means the policy to be adopted by the Company for investment in securities for treasury operations. It is hereby clarified that treasury operations of the Company shall not include equity investments;	
	(aaaaaa)	"**tax**" and, collectively "**taxes**" shall mean any and all foreign, central, state, municipal and local (or equivalent) taxes of any country, assessments and other governmental charges, customs duties, duties, impositions and liabilities, including taxes based upon or measured by gross receipts, income, profits sales, service, use and occupation, and value added, ad valorem, stamp duty, stamp transfer, franchise, withholding, payroll, recapture, employment, excise and property taxes, together with all interest, penalties and additions imposed with respect to such amounts and any obligations under any agreements or arrangements with any other Person with respect to such amounts and including any liability for taxes of a predecessor entity;	
	(bbbbbb)	"**Unsubscribed Securities**" has the meaning set forth in Article 36(c) herein;	
	(cccccc)	"**Voting Rights**" means the rights, directly or indirectly, to vote on or cause the direction of the management and policies of the Company through the ownership of voting securities in ordinary and extraordinary matters; provided, however, that a Person shall not be deemed to hold Voting Rights if by contract or by order, decree or regulation of an Authority, such Person has effectively ceded or been divested of the power to exercise such vote on such management and policies;	
4.	(a)	Subject to the other provisions of these Articles, wherever in the Act and/or Companies Act, 1956 and/or the Banking Act and/or the Guidelines, it has been provided that the Company shall have any right, privilege or authority or that the Company could carry out any transaction only if the Company is so authorized by its Articles, then and in that case this Article hereby authorizes and empowers the Company to have such right, privilege or authority and to carry such transaction as have been permitted by the Act and/or Companies Act, 1956 and/or the Banking Act, without there being any specific regulation in that behalf herein provided.	
	(b)	Any reference to "he"/ "his"/ "him"/ "himself" in these Articles will include reference to "she"/ "it"/ "her"/ "her"/ "its"/ "herself"/ "itself" as the context may require, subject to Applicable Law.	
5.	(a)	Each of the Incoming Minority Investors of the Company shall receive/ be entitled to, no other rights in respect of the Company on account of their investment, apart from the (i) Incoming Minority	**Rights of Minority Shareholders**

	Investors Group 1 Rights and (ii) Incoming Minority Investors Group 2 Rights, as applicable, based on their percentage shareholding in the Company on a Fully Diluted Basis. (b) Provided, however, that notwithstanding anything contained in these Articles, any Shareholder/s (other than IFC) whose individual or cumulative shareholding in the Company is less than one hundred thousand (100,000) Shares or its equivalent on a Fully Diluted Basis, such Shareholder shall not have any rights under these Articles, other than the statutory rights as shareholders of the Company under the Act. It is clarified that nothing stated in the preceding proviso will have an impact on or result in alteration of such rights of IFC contained in these Articles, which IFC would continue to enjoy/ exercise till such time as IFC is a shareholder in the Company or holds any IFC Securities.	
	SHARE CAPITAL	
6.	The authorized share capital of the Company shall be such amount and be divided into such shares as may, from time to time, be provided in Clause V of the Memorandum of Association of the Company with power to increase or reduce the capital in accordance with the provisions of these Articles, the Act, the Banking Act and/or the Guidelines and the Company's regulation and legislative provisions for the time being in force on that behalf with the power to divide the share capital, whether original or increased or decreased into several classes and attach thereto respectively such ordinary, preferential or special rights and conditions in such a manner as may for the time being be provided by these Articles and allowed by Applicable Law. The minimum paid up capital of the Company shall at all times be in accordance with Applicable Law.	**Authorised Capital**
7.	(a) Subject to the provisions of these Articles, Section 62, 42, 43, the relevant rules framed thereunder (if any) and other applicable provisions of the Act, to the extent enforced and sub-sections (4), (5) and (7) of Section 81 of the Companies Act, 1956 and the relevant rules framed thereunder (if any), to the extent applicable, Section 12 of the Banking Act and other guidelines/ directions and circulars issued by RBI from time to time the shares of the Company shall be under the control of the Board who may allot or otherwise dispose of the same or any of them to such Person, in such proportion and on such terms and conditions and either at a premium or at par or at a discount and at such time as the Board from time to time thinks fit and with full power with the sanction of the Company in a General Meeting to give to any Person the shares either at par or at premium, during such times and for such consideration as the Board thinks fit. (b) The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class and specified in these Articles, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.	**Further Issue of Share Capital**
7A.	None of the funds of the Company shall be applied in the purchase of any Shares or Share Equivalents and it shall not give any financial assistance for or in connection with the purchase or subscription, of any Shares or Share	**Funds of Company may not be applied in**

	Equivalents in the Company or in its holding company save as provided by Section 67 of the Act and the relevant rules framed thereunder (if any).		**purchase of shares of the Company**
7B.	Subject to the provisions of these Articles and the Act, the Board may, when and if thought fit, buy back such of the Company's own Shares as it may think necessary, subject to such limits, upon such terms and conditions, and subject to such approvals, as may be stipulated by Applicable Law.		**Buyback of Shares**
	CALLS ON SHARES		
8.	(a)	If any Shareholder fails to pay any sum pursuant to a call in respect of any monies unpaid on his shares due from him on or before the day appointed for payment thereof or any extension thereof, he shall be liable to pay interest on the same from the day appointed for payment thereof to the time of actual payment at such rate as shall be fixed by the Board of Directors from time to time, but nothing in this Article renders it compulsory for the Board of Directors to demand or recover any interest (in whole or in part) from such Shareholder.	
	(b)	Regulations of 28 to 34 of Table "F" shall apply.	**Forfeiture of Shares**
	INCREASE OF CAPITAL		
9.	The Company may, from time to time, by resolution, in accordance with the provisions of these Articles, increase its share capital by such sum to be divided into shares of such amounts, as the resolution shall prescribe.		**Authority**
10.	(a)	Except so far as otherwise provided in these Articles, the Company at its General Meeting may, by ordinary resolution- (i) Consolidate and divide all or any of its share capital into shares of larger amount than its existing shares. (ii) Convert any or all of its fully paid-up shares into stock and reconvert that stock into fully paid-up shares of any denomination. (iii) Sub-divide its existing shares or any of them into shares of smaller amount than is fixed in the Memorandum of Association of the Company subject to the provisions of clause (d) of sub-section (1) of the Section 61 of the Act and the relevant rules framed thereunder (if any). (iv) Cancel any shares which, at the date of passing of the resolution, have not been taken or agreed to be taken by a Person and such cancellation shall not be deemed to be reduction in share capital.	**Consolidation and Division** **Converting shares into stock and vice versa** **Sub-division** **Cancellation**
	(b)	Each Sponsor shall exercise all such rights and powers as are available to it (including any voting rights attached to any shares of the Company held by such Sponsor) to ensure compliance with and to fully and effectually implement the provisions of these Articles, as promptly as may be reasonably possible, including without limitation, as may be required to cause the Company to implement the rights of	**Compliance by the Company**

	the Investors as provided hereunder, including (without limitation) the appointment of the Nominee Directors as per Article 20 herein below.	
	(c) Without prejudice to the other rights of the Shareholders contained herein, the Company shall not make any new issuance of any Equity Shares or Share Equivalents to any Person on terms which: (i) are more favourable as compared with those provided to the existing Shareholders under these Articles; or (ii) in any way conflict with the rights of the existing Shareholders under these Articles. (d) In the event any Person who invests in the Company is offered rights, including (without limitation) those relating to voting, dividends, liquidation preference, transfer of shares, exit rights, and further issues of shares that are on terms more favorable to such Person than those offered to the existing Shareholders under these Articles, the Company shall ensure that the same are extended to the existing Shareholders so that the existing Shareholders effectively enjoy any and all such rights offered to such other Person, and the existing Shareholders shall execute all such documents as are necessary to offer such additional rights to them. Further, any Person who acquires such additional/ more favourable rights in the Company, shall mandatorily execute a new shareholders agreement or an amendment to the existing shareholders agreement executed by the Company with its Shareholders, prior to or simultaneously with effecting its investment in the Company. For the avoidance of doubt, it is hereby clarified that nothing in this Article shall apply to the due issuance of Equity Shares pursuant to the terms of the ESOP 1 and 2 Options and the exercise of the ESOP 3 Options as per the terms of these Articles. It is further clarified that for the purpose of Article 10(c) and (d), the term 'existing Shareholders' shall not include any Incoming Minority Investors or any Shareholder/s (other than IFC) whose individual or cumulative shareholding in the Company is less than one hundred thousand (100,000) Shares or its equivalent on a Fully Diluted Basis.	**Further Issue of Shares**
	INSURANCE	
11.	The Company shall ensure and maintain compliance with insurance requirements as agreed upon with the Investors. Such insurance shall be with a financially sound and reputable insurer or insurers, and the Company shall insure all of its assets and business which can be insured, against insurable losses, and maintain any other insurance required by Applicable Law, on an ongoing basis.	**Insurance**
12.	The Company shall, at all times, maintain a directors and officers liability insurance policy, providing adequate and customary coverage with a financially sound and reputable insurer or insurers for a minimum amount of INR 100,000,000 (Rupees One Hundred Million). The Company expressly shall indemnify, to the extent permitted by Applicable Law and to the extent not covered by the directors and officers liability insurance policies purchased by the Company, each of the Nominee Directors for any liability accruing, incurred, suffered and/or borne due to: (i) failure of the Company to comply with the provisions of any Applicable Law, or (ii) any act, omission or conduct of or by the Company or its employees or agents (acting in such capacity) as a result of which, in whole or in part, any of the Nominee Director/s is / are, in their capacity as a Director, made a party to,	**D& O Insurance**

	or otherwise incurs any loss pursuant to, any action, suit, claim or proceeding arising out of or relating to any such conduct.	
TRANSFER OF SHARES AND RESTRICTIONS ON TRANSFER		
13.	The transferor and transferee or their duly constituted agents, by submitting to the registered office of the Company, duly executed prescribed instrument for share transfer, may apply to register the transfer of shares.	**Instrument of transfer**
14.	(a) Notwithstanding anything contained in these Articles, in case of a Listing Default, any Investor ("**Selling Investor**") may Transfer all or part of the Equity Shares and Share Equivalents which it owns, directly or indirectly ("**Transferable Securities**"), to any other Person (a "**Buyer**"). For the purposes of this Article 14, the term 'Investor' shall not include Kedaara and any Shareholder(s) belonging to the Incoming Minority Investors Group 2. Any Transfer of Transferable Securities in accordance with this Article 14 shall be in compliance with Applicable Law or subject to prior approval of the RBI, if applicable. (b) Notwithstanding anything contained in these Articles, Kedaara and any Shareholder(s) belonging to the Incoming Minority Investors Group 2 shall not be entitled to exercise the rights under Article 14(a) (only to the extent that the said provision relates to the right of Kedaara and any Shareholder(s) belonging to the Incoming Minority Investors Group 2 to Transfer all or any part of the Equity Shares to a Competitor upon occurrence of a Listing Default). It is further clarified for the avoidance of doubt that nothing contained in the foregoing shall affect or restrict rights of Kedaara to Transfer all or any part of its Equity Shares to any Person (other than a Competitor) in compliance with Article 16.	**Transfer of Shares**
15.	(a) Subject to the requirements under Article 33 and compliance with Applicable Law or prior approval from RBI, if applicable, if any Sponsor (each, a "**Selling Sponsor**"), during the term of these Articles, proposes to Transfer any Sponsor Shares which it owns, directly or indirectly, to any other Person including, without limitation, to any other shareholder of the Company (a "**Sponsor Shares Buyer**"), each Investor shall have the right but not the obligation to participate in such Transfer in accordance with this Article 15, *provided however* that nothing in this Article 15 shall be applicable to the Permitted Transfers. (b) Except as permitted under Article 33(d) herein below, each Selling Sponsor which owns Equity Shares or Share Equivalents indirectly through one or more holding companies will ensure that any disposal of any indirect interest in the Company is consummated as a Transfer of the Equity Shares or Share Equivalents, and not by a sale of any shares of any such holding company, so as to ensure that each of the Investors will be able to exercise its rights under this Article 15. (c) The Selling Sponsor shall promptly, but in any case not later than forty-five (45) days prior to the proposed date of closing of any Transfer described in Article 15(a) hereinabove, give notice (the "**Transfer Notice**") to each Investor. The Transfer Notice shall	**Tag Along Right on Sale of Sponsors Shares**

describe the proposed Transfer in reasonable detail, including but not limited to the (i) number and type of Equity Shares and Share Equivalents to be Transferred, (ii) the consideration to be paid by the proposed Sponsor Shares Buyer, (iii) other material terms and conditions proposed by the Sponsor Shares Buyer in respect of the Transfer, (iv) the name and address of the proposed Sponsor Shares Buyer, and (v) accompanied, if available, by a draft share purchase agreement or other information reasonably requested by any Investor that chooses to exercise its tag-along rights as provided in this Article 15. The Transfer Notice shall also contain a representation that (aa) the Sponsor Shares Buyer has been informed of the tag-along rights provided for in this Article 15 and that it agrees to purchase all the Sponsor Tagged Shares that may be offered by each of the Investors as per the Sponsor Tag Notice (as defined herein below) and that (bb) no consideration, tangible or intangible, is or will be provided to the Selling Sponsor that will not be reflected in the price paid to the Investors exercising their tag-along rights hereunder. Each Investor shall have the right to participate in the proposed Transfer by giving notice to the Selling Sponsor (a "**Sponsor Tag Notice**") within a period of thirty (30) days from such Investor's receipt of the Transfer Notice (the "**Sponsor Tag Exercise Period**") of the number of Equity Shares and Share Equivalents it wishes to Transfer (the "**Sponsor Tagged Shares**"), subject to Article 15(d) below. For the avoidance of doubt, such Investor shall not be obligated to pay any fees or deal expenses of the Selling Sponsor(s) or of any other Person in connection with the exercise of its rights under this Article 15.

(d) Subject to the provisos to this Article 15(d), the maximum number of Sponsor Tagged Shares for each Investor exercising the tag along right under this Article 15 shall be the number (and if this is not a whole number, such number rounded to the nearest whole number) obtained by multiplying the (i) ratio of Sponsor Shares being Transferred to the Sponsor Shares; and (ii) the number of Investor Securities held by such Investor. Provided however, that, if the Sponsor Shares Buyer only agrees to buy part and not all of the shares offered to him by the Selling Sponsors and the tagging Investors:

(i) The maximum number of shares which each Selling Sponsor may transfer to the Buyer shall be the number (and if this is not a whole number, such number rounded to the nearest whole number) obtained by multiplying the maximum number of shares the Sponsor Shares Buyer is willing to buy by a fraction:

(aa) the numerator of which shall be the number of Equity Shares on a Fully Diluted Basis which the Selling Sponsor wishes to Transfer to the Sponsor Shares Buyer;

(bb) the denominator of which shall be the aggregate of the Equity Shares originally proposed to be transferred by the Selling Sponsors to the Sponsor Shares Buyer and the Sponsor Tagged Shares of all the tagging Investors.

(ii) the maximum number of Sponsor Tagged Shares that an Investor may Transfer to the Sponsor Shares Buyer shall be the number (and if this is not a whole number, such number rounded to the nearest whole number) obtained by multiplying the maximum number of shares the Sponsor Shares Buyer is

willing to buy by a fraction:

(aa) the numerator of which shall be the Sponsor Tagged Shares on a Fully Diluted Basis for such Investor;

(bb) the denominator of which shall be the aggregate of the Equity Shares originally proposed to be transferred by the Selling Sponsors to the Sponsor Shares Buyer and all the Sponsor Tagged Shares of the tagging Investors.

Provided however that, if the proposed Transfer by the Selling Sponsors would result in:

(i) the aggregate equity shareholding of the Sponsors in the Company, whether directly or indirectly, becoming less than fifteen percent (15%) of the Equity Share capital of the Company on a Fully Diluted Basis, each Investor (other than the Incoming Minority Investor(s)**)** shall be entitled to Transfer as Sponsor Tagged Shares all of the Investor Securities held by it;

(ii) the balance Investor Securities to be held by any Investor account for less than five percent (5%) of Equity Shares then outstanding on a Fully Diluted Basis (excluding the number of Sponsor Tagged Shares), such Investor (other than the Incoming Minority Investor(s)**)** shall be entitled to Transfer all of the balance Investor Securities held by it to the Sponsor Shares Buyer as Sponsor Tagged Shares.

(e) Any Transfer by each of the Investors in accordance with this Article 15 shall be made on the same terms and conditions as described in the Transfer Notice. However, the concerned Investor(s) shall not be required to make any representation or warranty to the Sponsor Shares Buyer, other than as to (i) good title to the Sponsor Tagged Shares, (ii) absence of Liens with respect to the Sponsor Tagged Shares, (iii) customary representations and warranties concerning such Investor's power and authority to undertake the proposed Transfer, and (iv) the validity and enforceability of such Investor's obligations in connection with the proposed Transfer.

(f) For the avoidance of doubt, each Investor's rights under this Article 15 to Transfer the Sponsor Tagged Shares shall apply regardless of whether the Sponsor Tagged Shares are of the same class or type of Sponsor Shares which the Selling Sponsor(s) propose to Transfer, provided that, to the extent such a difference in class or type exists, the consideration payable to such Investor for the Sponsor Tagged Shares shall be calculated as if all Sponsor Shares held by the applicable Selling Sponsors and the Investor exercising its tag-along rights, which will be subject to a Transfer under this Article 15 (assuming such Investor exercises its tag-along rights in full) had been converted into Equity Shares on the date immediately prior to the date of the Sponsor Tag Notice (to the extent not already in the form of Equity Shares) at the conversion price which would be applicable on such date had such conversion occurred on such date.

(g) The Selling Sponsors shall have a period of thirty (30) days from the expiration of the Sponsor Tag Exercise Period in which to Transfer to

		the Sponsor Shares Buyer the shares originally proposed to be Transferred, or the lesser number of shares to be Transferred (if applicable) in accordance with (d) above, upon the terms and conditions (including consideration for the Transfer) specified in the Transfer Notice. The Selling Sponsors shall give the concerned Investor at least ten (10) Business Days' notice of the proposed date of the Transfer and such Investor shall Transfer the Sponsor Tagged Shares to the Buyer at the same time upon the terms and conditions (including consideration for the Transfer) specified in the Transfer Notice. If the Selling Sponsors do not complete the Transfer within such period, any proposed subsequent Transfer by them of some or all of the Sponsor Shares originally proposed to be Transferred shall again be subject to the provisions of this Article 15. (h) The Selling Sponsors shall not Transfer any Sponsor Shares to the Sponsor Shares Buyer unless, at the same time, the Sponsor Shares Buyer purchases all of the Sponsor Tagged Shares from each Investor exercising its tag-along right upon the terms and conditions (including consideration for the Transfer) specified in the Transfer Notice. (i) In the event the Transfer of the Selling Sponsor's Equity Shares and/or Share Equivalents and the Sponsor Tagged Shares of all or some of the Investors, to the Sponsor Shares Buyer requires approval from the RBI and such approval is not granted in respect of such Selling Sponsor's Equity Shares and/or Share Equivalents or all or some of the Sponsor Tagged Shares, the Selling Sponsor shall not be permitted to Transfer its Equity Shares or Share Equivalents to the Buyer. (j) Wherever there are references to any time limits in this Article 15, any time taken for communication/ obtaining approvals with/ from Authorities for the purpose of carrying out the relevant actions shall be excluded from calculating any time limits. (k) For the purposes of this Article 15, the rights exercised by IFC and Kedaara as an 'Investor' shall be exercisable by the IFC and Kedaara pro-rata to their respective shareholding in the Company.	
15A.	*Intentionally left blank*		
16.	(a)	Except as set out in Article 34(b), Article 35 and Article 53 below, the Investor Securities shall be freely transferable and tradable, subject to compliance with Applicable Law and/or prior approval of the RBI, as applicable. (b) None of the Investors shall at any time be required to pledge any/all of the Investor Securities as and by way of security for any indebtedness of the Company or provide any guarantee or other support to any third party, including, without limitation, the lenders of the Company. (c) It is hereby clarified that if any Investor at any time proposes to sell any of its Investor Securities in accordance with the terms of these Articles, subject to compliance with Applicable Law or prior approval of the RBI, if applicable, the Company and the Key Person shall render all reasonable assistance necessary to expeditiously complete such sale (at the relevant Investor's cost and expense) including	**Free Transferability of Investor Securities**

		providing all necessary information and providing access to management meetings so as to enable the Investor to identify the best terms under which such sale can be made. Further, the Company shall promptly provide all necessary assistance and co-operation, including making any applications (if required) in a form and manner satisfactory to the Investors, for obtaining any regulatory approvals and/or statutory approvals (as applicable) in relation to exercise of the transfer/ sale rights of the Investors under these Articles. (d) For the purposes of this Article 16, the rights exercised by IFC and Kedaara as an 'Investor' shall be exercisable by IFC and Kedaara pro-rata to their respective shareholding in the Company.	
17.	(a)	The Company shall refuse to register any transfer or other disposition of Equity Shares and/or Share Equivalents purported to be made by the Sponsors or the Investors in breach of any of the provisions herein contained. (b) No Person / group of Persons shall acquire or agree to acquire, directly or indirectly, by himself or acting in concert with any other Person, any shares of the Company or voting rights therein, in contravention to the provisions of the Banking Act, the Guidelines and these Articles. (c) Any issue / acquisition of shares which results in a Person holding (by himself or acting in concert with any other Person) five percent (5%) or more of the paid-up equity share capital or voting rights of the Company shall be made with prior approval of RBI, if applicable.	**Invalid Transfers**
GENERAL POWERS OF THE COMPANY AND THE BOARD			
18.	In the making of contracts with any individual, firm or body corporate, the Company shall comply with the various provisions of the Act and Companies Act, 1956 (to the extent applicable) and these Articles. Subject to the shareholder consent rights mentioned in Article 32: (a) The Company shall have the power to borrow from any Person or Persons and secure the payment of any sum or sums of money for the purposes of the Company. (b) Subject to the relevant provisions of the Act, the Guidelines and the Banking Act, the Board may raise or secure the repayment of any sum or sums in such manner and upon such terms and conditions in all respects as they may think fit, and in particular by the creation of any mortgage or charge on the undertaking or the whole or any part of the property, present or future or by the issue of bonds, perpetual or redeemable, debentures or debenture-stock of the Company, charged upon all or any part of the property of the Company both present and future. Notwithstanding anything else contained in these Articles, the Board shall, subject to the provisions of the Guidelines, not create (i) a floating charge on the undertaking or any property of the Company or any part thereof; and (ii) any charge upon any unpaid capital of the Company.	**To make Contracts** **Power to borrow and limitation thereof** **Condition and manner in which money to be borrowed**

	(c) The Company shall at all times comply with the policy related covenants agreed upon mutually in writing between the Company, the Sponsors and the Investors.	
19.	The Board may exercise all such powers of the Company and do all such acts and things as are not, by the Act, the Companies Act, 1956 (to the extent applicable) or by the Charter required to be exercised by the Company in a General Meeting. Such exercise of powers by the Board will nevertheless be subject to these Articles, to the provisions of the Act and the Companies Act, 1956 (to the extent applicable), the Banking Act and/or the Guidelines and as may be prescribed by the Company in a General Meeting. Provided that the powers specified in the Act and the relevant rules framed thereunder (if any) as exercisable by the Board shall, subject to these Articles, be exercised only at meetings of the Board, unless the same be delegated as per the Act and these Articles.	**Restrictions on powers of the Board**
	CORPORATE GOVERNANCE	
20.	The number of Directors comprising the Board shall be in compliance with Applicable Law. Provided that the Board shall at all times include a majority of Independent Directors. (a) At any time on and after commencement of the Business up to Listing: (i) when the shares held by IFC and RIL, each represent at least five percent (5%) of the paid up Equity Share capital of the Company on a Fully-Diluted Basis, IFC and RIL shall have the right to nominate one (1) Director each and the Shareholders shall ensure that both such nominees are promptly appointed as Directors; (ii) when the shares held by Kedaara represent at least five per cent (5%) of the paid up Equity Share capital of the Company on a Fully-Diluted Basis, Kedaara shall have the right to nominate one (1) Director and the Shareholders shall ensure that such nominee is promptly appointed as a Director; and (iii) when the shares held by Labh Investments represent at least five per cent (5%) of the paid up Equity Share capital of the Company on a Fully-Diluted Basis, Labh Investments shall have the right to nominate one (1) Director and the Shareholders shall ensure that such nominee is promptly appointed as a Director, provided that where Labh Investments transfers any of the Labh Investments Securities to a Person other than its Affiliate (it being clarified that any such transfer shall take place only in accordance with the terms of these Articles), Labh Investments shall not be entitled to transfer its rights under this Article 20 to the transferee, without the prior written consent of the Company, IFC and RIL. (b) Each of the nominee Directors of the Investors shall hereafter be individually referred to as a "**Nominee Director**" and collectively as the "**Nominee Directors**", which shall include any alternate director nominated by any Nominee Director in his/her place and each such alternate director shall be entitled to receive all materials supplied to Directors and shall also be entitled to attend and vote at all meetings of the Board and committees thereof in the absence of the relevant Nominee Director. If the Nominee Directors are required at any time to retire by rotation under Applicable Law, the Shareholders shall	**Board Composition**

		ensure that such retiring Nominee Director(s) is/are re-appointed at the General Meeting in which such Director(s) is/are required to retire and further, the Shareholders shall exercise their votes accordingly, in order to ensure such re-appointment. Each Nominee Director shall be a non-executive director and shall not in any manner whatsoever be responsible for the day-to-day management of the Company. (c) The composition of the Board shall at all times include two (2) Directors nominated by the Sponsors and the Nominee Directors (if any) appointed in accordance with (a) and (b) above, as applicable. (d) Any Independent Director shall be appointed on the Board with the approval of the shareholders of the Company pursuant to the provisions of Applicable Law. (e) The Board shall always be in compliance with the provisions of the Banking Act and/or the Guidelines, the Act and the relevant circulars and guidelines issued by RBI from time to time. For avoidance of doubt, it is clarified that the Board shall at all times be constituted in a manner such that the Company is owned and controlled by resident Indian citizens and/or Indian companies which are owned and controlled by resident Indian citizens. Accordingly, the number of Directors nominated by Non-Residents or Persons that are owned or controlled by Non-Residents shall always constitute less than fifty percent (50%) of the total number of Directors on the Board. For the purpose of this Article 20, "owned" means in relation to an entity, having beneficial ownership of more than fifty percent (50%) capital of such entity and "controlled" means the right to appoint a majority of the directors or to control the management or policy decisions of such entity including by virtue of shareholding or management rights or shareholders agreements or voting agreements. For the purpose of this Article 20, "Non - Resident" means a "Person Resident Outside India" or a "Non-resident Entity" as defined under the Foreign Direct Investment Policy issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India. (f) The Board shall have the overall responsibility for management of Company and may appoint and delegate such day to day functions to the managing director ("**MD**") and/or chief executive officer ("**CEO**") or to such committee as may be required or deemed appropriate by the Board. It is clarified that in line with the prevalent practice in the banking sector, a single post of MD and CEO may be created by the Company and the same person may be appointed as the MD and CEO of the Company[4]. (g) Subject to compliance with Applicable Law, the Board shall have the constituted, inter alia, the following committees: (i) the audit committee; (ii) the compensation, corporate governance and nominations	

[4] *This Article was amended by way of the resolution passed by our Shareholders on January 24, 2017 in line with the observations issued by the RBI by way of its letter dated July 14, 2016, i.e., to state that Managing Director and CEO may be kept as a single post in line with the prevalent practice in the banking sector.*

committee;

(iii) the asset liability management and credit/risk management committee.

(iv) any other committee as required to be constituted under the requirements of Applicable Law, including the Banking Act and the Guidelines.

(v) subject to Applicable Law, each of IFC, Labh Investments and RIL shall have the right to have its respective Nominee Director/s (if any) be a member of all Board committees (excluding the executive committee described in (vi) below). Provided however that, (x) Labh Investments and / or its permitted assigns and / or successors in interest and / or its Affiliates shall not have the right to have its Nominee Director to be a member of the audit committee; (y) as regards the compensation, corporate governance and nominations committee and all other Board committees constituted by the Board in the future Labh Investments shall have the right to have its Nominee Director be a member of such Board committees; and (z) Kedaara and / or their permitted assigns and / or successors in interest and / or their Affiliates (to the exclusion of Labh Investments) shall have a right to nominate their Nominee Director to be a member on the audit committee. Each of (aa) the audit committee and (bb) the compensation, corporate governance and nominations committee, shall have an Independent Director as the chairman of such committee.

(vi) the Board shall at all times keep constituted an executive committee whose members shall be determined by the Board and whose terms of reference shall be approved by each Investor. The Board shall delegate its borrowing powers to the executive committee in accordance with a policy framework (as mutually agreed in writing between IFC, KCAIF, Ourea, RIL and the Key Person) which shall define the role and the powers of the executive committee, including borrowing limits depending on the cost of funds and quantum of liabilities to be raised by the Company, details of which will be more fully set out in such policy framework ("**Borrowing Policy**"). The Board shall review and amend such Borrowing Policy from time to time. It is hereby clarified that for the purpose of this paragraph (vi), "Investors" shall mean each of (a) IFC, (b) Kedaara, and (c) RIL, collectively.

(h) The Company shall maintain all the foregoing committees during the subsistence of these Articles unless otherwise agreed by the Board, it being understood at all times, that the composition of such committees (as provided above) shall be subject to the requirements of Applicable Laws, including the Banking Act and the Guidelines.

(i) Any financial audit of the Company must be in compliance with the Accounting Standards and approved by the audit committee. The Company shall appoint and maintain the services of a whole-time company secretary, who shall function as the secretary of the audit committee.

(j) The Company and the Shareholders shall do all such acts and deeds as may be required by the Investors to give effect to the provisions of

	Article 20-26 herein (as applicable).	
20A.	Subject to the provisions of these Articles, the Board shall have power at any time, and from time to time, to appoint a Person as an additional Director, provided the number of the Directors and additional Directors together shall not at any time exceed the maximum strength fixed for the Board under Applicable Law. Subject to the provisions of these Articles, such Person appointed as additional Director shall hold office only up to the date of the next annual general meeting of the Company but shall be eligible for appointment by the Company as a Director at that meeting subject to the provisions of the Act.	**Appointment of Additional Directors**
21.	(a) The Investors and Labh Investments may at any time require the removal of their respective Nominee Director (if any) and each of Labh Investments, IFC, RIL and Kedaara shall be entitled to nominate another Person as its respective Nominee Director in place of any Nominee Director so removed. In the event of the resignation, retirement, removal or vacation of office of the Nominee Director of an Investor or Labh Investments, the concerned Investor or Labh Investments (as the case may be), in accordance with the provisions as set out herein, shall be entitled, subject to Article 20, to nominate another individual as its Nominee Director in place of such resigned/retired/terminated/vacated Nominee Director and the Shareholders shall ensure, to the fullest extent of all rights and powers available to them, that such nominee is promptly appointed as a Director. It is hereby clarified that for the purpose of this paragraph, "**Investors**" shall mean each of (a) IFC, (b) Kedaara, and (c) RIL, collectively and "**Investor**" shall mean any one of them.	**Removal/Resignation of Directors**
22.	A Director need not hold any qualification Shares.	**Qualification Shares**
22A.	(a) At every annual General Meeting of the Company, one-third of such of the Directors for the time being as are liable to retire by rotation or if their number is not three or a multiple of three, the number nearest to one-third shall retire from office. (b) Subject to Section 152(6)(d) of the Act and the relevant rules framed thereunder (if any), the Directors to retire by rotation at every annual General Meeting shall be those who have been longest in office since their last appointment, but as between Persons who become Directors on the same day, those who are to retire, shall, in default of and subject to any agreement amount themselves, be determined by lot. (c) A retiring Director shall be eligible for re-election. (d) Subject to Sections 152(6)(e) and 152(7)(a) of the Act, the relevant rules framed thereunder (if any) and these Articles, the Company at the General Meeting at which a Director retires in a manner aforesaid may fill up the vacated office by electing a Person thereto. (e) If the place of the retiring Director is not so filled up and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is a national holiday, till the next succeeding day which is not a national holiday, at the same time and place.	**Retirement of Directors by Rotation**

	(f) If at the adjourned meeting also, the place of the retiring Director is not filled up and that meeting also has not expressly resolved not to fill the vacancy, then the retiring Director shall be deemed to have been re-appointed at the adjourned meeting, unless: (i) at that meeting or at the previous meeting resolution for the reappointment of such Director has been put to the meeting and lost; (ii) the retiring Director has, by a notice in writing addressed to the Company or its Board, expressed his unwillingness to be so re-appointed; (iii) he is not qualified or is disqualified for appointment; (iv) a resolution, whether special or ordinary, is required for the appointment or re-appointment by virtue of any provisions of the Act and the Companies Act, 1956 (to the extent applicable);	
22B.	(a) No Person not being a retiring Director, shall be eligible for appointment to the office of Director at any General Meeting unless he or some Shareholder intending to propose him has, not less than fourteen (14) days before the meeting, left at the registered office of the Company a notice in writing under his hand signifying his candidature for the office of Director or the intention of such Shareholder to propose him as a candidate for that office (along with a deposit of Rs 100,000 (Rupees One Hundred Thousand) or such higher amount as may be prescribed by the rules made under the Act which shall be refunded to such Person or as the case may be, to such Shareholder if the Person succeeds in getting elected as a Director. Any such nomination and appointment as stated aforesaid shall be subject to the provisions of these Articles. (b) Every Person (other than a Director retiring by rotation or otherwise or a Person who has left at the registered office of the Company a notice under Section 160 of the Act and the relevant rules framed thereunder (if any), signifying his candidature for the office of a Director) proposed as a candidate for the office of a Director shall sign and file with the Company, the consent in writing to act as a Director, if appointed. (c) A Person other than a Director re-appointed after retirement by rotation or immediately on the expiry of his term of office, or an additional or alternate Director, or a Person filling a casual vacancy in the office of a Director under Section 161 of the Act and the relevant rules framed thereunder (if any), appointed as a Director or re-appointed as an additional or alternate Director, immediately on the expiry of his term of office shall not act as a Director of the Company, unless, as per Section 152(5) of the Act and the relevant rules framed thereunder (if any), he has given his consent to hold the office as Director and such consent has been filed with the registrar of companies by the Company within thirty (30) days of his appointment.	**Notice and Consent required for appointment of Directors**
22C.	Subject to the provisions of Sections 161(4), 169(5) and (7) of the Act, the relevant rules framed thereunder (if any) and these Articles, the Board shall have the power at any time and from time to time to appoint any other qualified Person to be a Director to fill a casual vacancy. Any Person so appointed shall hold office only up to the date up to which the Director in whose place he is appointed would have held office if it had not been	**Casual Vacancy**

	vacated by him.	
22D.	Any remuneration and/or fees payable to a Director (including the MD and CEO or any whole-time Director, if any) by the Company shall be as per the provisions of the Banking Act, and the relevant regulations/ guidelines and circulars issued by RBI from time to time and the Act, including Sections 196 and 197 and the relevant rules framed thereunder (if any), read with Schedule V of the Act.	**Remuneration to Directors**
22E.	(a) A Related Party may enter into any contract with the Company for the sale, purchase or supply of any goods, materials, selling or otherwise disposing of or buying property or any kind, leasing of property of any kind, availing or rendering of any services, appointment of any agent for purchase of sale of goods, materials, services or property, appointment of such Related Party to any office or place of profit in the Company or its associate company and underwriting subscription of any securities or derivatives thereof of the Company, provided that the sanction of the Board is obtained before entering into the contract, in accordance with the requirements of Section 188 of the Act, the relevant rules framed thereunder (if any) and these Articles. (b) No sanction shall, however, be necessary for any of the aforesaid transactions entered into by the Company with the Related Party in its ordinary course of business and on arm's length basis**.** (c) Transactions with a Related Party as specified under the Act, will require the prior approval of the Company by way of a shareholders resolution in accordance with the provisions of the Act: Provided that in circumstances of urgent necessity a Related Party may, without obtaining the consent of the Board or prior approval of the Company by way of special resolution, as the case may be, enter into any a contract/transaction with the Company for the sale, purchase or supply of any goods, materials, selling or otherwise disposing of or buying property of any kind, leasing of property of any kind, availing or rendering of any services, appointment of any agent for purchase of sale of goods, materials, services or property, appointment of such Related Party to any office or place of profit in the Company or its associate company and underwriting subscription of any securities or derivatives thereof of the Company, provided such contract/transaction is ratified by the Board or by the shareholders at a meeting, as the case may be, within three (3) months of the date on which the contract/transaction was entered into, in accordance with these Articles, failing which such contract/transaction will become voidable at the option of the Board. (d) A Director of the Company who is in any way, whether directly or indirectly concerned or interested in a contract or arrangement, or proposed contract or arrangement entered into or to be entered into by or on behalf of the Company, shall disclose the nature of his concern or interest at a meeting of the Board in the manner provided in Section 184 (2) of the Act and the relevant rules framed thereunder (if any); provided that it shall not be necessary for a Director to disclose his concern or interest in any contract or arrangement entered into or to be entered into with any other company where any of the Directors of the Company or two or more of them together holds or hold not	**Director may contract with the Company**

more than two percent (2%) of the paid-up share capital in any such other company.

(e) A general notice given to the Board by the Director to the effect that he is a Director or member of a specified body corporate or is a member of a specified firm and is to be regarded as concerned or interested in any contract or arrangement which may after the date of the notice, be entered into with that body corporate or firm, shall be deemed to be a sufficient disclosure of concern or interest in relation to any contract or arrangement so made. Any such general notice shall expire at the end of the Financial Year in which it is given but may be renewed for a further period of one (1) Financial Year at a time by a fresh notice given in the last month of the Financial Year in which it would have otherwise expired. No such general notice, and no renewal thereof shall be of effect unless, either it is given at a meeting of the Board or the Director concerned takes reasonable steps to secure that it is brought up and read at the first (1st) meeting of the Board after it is given.

(f) No Director shall as a Director, take any part in the discussion of, or vote on any contract or arrangement entered into or to be entered by or on behalf of the Company, if he is in any way, whether directly or indirectly concerned or interested in such contract or arrangement; nor shall his presence count for the purpose of forming a quorum at the time of any such discussion or vote; and if he does vote, his vote shall be void. Provided, however, that nothing herein contained shall apply to:

(i) any contract of indemnity against any loss which the Directors, or any one or more of them, may suffer by reason of becoming or being sureties or a surety for the Company;

(ii) any contract or arrangement entered into or to be entered into with a public company or a private company which is a subsidiary of a public company in which the interest of the Director consists solely:

(x) in his being :-

(A) director of such company; and

(B) the holder of not more than shares of such number or value therein as is requisite to qualify him for appointment as a Director thereof, he having been nominated as such Director by the Company; or

(y) in his being a member holding not more than two percent (2%) of its paid-up share capital.

(g) The Company shall keep a register in accordance with Section 189(1) of the Act and the relevant rules framed thereunder (if any) and shall enter therein such of the particulars as may be relevant having regard to the application thereto of Section 188 or Section 184 of the Act as the case may be and the relevant rules framed thereunder (if any). The register aforesaid shall also specify, in relation to each Director of the Company the names of the bodies corporate and firms of which notice has been given by him under (f) above. The register shall be kept at the registered office of the Company and shall be open to

		inspection at such office, and extracts may be taken therefrom and copies thereof may be required by any Shareholder to the same extent, in the same manner, and on payment of the same fee as in the case of the register of Shareholders and the provisions of Section 94 of the Act and the relevant rules framed thereunder (if any) shall apply accordingly.	
		PROCEEDINGS OF THE BOARD	
23.	(a)	The Board shall meet at least once every quarter of each Financial Year and at least 4 (four) times every Financial Year in accordance with the provision of the Act. The date of the next Board meeting shall be confirmed at the previous Board meeting. A meeting of the Board may be called by any Director, and the secretary of the Company shall, upon requisition by a Director, convene the same in accordance with this Article 23. The Chairman shall be appointed by the Board at each meeting of the Board, and in the event a Board meeting is adjourned then the Chairman of the previous Board meeting shall be considered to be Chairman for the purposes of reconvening such Board meeting in accordance with Article 24. The Chairman shall not have a casting vote.	**Procedure of the Board**
	(b)	Written notice of each meeting of the Board shall be given to all the Directors and their alternates, if any. Written notice of each meeting of a committee of the Board shall be given to all Directors on that committee and their alternates, if any. Written notice of a meeting under this Article 23(b) shall be sent to the address notified from time to time by the Directors and their alternates, if any, at least seven (7) days in advance of such meeting; *provided that* where, exceptionally, the Board or a committee of the Board is required to make a decision in circumstances in which the foregoing notice requirements cannot be observed, a meeting of the Board or a committee of the Board may be convened at shorter notice with consent of eighty percent (80%) of the Directors on the Board or on such committee.	
	(c)	An agenda setting out in detail the items of business proposed to be transacted at a meeting of a committee of the Board together with necessary information and supporting documents shall be circulated to each of the Directors on that committee and their alternates, if any. The agenda, information and documents shall be circulated at least seven (7) days prior to the date of the relevant meeting; *provided that* where, exceptionally, the Board or a committee of the Board is required to make a decision in circumstances in which the foregoing notice requirements cannot be observed, such requirement to circulate agenda information and documents may be waived with the consent of eighty percent (80%) of the of the Directors on the Board or on such committee. Any item not included in the Agenda may be taken up for consideration with the permission of the Chairman and with the consent of a majority of the Directors present in the meeting, which shall include at least one Independent Director.	
	(d)	Except as otherwise required under Applicable Law or provided herein, including in Article 32, all decisions of the Board or a committee thereof shall be made by simple majority of the Directors at a duly convened meeting at which a quorum is present.	

	(e)	No Nominee Director shall be liable for any default or failure of the Company in complying with the provisions of any Applicable Law or shall be identified as an 'officer in default' of the Company, including but not limited to, defaults under the Act and the Companies Act, 1956 (to the extent applicable), taxation and labour laws of India. The Company shall indemnify and hold harmless to the maximum extent permitted by Applicable Law, each Nominee Director from and against any and all threatened pending or completed actions, suits, claims or proceedings and any and all costs, damages, judgments, amounts paid in settlement and expenses or liabilities which such Director may, directly or indirectly, incur, suffer, and/or bear due to the failure of the Company to comply with any of the provisions of Applicable Law, or this (e) or that are in any way related to, his or her activities or his or her position as a Director.	
	(f)	The reasonable costs incurred by each Director who is not an employee of the Company in attending a meeting of the Board or a committee or a General Meeting, subject to Company policy, shall be reimbursed by the Company.	
24.	(a)	The quorum for a meeting of the Board shall be in accordance with the provisions of the Act. The quorum for a meeting of a committee of the Board shall be two (2) Directors on that committee.	**Quorum for Board meeting**
	(b)	In the absence of a valid quorum at a meeting of the Board or a committee of the Board, the meeting shall be adjourned to the same time and place not earlier than ten (10) days but no later than twenty-one (21) days thereafter as the Chairman (or, if applicable, the chairman of the committee) may determine ("**Adjourned Meeting**"). The quorum requirements for such Adjourned Meeting shall be as follows: (i) the quorum for the Adjourned Meeting shall be in accordance with the provisions of the Act. The Company shall ensure that: (aa) written notice of the adjournment is given to each Director at his/her usual address for service of notices of Board/committee meetings not less than three (3) Business Days before the date of any Adjourned Meeting; (bb) no matters are considered at any meeting of the Board or any committee thereof that were not specifically set out on the agenda for such meeting, including if such matters are brought up for consideration by the Chairman, save and except where the consent of the relevant Directors has been obtained in accordance with the provisions of Article 23(c) above.	
	(c)	Notwithstanding the provisions of sub-section (b) above, in the event any of actions/ decisions: (A) listed in Article 32(a)(xi) are part of the agenda for the Board or committee meeting, then the quorum shall always include one Independent Director; (B) relating to appointment/ remuneration/ dismissal/changes in terms of employment or employment agreement of the Key Person or CEO/MD, are part of the agenda for the Board or committee meeting, then the quorum would be seventy six percent (76%) of the Board (excluding the Directors appointed by the Sponsors); (C) listed in	

	Article 32(b)(vii), then the quorum would always be seventy six percent (76%) of the Board (excluding Directors appointed by the Sponsors). (d) Any Director shall be entitled to participate in a meeting of the Board or a committee of the Board of which he or she is a member, at which he or she is not physically present, by video conference or similar electronic means in accordance with the provisions of the Act and/ or the circulars issued by the Ministry of Corporate Affairs (as amended from time to time) and the Chairman shall ensure that such Director's observations are duly recorded in the minutes of such meeting.	
25.	Subject to Article 32 herein, all decisions of the Board shall require the affirmative vote of a majority of the Directors at a duly convened meeting of the Board at which a quorum is present.	**Decisions of the Board**
26.	Subject to Applicable Law, the Board or a committee thereof may take decisions through resolution by circulation or written consent. No resolution shall be deemed to have been duly passed by the Board or a committee of the Board by circulation or written consent, unless the resolution: (a) has been circulated in draft form together with the information required to make a fully-informed, good faith decision with respect to such resolution and appropriate documents required to evidence passage of such resolution, if any, to all Directors or to all Directors on the relevant committee at their usual address, and (b) has been approved in writing by a simple majority of the Directors on the Board or that committee, as required by the Act and the relevant rules made thereunder (if any). For the avoidance of doubt, it is clarified that none of the matters listed at Article 32(b) may be decided upon by the Board through resolution by circulation or written consent unless agreed to in writing by Shareholders representing at least seventy six percent (76%) of the fully paid up Equity Share capital of the Company on a Fully Diluted Basis.	**Circular Resolution**
GENERAL MEETINGS		
27.	An annual general meeting of the shareholders of the Company shall be held within six (6) months of the end of each Financial Year. The Board or the shareholders of the Company may, subject to the provisions of the Act and the relevant rules made thereunder (if any), convene an extraordinary general meeting of the shareholders of the Company whenever they deem appropriate.	**General Meetings**
28.	(a) Not less than twenty-one (21) days prior written notice of all General Meetings shall be given to the shareholders of the Company at their respective addresses notified by them to the Company in writing, provided that where, exceptionally, the shareholders of the Company are required to make a decision in circumstances in which the foregoing notice requirements cannot be observed, a General Meeting may be convened at shorter notice, in accordance with the provisions of Applicable Law. Provided further that none of the matters listed under Article 32(b), may be discussed or decided upon by the	**Notice for General Meetings**

	Shareholders at such General Meeting called at shorter notice unless, the same is approved by Shareholders representing at least seventy six percent (76%) of the fully paid up Equity Share capital of the Company on a Fully Diluted Basis. (b) Every notice of a General Meeting under this Article 28 shall specify the place, date and hour of the meeting and shall contain an agenda and accompanying materials with a statement of the business to be transacted thereat and where any such business consists of special business, as defined under the Act, there shall be annexed to the notice a statement in accordance with Section 102 of the Act and the relevant rules framed thereunder (if any). No business shall be transacted at any General Meeting duly convened and held other than that specified in the notice without the prior written consent of all the Shareholders.	
28A.	The Board shall provide the Company's previous Financial Year's audited financial statements to all Shareholders at least twenty-one (21) days before the General Meeting that is held to approve and adopt such audited financial statements.	**Notice regarding audited financial statements**
29.	The chairman of a General Meeting shall not have any second or casting vote. The shareholders present for a General Meeting shall appoint the chairman for that General Meeting by mutual discussion. In the event a General Meeting is adjourned then the chairman of the previous General Meeting shall be considered to be chairman for the purposes of reconvening such General Meeting in accordance with Article 31(b).	**Chairman for General Meeting**
30.	Any shareholder of the Company may appoint another Person as his proxy (and in case of a corporate shareholder, an authorized representative) to attend a meeting and vote thereat on such shareholder's behalf, provided that the power given to such proxy must be in writing and shall be delivered to the Company.	**Proxies**
31.	(a) (i) The quorum for a General Meeting shall be at least five (5) shareholders of the Company or such minimum number of shareholders as prescribed under Act read with the relevant rules framed thereunder as amended from time to time, present in person or corporate representative, holding shares representing at least seventy six percent (76%) of the voting shares of the Company then outstanding ("**First General Meeting**"). (ii) Subject to the provisions of these Articles, resolutions may be passed at a General Meeting by a vote of the shareholders of the Company, present in person or by proxy or by corporate representative, holding shares representing a majority of the voting shares then outstanding. (b) (i) In the absence of a valid quorum at a First General Meeting, the meeting shall be adjourned to a Business Day at the same time and place not earlier than ten (10) days but no later than twenty-one (21) days thereafter as the chairman of the previous General Meeting may determine. The quorum requirements set out in Article 31(a) shall also be applicable to such adjourned	**Quorum for General Meetings**

		meeting, provided that if two (2) consecutive adjourned General Meetings of which notice has been duly given in accordance with Article 28 are inquorate, the quorum for the next General Meeting shall be reduced to Shareholders holding at least fifty-five percent (55%) of the voting shares of the Company then outstanding. (ii) For the avoidance of doubt, it is clarified that none of the matters listed in Article 32 herein may be discussed or decided upon by the shareholders of the Company at any such adjourned General Meeting(s) unless duly authorized representatives of Shareholders representing at least seventy six percent (76%) of the fully paid up Equity Share capital of the Company on a Fully Diluted Basis are present at such adjourned General Meeting. (c) Subject to Applicable Law, the Company's shareholders may take decisions through resolution by circulation or written consent. No resolution shall be deemed to have been duly passed by the Company's shareholders by circulation or written consent unless the resolution has been circulated in draft form, together with the information required to make a fully-informed, good faith decision with respect to such resolution and appropriate documents required to evidence passage of such resolution, if any, to all the Company's shareholders at their usual address, and has been unanimously approved in writing by those shareholders which are entitled to vote on the resolution. For the avoidance of doubt, it is clarified that none of the matters listed in Article 32(b) may be decided by the shareholders of the Company through resolution by circulation or written consent unless agreed to in writing by Shareholders representing at least seventy six percent (76%) of the fully paid up Equity Share capital of the Company on a Fully Diluted Basis. (d) Subject to Article 31 (b) and (c) hereinabove, any resolution, which under the provisions of the Act and the Companies Act, 1956 (to the extent applicable) or the Charter is permitted or is required to be done or passed by the Company in a General Meeting shall be sufficiently so done if passed by ordinary resolution, as defined under Section 114(1) of the Act, unless the Act and the Companies Act, 1956 (to the extent applicable) specifically requires such act to be done or resolution passed by a special resolution as defined under Section 114(2) of the Act.	
31A.	(a)	At any General Meeting a resolution put to the vote at the meeting shall be decided on a show of hands unless, before or on the declaration of the result of such voting, the chairman of the meeting shall order a poll to be taken which he may do of his own motion, and shall so order on a demand made in that behalf by any Shareholder(s) present in person or by proxy and holding shares in the Company as specified below: (i) which confer a power to vote on the resolution not being less than one-tenth of the total voting power in respect of the resolution, or (ii) on which an aggregate sum of not less than Rs. 50,000 (Rupees	**Manner of Voting and Polls**

		Fifty Thousand) has been paid up. (b) Unless a poll is so demanded, a declaration by the chairman that a resolution on a show of hands has or has not been carried by a simple or by a particular majority or unanimously as the case may be and an entry in the books containing the minutes of the proceedings of the Company shall be conclusive evidence of that fact without proof of the number or proportion of the votes cast in favour or against such resolution. (c) If a poll is demanded as aforesaid the same shall be taken at such time (not later than forty-eight (48) hours from the time when the demand was made) and at such place in the city or town in which the registered office of the Company is for the time being situated and either by open voting or by ballot, as the chairman shall direct, and either at once or after an interval or adjournment, or otherwise, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The demand for a poll may be withdrawn at any time by the Person or Persons who made the demand. (d) Where a poll is to be taken, the chairman of the meeting shall appoint two scrutineers to scrutinise the votes given on the poll and to report thereon to him. One of the scrutineers so appointed shall always be a Shareholder (not being an officer or employee of the Company) present at the meeting, provided such a Shareholder is available and willing to be appointed. The chairman shall have power at any time before the result of the poll is declared to remove a scrutineer from office and fill vacancies in the office of scrutineer arising from such removal or from any other cause. (e) Any poll duly demanded on the election of a chairman of a meeting or on any question of adjournment shall be taken at the meeting forthwith. (f) The demand for a poll except on the questions of the election of the chairman and of an adjournment shall not prevent the continuance of meeting for the transaction of any business other than the question.	
31B.	(a)	Subject to the provisions of these Articles and without prejudice to any special privileges or restrictions as to voting for the time being attached to any class of shares for the time being forming part of the capital of the Company, every Shareholder shall be entitled to be present and to speak and vote at such meeting, and on a show of hands every Shareholder (being an individual) present in person or by proxy or every Shareholder (being a body corporate) is present by a representative or proxy shall have one vote and upon a poll the voting right of every Shareholder present in person or by a proxy or by representative shall be in proportion to the Equity Shares held by such Shareholder in the paid-up equity share capital of the Company. (b) On a poll being taken at a meeting of the Company a Shareholder entitled to more than one vote, or his proxy or other Person entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses.	**Polls**

	(c) Every proxy (whether a Shareholder or not) shall be appointed in writing under the hand of the appointer or his attorney, or if such appointor is a body corporate under the common seal of such corporation, or be signed by an officer or any attorney duly authorised by it. The proxy so appointed shall not have any right to speak at the meetings. The requisite form appointing the proxy shall be deposited with the Company forty eight (48) hours before the meeting for which the proxy has been appointed, in accordance with the provisions of the Act, except in the case of a meeting being called at a shorter notice.	
SIMPLE MAJORITY BOARD MATTERS AND SHAREHOLDER RIGHTS		
32.	Subject to the provisions of Article 38 hereof: (a) The Company and the Key Person shall not take the following decisions or actions without the approval of a simple majority of the Board: (i) any agreements, arrangements or transactions with any Related Party (which shall be on an arm's length basis), having an annual cumulative value of less than or equal to INR 10,000,000 (Rupees Ten Million); (ii) any disposal of assets not in the ordinary course of business where the value of such transaction/s is below the annual cumulative value of INR 10,000,000 (Rupees Ten Million); (iii) entering into, varying or terminating any contract having a contract value of ten million INR 10,000,000 (Rupees Ten Million) or more (excluding contracts with clients or customers of the Company); (iv) (aa) subject to Applicable Law, reappoint existing Auditors; or (bb) appoint any Auditor for the first time; (v) adopt or amend any of the major operating policies (including the Borrowing Policy) of the Company in relation to the Business, including any material amendment to the existing policies which have been already approved by the Investors. It is hereby clarified that for the purpose of this item, "**Investors**" shall mean each of (a) IFC, (b) Kedaara, and (c) RIL, collectively; (vi) subject to Applicable Law, appoint or remove any Key Management Personnel (excluding the Key Person); (vii) authorize or make any significant change in the terms of employment of Key Management Personnel (excluding the Key Person); (viii) adoption of and subsequent modifications to the Treasury Policy; (ix) subject to Applicable Law, issue any shares or other securities (excluding any Equity Shares and Share Equivalents) which are classified as "Tier II Capital" in RBI guidelines / prudential norms applicable to non-banking financial companies in India; (x) make any strategic/ financial/ other alliance with a third party, other than in the ordinary course of business, which does not result in investments by the Company; (xi) make any material changes to the Company's accounting or tax	

		policies, procedures or practices; (xii) subject to Section 23 of the Banking Act and other Applicable Law, change the registered office or the name of the Company; (xiii) change the Financial Year of the Company; (xiv) approve or amend the Budget, including but not limited to: (aa) debt, guarantee or security with a deviation exceeding ten percent (10%) of each corresponding item in the Budget; (bb) any additional capital expenditure in excess of ten percent (10%) of the Capex or debt provisions (as provided in the Budget); (cc) any adverse deviations on certain key metrics (disbursements, yield, expenditure, cost of funds, securitization rate, assets under management divided by net worth and mix between Tier I and Tier II capital) set out in the Budget by more than ten percent (10%); (xv) entering into any agreements with a lender (excluding Scheduled Banks and development finance institutions) of the Company where such agreement permits the lender to appoint a Director in the event of default by the Company under such agreement; (xvi) appointment of a merchant banker and underwriter from the Listing Intermediaries for the purposes of a Listing; (xvii) adopt, approve or amend the Business Plan, *Provided that* in addition to approval of a simple majority of the Board, with respect to actions or decisions in respect of the matters: (A) contained in Article 32(a)(xi), the approval of an Independent Director shall always be required; and (B) relating to any agreements, arrangements or transactions with any Related Party as set out in 32(a)(i) and relating to the appointment/ remuneration/ dismissal/changes in terms of employment or employment agreement of the Key Person or CEO/MD, including as set out in 32(a)(vi) and (vii), approval of seventy six percent (76%) of the Board (excluding the Directors appointed by the Sponsors), shall always be required. (b) Notwithstanding anything to the contrary set out herein, but subject to the provisions of Article 37 and Article 38, the Company and the Key Person shall not take the following decisions or actions (including at a meeting of the board of directors or shareholders) without the consent of Shareholders representing at least seventy six percent (76%) of the fully paid up Equity Share capital of the Company on a Fully Diluted Basis: (i) amend or repeal or authorize any amendment or other action in relation to the Company Documents (other than any changes in the terms and conditions of employment of the Key Person); (ii) (aa) authorize or make any change in the issued, subscribed or paid up capital of the Company; or (bb) issue any Equity Shares or any Share Equivalents having structural or legal or other preference over or ranking senior to (or *pari passu* with) the Investor Securities with respect to any matter, including, without limitation, dividend rights, Voting Rights or liquidation preference, either as a public offering or private	

		sale or issue of any equity shares or any share equivalents of the Company; or (cc) reorganize the share capital of the Company, by way of fresh issuance of shares or any share equivalents or by way of redemption, retirement or repurchase/buyback of any shares or any share equivalents, retirement or repurchase of any shares, issuance of convertible debentures or warrants or grant of any options over its shares or any stock splits or consolidation of its share capital; or (dd) make any changes (directly or indirectly) in class rights for equity shares or share equivalents, except to the extent as set out in Article 32(a)(ix) above; *provided that* nothing in this sub-section (ii) shall apply to any issue of shares for the purposes of the ESOP 1 and 2 Options, ESOP 3 Options or pursuant to any capitalization requirements under RBI regulations or foreign direct investment laws in India so long as the Board has explored all alternative options and approved such share issuance; (iii) any amalgamation, merger, demerger, acquisition, consolidation, reorganisation, acquisitions, reconstitution, restructuring, divestments, of the Company and/or its substantial assets or any similar transaction having the same economic impact; (iv) authorize or undertake any reduction of capital or share repurchase, other than any repurchase of any shares or any Share Equivalents of the Company issued to or held by employees, officers, directors or consultants of the Company pursuant to the ESOP 1 and 2 Options and/or the ESOP 3 Options; (v) authorize or undertake any Liquidation Event; (vi) make any change to the Business or commencement of any new line of business by the Company; (vii) enter into any agreements, arrangements or transactions with any Related Party, above an annual cumulative value of more than INR 10,000,000 (Rupees Ten Million) and excluding all agreements, arrangements or transactions in relation to managerial remuneration and benefits provided to Key Management Personnel either through agreement or service conditions, sitting fees and other related expenses under the Act; (viii) directly or indirectly declare, authorize or make any Distribution in relation to any shares or Share Equivalents of the Company; (ix) create or adopt any new or additional equity option plan, or any change or modification or amendment to any equity option plans of the Company; (x) authorize or undertake any arrangement for the disposal of: (aa) any disposal of assets not in the ordinary course of business; or (bb) all or substantially all of the assets or business of the Company, not in the ordinary course of business, where all such disposals referred to in (aa), (bb), are in respect of whole or substantially the whole undertaking of the Company, in accordance with the provisions of the Act. (it is hereby clarified that (A) any disposal of assets in the ordinary course of business; (B) any assignment or securitization of loans in the ordinary course of business; is excluded for purposes of this Article 32(b)(x)); 	

	(xi) change the designations, powers, rights, preferences or privileges, or the qualifications, limitations or restrictions of the Investor Securities in any manner whatsoever; *Provided that* in addition to approval of Shareholders representing at least seventy six percent (76%) of the fully paid up Equity Share capital of the Company on a Fully Diluted Basis, with respect to actions or decisions contained in Article 32(b)(vii), the approval of at least seventy six percent (76%) of the Board (excluding Directors appointed by the Sponsors) shall always be required. (c) For the avoidance of doubt it is hereby clarified that: (i) all matters requiring approval of the Board or shareholders of the Company as per Applicable Law and not covered under this Article 32 or under any other provision of these Articles shall be approved by the Board or the shareholders of the Company, as may be applicable, as per Applicable Law. (ii) if any item is excluded from any sub-section in Article 32(a), but is included in any other sub-section of Article 32(a), then such item shall be deemed to be included by virtue of the latter sub-section. The same principle shall apply *mutatis mutandis* to Article 32(b).	
	FURTHER ISSUE AND TRANSFER OF SHARES	
33.	The following ownership and share retention obligations shall apply to the Sponsors till Listing or such other longer period as may be prescribed under Applicable Law: (a) The Sponsors shall not Transfer any portion of the Sponsor Shares or reduce their Economic Ownership Interest in the Company by way of Transfer, either directly or indirectly, through intermediary holding companies *provided that* subject to Article 38 herein and the provisions of Applicable Law, the Sponsors shall be permitted to undertake: (i) any *inter se* Transfers between the Sponsors and between the Sponsors and their Affiliates (such Affiliate being one hundred percent (100%) legally and beneficially held by all or any of the Sponsors), *provided, however*, that the Key Person shall continue to hold at least twenty six percent (26%) of the fully paid up Equity Share capital of the Company on a Fully Diluted Basis for a period of five (5) years from the date of commencement of Business or such other period as may be prescribed under Applicable Law; (ii) any Transfer by the Sponsors for the purposes of the ESOP 1 and 2 Options up to a maximum of six hundred forty three thousand forty two (643,042) Equity Shares; (iii) any Transfers by the Sponsors to Mr. Uttam Tibrewal up to a maximum of one million two hundred seventy eight thousand six hundred eighty five (1,278,685) Equity Shares; (iv) any Transfers pursuant to Article 14 herein; (v) actions pursuant to (d) below; (hereinafter referred to as "**Permitted Transfers**"). (b) The Company shall: (i) record in its Charter the restrictions on the Transfer of Equity Shares or Share Equivalents as set forth in this Article 33 and Article 34 below; and (ii) refuse to recognize any	**Ownership and Share Retention**

	purported Transfer of any Equity Shares or Share Equivalents in violation of these Articles or Applicable Law or record or register any such Transfer. Any Transfer made in breach of these Articles or Applicable Law shall be null and void. (c) If the Company at the collective behest of the Investors and subject to prior regulatory approval as per Applicable Law, removes the Key Person from the employment with the Company without cause, the transfer restrictions on the Sponsor Shares in terms of (a) above shall terminate, subject to shareholding requirements under Applicable Law and the Sponsors shall be entitled to Transfer their Sponsor Shares to any Person other than a Competitor. (i) In the event the Sponsors Transfer all (and not part) of the Sponsor Shares to a Bonafide Financial Investor, such Bonafide Financial Investor shall have the rights which are available to all the Investors under these Articles and shall be obliged to undertake all obligations of the Investors under these Articles. (ii) If the Sponsor Shares are Transferred by the Sponsors in part to a Bonafide Financial Investor, such Bonafide Financial Investor shall be entitled to all the rights which may be assigned to a Non Competing Non Financial Investor under Article 53 and shall be obliged to undertake all obligations of the Investors under these Articles. (iii) In the event the Sponsors Transfer all or part of the Sponsor Shares to a Non Competing Non Financial Investor, then the Non Competing Non Financial Investor shall be entitled to the rights which may be assigned to a Non Competing Non Financial Investor as set out in Article 53 and shall be obliged to undertake all obligations of the Investors under these Articles. For the purposes of this clause (c) and without prejudice to the generality of this clause (c), it is clarified that, removal of the Key Person for (aa) reasons of business underperformance shall be deemed to be removal without cause; and (bb) breach of Key Person's obligations under these Articles, willful neglect or fraud by Key Person shall be deemed to be removal with cause. (d) Subject to compliance with the requirements of Article 33(a) and Applicable Law, the Sponsors shall be permitted to raise funds in the Holding Company by issuing shares to Persons other than Competitors or by raising debt which may be secured by pledge of shares held by Sponsors in the Holding Company, *provided that* the Sponsors shall ensure that (aa) the dilution of the Sponsors' shareholding in the Holding Company shall not exceed twenty five percent (25%) of the paid up share capital of the Holding Company on a Fully Diluted Basis; (bb) the Person investing into the Holding Company or providing debt funding to the Holding Company or in favour of whom the shares of the Holding Company are being pledged has no rights in relation to the management or operation (including voting rights) of the Company and has no recourse, direct or indirect, to (i) the Equity Shares or Share Equivalents; and/or (ii) any of the assets of the Company; and (cc) there is no change in Control of the Company or Holding Company as a result of the actions permitted under this Article 33(d). For the purposes of this	**Holding Company Covenants**

	Article 33(d), a "**Holding Company**" shall mean a company wholly owned and Controlled by the Sponsors (subject to this Article 33 (d)) through which the Sponsors hold all or part of the Sponsor Shares.	
34.	(a) Without prejudice to the provisions of these Articles, till such time as IFC is a shareholder in the Company or holds Share Equivalents in the Company: (i) none of the Shareholders shall Transfer any shares in the Company or Share Equivalents to any of the individuals or entities named on (A) lists promulgated by the United Nations Security Council or its committees pursuant to resolutions issued under Chapter VII of the United Nations Charter; or (B) the World Bank Listing of Ineligible Firms (see www.worldbank.org/debarr); and (ii) the Key Person shall cause the Company to, and the Company shall, refuse to recognize any purported Transfer of Equity Shares or Share Equivalents in violation of this Article 34(a) or record or register any such Transfer of Equity Shares or Share Equivalents in its share registry. Any Transfer made in breach of this Article 34(a) shall be null and void. (b) Until September 30, 2017 or such other extended timeline for Listing as may be mutually agreed between the Company and the Investors, no Investor shall Transfer any of its Investor Securities to any Competitor. The restriction contained in this Article 34(b) shall not apply to any Transfer of Equity Shares or Share Equivalents by any of Investors: (i) after the consummation of a Listing; or (ii) in the event of a Listing Default, it being understood that in case of a Listing Default, the Transfer of all Investor Securities shall be subject to the provisions of Article 14. Subject to compliance with the provisions of Article 53, this Article 34(b) shall not apply to any Transfers by IFC. (c) An Investor shall be entitled to rely on a representation from a potential buyer of Investor Securities to the effect that the transferee has not passed a board resolution indicating its intent to engage directly or indirectly, either alone or jointly with, any other Person, in a business or activity identical or similar to or that directly or indirectly competes with the Business of the Company or any business or activities that may be commenced by the Company after the commencement of Business. (d) The Company shall refuse to recognize any purported Transfer of Investor Securities in violation of Article 34(b), or record or register any such Transfer of Investor Securities in its statutory registers, including the register of Shareholders. Any Transfer made in breach of Article 34(b) shall be null and void.	**Restricted Transfer**
35.	If a Shareholder wishes to Transfer any Equity Shares in the Company or any Share Equivalents to a Person that is not already a Shareholder, it shall require as a condition of the Transfer that the transferee executes an Accession Instrument, appropriately modified to reflect the rights and	**Accession Instrument**

	obligations Transferred to such transferee in accordance with Article 53, confirming that it shall be bound by these Articles in respect of the Equity Shares or Share Equivalents transferred to that transferee. The provisions of this Article 35 shall not apply to any of the Permitted Transfers and to the provisions of Article 33 above.	
36.	Subject to Article 32(b)(ii) and Applicable Law, each Investor and the Sponsors shall have the right to subscribe to its Pro-rata share of New Securities (as defined below) in the manner set out below: (a) If the Company proposes to issue New Securities, it shall give each Investor written notice of its intention, describing the New Securities, their price, and their general terms of issuance, and specifying each Investor's and Sponsors Pro-rata share of such issuance (the "Issue Notice"). If the price of the New Securities as set out in the Issue Notice is not acceptable to any Investor, it shall send a written notice to the Company, Sponsors and other Investors regarding the same, providing a detailed analysis and rationale for such Investor taking such a view. In the event Company receives such a notice, the Company shall appoint an independent valuer for the purposes of determining the fair market value of the New Securities. Thereafter, the Board shall determine the issue price for the New Securities, which shall be equal to or more than the fair market value as determined by the independent valuer, and shall give each Investor and the Sponsors written notice of the modified terms of the issue ("Modified Issue Notice"). Each Investor and the Sponsors shall have thirty (30) days from the date of delivery of the Issue Notice or Modified Issue Notice (if any) (the "Notification Period") to give the Company written notice that it agrees to subscribe to part or all of its Pro-rata share of the New Securities for (i) the price specified in the Issue Notice or the Modified Issue Notice (if any); and (ii) on the other terms specified in the Issue Notice (the "Subscription Notice"). The concerned Investor may also notify the Company in the Subscription Notice that it is willing to buy a specified number of the New Securities in excess of its Pro-rata share of such issuance ("Additional Securities") for the price and on the terms specified in the Issue Notice or Modified Issue Notice (if any). (b) For the avoidance of doubt, the Company shall not issue any New Securities until after the expiry of the Notification Period or until all Investors and the Sponsors have delivered their respective Subscription Notices, whichever is earlier. (c) Subject to the prior written consent of the Key Person, if any of the Investors has indicated that it is willing to subscribe to Additional Securities, the Company shall give such Investor written notice of the total number of New Securities not taken up ("**Unsubscribed Securities**") within five (5) days of the expiry of the Notification Period. Such notice shall specify the particulars of the payment process for the Unsubscribed Securities. In the event that the aggregate number of Additional Securities specified by all the Investors exceeds the number of Unsubscribed Securities, then the allotment of the Unsubscribed Securities shall be made in proportion to the Additional Securities as notified by each of such Investor.	**Pre-emptive Right**

	(d)	On the tenth (10^{th}) Business Day after expiry of the Notification Period: (i) each Investor and Sponsor that exercises its pre-emptive right as provided in this Article 36 shall subscribe for the number of New Securities of its Pro-rata shares specified in the Subscription Notice; (ii) if any Investor has indicated that it is willing to buy Additional Securities, such Investor shall also subscribe to Unsubscribed Securities as stated in (d) above; (iii) the Investor(s) and Sponsor(s) exercising its pre-emptive right as provided in this Article 36 shall pay the relevant consideration to the Company or relevant registrar; (iv) the Company shall register in its share registry and in the name of the concerned Investor(s) and Sponsor(s) the number of New Securities for which such Investor(s) and Sponsor(s) has/have subscribed; and (v) the Company shall issue new certificates to the concerned Investor(s) and Sponsor(s) representing the number of New Securities for which such Investor(s) and Sponsor(s) has/have subscribed.	
	(e)	The rights of the Investors to subscribe to their pro-rata share of New Securities or to Unsubscribed Securities under this Article 36(e) shall be subject to the Company, after such subscription, continuing to be in compliance with the ownership and control requirements under Applicable Law prevailing at such time, provided that nothing in this sub-section (e) shall be construed as obliging an Investor to dilute the percentage of shareholding held by such Investor in the Company immediately prior to issuance of the New Securities.	
	(f)	"**New Securities**" shall mean any shares of the Company or any Share Equivalents; provided, that the term "**New Securities**" does not include Equity Shares (or options to purchase Equity Shares) issued or issuable issued or issuable pursuant to the ESOP 1 and 2 Options or ESOP 3 Options.	
	(g)	Wherever there are references to any time limits in this Article 36, any time taken for communication/ obtaining approvals with/ from Authorities for the purpose of carrying out the relevant actions shall be excluded from calculating any time limits.	
	(h)	For the purposes of this Article 36, the rights exercised by IFC and Kedaara as an "Investor" shall be exercisable by IFC and Kedaara pro-rata to their respective shareholding in the Company.	
37.	(a)	The Company shall and the Sponsors shall cause the Company to initiate the process of Listing such that the Listing is completed on or before September 30, 2017 or such other extended timeline as may be mutually agreed between the Company and each Investor, subject to the following: (i) The Investors shall have the right (but not an obligation) to offer all or a part of their Equity Shares for sale as a part of	**Listing**

such Listing; and

(ii) The obligation of the Company and/or the Sponsors to complete a Listing shall be fulfilled only if all the Equity Shares offered for sale by the Investors as set out in (i) above are sold through such Listing.

(b) In the event the Company/Sponsors have not been able to complete Listing on or before September 30, 2017 or such other extended timeline as may be mutually agreed between the Company and the Investors, it shall amount to a "**Listing Default**" and consequently: (aa) any of the Investors may Transfer their Equity Shares in the Company to any Person, in accordance with Article 14; (bb) all obligations of the Investors and the rights of the Sponsors under these Articles shall stand terminated forthwith, other than (AA) the inter-se obligations of the Investors; (BB) the rights of the Sponsors under Articles 20-26, Article 36, Article 37A and Article 38 herein.

(c) If a Listing is proposed, the Company and the Sponsors shall: (i) ensure that all shares of the Company are included in the Listing such that the Investor Securities will be freely tradable by the respective Investors immediately following the Listing (subject to any statutory restriction on sale of non-promoter shares under Applicable Law, currently applicable for a period of one (1) year); and (ii) keep each Investor fully informed of all material activities undertaken in connection with the Listing.

(d) If, prior to a proposed Listing, the Company informs the Investors that the underwriter/merchant banker has advised the Company that the rights of the Investors provided in Articles 20-26 (as applicable) and Article 36 herein would lead to scrutiny and questions from any Authority that may delay such Listing, the Investors may, at their discretion, consider a reasonable request from the Company to waive such rights and have them removed from the Company's Charter. Provided however that, that the Investors shall approach the relevant Authority along with the merchant bankers/underwriters for relaxing any terms and conditions imposed (if any) by the Authorities or answer any questions raised by them. In the event the Authorities still mandate relaxing of all or any restrictions under these Articles or require all or any rights and obligations of Shareholders Investors and Sponsors to fall away, all Shareholders shall ensure that such rights fall away or such restrictions are relaxed. However, the rights provided to relevant Investors under Article 44 and Article 46 shall not be waived or cancelled at any time.

(e) Where, pursuant to a Listing, an offer for sale is proposed to be carried out, the Company and the Key Person (as long as he is in active management of the Company and its Business) shall ensure that they shall give prompt notice (but in any case at least four (4) months prior to the tentative date of filing of the draft red herring prospectus) to each Investor of their intention to do so, specifying the material terms of such offer for sale including the tentative date of filing of the draft red herring prospectus. At least two (2) months prior to the tentative date of filing of the draft red herring prospectus for a Listing with SEBI, each Investor may deliver a notice to the Company or the Key Person (as long as he is in active management of the Company and its Business), as applicable, requiring it to include in such offer for sale such of its Equity Shares as such Investor may

		specify.	
	(f)	The Company and Sponsors shall ensure compliance with (i) the listing requirements of the Relevant Market, (ii) all applicable Authorities (including the RBI), (iii) Applicable Law, (iv) all applicable provisions of the Act and the Companies Act, 1956 (to the extent applicable), (v) the relevant guidelines/ regulations of the Securities and Exchange Board of India ("**SEBl Guidelines**"), (vi) the listing agreement of the Relevant Market, and (vii) other regulations prevailing at the time of the Listing, all of the above in relation to the Listing.	
	(g)	The Company and Sponsors shall to the extent necessary, obtain permission from banks and other financial institutions that allow the Company to conduct and consummate a Listing as required.	
	(h)	The rights under this Article may be specifically enforced by the Investors, Sponsors and the Company shall execute all such acts and deeds as may be necessary to facilitate the exercise of Investors rights under this Article.	
	(i)	For the purpose of a Listing, the Sponsors shall offer their shares for restriction on transfer and lock-in as applicable to promoters' shares under the SEBI Guidelines, the Guidelines or any other Applicable Law from time to time, and shall ensure that the Investor Securities shall not be subject to any such restriction that are applicable to promoters. For purposes of filing the draft red herring prospectus for such Listing, the special rights of the Investors provided herein and incorporated into the Charter may be required to be removed from the Charter. Should the proposed public offering remain unconsummated or is not duly completed for any reason whatsoever, the Charter shall again be amended as soon as practicable such that all the aforesaid special rights of the Investors shall be re-instated in the said Charter.	
	(j)	The Company shall pay all reasonable out-of-pocket expenses incurred by each Investor in connection with any Listing.	
	(k)	To the extent permitted by Applicable Law, the Company shall indemnify and hold harmless each Investor, and each of its respective officers, directors, employees and consultants, and legal advisers, from and against any loss, claim or liability (and any actions, proceedings or settlements in respect thereof) arising out of or based on, in relation to the Listing: (i) any untrue statement of a material fact contained in any prospectus, offering circular, or other offering document relating to any Listing by way of Offering or offer for sale; (ii) any failure to state therein a material fact necessary to make the statements therein not misleading; and (iii) any violation of Applicable Law in relation to the Listing (including but not limited to, securities laws and exchange requirements applicable to any Listing by way of an Offering or offer for sale); *provided however* that the Company shall not be liable under this Article to the extent that any such loss, claim or liability is directly based on any written statement furnished by any of the Investors to the Company expressly for inclusion in the relevant offering document.	
	(l)	Subject to Applicable Law, none of the Investors shall be deemed to	

		be a promoter of the Company for the purpose of any Listing/Offering/offer for sale and none of the Equity Shares held by any of the Investors shall be subject to any statutory or regulatory moratorium imposed upon promoters in connection with such Listing/Offering/offer for sale, and no declaration or statement shall be made that may result in any of the Investors being deemed a promoter, either directly or indirectly, in filings with any Authority, offer documents or otherwise, with a view to ensuring that restrictions under Applicable Law to promoters do not apply to the Investors, each of which is a financial investor in and not the promoter of the Company. For the avoidance of doubt, it is clarified that each of the Investors shall be subject to any regulatory restrictions as may be applicable to them under Applicable Law. The Company shall at its own cost make any and all applications to statutory and regulatory Authorities that may be required to obtain any necessary Authorization or exemption in this regard. (m) The Sponsors and the Investors shall exercise their voting rights at the shareholder level, in order to ensure that the Company can undertake a Listing in accordance with this Article and Labh Investments shall also exercise its voting rights at the shareholder level (to the extent that such voting rights do not pertain to the exercise of rights set out in Article 37(a) and (n)), in order to ensure that the Company can undertake a Listing in accordance with this Article. The Company, Sponsors, Labh Investments and the Investors shall execute, do and take all such steps as may be in their respective powers to execute, do and take or procure to be executed, taken or done and to execute all such further documents, agreements and deeds and do all further acts, deeds, matters and things as may be required to undertake the Listing. Provided, however, that the provisions of this Article 37(m) shall apply to the Investors and Labh Investments only to the extent that the actions required to be taken by the Investors and/or Labh Investments under this Article 37(m) are reasonably required to enable a Listing and such actions are not inconsistent with these Articles and/or do not cause a breach of Applicable Law. (n) Except for the Listing as provided herein or as mandated under Applicable Law, the Sponsors shall not without the prior written consent of all Investors, undertake a listing of the securities of any Affiliate of the Sponsors and/or the Company. The restrictions set out in (n) shall terminate after the consummation of a Listing. It is hereby clarified that for the purpose of this paragraph, "**Investors**" shall mean each of (a) IFC, (b) Kedaara, and (c) RIL, collectively. (o) The Key Person and/or the Company shall identify and place before the Board, the names of five (5) or more reputed merchant bankers and underwriters ("**Listing Intermediaries**"), and the Board shall select one or more of such Listing Intermediaries to be engaged by the Company for the purposes of a Listing in accordance with Article 32(a)(xvi). (p) For the purposes of this Article 37 (excluding Article 37(n), 37(a) and 37(h)), the rights exercised by IFC and Kedaara as an "Investor" shall be exercisable by IFC and Kedaara pro-rata to their respective shareholding in the Company in connection with the rights between IFC and Kedaara.	

	ESOP 3 OPTIONS	
37A.	(a) The ESOP 3 Options shall vest in the employees of the Company in the following manner: (i) Half of the ESOP 3 Options shall vest in and be exercisable by employees of the Company who are employed in a managerial capacity (excluding the Key Person), as proposed by the Key Person and approved by the Board; and (ii) Half of the ESOP 3 Options shall and vest in and be exercisable by the Key Management Personnel (excluding the Key Person), as proposed by the Key Person and approved by the Board upon the occurrence of any Exit Event. (b) For the purposes of this Article, "**Exit Event**" shall mean, subject to the provisions of these Articles: a sale of the Company; or a Listing; at a price per share which is higher than the higher of (aa) a price per share which is two (2) times the RIL Subscription Price; and (bb) a price per share which reflects an achievement of twenty percent (20%) compounded annual rate of return on the RIL Subscription Price. (c) The Key Person or other individuals as set out in sub-section (a) above shall be required to pay to the Company the aggregate amount payable for purchase of the Equity Shares received on exercise of the ESOP 3 Options.	
	RIGHTS IN JOINT VENTURES	
38.	Each Investor and Labh Investments shall be entitled to the rights provided to the Investors and Labh Investments under these Articles in respect of the Company. Each Investor shall be entitled to the rights provided to the Investors under these Articles in respect of the joint venture companies (if any) of the Company, to the extent such rights can be applied to a joint venture company (if any) of the Company, *provided that* the rights of the Investors under this Article or any other rights provided to the Investors under these Articles in relation to any joint venture company (if any) shall be subject to any terms and conditions of any shareholders agreement or other agreement relating to the ownership, management and operation of such joint venture company (if any).	**Rights Of Investors In Joint Ventures**
	TERMINATION OF RIGHTS	
39.	Except as otherwise expressly set forth in these Articles, with respect to each Investor, these Articles shall continue to be in force until such time as such Investor no longer holds any Investor Securities; provided however, that the provisions of: (a) Article 20 and Article 21 shall terminate with respect to Kedaara, IFC, RIL and Labh Investments in the event that the shareholding of	**Term and Termination**

	Kedaara, IFC, RIL or Labh Investments respectively (as the case may be) in the Company on a Fully Diluted Basis falls below five percent (5%) or ten percent (10%), as specified under the said Articles; and (b) Articles 41-46 and Article 36 as applicable to such Investor shall terminate and be of no further force or effect upon a Listing, if so required under Applicable Law.	
	FINANCIAL RECORDS	
40.	The Company shall maintain true and accurate financial and accounting records of all operations in accordance with Indian GAAP, and in accordance with all relevant Accounting Standards and the policies from time to time adopted by the Board. The financial statements and accounts of the Company shall be prepared in English and shall be audited on an annual basis.	**Financial and accounting records**
	OTHER OBLIGATIONS OF THE COMPANY	
41.	Subject to Article 38 hereof: (a) For as long as the Investors hold any Equity Shares or Share Equivalents, the Company shall and the Key Person shall ensure that the Company does furnish to each Investor the following information: i. standard MIS information/reports (in mutually agreed format including a profit and loss statement, balance sheet, cash-flow statement and key business metrics/financial metrics and ratios) within twenty (20) days of the end of each month; ii. within seventy five (75) days after the end of each Financial Year, audited annual financial statements (a balance sheet as of the end of such Financial Year and the related statements of income, shareholders' equity and cash flows for the Financial Year then ended) for the Company on a consolidated and an unconsolidated basis, audited in accordance with the Accounting Standards and certified by the Auditors, along with a consolidating statement prepared by the Auditors, and a copy of all management letters delivered by the Auditors and all relevant material filings made with any Authority; iii. within thirty (30) days after the end of each quarter of each Financial Year, unaudited quarterly financial statements (a balance sheet as of the end of such quarter and the related statements of income, shareholders' equity and cash flows for the quarter then ended) for the Company on a consolidated (if applicable) and an unconsolidated basis, prepared in accordance with the Accounting Standards and including operational and financial milestones and performance, certified by (A) the MD and CEO; and (B) the chief financial officer of the Company; iv. no later than thirty (30) days before the commencement of each Financial Year, the Budget; v. the Company shall irrevocably authorize, in the form agreed to by the Investors, the Auditors (whose fees and expenses shall be to the account of the Company) to communicate directly with each Investor at any time regarding the Company's financial statements (both audited and unaudited), accounts and	**Information**

operations, and provide to each Investor a copy of that authorization;

vi. no later than thirty (30) days after any change in Auditors, issue an authorization similar to the irrevocable authorization set out in (v) above to the new Auditors (authorizing them to communicate directly with the Investors at any time regarding the Company's financial statements (both audited and unaudited), accounts and operations) and provide a copy thereof to each Investor;

vii. promptly provide to each Investor such information as such Investor may from time to time request with regard to any material developments in or affecting the Business;

viii. semi-annual unaudited financial statements of the Company within thirty (30) days of the end of each quarterly, semi-annual and annual period respectively. Financial statements shall be accompanied by a report from the MD/CEO containing a discussion of key issues and variances to the Budget and to the previous period;

ix. a copy of all notices, circulars, minutes of meetings and such other information which is available to the board of directors or shareholders of the Company shall promptly be provided after each such meeting; and

x. within thirty (30) days after the end of each quarter of each Financial Year, key details regarding any agreement, arrangement or transaction of the Company with any Related Party, which information shall also be provided to the Board.

Further, the Key Person shall ensure that the Company does and the Company shall and shall (along with the Key Person) ensure that its joint venture companies (if any) shall, upon reasonable notice from any Investor, permit any Person designated by such Investor (each such Person, an "**Authorized Person**") to visit and inspect all properties, assets, corporate, financial and other records, reports, books, contracts and commitments of the Company and joint venture companies, if any and discuss the business, action plans, budgets, affairs, finances and accounts of Company and joint venture companies, if any with their respective officers and other principal executives at such time as may reasonably be requested, and all books, records, accounts, documents and vouchers relating to the business and the affairs of Company and its joint venture companies, if any including any project of the Company or its joint venture companies, if any shall at such time be open to the inspection of any such Authorized Person, who may make such copies thereof or extracts there from as such Person may deem appropriate. The Investors and their respective Authorized Persons shall also have complete access to the statutory and internal auditors of the Company and its joint venture companies, if any for inspection of books of accounts or resolution of any queries that any Investor's Authorized Person/s may have. The Key Person shall ensure that the Company does and the Company shall (along with the Key Person) ensure that its joint venture companies, if any shall make necessary arrangements for the Authorized Persons to visit a project site upon receipt of reasonable notice from the concerned Investor.

(a) Following a Listing, the Investors may, by notice to the Company, elect not to receive any of the information described in this Article. In this case, the Company shall provide each Investor with copies of all information publicly disclosed and/or filed, in compliance with the rules and regulations of any securities exchange or automated quotation system on which any of its securities are listed and any

	Applicable Law. (b) The Company shall and the Key Person shall cause the Company to contemporaneously provide and furnish to all Investors all information and documents provided by the Company to any shareholder (including any Investor) under these Articles.	
42.	(a) The Company shall, and the Key Person (as long as he is in active management of the Company and its Business) shall ensure that the Company shall undertake its Business, activities and investments in compliance with Applicable Law, including without limitation the provisions of the Banking Act and the guidelines/ instruction issued by RBI for small finance banks from time to time. (b) Within fifteen (15) months from the Effective Date, the Sponsors shall transfer (i) six hundred forty three thousand forty two (643,042) Equity Shares for the purposes of the ESOP 1 and 2 Options; and (ii) one million two hundred seventy eight thousand six hundred eighty five (1,278,685) Equity Shares to the Sponsors. (c) Within 60 (sixty) days from the Effective Date, the Company shall issue 639,343 (six hundred thirty nine thousand three hundred forty three) Equity Shares in accordance with the ESOP 1 and 2 Options. (d) The Company shall, and the Key Person (as long as he is in active management of the Company and its Business) shall ensure that the Company shall conduct its Business in accordance with an annual operating budget ("**Budget**"). The Budget shall be prepared under the direction and supervision of the MD and CEO of the Company and shall be updated at least thirty (30) days prior to the end of each Financial Year of Company, and shall be required to be approved by the Board as per the provisions of Article 41 above. The Budget shall, *inter alia*, include the following items: i. estimated sources and applications of funds, ii. estimated profit and loss account, iii. estimated capital expenditure required and its funding pattern ("**Capex**"), iv. estimated balance sheet, v. detailed assumptions underlining the forecasts for the above, vi. actual v/s forecast for (i) to (iv) above, vii. certain business ratios relating to the Company and its operations as mutually agreed in writing between the Company, the Sponsors and the Investors. (e) The Company shall, and the Key Person (as long as he is in active management of the Company and its Business) shall ensure that the Company shall maintain true and accurate financial and accounting records of all Relevant Business Operations in accordance with the Accounting Standards, and the policies from time to time adopted by the Board. (f) In the event the Company has proposed a new Business Plan, or amendments to an existing Business Plan, the Company shall, and the Key Person (as long as he is involved in the management of the Company and its Business) shall ensure that the Company submits	**Other Affirmative Covenants**

	such proposed Business Plan or proposed amendments along with all relevant information and analysis pertaining to such Business Plan or amendments to all the Investors, including an explanatory note providing the rationale for such proposed new Business Plan or amendments and further, and shall take all actions necessary to ensure that the Investors are able to participate in a discussion with the Company in respect of the same.	
43.	The Company shall and the Key Person (as long as he is in active management of the Company and its Business) shall ensure that the Company shall ensure that: (a) The Key Management Personnel shall perform their duties in accordance with Applicable Law and the terms of their respective Employment Agreements. (b) The chief risk officer and the chief internal auditor of the Company (if appointed) shall perform their duties only in accordance with the provisions of Applicable Law and shall be subject to the superintendence, control and direction of the Board.	**Employee Covenants**
44.	The Sponsors and the Company undertake to the Investors and shall ensure that: (a) they and/or their Affiliates shall not engage, by themselves directly or by authorizing any Person to do so, in any offering, giving, receiving, or soliciting, any money, gifts, gratifications or any other thing of value to any Government Official (*as defined herein below*) or any other Person, that will amount to a violation of the U.S. Foreign Corrupt Practices Act; 15 U.S.C. §78dd-1, et seq. as amended (the "**FCPA**"), and the Prevention of Money Laundering Act, 2002 ("**PMLA**") and other equivalent applicable Law to the Company and/or the Sponsors and/or their Affiliates and/or any Persons authorised by them, notwithstanding the applicability of the FCPA and/or the PMLA to the Company and/or the Sponsors and/or their Affiliates and/or any Persons authorised by them, in relation to such conduct. (b) they shall not and further undertake to ensure that their respective directors, officers, representatives, employees, advisors and agents do not, make any offer, payment, promise to pay or authorise the payment of any money, or other property, gift, promise to give, or authorization of the giving of anything of value to any government official (including without limitation, any tax or customs official, any employee of a government owned or controlled company, or of a public international organization, or any Person acting in an official capacity on behalf of a government, government owned or controlled company, or public international organization), or to any arbitration tribunal, or to any political party or an employee of any political party, domestic or foreign (or official thereof) ("**Government Official**") or to any other Person who was or is in a position to help or hinder the Business of the Company, the Sponsors and their Affiliates: (i) with the intent or purpose of influencing such Government Official or other Person in his official capacity, inducing such Government Official to do or omit to do any act in violation of	**FCPA and PMLA Compliances**

		the lawful duty of such official, or securing any improper advantage; (ii) inducing such Government Official to use his influence with a government or instrumentality thereof to affect or influence any act or decision of such government or instrumentality; (iii) that would cause the Company, the Sponsors and/or their Affiliates and their respective directors, and employees to violate or be in violation of any applicable Law (including without limitation the FCPA, as amended from time to time, notwithstanding the applicability of the FCPA and/or the PMLA to the Company and/or the Sponsors and/or their Affiliates and/or any Persons authorised by them, in relation to such conduct,) or subject it or them to damages or penalties in a civil or criminal proceeding; or (iv) that could reasonably be expected to have a Material Adverse Effect, if not discontinued. (c) the Company shall comply with the FCPA policy, as adopted by the Board. (d) each of the Company and the Sponsors and their Affiliates are: (i) not currently identified on the Specially Designated Nationals and Blocked Persons List maintained by the U.S. Office of Foreign Assets Control, Department of the Treasury ("**OFAC**") and/or on any other similar list maintained by OFAC or any other U.S. governmental agency pursuant to any authorising statute, Order or regulation, and (ii) not a person or entity with whom a citizen of the United States is prohibited to engage in transactions by any trade embargo, economic sanction, or other prohibition of United States Law, regulation, or Order of the President of the United States. (e) they and their Affiliates and their respective directors, officers, representatives, employees, advisors and agents have not provided or collected funds with the intention that they be used, or in the knowledge that they are to be used, in order to carry out terrorist acts or support any terrorist organization. (f) the Company and the Sponsors (as applicable) shall issue to RIL, a certificate on an annual basis, in a form and substance satisfactory to RIL, certifying compliance with the provisions of this Article. (g) the Company shall adopt at its Board meetings and implement all compliance related policies and procedures in relation to matters set out in this Article 44, as RIL may deem necessary from time to time.	
45.	(a)	The Sponsors and the Company hereby agree and undertake to all the Investors that for any years in which RIL or its Affiliate is a shareholder (directly, indirectly or constructively) in the Company, the Company shall provide and the Key Person shall ensure that the Company does provide to RIL or its Affiliates, as the case may be, any information reasonably requested for the purposes of filing any tax return, amended tax return or claim for refund, determining a liability for taxes or a right to a refund of taxes, participating in or conducting any audit or other proceeding in respect of taxes, or claiming the benefit of any double tax treaty under which any withholding tax can be eliminated or reduced, or under which a refund of a tax credit may be claimed in each case relating to its subscription or holding of or enjoyment of rights attaching to the	**PFIC**

		Equity Shares or Share Equivalents including, without limitation, (i) information necessary for RIL or its Affiliate, as the case may be, to determine whether the Company is a "passive foreign investment company" ("**PFIC**") within the meaning of Section 1297 of the Internal Revenue Code ("**IRC**"), enacted by the United States of America Congress in Title 26 of the United States Code (26 U.S.C.).; and (ii) for each year for RIL or its Affiliate, as the case may be, determines that the Company was or may have been a PFIC, information (including complying with applicable reporting requirements) necessary in order to enable RIL or its Affiliate, as the case may be, to make a timely "qualified electing fund" election pursuant to Section 1295 of the IRC or to make any similar election under any successor provision or legislation. (b) RIL will hereby be designated as the United States tax matters shareholder and shall be authorized to: (i) make on behalf of the Company all United States tax elections, including an entity classification election; and (ii) provide on behalf of the Company all information necessary to file, or assist with the filing of, all United States tax documentation, including a request for taxpayer identification number. (c) Without limitation to any other provisions in these Articles, the Company will, and the Key Person shall ensure that the Company will: (i) provide RIL or its Affiliate, as the case may be, with sixty (60) days prior notice and shall consult with RIL with respect to any significant transfer, acquisition, liquidation, etc. of Equity Shares or Share Equivalents or a majority of the assets of the Company; (ii) discuss the US tax implications of any such transaction with RIL and its advisers, and consider reasonable recommendations by RIL to ameliorate US tax issues that may arise in connection with such transaction; and (iii) provide RIL with sixty (60) days prior notice and shall consult with RIL with respect to any inter – corporate loans and deposits or third party financings, re-financings, loans, guarantees, or other similar indebtedness.	
46.	(a)	The Company shall promptly notify IFC upon becoming aware of any: (i) litigation or investigations or proceedings which have or may reasonably be expected to have a Material Adverse Effect; or (ii) any criminal investigations or proceedings against the Company or any Related Party, and any such notification shall specify the nature of the action or proceeding and any steps that the Company proposes to take in response to the same; (b) Upon IFC's request, and with reasonable prior notice to the Company, the Company shall permit representatives of the CAO, during normal office hours, to (i) visit any of the sites and premises where the business of the	**IFC Policy Reporting Covenants**

Company is conducted;

(ii) inspect any of the offices, branches and other facilities of the Company;

(iii) have access to the books of account and all records of the Company; and

(iv) have access to those employees and agents of the Company who have or may have knowledge of matters with respect to which IFC or the CAO seeks information;

provided that: (A) no such reasonable prior notice shall be necessary if special circumstances so require; and (B) in the case of the CAO, such access shall be for the purpose of carrying out the CAO's Role.

(c) The Company shall ensure that:

(i) within ninety (90) days after the end of each Financial Year, deliver to IFC, the S&E Performance Report consistent with the requirements of these Articles confirming compliance with the social and environmental covenants of these Articles and Applicable S&E Law or, as the case may be, identifying any non-compliance or failure, and the actions being taken to remedy any such deficiency;

(ii) within three (3) days after becoming aware of the occurrence, notify IFC of any social, labor, health and safety, security or environmental incident, accident or circumstance with respect to any Client or in relation to any Client Operations having, or which could reasonably be expected to have, any material adverse social and/or environmental impact or any material adverse impact on the implementation or operation of the Client Operations in compliance with the S&E Requirements, specifying in each case the nature of the incident, accident, or circumstance and the impact or effect arising or likely to arise therefrom, and the measures the Company and/or the Client is taking or plans to take to address them and to prevent any future similar event; and keep IFC informed of the on-going implementation of those measures;

(d) Within ninety (90) days after the end of the expiry of any of the insurance policies to be maintained by the Company as agreed by and amongst the Shareholders in writing, the Company shall furnish to IFC a certificate from an Authorized Representative confirming that, as of the date of such certificate, the Company maintains the insurance policies required to be maintained as agreed by and amongst the Company, Sponsors and Investors (excluding Kedaara) in writing and providing a detailed explanation of any material changes in such insurance policies;

(e) The Company shall furnish to IFC, within ninety (90) days after the end of each Financial Year, at least one of the following:

(i) a report by the AML/CFT Officer on the implementation of, and compliance with, the Company's AML/CFT policies, procedures and controls;

(ii) an internal or external auditor's assessment on the adequacy of the Company's AML/CFT policies, procedures and controls; or

	(iii) a report by the AML/CFT regulator of the Company concerning the Company's compliance with local AML/CFT laws and regulations; (f) Following a Listing, IFC may, by notice to the Company, elect not to receive any of the information described in this Article 46. In this case, the Company shall provide IFC with copies of all information publicly disclosed and/or filed, in compliance with the rules and regulations of any securities exchange or automated quotation system on which any of the Company's securities are listed and any Applicable Law.	
APPROVED AUDITORS		
47.	Subject to Applicable Law, the Company shall appoint and keep appointed an Auditor as the statutory auditor of the Company. The Company shall also keep appointed an internal auditor.	**Auditors**
52.	*Intentionally left blank*	
TRANSFER OF RIGHTS AND OBLIGATIONS		
53.	(a) These Articles bind and benefit the respective successors, heirs and assignees of the Company, the Sponsors and the Investors. The Sponsors and the Company shall not assign, Transfer or delegate any of their respective rights or obligations under these Articles unless: (i) each Investor gives its prior written consent and the assignee, transferee or delegatee executes an Accession Instrument (appropriately modified). It is hereby clarified that for the purpose of this paragraph, "**Investors**" shall mean each of (a) IFC, (b) RIL, (c) Labh Investments, and (d) Kedaara, collectively and "**Investor**" shall mean any one of them; and (ii) in the case of an assignment by the Sponsors subject to (a) (i) above: (A) such Sponsor proposes to assign or delegate such rights or obligations in connection with a Transfer of its Equity Shares or any Share Equivalents in accordance with the terms of these Articles; and (B) any such Transfer is made in full compliance with Applicable Law or subject to prior approval of the RBI, if applicable. (b) Any Investor may Transfer its rights or obligations under these Articles at the time of Transfer of Investor Securities in accordance with the terms set out in clauses (c) to (h) below, in compliance with Applicable Law or subject to prior approval of the RBI, if applicable. (c) In the event IFC Transfers all or any part of the IFC Securities to a Competitor before September 30, 2017 or such other extended timeline for Listing as may be mutually agreed between the Company and the Investors, IFC shall only, at the maximum, provide to such Competitor the rights which are equivalent to the rights which would be available to any Non Competing Non Financial Investor pursuant to sub-section (f) below, except the rights under Article 41 herein. (d) If an Investor Transfers all (and not part) of its Investor Securities to a Bonafide Financial Investor, then the Investor shall Transfer all (and not	**Transfer of rights and obligations**

	part) of its rights and obligations under these Articles to the transferee, who will thereafter acquire all rights and obligations of the Investor under these Articles as if it were an original party hereto. (e) If an Investor Transfers only part of its Investor Securities to a Bonafide Financial Investor then the Investor shall be entitled to Transfer all its rights and obligations under these Articles to such transferee except for its corporate governance rights under Articles 20–26 herein (as applicable) and Article 14 herein, which rights shall either be exercised by the Investor or the applicable transferee(s) (to the exclusion of the other), as decided amongst the Investor and transferee at the time of such Transfer and indicated in the Accession Instrument (appropriately modified); *provided that* if Transfer to any transferee constitutes up to two percent (2%) of the Equity Share capital on a Fully Diluted Basis, then such transferee shall receive/ be entitled to, no other rights in respect of the Company on account of its investment, apart from the: (i) right to receive the annual audited financial statements of the Company, the half-yearly financial statements and the quarterly financial statements as provided in Article 41 herein, and (ii) Listing rights as provided in Article 37 herein. (f) If an Investor Transfers all or any part of the Investor Securities to a Non Competing Non Financial Investor then the Investor shall be entitled to Transfer all its rights and obligations under these Articles to such transferee except for its rights under Articles 20–26 (as applicable), which rights shall not be Transferred by the Investor to the applicable transferee(s) and indicated in the Accession Instrument (appropriately modified); *provided that* if Transfer to any transferee constitutes up to two percent (2%) of the Equity Share capital on a Fully Diluted Basis, then such transferee shall receive/ be entitled to, no other rights in respect of the Company on account of its investment, apart from the: (i) right to receive the annual audited financial statements of the Company, the half-yearly financial statements and the quarterly financial statements as provided in Article 41 herein, and (ii) Listing rights as provided in Article 37 herein. It is hereby clarified that in case of part Transfer of Investor Securities to a Non Competing Non Financial Investor, the Investor shall retain its rights and obligations under the aforementioned Articles. (g) Upon occurrence of a Listing Default none of the restrictions on assignability stated herein shall be applicable in case of any Transfer by an Investor of Investor Securities to any transferee, including a Competitor, except in case of part Transfer of Investor Securities, the rights under the aforementioned Articles 20–26, as applicable, shall either be exercised by the Investor or the applicable transferee(s) (to the exclusion of the other), as decided amongst the Investor and transferee at the time of such Transfer and indicated in the Accession Instrument (appropriately modified); *provided that* in case of part Transfer to any transferee constitutes up to two percent (2%) of the Equity Share capital on a Fully Diluted Basis, then such transferee shall receive/ be entitled to, no other rights in respect of the Company on account of its investment, apart from the: (i) right to receive the annual audited financial statements of the Company, the half-yearly financial statements and the quarterly financial statements as provided in Article 41 herein, and (ii) Listing rights as provided in Article 37 herein.	

	(h) On Listing, the Investors shall not be entitled to assign their rights under these Articles to the extent such rights survive post-Listing. Notwithstanding anything contained in this Article 53, in the event of any part Transfer of Equity Shares and Share Equivalents by any shareholder of less than one hundred thousand (100,000) Equity Shares or its equivalent on a Fully Diluted Basis, such transferee shall have no rights and obligations under these Articles.	
OVERRIDING ARTICLES AND APPLICABLE LAW		
54.	(a) In the event of any inconsistency between the provisions of the Overriding Articles and any other provisions of these Articles, the terms of the Overriding Articles shall apply. (b) In the event of any inconsistency between a specific provision of: (i) the Banking Act and/ or the Guidelines and/or the instructions contained in the various RBI circulars/ guidelines applicable to the Company and issued by RBI from time to time; and (ii) the Act, the terms/ provisions of the Banking Act and/ or the Guidelines and/or the instructions contained in the various RBI circulars/ guidelines (as applicable) would prevail and apply.	

SECTION X: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following contracts which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of this Red Herring Prospectus) which are or may be deemed material will be attached to the copy of this Red Herring Prospectus which will be delivered to the RoC for registration. Copies of the abovementioned contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office between 10:00 a.m. and 5:00 p.m. on all Working Days from Bid/Offer Opening Date until the Bid/Offer Closing Date.

A. Material Contracts for the Offer

1. Offer Agreement dated February 1, 2017 entered into amongst our Company, the Selling Shareholders and the BRLMs.

2. Registrar Agreement dated February 1, 2017 entered into amongst our Company, the Selling Shareholders and the Registrar to the Offer.

3. Escrow Agreement dated June 14, 2017 between our Company, the Selling Shareholders, the Registrar to the Offer, the BRLMs, the Escrow Collection Bank and the Refund Bank.

4. Share Escrow Agreement dated June 14, 2017 entered amongst the Selling Shareholders, our Company and the Share Escrow Agent.

5. Syndicate Agreement dated June 14, 2017 between our Company, the Selling Shareholders, the BRLMs, the Syndicate Members and the Registrar to the Offer.

6. Underwriting Agreement dated [●] between our Company, the Selling Shareholders and the Underwriters.

B. Material Documents

1. Certified copies of the updated Memorandum and Articles of Association of our Company as amended from time to time.

2. Certificate of incorporation dated January 10, 1996.

3. Fresh certificate of incorporation dated May 24, 2005 issued by the RoC to our Company consequent upon change of name.

4. Fresh certificate of incorporation dated January 10, 2013 issued by the RoC to our Company at the time of conversion from a private company to a public company and upon change of name.

5. Fresh certificate of incorporation dated April 13, 2017 issued by the RoC to our Company upon change of name.

6. In-principle approval from the RBI to establish an SFB in the private sector under section 22 of the Banking Regulation Act dated October 7, 2015.

7. RBI Final Approval issued by the RBI dated December 20, 2016 for establishing a SFB.

8. Resolution of the Board of Directors dated December 20, 2016 in relation to the Offer and other related matters.

9. Shareholders' resolution dated January 24, 2017 passed through postal ballot in relation to this Offer and other related matters.

10. Resolution dated January 23, 2017 passed by the board of directors of Redwood in relation to the Offer for Sale.

11. Authorisation letter dated May 18, 2016 of IFC in relation to the Offer for Sale.

12. Resolution dated December 21, 2016 passed by the board of directors of Labh in relation to the Offer for Sale.

13. Resolution dated January 24, 2017 passed by the board of directors of Ourea in relation to the Offer for Sale.

14. Resolution dated January 23, 2017 passed by the board of directors of Kedaara Capital Advisors LLP, investment manager to Kedaara in relation to the Offer for Sale.

15. Resolutions dated May 30, 2013 and August 26, 2013 passed by our Board and Shareholders appointing Mr. Sanjay Agarwal as the Managing Director of our Company.

16. Authorisation letter dated January 9, 2017 of Mr. Sanjay Agarwal in relation to the Offer for Sale.

17. Authorisation letter dated January 9, 2017 of Ms. Jyoti Agarwal in relation to the Offer for Sale.

18. Authorisation letter dated January 9, 2017 of Ms. Shakuntala Agarwal in relation to the Offer for Sale.

19. Authorisation letter dated January 9, 2017 of Mr. Chiranji Lal Agarwal in relation to the Offer for Sale.

20. Authorisation letter dated January 9, 2017 of MYS Holdings Private Limited in relation to the Offer for Sale.

21. Resolutions dated May 30, 2013 and August 26, 2013 passed by our Board and Shareholders appointing Mr. Uttam Tibrewal as the Whole-time Director of our Company.

22. RBI letter number DBR.Appt.No.12183/29.44.003/2016-2017 dated April 13, 2017 approving the appointment and remuneration of Managing Director and CEO, Whole-time Director, and Part-time Chairman of our Company.

23. Copies of the annual reports of our Company for Financial Years 2016, 2015, 2014, 2013 and 2012.

24. The examination report dated June 2, 2017 of the statutory auditor, on our Company's Restated Financial Statements, included in this Red Herring Prospectus.

25. The Statement of Tax Benefits dated May 31, 2017 from the Statutory Auditors.

26. Consent from our Statutory Auditors to being named as "experts" under the Companies Act, 2013.

27. Consents from ICRA and CRISIL dated January 30, 2017 and January 30, 2017, respectively.

28. Consent from M/s G.M. Kapadia and Co., Chartered Accountants, dated June 1, 2017.

29. Consent of the Directors, the BRLMs, the Syndicate Members, Domestic Legal Counsel to our Company, Domestic Legal Counsel to the BRLMs, International Legal Counsel to the BRLMs, Indian Legal Counsel to the Selling Shareholder(s), Registrar to the Offer, Escrow Bank, Banker to the Offer, Bankers to our Company, Company Secretary and Compliance Officer as referred to in their specific capacities.

30. Personal guarantees dated June 25, 2011 and September 10, 2015 issued by Mr. Sanjay Agarwal and Ms. Jyoti Agarwal, in relation to the cash credit facilities availed by our Company, to Bank of India and IDBI Bank Limited respectively.

31. Personal guarantees dated June 25, 2011 and September 10, 2015 issued by Mr. Sanjay Agarwal and Ms.

Jyoti Agarwal, in relation to the term loans availed by our Company, to Bank of India and IDBI Bank Limited respectively.

32. Personal guarantees dated July 26, 2016, July 25, 2012, February 4, 2013, December 26, 2012, July 3, 2015, June 13, 2012, September 28, 2015, September 28, 2015, August 30, 2012, November 27, 2015, April 11, 2013, November 30, 2012 issued by Mr. Sanjay Agarwal, in relation to the term loans availed by our Company, to Bank of Baroda, Bank of Maharashtra, Central Bank of India, Indian Bank, Kotak Mahindra Bank Limited, Indian Overseas Bank, Oriental Bank of Commerce, Ratnakar Bank Limited, State Bank of Bikaner and Jaipur, Small Industries Development Bank of India, State Bank of Travancore and United Bank of India, respectively.

33. Personal guarantees dated January 20, 2015, June 10, 2011, March 28, 2016, December 26, 2012, September 21, 2012, September 28, 2015, August 30, 2012, February 18, 2013 and April 11, 2013 issued by Mr. Sanjay Agarwal, in relation to the cash credit facilities availed by our Company, to Axis Bank Limited, Corporation Bank, HDFC Bank Limited, Indian Bank, Punjab National Bank, Ratnakar Bank Limited, State Bank of Bikaner and Jaipur, State Bank of India and State Bank of Travancore, respectively.

34. Personal guarantees dated September 16, 2015 issued by Mr. Sanjay Agarwal, in relation to the term loan and cash credit facilities availed by our Company, to ICICI Bank Limited.

35. Due diligence certificate dated February 1, 2017 addressed to SEBI from the BRLMs.

36. SEBI's observation letter number SEBI/HO/CFD/DIL1/OW/04379/2017 dated February 28, 2017 and CFD/DIL-1/OW/06265/2017 dated March 22, 2017.

37. In principle listing approvals dated February 10, 2017 and February 16, 2017 issued by BSE and NSE, respectively.

38. Tripartite agreement dated March 9, 2011 between our Company, NSDL and the Registrar to the Offer.

39. Tripartite agreement dated June 10, 2011 between our Company, CDSL and the Registrar to the Offer.

C. Other material contracts in relation to our Company

1. Shareholders' Agreement and Share Subscription Agreement entered among Company, Promoters, India Business Excellence Fund, India Business Excellence Fund -I, International Finance Corporation and Redwood Investment Ltd dated February 28, 2012.

2. Share Purchase Agreement entered among Company, Promoters, India Business Excellence Fund, India Business Excellence Fund -I, and Redwood Investment Ltd dated February 28, 2012.

3. Termination Agreement entered among our Promoters, IFC, IBE Fund and IBE Fund - I dated March 7, 2012.

4. Termination Agreement entered among our Promoters, IBE Fund and IBE Fund - I dated March 7, 2012.

5. First Amendment Agreement entered among Company, Promoters, India Business Excellence Fund, India Business Excellence Fund -I, International Finance Corporation and Redwood Investment Ltd dated February 16, 2013 ("**First Amendment Agreement**").

6. Deed of Adherence to the Shareholders Agreement executed by Labh Investments Limited in favour of our Company, our Promoters, IBE Fund, IBE Fund -I, IFC and Redwood dated February 16, 2013 (Investor).

7. Deed of Adherence to the Shareholders Agreement executed by Labh Investments Limited in favour of our Company, our Promoters, IBE Fund, IBE Fund -I, IFC and Redwood dated February 16, 2013 (Promoters).

8. Inter-Se Agreement among IBE Fund, IBE Fund -I and Labh dated February 16, 2013.

9. Share Purchase Agreement entered among Promoters and Labh Investments Limited dated February 16, 2013.

10. Share Purchase Agreement entered among India Business Excellence Fund, India Business Excellence Fund -I and Labh Investments Limited dated February 16, 2013.

11. Amendment Agreement among Company, Promoters, India Business Excellence Fund, India Business Excellence Fund -I, International Finance Corporation, Redwood Investment Ltd, Labh Investments Limited, MYS Holdings Private Limited and Motilal Oswal Securities Limited dated April 4, 2014 ("**Second Amendment Agreement**").

12. Deed of Adherence executed by Motilal Oswal Securities Limited in favour of our Company, our Promoters, India Business Excellence Fund, India Business Excellence Fund I, International Finance Corporation, Redwood Investment Ltd, and Labh Investments Limited dated April 4, 2014.

13. Deed of Adherence executed by MYS Holdings Private Limited in favour of our Company, our Promoters, India Business Excellence Fund, India Business Excellence Fund I, International Finance Corporation, Redwood Investment Ltd, and Labh Investments Limited dated April 4, 2014.

14. Amendment Agreement among Company, Promoters, India Business Excellence Fund, India Business Excellence Fund -I, International Finance Corporation, Redwood Investment Ltd, Labh Investments Limited, MYS Holdings Private Limited and Motilal Oswal Securities Limited dated December 22, 2014 ("**Third Amendment Agreement**").

15. Share purchase agreement entered among India Business Excellence Fund, India Business Excellence Fund -I, Kedaara Capital Alternate Investment Fund – Kedaara Capital AIF 1 dated and Ourea Holdings Limited dated December 22, 2014.

16. Accession and Amendment Agreement to the Inter-se Agreement among Kedaara Capital Alternative Investment Fund – Kedaara Capital AIF I, Ourea Holdings Limited, India Business Excellence Fund, India Business Excellence Fund I, Labh Investments Limited dated December 22, 2014.

17. Deed of Adherence to the Shareholders Agreement dated December 22, 2014 executed by Ourea Holdings Limited in favour of our Company, our Promoters, India Business Excellence Fund, India Business Excellence Fund I, International Finance Corporation, Redwood Investment Ltd, Labh Investments Limited, and Motilal Oswal Securities Limited.

18. Deed of Adherence to the Shareholders Agreement dated December 22, 2014 executed by Kedaara Capital Alternative Investment Fund – Kedaara Capital AIF 1 and Ourea Holdings Limited in favour of our Company, our Promoters, India Business Excellence Fund, India Business Excellence Fund I, International Finance Corporation, Redwood Investment Ltd, Labh Investments Limited, and Motilal Oswal Securities Limited.

19. Amendment Agreement entered among our Company, our Promoters, India Business Excellence Fund, India Business Excellence Fund - I, International Finance Corporation, Redwood Investment Ltd, Labh Investments Limited, MYS Holdings Private Limited and Motilal Oswal Securities Limited, Kedaara Capital Alternate Investment Fund – Kedaara Capital AIF 1 and Ourea Holdings Limited dated July 15, 2015 ("**Fourth Amendment Agreement**").

20. Investment Agreement between our Company and certain investors (as mentioned in the Investment Agreement) dated June 22, 2016.

21. Seller Agreement among International Finance Corporation, Redwood Investment Ltd, Labh Investments Limited, India Business Excellence Fund, India Business Excellence Fund -I, Kedaara Capital Alternate

Investment Fund – Kedaara Capital AIF 1 dated and Ourea Holdings Limited and our Company dated June 21, 2016.

22. Amendment Agreement entered among our Company, Promoters, International Finance Corporation, Redwood Investment Ltd, Labh Investments Limited, MYS Holdings Private Limited and Motilal Oswal Securities Limited, Kedaara Capital Alternate Investment Fund – Kedaara Capital AIF 1 and Ourea Holdings Limited dated February 1, 2017 ("**Fifth Amendment Agreement**").

23. Share Purchase Agreement dated February 5, 2016 ("**AuHFL SPA**") for divestment of shareholding in AuHFL, wholly owned Subsidiary of our Company.

24. Share Purchase Agreement dated May 3, 2016 ("**IML SPA**") for divestment of shareholding in IML, wholly owned Subsidiary of our Company.

Any of the contracts or documents mentioned in this Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to our Shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes

DECLARATION

We, the Directors of the Company, hereby certify and declare that all relevant provisions of the Companies Act, and guidelines, rules, regulations issued by the Government of India and or the regulations or guidelines issued by the SEBI, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR or the SEBI Act, or rules made thereunder or guidelines and regulations issued, as the case may be. We further certify that all statements in this Red Herring Prospectus are true and correct.

Signed by the Directors of our Company

Mr. Sanjay Agarwal
Managing Director and CEO

Mr. Uttam Tibrewal
Whole-time Director

Mr. Krishan Kant Rathi
Independent Director

Mr. Mannil Venugopalan
Part-time Chairman and Independent Director

Ms. Jyoti Ishwar Chandra Narang
Independent Director

Signed by Chief Financial Officer

Mr. Deepak Jain
Chief Financial Officer

Place: Mumbai, Maharashtra

Date: June 14, 2017

DECLARATION

Redwood Investment Ltd hereby confirms that all statements and undertakings specifically made or confirmed by it in this Red Herring Prospectus, about or in relation to itself as a Selling Shareholder and its portion of the Offered Shares, are true and correct. Redwood Investment Ltd assumes no responsibility for any other statements including statements made by the Company or any other person(s) in this Red Herring Prospectus.

SIGNED FOR AND BEHALF OF REDWOOD INVESTMENT LTD

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Name: Sharmila Baichoo

Designation: Director

Date: June 14, 2017

DECLARATION

International Finance Corporation hereby confirms that all statements and undertakings specifically made or confirmed by it in this Red Herring Prospectus, about or in relation to itself as a Selling Shareholder and its portion of the Offered Shares, are true and correct. International Finance Corporation assumes no responsibility for any other statements including statements made by the Company or any other person(s) in this Red Herring Prospectus.

SIGNED FOR AND BEHALF OF INTERNATIONAL FINANCE CORPORATION

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Name: Ramesh Ramanathan

Designation: Manager

Date: June 14, 2017

DECLARATION

Labh Investments Limited hereby confirms that all statements and undertakings specifically made or confirmed by it in this Red Herring Prospectus, about or in relation to itself as a Selling Shareholder and its portion of the Offered Shares, are true and correct. Labh Investments Limited assumes no responsibility for any other statements including statements made by the Company or any other person(s) in this Red Herring Prospectus.

SIGNED FOR AND BEHALF OF LABH INVESTMENTS LIMITED

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Name: Veena Kunniah

Designation: Director

Date: June 14, 2017

DECLARATION

Ourea Holdings Limited hereby confirms that all statements and undertakings specifically made or confirmed by it in this Red Herring Prospectus, about or in relation to itself as a Selling Shareholder and its portion of the Offered Shares, are true and correct. Ourea Holdings Limited assumes no responsibility for any other statements including statements made by the Company or any other person(s) in this Red Herring Prospectus.

SIGNED FOR AND BEHALF OF OUREA HOLDINGS LIMITED

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Name: Santosh K. Gujadhur

Designation: Director

Date: June 14, 2017

DECLARATION

Kedaara Capital Alternative Investment Fund – Kedaara Capital AIF 1, a fund registered under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 as a category II Alternative Investment Fund and acting through its Trustee, IDBI Trusteeship Services Limited hereby confirms that all statements and undertakings specifically made or confirmed by Kedaara Capital Alternative Investment Fund – Kedaara Capital AIF 1 in this Red Herring Prospectus, about or in relation to itself as a Selling Shareholder and its portion of the Offered Shares, are true and correct. Kedaara Capital Alternative Investment Fund – Kedaara Capital AIF 1, a fund registered under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 as a category II Alternative Investment Fund and acting through its Trustee, IDBI Trusteeship Services Limited assumes no responsibility for any other statements including statements made by the Company or any other person(s) in this Red Herring Prospectus.

SIGNED FOR AND BEHALF OF KEDAARA CAPITAL ALTERNATIVE INVESTMENT FUND – KEDAARA CAPITAL AIF 1 AND ACTING THROUGH ITS TRUSTEE, IDBI TRUSTEESHIP SERVICES LIMITED

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Name: Manish Kejriwal

Designation: Partner, Investment Manager, Kedaara Capital Advisors LLP

Date: June 14, 2017

DECLARATION

MYS Holdings Private Limited hereby confirms that all statements and undertakings specifically made or confirmed by it in this Red Herring Prospectus, about or in relation to itself as a Selling Shareholder and its portion of the Offered Shares, are true and correct. MYS Holdings Private Limited assumes no responsibility for any other statements including statements made by the Company or any other person(s) in this Red Herring Prospectus.

SIGNED FOR AND BEHALF OF MYS HOLDINGS PRIVATE LIMITED

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Name: Govind Lalwani

Designation: Company Secretary

Date: June 14, 2017

DECLARATION

Mr. Sanjay Agarwal hereby confirms that all statements and undertakings specifically made or confirmed by him in this Red Herring Prospectus, about or in relation to himself as a Selling Shareholder and his portion of the Offered Shares, are true and correct. Mr. Sanjay Agarwal assumes no responsibility for any other statements including statements made by the Company or any other person(s) in this Red Herring Prospectus.

SIGNED BY

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Name: Sanjay Agarwal

Date: June 14, 2017

DECLARATION

Ms. Jyoti Agarwal hereby confirms that all statements and undertakings specifically made or confirmed by her in this Red Herring Prospectus, about or in relation to herself as a Selling Shareholder and her portion of the Offered Shares, are true and correct. Ms. Jyoti Agarwal assumes no responsibility for any other statements including statements made by the Company or any other person(s) in this Red Herring Prospectus.

SIGNED BY

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Name: Jyoti Agarwal

Date: June 14, 2017

DECLARATION

Ms. Shakuntala Agarwal hereby confirms that all statements and undertakings specifically made or confirmed by her in this Red Herring Prospectus, about or in relation to herself as a Selling Shareholder and her portion of the Offered Shares, are true and correct. Ms. Shakuntala Agarwal assumes no responsibility for any other statements including statements made by the Company or any other person(s) in this Red Herring Prospectus.

SIGNED BY

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Name: Shakuntala Agarwal

Date: June 14, 2017

DECLARATION

Mr. Chiranji Lal Agarwal hereby confirms that all statements and undertakings specifically made or confirmed by him in this Red Herring Prospectus, about or in relation to himself as a Selling Shareholder and his portion of the Offered Shares, are true and correct. Mr. Chiranji Lal Agarwal assumes no responsibility for any other statements including statements made by the Company or any other person(s) in this Red Herring Prospectus.

SIGNED BY

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Name: Chiranji Lal Agarwal

Date: June 14, 2017