RED HERRING PROSPECTUS
September 12, 2018
Please read Section 32 of the Companies Act 2013
100% Book Building Issue

AAVAS FINANCIERS LIMITED

Our Company was incorporated as 'Au Housing Finance Private Limited' on February 23, 2011, as a private limited company under the Companies Act 1956, with a certificate of incorporation granted by the Registrar of Companies, Rajasthan at Jaipur ("**RoC**"). Pursuant to a special resolution passed by our shareholders on January 10, 2013, our Company was converted into a public limited company and our name was changed to 'AU Housing Finance Limited'. Consequently, the RoC certified the change of name upon conversion to a public limited company on January 11, 2013. Thereafter, pursuant to a special resolution passed by our shareholders on February 23, 2017, the name of our Company was changed to 'Aavas Financiers Limited' and consequently, a fresh certificate of incorporation dated March 29, 2017 was issued by the RoC. For details of change in name and registered office of our Company, see "***History and Certain Corporate Matters***" on page 173.

Corporate Identity Number: U65922RJ2011PLC034297
Registered and Corporate Office: 201-202, 2nd Floor, South End Square, Mansarover Industrial Area, Jaipur 302 020, Rajasthan, India **Tel**: +91 14 1661 8800 **Fax**: +91 14 1661 8861
Contact Person: Sharad Pathak, Company Secretary and Compliance Officer **Tel:** +91 14 1661 8800 **Fax**: +91 14 1661 8861
E-mail: ipo@aavas.in **Website**: www.aavas.in

OUR PROMOTERS: LAKE DISTRICT HOLDINGS LIMITED AND PARTNERS GROUP ESCL LIMITED

INITIAL PUBLIC OFFERING OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH (THE "EQUITY SHARES") OF AAVAS FINANCIERS LIMITED (OUR "COMPANY" OR THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE) (THE "OFFER PRICE") AGGREGATING UP TO ₹ [●] MILLION (THE "OFFER") COMPRISING A FRESH ISSUE OF UP TO [●] EQUITY SHARES BY OUR COMPANY AGGREGATING UP TO ₹ 4,000 MILLION (THE "FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO 16,249,359 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION INCLUDING AN OFFER FOR SALE OF UP TO 8,815,439 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY LAKE DISTRICT HOLDINGS LIMITED ("LAKE DISTRICT"), UP TO 4,281,907 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY PARTNERS GROUP ESCL LIMITED ("ESCL" AND TOGETHER WITH LAKE DISTRICT, "PROMOTER SELLING SHAREHOLDERS"), UP TO 236,339 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY KEDAARA CAPITAL ALTERNATIVE INVESTMENT FUND – KEDAARA CAPITAL AIF 1 ("KEDAARA AIF-1" OR "INVESTOR SELLING SHAREHOLDER"), AND UP TO 1,879,110 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY PARTNERS GROUP PRIVATE EQUITY MASTER FUND LLC ("MASTER FUND" OR "PROMOTER GROUP SELLING SHAREHOLDER") AND UP TO 911,564 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY SUSHIL KUMAR AGARWAL AND UP TO 125,000 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY VIVEK VIG (TOGETHER, THE "OTHER SELLING SHAREHOLDERS" AND TOGETHER WITH THE PROMOTER SELLING SHAREHOLDERS, INVESTOR SELLING SHAREHOLDER AND PROMOTER GROUP SELLING SHAREHOLDER, THE "SELLING SHAREHOLDERS" AND SUCH OFFER FOR SALE, THE "OFFER FOR SALE"). THE OFFER SHALL CONSTITUTE [●]% OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.

THE PRICE BAND AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY AND THE SELLING SHAREHOLDERS, IN CONSULTATION WITH THE GCBRLMS AND BRLM AND WILL BE ADVERTISED IN ALL EDITIONS OF FINANCIAL EXPRESS (A WIDELY CIRCULATED ENGLISH NATIONAL DAILY NEWSPAPER),ALL EDITIONS OF JANSATTA (A WIDELY CIRCULATED HINDI NATIONAL DAILY NEWSPAPER) AND ALL EDITIONS OF PRATAHKAL (A WIDELY CIRCULATED HINDI DAILY NEWSPAPER IN JAIPUR, HINDI ALSO BEING THE REGIONAL LANGUAGE OF JAIPUR, WHERE OUR REGISTERED AND CORPORATE OFFICE IS SITUATED) AT LEAST FIVE WORKING DAYS PRIOR TO THE BID/ OFFER OPENING DATE AND SHALL BE MADE AVAILABLE TO BSE LIMITED ("BSE") AND NATIONAL STOCK EXCHANGE OF INDIA LIMITED ("NSE", AND TOGETHER WITH BSE, THE "STOCK EXCHANGES") FOR THE PURPOSES OF UPLOADING ON THEIR RESPECTIVE WEBSITES.

THE FACE VALUE OF THE EQUITY SHARES IS ₹ 10 EACH AND THE OFFER PRICE IS [●] TIMES THE FACE VALUE OF THE EQUITY SHARES

In case of a revision in the Price Band, the Bid/ Offer Period will be extended for at least three additional Working Days after such revision of the Price Band subject to the Bid/ Offer Period not exceeding a total of 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 GCBRLMs and BRLM and at the terminals of the members of the Syndicate.

The Offer is being made in terms of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957 (the "**SCRR**"), 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 (the "**SEBI ICDR Regulations**"), wherein not more than 50% of the Offer shall be allocated to Qualified Institutional Buyers ("**QIBs**") (the "**QIB Category**"), provided that the Company and the Selling Shareholders may, in consultation with the GCBRLMs and BRLM, 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 price at which allocation is made to Anchor Investors (the "**Anchor Investor Allocation Price**"). In the event of under-subscription, or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the QIB Category. 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 However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining Net QIB Portion for proportionate allocation to QIBs. Further, not less than 15% of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Investors and not less than 35% of the Offer shall be available for allocation to Retail Individual Investors, in accordance with the SEBI ICDR Regulations, subject to valid Bids being received 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 in which the Bid Amount will be blocked by the SCSBs. Anchor Investors are not permitted to participate in the Anchor Investor Portion through the ASBA process. For details, see "***Offer Procedure***" on page 476.

RISKS IN RELATION TO THE FIRST OFFER

This being the first public issue of the Equity Shares, there has been no formal market for the Equity Shares. The face value of our Equity Shares is ₹ 10 and the Floor Price and Cap Price are [●] times and [●] times of the face value of the Equity Shares, respectively. The Offer Price (as determined and justified by our Company and the Selling Shareholders, in consultation with the GCBRLMs and BRLM, in accordance with the SEBI ICDR Regulations, and as stated in "***Basis for Offer Price***" on page 109) 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 investors should not invest any funds in the Offer unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Offer. For taking an investment decision, investors must rely on their own examination of our Company and the Offer including the risks involved. The Equity Shares have not been recommended or approved by the Securities and Exchange Board of India ("**SEBI**"), nor does the SEBI guarantee the accuracy or adequacy of the contents of this Red Herring Prospectus. Specific attention of the investors is invited to "***Risk Factors***" on page 17.

ISSUER'S AND SELLING SHAREHOLDERS' ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Red Herring Prospectus contains all information with regard to our Company and 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 of the Selling Shareholders accepts that all statements, disclosures and undertakings made by it in this Red Herring Prospectus, in relation to itself and the Equity Shares being offered by it in the Offer for Sale are true and correct. Each Selling Shareholder, severally and not jointly, does not assume any responsibility for any other statements, including without limitation, any and all of the statements made by or in relation to the 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 Stock Exchanges. We have received in-principle approvals from BSE and NSE for the listing of the Equity Shares pursuant to letters dated July 17, 2018 and July 25, 2018 respectively. For the purposes of this Offer, NSE is the Designated Stock Exchange. A copy of this Red Herring Prospectus and the Prospectus shall be delivered for registration to the RoC in accordance with Section 26(4) of the Companies Act 2013. For details of the material contracts and documents available for inspection from the date of this Red Herring Prospectus up to the Bid/ Offer Closing Date, see "***Material Contracts and Documents for Inspection***" on page 574.

GLOBAL CO-ORDINATOR AND BOOK RUNNING LEAD MANAGERS				BOOK RUNNING LEAD MANAGER	REGISTRAR TO THE OFFER
ICICI Securities	citi	Edelweiss	SPARK CAPITAL	HDFC BANK We understand your world	LINKIntime
ICICI Securities Limited ICICI Center, H.T. Parekh Marg Churchgate, Mumbai 400 020 Maharashtra, India **Tel**: +91 22 2288 2460 **Fax**: +91 22 2282 6580 **E-mail:** aavas.ipo@icicisecurities.com **Website:** www.icicisecurities.com **Investor grievance e-mail:** customercare@icicisecurities.com **Contact person:** Shekher Asnani/ Rishi Tiwari **SEBI Registration No.:** INM000011179	**Citigroup Global Markets India Private Limited** 1202, 12th Floor, First International Financial Centre, G-Block, C54 & 55, Bandra Kurla Complex, Bandra (East) Mumbai 400 098, Maharashtra, India **Tel**: +91 22 6175 9999 **Fax**: +91 22 6175 9898 **E-mail**: aavas.ipo@citi.com **Website**: www.online.citibank.co.in/rhtm/citigroupglobalscreen1.htm **Investor grievance e-mail**: investors.cgmib@citi.com **Contact person**: Amulya Goyal **SEBI Registration No**.: INM000010718	**Edelweiss Financial Services Limited** 14th Floor, Edelweiss House Off C S T Road, Kalina Mumbai 400 098, Maharashtra, India **Tel**: +91 22 4009 4400 **Fax:** +91 22 4086 3610 **E-mail:** aavas.ipo@edelweissfin.com **Website:** www.edelweissfin.com **Investor grievance e-mail:** customerservice.mb@edelweissfin.com **Contact person:** Disha Doshi/ Pradeep Tewani **SEBI Registration No.:** INM0000010650	**Spark Capital Advisors (India) Private Limited** No.2 'Reflections', Leith Castle Centre Street Santhome High Road Chennai 600 028, Tamil Nadu, India **Tel**: +91 44 4344 0000 **Fax**: +91 44 4344 0090 **E-mail**: aavas.ipo@sparkcapital.in **Website**: www.sparkcapital.in **Investor grievance e-mail**: investorgrievance@sparkcapital.in **Contact person**: Ramprashanth Ganesan **SEBI Registration No**.: INM000011138	**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 8021 **Fax:** +91 22 3078 8584 **E-mail:** aavas.ipo@hdfcbank.com **Website:** www.hdfcbank.com **Investor Grievance e-mail:** investor.redressal@hdfcbank.com **Contact Person:** Rakesh Bhunatar / Ravi Sharma **SEBI Registration No.:** INM000011252	**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**: aavas.ipo@linkintime.co.in **Website**: www.linkintime.co.in **Investor Grievance e-mail**: aavas.ipo@linkintime.co.in **Contact person**: Shanti Gopalkrishnan **SEBI Registration No.**: INR000004058

BID/ OFFER PERIOD*			
BID/ OFFER OPENS ON*	**Tuesday, September 25, 2018**	**BID/ OFFER CLOSES ON**	**Thursday, September 27, 2018**

* *Our Company and the Selling Shareholders, in consultation with the GCBRLMs and BRLM, may consider participation by Anchor Investors, in accordance with the SEBI ICDR Regulations. The Anchor Investor Bidding Date shall be one Working Day prior to the Bid/ Offer Opening Date i.e., Monday, September 24, 2018.*

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SECTION I - GENERAL
DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates or implies, the following terms shall have the meanings provided below in this Red Herring Prospectus, and references to any statute or regulations or policies will include any amendments or re-enactments thereto, from time to time. 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.

Company Related Terms

Term	Description
"the Company", "our Company" or "the Issuer"	"Aavas Financiers Limited", a public limited company incorporated in India under the Companies Act 1956 with its Registered and Corporate office at 201 – 202, 2nd floor, South End Square, Mansarover Industrial Area, Jaipur 302 020, Rajasthan, India.
"we", "us" or "our"	Unless the context otherwise indicates or implies, refers to our Company together with its Subsidiary
Aavas Finserv	Aavas Finserv Limited
AoA/Articles of Association or Articles	The articles of association of our Company, as amended
Audit Committee	The audit committee of our Board as described in "***Our Management – Corporate Governance – Board-level committees – Audit Commitee***" on page 188
AuSFB	AU Small Finance Bank Limited
Board/ Board of Directors	The board of directors of our Company, or a duly constituted committee thereof
CEO	Chief Executive Officer of our Company
Company Secretary	Company Secretary of our Company
Compliance Officer	Compliance Officer of our Company
CSR Committee	The corporate social responsibility committee of our Board as described in "***Our Management – Corporate Governance – Board-level committees – Corporate Social Responsibility Commitee***" on page 193
Deed of Assignment	Deed of Assignment dated February 5, 2016 entered into between AuSFB and our Company
Director(s)	The director(s) on our Board
Equity Shares	The equity shares of our Company having a face value of ₹ 10 each
ESCL	Partners Group ESCL Limited
ESOP-2016	Collectively, ESOP 2016-I, ESOP 2016-II and ESOP 2016-III
ESOP 2016-I	The equity stock option plan for employees 2016 of our Company
ESOP 2016-II	The equity stock option plan for management team 2016 of our Company
ESOP 2016-III	The equity stock option plan for directors 2016 of our Company
Group Companies	The group companies of our Company, as covered under the applicable accounting standards and other companies as considered material by our Board in terms of the Materiality Policy and described in "***Our Promoters, Promoter Group and Group Companies – Details of our Group Companies***" on page 201
Investor Selling Shareholder	Kedaara AIF-1
IPO Committee	The IPO committee of our Board comprising Sushil Kumar Agarwal, Nishant Sharma, Manas Tandon and Kartikeya Dhruv Kaji
Kedaara AIF-1	Kedaara Capital Alternative Investment Fund – Kedaara Capital AIF 1
Kedaara Capital	Kedaara Capital I Limited
KMP/ Key Managerial Personnel	Key management personnel of our Company in terms of Regulation 2(1)(s) of the SEBI ICDR Regulations and Section 2(51) of the Companies Act 2013 and as described in "***Our Management – Key Managerial Personnel (as per AS 18)***" on page 194
Lake District	Lake District Holdings Limited
Master Fund	Partners Group Private Equity Master Fund LLC
Materiality Policy	The policy adopted by our Board on June 8, 2018 for determining (i) Group Companies; (ii) outstanding material litigation involving our Company, Subsidiary, Directors and Promoters; and (iii) outstanding dues to creditors in respect of our Company, in terms of the SEBI ICDR Regulations for the purposes of disclosure in the offer documents. For further details, see "***Our Promoters, Promoter Group and Group Companies***" and "***Outstanding Litigation and Other Material Developments***" on pages 197 and 441, respectively.
MoA/Memorandum of Association	The memorandum of association of our Company, as amended

Term	Description
Nomination and Remuneration Committee	The nomination and remuneration committee of our Board as described in "***Our Management – Corporate Governance – Board-level committees – Nomination and Remuneration Committee***" on page 190
Other Selling Shareholders	Together, Sushil Kumar Agarwal and Vivek Vig
Promoters	The promoters of our Company, namely, Lake District and ESCL
Promoter Group Selling Shareholder	Master Fund
Promoter Group	Persons and entities constituting the promoter group of our Company, pursuant to Regulation 2(1)(zb) of the SEBI ICDR Regulations and disclosed "***Promoters, Promoter Group and Group Companies – Promoter Group***" on page 200
Promoter Selling Shareholders	Together, ESCL and Lake District
Registered and Corporate Office	The registered and corporate office of our Company, situated at 201 – 202, 2nd floor, South End Square, Mansarover Industrial Area, Jaipur 302 020, Rajasthan, India
Registrar of Companies/ RoC	Registrar of Companies, Rajasthan at Jaipur.
Restated Consolidated Financial Statements	Restated consolidated statement of assets and liabilities as at June 30, 2018 and March 31, 2018, the restated consolidated statement of profit and loss and restated consolidated statement of cash flows for three months ended June 30, 2018 and year ended March 31, 2018 for our Company and its Subsidiary, on a consolidated basis, during the relevant year
Restated Financial Information/ Restated Financial Statements	Together, the Restated Consolidated Financial Statements and the Restated Standalone Financial Statements
Restated Standalone Financial Statements	Restated standalone statement of assets and liabilities as at June 30, 2018 and March 31, 2018, 2017, 2016, 2015 and 2014, the restated standalone statement of profit and loss and restated standalone statement of cash flows for three months ended June 30, 2018 and each of the years ended March 31, 2018, 2017, 2016, 2015 and 2014 for our Company
Selling Shareholders	Collectively, the Promoter Selling Shareholders, Promoter Group Selling Shareholder, Investor Selling Shareholder and the Other Selling Shareholders
Share Purchase Agreement	Share purchase agreement dated February 5, 2016 entered into amongst Lake District, Kedaara AIF-1, Master Fund, ESCL and AuSFB read with the amendment agreement dated May 31, 2016
Shareholders' Agreement	Shareholders' agreement dated February 5, 2016 entered into amongst Lake District, Kedaara AIF-1, Master Fund, ESCL, AuSFB and our Company read with the amendment agreement dated May 31, 2016 and the second amendment agreement dated June 8, 2018
Special Purpose Financial Statements	Together, the Special Purpose Interim Standalone Financial Statements and Special Purpose Standalone Financial Statements
Special Purpose Interim Standalone Financial Statements	Special purpose standalone financial statements of our Company, which comprises the balance sheets as at June 30, 2018, the statements of profit and loss, the statements of cash flows and the statements of changes in equity for the three months ended June 30, 2018, and a summary of the significant accounting policies and other explanatory information which have been prepared in accordance with the recognition and measurement principles of Ind AS prescribed under section 133 of the Companies Act, 2013 read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Accounting Standards) Amendment Rules, 2016. These financial statements can change if (a) there are any new Ind AS standards issued through March 31, 2019, (b) there are any amendments or modifications made to existing Ind AS standards or interpretations thereof through March 31, 2019 effecting the Ind AS balances in these financial statements and (c) if the Company makes any changes in the elections and/or exemptions selected on adoption of Ind AS at its transition date of April 1, 2017.
Special Purpose Standalone Financial Statements	Special purpose standalone financial statements of our Company, which comprises the balance sheets as at March 31, 2018, the opening balance sheet as at April 1, 2017 (transition date balance sheet), the statements of profit and loss, the statements of cash flows and the statements of changes in equity for the year ended March 31, 2018, and a summary of the significant accounting policies and other explanatory information which have been prepared in accordance with the recognition and measurement principles of Ind AS prescribed under section 133 of the Companies Act, 2013 read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Accounting Standards) Amendment Rules, 2016. These financial statements can change if (a) there are any new Ind AS standards issued through March 31, 2019, (b) there are any amendments/modifications made to existing Ind AS standards or interpretations thereof through March 31, 2019 effecting the Ind AS balances in these financial statements and (c) if the Company makes any changes in the elections and/or exemptions selected on adoption of Ind AS at its transition date of April 1, 2017.

Term	Description
Stakeholders Relationship Committee	The stakeholders relationship committee of our Board as described in "***Our Management – Corporate Governance – Board-level committees – Stakeholders Relationship Committee***" on page 192
Statutory Auditors	The statutory auditor of our Company, being S. R. Batliboi & Associates LLP, Chartered Accountants
Subsidiary	The subsidiary of our Company as disclosed in "***History and Certain Corporate Matters - Subsidiary of our Company***" on page 179

Offer Related Terms

Term	Description
Acknowledgment Slip	The slip or document issued by the Designated Intermediary(ies) to a Bidder as proof of registration of the Bid cum Application Form
Allotment Advice	The note or advice or intimation of Allotment, sent to each successful Bidder who has been or is to be Allotted the Equity Shares after approval of the Basis of Allotment by the Designated Stock Exchange
Allotted/Allotment/Allot	Allotment of the Equity Shares pursuant to the Fresh Issue and transfer of the Equity Shares offered by the Selling Shareholders pursuant to the Offer for Sale to the successful Bidders
Allottee	A successful Bidder to whom the Equity Shares are Allotted
Anchor Escrow Account	Account opened with Anchor Escrow Bank for the Offer and in whose favour the Anchor Investors will transfer money through direct credit or NEFT or RTGS in respect of the Bid Amount when submitting a Bid
Anchor Investor	A QIB, who applies under the Anchor Investor Portion in accordance with the requirements specified in the SEBI ICDR Regulations
Anchor Investor Allocation Price	The price at which allocation is done to the Anchor Investors in terms of this Red Herring Prospectus and the Prospectus. The Anchor Investor Allocation Price shall be determined by our Company and the Selling Shareholders, in consultation with the GCBRLMs and BRLM
Anchor Investor Bidding Date	The date one Working Day prior to the Bid/Offer Opening Date on which Bids by Anchor Investors shall be submitted and allocation to the Anchor Investors shall be completed
Anchor Investor Offer Price	The final price at which the Equity Shares will be Allotted to Anchor Investors in terms of this Red Herring Prospectus and the Prospectus, which will be a price equal to or higher than the Offer Price but not higher than the Cap Price. The Anchor Investor Offer Price will be decided by our Company in consultation with the GCBRLMs and BRLM
Anchor Investor Pay-in Date	In case of the Anchor Investor Offer Price being higher than the Anchor Investor Allocation Price, the date as mentioned in the CAN but not later than two Working Days after the Bid/ Offer Closing Date
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 GCBRLMs and the BRLM, to Anchor Investors, on a discretionary basis, in accordance with SEBI ICDR Regulations. 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 Anchor Investor Allocation price
Application Supported by Blocked Amount/ ASBA	The application (whether physical or electronic) by a Bidder (other than Anchor Investors) to make a Bid authorising the relevant SCSB to block the Bid Amount in the relevant ASBA Account
ASBA Account	A bank account maintained with an SCSB and specified in the Bid cum Application Form which will be blocked by such SCSB to the extent of the appropriate Bid Amount in relation to a Bid by a Bidder (other than a Bid by an Anchor Investor)
ASBA Form	An application form, whether physical or electronic, used by Bidders bidding through the ASBA process, which will be considered as the application for Allotment in terms of this Red Herring Prospectus and the Prospectus
Axis Bank	Axis Bank Limited
Banker(s) to the Offer /Anchor Escrow Bank(s)	The bank(s) which is/are clearing members and is registered with the SEBI as an escrow bank, with whom the Anchor Escrow Accounts in relation to the Offer for Bids by Anchor Investors will be opened, in this case being Axis Bank, the Escrow Collection Bank(s), the Public Offer Account Bank(s) and the Refund Bank(s)
Basis of Allotment	The basis on which the Equity Shares will be Allotted to successful Bidders under the Offer, described in "***Offer Procedure***" on page 476
Bid	An indication to make an offer during the Bid/Offer Period by a Bidder (other than an Anchor Investor), or on the Anchor Investor Bidding Date by an Anchor Investor, pursuant to submission of a Bid cum Application Form, to subscribe for or purchase our Equity Shares at a price within the Price Band, including all revisions and modifications thereto, to the extent permissible under the SEBI ICDR Regulations, in terms of this Red Herring Prospectus and the Bid cum Application Form

Term	Description
Bid Amount	The highest value of the optional Bids as indicated in the Bid cum Application Form and payable by the Bidder or as blocked in the ASBA Account of the Bidder, as the case may be, upon submission of the Bid in the Offer
Bid cum Application Form	The form in terms of which the Bidder shall make a Bid and which shall be considered as the application for the Allotment pursuant to the terms of this Red Herring Prospectus and the Prospectus, including ASBA Form
Bid Lot	[●] Equity Shares
Bid/Offer Closing Date	Except in relation to Anchor Investors, the date after which the Designated Intermediaries shall not accept any Bids for the Offer, which shall be published in all editions of Financial Express (a widely circulated English national daily newspaper), all editions of Jansatta (a widely circulated Hindi national daily newspaper) and all editions of Pratahkal (a widely circulated Hindi daily newspaper in Jaipur, Hindi also being the regional language of Jaipur, where our Registered and Corporate Office is located**)** and in case of any revisions, the extended Bid/Offer Closing Date shall also be notified on the website and terminals of the Syndicate Members, as required under the SEBI ICDR Regulations
Bid/Offer Opening Date	Except in relation to Anchor Investors, the date on which the Designated Intermediaries shall start accepting Bids for the Offer, which shall be published in all editions of Financial Express (a widely circulated English national daily newspaper), all editions of Jansatta (a widely circulated Hindi national daily newspaper) and all editions of Pratahkal (a widely circulated Hindi daily newspaper in Jaipur, Hindi also being the regional language of Jaipur, where our Registered and Corporate Office is located**)** and in case of any revisions, the extended Bid/Offer Opening Date shall also be notified on the website and terminals of the Syndicate Members, as required under the SEBI ICDR Regulations
Bid/Offer Period	Except in relation to Anchor Investors, the period between the Bid/Offer Opening Date and the Bid/Offer Closing Date, inclusive of both days during which prospective Bidders (excluding Anchor Investors) can submit their Bids, including any revisions thereof in accordance with the SEBI ICDR Regulations and the terms of this Red Herring Prospectus
Bidder	Any prospective investor who makes a Bid pursuant to the terms of this Red Herring Prospectus and the Bid cum Application Form and unless otherwise stated or implied, and includes an Anchor Investor
Bidding Centres	Centres at which the Designated Intermediaries shall accept the Bid cum Application Forms, being the Designated SCSB Branch for SCSBs, Specified Locations for the Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for CRTAs and Designated CDP Locations for CDPs
Book Building Process	The book building process as described in Schedule XI of the SEBI ICDR Regulations, in terms of which the Offer is being made
Book Running Lead Manager/ BRLM	HDFC
Broker Centres	Broker centres of the Registered Brokers, where Bidders (other than Anchor Investors) can submit the Bid cum Application Forms. The details of such Broker Centres, along with the names and contact details of the Registered Brokers are available on the respective websites of the Stock Exchanges
CAN / Confirmation of Allocation Note	Notice or intimation of allocation of the Equity Shares sent to Anchor Investors, who have been allocated the Equity Shares, after the Anchor Investor Bidding Date
Cap Price	The higher end of the Price Band above which the Offer Price and Anchor Investor Offer Price will not be finalised and above which no Bids will be accepted, including any revisions thereof
Cash Escrow Agreement	Agreement dated September 11, 2018 entered into among our Company, the Selling Shareholders, the Registrar to the Offer, the GCBRLMs, the BRLM, the Anchor Escrow Bank and Refund Bank for collection of the Bid Amounts and where applicable remitting refunds, if any, to the Anchor Investors, on the terms and conditions thereof
Citi	Citigroup Global Markets India Private Limited
Client ID	Client identification number of the Bidder's beneficiary account
Collecting Depository Participants/CDPs	A depository participant, as defined under the Depositories Act, 1996 and registered under Section 12 (1A) of the SEBI Act and who is eligible to procure Bids at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
Collecting Registrar and Share Transfer Agents or CRTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
Cut-off Price	The Offer Price, finalised by our Company and the Selling Shareholders, in consultation with the GCBRLMs and BRLM, which shall be any price within the Price Band. Only Retail Individual Investors 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	The details of the Bidders including the Bidders' address, names of the Bidders' father/husband, investor status, occupation and bank account details

Term	Description
Designated Branches	Such branches of the SCSBs which may collect the Bid cum Application Form used by Bidders (other than Anchor Investors), a list of which is available at 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
Designated CDP Locations	Such centres of the Collecting Depository Participants where Bidders (except Anchor Investors) can submit the Bid cum Application Forms. The details of such Designated CDP Locations, along with the names and contact details of the CDPs are available on the respective websites of the Stock Exchanges and updated from time to time
Designated Date	The date on which the funds from the Escrow Accounts are transferred to the Public Offer Account or the Refund Account(s), as appropriate, and the relevant amounts blocked by the SCSBs are transferred from the ASBA Accounts, to the Public Offer Account and/or are unblocked, as applicable, in terms of this Red Herring Prospectus, after the Prospectus is filed with the RoC
Designated Intermediaries	Collectively, the members of the Syndicate, sub-syndicate/agents, SCSBs, Registered Brokers, CDPs and CRTAs, who are authorised to collect Bid cum Application Forms from the Bidders (other than Anchor Investors), in relation to the Offer
Designated RTA Locations	Such centres of the CRTAs where Bidders (except Anchor Investors) can submit the Bid cum Application Forms. The details of such Designated RTA Locations, along with the names and contact details of the CRTAs are available on the respective websites of the Stock Exchanges (www.nseindia.com and www.bseindia.com) and updated from time to time
Designated Stock Exchange	NSE
Draft Red Herring Prospectus/DRHP	The draft red herring prospectus dated June 20, 2018 issued in accordance with the SEBI ICDR Regulations, which does not contain complete particulars of the price at which our Equity Shares will be Allotted and the size of the Offer, including any addenda or corrigenda thereto
Edelweiss	Edelweiss Financial Services Limited
Eligible NRI	A non-resident Indian, resident in a jurisdiction outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom this Red Herring Prospectus constitutes an invitation to subscribe for the Equity Shares
Escrow Account	Account opened with the Escrow Collection Bank(s) and in whose favour Anchor Investors can transfer money through direct credit or NACH or NEFT or RTGS in respect of the Bid Amount when submitting a Bid
Escrow Collection Bank	A bank, which is a clearing member and registered with SEBI as a banker to an offer and with whom the Escrow Account will be opened, in this case being Axis Bank.
First/Sole Bidder	The Bidder whose name appears first in the Bid cum Application Form or the Revision Form and in case of joint Bidders, whose name appears as the first holder of the beneficiary account held in joint names
Floor Price	The lower end of the Price Band, and any revisions thereof, at or above which the Offer Price and the Anchor Investor Offer Price will be finalised and below which no Bids will be accepted and which shall not be less than the face value of the Equity Shares
Fresh Issue	Fresh issue of up to [●] Equity Shares aggregating up to ₹ 4,000 million to be issued by our Company as part of the Offer, in terms of this Red Herring Prospectus and Prospectus
Global Co-ordinators and Book Running Lead Managers or GCBRLMs	Collectively, I-Sec, Citi, Edelweiss and Spark Capital
General Information Document	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 and (SEBI/HO/CFD/DIL2/CIR/P/2018/22) dated February 15, 2018 notified by SEBI and included in "***Offer Procedure***" on page 476
Gross Proceeds	The proceeds from the Offer less the amount to be raised pursuant to the Offer for Sale by the Selling Shareholders
HDFC	HDFC Bank Limited
IPO	Initial public offering
I-Sec	ICICI Securities Limited
Maximum RII Allottees	The maximum number of RIIs who can be allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIIs by the minimum Bid Lot
Minimum Promoters' Contribution	Aggregate of 20% of fully diluted post-Offer Equity Share capital of our Company held by our Promoters, provided towards, minimum promoters' contribution and locked-in for a period of three years from the date of Allotment, pursuant to Regulation 36(a) of SEBI ICDR Regulations
Monitoring Agency	Axis Bank

Term	Description
Mutual Fund Portion	5% of the QIB Category (excluding the Anchor Investor Portion) or [●] Equity Shares which shall be available for allocation to Mutual Funds only, on a proportionate basis, subject to valid Bids being received at or above the Offer Price
Net Proceeds	Proceeds of the Offer that will be available to our Company, i.e., Gross Proceeds less Offer related expenses to the extent applicable to the Fresh Issue
Non-Institutional Category	The portion of the Offer, being not less than 15% of the Offer or [●] Equity Shares, available for allocation on a proportionate basis to Non-Institutional Investors subject to valid Bids being received at or above the Offer Price
Non-Institutional Investors/NIIs	All Bidders, including Category III FPIs that are not QIBs (including Anchor Investors) or Retail Individual Investors , who have Bid for Equity Shares for an amount of more than ₹ 200,000 (but not including NRIs other than Eligible NRIs)
Offer	Public issue of up to [●] Equity Shares of face value ₹ 10 each for cash at a price of ₹ [●] including a share premium of ₹ [●] per Equity Share, aggregating up to ₹ [●] million comprising the Fresh Issue and the Offer for Sale
Offer Agreement	The agreement dated June 20, 2018 entered into among our Company, the Selling Shareholders and the GCBRLMs and BRLM, pursuant to which certain arrangements are agreed to in relation to the Offer
Offer for Sale	Offer of up to 16,249,359 Equity Shares aggregating up to ₹ [●] million to be offered for sale/ transfer by the Selling Shareholders pursuant to the Offer in terms of this Red Herring Prospectus and the Prospectus.
Offer Price	The final price at which Equity Shares will be Allotted to the successful Bidders (other than Anchor Investors), as determined in accordance with the Book Building Process and determined by our Company and the Selling Shareholders, in consultation with the GCBRLMs and BRLM in terms of this Red Herring Prospectus on the Pricing Date.
Price Band	Price band of the Floor Price of ₹ [●] and a Cap Price of ₹ [●], including any revisions thereof. The Price Band and the minimum Bid Lot size for the Offer will be decided by our Company and the Selling Shareholders, in consultation with the GCBRLMs and BRLM, and advertised in all editions of Financial Express (a widely circulated English national daily newspaper), all editions of Jansatta (a widely circulated Hindi national daily newspaper) and all editions of Pratahkal (a widely circulated Hindi daily newspaper in Jaipur, Hindi also being the regional language of Jaipur, where our Registered and Corporate Office is located**)** 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 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 GCBRLMs and BRLM shall finalize the Offer Price
Prospectus	The Prospectus to be filed with the RoC for this Offer on or after the Pricing Date in accordance with the provisions of Sections 26 and 32 of the Companies Act 2013 and the SEBI ICDR Regulations, containing the Offer Price, the size of the Offer and certain other information, including any addenda or corrigenda thereto
Public Offer Account	The account(s) to be opened with the Banker(s) to the Offer under Section 40(3) of the Companies Act 2013 to receive monies from the Anchor Escrow Account(s) and the ASBA Accounts on the Designated Date
Public Offer Account Bank	The bank(s) with which the Public Offer Account(s) shall be maintained, in this case being Axis Bank
QIB Category	The portion of the Offer, being not more than 50% of the Offer or [●] Equity Shares to be Allotted to QIBs on a proportionate basis, including the Anchor Investor Portion (in which allocation shall be on a discretionary basis, as determined by our Company and the Selling Shareholders, in consultation with the GCBRLMs and BRLM), subject to valid Bids being received at or above the Offer Price
Qualified Institutional Buyers or QIBs	A qualified institutional buyer as defined under Regulation 2(1)(zd) of the SEBI ICDR Regulations
Red Herring Prospectus or RHP	This red herring prospectus dated September 12, 2018 issued in accordance with Section 32 of the Companies Act 2013 and the SEBI ICDR Regulations, which does not have complete particulars of the price at which the Equity Shares shall be Allotted and which shall be filed with the RoC at least three Working Days before the Bid/ Offer Opening Date and will become the Prospectus after filing with the RoC after the Pricing Date, including any addenda or corrigenda thereto
Refund Account(s)	Account(s) opened with the Refund Bank from which refunds, if any, of the whole or part of the Bid Amount shall be made to Anchor Investors
Refund Bank(s)	The Bankers to the Offer with whom the Refund Account(s) will be opened, in this case being Axis Bank
Registered Brokers	Stock brokers registered with the stock exchanges having nationwide terminals, other than the members of the Syndicate and eligible to procure Bids in terms of circular number CIR/CFD/14/2012 dated October 14, 2012, issued by SEBI

Term	Description
Registrar Agreement	The agreement dated June 20, 2018 entered into among our Company, the Selling Shareholders and the Registrar to the Offer in relation to the responsibilities and obligations of the Registrar to the Offer pertaining to the Offer
Registrar and Share Transfer Agents or RTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
Registrar to the Offer	Link Intime India Private Limited
Retail Category	The portion of the Offer, being not less than 35% of the Offer or [●] Equity Shares, available for allocation to Retail Individual Investors, which shall not be less than the minimum Bid lot, subject to availability in the Retail Category
Retail Individual Investors/ RIIs	Bidders (including HUFs and Eligible NRIs) whose Bid Amount for Equity Shares in the Offer is not more than ₹ 200,000 in any of the bidding options in the Offer (including HUFs applying through their karta and Eligible NRIs and does not include NRIs other than Eligible NRIs)
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Amount in any of their Bid cum Application Forms or any previous Revision Form(s), as applicable. QIBs bidding in the QIB category and Non-Institutional Investors bidding in the Non-Institutional category are not permitted to withdraw their Bid(s) or lower the size of their Bid(s) (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retain Individual Bidders can revise their Bids during the Bid/Offer Period and withdraw their Bids until the Bid/Offer Closing Date
Self-Certified Syndicate Banks or SCSBs	The banks registered with the SEBI which offer the facility of ASBA and the list of which 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 and at such other websites as may be prescribed by SEBI from time to time
Share Escrow Agent	The escrow agent appointed pursuant to the Share Escrow and Transit Agreement, namely Link Intime India Private Limited.
Share Escrow and Transit Agreement	Agreement dated September 11, 2018 entered into among the Selling Shareholders, our Company and the Share Escrow Agent in connection with the transfer of the respective portion of Equity Shares being offered by each Selling Shareholder in the Offer for Sale portion of the Offer and credit of such Equity Shares to the demat account of the Allottees
Spark Capital	Spark Capital Advisors (India) Private Limited
Specified Locations	Bidding centres where the Syndicate shall accept Bid cum Application Forms, a list of which is included in the Bid cum Application Form
Stock Exchanges	Together, BSE and NSE
Syndicate Agreement	Agreement dated September 11, 2018 entered into amongst the members of the Syndicate, our Company, the Selling Shareholders and the Registrar to the Offer in relation to the collection of Bid cum Application Forms by the Syndicate (other than Bids directly submitted to the SCSBs under the ASBA process and Bids submitted to the Registered Brokers at the Broker Centres)
Syndicate Members	Intermediaries registered with the SEBI and permitted to carry out activities as an underwriter, in this case being Edelweiss Securities Limited and HDFC Securities Limited.
Syndicate or members of the Syndicate	Collectively, the GCBRLMs, BRLM and the Syndicate Members
Underwriters	[●]
Underwriting Agreement	The agreement among our Company, the Selling Shareholders and the Underwriters, to be entered into on or after the Pricing Date
Wilful Defaulter(s)	Wilful Defaulter as defined under Regulation 2(zn) of the SEBI ICDR Regulations
Working Day(s)	Any day, other than the second and fourth Saturdays of each calendar month, Sundays and public holidays, on which commercial banks in Mumbai, India are open for business, provided however, with reference to (a) announcement of Price Band; and (b) Bid/Offer Period, "Working Day" shall mean any day, excluding all Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business; and with reference to the time period between the Bid/Offer Closing Date and the listing of the Equity Shares on the Stock Exchanges, "Working Day" shall mean all trading days of the Stock Exchanges, excluding Sundays and bank holidays, as per the SEBI Circular SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016

Conventional and General Terms and Abbreviations

Term	Description
AGM	Annual General Meeting
AIF(s)	Alternative Investment Fund(s)
ALM	Asset Liability Management
ALM Guidelines	Guidelines for Asset-Liability Management System for HFCs

Term	Description
Anti Money Laundering Guideline	NHB circular dated April 10, 2006 (NHB(ND)/DRS/POL No. 13/2006) read with NHB circular dated October 11, 2010 ((ND)/DRS/POL-No. 33/2010-11)
AS 18	Accounting Standard 18 issued by the Institute of Chartered Accountants of India
AUA	Authentication User Agency
Banking Regulation Act	Banking Regulation Act, 1949
Bn/bn	Billion
BSE	BSE Limited
CAGR	Compounded Annual Growth Rate
CARE	Credit Analysis and Research Limited
Category I FPIs	FPIs registered as category I FPIs under the SEBI FPI Regulations
Category II FPIs	FPIs registered as category II FPIs under the SEBI FPI Regulations
Category III FPIs	FPIs registered as category III FPIs under the SEBI FPI Regulations, which shall include all other FPIs not eligible under category I and II foreign portfolio investors, such as endowments, charitable societies, charitable trusts, foundations, corporate bodies, trusts, individuals and family offices
CDSL	Central Depository Services (India) Limited
CERSAI	Central Registry of Securitisation, Assets Reconstruction and Security Interest of India
CIBIL	Credit Information Bureau (India) Limited
CIN	Corporate Identity Number
Companies Act	Companies Act 1956 and the Companies Act, 2013, read with the rules, regulations, clarifications and modifications thereunder
Companies Act 1956	Companies Act 1956, to the extent in force pursuant to the notification of the Notified Sections, read with the rules, regulations, clarifications and modifications thereunder
Companies Act 2013	Companies Act, 2013, to the extent in force pursuant to the notification of the notified sections, read with the rules, regulations, clarifications and modifications thereunder
Consolidated FDI Policy	The extant consolidated FDI Policy, issued by the DIPP, and any modifications thereto or substitutions thereof, issued from time to time (currently, the Consolidated FDI Policy effective from August 28, 2017)
Copyright Act	Copyright Act, 1957
CRE	Commercial real estates
CRE-RH	Commercial Real Estates Residential Housing
CSR	Corporate Social Responsibility
CSR Policy	Corporate social responsibility policy as specified in Schedule VII of Companies Act, 2013
Depositories Act	Depositories Act, 1996
Depository	A depository registered with the SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996
DIN	Director Identification Number
DIPP	Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India
DP ID	Depository Participant's identity number
DRT	Debt Recovery Tribunal
DRT Act	Recovery of Debt due to Banks and Financial Institutions Act, 1993
EGM	Extraordinary general meeting
EPF Act	Employees' Provident Fund and Miscellaneous Provisions Act, 1952
EPS	Earnings per share
ESIRDA	Enforcement of Security Interest and Recovery of Debts Laws and Miscellaneous Provisions (Amendment) Act, 2016
ESI Act	Employees' State Insurance Act, 1948
Fair Practices Code	Guidelines on Fair Practices Code for HFCs
FCNR Account	Foreign Currency Non Resident (Bank) account established in accordance with the FEMA
FDI	Foreign direct investment
FIR(s)	First Information Report
FSI	Floor space index
FEMA	Foreign Exchange Management Act, 1999 read with rules and regulations thereunder
FEMA Regulations	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017
Financial year/Fiscal/FY	The period of 12 months commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year
FPI(s)	Foreign portfolio investors who has been registered pursuant to the SEBI FPI Regulations
FVCI	Foreign Venture Capital Investors (as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000) registered with SEBI
GAAP	Generally Accepted Accounting Principles
GAAR	General Anti-Avoidance Rules

Term	Description
GBP	Great British Pound, the official currency of the United Kingdom
GDP	Gross Domestic Product
Growth of Profit After Tax	Growth of Profit After Tax represents the ratio of, difference between profit after tax of current year and previous year to profit after tax of previous year given in percentage.
GST	Goods and services tax
GVA	Gross Value added
HFC	Housing Finance Company
HFC NCD Directions	Housing Finance Companies issuance of Non-Convertible Debentures on Private Placement basis (NHB) Directions, 2014
HUF(s)	Hindu Undivided Family(ies)
ICAI	Institute of Chartered Accountants of India
IFC	International Finance Corporation
IFRS	International Financial Reporting Standards
IFSC	Indian Financial System Code
IMF	International Monetary Fund
Income Tax Act	Income Tax Act, 1961
Ind AS	Indian Accounting Standards referred to in the Companies Act 2013 and Companies (Indian Accounting Standard) Rules, 2015, as amended
Ind AS Rules	Companies (Indian Accounting Standards) Rules, 2015
Indian GAAP	Generally Accepted Accounting Principles in India
INR or Rupee or ₹ or Rs.	Indian Rupee, the official currency of the Republic of India
IRDAI	Insurance Regulatory and Development Authority of India
IT	Information Technology
IT Act	Information Technology Act, 2000
KUA	e - Know your customer user agency
KYC Guidelines	The KYC guidelines issued by the NHB on October 11, 2010 as revised on February 6, 2014 and April 23, 2015
MAT	Minimum alternate tax
MCA	The Ministry of Corporate Affairs, Government of India
MICR	Magnetic Ink Character Recognition
Mn	Million
Mutual Funds	Mutual funds registered with the SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
Notified Sections	The sections of the Companies Act, 2013 that have been notified by the MCA and are currently in effect
NACH	National Automated Clearing House
NAV	Net Asset Value
NBFC	Non-banking financial companies
NCDs	Non-convertible debentures
NHB	National Housing Bank
NHB Act	National Housing Bank Act, 1987
NHB Directions	Housing Finance Companies (National Housing Bank) Directions, 2010
NIA	Negotiable Instruments Act, 1881
NPA	Non-performing assets
NR/ Non-resident	A person resident outside India, as defined under the FEMA and includes an NRI
NRE accounts	Non-Resident External accounts
NRI	Non-Resident Indian
NRO accounts	Non-Resident Ordinary accounts
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
P/B Ratio	Price/ Book Value Ratio
P/E Ratio	Price/Earnings Ratio
PAN	Permanent account number
PAT	Profit after tax
PAT Margin	PAT divided by total revenue
PMLA	Prevention of Money Laundering Act, 2002
PTC	Pass through certificate
RBI	Reserve Bank of India
Recovery Agents Guidelines	Guidelines for Recovery Agents Engaged by HFCs
Refinance Scheme	Refinance Scheme for Housing Finance Companies, 2013
Regulation S	Regulation S under the U.S. Securities Act
SARFAESI Act	Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002

Term	Description
SCRA	Securities Contract (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
SEBI Insider Trading Regulations	Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
SEBI Listing Regulations	SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
STT	Securities Transaction Tax
Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
Trademarks Act	Trademarks Act, 1999
U.S. GAAP	Generally Accepted Accounting Principles in the United State of America
U.S. Securities Act	United States Securities Act of 1933
U.S./ US/ USA/ United States	United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
UIDAI	Unique Identification Authority of India
US$/ USD/ US Dollar	United States Dollar, the official currency of the United States of America
VAT	Value Added Tax
VCFs	Venture capital funds as defined in and registered with the SEBI under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 or the SEBI AIF Regulations, as the case may be

Industry Related Terms

Term	Description
Average cost of Borrowings	Average Cost of Borrowings represents weighted average interest cost of borrowings, weights being borrowings of each loan outstanding as of the last day of the relevant year or period. Borrowings include term loans, NCDs, commercial paper and subordinate debt
Average Total Assets	Average Total Assets represent the simple average of total assets outstanding as of the last day of the relevant year and total assets outstanding as of the last day of the previous year or period
Average Yield on Gross Loan Assets	Average Yield on Gross Loan Assets represents weighted average yield on Gross Loan Assets, weights being principal of each loan outstanding as of the last day of the relevant year or period
CRAR	Capital to risk-weighted assets ratio
Debt to Net Worth	Debt to Net Worth represents the aggregate of long term borrowings, short term borrowings and current maturities of long term debts as at the last day of the relevant year or period divided by Net Worth excluding revaluation reserve as at the end of the relevant year or period
Gross Advances	Gross Advances represents the sum of current and non-current receivables under financing activities as of the last day of the relevant year or period
Gross Loan Assets	Gross Loan Assets 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 year as well as loan assets which have been transferred by our Company by way of securitization or assignment and are outstanding as of the last day of the relevant year or period
Gross NPA	Gross NPA represents closing balance of Gross NPA as of the last day of the relevant year or period
ICRA Report	Report titled 'ICRA Affordable Housing Finance Industry Report' dated June 7, 2018 by ICRA Limited
Net Asset Value	Net Asset Value represents the Net Worth excluding revaluation reserve as at the end of the relevant year or period divided by the Number of equity shares outstanding as at the end of the relevant year or period
Net Interest Income or NII	Net Interest Income, or "NII" represents total interest income on loan portfolio and securitization, profit on redemption of liquid mutual funds, dividend income from mutual funds and other interest income less total interest expenses (including resource mobilization expenses, bank charges and commission)

Term	Description
Net Interest Margin or NIM	Net Interest Margin or "NIM" for any given year represents the ratio of NII to the average of total assets, expressed as a percentage where, "NII" represents total interest income on loan portfolio and securitization, Profit on redemption of liquid mutual fund, Dividend income from mutual funds and Other interest income less total interest expenses (including resource mobilization expenses, bank charges and commission)
Net NPA	Net NPA represents closing balance of Net NPA as of the last day of the relevant year or period
Net worth	Net worth is the aggregate of the paid-up share capital, reserves and surplus (excluding revaluation reserve) and money received against share warrants 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
Operating Expense	Operating Expense represents employee benefit expenses, depreciation and amortization expense and other expenses for the relevant year or period
Return on Net Worth	Return on Net Worth represents the Net profit after tax for the relevant year or period divided by Net Worth excluding revaluation reserve at the end of the relevant year or period. Return on Net Worth is a non-GAAP financial measure
Total assets to Net Worth	Total assets to Net Worth represents Total Assets as at the last day of the relevant year or period divided by Net Worth excluding revaluation reserve at the end of the relevant year or period
Total Borrowings	The aggregate of long term borrowings, short term borrowings and current maturities of long term debts of our Company as at a particular date indicated in this Red Herring Prospectus

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

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

Certain Conventions

All references in this Red Herring Prospectus to "India" are to the Republic of India, all references to the "U.S.", the "USA" or the "United States" are to the United States of America, together with its territories and possessions.

Financial Data

Unless indicated or the context requires otherwise, the financial information in this Red Herring Prospectus is derived from the Restated Standalone Financial Statements and the Restated Consolidated Financial Statements, prepared in accordance with the Companies Act, Indian GAAP and restated in accordance with the SEBI ICDR Regulations and included elsewhere in this Red Herring Prospectus. For further details, see "***Summary Financial Information***", "***Financial Statements***", and "***Summary of Certain Differences between Indian GAAP and Ind AS***" on pages 63, 218 and 392, respectively.

Our Company's financial year commences on April 1 of the immediately preceding calendar year and ends on March 31 of that particular calendar year, so all references to a particular financial year or fiscal are to the 12 months period commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year.

Unless indicated otherwise, all references to a year in this Red Herring Prospectus are to a calendar year.

On February 16, 2015, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) Rules, 2015 (the "**Ind AS Rules**") for the purpose of enacting changes to Indian GAAP that are intended to align Indian GAAP further with IFRS. The Ind AS 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. NBFCs having a net worth of more than ₹ 5,000.00 million are required to mandatorily adopt Ind AS for the accounting period beginning from April 1, 2018 with comparatives for the period ending on March 31, 2018. As a result, up on the listing of our Equity Shares, we will be required to disclose our financial results in accordance with IND AS to comply with the SEBI Listing Regulations.

With effect from April 1, 2018, we are required to prepare our financial statements under Ind AS prescribed under section 133 of the Companies Act, 2013 read with the Ind AS Rules. Given that Ind AS is different in many respects from Indian GAAP, our financial statements for the period commencing from April 1, 2018 may not be comparable to our Indian GAAP financial statements.

We will prepare and issue our first complete Ind AS financial statements as at and for the year ending March 31, 2019. Until the first complete Ind AS financial statements are issued, the Special Purpose Interim Standalone Financial Statements are preliminary and can change if (a) there are any new Ind AS standards issued through March 31, 2019, (b) there are any amendments or modifications made to existing Ind AS standards or interpretations thereof through March 31, 2019 effecting the Ind AS balances in these financial statements and (c) if we make any changes in the elections or exemptions selected on adoption of Ind AS at its transition date of April 1, 2017. Only a complete set of financial statements together with comparative financial information can provide a fair presentation of a company's state of affairs (financial position), profit (financial performance including other comprehensive income), cash flows and the changes in equity.

While preparing the Special Purpose Interim Standalone Financial Statements for the three months ended June 30, 2018, the relevant comparative financial information under Ind AS for the three months ended June 30, 2017 has not been presented. Similarly, while preparing the Special Purpose Standalone Financial Statements for the year ended March 31, 2018, the relevant comparative financial information under Ind AS for the year ended March 31, 2017 has not been presented. The Special Purpose Financial Statements have been prepared in accordance with the recognition and measurement principles as prescribed under section 133 of the Companies Act, 2013 read with the Ind AS Rules. All the disclosures as required under Ind AS have not been furnished in these Special Purpose Financial Statements.

In addition, we have presented our Special Purpose Financial Statements on a standalone basis and have not prepared and included special purpose consolidated financial statements prepared using recognition and measurement principles of IND AS. Our Company has only one subsidiary, Aavas Finserv Limited, with effect from November 30, 2017. For further details, see "***Risk Factors – External Risk Factors - We have included our Special Purpose Financial Statements in this Red Herring Prospectus, which are subject to change and investors should read the related disclosure in this context***" on page 36.

There are significant differences between Indian GAAP, Ind AS, International Financial Reporting Standards ("**IFRS**") and the Generally Accepted Accounting Principles in the United States of America ("**U.S. GAAP**"). Accordingly, the degree to which the financial statements included in this Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices, the Indian GAAP, Ind AS, the Companies Act and the SEBI ICDR Regulations on the financial disclosures presented in this Red Herring Prospectus should accordingly be limited.

Industry and Market Data

Unless stated otherwise, industry and market data used throughout this Red Herring Prospectus has been derived from publicly available sources, government publications such as the NHB Report, and certain industry sources such as the ICRA Report. Industry publications generally state that the information contained in such publications has been obtained from sources generally believed to be reliable, but their accuracy, adequacy or completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Accordingly, no investment decisions should be made based on such information. Although we believe that the industry and market data used in this Red Herring Prospectus is reliable, it has not been independently verified by us, the Selling Shareholders, the GCBRLMs, the BRLM, or any of our or their respective affiliates or advisors, and none of these parties makes any representation as to the accuracy of this information. 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. The extent to which the industry and market data presented in this Red Herring Prospectus is meaningful depends upon the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business and methodologies and assumptions may vary widely among different market and industry sources. Industry information included in this Red Herring Prospectus has been derived from an industry report commissioned by us for such purpose. There can be no assurance that such third-party statistical, financial and other industry information is either complete or accurate. Accordingly, investment decision should not be based solely on such information.

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 17.

Additionally, we have commissioned a report titled "ICRA Affordable Housing Finance Industry Report" dated June 7, 2018, prepared by ICRA Limited ("**Report**"), for the purpose of confirming our understanding of the industry in connection with the Offer. In this regard, ICRA Limited, has issued the following disclaimer:

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

Currency and Units of Presentation

All references to "**Rupees**" or "**₹**" or "**Rs.**" are to Indian Rupees, the official currency of the Republic of India. All references to "**US$**", "**U.S. Dollar**", "**USD**" or "**U.S. Dollars**" are to United States Dollars, the official currency of the United States.

In this Red Herring Prospectus, our Company has presented certain numerical information. All figures have been expressed in millions. One million represents '10 lakhs' or 1,000,000. Further, one billion represents '1,000 million' or '1,000,000,000'. However, where any figures that may have been sourced from third-party industry sources are expressed in denominations other than millions in their respective sources, such figures appear in this Red Herring Prospectus expressed in such denominations as provided in such respective sources.

Exchange Rates

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

The exchange rates of the U.S. Dollar into Indian Rupees as on June 29, 2018, March 30, 2018, March 31, 2017, March 31, 2016, March 31, 2015 and March 28, 2014 are provided below.

(₹ in million)

Currency	Exchange rate as on June 29, 2018	Exchange rate as on March 30, 2018	Exchange rate as on March 31, 2017	Exchange rate as on March 31, 2016	Exchange rate as on March 31, 2015	Exchange rate as on March 28, 2014
1 USD	68.58^	65.04*	64.84	66.33	62.59	60.10**

Source: RBI Reference Rate, unless otherwise specified

^ Exchange rate as on June 29, 2018, as RBI Reference Rate is not available for June 30, 2018 being a Saturday.

** Exchange rate as on March 30, 2018, as RBI Reference Rate is not available for March 31, 2018 being a Saturday.*

*** Exchange rate as on March 28, 2014, as RBI Reference Rate is not available for March 31, 2014, March 30, 2014 and March 29, 2014 being a public holiday, a Sunday and a Saturday, respectively.*

"Time" unless otherwise stated, all references to time in this Red Herring Prospectus are to Indian Standard Time.

FORWARD-LOOKING STATEMENTS

This Red Herring Prospectus contains certain "forward-looking statements". These forward looking statements include statements which can generally be identified by words or phrases such as "***aim***", "***anticipate***", "***believe***", "***expect***", "***estimate***", "***intend***", "***likely to***", "***objective***", "***plan***", "***project***", "***propose***", "***will continue***", "***seek to***", "***will pursue***" or other words or phrases of similar import. However, these are not the exclusive means of identifying forward-looking statements. All statements regarding our expected financial condition and results of operations and business strategies, plans and prospects are forward-looking statements.

These forward-looking statements are based on our current plans, estimates and expectations and actual results may differ materially from those suggested by such forward-looking statements. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. This may be 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 business 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 would cause actual results to differ materially include, including, but not limited to:

1. Our business requires substantial capital and any disruption in our sources of capital could have an adverse effect on our business, results of operations, financial condition and cash flows.

2. The risk of non-payment or default by borrowers may adversely affect our business, results of operations, financial condition and cash flows.

3. We are affected by changes in interest rates for our lending and treasury operations, which could cause our net interest income to decline and adversely affect our business and results of operations.

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

5. We may face asset-liability mismatches, which could affect our liquidity and adversely affect our business and results of operations.

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

7. Our inability to recover the full value of collateral, or amounts outstanding under defaulted loans in a timely manner, or at all, could adversely affect our results of operations.

8. The Indian housing finance industry is highly competitive and our inability to compete effectively could adversely affect our business and results of operations.

9. Our inability to effectively manage our growth could have an adverse effect on our business, results of operations, financial condition and cash flow.

10. 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.

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 17, 147 and 397, respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could be materially be different from those that have been estimated. Forward-looking statements reflect our current views as of the date of this Red Herring Prospectus and are not a guarantee of future performance. These statements are based on our management's beliefs and assumptions, which in turn are based on currently available information.

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.

Neither our Company, nor the Selling Shareholders, nor the Syndicate, nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company the GCBRLMs and the BRLM will ensure that investors in India are informed of material developments until the receipt of final listing and trading approvals for the Equity Shares pursuant to the Offer.

In accordance with SEBI requirements, our Company will ensure that investors in India are informed of material developments from the date of this Red Herring Prospectus until the time of the grant of listing and trading permission by the Stock Exchanges. In accordance with SEBI requirements and as prescribed under applicable law, the Selling Shareholders severally and not jointly will ensure that investors are informed of material developments in relation to statements and undertakings made by the respective Selling Shareholders from the date of this Red Herring Prospectus until the time of the grant of listing and trading permission by the Stock Exchanges.

SECTION II - RISK FACTORS

*An investment in our Equity Shares involves a high degree of risk. You should carefully consider all the information in this Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in the Equity Shares. The risks described below are not the only ones relevant to us or our Equity Shares and the industry 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 business, 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 "**Industry Overview**", "**Our Business**", "**Selected Statistical Information**" and "**Management's Discussion and Analysis of Financial Condition and Results of Operations**" on pages 116, 147, 204 and 397, respectively, as well as the financial, statistical and other information contained in this Red Herring Prospectus. In making an investment decision, prospective investors must rely on their own examination of our Company and the terms of the Offer including the merits and risks involved. You should consult your tax, financial and legal advisors about the particular consequences to you of an investment in our Equity Shares.*

Prospective investors should pay particular attention to the fact that our Company is incorporated under the laws of India and is subject to a legal and regulatory environment, which may differ in certain respects from that of other countries.

*This Red Herring Prospectus also contains forward-looking statements that involve risks, assumptions, estimates and uncertainties. Our actual results could differ materially from those anticipated in these forward- looking statements as a result of certain factors, including the considerations described below and elsewhere in this Red Herring Prospectus. See "**Forward-Looking Statements**" on page 15.*

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

The industry-related information contained in this section is derived from the ICRA Report. We commissioned the ICRA Report for the purposes of confirming our understanding of the industry in connection with the Offer. Neither our Company, nor any other person connected with the Offer, including the BRLMs, has independently verified the information in the ICRA Report or other publicly available information cited in this section.

Internal Risk Factors

Risks Relating to our Business

1. ***Our business requires substantial capital and any disruption in our sources of capital could 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. We have historically secured financing from a variety of sources including term loans and working capital facilities; proceeds from loans assigned and securitized; proceeds from the issuance of non-convertible debentures ("**NCDs**"); refinancing from the NHB; and subordinated debt borrowings from banks, mutual funds, insurance companies and other domestic, foreign and multi-lateral financial institutions to meet our capital requirements. Our business thus depends and will continue to depend on our ability to access a variety of sources of capital.

   Our ability to raise funds on acceptable terms, at competitive rates and in a timely manner, depends on various factors including our current and future results of operations and financial condition, our risk management policies, our credit ratings, our brand equity, the regulatory environment and policy initiatives in India and developments in the international markets affecting the Indian economy. We cannot assure you that our business will continue to generate sufficient cash to enable us to service our existing debt or to fund our other liquidity needs. Further, changes in economic, regulatory and financial conditions or any lack of liquidity in the market could adversely affect our ability to access funds at competitive rates, which could adversely affect our liquidity and financial condition. Our ability to raise debt to meet our funding requirements is also restricted by the limits prescribed under applicable regulations. For example, the

Housing Finance Companies (National Housing Bank) Directions, 2010 (the "**NHB Directions**") currently permits HFCs to borrow up to 16 times their net owned funds ("**NOF**"). As of June 30, 2018, we had Total Borrowings of ₹ 27,217.61 million, which was 2.32 times our NOF of ₹ 11,745.76 million. As of March 31, 2018, March 31, 2017 and March 31, 2016, our Total Borrowings/Net Owned Funds were 2.37, 3.18 and 7.10, respectively. Since our Company's incorporation, the highest value of our Total Borrowings/Net Owned Funds was 7.10 as of March 31, 2016. Consequently, if we are unable to obtain adequate financing in a timely manner and on commercially reasonable terms, our business, results of operations, financial condition and cash flows may be adversely affected.

2. The risk of non-payment or default by borrowers may adversely affect our business, results of operations, financial condition and cash flows.

We are primarily focused on serving low and middle income customers in semi-urban and rural areas that have limited access to formal banking credit. Our customers may default in their repayment obligations due to various reasons including insolvency, lack of liquidity, increase in operating costs, business failure or poor agricultural production. In addition, our customers often do not have credit histories supported by tax returns and other documents that would enable us to assess their creditworthiness, and we may not receive updated information regarding any change in the financial condition of our customers or may receive inaccurate or incomplete information as a result of any misrepresentation by our customers or employees. It may therefore be difficult for us to carry out precise credit risk analyses on all of our customers. As of June 30, 2018, 36.27% of our Gross Loan Assets were from customers who were new to credit. Although we follow certain procedures to evaluate the credit profiles of our customers at the time of sanctioning a loan, we typically also rely on a system of customer referrals and the value of the property provided as underlying collateral rather than focusing solely on the credit profile of our customers.

Further, as of June 30, 2018, 64.21% of our Gross Loan Assets were from self-employed customers. Self-employed customers are often considered to be higher credit risk customers due to their increased exposure to fluctuations in cash flows and to adverse economic conditions. To the extent we are not able to successfully manage the risks associated with lending to such self-employed customers, it may become difficult for us to make recoveries on these loans. 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.

3. We are affected by changes in interest rates for our lending and treasury operations, which could cause our net interest income to decline and adversely affect our business and results of operations.

Our results of operations depend substantially on the level of our net interest income, which is the difference between our interest income (mainly comprising interest income on loan portfolio, securitized portfolio, interest income on fixed deposit, intercorporate deposit and commercial paper, profit on redemption of liquid mutual fund units and dividend income from mutual funds) and our finance cost. Any change in interest rates would affect our interest expense on our floating interest-bearing liabilities as well as our net interest income and net interest margins. 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 three months ended June 30, 2018 and Fiscals 2018, 2017 and 2016, our finance cost was ₹ 559.04 million, ₹ 1,890.53 million, ₹ 1,428.20 million and ₹ 968.81 million, respectively. For the same periods, our net interest margin was 2.03%, 7.25%, 6.61% and 6.10%, respectively. See "***Selected Statistical Information***" on page 204.

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 resulted in changes in interest rates in India. Persistently high inflation in India may discourage the Government from implementing policies that would cause interest rates to decrease. Moreover, if there is an increase in the interest rates we pay on our borrowings that we are unable to pass to our customers, we may find it difficult to compete with our competitors, who may have access to low-cost funds. Further, to the extent our borrowings are linked to market interest rates, we may have to pay interest at a higher rate than lenders that borrow only at fixed interest rates. An increase in general interest rates in the economy could also reduce the overall demand for housing finance and impact our growth. Certain of our customers may prepay their loans to take advantage of a declining interest rate environment. Similarly, an increase in interest rates could result in our customers, particularly those with variable interest rate loans, prepaying their loans if less expensive loans are available from other sources. Further, we are prohibited from charging pre-payment penalties on loans with variable interest rates. Our inability to retain customers as a result of changing interest rates may adversely impact our earnings in future periods and as a consequence have an adverse effect on our business, results of operations and financial condition.

Fluctuations in interest rates may also adversely affect our treasury operations. In a rising interest rate environment, especially if the rise is sudden or sharp, we could be adversely affected by the decline in the market value of our securities portfolio and other fixed income securities.

Further, we provide our customers the option to borrow money on fixed interest rate basis, and typically such interest rates can be revised after three years, even if interest rates in the market increase during interim periods. As of June 30, 2018, 47.05% of our Gross Loan Assets were at fixed rates of interest with a weighted average yield of 15.73%. Our inability to effectively and efficiently manage interest rate variations and our failure to pass on increased interest rates on our borrowings may cause our net interest income to decline, which would decrease our return on assets and could adversely affect our business and result of operations.

4. Any downgrade in our credit ratings could increase our borrowing costs, affect our ability to obtain financing, and adversely affect our business, results of operations, 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 ratings agencies on our financial strength, operating performance, strategic position and ability to meet our obligations. For further details, see "***Our Business – Credit Ratings***" on page 159. Any downgrade in our credit ratings could increase borrowing costs and adversely affect our access to capital and debt markets, which could in turn adversely affect our interest margins, our business, results of operations, financial condition and cash flows. In addition, any downgrade in our credit ratings could increase the probability that our lenders impose additional terms and conditions to any financing or refinancing arrangements we enter into in the future and adversely affect our business, results of operations, financial condition and cash flows.

5. We may face asset-liability mismatches, which could affect our liquidity and adversely affect our business and results of operations.

We face potential liquidity risks because our assets and liabilities mature over different periods. Assets and liability mismatch, which represents a situation when the financial terms of an institution's assets and liabilities do not match, is a key financial parameter for us. Although we had a positive asset-liability maturity profile as of March 31, 2018, we have had a negative asset liability maturity profile as of March 31, 2014, March 31, 2015 and March 31, 2016. Consequently, we cannot assure you that we will be able to continue to maintain such profile in the future. We meet a significant portion of our financing requirements through long-term borrowings from sources such as term loans from banks and financial institutions and issuance of NCDs. Further, a significant portion of our assets, such as home loans to our customers, have maturities with longer terms than our borrowings. Mismatches between our assets and liabilities are compounded in case of pre-payments of the loans by our customers. Any mismatch in the maturity profile of our assets and liabilities may lead to a liquidity risk and have an adverse effect on our business and results of operations.

6. Our operations are concentrated in four states of western India, particularly Rajasthan 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 June 30, 2018, we conducted our operations through 166 branches covering 95 districts in eight states, of which 157 branches were located in western India in the states of Rajasthan, Maharashtra, Madhya Pradesh and Gujarat. As of the same date, 92.50% of our Gross Loan Assets was located in these four states, with Rajasthan accounting for 46.63% of our Gross Loan Assets. The real estate and housing finance markets in these states may perform differently from, and may be subject to market conditions that are different from, the housing finance markets in other regions of India. 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.

7. ***Our inability to recover the full value of collateral, or amounts outstanding under defaulted loans in a timely manner, or at all, could adversely affect our results of operations.***

We offer home loans and other mortgage loans to customers, where the primary collateral is real estate. The value of the collateral, however, may decline during the term of the loan for a variety of reasons, including due to adverse market conditions prevalent in the real estate sector or an economic downturn leading to a downward movement in real estate prices. As a result, if our customers default, we may receive less money from liquidating collateral than is owed under the relevant financing facility, and, in turn, incur losses, even where we successfully repossess and liquidate the collateral.

Following the introduction of the SARFAESI Act in 2002 and the extension of its application to HFCs, we may now foreclose on collateral after 60 days notice to a borrower whose loan has been classified as nonperforming. However, in a case before the Supreme Court of India in 2004, while the constitutional validity of the SARFAESI Act was affirmed, the right of a defaulting borrower to appeal to the Debt Recovery Tribunal ("**DRT**") was also affirmed. The DRT has the power to issue a stay order prohibiting the lender from selling the assets of a defaulted borrower. As a result, there can be no assurance that any foreclosure proceedings would not be stayed by the DRT. In addition, we may be unable to realize the full value of our collateral, as a result of factors including delays in foreclosure proceedings. A failure to recover the expected value of collateral security could expose us to a potential loss.

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

8. ***The Indian housing finance industry is highly competitive and our inability to compete effectively could adversely affect our business and results of operations.***

We provide home loans and other mortgage loans to customers residing in the rural and semi-urban markets of India. The housing finance industry is highly competitive. Our primary competitors are banks, other HFCs, small finance banks and NBFCs who have entered these markets as well as private unorganized lenders who typically operate in rural and semi-urban markets. For example, as of March 31, 2018, the number of HFCs registered with the NHB is 92. Our competitors may have more resources, a wider branch and distribution network, access to cheaper funding, superior technology and may have a better understanding of and relationships with customers in these markets. This may make it easier for competitors to expand and to achieve economies of scale to a greater extent. In addition, our competitors may be able to rely on the reach of the retail presence of their affiliated group companies or banks. Competition in this market segment has also increased as a result of interest rate deregulation and other liberalization measures affecting the housing finance industry in India and we expect competition to intensify in the future.

Our ability to compete effectively will depend, in part, on our ability to maintain or increase our margins. Our margins are affected in part by our ability to continue to secure low-cost capital, and charge optimum interest rates at which we lend to our customers. Consequently, our ability to maintain or increase our margins will be dependent on our ability to pass on increases in the interest rates on our interest-bearing liabilities to our customers. Moreover, any increases in the interest rates on the loans we extend may also result in a decrease in business. We cannot assure you that we will be able to react effectively to these or other market developments or compete effectively with new and existing players in the increasingly competitive housing finance industry. If we are unable to compete effectively, our business and results of operations may be adversely affected.

9. ***Our inability to effectively manage our growth could have an adverse effect on our business, results of operations, financial condition and cash flows.***

We commenced our operations in March 2012 and as such we have a limited operating history in the housing finance industry. However, we have experienced considerable growth over the past five years and we have significantly expanded our operations and branch network. Our total revenue grew from ₹ 543.22 million for Fiscal 2014 to ₹ 4,572.45 million for Fiscal 2018, while our profit after tax grew from ₹ 63.37 million for Fiscal 2014 to ₹ 929.33 million for Fiscal 2018. Our Gross Loan Assets grew from ₹ 4,062.24 million as of March 31, 2014 to ₹ 43,590.87 million as of June 30, 2018 and the number of our branches has grown from 35 to 166 during the same period. However, we cannot assure you that our growth strategy will continue to be successful or that we will be able to continue to grow further, or at the same rate.

Our inability to manage our expansion effectively and execute our growth strategy in a timely manner, or within budget estimates or our inability to meet the expectations of our shareholders and other stakeholders could have an adverse effect on our business, results of operations and financial condition. We intend to continue expansion to pursue existing and potential market opportunities. Our ability to execute our growth strategies will depend, among other things, on our ability to identify key target markets correctly, diversify and differentiate our product offering and manage our pricing to compete effectively, and scale up and grow our network efficiently. Our ability to expand our product offering will also be limited by restrictions imposed by our risk management framework and applicable laws. We will also need to manage relationships with a greater number of customers, third-party consultants and service providers, lenders and other parties as we expand.

In order to manage our growth effectively, we must implement, upgrade and improve our operational systems, processes, procedures and controls on a timely basis. If we fail to implement these systems, processes, procedures and controls on a timely basis, we may not be able to meet our customers' needs, hire and retain new employees or operate our business effectively. Our ability to sustain our rate of growth also depends significantly upon our ability to select and retain key managerial personnel, maintaining effective risk management policies and training managerial personnel to address emerging challenges. Further, a number of external factors beyond our control could also affect our ability to continue to grow our business and loan portfolio, such as demand for housing loans in India, domestic economic growth, the RBI's monetary and regulatory policies, NHB regulations, inflation, competition and availability of cost-effective debt and equity capital.

We cannot assure you that our existing or future management, operational and financial systems, processes, procedures and controls will be adequate to support future operations, or establish or develop business relationships beneficial to future operations. Failure to manage growth effectively could have an adverse effect on our business and results of operations.

10. ***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. Our total loan portfolio has grown rapidly in the last few years, and we anticipate that the size of our loan portfolio will continue to grow in the future as we pursue our expansion strategy. Our customer base primarily comprises low and middle income self employed customers in semi-urban and rural areas in India, a majority of who have limited access to formal banking credit. Our customers may face cash flow constraints due to losses incurred by them in their respective businesses or in the economic activities pursued by them. Any such cash flow constraints may affect the ability of our customers to pay interest or repay their loans.

We classify non-performing assets ("**NPAs**") in accordance with the NHB Directions. Defaults by our customers for a period of more than 90 days result in such loans being classified as "non-performing". As of June 30, 2018 and March 31, 2018, 2017 and 2016, our Gross NPA were ₹ 172.39 million, ₹ 106.91 million, ₹ 169.21 million and ₹ 80.42 million respectively, while our Gross NPA to Gross Advances was 0.50%, 0.34%, 0.79% and 0.55%, respectively. As of June 30, 2018 and March 31, 2018, 2017 and 2016, our Net NPA were ₹ 133.14 million, ₹ 82.51 million, ₹ 128.64 million and ₹ 61.71 million, respectively, while our Net NPA to Net Advances was 0.38%, 0.26%, 0.60% and 0.42%, respectively. For further details, see "***Selected Statistical Information***" on page 204. In addition, on account of our recent growth, a significant portion of our loan portfolio is relatively new and was disbursed during the last 36 months. We believe that the risk of delinquency in home loans typically emerges 36 to 48 months from disbursement. We cannot assure you that we will be able to maintain or reduce our current levels of NPAs in the future. As the number of our loans that become NPAs increase, the credit quality of our loan portfolio decreases. Further, as our loan portfolio grows, an increasing proportion of our loans could be classified as non-performing and the current level of our provisions may not adequately cover any such increases. Further, negative trends or financial difficulties or general economic slowdown could unexpectedly increase delinquency rates and we could also reach a point in the future where we may not be able to expand our portfolio without allowing the overall credit quality of our loans to deteriorate. We cannot assure you that there will not be a significant increase in the proportion of our loans that are classified as NPAs as our loan portfolio matures.

If we are unable to sufficiently implement credit appraisals, portfolio monitoring and recovery processes, it may lead to a deterioration in the credit quality of our loan portfolio and an increase in the proportion of NPAs in our loan portfolio, thereby adversely affecting our results of operations and our financial condition.

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

We are responsible for establishing and maintaining adequate internal measures commensurate with the size and complexity of operations. Our internal or concurrent audit functions make an evaluation of the adequacy and effectiveness of internal systems on an ongoing basis so that business units adhere to our policies, compliance requirements and internal guidelines. While we periodically test and update our internal processes and systems, we are exposed to operational risks arising from the potential inadequacy or failure of internal processes or systems, and our actions may not be sufficient to ensure effective internal checks and balances in all circumstances.

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

12. Our inability to expand our business into new regions and markets in India could adversely affect our business, results of operations, financial condition and cash flows.

As part of our growth strategy, we continue to evaluate opportunities to expand our business into new markets in India. We have grown our operations to relatively newer markets such as Delhi, Haryana, Uttar Pradesh and Chhattisgarh. Factors such as competition, customer requirements, regulatory regimes, business practices and customs in these new markets may differ from those in our existing markets, and our experience in our existing markets may not be applicable to these new markets. In addition, as we enter new markets and geographical regions, we are likely to compete with not only other banks and financial institutions but also the local unorganized or semi-organized private financiers, who may be more familiar with local regulations, business practices and customs, and may have stronger relationships with target customers.

As we plan to expand our geographic footprint, even though contiguously, our business may be exposed to additional challenges, including identifying and collaborating with local business partners with whom we may have no previous business relations, obtaining necessary governmental approvals, successfully marketing our brand and products in markets in which we have no familiarity; attracting customers in a market in which we do not have significant experience or visibility; being subject to additional local taxes; attracting and retaining new employees; expanding our technological infrastructure; maintaining standardized systems and procedures; and adapting our marketing strategy and operations to new markets in India in which different languages are spoken. To address these challenges, we may have to make significant investments that may not yield desired results or incur costs that we may not be able to recover. Our inability to expand our current operations or the sub-optimal performance of our new branches may adversely affect our business, financial condition, results of operations and cash flows.

13. Our inability to maintain our capital adequacy ratio could adversely affect our business.

The NHB Directions currently require HFCs to comply with a capital to risk (weighted) assets ratio, or capital adequacy ratio ("**CRAR**"), consisting of Tier I and Tier II capital. Under these requirements, an

HFC's Tier I and Tier II capital may not be less than 12.0% of the aggregate of the HFC's risk-weighted assets and of risk adjusted value of off-balance sheet items, as applicable, with a minimum requirement of Tier I capital of 6.0% on risk weighted assets. Further, the NHB Directions require that the Tier II capital may not exceed 100% of the Tier I capital. As of June 30, 2018, our CRAR was 60.53%, with Tier I capital comprising 55.33% and Tier II capital comprising 5.20%. As we continue to grow our loan portfolio and asset base we will be required to raise additional Tier I and Tier II capital in order to remain in compliance with the applicable capital adequacy ratios. Further, the NHB may increase its current CRAR requirements, which may require us to raise additional capital. We cannot assure you that we will be able to raise adequate additional capital in the future on terms favorable to us, or at all, which may adversely affect the growth of our business.

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

We primarily serve low and middle income self-employed customers in semi-urban and rural areas in India, where infrastructure may be limited, particularly for transportation, electricity and internet bandwidth. At offices in remote markets, we may face difficulties in conducting operations, such as accessing power facilities, transporting people and equipment, and implementing technology measures. We may also face increased costs in conducting our business and operations and implementing security measures. 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.

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

Our ability to meet our debt service obligations and repay our outstanding borrowings will depend primarily on the cash generated by our business. Our financing agreements contain certain restrictive covenants that limit our ability to undertake certain types of transactions, any of which could adversely affect our business and financial condition. We are required to obtain prior approval from our lenders for, among other things:

- effecting any change in the ownership or control of our Company;
- effecting any change in the capital structure of our Company or any amendments to our Memorandum or Articles of Association;
- entering into any schemes of mergers, amalgamations, compromise or reconstruction;
- undertaking any guarantee obligation on behalf of any other concern;
- undertaking any expansion, diversification, disposition, alliances, mergers or acquisitions, amalgamation, consolidation, restructuring or reorganization;
- declaring and paying dividend in the event our Company defaults or delays in debt repayment of any of the lenders or upon the occurrence of any event of default;
- utilization of funds for any other purpose other than for which approval has been granted or agreed to be granted;
- changing the substantial nature of the business of our Company;
- changing the constitution of our Company;
- changing our accounting policies or accounting year; and
- effecting any change in management and operating structure of our Company.

Under these agreements, certain lenders also require us to maintain certain financial ratios such as asset coverage ratio, security cover ratio, interest coverage ratio and debt service coverage ratio. Certain of our financing agreements also contain cross-default and cross-acceleration clauses which are triggered in the event of default by the Company under the respective financing agreements. Our failure to meet our obligations under our financing agreements could have an adverse effect on our business, results of operations and financial condition.

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

16. We have substantial existing debt and will incur substantial additional debt, which could adversely affect our financial health and our ability to obtain financing in the future and react to changes in our business.

We have a significant amount of debt. As of June 30, 2018, our Total Borrowings were ₹ 27,217.61 million. Our significant amount of debt could have important consequences on our business and results of operations. For example, it could:

- make it more difficult for us to satisfy our obligations to the lenders under our financing agreements;
- increase our vulnerability to general adverse economic and housing loan industry conditions, including interest rate increases, because a significant portion of our borrowings are and will continue to be at variable rates of interest;
- require us to dedicate a substantial portion of our cash flow from operations to repayments of our debt, which will reduce our funds available for providing loans and making other general expenses;
- limit our flexibility in planning for, or reacting to, changes in our business and the housing loan industry;
- place us at disadvantage compared to our competitors that have proportionately less debt; and
- limit our ability to borrow additional funds in the future, if we need them, due to applicable financial and restrictive covenants in our financing arrangements.

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

We offer our customers the option to choose between a fixed interest rate, a variable interest rate, or a combination of fixed and variable interest rates in order to give them the flexibility to hedge against unexpected interest rate movements. Variable interest rate loans are linked to our reference rate, which as of June 30, 2018, was 14.85%. Based on market conditions, we price our loans at either a discount or a premium to our reference rate, which is determined primarily on the basis of our cost of borrowings, which in turn is determined by a number of factors, many of which are beyond our control, including the RBI's monetary policies, the applicable regulations prescribed by the NHB, inflation, competition and the prevailing domestic and international economic conditions. As of June 30, 2018, 69.18% of our Total Borrowings and securitization and assignment were at floating rates, while 52.95% of our Gross Loan Assets were at floating rates with a weighted average yield of 12.20%.

Customers with variable interest rates or teaser rates on their loans are exposed to increased equated monthly instalments ("**EMI**s") when the loans' interest rate adjusts upward from an initial fixed rate, as applicable, to the rate computed in accordance with the applicable index and margin. Such customers typically seek to refinance their loans through balance transfer to other banks and financial institutions, to avoid increased EMIs that may result from an upwards adjustment of the loans' interest rate. While refinancing of loans by other lenders could in certain circumstances be beneficial for our customers, it results in a loss of interest income expected from such loans over the course of their tenure. In addition, all housing finance providers in India are prohibited from charging pre-payment penalties on loans with variable interest rates, which has led to a high incidence of balance transfer, which results in a high turnover of loan assets between lenders, causing lenders to incur increased origination costs. In addition, increased difficulties for customers in refinancing their existing housing loan from another bank or financial institution, may also adversely affect our balance transfer loan originations. As competition in the housing finance sector intensifies, certain of our customers with variable interest rate loans may not be able to find balance transfer options at comparably lower interest rates or other financing alternatives. As a result, they may be exposed to the risks associated with increases in EMIs, which may lead to increased delinquency or default rates. Increased delinquency rates may also result in deterioration in credit quality of our loan portfolio, which could have an adverse effect on our business, results of operations and financial condition.

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

We may, in the ordinary course of business, securitize a portion of our receivables from our loan portfolio to banks and other financial institutions. Such securitization transactions are undertaken by us on the basis of our internal estimates of funding requirements, and may vary from time to time. During the three months ended June 30, 2018 and Fiscals 2018, 2017 and 2016, we had securitized and assigned assets worth ₹ 555.55 million, ₹ 5,935.14 million, ₹ 4,575.20 million and ₹ 2,454.38 million, respectively. As of June 30, 2018, March 31, 2018, March 31, 2017 and March 31, 2016, our receivables securitized and assigned expressed as a percentage of our Gross Loan Assets were 20.36%, 22.11%, 20.82% and 13.42%, respectively. Any change in RBI or other government regulations in relation to assignments/securitizations by HFCs could have an adverse impact on our assignment/securitization program. In the event the bank or financial institution does not realize the receivables due under loans that have been securitized, the relevant bank or institution can enforce the underlying credit enhancements provided by our Company. Should the assignee banks or any other financial institutions seek to enforce the underlying credit enhancements such as bank guarantees and fixed deposits, which are provided up to a specified percentage of the underlying loans, it could have an adverse effect on our financial condition and results of operations.

19. We propose to utilize the Net Proceeds of the Fresh Issue to maintain the minimum capital adequacy ratio and to meet future capital requirements arising out of the growth in our business and not for any specified projects.

The Net Proceeds of the Fresh Issue will be utilised to increase our Company's Tier I capital base to maintain the minimum capital adequacy ratio in accordance with Regulation 30 of the NHB Directions and to meet our future capital requirements which are expected to arise out of growth of our business and assets, primarily our housing loans and other mortgage loans, and to ensure compliance with the NHB Directions. Consequently, we will not be using the Net Proceeds for any specified projects. For further details, please see "***Objects of the Offer – Details of the Objects of the Fresh Issue***" on page 105.

20. We utilize the services of certain third parties for our operations and 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. As of June 30, 2018, we had empaneled approximately 160 local law firms and lawyers and approximately 110 technical agencies. 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, negligence, fraud or inefficiency in the services provided by our third party service providers could adversely affect our business and reputation.

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

The effectiveness of our risk management is limited by the quality and timeliness of available data. We have devoted resources to develop our risk management policies and procedures and aim to continue to do so in the future. We have policies and procedures in place to measure, manage and control the various risks to which we are exposed, which include our asset-liability management policy, credit policy, investment policy, collections policy and KYC and Anti-Money Laundering ("**AML**") policy and which articulate our approach to the identification, measurement, monitoring, controlling and mitigation of various risks associated with our operations in addition to providing certain important guidelines for strict adherence. Our Board of Directors and the Risk Management Committee review our risk management policies from time to time. However, our policies and procedures to identify, monitor and manage risks may not be fully effective. Certain of our risk management processes are not automated and are subject to human error. Certain of our methods of managing risks are based on the use of observed historical market behaviour and may not accurately predict future risk exposures, which could be significantly greater than those indicated by the historical measures. In addition, as we seek to expand the scope of our operations, we also face the risk of inability to develop commensurate risk management policies and procedures.

Further, a portion of our risk management strategies may not be effective in a difficult or less liquid market environment, where other market participants may be attempting to use the same or similar strategies to deal with the difficult market conditions. In such circumstances, it may be difficult for us to reduce our risk positions due to the activity of such other market participants. Other risk management methods depend upon an evaluation of information regarding the markets we operate in, the customers we service and certain other matters, which may not be accurate, complete, up-to-date or properly evaluated in all cases. Management of operational, legal or regulatory risks requires, among other things, policies and procedures to properly record and verify a number of transactions and events. Although we have established these policies and procedures, they may not be fully effective.

Our investment and interest rate risk are dependent upon our ability to properly identify, and mark-to-market changes in the value of financial instruments caused by changes in market prices or rates. Our earnings are dependent upon the effectiveness of our management of changes in credit quality and risk concentrations, the accuracy of our valuation models and our critical accounting estimates and the adequacy of our allowances for loan losses. To the extent our assessments, assumptions or estimates prove inaccurate or not predictive of actual results, we could suffer higher than anticipated losses. If we fail to effectively implement our risk management policies, it could have an adverse effect on our business, financial condition, cash flows and results of operations.

22. Any failure, inadequacy or security breach in our information technology systems may adversely affect our business, results of operations and reputation.

Our operations depend on our ability to process a high volume of transactions across our network of branches, which are connected through computer systems and servers to our Registered and Corporate Office. Our financial, accounting, analytics or other data processing systems may fail to operate adequately, or at all, as a result of events that are beyond our control, including a disruption of electrical or communications services, particularly in the rural and semi-urban markets in which we primarily operate. Our ability to operate and remain competitive will depend in part on our ability to maintain and upgrade our information technology systems on a timely and cost-effective basis. The information available to and received by our management through our existing systems may not be timely and sufficient to manage risks or to plan for and respond to changes in market conditions and other developments in our operations. We may experience difficulties in upgrading, developing and expanding our systems in a timely manner to accommodate our growing customer base.

Our operations also rely on the secure processing, storage and transmission of confidential and other information in our computer systems and networks. Our computer systems, servers, software, including software licensed from vendors and networks may be vulnerable to unauthorized access, computer viruses or other malicious code and other events that could compromise data integrity and security and result in identity theft including customer data, employee data and proprietary business data, for which we could potentially be liable. Any failure to effectively maintain or improve or upgrade our systems in a timely manner could adversely affect our competitiveness, financial position and results of operations. Moreover, if any of these systems do not operate properly, or if there are other shortcomings or failures in our internal processes or systems, it could affect our business, results of operations and reputation.

23. The Indian housing finance industry is extensively regulated and any changes in laws and regulations applicable to HFCs could have an adverse effect on our business.

We are subject to the corporate, taxation and other laws in effect in India and the states and cities in which we operate, which require continued monitoring and compliance. These regulations, apart from regulating the manner in which a company carries out its business and internal operations, prescribe various periodical compliances and filings, including but not limited to filing of forms and declarations with the relevant registrar of companies and the NHB. Pursuant to the NHB Act and various regulations, circulars and guidelines issued by the NHB, HFCs are currently required to comply with, among others, limits on borrowings, investments, interest rates and tenure on public deposits, prudential norms for income recognition, asset classification and provisioning for standard and non-performing assets, norms for creation of special reserves and provision for DTL as well as minimum capital adequacy and liquidity requirements. The regulations applicable to us also address issues such as our conduct with customers and recovery practices, market conduct and foreign investment.

The laws and regulations governing the housing finance industry in India have become increasingly complex and cover a wide variety of issues. Compliance with many of the regulations applicable to our operations in India, including any restrictions on investments and other activities currently being carried out by us, involves a number of risks, particularly in markets where applicable regulations may be subject to varying interpretations. If the interpretation of the regulators and authorities varies from our interpretation, we may be subject to penalties and our business could be adversely affected. Moreover, these laws and regulations can be amended, supplemented or changed at any time such that we may be required to restructure our business and activities and incur additional expenses to comply with such laws and regulations, which could adversely affect our business.

Additionally, we are required to make several filings with the NHB, the RoC and other relevant authorities pursuant to the provisions of NHB regulations, the Companies Act and other regulations. If we fail to comply with these requirements, or a regulator claims we have not complied with these requirements, we may be subject to penalties and compounding proceedings. For further information on laws and regulations applicable to us, see "***Key Regulations and Policies in India***" on page 164.

24. 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.

Our operations are subject to extensive government regulation and we are required to obtain and maintain a number of statutory and regulatory permits and approvals under central, state and local government rules in India, generally for carrying out our business. For details of approvals relating to our business and operations, see "***Government and Other Approvals***" on page 448.

While we have obtained a number of approvals required for our operations, certain approvals for which we have submitted applications are currently pending. We are also in the process of applying for the renewal of certain approvals that have expired. In addition, we may apply for more approvals, including the renewal of approvals which may expire from time to time, and approvals in the ordinary course of business.

A majority of these approvals are granted for a limited duration and are subject to numerous conditions. We cannot assure you that these approvals would not be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. If there is any failure by us to comply with the applicable regulations or if the regulations governing our business are amended, we may incur increased costs, be subject to penalties, have our approvals and permits revoked or suffer a disruption in our operations, any of which could adversely affect our business.

25. Non-compliance with the NHB's observations made pursuant to its periodic inspections could expose us to certain penalties and restrictions.

We are subject to periodic inspection by the NHB under the NHB Act, 1987 (the "**NHB Act**"), pursuant to which the NHB inspects 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 NHB or for obtaining any information, which we may have failed to furnish when called upon to do so. In its past inspection reports, the NHB has identified certain non-compliances with the policy circulars issued by NHB including in relation to charging pre-payment charges and penalties, classification of loan into NPAs accounts and classification of loan into housing and non-housing loan. NHB has, in the past provided observations to strengthen our KYC compliance and audit systems.

NHB has recently issued its inspection report for Fiscal 2017, identifying certain deficiencies and observations, including non-classification of rescheduled loan accounts, where interest rates were renegotiated during Fiscal 2017, as sub-standard assets; higher provisioning required based on the foregoing, and on account of incorrect classification of multiple loans given for housing purpose to same borrower as housing loans, instead of as commercial real estate ("**CRE**"); incorrect inclusion of off-balance item of credit enhancement through liens over fixed deposits under on-balance sheet items instead of as off-balance sheet items; non-disclosure of a percentage of outstanding loans granted against the collateral of gold jewellery, although no loans were granted against the collateral of gold jewellery in Fiscal 2017; non-compliance with certain requirements as per Know-your-client ("**KYC**") and Anti-Money Laundering ("**AML**") norms, non-compliance with national disaster management guidelines issued by the NHB; formulation of comprehensive audit policy/ audit plan; compliance with Paragraph 11 of the Housing Finance Companies issuance of Non-

Convertible Debentures on Private Placement basis (NHB) Directions, 2014; updating credit policy with details on restructuring of loans; strengthening of post-disbursement processes; inclusion of formal process for periodic verification of assets and review of borrowers; and our investment policy being observed to be silent on empanelment of brokers and requiring certain amendments to our MoA which we have updated. We have noted the observations, to the extent applicable, and furnished our responses and confirmed that we will ensure compliance, pursuant to which NHB has issued a composite supervisory rating with reference to our Company's position as on March 31, 2017, noting that our Company is basically sound, with certain corrective steps to be taken to improve its functions/systems in certain areas, which is to be verified in the subsequent inspection.

In the past, the NHB has issued observations on certain matters for Fiscals 2012, 2013, 2014 and 2016, including on our compliance with KYC requirements, internal audit procedures, and conflicts of interest; failure to create a reserve fund in accordance with the NHB Act in Fiscal 2013-2014; our NOF being overstated in Fiscals 2014 and 2016, on account of incorrect reversal of deferred tax liability and short booking of interest income on inter-corporate borrowings, and on creation of deferred tax asset against additional provisions for assets, in the respective years; and non-classification of certain loans as NPAs and overstatement of CRAR, on account of reduced assessment of NOF, reduction in Tier-II capital and incorrect risk weight assignment on certain assets in Fiscal 2016. We have replied to the NHB and taken corrective measures. We have not received any show cause notices from the NHB in relation to the above, as on the date of this Red Herring Prospectus.

However, separately, the NHB issued a show cause notice to us on December 20, 2013, in relation to submission of half yearly returns in the form prescribed under the Housing Finance Companies (NHB) Directions, 2010. Our Company replied to this notice and provided the requested clarifications. For details, see "***Outstanding Litigation and Other Material Developments - Regulatory Matters involving NHB and RoC***" on page 443.

While we seek to comply with all regulatory provisions applicable to us, in the event we are unable to comply with the NHB's directions at any time in the future, we could be subject to penalties and restrictions imposed by the NHB. Imposition of any future penalty or adverse findings by the NHB, requiring corrective steps entailing a compliance cost for us, may have an adverse effect on our business, results of operations, financial condition and reputation.

26. We depend on the accuracy and completeness of information provided by our customers and our reliance on any misleading information may affect our judgment of their credit worthiness, as well as the value of and title to the collateral.

While deciding whether to extend credit to customers, we rely, to a significant extent, on the information furnished to us by the customers for certain key elements of the credit assessment process, including their financial transactions and credit history. We follow the Know Your Customer guidelines prescribed by the NHB for potential customers, verify their place of business or employment and residence, as applicable, and verify details with the NHB's caution list. We may also rely on certain representations from customers as to the accuracy and completeness of that information. For ascertaining the creditworthiness and encumbrances on the collateral provided, we may depend on the respective registrars and sub-registrars of assurances, local legal agencies, credit information companies or credit bureaus, and on independent valuers in relation to the value of the collateral, and our reliance on any misleading information may affect our judgement of credit worthiness of potential borrowers, and the value of and title to the collateral. We may receive inaccurate or incomplete information as a result of negligence or fraudulent misrepresentation. Our risk management measures may not be adequate to prevent or deter such activities in all cases, which may adversely affect our business, results of operations and financial condition.

Further, a significant number of our customers are first time buyers of financial products and often may 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. Moreover, the availability of accurate and comprehensive credit information on retail customers and small businesses in India is more limited than for larger corporate customers, which reduces our ability to accurately assess the credit risk associated with such lending. Although as part of our credit policy, we are required to conduct credit checks of all our customers, including with credit bureaus, conduct site-visits and personal discussions, we cannot assure you that such credit information will be accurate or comprehensive. Difficulties in assessing credit risks associated with our day-to-day lending operations may lead to an increase in the level of our non-performing assets, which could adversely affect our business, financial condition and results of operations.

27. We may not be able to maintain our current levels of profitability due to increased costs or reduced spreads between the interest rates at which we borrow and lend.

Our business strategy involves a high level of ongoing interaction with our customers. We believe that this involvement is an important part of strengthening our relationship with our customers, identifying new cross-selling opportunities and monitoring our performance. However, this level of involvement also entails higher levels of operating costs and also requires a relatively higher gross spread, or margin, on the products we offer in order to maintain profitability. We cannot assure you that we will be able to maintain our current levels of profitability if the gross spreads on our products were to reduce substantially, which could adversely affect our results of operations.

28. Significant changes by the Government or the RBI or the NHB in their policy initiatives facilitating the provision of housing and housing finance or any change in the tax incentives that the Government currently provides to HFCs may have an adverse effect on our business, results of operations and financial condition.

The Government of India provides certain incentives to encourage providing credit to the housing industry and has implemented policies, particularly in relation to affordable housing, that are aimed at providing low-cost, long-term credit to the low and middle income segments in rural and urban parts of India. The NHB provides refinance for certain qualifying loans at reduced rates to certain qualifying HFCs through its schemes. In addition, the RBI provides certain incentives to the housing finance industry by extending priority sector status to housing loans. Certain key measures taken by the RBI to assist in fulfilling the Government's objectives include the reduction in risk weights applicable for affordable housing loans for the purpose of calculation of CRAR and allowing HFCs to raise long-term ECBs for on-lending towards affordable housing, which the RBI defines as housing loans with a size of up to ₹ 2.50 million. For further details in relation to these Government affordable housing schemes and initiatives, see "***Industry Overview – Pradhan Mantri Awas Yojana - Urban***" and "***Key Regulations and Policies in India – Certain RBI Notifications***" on pages 116 and 171, respectively. However, we cannot assure you that the Government, the RBI and the NHB will continue to provide such incentives in the future.

Further, pursuant to Section 36(1)(viii) of the (Indian) Income Tax Act, 1961 (the "**Income Tax Act**"), up to 20.00% of profits from housing finance activities may be carried to a special reserve and will not be subject to income tax. The balance of our special reserve as of March 31, 2018 was ₹ 482.06 million. In addition, home buyers receive tax incentives on home loans for principal and interest payment of home loans, which has improved affordability levels of borrowers. Principal repayment qualifies for tax deduction under section 80C of the Income Tax Act, 1961. However, we cannot assure you that the Government will continue to make such benefits available to HFCs or home buyers.

Any significant change by the Government in its various policy initiatives facilitating provision of housing and housing finance or any change in the tax incentives that it currently provides to HFCs may have an adverse effect on our business, results of operations and financial condition.

29. A portion of our collections from customers is in cash, exposing us to certain operational risks.

For overdue cases, our field executives visit customers to collect installments in methods including cash. Cash collections expose us to the risk of theft, fraud, misappropriation or unauthorized transactions by employees responsible for dealing with such cash collections. These risks are exacerbated by the high levels of responsibility we delegate to our employees and the geographically dispersed nature of our network. We primarily cater to customers in rural and semi-urban markets, which carry additional risks due to limitations on infrastructure and technology.

While we have implemented technology that tracks our cash collections, taken insurance policies, including fidelity coverage and coverage for cash in safes and in transit, and undertaken measures to detect and prevent unauthorized transactions, fraud or misappropriation, it may not be sufficient to prevent or deter such activities in all cases, which may adversely affect our operations and profitability. Further, we may be subject to regulatory or other proceedings in connection with any unauthorized transactions, fraud or misappropriation by our employees, which could adversely affect our goodwill. For example, one FIR have been filed against certain employees of our Company alleging cheating and criminal conspiracy with respect to a loan facility.

For further details, see "***Outstanding Litigation and Other Material Developments - Outstanding criminal litigation involving our Company - Criminal proceedings against our Company***" on page 441. We may also be party to criminal proceedings and civil litigation related to our cash collections.

30. Our Company and our Directors are involved in certain legal and other proceedings. Any adverse outcome in such proceedings may have an adverse effect on our business, results of operations and financial condition.

In the ordinary course of business, our Company and our Directors are involved in certain legal proceedings, which are pending at varying levels of adjudication at different fora. The summary of outstanding matters set out below includes details of criminal proceedings, tax proceedings, statutory and regulatory actions and other material pending litigation involving our Company and our Directors. According to the Materiality Policy, any outstanding litigation, other than criminal proceedings, statutory or regulatory actions and taxation matters, is considered material if the monetary amount of claim by or against the entity or person in any such pending matter is in excess of ₹ 18.58 million or if an adverse outcome of any such litigation could materially and adversely affect our business, prospects, operations, financial position or reputation.

Sr. No.	Name of Entity	Criminal Proceedings	Tax proceedings	Statutory/ Regulatory proceedings	Material civil litigation	Aggregate amount involved* (in ₹ million)
1.	**Company**					
	By the Company	1,675***	-	379****	2	516.92
	Against the Company	1*****	-	7******	-	Not ascertainable
2.	**Promoters**					
	By the Promoters	-	-	-	-	-
	Against the Promoters	-	-	-	-	-
3.	**Directors**					
	By the Directors	-	-	-	-	-
	Against the Directors	-	-	3**	-	Not ascertainable
	Total	1,676	-	389	2	Not ascertainable

**To the extent ascertainable*

***These proceedings include two cases which have been initiated against the Company, however the directors have also been named in the litigation documents, as a result of which these have been separately included in the above table, under litigation involving Directors.*

**** These proceedings do not include the following: (i) 695 proceedings for which loan accounts have been sold off by the Company. In such proceedings, for which the liability has ceased to exist, the Company only acts as a collection agent.; and (ii) nine proceedings for which the loan accounts have been sold off by the Company and the liability to act as a collection agent has ceased to exist upon the Company.*

***** These proceedings do not include 241 proceedings for which loan accounts have been sold off by the Company. In such proceedings, for which the liability has ceased to exist, the Company only acts as a collection agent.*

******These proceedings do not include one proceeding for which the loan account has been sold off by the Company and the liability to act as a collection agent has ceased to exist upon the Company.*

******* These proceedings do not include nine proceedings for which the loan accounts have been sold off by the Company and the liability to act as a collection agent has ceased to exist upon the Company.*

Involvement in such proceedings could divert our management's time and attention and consume financial resources. Further, an adverse judgment in these proceedings could have an adverse impact on our business, results of operations and financial condition. For further details, in relation to the proceedings involving our Company and Directors, see "***Outstanding Litigation and Other Material Developments***" on page 441.

We cannot assure you that any of the outstanding material litigation matters will be settled in our favour or in favour of our Company or Directors, as applicable, or that no additional liability will arise out of these proceedings.

31. The grant of options under the ESOP-2016 scheme may result in a charge to our profit and loss account and may adversely impact our net income.

Our Company follows the intrinsic value method for the accounting of employee compensation cost on options granted, pursuant to which, if the exercise price of any options granted is lower than the fair value of the Equity Shares ("**Fair Value**") at the time of grant, it will result in a charge to our profit and loss account on a straight line basis over the period of vesting, equal to the product of the number of Equity Shares granted and the difference between the exercise price and the Fair Value at the time of grant.

We established the ESOP-2016 scheme pursuant to the shareholders' resolutions dated February 23, 2017, wherein we approved the issuance of 5,812,595 options convertible into up to 5,812,595 Equity Shares. For further details, see "***Capital Structure – Employee Stock Option Scheme***" on page 93.

Further, we may continue to introduce employee stock option schemes in the future, where we may issue options to our employees at discount to the market price of the Equity Shares, which may have an adverse impact on our results of operations and financial condition. The holders of our Equity Shares may also experience dilution of their shareholding to the extent that we issue any Equity Shares pursuant to any options issued under our employee stock option schemes.

32. We are dependent on a number of Key Managerial Personnel and our senior management, 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 Key Managerial Personnel and our senior management, 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, operations and the strategic directions taken by our Company. 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.

33. Our Promoters, Directors and Key Managerial Personnel have interests in us other than the reimbursement of expenses incurred and normal remuneration and benefits.

Our Promoters, Directors and Key Managerial Personnel may be deemed to be interested to the extent of Equity Shares held by them, directly or indirectly, in our Company, as well as to the extent of any dividends, bonuses or other distributions on such shareholding. Additionally, certain of our Directors and Key Managerial Personnel may also be regarded as interested to the extent of employee stock options granted by our Company and which may be granted to them from time to time pursuant to the ESOP – 2016, as applicable. For further details, see "***Capital Structure***" on page 84.

We cannot assure you that our Promoters, Directors and our Key Managerial Personnel, if they are also our shareholders, will exercise their rights as shareholders to the benefit and best interest of our Company. For further details, see "***Our Promoters, Promoter Group and Group Companies***", "***Our Management – Interest of Directors***" and "***Our Management – Interest of our Key Managerial Personnel***" on pages 197, 186 and 194.

34. 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 June 30, 2018, we employed 1,996 personnel across our operations. Although we have not experienced any material labour unrest in the past, we cannot assure you that we will not experience disruptions in work due to disputes or other problems with our work force, which may adversely affect our ability to continue our business operations. Any labour unrest directed against us, could directly or indirectly prevent or hinder our normal operating activities, and, if not resolved in a timely manner, could lead to disruptions in our operations. 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.

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

We believe that the insurance coverage we maintain is reasonably adequate to cover the normal risks associated with the operation of our businesses. Even if we have insurance for the incident giving rise to the loss, we may be required to pay a significant deductible on any claim for recovery of such a loss, or the amount of the loss may exceed our coverage for the loss. However, we cannot assure you that any claim under the insurance policies maintained by us will be honored fully, in part or on time, or that we have obtained sufficient insurance to cover all potential losses. In addition, our insurance coverage expires from time to time. We apply for the renewal of our insurance coverage in the normal course of our business, but we cannot assure you that such renewals will be granted in a timely manner, or at acceptable cost, or at all. To the extent that we suffer loss or damage, or successful assertion of one or more large claims against us for events for which we are not insured, or for which we did not obtain or maintain insurance, or which is not covered by insurance, exceeds our insurance coverage or where our insurance claims are rejected, the loss would have to be borne by us and our results of operations, financial condition and cash flows could be adversely affected. For further details on our insurance arrangements, see "***Our Business – Insurance***" on page 162.

36. We conduct certain business operations on leased premises and our inability to renew such leases may adversely affect our operations.

As of June 30, 2018, we conducted our operations through 166 branches and the premises of all our branches have been taken on a lease or leave and license basis. Any adverse impact on the title of the owners from whose premises we operate, breach of the contractual terms of any lease, leave and license agreements, or if any of the owners of these premises do not renew the agreements under which we occupy the premises, or if they seek to renew such agreements on terms and conditions unfavourable to us, or if they terminate our agreements, we may suffer a disruption in our operations and will have to look for alternate premises. We may be unable to relocate our offices in a timely manner or at an acceptable cost, which may adversely affect our business and results of operations.

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

As part of our treasury management, we have formulated a board-approved investment policy in accordance with the NHB Directions. Our investment policy prescribes permissible investment assets such as bonds of public sector banks and corporates, corporate deposits, fixed deposits of scheduled commercial banks, certificates of deposits, commercial papers with high credit ratings, units of debt mutual funds, government securities including treasury bills and investments in pass through certificates. The value of these investments depends on several factors beyond our control, including the domestic and international economic and political scenario, inflationary expectations and the RBI's monetary policies. Any decline in the value of these investments may have an adverse effect on our results of operations and financial condition.

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

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

In case insolvency proceedings are initiated against a debtor to our Company, we may not have complete control over the recovery of amounts due to us. Under the Bankruptcy Code, upon invocation of an insolvency resolution process, a committee of creditors is constituted by the interim resolution professional, wherein each financial creditor is given a voting share proportionate to the debts owed to it. Any decision of the committee of creditors must be taken by a vote of not less than 75% of the voting share of all financial creditors. Any resolution plan approved by committee of creditors is binding upon all creditors, even if they vote against it.

In case a liquidation process is opted for, the Bankruptcy Code provides for a fixed order of priority in which proceeds from the sale of the debtor's assets are to be distributed. Before sale proceeds are distributed to a secured creditor, they are to be distributed for the costs of the insolvency resolution and liquidation processes and debts owed to workmen and other employees. Further, under this process, dues owed to the Central and State Governments rank below the claims of secured creditors, workmen and other employee dues and unsecured financial creditors. Moreover, other secured creditors may decide to opt out of the process, in which case they are permitted to realise their security interests in priority.

Accordingly, if the provisions of the Bankruptcy Code are invoked against any of the borrowers of our Company, it may affect our Company's ability to recover our loans from the borrowers and enforcement of our Company's rights will be subject to the Bankruptcy Code.

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

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

40. ***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 202. These related party transactions entered into by us, were in compliance with the Companies Act. 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.

41. ***Our Promoters may have interests in entities in businesses similar to ours, which may result in conflicts of interest with us.***

Our Promoters may have investments or interests in entities engaged in businesses similar to ours, including in other geographies or across the financial services sector in general, which may, in the future, result in conflicts of interest with us.

42. ***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 years indicated:

(₹ in million)

	Three months ended June 30, 2018	Fiscal 2018	2017	2016
Net cash flow used in Operating Activities	(2,973.04)	(9,241.33)	(5,906.49)	(5,908.00)
Net cash flow (used in)/ from investing activities	(1,025.19)	(2,263.65)	(153.78)	(9.97)
Net cash flow from Financing Activities	1,761.88	12,403.84	6,397.28	8,160.76
Net (decrease)/increase in Cash and Cash Equivalents	(2,236.35)	898.86	337.01	2,242.79

For further details, see "***Financial Statements***" and "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" on pages 218 and 397, respectively. We cannot assure you that our net cash flows will be positive in the future.

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

As of June 30, 2018, our contingent liabilities that have not been provided for, as per AS-29 issued by ICAI, are as set out in the table below:

Particulars	Amount (₹ in million)
Credit enhancements provided by the company towards Asset Assignment / Securitization (including cash collaterals, principal and interest subordination)	114.73

If a significant portion of these liabilities materialize, it could have an adverse effect on our business, financial condition and results of operations. For further details, see "***Financial Statements***" on page 218.

44. Unsecured borrowings or working capital availed by us in the future may, depending on the terms of sanction, be recalled by our lenders at any time.

Unsecured borrowings or working capital availed by us in the future may, depending on the terms of sanction, be recalled by lenders at any time, with or without the existence of an event of default. Any demand by a lender for accelerated repayment may adversely affect our financial condition.

45. Our ability to pay dividends in the future will depend on our earnings, financial condition, working 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 flow, working 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 will depend on factors that our Board deems relevant, including among others, our future earnings, financial condition, cash requirements, business prospects and any other financing arrangements. Additionally, our ability to pay dividends may also be restricted by the terms of financing arrangements that we may enter into. Dividends distributed by us will attract dividend distribution tax at rates applicable from time to time and may be subject to other requirements prescribed by the NHB. We cannot assure you that we will be able to pay dividends in the future. For further details, see "***Dividend Policy***" on page 203.

46. Our management will have flexibility over the use of the Net Proceeds of the Fresh Issue.

We intend to use the Net Proceeds of the Fresh Issue to increase our Company's Tier I capital base to maintain the minimum capital adequacy ratio in accordance with Regulation 30 of the NHB Directions, to meet our future capital requirements and to ensure compliance with the NHB Directions. For further details, see "***Objects of the Offer***" on page 105.

Our management may not apply the Net Proceeds of the Fresh Issue in ways that increase the value of your investment. Various risks and uncertainties, including those set forth in this "***Risk Factors***" section, may limit or delay our efforts to use the Net Proceeds of the Fresh Issue in the manner indicated in "***Objects of the Offer***" on page 105.

47. A portion of the proceeds from this Offer will not be available to us.

As this Offer includes an offer for sale of Equity Shares by the Selling Shareholders (including our Promoters), the proceeds from the Offer for Sale will be remitted to the Selling Shareholders and our Company will not benefit from such proceeds.

48. Our Promoters and Promoter Group will continue to exert substantial voting control over our Company after completion of the Offer, which may limit your ability to influence the outcome of matters submitted for approval of our shareholders.

As on the date of this Red Herring Prospectus, our Promoters and Promoter Group together hold 81.26% of our pre-Offer Equity Share capital. Following the completion of the Offer, our Promoters and Promoter Group, may continue to hold a majority of our post-Offer Equity Share capital. This concentration of ownership could limit your ability to influence corporate matters requiring shareholders' approval. Our Promoters and Promoter Group will have the ability to significantly influence matters requiring shareholders' approval, including the ability to appoint Directors on our Board and the right to approve significant actions at Board and at shareholders' meetings, including the issuance 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. In addition, if our shareholders do not act together, such matters requiring shareholders' approval may be delayed or may not occur at all, which could adversely affect our business. Moreover, these shareholders are not obligated to provide any business opportunities to us. If such other shareholders invest in another company in competition with us, we may lose the support provided to us by them, which could adversely affect our business, results of operations, financial condition and cash flows. We cannot assure you that our existing shareholders 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.

Further, in terms of our Articles of Association (as they will exist upon commencement of listing of our Equity Shares pursuant to this Offer), our Promoters, Lake District and ESCL will have the right to, *inter alia,* appoint directors on our Board (subject to maintaining certain thresholds of shareholding in our Company), if such rights are approved by our shareholders, by way of a special resolution, at the first general meeting held post-listing. For details, see "***History and Certain Corporate Matters - Share Purchase and Shareholders' Agreements***" on page 178.

49. 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 have relied on the ICRA Affordable Housing Finance Industry Report dated June 7, 2018 for industry related data in this Red Herring Prospectus. The report uses certain methodologies for market sizing and forecasting. Neither we, nor any of the BRLMs have 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.

50. During the last 12 months preceding the date of this Red Herring Prospectus, our Company has issued Equity Shares at a price that may be lower than the Offer Price.

We have, in the last 12 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 84.

External Risk Factors

Risks Related to India

51. 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 substantially 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.

Recognition and enforcement of foreign judgments is provided for under Section 13 of Civil Code on a statutory basis. Section 13 of the Civil Code provides that foreign judgments shall be conclusive regarding any matter directly adjudicated upon, except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognize the law of India in cases to which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; and (vi) where the judgment sustains a claim founded on a breach of any law then in force in India. Under the Civil Code, a court in India shall, upon the production of any document purporting to be a certified copy of a foreign judgment, presume that the judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record. However, under the Civil Code, such presumption may be displaced by proving that the court did not have jurisdiction.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. Section 44A of the Civil Code provides that where a foreign judgment has been rendered by a superior court, within the meaning of that Section, in any country or territory outside of India which the Central Government has by notification declared to be in a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44A of the Civil Code is applicable only to monetary decrees not being of the same nature as amounts payable in respect of taxes, other charges of a like nature or of a fine or other penalties.

We have been advised by our Indian counsel that the United States and India do not currently have a treaty providing for reciprocal recognition and enforcement of judgments, other than arbitration awards, in civil and commercial matters. Therefore, a final judgment for the payment of money rendered by any federal or state court in the United States on civil liability, whether or not predicated solely upon the federal securities laws of the United States, would not be enforceable in India. However, the party in whose favour such final judgment is rendered may bring a new suit in a competent court in India based on a final judgment that has been obtained in the United States. The suit must be brought in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India.

It is unlikely that a court in India would award damages on the same basis as a foreign court if an action was brought in India. Furthermore, it is unlikely that an Indian court would enforce a foreign judgment if that court were of the view that the amount of damages awarded was excessive or inconsistent with public policy or Indian practice. It is uncertain as to whether an Indian court would enforce foreign judgments that would contravene or violate Indian law. However, a party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI under the Foreign Exchange Management Act, 1999, to execute such a judgment or to repatriate any amount recovered.

52. Political, economic or other factors beyond our control may have an adverse impact on our business and results of operations.

The following external risks may have an adverse impact on our business and results of operations, should any of them materialize:

- increase in interest rates may adversely affect our access to capital and increase our borrowing costs, which may constrain our ability to grow our business and operate profitably;
- political instability, resulting from a change in governmental or economic and fiscal policies, may adversely affect economic conditions in India. In recent years, India has implemented various economic and political reforms. Reforms in relation to land acquisition policies and trade barriers have led to increased incidents of social unrest in India over which we have no control;
- civil unrest, acts of violence, terrorist attacks, regional conflicts or situations or war; and
- India has experienced natural calamities such as earthquakes, tsunamis, floods and drought in recent years.

If such events should impact the national or any regional economies, our business and results of operations may be adversely affected.

***53. We have included our Special Purpose Financial Statements in this Red Herring Prospectus, which are subject to change and investors should read the related disclosure in this context*.**

We have included our Special Purpose Interim Standalone Financial Statements and Special Purpose Standalone Financial Statements (together, "**Special Purpose Financial Statements**") in this Red Herring

Prospectus. We will prepare and issue our first full year Ind AS financial statements as at and for the year ending March 31, 2019. Until the first full year Ind AS financial statements are issued, the balances in the Special Purpose Interim Standalone Financial Statements are preliminary and may require adjustments if (a) there are any new Ind AS standards issued through March 31, 2019, (b) there are any amendments or modifications made to existing Ind AS standards or interpretations thereof through March 31, 2019 effecting the Ind AS balances in these financial statements and (c) if we make any changes in the elections or exemptions selected on adoption of Ind AS at its transition date of April 1, 2017.

The Special Purpose Interim Standalone Financial Statements have been prepared in accordance with the recognition and measurement principles of prescribed under section 133 of the Companies Act, 2013 read with the Ind AS Rules. However, all disclosures as required under Ind AS have not been furnished in these Special Purpose Interim Standalone Financial Statements. Accordingly, the relevant comparative financial information under Ind AS for the three months period ended June 30, 2017 (comprising the statement of profit and loss, the cash flow statement and the statement for changes in equity for the three months period ended June 30, 2017) has not been presented in these Special Purpose Interim Standalone Financial Statements. Similarly, while preparing the Special Purpose Standalone Financial Statements for the year ended March 31, 2018, the relevant comparative financial information under Ind AS for the year ended March 31, 2017 has not been presented. Only a complete set of financial statements together with comparative financial information can provide a fair presentation of our state of affairs (financial position), profit (financial performance including other comprehensive income), cash flows and the changes in equity.

In addition, we have presented our Special Purpose Financial Statements on a standalone basis and have not prepared and included special purpose consolidated financial statements prepared using recognition and measurement principles of Ind AS. Our Company has only one subsidiary, Aavas Finserv Limited, with effect from November 30, 2017, whose Indian GAAP financial results reflected total assets of ₹ 45.42 million, or 0.11% of our total assets as of June 30, 2018 and revenue of ₹ 0.27 million and ₹ 0.17 million, or 0.01% and 0.01% of our total revenue for the period ending March 31, 2018 and the three months ended June 30, 2018, respectively. For further details in relation to the impact of Ind AS on the preparation and presentation of our financial statements, see "***Summary of Significant Differences between Indian GAAP and Ind AS***" and "***Special Purpose Financial Information Management Discussion***" on pages 392 and 421, respectively.

Accordingly, the degree to which the Indian GAAP and Special Purpose Financial Statements included in this Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Red Herring Prospectus should accordingly be limited.

54. Changing laws, rules and regulations and legal uncertainties, including adverse application of 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 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 Government of India implemented a comprehensive national goods and services tax ("**GST**") regime with effect from July 1, 2017, that combines multiple taxes and levies by the Central and State Governments into a unified tax structure. However, given the recent introduction of the GST in India, there is no established practice regarding the implementation of, and compliance with, GST. Our business and financial performance could be adversely affected by any unexpected or onerous requirements or regulations resulting from the introduction of GST or any changes in laws or interpretation of existing laws, or the promulgation of new laws, rules and regulations relating to GST, as it is implemented.

The Government has enacted the GAAR which have come into effect 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.

Unfavourable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations including foreign investment and stamp duty laws governing our business and operations could result in us being deemed to be in contravention of such laws and may require us to apply for additional approvals. For example, in certain instances, the municipal or local authorities from time to time in the past have demolished construction or alleged unauthorized construction in the properties that our customers had given to us as collateral while availing home loans from us. We may incur increased costs and other burdens relating to compliance with such new requirements, which may also require significant management time and other resources, and any failure to comply may adversely affect our business, results of operations and prospects. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current businesses or restrict our ability to grow our businesses in the future.

55. 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.

56. The growth rate of India's housing finance industry may not be sustainable.

We expect the housing finance industry in India to continue to grow as a result of anticipated growth in India's economy, increases in household income and demographic changes. In addition, the Government of India is pursuing various social welfare schemes and initiatives to create an enabling and supportive environment to both enhance the flow of credit to the housing sector and increase home ownership in India. Various Central Government policies and initiatives such as "*Smart Cities*" and the "*Pradhan Mantri Awas Yojana*" or the "*Housing for all by 2022*" scheme have reinforced the primacy of the housing sector and the need to provide housing to all and are expected to promote affordable housing through partnerships with private sector entities. However, it is not clear how certain trends and events, such as the pace of India's economic growth, the development of domestic capital markets and the on-going reform will affect India's housing finance industry. In addition, there can be no assurance that the Government policies and initiatives for the housing finance industry will continue at the same or expected pace in the future. Consequently, there can be no assurance that the growth and development of India's housing finance industry will be sustainable.

Risks Related to the Equity Shares and the Offer

57. 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 will sustain. 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 the 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.

58. 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 may be 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.

59. 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 109 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 fluctuations after the Offer, and may decline below the Offer Price. We cannot assure you that you will be able to resell your Equity Shares at or above the Offer Price.

60. Any future issuance of Equity Shares by us or any sale, pledge, encumbrance of their Equity Shares by our Promoters in the future may affect your shareholding and adversely affect the trading price of the Equity Shares.

Any future issuance of 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, 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 84, we cannot assure you that our Promoters will not dispose of, pledge or encumber their Equity Shares in the future.

61. 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, 2013 a company incorporated in India must offer its equity shareholders pre-emptive rights to subscribe and pay for a proportionate number of equity shares to maintain their existing ownership percentages prior to issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of 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.

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

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

63. You may be subject to Indian taxes arising out of capital gains on the sale of our Equity Shares.

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares is generally taxable in India. Any gain realized on the sale of listed equity shares on or before March

31, 2018, on a stock exchange held for more than 12 months will not be subject to long term capital gains tax in India if securities transaction tax, or STT, has been paid on the sale transaction and additionally, as stipulated by the Finance Act, 2017, STT had been paid at the time of acquisition of such equity shares on or before October 1, 2004, except in the case of such acquisitions of such equity shares which are not subject to STT, as notified by the Central Government under notification no. 43/2017/F. No. 370142/09/2017-TPL on June 5, 2017. However, the Finance Act, 2018, has now levied taxes on such long term capital gains arising from sale of equity shares on or after April 1, 2018. However, where specified conditions are met, such long term capital gains are only taxed to the extent they exceed ₹ 100,000 and unrealised capital gains earned up to January 31, 2018 continue to be exempt.

Further, any gain realized on the sale of our Equity Shares held for a period of 12 months or less will be subject to short term capital gains tax in India. 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 a 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 Equity Shares. Accordingly, you may be subject to payment of long term capital gains tax in India, in addition to the payment of STT, on the sale of Equity Shares held for more than 12 months. STT will be levied on and collected by a domestic stock exchange on which our Equity Shares are sold.

64. Government regulation of foreign ownership of Indian securities may have an adverse effect on the price of our Equity Shares.

Foreign ownership of Indian securities is subject to Government regulation. In accordance with foreign exchange regulations currently in effect in India, under certain circumstances the RBI must approve the sale of the Equity Shares from a non-resident of India to a resident of India or vice-versa if the sale does not meet certain requirements specified by the RBI. Additionally, any person who seeks to convert the Rupee proceeds from any such sale into foreign currency and repatriate that foreign currency from India is required to obtain a no-objection or a tax clearance certificate from the Indian income tax authorities. As provided in the foreign exchange controls currently in effect in India, the RBI has provided that the price at which the Equity Shares are transferred be calculated in accordance with internationally accepted pricing methodology for the valuation of shares at an arm's length basis, and a higher (or lower, as applicable) price per share may not be permitted. We cannot assure investors that any required approval from the RBI or any other government agency can be obtained on terms favorable to a non-resident investor in a timely manner or at all. Because of possible delays in obtaining requisite approvals, investors in the Equity Shares may be prevented from realizing gains during periods of price increase or limiting losses during periods of price decline.

Prominent Notes:

- Initial public offering of up to [●] Equity Shares of face value ₹ 10 each of our Company, for cash at a price of ₹ [●] per Equity Share (including a share premium of ₹ [●] per Equity Share) aggregating up to ₹ [●] million, consisting of a Fresh Issue of up to [●] Equity Shares by our Company aggregating up to ₹ 4,000 million and an Offer for Sale by the Selling Shareholders of up to 16,249,359 Equity Shares aggregating up to ₹ [●] million. The Offer shall constitute [●]% of the post-Offer paid-up Equity Share capital of our Company.

- Our net worth as on March 31, 2018, as per our Restated Consolidated Financial Statements and Restated Standalone Financial Statements included in this Red Herring Prospectus is ₹ 10,984.13 million and ₹ 10,984.71 million, respectively.

- Our net worth as on June 30, 2018, as per our Restated Consolidated Financial Statements and Restated Standalone Financial Statements included in this Red Herring Prospectus is ₹ 11,776.44 million and ₹ 11,776.91 million, respectively.

- The net asset value per Equity Share as on March 31, 2018 as per our Restated Consolidated Financial Statements and Restated Standalone Financial Statements included in this Red Herring Prospectus is ₹ 157.03 and ₹157.03, respectively.

- The net asset value per Equity Share as on June 30, 2018, as per our Restated Consolidated Financial Statements and Restated Standalone Financial Statements included in this Red Herring Prospectus is ₹ 166.45 and ₹ 166.46, respectively.

- The average cost of acquisition per Equity Share by our Promoters as on the date of the Draft Red Herring Prospectus is:

Name of Promoter	Number of Equity Shares held	Average cost of acquisition per Equity Share (₹)*
Lake District	35, 261, 756	245.07
ESCL	17, 127, 627	245.07

**As certified by G.M. Kapadia & Co., Chartered Accountants by their certificate dated June 19, 2018.*

- Other than the change in name of our Company from AU Housing Finance Limited to Aavas Financiers Limited on March 29, 2017, to reflect the change in the ownership and control of our Company, there has been no change in the name of our Company at any time during the last three years immediately preceding the date of this Red Herring Prospectus. See "***History and Certain Corporate Matters – Changes in Memorandum of Association***" on page 173.

- There has been no financing arrangement whereby our Promoters, members of our Promoter Group, our Directors, or any of their respective relatives, have financed the purchase by any other person of securities of our Company, other than in the ordinary course of the business of the financing entity, during the six months preceding the date of the Draft Red Herring Prospectus.

- For details of transactions among our Company and our Subsidiary during the last Fiscal, including the nature and cumulative value of the transactions, see "***Related Party Transactions***" on page 202.

- Investors may contact the GCBRLMs and BRLM who have submitted the due diligence certificate to the SEBI or the Registrar to the Offer, for any complaints pertaining to the Offer.

SECTION III – INTRODUCTION

SUMMARY OF INDUSTRY

*The information contained in this section is taken from the ICRA Affordable Housing Finance Industry Report dated June 7, 2018, (the "**ICRA Report**"). We commissioned the ICRA Report for the purposes of confirming our understanding of the industry in connection with the Offer. 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.*

*Investors should note that this is only a summary description of the industry in which we operate and does not contain all information that should be considered before investing in the Equity Shares. Before deciding to invest in the Equity Shares, prospective investors should read the entire Red Herring Prospectus, including the information in the sections "**Risk Factors**", "**Industry Overview**", "**Our Business**", "**Selected Statistical Information**" and "**Management's Discussion and Analysis of Financial Condition and Results of Operation**". An investment in the Equity Shares involves a high degree of risk.*

Overview of the Indian Economy

India remains one of the drivers of world growth, in an improving global economic environment. According to data released by the International Monetary Fund in April 2018, the world economy grew by 3.2% and 3.8% in 2016 and 2017, respectively. Despite a slowdown in the pace of growth, the Indian economy expanded by 7.1% and 6.7% in 2016 and 2017, respectively. This makes India one of the fastest growing large economies in the world, along with China.

The following table sets forth global GDP growth and forecasts:

Country or Group	Fiscals			
	2016	2017	2018F	2019F
China	6.7%	6.9%	6.6%	6.4%
Brazil	-3.5%	1.0%	2.3%	2.5%
Russia	-0.2%	1.5%	1.7%	1.5%
South Africa	0.6%	1.3%	1.5%	1.7%
India	**7.1%**	**6.7%**	**7.4%**	**7.8%**
Japan	0.9%	1.7%	1.2%	0.9%
Euro Area	1.8%	2.3%	2.4%	2.0%
United Kingdom	1.9%	1.8%	1.6%	1.5%
United States	1.5%	2.3%	2.9%	2.7%
World	3.2%	3.8%	3.9%	3.9%

Note: Figures for 2018 and 2019 are forecasts.

** For India, data and forecasts are presented on a fiscal year basis i.e. 2013 refers to 2013-14 or FY2014. Data for other countries calculated on a calendar year basis.*

India's growth rate is expected to increase due to strong private consumption, the diminishing effects of demonetization and the transition to GST. India's growth is also expected to rise gradually over the medium-term, with the continued implementation of structural reforms that increase productivity and incentivise private sector investments. A broad-based recovery has occurred over the last two quarters, led by the rural and urban segments for the reasons aforestated as well as due to near-normal monsoon conditions and staggered pay revisions.

Growth Outlook for the Indian Economy

The India Meteorological Department recently released its second stage forecast, predicting that the volume of rainfall in the upcoming southwest monsoon season (June to September) would be 97% of the long period average, with an error range of approximately 4%. The actual outturn of the upcoming southwest monsoon will be vital for replenishing reservoir and ground water levels, and supporting timely sowing and eventual yields. Agricultural GVA is expected to grow by 3 to 3.5% in Fiscal 2019, if the temporal and spatial distribution of the monsoon is normal, and is expected to lend support to rural consumption and the housing demand.

The Fiscal 2019 Union Budget has emphasised agriculture and the Government's endeavour to double the farmer's income by Fiscal 2022. The Government has proposed to have a structure in consultation with the Niti Aayog and the state governments to ensure that farmers get a minimum selling price ("**MSP**"). The MSP for kharif crops is proposed to be fixed at 1.5 times the cost of production, aimed at boosting farmer income. Further, to ensure the adequate and timely availability of farm credit, the target for agriculture credit has been raised by 10%. The Union Budget has also focussed on improving farm productivity of severely under-irrigated districts and improving access to markets.

Further, the benefits of the pay revision for state government employees are likely to continue in Fiscal 2019. Out of the nine states that had not revised pay scales by Fiscal 2018, three states have already announced that they would undertake pay revision in Fiscal 2019. These benefits are expected to continue to boost demand for affordable housing.

Moreover, the benefits of the GST are likely to become more broad-based in Fiscal 2019, with a shift from informal businesses to formal and organised players. An improvement in compliance after the introduction of the electronic way bill is likely to boost government revenues, and may create the opportunity for a downward revision in GST rates on various items.

A rise in government spending, at the central and state level, is expected to increase economic activity and the creation of infrastructure. A normally distributed monsoon, an increase in MSPs for various crops and staggered pay revisions by some state governments are expected to support consumption growth and investments in housing. This is expected to support capacity utilisation in various sectors, although a broad-based capacity addition by the private sector may not emerge until the second half of Fiscal 2019. The adequate recapitalisation of the public sectors banks ("**PSBs**") would be critical in supporting lending growth and investment revival in the economy. The depreciation of the Indian Rupee makes trade wars a risk; however, it is expected to support export growth. Moreover, high crude oil prices are expected to affect earnings across various sectors.

Medium-term Outlook for the Indian Economy

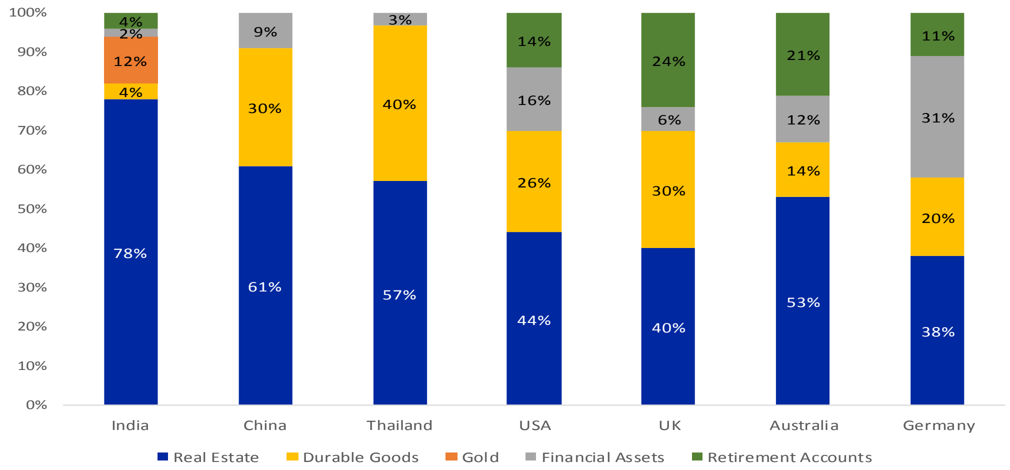
Over the medium term, India is expected to retain its position as one of the fastest growing large economies, led by continued growth in private consumption and revival in investment. Recent government initiatives to improve farm productivity, higher MSPs and investments in irrigation and logistics, are expected to help agriculture grow at a robust rate, thus increasing rural wages and rural consumption. Demographic changes, urbanisation and job growth would support urban consumption. In addition, steps by the government to hasten the resolution of banks' non-performing loans and bank recapitalisation may allow them to raise their lending volumes, thus creating a favourable environment for boosting private investment. Moreover, the transition to the GST would mitigate supply-side bottlenecks and boost government revenues over the medium-term, creating fiscal space for stepped-up government investment in infrastructure.

Based on such factors, India's real GDP growth rate is expected to average approximately 7.0 to 7.5% over the next five years. With inflation expected to remain around the medium-term target of 4.0%, India's nominal GDP is likely to grow at an annual average rate of 11.0 to 11.5% over the next five years. Annual average population growth is likely to remain steady at 1.3% over the next five years, in line with the trend in Fiscals 2013 to 2018, which was lower than the average growth of 1.6% recorded over 2001 to 2011. As a result, the per capita national disposable income is expected to rise by approximately 10% per year over the next five years.

The Indian Housing Scenario

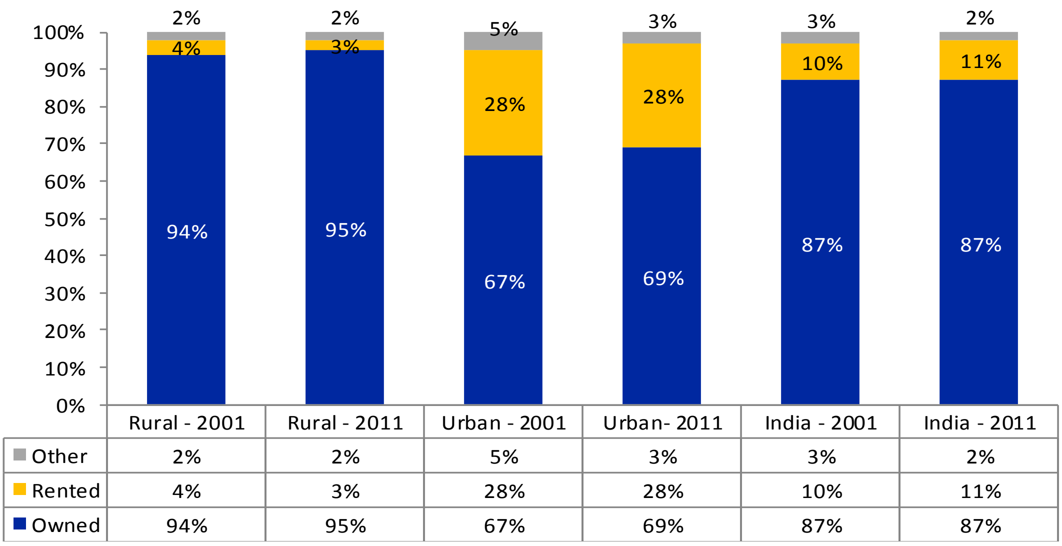
As per the Report of the Household Finance Committee, published by RBI in July 2017, the average Indian household holds 78% of its total assets in real estate which is significantly higher than other countries such as US (44%) and Germany (37%) where households hold substantially more financial assets than their Indian counter parts indicating the tendency of Indian households to own houses.

The following chart sets forth a global comparison of the allocation of household assets:



In 2011, on an aggregate basis, 87% of approximately 247 million households in India stayed in owned houses. The ownership status in rural areas was significantly higher at 95%.

The following chart sets forth the ownership status of Indian households:



The Housing Shortage in India

Despite the high ownership rates of houses, there is a significant housing shortage in India. The overall housing shortage is due to changing social and demographic patterns in India, such as rising urbanisation and the nuclearization of families. For the twelfth plan period (2012 to 2017), shortage of housing units in India has been estimated to be 18.8 million and 43.7 million in urban areas and rural areas, respectively.

The following table sets forth the housing shortage in India:

(in million units)

Factors	Urban	Rural	Total	Share of total
Households living in non-serviceable and temporary houses	1	20.2	21.2	34%
Households living in obsolescent houses	2.3	7.5	9.8	16%
Households living in congested houses and requiring new houses	15	11.3	26.3	42%
Households that are homeless	0.5	4.2	4.7	8%
Additional shortages (from 2012 to 2017)		0.5	0.5	1%
Total Housing Shortage	**18.8**	**43.7**	**62.5**	**100%**

Housing Shortage among socio-economic group

Most of the housing shortage, both, in rural and urban areas was in low income segments.

The following table sets forth the housing shortage among socio-economic groups in India:

(million units)

Category	Urban	Rural
[1]Economically Weaker Sections (annual income of up to ₹ 300,000)	10.5	39.3
Low Income Group (annual income between ₹ 300,000 to ₹ 600,000)	7.4	4.4
Middle Income Group (annual income from ₹ 600,000 up to ₹ 1,800,000)	0.8	
High Income Group (annual income of ₹ 1,800,001 and higher)		
Total	**18.8**	**43.7**

Note 1: The rural category in the economically weaker section only covers people living 'below poverty line'

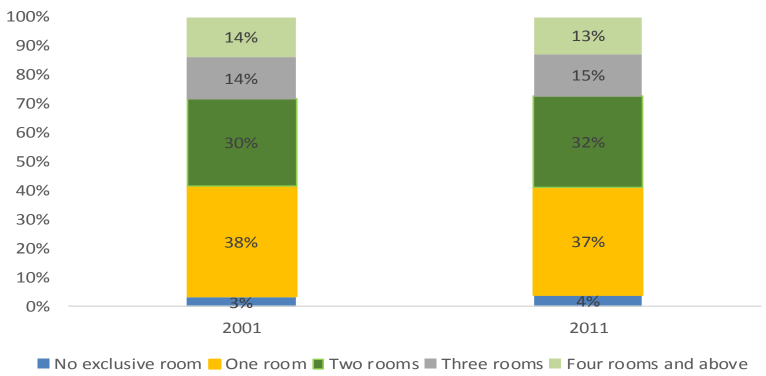
Urban Housing Shortage

Approximately, 95.21% of the urban housing shortage occurred among the economically weaker sections and low income groups. The overall potential market for housing finance in the affordable segment would be ₹ 5.6 trillion to ₹ 12 trillion in the urban segment, the potential is based on the housing shortage, the estimated price of an average house (₹ 500,000 to ₹ 800,000 per house) and the average housing loan amount at an LTV of 60 to 80%.

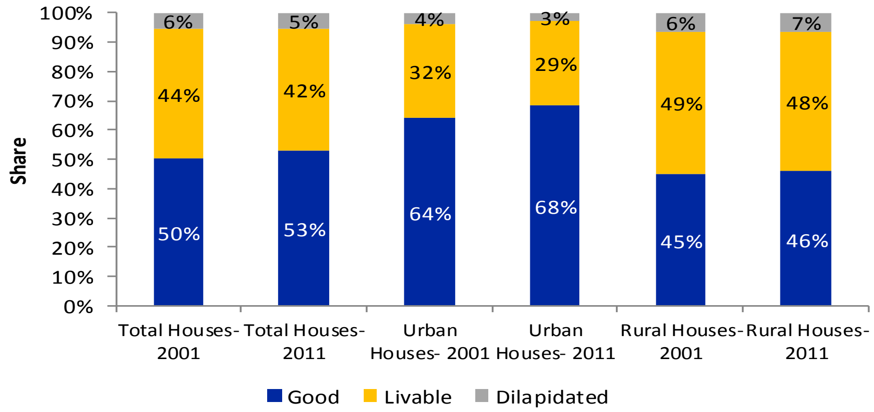
Needs for Home Extension and Home Improvement

In 2011, overall, 41% of the households were living in less than one room homes and 53% of the households were in good condition, implying a need for home improvement and home extension given the average family size of 4.8.

The following chart sets forth household sizes and number of dwelling rooms:



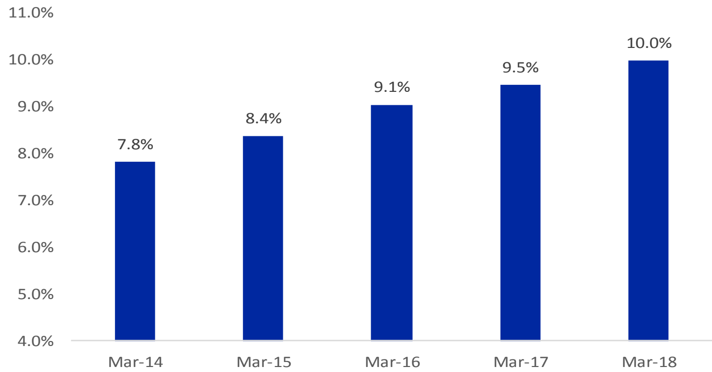
The following chart sets forth households by type of condition:



Low Mortgage Liabilities

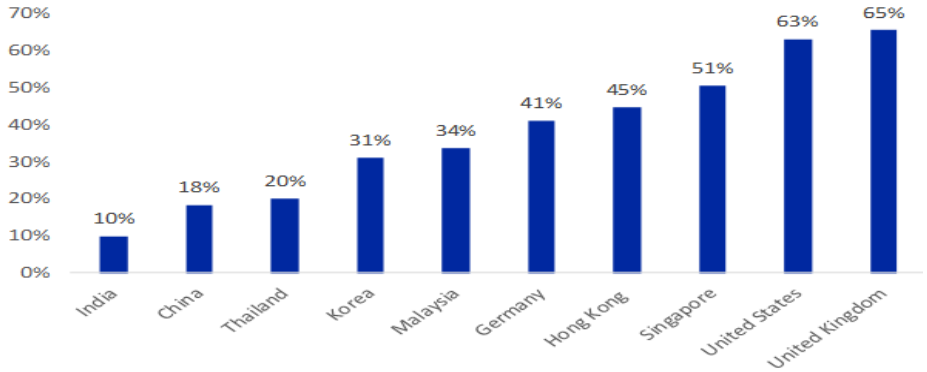
The share of mortgage liabilities is low, reflected in the low mortgage penetration levels in India. Low mortgage finance penetration in India has primarily occurred due to housing finance being offered largely to individuals with reported incomes, therefore creating a lack of access to finance for a large proportion of individuals working as self-employed or in the informal sector.

The following chart sets forth the mortgage penetration trends for India:



Mortgage penetration levels (housing loans as a percentage of GDP) in India, have increased to 10% as on March 31, 2018 from 8.0% as on March 31, 2014. However, they continue to remain lower than other developed countries and have significant scope to increase in the future.

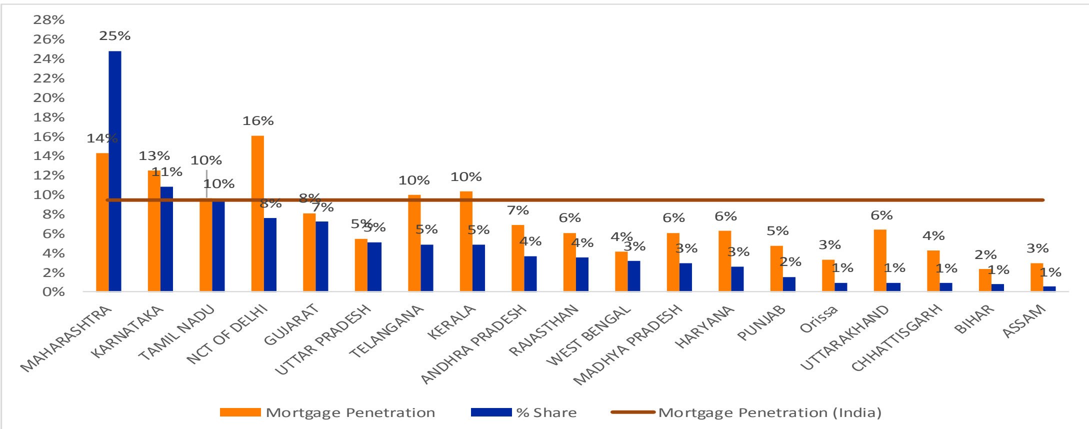
The following chart sets forth global mortgage penetration trends:



Note: Data for other countries as on 2015; data for India as on March 2018.

Many large Indian States such as Bihar, Uttar Pradesh, Orissa and Punjab are less penetrated than the overall Pan India mortgage penetration.

The following chart sets forth state-wise mortgage penetration levels, as on March 31, 2017:

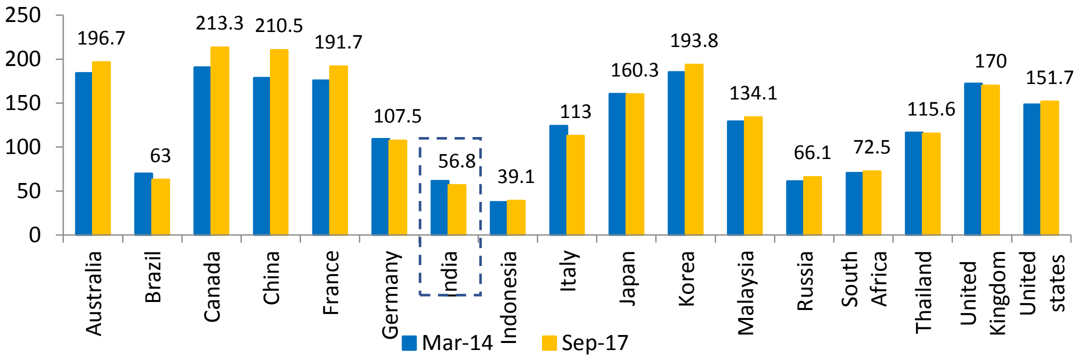


Overall Credit Penetration

India's credit to GDP ratio was approximately 56.8% in September 2017, which is lower than most peer emerging and large economies and it is lower than the global average of approximately 153%. India's credit to GDP ratio declined from 61.7% in March 2014 to 56.8% in September 2017. Indian household participation in the financial markets for investments or for borrowings has been lower than other emerging or developed economies.

Approximately 78% of the total assets of Indian households are in real estate. However, mortgage liabilities are approximately 23% of the total liabilities as compared to 60% in other large economies; although, the share of real estate in household assets ranges from 40 to 60% in these economies. Indian households have a high share of unsecured debt, about 56% of the total liabilities, indicating high reliance on informal or non-institutional credit.

The following chart sets forth credit to GDP ratio:

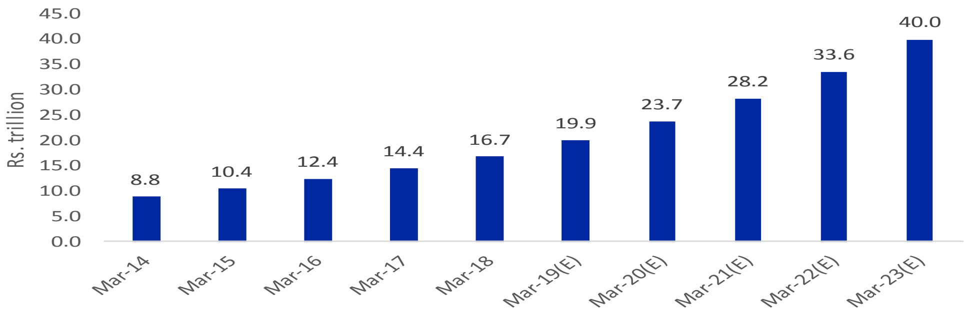


Note: Credit-to-GDP - credit from all sectors to private non-financial sector.

Growth Outlook and Drivers

The Indian housing finance market has grown at a CAGR of 18% over the last five years and is expected to grow at CAGR of 18 to 20% over the next five years.

The following chart sets forth the expected growth of the housing finance market over the next five years:

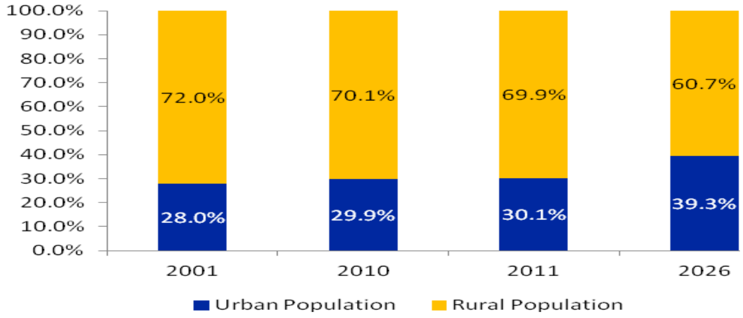


Structural Factors

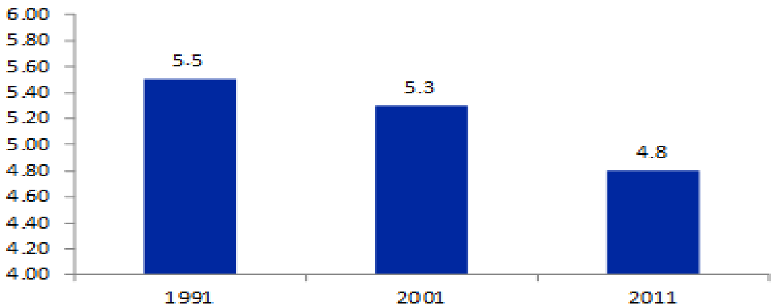
Rising Urbanisation and Nuclearization

Rising urbanisation and nuclearization are expected to keep demand for housing units in urban areas high.

The following chart sets forth trends and projections for urbanization in India for the period indicated:



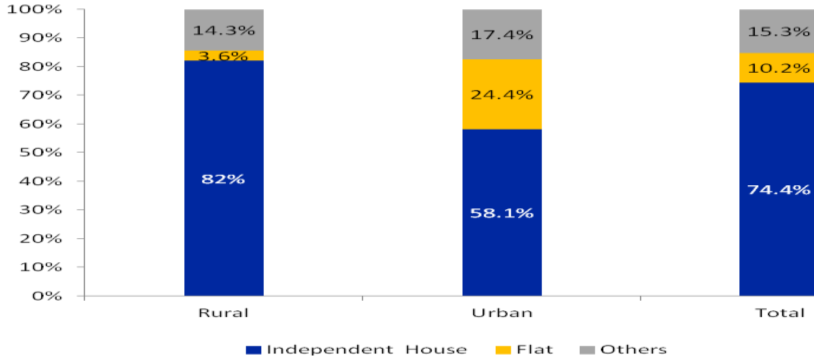
The following chart sets forth trends in family size for the period indicated:



<u>Independent housing</u>

Indians traditionally prefer to live in independent houses. However, the increasing population density especially in urban areas, has increased the demand for flats. As of 2001, 74.4% Indians were living in independent houses and 10.2% were residing in apartments.

The following chart sets forth Indian households by type of structure:



Government and Regulatory Thrust

The affordable housing segment has historically been underserved by organized real estate developers on account of concerns on pricing flexibility and margins in such projects and limited credit availability for end customers. To address these issues, the Government has announced various programs and incentives for the promotion of the affordable housing segment. The key measures taken include providing infrastructure status for the affordable housing segment, relaxation of criteria for eligibility for tax exemption for developers under Section 80IBA and increased allocation for the Pradhan Mantri Awas Yojana ("**PMAY**") program. Tax exemptions are expected to incentivize many developers in the organized sector to enter the affordable housing segment.

The measures announced by the Government may encourage increased investments in this sector that can enable such developers to increase their operations. Many of the larger developers who traditionally focused on mid to premium segment projects have also announced their intent to enter this segment.

Pradhan Mantri Awas Yojana-Urban

The Government launched the 'Housing for All' mission under PMAY in June, 2015. The mission attempts to address the supply and demand constraints that had affected growth of the sector in the past. As a supply side intervention, the Government proposes to encourage public-private partnerships in building homes for the economically weaker sections and the low income groups by offering incentives such as allowing a higher floor space index ("**FSI**") and through announcing grants and subsidies for slum redevelopment programs. On the demand side, the Government proposed a credit-linked subsidy capital, which could be as high as 44% (₹ 267,000) for a loan of up to ₹ 600,000. On December 31, 2016, two new middle income categories were introduced under the scheme, loans of up to ₹ 900,000 and ₹ 1,200,000 with subvention of 4% and 3%, respectively. The income eligibility criteria for the two categories are overall household incomes of ₹ 1,200,000 and ₹ 1,800,000, respectively.

The following table sets forth the highlights of the Credit Linked Subsidy Scheme:

Categories	**Credit Linked Subsidy Scheme ("CLSS") for the economically weaker sections and low income groups**	**CLSS for the middle income groups (2017)**	
Loan Amount	Up to ₹ 600,000	Up to ₹ 900,000	Up to ₹ 1,200,000
Eligibility Criteria	Economically Weaker Sections and low income groups. Women to be co-owners along with the beneficiaries.	Middle income groups - households are defined as households having an annual income between ₹ 600,001 up to ₹ 1,200,000	MIG - II households are defined as households having an annual income between ₹ 1,200,001 up to ₹ 1,800,000
Subsidy calculation rate interest subsidy for a tenure of 20 years or during tenure of loan whichever is lower. The net present value ("**NPV**") of the interest subsidy to be calculated at a discount rate of 9%.	6.5%	4%	3%
Subsidy Amount	Up to ₹ 267,000 (for a ₹ 600,000 loan) for 20 year tenure	Up to ₹ 235,000 (for a ₹ 900,000 loan) for 20 year tenure	Up to ₹ 230,000 (for a ₹ 1,200,000 loan) for 20 year tenure
Dwelling unit Carpet Area	60 sq. meter	120 sq. meter (increased from 110 sq. metre in November, 2017)	150 sq. meter (increased from 110 sq. metre in November, 2017)

The categories listed above are expected to improve affordability for a wider set of borrowers leading to increased growth potential in the affordable housing segment. However, the success of this action would hinge on the availability of supply of such houses. Initiatives taken by state governments and urban local bodies to provide land to keep the prices affordable while ensuring adequate returns for the developers would be critical to ensure adequate supply of low-cost housing. Further, higher allocations in the Union Budget for Fiscal 2018, infrastructure status awarded to the affordable housing segment are expected to support supply creation. As for the progress of PMAY, the pace has started to increase with 2.9 million houses sanctioned from the Government. The pace is expected to increase further with an increase in the number of houses sanctioned and beneficiaries of the subsidy.

The following table sets forth Budget allocation for PMAY-Urban:

(in ₹ billion)

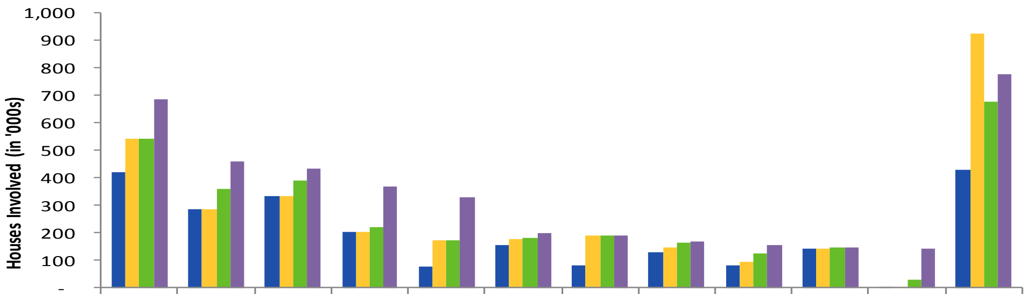
Fiscal	**Fiscal 2016**	**Fiscal 2017**	**Fiscal 2018**
Central assistance approved	88.87	153.76	298.01
Central assistance released	12.59	45.98	50.96
Budgetary support allocation	14.87	48.81	60.43

The Union Budget for Fiscal 2018 has maintained its focus on the agenda for 'Housing for All' by 2022. This would support the continuing supply and demand growth in the affordable housing segment.

<u>The progress of PMAY - Urban</u>

Though the progress of scheme implementation has been limited so far, the pace of implementation has increased and approximately four million houses have been sanctioned across various states. In addition, an amount of ₹ 124.11 billion has been released under the PMAY-Urban scheme up to March 5, 2018. The pace is expected to increase in Fiscal 2019 with an increase in the number of houses sanctioned and the beneficiaries of the subsidy. The top five performing states in CLSS are Gujarat, Karnataka, Tamil Nadu, Madhya Pradesh and West Bengal.

The following chart sets forth the trend in progress on the number of houses involved:



	Andhra Pradesh	Madhya Pradesh	Tamil Nadu	Karnataka	Uttar Pradesh	Gujarat	Telangana	Maharashtra	Jharkhand	West Bengal	Haryana	Others
Jul-17	420	287	335	203	78	154	83	131	82	145	4	428
Oct-17	541	287	335	204	173	176	190	146	96	145	5	927
Dec-17	542	359	393	221	174	181	190	163	124	146	29	678
Mar-18	684	459	434	369	332	199	190	170	155	146	145	778

Pradhan Mantri Awas Yojana - Grameen

This scheme, targeted at the rural population who currently do not own permanent homes, provides an assistance of ₹ 70,000 to ₹ 120,000 per beneficiary in the plains and ₹ 75,000 to ₹ 130,000 in hilly states and areas that are difficult for the construction of new houses. The cost of financial assistance is to be shared between the Government and state government in the ratio 60:40 in plain areas and 90:10 for north eastern and the Himalayan states. From the annual budgetary grant for PMAY - Grameen, 90% of the funds are to be released to states and union territories for the construction of new houses with the remaining being retained for administrative expenses and special projects. The Pradhan Mantri Awas Yojana - Grameen also includes a home loan interest subsidy scheme which is operated in a similar manner as the CLSS under Pradhan Mantri Awas Yojana - Urban.

The following table sets forth the gross budgetary support for the PMAY – Grameen programme:

(in ₹ billion)

	Fiscal 2016	Fiscal 2017	Fiscal 2018 E		Fiscal 2019 E
PMAY – Grameen	101.16	160.71	230.00	230.00	210.00
of which component to states and union territories	101.16	160.71	226.16	226.16	206.16
of which interest subsidy	-	-	3.84	3.84	3.84
Internal and extra budgetary resources	-	-	-	-	120.00

Note: E refers to Estimates.

The following table sets forth the year-wise central assistance approved and released under PMAY – Grameen:

(in ₹ billion)

	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018
Central assistance approved	7.04	96.96	345.12	249.55
Central assistance released	10.93	101.08	160.58	208.81

The following table sets forth the progress of PMAY - Grameen as on June 5, 2018:

Total beneficiaries registered	**9,964,127**	
Total houses sanctioned		8,168,258
Total houses completed		386,788
Total Target		**9,469,918**

Improved Affordability for the End Borrower

Home buyers receive tax incentives on home loans for principal and interest payment of home loans. Tax benefits are available on home loans for principal repayment and the interest paid. Principal repayment qualifies for tax deduction under section 80C of the Income Tax Act, 1961. Deduction of up to ₹ 0.2 million for interest payment on home loans are offered under section 24(b) of the Act. First-time homebuyer can claim additional tax deductions of up to ₹ 50,000 per Fiscal under section 80EE, if the certain conditions are met. Tax incentives on home loans for both principal and interest repayment and the subsidy under CLSS for economically weaker sections, low income groups and middle income groups have improved affordability levels of the borrowers and first-time buyers and are expected to increase demand.

Regulatory Framework

Low Risk weights and Standard Assets Provisioning on home loans

Low risk weights and standard asset provisioning for individual home loans incentivises lenders to lend to the segment and reaffirms the regulatory impetus to a segment that has forward and backward linkages to the economy and has stood resilient to asset quality pressures over cycles.

The following chart sets forth loan-to-value, risk weights and standard assets provisioning norms for individual housing loans:

Loan Size (*in ₹ million*)	**Loan-to-value**	**Revised Risk Weights**	**Standard Assets Provision**
Up to 3.0	Less than 80%	35%	0.25%
	80 to 90%	50%	
Above 3.0 to 7.5	Up to 80%	35%	
Over 7.5	Up to 75%	50%	

RERA to Improve Transparency and Accountability in the Sector

Implementation of the Real Estate (Regulation and Development) Act ("**RERA**"), with effect from May 1, 2017 brought about a change in the way the real estate sector operated. It was beset by issues such as delays in possession and completion of projects, skewed builder-buyer agreement terms favouring the developers, prevalence of cash in property transactions and existence of many developers who had limited financial and operational experience in carrying out real estate business. Consequent to many such issues resulting in declining consumer confidence, overall elevated prices and subdued macro environment, the real estate sector witnessed a slowdown in demand. The implementation of RERA is expected to improve transparency and accountability in the sector.

The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act

The Securitization and Reconstruction of Financial Assets and Enforcement of Securities Interest Act ("**SARFAESI**"), allows lenders to repossess and sell properties when an account turns into a non-performing asset and borrowers fail to repay their loans. Over time, SARFAESI has proved to be an effective tool in the lender's hands and has acted as a deterrent against wilful defaults.

Various amendments were made to SARFAESI in 2015 and 2016 to strengthen the process and include a wider set of lenders. 41 housing finance companies ("**HFC**'s) were included under SARFAESI leading to inclusion of most of the newer HFCs. Further, benefits of SARFAESI have been extended to the listed bond market in India. Inclusion of debenture trustees appointed in respect of debt securities as secured creditors allows lenders that don't independently have rights under SARFAESI to benefit from such rights when acting through a debenture trustee. SARFAESI sets forth the time within which the process is expected to be completed by the District Magistrate. All these improvements are expected to be favourable from a recovery perspective for HFCs and are expected to expedite the recovery process in case a borrower turns into an NPA.

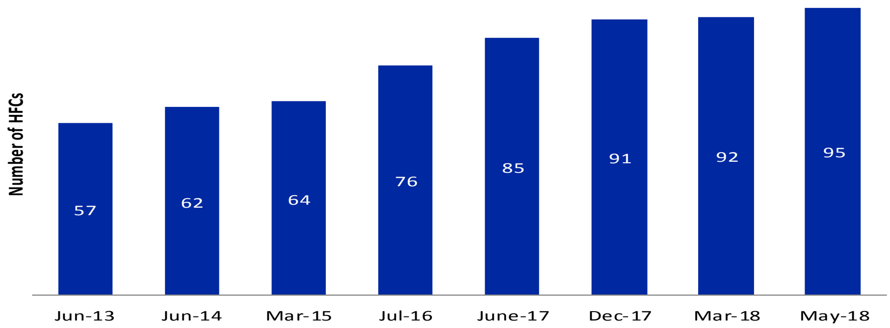
The Government set up the Central Registry of Securitization Asset Reconstruction and Security Interest of India ("**CERSAI**") under SARFAESI in April, 2011 to have a central database of all mortgages created by lending institutions. The objective of this registry is to compile and maintain data relating to all transactions secured by mortgages; all banks and HFCs which fall under the range of SARFAESI are required to register with CERSAI and submit the data in respect of all properties mortgaged in its favor. The existence of such a registry would help lenders have better fraud control and mitigate the risk of borrowers raising multiple loans against the same property.

Industry Dynamics for Housing Finance

Demand prospects for the segment have led to a rise in new entrants over the last decade. As of May 20, 2018, 95 HFCs were operational with 10 applications for fresh HFC licenses currently under process by the National Housing Bank ("**NHB**"). For the three years ended March, 2018, there have been 28 new entrants into the markets.

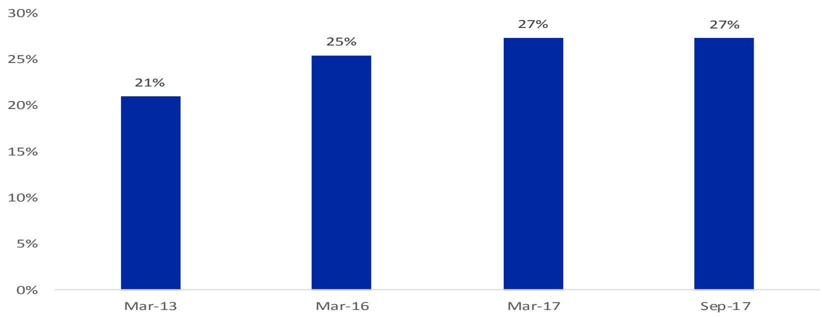
Most new entrants in the past two years have focused on the relatively under-penetrated low-ticket affordable housing and self-employed segments. While the large players to continue to dominate the mortgage market in the medium term, smaller HFCs that have been expanding their portfolios over the last few years are expected to increase their share given their focus on relatively untapped segments.

The following chart sets forth the number of HFCs registered with the NHB:



The borrower segments that HFCs cater to include the prime salaried, self-employed and low-income segments. Though some of the larger HFCs are competing with banks on the salaried home loan segment, some of the larger and most of the smaller HFCs target special customer segments such as the self-employed or the affordable housing segment to optimize their yields and capitalize on the higher growth potential.

The following chart sets forth the share of the self-employed segment in home loan portfolio for all HFCs:



Key reasons for the high growth witnessed in the self-employed segment are discussed below.

Potential of high risk-adjusted returns – Yields in this segment are higher when compared to the salaried segment. Further, a large proportion of properties are self-occupied leading to a low propensity to default.

Underwriting requires skillset – In absence of requisite income proofs, a large portion of the lending under this segment is based on the assessment of the borrower's income using various proxies like imputed margin, average bank balance, assessing borrowers cash flows by visiting their workplace. Therefore, this segment requires a special skillset which is largely being served by HFCs.

Nevertheless, the segment carries more risks which are listed below.

Assessment of income may involve subjectivity –- The assessment of a borrower's income is a subjective process using certain proxies. Therefore, there is a risk of overleveraging, the lender may overestimate the income of the borrower and lend an amount that is higher than warranted.

Self-employed borrowers are more vulnerable to economic cycle – Cash flows of self-employed borrowers, are more vulnerable to income shocks when compared to salaried borrowers.

Fund Flow to the Housing Finance Segment

External Commercial Borrowings Norms –– RBI's move to ease the external commercial borrowings ("**ECB**") norms is expected to positively impact HFCs as they will now be able to raise ECBs under Track I, i.e. without prior approval provided the exposure is completely hedged. This is expected to enable HFCs to diversify their funding mix and expand the investor base to meet the large funding requirements given the HFCs loan book is expected to grow at a pace of 20 to 22% over the medium term and a significant part of this growth is expected to be funded through fresh borrowings. However, the proportion of funds raised through ECB's will be dependent on competitiveness of the overall landed cost of these ECBs as compared with the domestic borrowing rates.

Relaxation in Prudential Norms for Debt Mutual Funds – SEBI, in February, 2017, increased the additional exposure limits provided for HFCs, in debt-oriented mutual fund schemes from 10 to 15%. The current norms require debt mutual fund schemes to cap their investments at 25% of the net assets of the scheme in a single sector except for the financial services sector wherein additional exposure can be taken for the housing finance segment. With this change in regulation, total exposure cap to the financial services sector (including housing finance) stands at 40% (exposure to housing finance segment cannot be more than 25%).

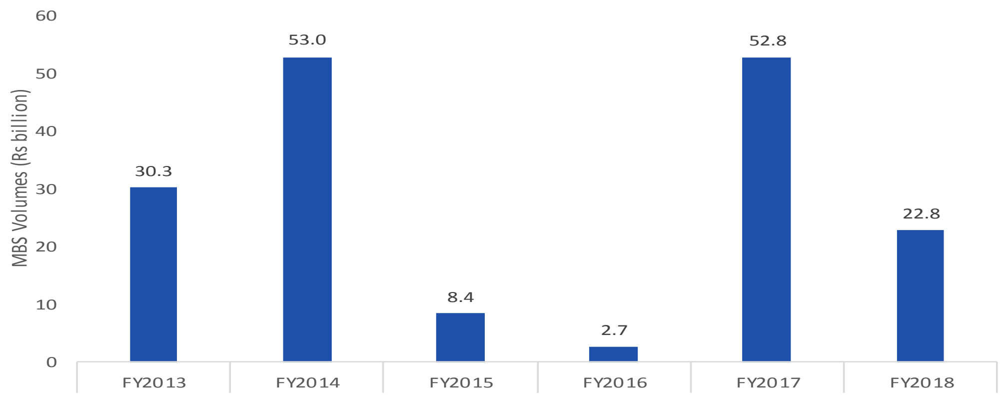
Securitisation and Direct Assignment – Sell-down of the retail loan portfolio, either through the securitisation (assignment of pool of loan receivables to a trust and the trust issuing pass through certificates backed by the same) route or through the direct assignment (bilateral assignment of pool of loan receivables from the seller or originator to the buyer) route, is an important and lucrative funding option available to HFCs in India. Other than the attractive funding cost, such transactions may also support the release of capital for the originator. The freed-up capital can then be used for achieving a higher managed portfolio growth or be deployed for other productive uses, thereby enhancing the profitability metrics of the entity.

The direct assignment market saw a growth of approximately 4% to an estimated ₹ 490 billion in Fiscal 2018 from ₹ 470 billion in Fiscal 2017. The demand for both Priority sector lending ("**PSL**") and non-PSL assets remained strong due to slow corporate credit off-takes in the banking industry in Fiscal 2018. This resulted in a demand from banks (especially PSBs) to acquire retail assets under the direct assignment route to achieve balance sheet growth. Mortgage loans (both housing loans and loans against property) constituted around 72% of the overall direct assignment volumes in Fiscal 2018. In the absence of credit enhancement, banks prefer mortgage loans because of the stable asset quality and low credit risk perceived in this asset class. Originators also prefer the direct assignment route to save on capital cost and negative carry costs associated with credit enhancement in securitisation transactions.

Unlike the direct assignment market, the Indian securitisation market has decreased by approximately 20% to ₹ 346 billion in Fiscal 2018 from approximately ₹ 430 billion in Fiscal 2017. In line with the trend seen in overall securitisation volumes, the issuance of mortgage backed securities has also decreased from approximately ₹ 53 billion in Fiscal 2017 to approximately ₹ 23 billion in Fiscal 2018.

However, the share of non-PSL transactions has witnessed an increase due to the widening investor base with participation from mutual funds, life insurance companies and NBFCs. The increased participation from non-banking entities is a healthy trend for the securitisation market from a long-term perspective.

The following chart sets forth the trend in mortgage backed security volumes:



The depletion in securitisation volumes was primarily due to investing banks shifting to Priority Sector Lending Certificates ("**PSLC**"s) to meet their PSL requirements. The increase in PSLC traded volumes in Fiscal 2018 was ₹ 1.84 trillion compared to traded volumes of ₹ 500 billion in Fiscal 2017. These certificates have been used by issuing and subscribing banks, thus diminishing their reliance on the securitisation route for meeting PSL targets.

SUMMARY OF BUSINESS

Unless the context otherwise requires, the financial information in this section has been derived from our Restated Standalone Financial Statements (to the extent applicable), accounting records and management information systems.

The industry-related information contained in this section is derived from the ICRA Report. We commissioned the ICRA Report for the purposes of confirming our understanding of the industry in connection with the Offer. Neither our Company, nor any other person connected with the Offer, including the BRLMs, has independently verified the information in the ICRA Report or other publicly available information cited in this section.

*Investors should note that this is only a summary description of our business and does not contain all information that should be considered before investing in the Equity Shares. Before deciding to invest in the Equity Shares, prospective investors should read the entire Red Herring Prospectus, including the information in the sections "**Forward Looking Statements**", "**Risk Factors**", "**Industry Overview**", "**Our Business**", "**Selected Statistical Information**" and "**Management's Discussion and Analysis of Financial Condition and Results of Operation**" on pages 15, 17, 116, 147, 204 and 397, respectively. An investment in the Equity Shares involves a high degree of risk*

Overview

We are a retail, affordable housing finance company, primarily serving low and middle income self employed customers in semi-urban and rural areas in India. A majority of our customers have limited access to formal banking credit. According to ICRA Report, our Company had the lowest Gross NPAs as of March 31, 2018 and the second highest growth rate of assets under management for the last three financial years, among affordable housing finance companies that had assets under management between ₹ 25 billion and ₹ 200 billion.

We offer customers home loans for the purchase or construction of residential properties, and for the extension and repair of existing housing units. As of June 30, 2018, a majority of the home loans that we disbursed were for single-unit properties, almost all of which were to be occupied by the borrowers themselves. In addition to home loans, we offer our customers other mortgage loans including loans against property, which accounted for 24.18% of our Gross Loan Assets as of June 30, 2018. As of June 30, 2018, 61.22% of our Gross Loan Assets were from customers who belonged to the economically weaker section and low income group, earning less than ₹ 50,000 per month and 36.27% of our Gross Loan Assets were from customers who were new to credit. As of June 30, 2018, 64.21% of Gross Loan Assets were from self-employed customers. The average sanctioned amount of our home loans and other mortgage loans was ₹ 0.87 million and ₹ 0.80 million, respectively, on our Gross Loan Assets, as of June 30, 2018. As of June 30, 2018, our Gross Loan Assets had an average loan-to-value of 50.33% at the time of the sanctioning of the loan. Since the commencement of our operations in March 2012, we have served more than 62,500 customers.

We have adopted a strategy of contiguous on-ground expansion across regions and as of June 30, 2018, we conducted our operations through 166 branches covering 95 districts in eight states of which, we have a significant presence in the four states of Rajasthan, Gujarat, Maharashtra and Madhya Pradesh. Almost all our customers are sourced directly by us, and as of June 30, 2018, we employed 1,996 personnel and had 57,049 loan accounts including securitized and assigned cases.

We are a technology driven company and we leverage information technology and data analytics for onboarding customers, underwriting analysis, loan monitoring, risk management and collection functions. Between Fiscals 2014 and 2018, we invested ₹ 150.45 million in our information technology systems.

The following table sets forth certain key financial and operational information, as of and for the periods indicated:

Metric	As of and for the					
	Year ended March 31, 2014	Year ended March 31, 2015	Year ended March 31, 2016	Year ended March 31, 2017	Year ended March 31, 2018	Three months ended June 30, 2018
Gross Loan Assets[1] *(₹ in million)*	4,062.24	8,428.90	16,798.65	26,935.22	40,730.20	43,590.87
Growth of Gross Loan Assets (%)	128.85	107.49	99.30	60.34	51.22	-

Metric	As of and for the Year ended March 31, 2014	Year ended March 31, 2015	Year ended March 31, 2016	Year ended March 31, 2017	Year ended March 31, 2018	Three months ended June 30, 2018
Gross Advances[2] *(₹ in million)*	4,062.24	8,282.67	14,545.01	21,328.15	31,723.64	34,715.16
Disbursements *(₹ in million)*	2,799.42	5,369.05	10,504.30	13,916.02	20,511.56	5,468.95
Disbursements Growth (%)	51.79	91.79	95.65	32.48	47.40	-
Total Revenue *(₹ in million)*	543.22	1,037.55	1,908.99	3,054.92	4,572.45	1,438.70
Net Interest Income[3] *(₹ in million)*	202.89	429.27	781.65	1,375.51	2,270.72	786.06
Profit After Tax (as restated) *(₹ in million)*	63.37	190.81	327.80	571.37	929.33	289.96
Growth of Profit After Tax (as restated) from prior year (%)	236.20	201.10	71.79	74.30	62.65	-
Net Worth[4] *(₹ in million)*	554.13	1,014.41	2,038.18	5,663.26	10,984.71	11,776.91
Gross NPA[5] *(₹ in million)*	8.93	43.27	80.42	169.21	106.91	172.39
Gross NPA to Gross Advances (%)	0.22	0.52	0.55	0.79	0.34	0.50
Net NPA[6] *(₹ in million)*	7.54	35.30	61.71	128.64	82.51	133.14
Net NPA to Net Advances[7] (%)	0.19	0.43	0.42	0.60	0.26	0.38
Average Yield on Gross Loan Assets[8] (%)	18.13	16.49	15.12	14.72	13.99	13.86
Average cost of borrowings[9] (%)	12.28	11.43	10.53	9.62	8.65	8.57
Net Interest Margin[10] (%)	6.71	6.76	6.10	6.61	7.25	2.03*
Operating Expenses[11] to Average Total Assets[12] (%)	4.55	3.10	3.16	3.24	3.97	1.05*
Operating Expenses to Net Total Income Ratio[13] (%)	57.01	38.64	43.06	41.40	46.43	46.71
CRAR (%)	24.64	21.24	27.46	46.85	61.55	60.53
Number of Branches	35	42	44	94	165	166

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

**Figures not annualized.*

[1]Gross Loan Assets 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 year or 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 year or period.

[2]Gross Advances represents the sum of current and non-current receivables under financing activities as of the last day of the relevant year or period.

[3]Net Interest Income, or "NII" represents total interest income on loan portfolio and securitization, profit on redemption of liquid mutual fund units, dividend income from mutual funds and other interest income less total interest expenses (including resource mobilization expenses, bank charges and commission).

[4]Net Worth is the aggregate of the paid-up share capital, reserves and surplus (excluding revaluation reserve) and money received against share warrants 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]Gross NPA represents closing balance of Gross NPA as of the last day of the relevant year or period.

[6]Net NPA represents closing balance of Net NPA as of the last day of the relevant year or period.

[7]Net Advances represents the sum of current and non-current receivables under financing activities as reduced by closing balance of provision for NPA as of the last day of the relevant year or period.

[8]Average Yield on Gross Loan Assets represents weighted average yield on Gross Loan Assets, weights being principal of each loan outstanding as of the last day of the relevant year or period.

[9]Average cost of borrowings represents weighted average interest cost of borrowings, weights being borrowings of each loan outstanding as of the last day of the relevant year or period. Borrowings include term loans, Refinance from NHB, NCDs, commercial paper and subordinate debt.

[10]Net Interest Margin or "NIM" for any given year or period represents the ratio of NII to the average of total assets, expressed as a percentage where, "NII" represents total interest income on loan portfolio and securitization, Profit on redemption of liquid mutual fund, Dividend income from mutual funds and Other interest income less total interest expenses (including resource mobilization expenses, bank charges and commission).

[11]Operating Expense represents employee benefit expenses, depreciation and amortization expense and other expenses for the relevant year or period.

[12]Average Total Assets represent the simple average of total assets outstanding as of the last day of the relevant year or period and total assets outstanding as of the last day of the previous year or period.

[13]Operating Expense to Net Total Income ratio represents operating expenses as a percentage of total revenue after reducing finance cost.

We secure financing from a variety of sources including term loans and working capital facilities; proceeds from loans assigned and securitized; proceeds from the issuance of non-convertible debentures ("**NCDs**"); refinancing from the National Housing Bank ("**NHB**"); and subordinated debt borrowings from banks, mutual funds, insurance companies and other domestic, foreign and multi-lateral financial institutions to meet our capital requirements. As of June 30, 2018 and March 31, 2018, our Total Borrowings were ₹ 27,217.61 million and ₹ 25,957.82 million, respectively, and our average cost of borrowings has reduced from 12.28% as of March 31, 2014 to 8.57% as of June 30, 2018. Meanwhile, our long-term credit ratings have improved from CRISIL BBB+/Stable in August 2012 to CRISIL A+/Stable currently. As of June 30, 2018, the weighted average duration of our outstanding borrowings and securitization and assignment was 134.15 months and our long term-rating from CARE was A+/Positive and short-term rating was A1+.

Our Company is registered with the NHB as an HFC and we commenced our operations in Jaipur, Rajasthan in March 2012. Our Company was initially promoted by Au Financiers (India) Limited, (now known as AU Small Finance Bank Limited ("**AuSFB**")), which sold 90.10% of the outstanding equity interest of our Company in connection with its conversion to a small finance bank, to Lake District Holdings Limited (a subsidiary of Kedaara Capital I Limited) ("**Lake District**"), Kedaara Capital Alternative Investment Fund - Kedaara Capital AIF 1 ("**Kedaara AIF-1**"), Partners Group ESCL Limited ("**ESCL**") and Partners Group Private Equity Master Fund LLC ("**Master Fund**") in June, 2016. The name of our Company was changed from 'AU Housing Finance Limited' to 'Aavas Financiers Limited' in March 2017. We are led by a professional management team and our Key Managerial Personnel held 7.19% of the outstanding equity interest of our Company, as of the date of this Red Herring Prospectus.

Our Competitive Strengths

Our principal competitive strengths are as follows:

Strong Distribution Network with Deep Penetration Serving Underserved Customers in Rural and Semi-Urban Markets

We commenced our operations in March 2012 with a focus on serving low and middle income self employed customers in the rural and semi-urban markets and are currently present in eight states in India. We commenced our operations in rural areas and small towns and have followed an approach of targeting geographies with low credit penetration. Our branches are predominantly located in rural and semi-urban areas and as of June 30, 2018, of our 166 branches, 134 branches were located in towns with a population of less than one million people. Our understanding of the local characteristics of markets has allowed us to address the unique needs of our customers and enabled us to penetrate deeper into such markets. We believe that we have successfully adopted a strategy of on-ground contiguous expansion across regions and as of June 30, 2018, we conducted our operations in 757 tehsils across 95 districts in eight states. As of the same date, we had a point of presence in 78.69%, 70.67%, 54.90% and 47.95% of the tehsils in the states of Rajasthan, Gujarat, Maharashtra and Madhya Pradesh, respectively.

A large segment of India's rural and semi-urban population is currently unserved and underserved by formal financial institutions. Over the years, we have focused on customers in such markets that offer us significant growth opportunities and customer loyalty. As of June 30, 2018, 61.22% of our Gross Loan Assets were from customers who belonged to the economically weaker section and the low income group, earning less than ₹ 50,000 per month and 36.27% of our Gross Loan Assets were from customers who were new to credit. As of June 30, 2018, 64.21% of our Gross Loan Assets were from self-employed customers. According to ICRA, the housing shortage in rural areas among the economically weaker section was for 39.3 million units constituting 89.93% of the total rural housing shortage, which provides us significant opportunity to scale up our operations. Catering to self-employed customers requires a special skillset in absence of requisite income proofs as lending to them, is based on an assessment of their income through various methods, including their cash flows. Self-employed customers are also more vulnerable to economic cycles and lending to them requires robust underwriting systems to price the risk appropriately. *(Source: ICRA Report)* As a result of our expertise, experience and business model, we believe that we are able to effectively serve such customers and grow our business. We have also demonstrated an ability to replicate our business model in eight states, while maintaining our asset quality.

In-house Sourcing Model leading to Superior Business Outcomes

We believe in sourcing our customers directly, and maintaining on-going relationships and contact with them. A majority of our customers are borrowers who have been referred to us by existing or former customers and our branches act as a single point of contact for them. The personnel at our branches are responsible for sourcing loans, carrying out preliminary checks on the credit worthiness of a prospective customer, providing assistance in documentation, disbursing loans and in monitoring repayments and collections. We have implemented an analytics platform with a pre-defined approval matrix, which expedites the processing of loan applications. Our credit and sales teams work with lawyers and technical agencies empaneled by us and we believe that effective coordination between our branch offices and our head office allows us to reduce turn around time for our customers. We primarily recruit locally, which provides us with a better understanding of customers in those regions and their specific requirements. We have set up a call center in Jaipur, which is focused on generating new business and performing customer service and collections functions. This call center operates in English, Hindi and select regional languages, which helps us better service our customers.

A direct sourcing and collection system enables us to optimally price our offerings and maintain our asset quality. Our ability to directly control the end-to-end process has helped us reduce average turn-around-time from 21 days during Fiscal 2014 to 13 days during Fiscal 2018, and we were able to achieve a turn-around-time of 10 days in 54.22% of the cases during Fiscal 2018. Our end-to-end control of the collections process has helped us reduce one day past due from 14.51% as of March 31, 2014 to 4.65% as of June 30, 2018, of our Gross Advances. We believe that maintaining direct contact with our customers helps mitigate underwriting and default risks, and enables us to provide personalized services resulting in a satisfied customer base, increased customer connect and loyalty. In our experience, personal contact with customers in rural and semi-urban markets also encourages repeat business and leads to referrals. Over the years, our growth has primarily been through the increase in the number of our customers and we continue to maintain a low average loan ticket size. For instance, during the three months ended June 30, 2018 and Fiscal 2018, only 6.63% and 6.90% of our disbursements were through balance transfer for existing customers of other financial institutions, respectively, while the rest of our disbursements were for new customers. We have developed strong relationships with our customers through in-person contact by addressing their financial needs in a timely and requisite manner, our knowledge of the local markets and our widespread network of branches. Our customer-centric approach has been one of the key reasons for our growth, profitability and asset quality, and helps us differentiate ourselves from our competition.

Robust and Comprehensive Credit Assessment, Risk Management and Collections Framework

We have implemented a robust and comprehensive credit assessment, risk management and collections framework to identify, monitor and manage risks inherent in our operations. As part of our credit policy, we finance primarily retail customers and do not provide finance to builders, which we believe helps in maintaining our asset quality. As of June 30, 2018, a majority of the home loans that we disbursed were for single-unit properties, almost all of which were to be occupied by the borrowers themselves. As of June 30, 2018, our home loans and other mortgage loans had an average loan-to-value of 51.78% and 45.78%, respectively, at the time of the sanctioning of the loan, resulting in our Gross Loan Assets having an average loan-to-value of 50.33% at the time of the sanctioning of the loan. Since the commencement of our operations in March 2012, we have served more than 62,500 customers. To assist us with our credit assessment and risk management functions, we have created more than 60 templates of customer profiles through our experience over the years, with risk assessment measures for each geography in which we operate. We continuously seek to develop and update such profiles in order to identify and source reliable customers and improve our efficiencies. We also conduct an analysis of the existing cash flow of a customer's business to assess their repayment abilities. Our credit team has been set up as a separate vertical and does not report to our business team across levels. In addition, members of our sales team are also responsible for monitoring and maintaining our asset quality. As of June 30, 2018, the ratio of the number of members in our credit team to our sales team was approximately 1:2.5. We have implemented a four prong system of credit assessment comprising underwriting, legal assessments, technical assessments and a risk containment unit. For further details, see "***Our Business – Credit Approval and Disbursement***" on page 157.

We have developed a proprietary pricing grid to price various customer and property related risks such as lack of credit history, self-employed nature of customers and occupation specific risks. In addition, we periodically review the repayment track record of other loans taken by our customers to assess the possibility of future defaults and take preventive measures. We also continuously evaluate whether customers whose loan applications were rejected by us have obtained loans from other institutions and their repayment track record, in order to evaluate the robustness of our underwriting systems and processes. Our risk management framework includes a comprehensive audit mechanism of internal audits performed at a corporate level on a quarterly basis, annual branch level audits and management audits, which cover specific risk based assignments. We have set up a Risk Management Committee 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 and develop risk tolerance limits, monitor positions against approved risk tolerance limits and report its findings to senior management.

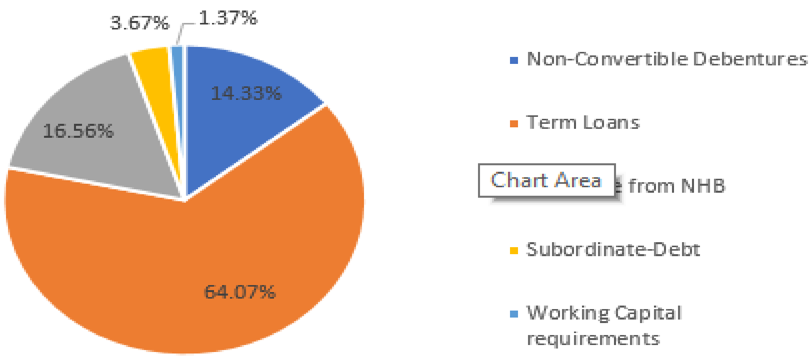
We have well established processes and a strong four-tier collections infrastructure comprising tele-calling, field collection, legal recovery and settlement to help us with loan collections. Our collections team focusses on early warning signals in accounts that are from one day past due and we have largely localized teams to monitor cases that show signs of delinquency. We review portfolios on a periodic basis through credit bureau checks, reputed credit databases and have set up a system of dashboard monitoring of cases by our risk team where members can review certain information of borrowers, identify areas of concern and initiate prompt action. As of June 30, 2018, our collections team comprised 98 personnel. We have also set up a specialized collections team to manage cases where collections are overdue for a certain period as well as a separate team to focus on the resolution of cases through SARFAESI. We believe that our effective credit risk management is reflected in our portfolio quality indicators such as high repayment rates, one day past dues and low rates of Gross NPAs and Net NPAs across business and economic cycles. As of June 30, 2018, our Gross NPAs accounted for 0.50% of our Gross Advances, while our Net NPAs accounted for 0.38% of our Net Advances. For details, see "***Selected Statistical Information***" on page 204.

Access to Diversified and Cost-Effective Long-Term Financing

Our treasury department is responsible for our capital requirements and asset liability management, minimizing the cost of our borrowings, liquidity management and control, diversify fund raising sources, managing interest rate risk and investing surplus funds in accordance with the criteria set forth in our investment policy. Over the years, we have secured financing from a variety of sources including term loans and working capital facilities; proceeds from loans assigned and securitized; proceeds from the issuance of NCDs; refinancing from the NHB; and subordinated debt borrowings from banks, mutual funds, insurance companies and other domestic and foreign financial and multi-lateral institutions to meet our capital requirements. We securitize and assign loans through securitization or direct assignment to banks and financial institutions, which enables us to optimize our cost of borrowings, funding and liquidity requirements, capital management and asset liability management. We have increased the number of our lender relationships from 13 as of March 31, 2014 to 36 as of June 30, 2018.

As of June 30, 2018 and March 31, 2018, our Total Borrowings were ₹ 27,217.61 million and ₹ 25,957.82 million and our average cost of borrowing was 8.57% and 8.65%, respectively. As of June 30, 2018, Total Borrowings comprised 64.07% of loans from banks and loans from financial institution, 14.33% of Non-convertible debentures, 16.56% of loans from National Housing Bank, 3.67% of unsecured non-convertible debentures (Subordinate Debt) and 1.37% of short term borrowings from bank. Our average cost of borrowings has reduced from 12.28% as of March 31, 2014 to 8.57% as of June 30, 2018. Further, as of June 30, 2018, 30.82% of our Total Borrowings and securitization and assignment were at fixed rates of interest, while 69.18% were at floating rates.

The following chart sets forth our borrowing mix as of June 30, 2018:



We carefully monitor the contractual maturity periods of our assets and liabilities and categorize them on the basis of the number of years in which they mature. As of June 30, 2018, the weighted average duration of our Gross Loan Assets was 169.48 months on origination, while the weighted average duration of our outstanding borrowings and securitization and assignment was 134.15 months. We currently have a favourable asset-liability position across all categories and a significant majority of our liabilities mature over five years, which we believe assists us in mitigating liquidity and interest rate risks. 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	Initial Credit ratings	Current Credit ratings
CARE Ratings	Long Term	A+/Stable as of March 2017	A+/Positive
ICRA	Long Term	A/Stable as of March 2016	A+/Positive
CRISIL Ratings	Long Term	BBB+/Stable as of August 2012	A+/Stable

Effective Use of Technology and Analytics to build a Scalable and Efficient Operating Model

We have made significant investments in our information technology systems and implemented automated, digitized and other technology-enabled platforms and proprietary tools, to strengthen our offerings and derive greater operational, cost and management efficiencies. Between Fiscals 2014 and 2018, we invested ₹ 150.45 million in our information technology systems and as of June 30, 2018, our IT and data science teams comprised 36 and 6 personnel, respectively. We have consistently monitored our cost-to-income ratio, leveraging economies-of-scale, increasing manpower productivity with growing disbursements through the enhanced use of information technology systems, resulting in quicker loan turn around time and reducing transaction costs. Our information technology systems help us with several functions, including:

- *Origination*: We utilize a mobile application through which almost all our leads are recorded, which assists us in the monitoring and tracking of leads from an early stage and generating a credit appraisal memorandum, resulting in lower costs and an increase in productivity. We have developed and implemented a business information management system to track and monitor the status of loan documentation and turn around time. We have also developed and implemented an application scorecard to predict the risk profile of borrowers, including for our first-to-credit customers.

- *Underwriting*: We utilize 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 assists 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. We also use an application for the geo tagging of properties, which has helped us reduce our turn around time for approving loans, as well as achieve a higher accuracy in determining the loan-to-value ratio. We have implemented e-KYC measures whereby a customer's credit score is automatically retrieved resulting in faster processing times.

- *Collections*: We have developed a statistical algorithm to predict the probability of default, which helps us in obtaining early signals of potential defaults and mitigate risks. We conduct real time tracking of our collections personnel and have provided them with hand held devices to enable them to issue e-receipts to our customers.

- *Customer service and retention*: We have implemented an online payment gateway on our website to enable our customers to make online payments. We perform predictive analytics to identify cases of balance transfer and proactively seek to retain such clients. We have also developed new products and strategies such as 'Aavas Plus', Aavas Refresh' and 'Aavas Winback', which we use in collaboration with our analytics platform to improve customer satisfaction and retain our customers.

We believe that the adoption of digital service delivery mechanisms enables 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.

Experienced Management Team

We are led by qualified and experienced key managerial personnel, who are supported by a capable and motivated pool of managers and other employees. We believe that our management team has extensive knowledge and understanding of the housing finance business and the expertise and vision to organically scale up our business. They also have diverse experience in a range of financial products and functions related to our business and operations. Our founder, Whole Time Director and CEO, Sushil Kumar Agarwal, has been associated with the financial services industry for the past 17 years. Our co-founder and Chief Financial Officer, Ghanshyam Rawat, has over 23 years of work experience in finance, fund raising, treasury management, forex and interest risk management and mergers and acquisitions. Sunku Ram Naresh, our chief business officer, has experience in mortgages and FMCG distribution. Ashutosh Atre, our chief credit officer, has over 29 years of work experience in credit management. Our Key Managerial Personnel have made investments in our Company periodically and held 7.19% of the outstanding equity interest of our Company, as of the date of this Red Herring Prospectus. Further, our branch managers have an in-depth understanding of loan products, types of collateral and businesses of our borrowers.

Our shareholders include marquee investors such as Lake District, Kedaara AIF-1, ESCL and Master Fund and we believe we have benefited significantly from their vision and leadership, and they along with our senior management, have been instrumental in formulating and executing the core strategy of our Company.

Our Strategies

Our goal is to grow our loan portfolio, reduce the cost of our borrowings, improve cost efficiency and maintain our asset quality through following initiatives:

Expand our Branch Network to Achieve Deeper Penetration

While historically most of our operations were focused in Rajasthan, Maharashtra, Gujarat and Madhya Pradesh, we have grown our operations in relatively newer markets such as Delhi, Haryana, Uttar Pradesh and Chhattisgarh. We believe that our current operating model is scalable, which will assist us in expanding our operations with lower incremental costs to drive efficiency and profitability. We intend to continue to expand in an on-ground contiguous manner, to drive greater and deeper penetration in the eight states in which we operate and set up an additional 70 branches during Fiscal 2019. Our expansion strategy would continue to grow contiguously by rolling-out new branches in tehsils with low mortgage penetration levels. When we enter a new state through contiguous expansion, we would open new branches in district head-quarters and then expand deeper by deploying personnel to tehsils adjacent to them to source new customers. As of June 30, 2018, we had reached an approximate tehsil level penetration of 78.69%, 70.67%, 54.90%, 47.95%, 13.51%, 22.22%, 0.96% and 18.12% in the states of Rajasthan, Gujarat, Maharashtra, Madhya Pradesh, Haryana, Delhi, Uttar Pradesh and Chhattisgarh, respectively, thus providing us the scope to continue to grow our business further in these states. We intend to achieve a tehsil level penetration of approximately 85% in all the states in which we operate. We also intend to commence operations in the state of Uttarakhand during Fiscal 2019.

Continue to Focus on Low and Middle Income Self Employed Customers

We plan to continue to focus on low and middle income self employed customers and increase the market share of our existing products in the rural and semi-urban markets of India. A large segment of India’s rural and semi-urban population is currently unserved or underserved by formal financial institutions comprising customers without any credit history and we believe that such customer segment offers us significant growth opportunities and customer loyalty. According to ICRA, the housing shortage in rural areas among the economically weaker section was for 39.3 million units constituting 89.93% of the total rural housing shortage, and 99.84% of the urban housing shortage was found among the economically weaker sections and low income groups, which provides us significant opportunity to scale up our operations. We intend to cross-sell products to our existing customers and develop long-term relationships with them. Further, we intend to continue to focus on disbursing loans to underserved low and middle income customers primarily for the purchase and construction of single unit houses, as part of our risk mitigating strategy. We also intend to increase our fee income through the distribution of third-party life, general and health insurance products.

Diversify our Borrowing Profile to Optimize our Borrowings Costs

We secure funding from a variety of sources to meet our capital requirements. We believe that we have been able to access cost-effective debt financing and reduced our average cost of borrowings over the years due to several factors, including our financial performance and improving credit ratings. As we continue to grow the scale of our operations, we seek to reduce our dependence on expensive term loans from banks and financial institutions, optimize our cost of funds and continue to improve our credit ratings. A lower average cost of borrowing enables us to competitively price our loan products and helps us grow our business and operations and increase our net interest margins. Our average cost of borrowings has reduced from 12.28% as of March 31, 2014 to 8.57% as of June 30, 2018.

Further, we intend to continue to increase our lender base which has increased from 13 as of March 31, 2014 to 36 as of June 30, 2018, and seek to obtain funding from insurance, pension and provident funds, overseas lenders, external commercial borrowings and through the issue of commercial paper.

We also intend to continue to focus on improving our asset and liability management to ensure that we continue to have a positive asset-liability position. As a result of such initiatives, we believe that we will be able to continue improving our credit ratings and reduce the cost of our borrowings.

Increase our Product Portfolio and Improve Cost Efficiency through Use of Technology and Data Analytics

We have made significant investments in our information technology systems to improve our cost efficiency and as we continue to expand our geographic reach and scale of operations, we intend to further improve and leverage such systems to support our growth and reduce our operational expenditures. Our application scorecard, use of a mobile application for recording and monitoring leads and geo tagging of properties, and the use of data analytics, enable us to mitigate risks and improve our operational efficiencies. Our use of technology will also allow us to continue providing streamlined approval and documentation procedures and reduce turnaround times and incidence of error. Further, all our branches and our corporate office are linked through a central data base platform that enhances data management, strengthens service delivery and serves customers in an efficient manner.

In addition, we have developed certain products and customer retention strategies, which we use in collaboration with our analytics platform to grow our business. Through our product 'Aavas Plus', we offer incremental loans, with a low turn around time, to existing customers who have been servicing their loans regularly and have low LTVs. 'Aavas Refresh' is a customer retention strategy for customers who regularly service their loans and whose repayments are reaching completion. 'Aavas Winback' targets customers whose loans are either foreclosed or closed on maturity, or those who did not avail a previously sanctioned loan. Such products and strategies help us to grow our business, retain good customers and improve realizations.

We believe that as we further develop and integrate technology into our business, we can further capitalize on the reach of our offices and increase our market share. We believe greater adoption of our digital service delivery mechanisms will enable us to be more efficient, customer friendly and over time perform more accurate data analytics, resulting in target customer profiling, cross-selling of products, customized and tailor-made products to suit the diverse requirements of our customers and improve customer satisfaction.

Enhance our Brand Recall to Attract New Customers

We believe that having a strong recognizable brand is a key attribute in our business, which helps us attract and retain customers, increases customer confidence and influences purchase decisions. Having a strong and recognizable brand has also assisted us in recruiting and retaining employees. We intend to continue to undertake initiatives to increase the strength and recall of our 'Aavas' brand to attract new customers. We seek to build our brand by engaging with existing and potential customers' through customer literacy programs, sponsor popular events in the regions we operate and advertise in newspapers, hoardings, television, radio and in other advertising media.

SUMMARY FINANCIAL INFORMATION

The following tables set forth summary financial information derived from the Restated Financial Statements. The Restated Financial Information has been prepared, based on financial statements for the three months ended June 30, 2018 and Fiscals 2018, 2017, 2016, 2015 and 2014. The Restated Financial Statements have been prepared in accordance with the Companies Act, Indian GAAP and restated in accordance with the SEBI ICDR Regulations and are presented in the section "***Financial Statements***" on page 218.

The summary financial information presented below should be read in conjunction with the Restated Financial Statements, the notes and annexures thereto and the sections "***Financial Statements***" and "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" on pages 218 and 397, respectively.

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RESTATED STANDALONE FINANCIAL POSITION SUMMARY

(Rs. in Millions)

	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
I. Equity and liabilities						
1. Shareholders' funds						
a) Share capital	707.51	691.73	581.64	383.83	329.17	299.17
b) Reserves & surplus	11,069.40	10,290.58	5,081.62	1,654.35	685.24	254.96
c) Money received against share warrants	-	2.40	-	-	-	-
	11,776.91	**10,984.71**	**5,663.26**	**2,038.18**	**1,014.41**	**554.13**
2. Non-current liabilities						
a) Long term borrowings	23,475.74	22,324.81	15,096.85	11,963.66	5,238.76	2,572.98
b) Deferred tax liabilities (net)	134.89	117.59	61.68	22.87	10.44	2.54
c) Other long term liabilities	2.77	2.56	1.18	103.96	41.33	-
d) Long term provisions	168.99	148.08	137.18	83.91	44.46	20.25
	23,782.39	**22,593.04**	**15,296.89**	**12,174.40**	**5,334.99**	**2,595.77**
3. Current liabilities						
a) Short term borrowings	372.07	325.13	790.35	1,127.53	883.43	437.06
b) Other current liabilities	4,120.50	4,260.05	2,749.35	1,764.29	1,288.74	587.54
c) Short term provisions	49.61	11.59	6.81	3.39	2.26	4.73
	4,542.18	**4,596.77**	**3,546.51**	**2,895.21**	**2,174.43**	**1,029.33**
TOTAL	**40,101.48**	**38,174.52**	**24,506.66**	**17,107.79**	**8,523.83**	**4,179.23**
II. Assets						
1. Non-current assets						
a) Fixed assets						
i) Property, plant and equipment	165.39	154.54	86.93	56.21	53.82	53.14
ii) Intangible assets	30.56	29.71	14.77	0.22	0.46	0.73
iii) Capital work in progress	-	-	-	-	-	0.31
iv) Intangible assets under development	0.59	0.33	1.35	-	-	-
b) Non current Investment	134.31	137.91	7.54	-	-	-
c) Loans and advances						
i) Receivables under financing activities	33,528.10	30,679.60	20,594.60	14,017.96	7,897.10	3,847.98
ii) Others	16.69	14.98	8.79	3.63	1.79	1.32
	33,875.64	**31,017.07**	**20,713.98**	**14,078.02**	**7,953.17**	**3,903.48**
2. Current assets						
a) Current Investment	2.65	2.66	0.26	-	-	-
b) Cash & bank balances	4,413.26	5,649.61	2,757.67	2,349.00	111.21	23.35
c) Loans and advances						
i) Receivables under financing activities	1,187.06	1,044.04	733.55	527.05	385.57	214.26
ii) Others	83.75	30.24	10.03	14.53	2.29	1.18
d) Other current assets	539.12	430.90	291.17	139.19	71.59	36.96
	6,225.84	**7,157.45**	**3,792.68**	**3,029.77**	**570.66**	**275.75**
TOTAL	**40,101.48**	**38,174.52**	**24,506.66**	**17,107.79**	**8,523.83**	**4,179.23**

RESTATED STANDALONE FINANCIAL PERFORMANCE SUMMARY

(Rs. in Millions)

	Period ended June 30, 2018	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2014
Revenue						
Revenue from operations	1,438.53	4,563.39	3,051.28	1,908.79	1,036.78	543.12
Other income	0.17	9.06	3.64	0.20	0.77	0.10
Total Revenue (I)	**1,438.70**	**4,572.45**	**3,054.92**	**1,908.99**	**1,037.55**	**543.22**
Expenses						
Employee benefit expenses	259.29	733.59	430.52	294.25	152.21	108.16
Finance cost	559.04	1,890.53	1,428.20	968.81	527.42	301.76
Depreciation and amortization expenses	16.83	56.27	27.70	12.83	10.15	4.16
Other expenses	134.79	455.48	215.18	97.75	34.76	25.34
Provisions and write offs	24.03	19.05	77.73	35.83	23.46	9.93
Total expenses (II)	**993.98**	**3,154.92**	**2,179.33**	**1,409.47**	**748.00**	**449.35**
Profit before tax (III)= (I)-(II)	**444.72**	**1,417.53**	**875.59**	**499.52**	**289.55**	**93.87**
Tax expenses:						
Current tax	137.46	432.29	265.41	159.29	90.84	27.27
Deferred tax	17.30	55.91	38.81	12.43	7.90	3.23
Total tax expenses (IV)	**154.76**	**488.20**	**304.22**	**171.72**	**98.74**	**30.50**
Profit after tax (III)-(IV)	**289.96**	**929.33**	**571.37**	**327.80**	**190.81**	**63.37**
Earnings per equity share*						
Basic (Rs.)	4.17	15.87	11.10	8.24	5.54	2.04
Diluted (Rs.)	4.05	15.21	11.10	8.24	5.54	2.04
Nominal value per share (Rs.)	10.00	10.00	10.00	10.00	10.00	10.00

* Basic EPS and Diluted EPS for the period ended June 30, 2018 are not annualised.

RESTATED STANDALONE CASH FLOW SUMMARY

(Rs. in Millions)

		Period ended June 30, 2018	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2014
A	**Cash flow from operating activities:**						
	Net profit before tax as per statement of profit and loss	**444.72**	**1,417.53**	**875.59**	**499.52**	**289.55**	**93.87**
	Adjustments for						
	Depreciation and amortisation	16.83	56.27	27.70	12.83	10.15	4.16
	Expenses incurred on increase in authorised capital and issue of shares	-	1.90	2.38	-	-	-
	Provision for standard and NPA assets	19.30	1.24	49.11	35.82	23.46	9.93
	Provision for employee benefits	1.84	10.93	5.91	4.76	1.52	2.27
	Operating profit before working capital changes	**482.69**	**1,487.87**	**960.69**	**552.93**	**324.68**	**110.23**
	Changes in working capital						
	(Increase) in Non-current loans and advances	(2,850.21)	(10,091.19)	(6,581.80)	(6,120.57)	(4,049.59)	(2,153.54)
	(Increase) in Current loans and advances	(196.54)	(330.70)	(201.99)	(153.73)	(172.42)	(124.84)
	(Increase) in Other current assets	(108.22)	(139.73)	(151.98)	(66.96)	(33.82)	(32.34)
	Increase in Other long term liabilities	0.21	1.38	0.40	0.19	0.59	-
	(Decrease)/Increase in Other current liabilities	(201.46)	249.50	314.86	18.65	311.66	(4.12)
	Direct taxes paid	(99.51)	(418.46)	(246.67)	(138.51)	(76.24)	(27.30)
	Net cash flow used in operating activities (A)	**(2,973.04)**	**(9,241.33)**	**(5,906.49)**	**(5,908.00)**	**(3,695.14)**	**(2,231.91)**
B	**Cash flow from investing activities:**						
	Inflow (outflow) on account of :						
	Investment in Subsidiary company	-	(45.00)	-	-	-	-
	Investment in Pass through certificate (PTC)	3.60	(54.74)	(7.80)	-	-	-
	Investment in Security Receipts	-	(33.03)	-	-	-	-
	Investment in fixed deposits	(1,000.00)	(1,993.08)	(71.66)	5.00	(5.00)	50.00
	Purchase of Property, plant and equipment (including capital work-in-progress)/ intangible assets	(28.79)	(137.82)	(74.33)	(14.97)	(10.26)	(40.33)
	Sale of Property, plant and equipment	-	0.02	0.01	-	-	-
	Net cash flow (used in)/from investing activities (B)	**(1,025.19)**	**(2,263.65)**	**(153.78)**	**(9.97)**	**(15.26)**	**9.67**
C	**Cash flow from financing activities:**						
	Issue of equity shares (including share premium)	511.59	4,411.73	3,086.30	740.00	300.00	200.00
	Share / debenture issue expenses	(9.50)	(31.83)	(52.04)	(4.48)	(5.19)	(0.28)
	Proceeds from long term and short term borrowings	2,638.46	12,767.35	7,070.85	8,447.17	4,667.34	2,290.50
	Repayment of long term and short term borrowings	(1,378.67)	(4,743.41)	(3,707.83)	(1,021.93)	(1,168.89)	(251.46)
	Net Cash flow from financing activities (C)	**1,761.88**	**12,403.84**	**6,397.28**	**8,160.76**	**3,793.26**	**2,238.76**
	Net increase in cash and cash equivalents (A+B+C)	**(2,236.35)**	**898.86**	**337.01**	**2,242.79**	**82.86**	**16.52**
	Cash and cash equivalents as at the beginning of the period/year	3,584.87	2,686.01	2,349.00	106.21	23.35	6.83
	Cash and cash equivalents at the end of the period/year	**1,348.52**	**3,584.87**	**2,686.01**	**2,349.00**	**106.21**	**23.35**
	Components of cash and cash equivalents						
	Cash on hand	25.65	19.07	17.76	9.31	6.01	2.89
	Balance with franking machine	0.10	0.10	0.10	0.50	0.20	0.16
	Balance with banks						
	In current accounts	215.23	1,365.70	386.63	789.59	-	20.30
	In cash credit	607.54	50.00	231.52	849.60	-	-
	In deposit account	500.00	2,150.00	2,050.00	700.00	100.00	-
	Total cash and cash equivalents	**1,348.52**	**3,584.87**	**2,686.01**	**2,349.00**	**106.21**	**23.35**

RESTATED CONSOLIDATED FINANCIAL POSITION SUMMARY

(Rs. in Millions)

	As at June 30, 2018	As at March 31, 2018
I. Equity and liabilities		
1. Shareholders' funds		
a) Share capital	707.51	691.73
b) Reserves & surplus	11,068.93	10,290.00
c) Money received against share warrants	-	2.40
	11,776.44	**10,984.13**
2. Non-current liabilities		
a) Long term borrowings	23,475.74	22,324.81
b) Deferred tax liabilities (net)	134.89	117.59
c) Other long term liabilities	2.77	2.56
d) Long term provisions	169.00	148.08
	23,782.40	**22,593.04**
3. Current liabilities		
a) Short term borrowings	372.07	325.13
b) Other current liabilities	4,120.63	4,260.15
c) Short term provisions	49.59	11.56
	4,542.29	**4,596.84**
TOTAL	**40,101.13**	**38,174.01**
II. Assets		
1. Non-current assets		
a) Fixed assets		
i) Property, plant and equipment	165.39	154.54
ii) Intangible assets	30.56	29.71
iii) Intangible assets under development	0.59	0.33
b) Non current Investment	89.31	92.91
c) Loans and advances		
i) Receivables under financing activities	33,528.10	30,679.60
ii) Others	16.69	14.98
	33,830.64	**30,972.07**
2. Current assets		
a) Current Investment	2.65	2.66
b) Cash & bank balances	4,458.65	5,694.61
c) Loans and advances		
i) Receivables under financing activities	1,187.06	1,044.04
ii) Others	83.01	29.49
d) Other current assets	539.12	431.14
	6,270.49	**7,201.94**
TOTAL	**40,101.13**	**38,174.01**

RESTATED CONSOLIDATED FINANCIAL PERFORMANCE SUMMARY

(Rs. in Millions)

	Period ended June 30, 2018	Year ended March 31, 2018
Revenue		
Revenue from operations	1,438.70	4,563.65
Other income	0.17	9.06
Total Revenue (I)	**1,438.87**	**4,572.71**
Expenses		
Employee benefit expenses	259.29	733.59
Finance cost	559.04	1,890.53
Depreciation and amortization expenses	16.83	56.27
Other expenses	134.83	456.32
Provisions and write offs	24.03	19.05
Total expenses (II)	**994.02**	**3,155.76**
Profit before tax (III)= (I)-(II)	**444.85**	**1,416.95**
Tax expenses:		
Current tax	137.49	432.29
Deferred tax	17.30	55.91
Total tax expenses (IV)	**154.79**	**488.20**
Profit after tax (III)-(IV)	**290.06**	**928.75**
Earnings per equity share*		
Basic (Rs.)	4.17	15.86
Diluted (Rs.)	4.05	15.20
Nominal value per share (Rs.)	10.00	10.00

* Basic EPS and Diluted EPS for the period ended June 30, 2018 are not annualised.

RESTATED CONSOLIDATED CASH FLOW SUMMARY

(Rs. in Millions)

		Period ended June 30, 2018	Year ended March 31, 2018
A	**Cash flow from operating activities:**		
	Net profit before tax as per statement of profit and loss	**444.85**	**1,416.95**
	Adjustments for		
	Depreciation and amortisation	16.83	56.27
	Expenses incurred on increase in authorised capital and issue of shares	-	1.90
	Provision for standard and NPA assets	19.30	1.24
	Provision for employee benefits	1.84	10.93
	Operating profit before working capital changes	**482.82**	**1,487.29**
	Changes in working capital		
	(Increase) in Non-current loans and advances	(2,850.21)	(10,091.19)
	(Increase) in Current loans and advances	(196.54)	(329.95)
	(Increase) in Other current assets	(107.98)	(139.97)
	Increase in Other long term liabilities	0.21	1.38
	Increase in Other current liabilities	(201.43)	249.60
	Direct taxes paid	(99.52)	(418.49)
	Net cash flow used in operating activities (A)	**(2,972.65)**	**(9,241.33)**
B	**Cash flow from investing activities:**		
	Inflow (outflow) on account of :		
	Investment in Pass through certificate (PTC)	3.60	(54.74)
	Investment in Security Receipts	-	(33.03)
	Investment in fixed deposits	(1,000.00)	(1,993.08)
	Purchase of Property, plant and equipment (including capital work-in-progress/ intangible assets)	(28.79)	(137.82)
	Sale of Property, plant and equipment	-	0.02
	Net cash flow used in investing activities (B)	**(1,025.19)**	**(2,218.65)**
C	**Cash flow from financing activities:**		
	Issue of equity shares (including share premium)	511.59	4,411.73
	Share / debenture issue expenses	(9.50)	(31.83)
	Proceeds from long term and short term borrowings	2,638.46	12,767.35
	Repayment of long term and short term borrowings	(1,378.67)	(4,743.41)
	Net Cash flow from financing activities (C)	**1,761.88**	**12,403.84**
	Net increase in cash and cash equivalents (A+B+C)	**(2,235.96)**	**943.86**
	Cash and cash equivalents as at the beginning of the year	3,629.87	2,686.01
	Cash and cash equivalents at the end of the year	**1,393.91**	**3,629.87**
	Components of cash and cash equivalents		
	Cash on hand	25.66	19.07
	Balance with franking machine	0.10	0.10
	Balance with banks		
	In current accounts	260.62	1,390.70
	In cash credit	607.54	50.00
	In deposit account	500.00	2,170.00
	Total cash and cash equivalents	**1,393.91**	**3,629.87**

THE OFFER

The following table summarises details of the Offer:

Offer	Up to [●] Equity Shares aggregating up to ₹ [●] million
The Offer consists of:	
(i) Fresh Issue[1]	Up to [●] Equity Shares aggregating up to ₹ 4,000 million
(ii) Offer for Sale[2]	Up to 16,249,359 Equity Shares aggregating up to ₹ [●] million
Of which	
A. QIB Category[3]	Not more than [●] Equity Shares
Of which:	
(i) Anchor Investor Portion[4]	Not more than [●] Equity Shares
Of which:	
Available for allocation to Mutual Funds only	[●] Equity Shares
Balance for all QIBs including Mutual Funds	[●] Equity Shares
(ii) Balance available for allocation to QIBs other than Anchor Investors (assuming Anchor Investor Portion is fully subscribed)	[●] Equity Shares
Of which	
(i) Available for allocation to Mutual Funds only (5% of the QIB Portion excluding the Anchor Investor Portion)	[●] Equity Shares
(ii) Balance for all QIBs including Mutual Funds	[●] Equity Shares
B. Non-Institutional Category[3]	Not less than [●] Equity Shares
C. Retail Category[3]	Not less than [●] Equity Shares
Equity Shares outstanding prior to the Offer	70,750,891 Equity Shares
Equity Shares outstanding after the Offer	[●] Equity Shares
Use of proceeds of the Offer	For details, see "***Objects of the Offer***" on page 105. Our Company will not receive any portion of the proceeds from the Offer for Sale portion of the Offer.

(1) *The Offer has been authorised by our Board pursuant to a resolution dated May 7, 2018 and the Fresh Issue has been authorised by the shareholders of the Company pursuant to their special resolution passed on June 11, 2018.*

(2) *The Selling Shareholders have specifically confirmed and authorised their respective participation in the Offer for Sale. For details, see "**Other Regulatory and Statutory Disclosures - Authority for the Offer - Approvals from the Selling Shareholders**" on page 451. Each of the Selling Shareholders, severally and not jointly, confirms that its portion of the Equity Shares offered in the Offer for Sale have been held for a period of at least one year prior to the date of filing of the Draft Red Herring Prospectus in accordance with the SEBI ICDR Regulations.*

(3) *Subject to valid Bids being received at or above the Offer Price, under-subscription, in any category other than QIB 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 GCBRLMs, the BRLM and the Designated Stock Exchange. 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. In case of undersubscription in the Offer, the Equity Shares up to 90% of the Fresh Issue will be issued prior to the sale of the Equity Shares in the Offer for Sale, provided that post satisfaction of the minimum subscription of up to 90% of the Fresh Issue, Equity Shares will be Allotted under the Offer for Sale in proportion to the Equity Shares being offered by the Selling Shareholders in the Offer for Sale, or in any other manner as maybe mutually agreed among the Selling Shareholders. For avoidance of doubt, it is hereby clarified that balance Equity Shares of the Fresh Issue (i.e. 10% of the Fresh Issue) will be offered only once the entire portion of the Equity Shares being offered by the Selling Shareholders in the Offer for Sale are Allotted in the Offer. For details, including grounds for rejection of Bids, refer to "**Offer Structure**" and "**Offer Procedure**" on pages 468 and 476, respectively. For details of the terms of the Offer, see "**Terms of the Offer**" on page 471.*

(4) *Our Company and the Selling Shareholders in consultation with the GCBRLMs and BRLM may allocate up to 60% of the QIB Category to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. The QIB Category will be accordingly reduced for the Equity Shares allocated to Anchor Investors. 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 Equity Shares are allocated to Anchor Investors in the Offer, which shall be determined by the Company and the Selling Shareholders in consultation with the GCBRLMs and BRLM. In case of under-subscription or non-allotment in the Anchor Investor Portion, the remaining Equity Shares will be added to the QIB Category. For more information, see "**Offer Procedure**" on page 476.*

Notes:

(i) The Equity Shares being offered by the Selling Shareholders are eligible to be offered for sale in accordance with Regulation 26(6) of the SEBI ICDR Regulations. For details, see "***Capital Structure***" on page 84.

(ii) Allocation to all categories, other than Anchor Investors, if any, and Retail Individual Investors, shall be made on a proportionate basis. The allocation to each Retail Individual Investor shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Category and the remaining available Equity Shares, if any, shall be allocated on a proportionate basis. For details, see "***Offer Procedure***" on page 476.

GENERAL INFORMATION

Our Company was incorporated as 'Au Housing Finance Private Limited' on February 23, 2011, as a private limited company under the Companies Act 1956, with a certificate of incorporation granted by the RoC. Pursuant to a special resolution passed by our shareholders on January 10, 2013, our Company was converted into a public limited company and our name was changed to 'AU Housing Finance Limited'. Consequently, the RoC certified the change of name upon conversion to a public limited company on January 11, 2013. Thereafter, pursuant to a special resolution passed by our shareholders on February 23, 2017, the name of our Company was changed to 'Aavas Financiers Limited' and consequently, a fresh certificate of incorporation dated March 29, 2017 was issued by the RoC. For further details, see "***History and Certain Corporate Matters***" on page 173.

Corporate Identity Number: U65922RJ2011PLC034297

Company Registration Number: 034297

Registered and Corporate Office

201-202, 2nd Floor,
South End Square, Mansarover Industrial Area,
Jaipur 302020
Rajasthan, India
Telephone: +91 141 661 8800
Facsimile: +91 141 661 8861
E mail: ipo@aavas.in
Website: www.aavas.in

Address of the Registrar of Companies

Our Company is registered with the RoC, located at the following address:

Registrar of Companies, Jaipur
Corporate Bhawan
G/6-7, Second Floor
Residency Area, Civil Lines
Jaipur 302 001, Rajasthan, India

Board of Directors

The following table sets out the details regarding our Board as on the date of this Red Herring Prospectus:

Name and Designation	Age (in years)	DIN	Address
Krishan Kant Rathi *Designation:* Independent Director and Chairman	56	00040094	B 72, Dakshina Park, 7th floor, N.S. Road, 10th JVPD Scheme, Juhu, Mumbai 400 049 Maharashtra, India
Sushil Kumar Agarwal *Designation:* Whole Time Director and CEO	41	03154532	19, Jagdamba Colony, Naya Kheda Ambabari, Jaipur 302 023, Rajasthan, India
Kalpana Iyer *Designation:* Independent Director	53	01874130	601 Ann Abode 18-A St. Martin Road, Bandra West, Mumbai 400 050, Maharashtra, India
Sandeep Tandon *Designation:* Independent Director	49	00054553	Tandon Beach House, Plot 35-C/2, CTS No. 1069, Tps-2 Azad Road, Juhu Koliwada, Santacruz West, Mumbai 400 049, Maharashtra, India
Ramachandra Kasargod Kamath *Designation:* Non- Executive Nominee Director	62	01715073	B/2004, Neptune CHSL, Sun City, Adi Shankaracharya Marg, Powai, Mumbai 400 076 Maharashtra, India

Name and Designation	Age (in years)	DIN	Address
Vivek Vig *Designation:* Non- Executive Nominee Director	55	01117418	1901 B Wing Beaumonde, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025 Maharashtra, India
Nishant Sharma *Designation:* Non- Executive Nominee Director	40	03117012	Tower 2 APT 102 Planet Godrej Simplex Mills Mahalaxmi Mumbai 400 011, Maharashtra, India
Manas Tandon *Designation:* Non- Executive Nominee Director	41	05254602	A-1402, 14th Floor, Lodha Bellissimo, N M Joshi Marg, Near Apolo Mill Compound, Mahalaxmi, Mumbai 400 011, Maharashtra, India
Kartikeya Dhruv Kaji *Designation:* Non- Executive Nominee Director	35	07641723	The Imperial, Apartment 3901, B B Nakashe Marg, Tardeo AC Market, Tardeo, Tulsiwadi, Mumbai 400 034, Maharashtra, India

For brief profiles and further details in respect of our Directors, see "***Our Management***" on page 181.

Selling Shareholders:

The following table sets out the details regarding our Selling Shareholders as on the date of filing of this Red Herring Prospectus:

Sr. No.	Selling Shareholder	Details
1.	Lake District	Lake District Holdings Limited is 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.
2.	ESCL	Partners Group ESCL Limited is a company incorporated under the laws of Mauritius having its registered office at C/o Citco (Mauritius) Limited, 4th Floor, Tower A, 1 Cybercity, Ebene, Mauritius.
3.	Master Fund	Partners Group Private Equity Master Fund LLC, a company incorporated under the laws of Delaware, having its principal place of business at c/o Partners Group (USA) Inc., 1114 Avenue of the Americas, 37th Floor, New York, NY 10036, USA.
4.	Kedaara AIF-1	Kedaara Capital Alternative Investment Fund- Kedaara Capital AIF 1 is a trust registered under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as a Category II Alternative Investment Fund having its office at Sunshine Tower, 38th Floor, Senapati Bapat Marg, Parel, Mumbai 400 013, India.
5.	Sushil Kumar Agarwal	Sushil Kumar Agarwal is our whole-time Director and CEO. For details in relation to Sushil Kumar Agarwal please see "***Board of Directors***" above and "***Our Management***" on page 181.
6.	Vivek Vig	Vivek Vig is our non-executive nominee Director. For details in relation to Vivek Vig please see "***Board of Directors***" above and "***Our Management***" on page 181.

Chief Financial Officer

Ghanshyam Rawat is our Chief Financial Officer. His contact details are as follows:

201-202, 2nd Floor, South End Square
Mansarover Industrial Area
Jaipur 302 020, Rajasthan, India
Tel: +91 141 4659244
Fax: +91 141 6618861
E-mail: ipo@aavas.in

Company Secretary and Compliance Officer

Sharad Pathak is our Company Secretary and Compliance Officer. His contact details are as follows:
201-202, 2nd Floor, South End Square,
Mansarover Industrial Area,
Jaipur 302 020, Rajasthan, India
Tel: +91 141 6618839
Fax: +91 141 6618861
Email: ipo@aavas.in

Investors can contact our Company Secretary and Compliance Officer and/or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems such as non-receipt of letters of Allotment, non-credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of refund orders or non-receipt of funds by electronic mode etc. For all Offer related queries and for redressal of complaints, investors may also write to the GCBRLMs and BRLM.

All Offer related grievances, other than of Anchor Investors, may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary(ies) with whom the Bid-cum Application Form was submitted, giving full details such as name of the sole or First Bidder, Bid cum Application Form number, Bidder's DP ID, Client ID, PAN, address of Bidder, number of Equity Shares applied for, ASBA Account number in which the amount equivalent to the Bid Amount was blocked, date of Bid cum Application Form and the name and address of the relevant Designated Intermediary(ies) where the Bid was submitted. Further, the Bidder shall enclose the Acknowledgment Slip or the application number from the Designated Intermediaries in addition to the documents or information mentioned hereinabove.

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

Global Co-ordinators and Book Running Lead Managers

ICICI Securities Limited
ICICI Centre, H.T. Parekh Marg
Churchgate, Mumbai 400 020
Tel: +91 22 2288 2460
Facsimile: +91 22 2282 6580
E-mail: aavas.ipo@icicisecurities.com
Website: www.icicisecurities.com
Investor Grievance E-mail: customercare@icicisecurities.com
Contact Person: Shekher Asnani/ Rishi Tiwari
SEBI Registration No.: INM000011179

Citigroup Global Markets India Private Limited
1202, 12th Floor, First International Financial
Centre, G-Block, C54 & 55, Bandra Kurla Complex
Bandra (East), Mumbai 400 098, Maharashtra, India
Tel: +91 22 6175 9999
Fax: +91 22 6175 9898
E-mail: aavas.ipo@citi.com
Website: www.online.citibank.co.in/rhtm/citigroupglobalscreen1.htm
Investor grievance e-mail: investors.cgmib@citi.com
Contact Person: Amulya Goyal
SEBI Registration No.: INM000010718

Edelweiss Financial Services Limited
14th Floor, Edelweiss House
Off. C.S.T. Road, Kalina,
Mumbai 400 098, Maharashtra, India

Tel: +91 22 4009 4400
Fax: +91 22 4086 3610
E-mail: aavas.ipo@edelweissfin.com
Website: www.edelweissfin.com
Investor Grievance E-mail: customerservice.mb@edelweissfin.com
Contact Person: Disha Doshi/ Pradeep Tewani
SEBI Registration No.: INM0000010650

Spark Capital Advisors (India) Private Limited
No.2 'Reflections', Leith Castle Centre Street
Santhome High Road
Chennai 600 028, Tamil Nadu, India
Tel: +91 44 4344 0000
Fax: +91 44 4344 0090
E-mail: aavas.ipo@sparkcapital.in
Website: www.sparkcapital.in
Investor grievance E-mail: investorgrievance@sparkcapital.in
Contact Person: Ramprashanth Ganesan
SEBI Registration No: INM000011138

Book Running Lead Manager

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 8021
Fax: +91 22 3078 8584
E-mail: aavas.ipo@hdfcbank.com
Website: www.hdfcbank.com
Investor grievance E-mail: investor.redressal@hdfcbank.com
Contact Person: Rakesh Bhunatar / Ravi Sharma
SEBI Registration No: INM000011252

Statement of *inter se* allocation of responsibilities among the Global Co-ordinators and Book Running Lead Managers and Book Running Lead Manager

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

Sr. No.	Activity	Responsibility	Co-ordinator
1.	Capital structuring with the relative components and formalities such as type of instruments, size of issue, allocation between primary and secondary, etc.	I-Sec, Citi, Edelweiss, Spark Capital and HDFC	I-Sec
2.	Due diligence of Company's operations/management/business /legal etc., drafting and design of Draft Red Herring Prospectus, Red Herring Prospectus and Prospectus, abridged prospectus and application form. Ensure compliance and completion of prescribed formalities with the Stock Exchanges, SEBI and RoC including finalisation of Red Herring Prospectus, Prospectus and RoC filing, follow up and coordination till final approval from all regulatory authorities	I-Sec, Citi, Edelweiss, Spark Capital and HDFC	I-Sec
3.	Drafting and approval of all statutory advertisements	I-Sec, Citi, Edelweiss, Spark Capital and HDFC	I-Sec
4.	Drafting and approval of all publicity material other than statutory advertisements, including corporate advertisements, brochures, filing of media compliance report with SEBI, etc.	I-Sec, Citi, Edelweiss, Spark Capital and HDFC	Spark

Sr. No.	Activity	Responsibility	Co-ordinator
5.	Appointment of Registrar to the Offer, Printers, Banker(s) to the Offer, Advertising agency, Monitoring Agency, etc (including coordinating all agreements to be entered with such parties)	I-Sec, Citi, Edelweiss, Spark Capital and HDFC	Citi
6.	Preparation of road show presentation	I-Sec, Citi, Edelweiss, Spark Capital and HDFC	Spark
7.	Preparation of FAQs for the road show team	I-Sec, Citi, Edelweiss, Spark Capital and HDFC	Spark
8.	International institutional marketing of the Offer, which will cover, *inter alia*: • Finalizing the list and division of international investors for one-to-one meetings • Finalizing international road show and investor meeting schedules	I-Sec, Citi, Edelweiss, Spark Capital and HDFC	Citi
9.	Domestic institutional marketing of the Offer, which will cover, *inter alia*: • Finalizing the list and division of domestic investors for one-to-one meetings • Finalizing domestic road show and investor meeting schedules	I-Sec, Citi, Edelweiss, Spark Capital and HDFC	I-Sec
10.	Conduct non-institutional and retail marketing of the Offer, which will cover, *inter-alia*: • Finalising media, marketing, public relations strategy and publicity budget • Finalising collection centres • Finalising centres for holding conferences for brokers etc. • Follow-up on distribution of publicity and Offer material including form, Red Herring Prospectus/Prospectus and deciding on the quantum of the Offer material	I-Sec, Citi, Edelweiss, Spark Capital and HDFC	Edelweiss
11.	Coordination with Stock Exchanges for book building process, filing of letters including software, bidding terminals, mock trading and anchor investor intimation, and payment of 1% security deposit to the designated stock exchange	I-Sec, Citi, Edelweiss, Spark Capital and HDFC	Edelweiss
12.	Managing the book and finalization of pricing in consultation with the Company and the Selling Shareholders	I-Sec, Citi, Edelweiss, Spark Capital and HDFC	I-Sec, 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 Other Selling Shareholders and the Promoter Selling Shareholders, Promoter Group Selling Shareholder and Investor Selling Shareholder 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 • Co-ordination with SEBI and Stock Exchanges for refund of 1% security deposit and submission of all post Offer reports including the initial and final post Offer report to SEBI	I-Sec, Citi, Edelweiss, Spark Capital and HDFC	Edelweiss

Syndicate Members

Edelweiss Securities Limited
2nd floor, M.B. Towers
Plot No. 5, Road No. 2

Banjara Hills, Hyderabad 500 034
Telangana, India
Tel: +91 22 4063 5569
Fax: +91 22 4086 3610
Website: www.edelweissfin.com
E-mail: aavas.ipo@ edelweissfin.com
Contact person: Prakash Boricha

HDFC Securities Limited
I Think Techno Campus Building B
"Alpha", Office Floor 8, Opposite Crompton Greaves
Near Kanjurmarg Station Kanjurmarg (East)
Mumbai 400 042, Maharashtra, India
Tel: NA
Fax: +91 22 3075 3435
Website: www.hdfcsec.com
E-mail: customercare@hdfcsec.com
Contact person: Sharmila Kambli

Legal Counsel to our Company as to Indian Law

Shardul Amarchand Mangaldas & Co

24th Floor, Express Towers
Nariman Point
Mumbai 400 021
Maharashtra, India
Tel: +91 22 4933 5555
Fax: +91 22 4933 5550

Legal Counsel to the GCBRLMs and BRLM as to Indian Law

Cyril Amarchand Mangaldas
4th floor, Prius Platinum
D-3, District Centre
Saket
New Delhi 110 017
Tel: +91 11 6622 9000
Fax: +91 11 6622 9009

Special United States Legal Counsel to the GCBRLMs and BRLM as to international law

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

Legal Counsel to the Promoter Selling Shareholders, Investor Selling Shareholder and Promoter Group Selling Shareholder as to Indian Law

L&L Partners*
20th Floor, Tower 2, Unit A2
Indiabulls Finance Centre
Elphinstone Road, Senapati Bapat Marg
Mumbai 400 013, Maharashtra, India
Tel: +91 22 6630 3600
Fax: +91 22 6630 3700
*(*Formerly known as Luthra & Luthra Law Offices*)

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
E-mail: aavas.ipo@linkintime.co.in
Investor grievance e-mail: aavas.ipo@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Shanti Gopalkrishnan

Escrow Collection Bank/ Public Offer Account Bank/ Refund Bank

Axis Bank Limited
Green House, O-15
Ashoka Marg, C-Scheme
Jaipur 302 001
Rajasthan, India
Tel: +91 141 406 1100/ 1142
Fax: +91 141 406 1100/ 1142
E-mail: Jaipur.branchhead@axisbank.com
Website: www.axisbank.com
Contact Person: Ajay Menon

Self Certified Syndicate Banks

The list of SCSBs is available at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes on the SEBI website, or at such other website as may be prescribed by SEBI from time to time. A list of the Designated Branches of the SCSBs with which a Bidder (other than an Anchor Investor), not bidding through Syndicate/Sub Syndicate or through a Registered Broker, RTA or CDP may submit the Bid cum Application Forms is available at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes on the SEBI website, and at such other websites as may be prescribed by SEBI from time to time.

Syndicate SCSB Branches

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

Broker Centres/ 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 Centres, CDPs at the Designated CDP Locations or the RTAs at the Designated RTA Locations, respective lists of which, including details such as address and telephone number, are available at the websites of the Stock Exchanges at www.bseindia.com and www.nseindia.com. The list of branches of the SCSBs at the Broker Centres, named by the respective SCSBs to receive deposits of the Bid cum Application Forms from the Registered Brokers will be available on the website of the SEBI (www.sebi.gov.in) and updated from time to time.

Statutory Auditors to our Company

S. R. Batliboi & Associates LLP
Chartered Accountants

12th Floor, The Ruby
29 Senapati Bapat Marg, Dadar West
Mumbai 400 028
Maharashtra, India
Tel: +91 22 6819 8000
Fax: +91 22 6192 1000
E-mail: SRBA@srb.in
Firm Registration No.: 101049W/E300004

Bankers to our Company

Allahabad Bank
Arya Vidhya Mandir Society, Plot No. SF-1, G-N Block, Opposite UTI Head Office Bandra (E), Mumbai 400 051, Maharashtra, India
Telephone: + 91 22 2654 8574
Facsimile: +91 22 2654 8575
E-mail: albbkc@gmail.com, br.mumbkc@allahabadbank.in
Website: www.allahabadbank.in
Contact Person: Prachi Agrawal

Andhra Bank
K-13, Ashok Marg, Jaipur 302 001, Rajasthan, India
Telephone: +91 779 186 5577
Facsimile: NA
E-mail: bmdel269@andhrabank.co.in
Website: www.andharabank.in
Contact Person: Pradip Kumar Meher

Axis Bank Limited
Green House, C- Scheme, Jaipur, Rajasthan, India
Telephone: +91 99711 77130
Facsimile: NA
E-mail: padam.pugalia@axisbank.com
Website: www.axisbank.com
Contact Person: Padam Pugalia

Bank of Baroda
Nehru Place Branch, Tonk Road Jaipur, Rajasthan, India
Telephone: +91 809 401 8323
Facsimile: +91 41 274 7098
E-mail: nehjai@bankofbaroda.co.in
Website: www.bankofbaroda.co.in
Contact Person: Mr. P.K. Sharma

Canara Bank
Sultan House, Bani Park, Jaipur, Rajasthan, India
Telephone: +91 90010 98231
Facsimile: NA
E-mail: managercb2459@canarabank.com, cb2459@canarabank.com
Website: www.canarabank.com
Contact Person: Vishnu Kumar Rawat

Central Bank of India
M.I. Road Branch, Opposite Ganpati Plaza, Jaipur 302 001, Rajasthan, India
Telephone: +91 86969 30634
Facsimile: +91 41 237 0333
E-mail: bmjaip0429@centralbankofindia.co.in
Website: www.centralbankofindia.co.in
Contact Person: Purushottam Meena

DCB Bank Limited
A-Set House, IInd Floor, 7/56. D.B. Gupta Road, Karol Bagh, New Delhi 110 005, India
Telephone: +91 965 453 7676, +91 964 208 8288
Facsimile: NA
E-mail: ravinder.dagar@dcbbank.com, nishkarsh.saxena@dcbbank.com
Website: www.dcbbank.com
Contact Person: Ravinder Dagar, Mr. Nishkarsh Saxena

Dena Bank
Panchbatti, MI Road, Jaipur 302 001, Rajasthan, India
Telephone: +91 41 2362957
Facsimile: NA
E-mail: jaipur@denabank.co.in
Website: www.denabank.com
Contact Person: B.D. Upadhyay

HDFC Bank Limited
Unit 401-402, 4th Floor,Tower B,
Peninsula Business Park, Lower Parel,
Mumbai 400 013, Maharashtra, India
Telephone: +91 749 845 8334
Facsimile: NA
E-mail: kashyap.padha@hdfc.com
Website: www.hdfc.com
Contact person: Kashyap Padha

ICICI Bank Limited
4th Floor, Block no. 4,
Jaipur Stock Exchange Limited Building,
Near Gaurav Tower, JLN Marg, Jaipur 302 017
Rajasthan, India
Telephone: +91 911 600 8755
Facsimile: NA
E-mail: asmita.tiwari@icicibank.com
Website: www.icicibank.com

IDBI Bank Limited
Videocon Tower, 1st Floor, E-1, Jhandelwalan Extn. New Delhi 110 055, India
Telephone: +91 11 6608 4802
Facsimile: NA
E-mail: aditya.gajbhiye@idbi.co.in
Website: www.idbi.com
Contact Person: Aditya Gajbhiye

Contact person: Asmita Tiwari

IDFC Bank Limited
Naman Chambers, C-32, G-Block, Bandra-Kurla Complex, Bandra East, Mumbai 400 051, Maharashtra, India
Telephone: +91 70456 83737
Facsimile: NA
E-mail: apurva.shah@idfcbank.com
Website: www.idfcbank.com
Contact Person: Apurva Shah

IndusInd Bank Limited
Dr. Gopal Das Bhawan, Barakhamba Road, New Delhi 110 001, New Delhi, India
Telephone: +91 11 4744 4258, +91 859530 5866
Facsimile: NA
E-mail: angshuman.dasgupta@indusind.com
Website: www.indusind.com
Contact Person: Angshuman Dasgupta

Karnataka Bank Limited
Raj Aditya Building, 1st Floor, KashinathDhuru Marg, Dadar (West), Mumbai 400 028, Maharashtra, India
Telephone: +91 96192 56888
Facsimile: NA
E-mail: mum.dadar@ktkbank.com
Website: www.karnatakabank.com
Contact person: Harish A

Kotak Mahindra Bank Limited
Kotak Aerocity, Asset Area 9, 2nd Floor, Ibis Commercial Block, Hospitality District, IGI Airport, Delhi 110 037, India
Telephone: +91 72919 70464
Facsimile: NA
E-mail: akshay.s@kotak.com
Website: www.kotak.com
Contact Person: Akshay Saxena

The South Indian Bank Limited
103 & 106, Apex Mall, Lal Kothi, Tonk Road, Jaipur 302 015, Rajasthan, India
Telephone: +91 742580 8239
Facsimile: NA
E-mail: br0429@sib.co.in
Website: www.southindianbank.com
Contact Person: Raghvendra Pal

Union Bank of India
1st Floor, Purohit Ji Ka Katla, Johari Bazar, Jaipur
Telephone: +91 95949 97285
Facsimile: NA
E-mail: cbs-jaipurmain@unionbankofindia.com
Website: www.unionbankofindia.co.in
Contact Person: P.C. Garg

Oriental Bank of Commerce
Umrao Complex, MI Road, Jaipur 302 001
Telephone: +91 41 2376 638, +91 99990 67938
Facsimile: +91 41 2368 6619
E-mail: bm0061@obc.co.in
Website: www.obcindia.co.in
Contact Person: Atul Agrawal

RBL Bank Limited
One Indiabulls Centre, Tower 2, 6th Floor 841, Senapati Bapat Marg, Lower Parel (W), Mumbai 400 013
Telephone: +91 22 4302 0654
Facsimile: +91 22 4302 0520
E-mail: kalpesh.maheshwari@rblbank.com
Website: www.rblbank.com
Contact Person: Kalpesh Maheshwari

State Bank of India
Industrial Finance Branch, Tara Chambers, Old Mumbai Pune Road, Wakdewadi, Pune 411 003
Telephone: +91 20 2561 8271, +91 86009 93554
Facsimile: +91 020 2561 8207
E-mail: rm2.ifbpune@sbi.co.in
Website: www.sbi.co.in
Contact Person: Digamber Devarao Gaikwad

UCO Bank
Bhagwan Das Road, LIC Building, Ambedkar Circle, Jaipur 302 005
Telephone: +91 95600 37459
Facsimile: +91 41 2747 180
E-mail: jaibha@ucobank.com
Website: www.ucobank.com
Contact Person: M.K. Jha

United Bank of India
MI Road, Near Om Tower, Jaipur 302 001
Telephone: +91 94146 40259
Facsimile: NA
E-mail: bmjai@unitedbank.co.in
Website: www.unitedbankofindia.com
Contact Person: Vijay Singh

Vijaya Bank

Yes Bank Limited

Vijaya Bank, Corporate Banking Branch – I, Vijaya Building, Ground Floor, 17, Barakhamba Road, New Delhi 110 001
Telephone: +91 2371 2241
Facsimile: NA
E-mail: vb6082@vijayabank.com
Website: www.vijayabank.com
Contact Person: Umakanta Padhi

Indian Financial Institution Banking, Yes Bank Limited IFC 2, Tower 2, 24th Floor, Senapati Bapat Marg, Elphinstone, Mumbai 400 013
Telephone: +91 98744 83622
Facsimile: NA
E-mail: vivek.ostwaljain@yesbank.in
Website: www.yesbank.in
Contact Person: Vivek Ostwal Jain

Grading of the Offer

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

Appraising Entity

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

Monitoring Agency

Our Company has appointed Axis Bank as the monitoring agency in accordance with Regulation 16 of the SEBI ICDR Regulations.

Axis Bank Limited
The Ruby, 2nd Floor, SW
29, Senapati Bapat Marg, Dadar West
Mumbai 400 028, Maharashtra, India
Tel: +91 22 6230 0451
Fax: +91 22 4325 3000
E-mail: trustee@axisbank.com
Website: www.axisbank.com
Contact Person: Amar Hadye

Expert

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

Our Company has received written consent dated September 12, 2018, from the Statutory Auditors namely, S. R. Batliboi & Associates LLP, to include their name as required under Section 26(1) of the Companies Act 2013, read with SEBI ICDR Regulations in this Red Herring Prospectus and as an "expert" as defined under section 2(38) of the Companies Act, 2013 to the extent and in their capacity as a Statutory Auditor and in respect of their (i) examination reports, each dated August 30, 2018 on our Restated Consolidated Financial Statements and our Restated Standalone Financial Statements; (ii) reports, each dated August 30, 2018 on our Special Purpose Interim Standalone Financial Statements and Special Purpose Standalone Financial Statements; and (iii) their report dated August 31, 2018 on the statement of tax benefits included in this Red Herring Prospectus and such consent has not been withdrawn as on the date of this Red Herring Prospectus.

The term "expert" shall not be construed to mean an "expert" as defined under the U.S. Securities Act of 1933.

Credit Rating

As the Offer is of Equity Shares, credit rating is not required.

Trustees

As the Offer is of Equity Shares, the appointment of trustees is not required.

Book Building Process

Book building, in the context of the Offer, refers to the process of collection of Bids from investors on the basis of this Red Herring Prospectus and the Bid cum Application Forms and the Revision Forms within the Price Band, minimum Bid Lot which will be decided by our Company and the Selling Shareholders, in consultation with the GCBRLMs and BRLM and advertised in all editions of Financial Express (a widely circulated English national daily newspaper), all editions of Jansatta (a widely circulated Hindi national daily newspaper) and all editions of Pratahkal (a widely circulated Hindi daily newspaper in Jaipur, Hindi also being the regional language of Jaipur, where our Registered and Corporate 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 purposes of uploading on their website. The Offer Price shall be determined by our Company and the Selling Shareholders, in consultation with the GCBRLMs and BRLM after the Bid/Offer Closing Date.

All Investors (other than Anchor Investors) can participate in this Offer only through the ASBA process. Anchor Investors are not permitted to participate in the Offer through the ASBA process.

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

For further details on method and process of Bidding, see "***Offer Structure***" and "***Offer Procedure***" on page 468 and page 476, respectively.

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

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

Illustration of Book Building Process and the Price Discovery Process

For an illustration of the Book Building Process, see "***Offer Procedure - Part B - Illustration of the Book Building and Price Discovery Process***" on page 510.

Underwriting Agreement

After the determination of the Offer Price and allocation of Equity Shares but prior to the filing of the Prospectus with the RoC, our Company and the Selling Shareholders intend to enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Offer. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters will be several and will be subject to certain conditions to closing, as specified therein.

The Underwriting Agreement is dated [●]. The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

This portion has been intentionally left blank and will be filled in before filing of the Prospectus with the RoC.

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

The abovementioned amounts are provided for indicative purposes only and would be finalised after the pricing and actual allocation and subject to the provisions of Regulation 13(2) of the SEBI ICDR Regulations.

In the opinion of our Board of Directors (based on representations made to our Company 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 the SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchange(s). Our 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 commitments set forth in the table above. Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them in accordance with the Underwriting Agreement. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure subscriptions for/subscribe to Equity Shares to the extent of the defaulted amount in accordance with the Underwriting Agreement.

CAPITAL STRUCTURE

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

	Particulars	Aggregate nominal value *(in ₹)*	Aggregate value at Offer Price *(in ₹)*
A)	**AUTHORISED SHARE CAPITAL**[(1)]		
	85,000,000 Equity Shares	850,000,000	-
B)	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE OFFER**		
	73,723,004 Equity Shares	737,230,040	-
C)	**PRESENT OFFER IN TERMS OF THIS RED HERRING PROSPECTUS**[(2)]		
	Offer of up to [●] Equity Shares aggregating up to ₹ [●] million		
	Comprising:		
	Fresh Issue of [●] Equity Shares aggregating up to ₹ 4,000 million	[●]	[●]
	Offer for Sale of up to 16,249,359 Equity Shares[(3)]	[●]	[●]
D)	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE OFFER**		
	[●] Equity Shares	[●]	[●]
E)	**SECURITIES PREMIUM ACCOUNT**		
	Before the Offer		9,288.27 million
	After the Offer		[●]

[1] *For details of the changes in the authorised share capital of our Company, see "**History and Certain Corporate Matters – Amendments to our Memorandum of Association**" on page 173.*

[2] *The Offer has been authorised by our Board pursuant to a resolution passed at its meeting held on May 7, 2018 and the Fresh Issue has been authorised by the shareholders pursuant to their special resolution passed on June 11, 2018. The Selling Shareholders have confirmed and authorised their respective participation in the Offer for Sale. For details see "**Other Regulatory and Statutory Disclosures**" on page 451. For further details regarding the Offer, see "**The Offer**" on page 70.*

[3] *For details of authorisations received for the Offer for Sale, see "**Other Regulatory and Statutory Disclosures – Authority for the Offer – Corporate Approvals**" on page 451. The Equity Shares being offered by each Selling Shareholder have been held by that Selling Shareholder for a period of at least one year prior to the date of the Draft Red Herring Prospectus, calculated in the manner as set out under Regulation 26(6) of SEBI ICDR Regulations and are eligible for being offered for sale in the Offer.*

Notes to Capital Structure

1. Share Capital History of our Company

(a) History of equity share capital of our Company

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

Date of allotment	Number of Equity Shares allotted	Face value (₹)	Issue price (₹)	Nature of consideration	Reason/ Nature of allotment	Cumulative number of Equity Shares	Cumulative paid-up equity share capital (₹)
February 21, 2011	10,000	10	10.00	Cash	Subscription to the MoA[(1)]	10,000	100,000
March 15, 2011	2,240,000	10	10.00	Cash	Further issue[(2)]	2,250,000	22,500,000
March 10, 2012	25,000,000	10	10.00	Cash	Further issue[(3)]	27,250,000	272,500,000
March 29, 2014	2,666,667	10	75.00	Cash	Preferential allotment[(4)]	29,916,667	299,166,670
February 6, 2015	1,000,000	10	100.00	Cash	Private placement[(5)]	30,916,667	309,166,670
February 28, 2015	2,000,000	10	100.00	Cash	Private placement[(6)]	32,916,667	329,166,670
September 30, 2015	2,000,000	10	150.00	Cash	Private placement[(7)]	34,916,667	349,166,670
November 19, 2015	2,666,667	10	150.00	Cash	Preferential allotment[(8)]	37,583,334	375,833,340
March 30, 2016	800,000	10	50.00	Cash	Private placement[(9)]	38,383,334	383,833,340
May 30, 2016	100,000	10	53.00	Cash	Private placement[(10)]	38,483,334	384,833,340

Date of allotment	Number of Equity Shares allotted	Face value (₹)	Issue price (₹)	Nature of consideration	Reason/ Nature of allotment	Cumulative number of Equity Shares	Cumulative paid-up equity share capital (₹)
June 3, 2016	5,366,658	10	N.A.	N.A.	Bonus issue[11]	43,849,992	438,499,920
June 23, 2016*	557,492	10	215.25	Cash	Rights issue[12]	44,407,484	439,614,904
June 23, 2016	9,291,521	10	215.25	Cash	Rights issue[13]	53,699,005	532,530,114
August 10, 2016	185,830	10	215.25	Cash	Private placement[14]	53,884,835	534,388,414
December 7, 2016**	162,602	10	215.25	Cash	Private placement[15]	54,047,437	534,713,618
December 27, 2016	46,458	10	215.25	Cash	Private placement[16]	54,093,895	535,178,198
March 15, 2017	4,645,762	10	215.25	Cash	Private placement[17]	58,739,657	581,635,818
June 21, 2017	-	-	-	-	First call on partly-paid Equity Shares issued on June 23, 2016 and December 7, 2016	-	583,076,006
Equity Shares allotted in the last one year immediately preceding the date of this Red Herring Prospectus							
December 12, 2017***	432,500	10	328.00	Cash	Private placement[18]	59,172,157	583,941,006
December 19, 2017	264,662	10	328.00	Cash	Private placement[19]	59,436,819	586,587,626
March 6, 2018	1,222,551	10	215.25	Cash	Allotment pursuant to ESOP-2016[20]	60,659,370	598,813,136
March 28, 2018	9,291,521	10	430.50	Cash	Rights issue[21]	69,950,891	691,728,346
June 8, 2018	-	-	-	-	Partly-paid Equity Shares issued on June 23, 2016 and December 7, 2016 were made fully paid-up	-	696,048,910
	-	-	-	-	Partly-paid Equity Shares issued on December 12, 2017 were made fully paid-up	-	699,508,910
	360,000	10	328.00	Cash	Conversion of 360,000 convertible share warrants[22]	70,310,891	703,108,910
	440,000	10	430.50	Cash	Conversion of 440,000 convertible share warrants[23]	70,750,891	707,508,910
August 21, 2018	749,054	10	215.25	Cash	Allotment pursuant to ESOP-2016[24]	71,499,945	714,999,450

Date of allotment	Number of Equity Shares allotted	Face value (₹)	Issue price (₹)	Nature of consideration	Reason/ Nature of allotment	Cumulative number of Equity Shares	Cumulative paid-up equity share capital (₹)
August 27, 2018	2,223,059	10	215.25	Cash	Allotment pursuant to ESOP-2016(25)	73,723,004	737,230,040

** These equity shares were allotted on a partly paid-up basis with ₹ 2 per equity share towards face value and ₹ 41.05 per equity share towards premium amount paid at the time of allotment. Further, ₹ 2 per equity share towards face value and ₹ 41.05 per equity share towards premium amount paid was paid at the time of first call on June 21, 2017. The Board by its resolution dated June 8, 2018 noted that the balance of ₹ 6 per equity share towards face value and ₹ 123.15 per equity share towards premium amount has been made fully paid-up.*

*** These equity shares were on a partly paid-up basis with ₹ 2 per equity share towards face value and ₹ 41.05 per equity share towards premium amount paid at the time of allotment. Further, ₹ 2 per equity share towards face value and ₹ 41.05 per equity share towards premium amount paid was paid at the time of first call on June 21, 2017. The Board by its resolution dated June 8, 2018 noted that the balance of ₹ 6 per equity share towards face value and ₹ 123.15 per equity share towards premium amount has been made fully paid-up.*

**** These equity shares were on a partly paid-up basis with ₹ 2 per equity share towards face value and ₹ 63.60 per equity share towards premium amount paid at the time of allotment. The Board by its resolution dated June 8, 2018 noted that the balance of ₹ 8 per equity share towards face value and ₹ 254.40 per equity share towards premium amount has been made fully paid-up.*

(1) *Initial subscription of 100 Equity Shares by Sanjay Agarwal and 9,900 Equity Shares by AU Small Finance Bank Limited (formerly, Au Financiers (India) Limited) ("**AuSFB**").*

(2) *Allotment of 2,240,000 Equity Shares to AuSFB.*

(3) *Allotment of 25,000,000 Equity Shares to AuSFB.*

(4) *Allotment of 2,666,667 Equity Shares to AuSFB.*

(5) *Allotment of 1,000,000 Equity Shares to AuSFB.*

(6) *Allotment of 2,000,000 Equity Shares to AuSFB.*

(7) *Allotment of 2,000,000 Equity Shares to AuSFB.*

(8) *Allotment of 2,666,667 Equity Shares to AuSFB.*

(9) *Allotment of 800,000 Equity Shares to Sushil Kumar Agarwal.*

(10) *Allotment of 100,000 Equity Shares to Ghanshyam Rawat.*

(11) *Allotment of 5,241,149 Equity Shares to AuSFB, 111,564 Equity Shares to Sushil Kumar Agarwal and 13,945 Equity Shares to Ghanshyam Rawat.*

(12) *Allotment of 464,576 Equity Shares to Sushil Kumar Agarwal, 46,458 Equity Shares to Ghanshyam Rawat, 23,229 Equity Shares each to Sunku Ram Naresh and Ashutosh Atre.*

(13) *Allotment of 5,384,242 Equity Shares to Lake District, 144,314 Equity Shares to Kedaara AIF –1, 1,147,704 Equity Shares to Master Fund and 2,615,261 Equity Shares to ESCL.*

(14) *Allotment of 185,830 Equity Shares to Vivek Vig.*

(15) *Allotment of 46,458 Equity Shares to Ghanshyam Rawat and 116,144 Equity Shares to Sunku Ram Naresh.*

(16) *Allotment of 46,458 Equity Shares to Vivek Vig.*

(17) *Allotment of 2,691,925 Equity Shares to Lake District, 573,852 Equity Shares to Master Fund, 1,307,631 Equity Shares to ESCL and 72,354 Equity Shares to Kedaara AIF-1.*

(18) *Allotment of 100,000 Equity Shares to Sushil Kumar Agarwal, 75,000 Equity Shares to Ghanshyam Rawat, 30,500 Equity Shares to Sunku Ram Naresh, 15,000 Equity Shares to Rajeev Sinha, 10,000 Equity Shares to Rajesh Maiya, 5,000 Equity Shares to Anurag Srivastav, 5,000 Equity Shares to Amit Kumar Dass, 25,000 Equity Shares to Surendra Kumar Sihag, 10,000 Equity Shares to Vineet Jain, 10, 000 Equity Shares to Shailendra Kumar Gupta, 10,000 Equity Shares to Mukesh Agarwal, 2,000 Equity Shares to Pawan Bansal, 11,000 Equity Shares to Sharad Pathak, 15,000 Equity Shares to Punit Khandelwal, 15, 000 Equity Shares to Rahul Khandelwal, 10,000 Equity Shares to Virendra Singh Rathore, 10,000 Equity Shares to Mitin Chachra, 10,000 Equity Shares to Mohit Tripathi, 4,500 Equity Shares to Ghanshyam Gupta, 10,000 Equity Shares to Anoop Singh, 2,500 Equity Shares to Saurabh Jain, 4,000 Equity Shares to Praveen Kumar Sharma, 2,000 Equity Shares to Yogesh Acharya, 2,000 Equity Shares to Raman Sharma, 3,000 Equity Shares to Ashish Verma, 3,000 Equity Shares to Bijendra Singh Dhillon, 2,000 Equity Shares to Amit Gupta, 4,000 Equity Shares to Harshit Chhabra, 3,000 Equity Shares to Sanjaybhai Khodabhai, 10,000 Equity Shares to Abhijat Tiwari, 3,000 Equity Shares to Nitin Kumar Saharia, 2,000 Equity Shares to Rinku Kumar, 2,000 Equity Shares to Naveen Sharma, 3,000 Equity Shares to Ram Ratawa, 2,000 Equity Shares to Jaideep Sharma, 2,000 Equity Shares to Pankaj Makkar.*

(19) *Allotment of 30,487 Equity Shares to Krishan Kant Rathi, 15,243 Equity Shares to Kalpana Iyer, 15,243 Equity Shares to Ramachandra Kasargod Kamath, 152,439 Equity Shares to Veena Kumari Tandon, 15,250 Equity Shares to Mihir Desai, 7,000 Equity Shares to Alok Das, 5,000 Equity Shares to Yogesh Bansal, 10,000 Equity Shares to Manoj Kumar Sharma, 10,000 Equity Shares to Inderjit Gumber, 2,000 Equity Shares to Ashish Goyal, 2,000 Equity Shares to Bhuvnesh Gaur.*

(20) *Allotment of 749,046 Equity Shares to Sushil Kumar Agarwal, 267,517 Equity Shares to Ghanshyam Rawat, 149,809 Equity Shares to Sunku Ram Naresh and 56,179 Equity Shares to Ashutosh Atre.*

(21) *Allotment of 4,885,302 Equity Shares to Lake District, 1,041,357 Equity Shares to Master Fund, 2,372,929 Equity Shares to ESCL, 130,973 Equity Shares to Kedaara AIF-1, 673,597 Equity Shares to AuSFB, 121,825 Equity Shares to Vivek Vig, 23,653 Equity Shares to Veena Kumari Tandon, 4,731 Equity Shares to Krishan Kant Rathi, 2,365 Equity Shares to Kalpana Iyer, 19,792 Equity Shares to Ramachandra Kasargod Kamath, 466 Equity Shares to Rajeev Sinha, 311 Equity Shares to Rajesh Maiya, 311, Equity Shares to Vineet Jain, 155 Equity Shares to Anurag Srivastava, 155 Equity Shares to Amit Kumar Dass, 776 Equity Shares to Surendra Kumar Sihag, 311 Equity Shares to Shaliendra Kumar Gupta, 310 Equity Shares to Mukesh Agarwal, 62 Equity Shares to Pawan Bansal, 341 Equity Shares to Sharad Pathak, 466 Equity Shares to Punit Khandelwal, 466 Equity Shares to Rahul Khandelwal, 310 Equity Shares to Virendra Singh Rathore, 310 Equity Shares to Mitin Chachra, 310 Equity Shares to Mohit Tripathi, 140 Equity Shares to Ghanshyam Gupta, 310 Equity Shares to Anoop Singh, 78 Equity Shares to Saurabh Jain, 124 Equity Shares to Praveen Kumar Sharma, 62 Equity Shares to Yogesh Acharya, 62 Equity Shares to Raman Sharma, 93 Equity Shares to Ashish Verma, 93 Equity Shares to Bijendra Singh Dhillon, 62 Equity Shares to Amit Gupta, 124 Equity Shares to Harshit Chhabra, 93 Equity Shares to Sanjaybhai Khodabhai, 310 Equity Shares to Abhijat Tiwari, 93 Equity Shares to Nitin Kumar Saharia, 62 Equity Shares to Rinku Kumar, 62 Equity Shares to Naveen Sharma, 93 Equity Shares to Ram Ratawa, 62 Equity Shares to Jaideep Sharma, 62 Equity Shares to Pankaj Makkar, 2,366 Equity Shares to Mihir Desai, 1,086 Equity Shares to Alok Das, 776 Equity Shares to Yogesh Bansal, 1,552 Equity Shares to Manoj Kumar Sharma, 1,552 Equity Shares to Inderjit Gumber, 310 Equity Shares to Ashish Goyal and 310 Equity Shares to Bhuvnesh Gaur.*

(22) *Allotment of 238,376 Equity Shares to Sushil Kumar Agarwal, 68,769, Equity Shares to Ghanshyam Rawat, 41,312 Equity Shares to Sunku Ram Naresh and 11,543 Equity Shares to Ashutosh Atre.*

(23) *Allotment of 291,349 Equity Shares to Sushil Kumar Agarwal, 84,051 Equity Shares to Ghanshyam Rawat, 50,492 Equity Shares to Sunku Ram*

Naresh and 14,108 Equity Shares to Ashutosh Atre.

(24) *Allotment of 374,523 Equity Shares to Vivek Vig, 74,905 Equity Shares to Ramchandra Kasargod Kamath and 299,626 Equity Shares to 101 employees of our Company.*

(25) *Allotment of 1,348, 282 Equity Shares to Sushil Kumar Agarwal, 481,529 Equity Shares to Ghanshyam Rawat, 299,618 Equity Shares to Sunku Ram Naresh and 93,630 Equity Shares to Ashutosh Atre.*

(b) Equity Shares issued for consideration other than cash or out of revaluation of reserves

Our Company has not issued any Equity Share or preference share, including any bonus share, out of revaluation reserves or for consideration other than cash at any time since incorporation.

2. History of Build-up, Contribution and Lock-in of Promoters' Shareholding

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

Set forth below is the build-up of the equity shareholding of our Promoters, Lake District and ESCL, since incorporation of our Company.

Date of allotment/ transfer	Number of Equity Shares allotted/transferred	Face Value (₹)	Issue/purchase/ selling price per Equity Share (₹)	Nature of Consideration	Nature of transaction	Percentage of the Pre- Offer Equity Share capital (%)	Percentage of the Post-Offer Equity Share capital (%)*
Lake District							
June 23, 2016	22,300,287	10	215.25	Cash	Acquisition from AuSFB	30.25	[●]
	5,384,242	10	215.25	Cash	Rights issue	7.30	[●]
March 15, 2017	2,691,925	10	215.25	Cash	Private placement	3.65	[●]
March 28, 2018	4,885,302	10	430.50	Cash	Rights issue	6.63	[●]
Total (A)	**35,261,756**	**-**	**-**	**-**	**-**	**47.83**	**[●]**
ESCL							
June 23, 2016	10,831,806	10	215.25	Cash	Acquisition from AuSFB	14.69	[●]
	2,615,261	10	215.25	Cash	Rights issue	3.55	[●]
March 15, 2017	1,307,631	10	215.25	Cash	Private placement	1.77	[●]
March 28, 2018	2,372,929	10	430.50	Cash	Rights issue	3.22	[●]
Total (B)	**17,127,627**	-	-	-	-	**23.23**	**[●]**
Grand Total (A+B)	**52,389,383**	-	-	-	-	**71.06**	**[●]**

**To be updated at the time of filing of the Prospectus.*

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

As on the date of this Red Herring Prospectus, none of the Equity Shares held by our Promoters are pledged.

(b) Shareholding of our Promoters and Promoter Group

Set forth below is the shareholding of our Promoters and our Promoter Group, as on the date of this Red Herring Prospectus.

Name of the shareholder	Pre-Offer		Post-Offer*	
	No. of Equity Shares	Percentage of issued Equity Share capital (%)	No. of Equity Shares	Percentage of issued Equity Share capital (%)
Promoters				
Lake District	35,261,756	47.83	[●]	[●]
ESCL	17,127,627	23.23	[●]	[●]
Sub Total (A)	**52,389,383**	**71.06**	**[●]**	**[●]**
Promoter Group				
Master Fund	7,516,440	10.20	[●]	[●]
Sub Total (B)	**7,516,440**	**10.20**	[●]	[●]
Total (A) + (B)	**59,905,823**	**81.26**	[●]	[●]

**To be updated at the time of filing of the Prospectus.*

As on date of this Red Herring Prospectus, all the Equity Shares held by our Promoters and Promoter Group are in dematerialised form.

(c) Details of Promoters' contribution and lock-in for three years

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

As on the date of this Red Herring Prospectus, one of our Promoters, Lake District, holds 35,261,756 Equity Shares, out of which (i) up to 8,815,439 Equity Shares are being offered by it in the Offer for Sale and (ii) 4,885,302 Equity Shares were acquired by it within the one year immediately preceding the Draft Red Herring Prospectus at a price that may be lower than the Offer Price. Accordingly, the remaining Equity Shares held by Lake District are eligible for Minimum Promoters' Contribution.

As on the date of this Red Herring Prospectus, one of our Promoters, ESCL, holds 17,127,627 Equity Shares, out of which (i) up to 4,281,907 Equity Shares are being offered by it in the Offer for Sale and (ii) 2,372,929 Equity Shares were acquired by it within the one year immediately preceding the Draft Red Herring Prospectus at a price that may be lower than the Offer Price. Accordingly, the remaining Equity Shares held by ESCL are eligible for Minimum Promoters' Contribution.

Our Promoters have given consent to include such number of Equity Shares held by it as may constitute 20% of the fully diluted post- Offer Equity Share capital of our Company as Minimum Promoters' Contribution and have agreed not to sell, transfer, charge, pledge or otherwise encumber in any manner the Minimum Promoters' Contribution from the date of this Red Herring Prospectus, until the commencement of the lock-in period specified above, or for such other time as required under SEBI ICDR Regulations. Details of Minimum Promoters' Contribution are as provided below:

Name of the Promoter	No. of Equity Shares locked-in	Date of allotment/acquisition	Face value (₹)	Date on which made fully paid-up	Allotment/acquisition price (₹)	Nature of transaction	% of pre-Offer Equity Share capital	% of the fully diluted post-Offer Equity Share capital
[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]

Note: To be updated at the time of filing of the Prospectus.

For details on the build-up of the Equity Share capital held by our Promoters, see "***- Build-up of Promoter's shareholding in our Company***" above.

The Minimum Promoters' Contribution has been brought in to the extent of not less than the specified minimum lot and from persons identified as 'Promoter' under the SEBI ICDR Regulations.

In terms of Regulation 39(a) of the SEBI ICDR Regulations, the Equity Shares held by our Promoters which are locked-in for a period of three years 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 loans have been granted by such bank or institution for the purpose of one or more objects of the Fresh issue and pledge of the Equity Shares is a term of sanction of such loans.

The Equity Shares that are being locked-in are not, and will not be, ineligible for computation of Minimum Promoters' Contribution under Regulation 33 of the SEBI ICDR Regulations. In this computation, as per Regulation 33 of the SEBI ICDR Regulations, our Company confirms that the Equity Shares locked-in do not, and shall not, consist of:

(i) Equity Shares acquired during the three years preceding the date of this Red Herring Prospectus for consideration other than cash and revaluation of assets or capitalisation of intangible assets or bonus shares issued out of revaluation reserves or unrealised profits or bonus shares which are otherwise ineligible for computation of Minimum Promoters' Contribution;

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

(iii) Equity Shares issued to our Promoters upon conversion of a partnership firm; and

(iv) Equity Shares held by our Promoters and offered as part of the Minimum Promoters' Contribution are not subject to any pledge.

The Equity Shares held by our Promoters may be transferred to and between our Promoters and members of the Promoter Group, or to new promoters or persons in control of our Company, subject to continuation of the lock-in applicable to the transferees for the remaining period and in compliance with the Takeover Regulations, as applicable.

3. Details of sales or purchases of Equity Shares by our Promoters, directors of our Promoters, the members of our Promoter Group or our Directors or their relatives during the six months preceding the date of the Draft Red Herring Prospectus and until the date of this Red Herring Prospectus

Other than as mentioned below, there has been no sale or purchase of securities of our Company by our Promoters, directors of our Promoters, the members of our Promoter Group or our Directors or their relatives during the six months preceding the date of the Draft Red Herring Prospectus and until the date of this Red Herring Prospectus.

Sr. No.	Name of Promoter/ Promoter Group/ Director of Promoter/ Directors/ Relatives of Directors	Promoter/ Promoter Group/ Director of Promoter/ Directors/ Relatives of Directors	Sale/ purchase/ allotment	Number of Equity Shares subscribed/ purchased/ allotted	Number of Equity Shares sold	Price at which Equity Shares was subscribed/ sold/ allotted	Date on which the Equity Shares were subscribed/ sold/ allotted
1.	Lake District	Promoter	Allotment	4,885,302	-	430.50	March 28, 2018
2.	ESCL			2,372,929			
3.	Master Fund	Promoter Group		1,041,357			
4.	Krishan Kant Rathi	Director		4,731			
5.				30,487		328.00	December 19, 2017
6.	Kalpana Iyer			2,365		430.50	March 28, 2018
7.				15,243		328.00	December 19, 2017
8.	Ramachandra Kasargod Kamath			19,792		430.50	March 28, 2018
9.				15,243		328.00	December 19, 2017
10.				74,905		215.25	August 21, 2018
11.	Sushil Kumar			291,349		430.50	June 8, 2018

Sr. No.	Name of Promoter/ Promoter Group/ Director of Promoter/ Directors/ Relatives of Directors	Promoter/ Promoter Group/ Director of Promoter/ Directors/ Relatives of Directors	Sale/ purchase/ allotment	Number of Equity Shares subscribed/ purchased/ allotted	Number of Equity Shares sold	Price at which Equity Shares was subscribed/ sold/ allotted	Date on which the Equity Shares were subscribed/ sold/ allotted
12.	Agarwal			238,376		328.00	
13.				749,046		215.25	March 6, 2018
14.				1,348,282		215.25	August 27, 2018
15.	Vivek Vig			121,825		430.50	March 28, 2018
16.				374,523		215.25	August 21, 2018
17.	Veena Kumari Tandon	Relative of Director		23,653		430.50	March 28, 2018
18.				152,439		328.00	December 19, 2017

As disclosed in the table hereinabove, the maximum price and the minimum price at which purchases and sales were made of Equity Shares in the six months immediately preceding the date of the Draft Red Herring Prospectus and until the date of this Red Herring Prospectus were ₹ 430.50 and ₹ 215.25, respectively, and the relevant dates of such transactions were on March 28, 2018 and June 8, 2018 and March 6, 2018, August 21, 2018 and August 27, 2018, respectively.

4. Details of Equity Shares locked-in for one year

In terms of Regulation 37 of the SEBI ICDR Regulations, except for (a) the Minimum Promoters' Contribution which shall be locked in as above; (b) any Equity Shares held by the employees of our Company (who continue to be the employees of our Company as of the date of Allotment) which may be allotted to them under the ESOP-2016 prior to the Offer, the entire pre-Offer Equity Share capital of our Company (including those Equity Shares held by our Promoters in excess of the Minimum Promoters' Contribution); (c) Equity Shares subscribed to and Allotted pursuant to the Offer; and (d) Equity Shares held by VCF Category I and Category II AIFs or FVCIs shall be locked in for a period of one year from the date of Allotment.

In terms of the Regulation 39 of the SEBI ICDR Regulations, Equity Shares held by our Promoters and locked in for one year may be pledged only with scheduled commercial banks or public financial institutions are 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 the loan.

In terms of Regulation 40 of the SEBI ICDR Regulations, Equity Shares held by our Promoters may be transferred between our Promoters and the members of the Promoter Group or a new promoter or persons in control of our Company, subject to continuation of lock-in applicable to the transferee for the remaining period and compliance with provisions of the Takeover Regulations. The Equity Shares held by persons other than our Promoters prior to the Offer, may be transferred to any other person holding Equity Shares which are locked in along with the Equity Shares proposed to be transferred, subject to the continuation of the lock in applicable to the transferee for the remaining period and compliance with the provisions of the Takeover Regulations.

Lock-in of Equity Shares Allotted to Anchor Investors

Any Equity Shares Allotted to Anchor Investors in the Anchor Investor Portion shall be locked in for a period of 30 days from the date of Allotment.

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5. Our shareholding pattern

The table below represents the equity shareholding pattern of our Company as on the date of this Red Herring Prospectus:

Category (I)	Category of the Shareholder (II)	No. of Shareholders (III)	No. of fully paid up equity shares held (IV)	No. of partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total No. shares held (VII) = (IV)+(V)+ (VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2) (VIII)	No. of Voting Rights held in each class of securities (IX)				No. of shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding as a % assuming full conversion of convertible securities (as a % of diluted share capital (XI)=(VII)+(X) as a % of (A+B+C2)	Number of Locked in shares (XII)		Number of shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialised from (XIV)
								No. of Voting Rights			Total as a % of total voting rights			No. (a)	As a % of total shares held (b)	No. (a)	As a % of total shares held (b)	
								Class eg: X	Class eg: Y	Total								
(A)	**Promoter & Promoter Group**	3	59,905,823	-	-	59,905,823	81.26	59,905,823	-	59,905,823	81.26	-	-	-	-	-	-	59,905,823
(B)	**Public**	114	13,817,181	-	-	13,817,181	18.74	13,817,181	-	13,817,181	18.74	-	-	-	-	4,808,332	34.80	13,817,181
(C)	**Non Promoter-Non Public**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(1)	**Shares underlying Custodian/Depository Receipts**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(2)	**Shares held by Employee Trusts**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total (A)+(B)+(C)	**117**	**73,723,004**	**-**	**-**	**73,723,004**	**100.00**	**73,723,004**	**-**	**73,723,004**	**100.00**	**-**	**-**	**-**	**-**	**4,808,332**	**34.80**	**73,723,004**

6. **Shareholding of our Directors and Key Managerial Personnel in our Company**

Sr. No.	Shareholder	Number of Equity Shares	Percentage of pre-Offer Equity Share capital (%)
1.	Sushil Kumar Agarwal	4,103,193	5.57
2.	Ghanshyam Rawat	1,183,727	1.61
3.	Vivek Vig	728,636	0.99
4.	Krishan Kant Rathi	35,218	0.05
5.	Ramachandra Kasargod Kamath	109,940	0.15
6.	Kalpana Iyer	17,608	0.02
7.	Sharad Pathak	15,341	0.02

7. As on the date of this Red Herring Prospectus, our Company has 117 shareholders.

8. Top ten shareholders of our Company

(a) Our top ten equity shareholders and the number of Equity Shares held by them as on the date of this Red Herring Prospectus and as on ten days prior to this Red Herring Prospectus are as follows:

Sr. No.	Shareholder	Number of Equity Shares held	Percentage of Equity Share capital (%)
1.	Lake District	35,261,756	47.83
2.	ESCL	17,127,627	23.23
3.	Master Fund	7,516,440	10.20
4.	AuSFB	5,014,746	6.80
5.	Sushil Kumar Agarwal	4,103,193	5.57
6.	Ghanshyam Rawat	1,183,727	1.61
7.	Kedaara AIF -1	945,355	1.28
8.	Vivek Vig	728,636	0.99
9.	Sunku Ram Naresh	711,104	0.96
10.	Ashutosh Atre	198,689	0.27
	Total	**72,791,273**	**98.74**

a. Our top ten equity shareholders as on the date two years prior to the date of this Red Herring Prospectus are as follows

Sr. No.	Shareholder	No. of Equity Shares	Percentage of equity holding(%)
1.	Lake District	27,684,529	51.38
2.	ESCL	13,447,067	24.96
3.	Master Fund	5,901,231	10.95
4.	AuSFB	4,341,149	8.06
5.	Sushil Kumar Agarwal	1,376,140	2.55
6.	Kedaara AIF – 1	742,028	1.38
7.	Vivek Vig	185,830	0.34
8.	Ghanshyam Rawat	160,403	0.30
9.	Sunku Ram Naresh	23,229	0.04
10.	Ashutosh Atre	23,229	0.04
	Total	**53,884,835**	**100**

For details relating to the cost of acquisition of Equity Shares by our Promoters, see the "***Risk Factors – Prominent Notes***" on page 41.

9. Employee Stock Option Scheme

Pursuant to a resolution passed by our shareholders on February 23, 2017, our Company adopted ESOP-2016. The ESOP-2016 comprises three employee stock options plans, namely: (i) equity stock option plan for employees 2016; (ii) equity stock option plan for management team 2016; and (iii) equity stock option plan for directors 2016. Pursuant to a resolution passed by our shareholders on February 22, 2018, ESOP-2016 was amended to make it in compliance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. The ESOP-2016 has been framed and implemented in compliance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. Further, pursuant to a resolution passed by our shareholders on June 11, 2018, the equity stock option plan for directors 2016 was amended in order to enable early/accelerated vesting of stock options under the said plan.

The total number of employee stock options approved for each of the above-mentioned plans under ESOP-2016 is as set out below.

Sr. No.	ESOP-2016	Number of employee stock options
1.	Equity stock option plan for employees 2016	1,647,901
2.	Equity stock option plan for management team 2016	3,445,610
3.	Equity stock option plan for directors 2016	719,084
	Total	**5,812,595**

Under the ESOP-2016, an aggregate of 5,812,595 stock options may be granted to eligible employees of the Company.

The following tables set out particulars of the options granted under the ESOP-2016 as on the date of this Red Herring Prospectus.

ESOP 2016-I:

Particulars	ESOP 2016 – I		
Options granted	1,404,805 as on June 30, 2018		
	Date	**Number of grants**	
	February 23, 2017	980,118	
	January 24, 2018	424,687	
	Total	**1,404,805**	
Pricing formula	The employees may exercise the options that have vested at any time during the exercise period by paying the exercise price per share as per valuer's report based on Black- Scholes Option Pricing Formula.		
Exercise price of options (as of the date of grant of options)	**Date**	**Exercise Price per option (in ₹)**	
	February 23, 2017	215.25	
	January 24, 2018	328.00	
Total options vested but not exercised as on June 30, 2018	304,230*		
Options exercised	Nil*		
Total number of Equity Shares that would arise as a result of full exercise of options already granted (net of cancelled options)	As on June 30, 2018 1,233,121**		
Options forfeited/lapsed/cancelled (1)	As on June 30, 2018, the following options were lapsed/ forfeited/cancelled		
	1,716,84***		
Variation in terms of options	Nil		
Money realised by exercise of options	0		
Options outstanding (in force) as on June 30, 2018.	1,233,121		
Employee-wise details of options granted to:			
(i) Senior managerial personnel, i.e., Directors and key management personnel	**Name of Senior Managerial Personnel**	**No. of options granted**	**No. of options exercised**
	Sharad Pathak	15,000	0****
(ii) 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	-		
(iii) Identified employees who were granted options during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant	-		
Fully-diluted EPS pursuant to issue of Equity Shares on exercise of options calculated in accordance with Accounting Standard (AS) 20 'Earning Per Share'	Earnings per equity share of ₹ 4.05 ***** as on June 30, 2018 (₹ 15.21 as on March 31, 2018)		

<table>
<tr><th>Particulars</th><th colspan="4">ESOP 2016 – I</th></tr>
<tr><td rowspan="13">Difference, if any, between employee compensation cost calculated using the intrinsic value of stock options and the employee compensation cost that shall have been recognized if our Company had used fair value of options and impact of this difference on profits and EPS of our Company</td><th>Particulars</th><th>Period ended June 30 , 2018</th><th>Year ended March 31, 2018</th><th>Year ended March 31, 2017</th></tr>
<tr><td>Profit after tax as reported (₹ In million)</td><td>289.96</td><td>929.33</td><td>571.37</td></tr>
<tr><td>Add: ESOP cost using intrinsic value method (net of tax) (₹ In Millions)</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Less: ESOP cost using fair value method (net of tax) (₹ In Millions)</td><td>23.11</td><td>209.76</td><td>13.09</td></tr>
<tr><td>Profit after tax (adjusted) (₹ In million)</td><td>266.85</td><td>719.57</td><td>558.28</td></tr>
<tr><td>Basic EPS *****</td><td></td><td></td><td></td></tr>
<tr><td>As reported</td><td>4.17</td><td>15.87</td><td>11.10</td></tr>
<tr><td>Adjusted for ESOP cost using fair value method</td><td>3.84</td><td>12.29</td><td>10.85</td></tr>
<tr><td>Diluted EPS *****</td><td></td><td></td><td></td></tr>
<tr><td>As reported</td><td>4.05</td><td>15.21</td><td>11.10</td></tr>
<tr><td>Adjusted for ESOP cost using fair value method</td><td>3.73</td><td>11.78</td><td>10.85</td></tr>
<tr><td colspan="4"></td></tr>
<tr><td colspan="4"></td></tr>
<tr><td>Weighted-average exercise prices and weighted-average fair values of options will be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock</td><td colspan="4">Weighted average exercise price of 980,118 Options and 424,687 Options is ₹ 215.25 per option and ₹ 328.00 per option respectively. Weighted average fair value of 980,118 and 424,687 options is ₹ 94.79 per option and ₹ 153.51 per option respectively.</td></tr>
<tr><td rowspan="5">Description of the method and significant assumptions used during the year to estimate the fair values of options, including weighted-average information, namely, risk-free interest rate, expected life, expected volatility, expected dividends and the price of the underlying share in market at the time of grant of the option</td><th colspan="2">Particulars</th><th>For 980,118 options</th><th>For 424,687 options</th></tr>
<tr><td colspan="2">Weighted average risk free interest rate</td><td>6.86%</td><td>7.42%</td></tr>
<tr><td colspan="2">Weighted average expected Options life</td><td>5.12 years</td><td>6.57 years</td></tr>
<tr><td colspan="2">Weighted average expected volatility</td><td>42.16%</td><td>45.50%</td></tr>
<tr><td colspan="2">Weighted average expected dividends</td><td>0%</td><td>0%</td></tr>
<tr><td rowspan="15"></td><td colspan="4">ESOP 2016-I</td></tr>
<tr><td colspan="4">Vesting conditions</td></tr>
<tr><td colspan="4">A) 50% options to vest as per stipulated vesting schedule ("Time Options")</td></tr>
<tr><td colspan="4">B) 50% options to vest as per stipulated vesting schedule on fulfilment of stipulated conditions (" Performance Based Options”) ")</td></tr>
<tr><td colspan="4">Time Options over a period of five years as stipulated in respective stock option plan:</td></tr>
<tr><th colspan="3">Time Period</th><th>Options Vested</th></tr>
<tr><td colspan="3">Twelve months from the date of grant</td><td>20%</td></tr>
<tr><td colspan="3">On expiry of four months from the 1st vesting date</td><td>20%</td></tr>
<tr><td colspan="3">On expiry of one year from the 2nd vesting date</td><td>20%</td></tr>
<tr><td colspan="3">On expiry of one year from the 3rd vesting date</td><td>20%</td></tr>
<tr><td colspan="3">On expiry of one year from the 4th vesting date</td><td>20%</td></tr>
<tr><td colspan="3"></td><td></td></tr>
<tr><td colspan="3">Performance Options:</td><td></td></tr>
<tr><td colspan="4">Linked with performance over the next five years as stipulated in respective stock option plan.</td></tr>
<tr><td colspan="4"></td></tr>
<tr><td>Lock-in</td><td colspan="4">The Shares issued pursuant to Exercise of Options shall be subject to Lock-in Period of four (4) years from the date of Grant of Options or till the date on which the Shares of Company get listed on any Recognized Stock exchange, whichever is earlier, unless the Nomination and Remuneration Committee decides otherwise</td></tr>
</table>

Particulars	ESOP 2016 – I			
Impact on profits and EPS of the last three years if our Company had followed the accounting policies specified in Regulation 15 of the SEBI ESOP Regulations in respect of options granted in the last three years	**Particulars**	**Period ended June 30 , 2018**	**Year ended March 31, 2018**	**Year ended March 31, 2017**
	Profit after tax as reported (₹ In million)	289.96	929.33	571.37
	Add: ESOP cost using intrinsic value method (net of tax) (₹ In million)	-	-	-
	Less: ESOP cost using fair value method (net of tax) (₹ In Millions)	23.11	209.76	13.09
	Profit after tax (adjusted) (₹ In million)	266.85	719.57	558.28
	Basic EPS*****			
	As reported	4.17	15.87	11.10
	Adjusted for ESOP cost using fair value method	3.84	12.29	10.85
	Diluted EPS*****			
	As reported	4.05	15.21	11.10
	Adjusted for ESOP cost using fair value method	3.73	11.78	10.85
Aggregate number of Equity Shares intended to be sold by the holders of Equity Shares allotted on exercise of options granted under the ESOP-2016-I within three months after the listing of Equity Shares pursuant to the Offer	46 employees intending to sell up to 148,292 Equity Shares, held by them on account exercise of options under ESOP-I, within three months after the listing of Equity Shares pursuant to the Offer.			
Quantum of Equity Shares arising out of or allotted under the ESOP-2016-I intended to be sold within three months after the date of listing, by Directors, senior managerial personnel and employees having Equity Shares issued under the ESOP-2016-I amounting to more than 1% of the issued capital of our Company	No such employee has communicated his/her intention to sell shares within three months after the listing of Equity Shares pursuant to the Offer.			

(1) Shares with respect to which an Option is granted under the Plan, that remain unexercised at the expiration, or which are not vested in case of individual performance rating is in the range of 1-4, or which have lapsed (including those having lapsed by way of forfeiture as specified in the Plan) or cancelled shall be added back to the number of Options that are pending to be granted. The Company may Grant such Options within the overall limit determined in accordance with the Plan. The Exercise Price for any such subsequent grants made under this plan shall be the market price of the shares as on the grant date.

**Out of the total options vested, 299,626 options have been exercised pursuant to the approval of Nomination and Remuneration Committee approval dated August 21, 2018. Balance 4,604 options were vested but still to be exercised upto such date.*

***Includes remaining options in force (933,495) net of 299,626 options exercised on August 21,2018.*

**** includes 4388 options which were forfeited and balance 167296 options cancelled on account of resignation of employees as on June 30, 2018.*

***** Out of the total options vested to KMP, Sharad Pathak has exercised 4,000 options pursuant to the approval of Nomination and Remuneration Committee dated August 21, 2018.*

****** calculated considering shares under all the three ESOP Schemes. Further, EPS considered on the basis of Restated standalone summary statements for the period ended June 30, 2018. Basic EPS and Diluted EPS for the period ended June 30, 2018 are not annualized.*

ESOP 2016-II

Particulars	ESOP 2016-II			
Options granted	3,445,610 as of June 30, 2018			
	Date			**Number of grants**
	February 23, 2017			3,445,610
	Total			**3,445,610**
Pricing formula	The employees may exercise the options that have vested at any time during the exercise period by paying the exercise price per share as per valuer's report based on Black- Scholes Option Pricing Formula.			
Exercise price of options (as of the date of grant of options)	₹ 215.25			

<table>
<tr><th>Particulars</th><th>ESOP 2016-II</th></tr>
<tr><td>Total options vested but not exercised</td><td>2,223,059*</td></tr>
<tr><td>Options exercised</td><td>1,222,551</td></tr>
<tr><td>Total number of Equity Shares that would arise as a result of full exercise of options already granted (net of cancelled options)</td><td>2,223,059 as on June 30, 2018</td></tr>
<tr><td>Options forfeited/lapsed/cancelled</td><td>As on June 30, 2018, the following options were lapsed/ forfeited/ cancelled: Nil</td></tr>
<tr><td>Variation in terms of options</td><td>The options approved under the equity stock option plan for Management team 2016 (ESOP 2016- II) had time and performance -vesting schedule. However, pursuant to the Board approval dated January 25, 2018, all options granted under this plan were vested with immediate effect with no further conditions attached to them.</td></tr>
<tr><td>Money realised by exercise of options</td><td>263,154,103</td></tr>
<tr><td>Options outstanding (in force) as on June 30, 2018.</td><td>2,223,059</td></tr>
<tr><td>Employee-wise details of options granted to:</td><td></td></tr>
<tr><td>(i) Senior managerial personnel, i.e., Directors and key management personnel</td><td>
<table>
<tr><th>Name of Senior Managerial Personnel</th><th>No. of options granted</th><th>No. of options exercised</th></tr>
<tr><td>Sushil Kumar Agarwal</td><td>2,097,328</td><td>749,046</td></tr>
<tr><td>Ghanshyam Rawat</td><td>749,046</td><td>267,517</td></tr>
</table>
</td></tr>
<tr><td>(ii) 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>Sunku Ram Naresh</td></tr>
<tr><td>(iii) Identified employees who were granted options during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant</td><td>1.Sushil Kumar Agarwal
2.Ghanshyam Rawat</td></tr>
<tr><td>Fully-diluted EPS pursuant to issue of Equity Shares on exercise of options calculated in accordance with Accounting Standard (AS) 20 ‘Earning Per Share’</td><td>Earnings per equity share of ₹ 4.05 ** as on June 30, 2018 (₹ 15.21 as on March 31, 2018)</td></tr>
<tr><td>Difference, if any, between employee compensation cost calculated using the intrinsic value of stock options and the employee compensation cost that shall have been recognised if our Company had used fair value of options and impact of this difference on profits and EPS of our Company</td><td>
<table>
<tr><th>Particulars</th><th>Period ended June 30 , 2018</th><th>Year ended March 31, 2018</th><th>Year ended March 31, 2017</th></tr>
<tr><td>Profit after tax as reported (₹ In million)</td><td>289.96</td><td>929.33</td><td>571.37</td></tr>
<tr><td>Add: ESOP cost using intrinsic value method (net of tax) (₹ In million)</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Less: ESOP cost using fair value method (net of tax) (₹ In Millions)</td><td>23.11</td><td>209.76</td><td>13.09</td></tr>
<tr><td>Profit after tax (adjusted) (₹ In million)</td><td>266.85</td><td>719.57</td><td>558.28</td></tr>
<tr><td>Basic EPS**</td><td>-</td><td></td><td></td></tr>
<tr><td>As reported</td><td>4.17</td><td>15.87</td><td>11.10</td></tr>
<tr><td>Adjusted for ESOP cost using fair value method</td><td>3.84</td><td>12.29</td><td>10.85</td></tr>
<tr><td>Diluted EPS**</td><td>-</td><td></td><td></td></tr>
<tr><td>As reported</td><td>4.05</td><td>15.21</td><td>11.10</td></tr>
<tr><td>Adjusted for ESOP cost using fair value method</td><td>3.73</td><td>11.78</td><td>10.85</td></tr>
<tr><td></td><td></td><td></td><td></td></tr>
</table>
</td></tr>
<tr><td>Weighted-average exercise prices and weighted-average fair values of options will be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock</td><td>Weighted average exercise price of 3,445,610 options is ₹ 215.25 per option.
Weighted average fair value of 3,445,610 options is ₹ 77.46 per option.</td></tr>
<tr><td>Description of the method and significant assumptions used during the year to</td><td>
<table>
<tr><th>Particulars</th><th>For 3,445,610 options</th></tr>
</table>
</td></tr>
</table>

<table>
<tr><th>Particulars</th><th>ESOP 2016-II</th></tr>
<tr><td>estimate the fair values of options, including weighted-average information, namely, risk-free interest rate, expected life, expected volatility, expected dividends and the price of the underlying share in market at the time of grant of the option</td><td><table>
<tr><td>Weighted average risk free interest rate</td><td>6.86%</td></tr>
<tr><td>Weighted average expected Options life</td><td>2.36 years</td></tr>
<tr><td>Weighted average expected volatility</td><td>42.16%</td></tr>
<tr><td>Weighted average expected dividends</td><td>0%</td></tr>
</table></td></tr>
<tr><td>Vesting schedule</td><td>42 % of the total options granted to an employee are Time options and balance 58 % of the total options granted are Performance options.

All the options have vested on February 23, 2018</td></tr>
<tr><td>Lock-in</td><td>Linked with various conditions over the next five years in accordance with ESOP -II Plan .
Time Options:
50% of the Equity Shares issued pursuant to the exercise of time options shall not be subject to any lock-in restrictions.
The balance 50% of the Equity Shares issued pursuant to the exercise of time options shall be locked-in as stated below:
<table>
<tr><th>% of Equity Shares issued pursuant to the exercise of time options</th><th>Lock-in end date</th></tr>
<tr><td>16.67</td><td>June 23, 2019</td></tr>
<tr><td>16.67</td><td>June 23, 2020</td></tr>
<tr><td>16.67</td><td>June 23, 2021</td></tr>
<tr><td></td><td></td></tr>
</table>
Performance Options:
Prior to the occurrence of a qualified IPO, all shares issued pursuant to the exercise of performance options shall be subject to a lock-in period of 4 years from the Grant Date (“Pre-IPO Lock-In”), it is clarified that this Pre-IPO Lock-In period will cease to apply after the occurrence of a qualified IPO, however the conditions set forth below will apply in all eventualities.
Post completion of an initial public offering of Equity Shares by our Company:
a) 54% of the Equity Shares issued pursuant to exercise of the performance options shall be locked-in until the Equity Shares achieve a valuation of ₹ 500 per Equity Share or greater, as stated below:
<table>
<tr><th>% of Equity Shares issued pursuant to the exercise of performance options</th><th>Lock-in end date</th></tr>
<tr><td>18</td><td>Any date on or after June 23, 2019, when the aforesaid valuation is achieved, but not after June 23, 2022.</td></tr>
<tr><td>18</td><td>Any date on or after June 23, 2020, when the aforesaid valuation is achieved, but not after June 23, 2022.</td></tr>
<tr><td>18</td><td>Any date on or after June 23, 2021, when the aforesaid valuation is achieved, but not after June 23, 2022.</td></tr>
</table>
b) 21% of the Equity Shares issued pursuant to exercise of the performance options shall be locked-in until the Equity Shares achieve a valuation of ₹ 850 per Equity Share or greater, as stated below:
<table>
<tr><th>% of Equity Shares issued pursuant to the exercise of performance options</th><th>Lock-in end date</th></tr>
<tr><td>7</td><td>Any date on or after June 23, 2019, when the aforesaid valuation is achieved, but not after June 23, 2022.</td></tr>
<tr><td>7</td><td>Any date on or after June 23, 2020, when the aforesaid valuation is achieved, but not after June 23, 2022.</td></tr>
</table></td></tr>
</table>

Particulars	ESOP 2016-II			
	7	Any date on or after June 23, 2021, when the aforesaid valuation is achieved, but not after June 23, 2022.		
	Moreover, in the event the price of the Equity Shares is lower than as valued under the Equity stock option plan for management team 2016, then the Company shall have the right to have such locked-in Equity Shares transferred or bought back, at a price which is lower of the exercise price paid by the employee and the market price of the Equity Share as on that date.			
	Moreover, each of the aforesaid employee stock option schemes, shall be approved and adopted by the shareholders by way of a special resolution in the first general meeting convened after the listing of the Equity Shares on the Stock Exchanges.			
Impact on profits and EPS of the last three years if our Company had followed the accounting policies specified in Regulation 15 of the SEBI ESOP Regulations in respect of options granted in the last three years	**Particulars**	**Period ended June 30 , 2018**	**Year ended March 31, 2018**	**Year ended March 31, 2017**
	Profit after tax as reported (₹ In million)	**289.96**	**929.33**	**571.37**
	Add: ESOP cost using intrinsic value method (net of tax) (₹ In million)	-	-	-
	Less: ESOP cost using fair value method (net of tax) (₹ In Millions)	23.11	209.76	13.09
	Profit after tax (adjusted) (₹ In million)	**266.85**	**719.57**	**558.28**
	Basic EPS**			
	As reported	4.17	15.87	11.1
	Adjusted for ESOP cost using fair value method	3.84	12.29	10.85
	Diluted EPS**			
	As reported	4.05	15.21	11.1
	Adjusted for ESOP cost using fair value method	3.73	11.78	10.85
Aggregate number of Equity Shares intended to be sold by the holders of Equity Shares allotted on exercise of options granted under the ESOP-2016-II within three months after the listing of Equity Shares pursuant to the Offer	Three such employees have communicated their intention to sell 478,640 Equity Shares within three months after the listing of Equity Shares pursuant to the Offer			
Quantum of Equity Shares arising out of or allotted under the ESOP-2016-II intended to be sold within three months after the date of listing, by Directors, senior managerial personnel and employees having Equity Shares issued under the ESOP-2016-II amounting to more than 1% of the issued capital of our Company	One such employee has communicated his intention to sell 2,65,911 Equity Shares within three months after the listing of Equity Shares pursuant to the Offer			

**2,223,059 options exercised subsequently pursuant to the approval of Nomination and Remuneration committee approval dated August, 27, 2018. Thus on such date, the Options outstanding (in force) as on the date of this certificate is Nil.*

***calculated considering shares under all the three ESOP Schemes. Further, EPS calculated on Restated standalone summary statements for the period ended June 30, 2018. Basic EPS and Diluted EPS for the period ended June 30, 2018 are not annualized.*

ESOP 2016-III:

Particulars	ESOP 2016-III	
Options granted	719,084 as on June 30, 2018	
	Date	**Number of grants**
	23-Feb-17	719,084
	Total	**719,084**

Particulars	ESOP 2016-III
Pricing formula	The employees may exercise the options that have vested at any time during the exercise period by paying the exercise price per share as per valuer's report based on Black- Scholes Option Pricing Formula.
Exercise price of options (as of the date of grant of options)	₹ 215.25
Total options vested but not exercised	449,428*
Options exercised	Nil
Total number of Equity Shares that would arise as a result of full exercise of options already granted (net of cancelled options)	719,084 ** as on June 30, 2018
Options forfeited/lapsed/cancelled(1)	As on June 30, 2018, the following options were lapsed/ forfeited/ cancelled: Nil
Variation in terms of options	Nil
Money realised by exercise of options	Nil
Options outstanding (in force) as on June 30, 2018.	719,084
Employee-wise details of options granted to:	
(i) Senior managerial personnel, i.e., Directors and key management personnel	see table below
(ii) 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
(iii) Identified employees who were granted options during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant	Vivek Vig
Fully-diluted EPS pursuant to issue of Equity Shares on exercise of options calculated in accordance with Accounting Standard (AS) 20 'Earning Per Share'	Earnings per equity share of ₹ 4.05**** as on June 30, 2018 (₹ 15.21 as on March 31, 2018)
Difference, if any, between employee compensation cost calculated using the intrinsic value of stock options and the employee compensation cost that shall have been recognised if our Company had used fair value of options and impact of this difference on profits and EPS of our Company	see table below

(i) Senior managerial personnel, i.e., Directors and key management personnel:

Name of Senior Managerial Personnel	No. of options granted	No. of options exercised
Vivek Vig***	599,236	0
Ramachandra Kasargod Kamath***	119,848	0

Difference, if any, between employee compensation cost calculated using the intrinsic value of stock options and the employee compensation cost that shall have been recognised if our Company had used fair value of options and impact of this difference on profits and EPS of our Company:

Particulars	Period ended June 30 , 2018	Year ended March 31, 2018	Year ended March 31, 2017
Profit after tax as reported (₹ In million)	**289.96**	**929.33**	**571.37**
Add: ESOP cost using intrinsic value method (net of tax) (₹ In million)	-	-	-
Less: ESOP cost using fair value method (net of tax) (₹ In million)	23.11	209.76	13.09
Profit after tax (adjusted) (₹ In million)	**266.85**	**719.57**	**558.28**
Basic EPS** **			

Particulars	ESOP 2016-III			
	As reported	4.17	15.87	11.1
	Adjusted for ESOP cost using fair value method	3.84	12.29	10.85
	Diluted EPS****			
	As reported	4.05	15.21	11.1
	Adjusted for ESOP cost using fair value method	3.73	11.78	10.85
Weighted-average exercise prices and weighted-average fair values of options will be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock	Weighted average exercise price of 719,084 options is ₹ 215.25. Weighted average fair value of 719,084 options is ₹ 104.66			
Description of the method and significant assumptions used during the year to estimate the fair values of options, including weighted-average information, namely, risk-free interest rate, expected life, expected volatility, expected dividends and the price of the underlying share in market at the time of grant of the option				
	Particulars	**For 719,084 options**		
	Weighted average risk free interest rate	6.86%		
	Weighted average expected Options life	5.08 years		
	Weighted average expected volatility	42.16%		
	Weighted average expected dividends	0%		
Vesting schedule				
	Vesting conditions			
	A) 50% options to vest as per stipulated vesting schedule ("Fixed Vesting")			
	B) 50% options to vest as per stipulated vesting schedule on fulfillment of stipulated conditions ("Conditional Vesting")			
	Fixed Vesting:			
	Time Period	**Options Vested**		
	Twelve months from the date of grant	20%		
	On expiry of four months from the 1st vesting date	20%		
	On expiry of one year from the 2nd vesting date	20%		
	the last three tranches of vesting accelerated to vest on June 30, 2018.			
	Conditional Vesting:			
	Linked with conditions over the next five years as stipulated in respective stock option plan			
	25% of performance options were vested on June 30, 2018			

<table>
<tr><th>Particulars</th><th>ESOP 2016-III</th></tr>
<tr><td></td><td></td></tr>
<tr><td>Lock-in</td><td>
Linked with various conditions over the next five years in accordance with the ESOP -III Plan

Time Options:
50% of the Equity Shares issued pursuant to the exercise of time options shall not be subject to any lock-in restrictions

For Balance:
Post completion of an initial public offering of Equity Shares by our Company, 50% of the Equity Shares issued pursuant to exercise of the time options shall be locked-in as stated below:
<table>
<tr><th>% of Equity Shares issued pursuant to the exercise of time options</th><th>Lock-in end date</th></tr>
<tr><td>16.67</td><td>June 23, 2019</td></tr>
<tr><td>16.67</td><td>June 23, 2020</td></tr>
<tr><td>16.67</td><td>June 23, 2021</td></tr>
</table>
Performance Options:
25% of the total shares issued pursuant to exercise of performance options shall be subject to a lock-in until the occurrence of qualified IPO.

For Balance Post completion of an initial public offering of Equity Shares by our Company, 75% of the Equity Shares issued pursuant to exercise of the performance options shall not be subject to any lock-in, only upon an achievement for each of Lake District, ESCL, Kedaara AIF-1 and Master Fund, having realised an internal rate of return of 24% per Equity Share on the price per Equity Share paid by them pursuant to the Share Purchase Agreement at the completion of an initial public offering of Equity Shares by our Company or one year from the date of grant of such performance options, whichever is later.
Moreover, each of the aforesaid employee stock option schemes, shall be approved and adopted by the shareholders by way of a special resolution in the first general meeting convened after the listing of the Equity Shares on the Stock Exchanges.
</td></tr>
<tr><td>Impact on profits and EPS of the last three years if our Company had followed the accounting policies specified in Regulation 15 of the SEBI ESOP Regulations in respect of options granted in the last three years</td><td>
<table>
<tr><th>Particulars</th><th>Period ended June 30 , 2018</th><th>Year ended March 31, 2018</th><th>Year ended March 31, 2017</th></tr>
<tr><td>Profit after tax as reported (₹ In million)</td><td>289.96</td><td>929.33</td><td>571.37</td></tr>
<tr><td>Add: ESOP cost using intrinsic value method (net of tax) (₹ In million)</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Less: ESOP cost using fair value method (net of tax) (₹ In million)</td><td>23.11</td><td>209.76</td><td>13.09</td></tr>
<tr><td>Profit after tax (adjusted) (₹ In million)</td><td>266.85</td><td>719.57</td><td>558.28</td></tr>
<tr><td>Basic EPS****</td><td></td><td></td><td></td></tr>
<tr><td>As reported</td><td>4.17</td><td>15.87</td><td>11.1</td></tr>
</table>
</td></tr>
</table>

Particulars	ESOP 2016-III			
	Adjusted for ESOP cost using fair value method	3.84	12.29	10.85
	Diluted EPS******			
	As reported	4.05	15.21	11.1
	Adjusted for ESOP cost using fair value method	3.73	11.78	10.85
Aggregate number of Equity Shares intended to be sold by the holders of Equity Shares allotted on exercise of options granted under the ESOP-2016-III within three months after the listing of Equity Shares pursuant to the Offer	One employees has communicated his intention to sell 10,000 Equity Shares within three months after the listing of Equity Shares pursuant to the Offer			
Quantum of Equity Shares arising out of or allotted under the ESOP-2016 –III intended to be sold within three months after the date of listing, by Directors, senior managerial personnel and employees having Equity Shares issued under the ESOP-2016-III amounting to more than 1% of the issued capital of our Company	No such employee has communicated his/her intention to sell Equity Shares within three months after the listing of Equity Shares pursuant to the Offer			

(1) Shares with respect to which an Option is granted under the Plan, that remain unexercised at the expiration, or which are not vested in case of non-achievement of vesting conditions for Performance options, or which have lapsed (including those having lapsed by way of forfeiture as mentioned in the Plan) or cancelled shall be added back to the number of Options that are pending to be granted. The Company may Grant such Options within the overall limit determined in accordance with the Plan. The Exercise Price for any subsequent grants made under this plan shall be the Exercise Price of ₹ 215.25 per share.

** 449,428 options have been exercised under ESOP -III, subsequently pursuant to the approval of Nomination and Remuneration Committee dated August 21, 2018*

***Includes remaining options in force, net of options exercised (449,428) as on August 21,2018 totalling to 269,656*

**** Nominee Director appointed by Lake District and ESCL, the promoter entities respectively.*

*****calculated considering shares under all the three ESOP Schemes. Further, EPS calculated on Restated standalone summary statements for the period ended June 30, 2018. Basic EPS and Diluted EPS for the period ended June 30, 2018 are not annualized.*

10. Set forth below are the names of the Selling Shareholders participating in the Offer for Sale and details of the number of the Equity Shares offered by them.

S. No.	Name of the Selling Shareholder	Maximum number of Equity Shares offered for sale	Pre-Offer percentage of issued Equity Share capital (%)	Post-Offer* percentage of issued Equity Share capital (%)
1.	Lake District	8,815,439	11.96	[●]
2.	ESCL	4,281,907	5.81	[●]
3.	Master Fund	1,879,110	2.55	[●]
4.	Kedaara AIF-1	236,339	0.32	[●]
5.	Sushil Kumar Agarwal	911,564	1.24	[●]
6.	Vivek Vig	125,000	0.17	[●]

**To be updated at the time of filing of the Prospectus*

11. Other than as set forth in "- ***Notes to Capital Structure – History of equity share capital of our Company***" above, our Company has not issued any Equity Shares at a price lower than the Offer Price, in the last one year preceding the date of the Draft Red Herring Prospectus and until the date of this Red Herring Prospectus.

12. Our Company, our Promoters, members of our Promoter Group, our Directors and the GCBRLMs and BRLM have not entered into any buy-back, standby and/or any other similar arrangements for the purchase of Equity Shares being offered through this Offer.

13. Except as disclosed under "- ***Details of sales or purchases of Equity Shares by our Promoters, directors of our Promoters, the members of our Promoter Group or our Directors or their relatives during the six months preceding the date of the Draft Red Herring Prospectus and until the date of this Red Herring Prospectus***" above, none of the members of our Promoter Group, our Promoters, directors of our Promoter, our Directors or their immediate relatives have purchased or sold any securities of our Company during the period of six months immediately preceding the date of the Draft Red Herring Prospectus and until the date of this Red Herring Prospectus.

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

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

16. Other than the options granted under the ESOP-2016, there are no outstanding warrants, options or rights to convert debentures, loans or other convertible instruments into Equity Shares as on the date of this Red Herring Prospectus.

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

18. Except for the issue of Equity Shares pursuant to the exercise of options which have been granted pursuant to the ESOP-2016, our Company presently does not intend or propose to alter the 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 for, directly or indirectly in Equity Shares), whether on a preferential basis or issue of bonus or rights or further public issue of Equity Shares or qualified institutions placement.

19. Except for any exercise of options granted pursuant to ESOP-2016, there will be no further issue of Equity Shares whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from the date of submission of the Draft Red Herring Prospectus with SEBI until the Equity Shares have been listed on the Stock Exchanges or all application monies have been refunded, as the case may be.

20. Other than as specified under "- ***Shareholding of our Promoters and members of our Promoter Group***" on above, none of the members of our Promoter Group hold any Equity Shares.

21. During the period of six months immediately preceding the date of the Draft Red Herring Prospectus and until the date of this Red Herring Prospectus, no financing arrangements existed whereby our Promoters, Promoter Group, the directors of our Promoters, our Directors and their relatives have financed the purchase of Equity Shares by any other person.

22. Other than participation in the Offer for Sale by our Promoters and members of our Promoter Group, our Promoters and Promoter Group will not participate in the Offer.

23. The Offer is being made in terms of Rule 19(2)(b) of the SCRR and in terms of Regulation 26 (1) of the SEBI ICDR Regulations and through a Book Building Process wherein not more than 50% of the Offer shall be allocated on a proportionate basis to QIBs. Our Company and the Selling Shareholders may, in consultation with the GCBRLMs and BRLM, allocate up to 60% of the QIB Category 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. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the QIB Category. Further, 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. However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Category, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining Net QIB Category for proportionate allocation to QIBs. Further, not less than 15% of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Offer shall be available for allocation to Retail Individual Investors 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 the Offer. For further details, see "***Offer Procedure***" on page 476.

24. Under-subscription, if any, in any category, except the QIB Category, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company in consultation with the GCBRLMs and BRLM and the Designated Stock Exchange. In case of undersubscription in the Offer, the Equity Shares up to 90% of the Fresh Issue will be issued prior to the sale of the Equity Shares in the Offer for Sale, provided that post satisfaction of the minimum subscription of up to 90% of the Fresh Issue, Equity Shares will be Allotted under the Offer for Sale in proportion to the Equity Shares being offered by the Selling Shareholders in the Offer for Sale, or in any other manner as maybe mutually agreed among the Selling Shareholders. For avoidance of doubt, it is hereby clarified that balance Equity Shares of the Fresh Issue (i.e. 10% of the Fresh Issue) will be offered only once the entire portion of the Equity Shares being offered by the Selling Shareholders in the Offer for Sale are Allotted in the Offer.

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

26. The GCBRLMs and BRLM and their respective associates (in accordance with the definition of 'associate company' under Section 2(6) of the Companies Act 2013) do not hold any Equity Shares as on the date of this Red Herring Prospectus. The GCBRLMs and BRLM and their respective associates may engage in transactions with and perform services for our Company in the ordinary course of business or may in the future engage in commercial banking and investment banking transactions with our Company and/or our Subsidiary, for which they may in the future receive customary compensation.

27. None of the Equity Shares being offered through the Offer is pledged or otherwise encumbered.

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

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

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

31. An oversubscription to the extent of 10% of the Offer can be retained for the purpose of rounding-off to the nearest multiple of minimum Allotment lot, while finalising the Allotment, subject to minimum allotment being equal to [●] Equity Shares, which is the minimum Bid size in this Offer. Consequently, the actual allotment may go up by a maximum of 10% of the Offer as a result of which the post-Offer paid up capital after the Offer would also increase by the excess amount of allotments so made. In such an event, the Equity Shares held by the Promoter and subject to lock-in shall be suitably increased so as to ensure that 20% of the post-Offer paid up capital is locked-in.

32. As on date of this Red Herring Prospectus, all our Equity Shares are in dematerialised form.

OBJECTS OF THE OFFER

The Offer comprises a Fresh Issue by our Company and an Offer for Sale by the Selling Shareholders.

Offer for Sale

Each of the Selling Shareholders will be entitled to its respective proportion of the proceeds of the Offer for Sale after deducting their portion of the Offer related expenses and relevant taxes thereon.

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 and any other expense related to the offer.

All expenses in relation to the Offer, other than the listing fees, which shall be borne by our Company, will be shared among our Company and the Selling Shareholders in proportion to the Equity Shares being offered or sold by them, respectively, pursuant to the Offer and in accordance with applicable laws. Our Company will not receive any proceeds of the Offer for Sale by the Selling Shareholders. Each Selling Shareholder shall reimburse our Company for all expenses incurred by our Company on behalf of such Selling Shareholders, in relation to the Offer.

Fresh Issue

The object for which the Net Proceeds (as defined below) of the Fresh Issue will be utilized towards increasing our Company's Tier I capital base to maintain the minimum capital adequacy ratio in accordance with Regulation 30 of the NHB Directions and to meet our future capital requirements arising out of growth in our business.

Further, our Company expects that the listing of the Equity Shares will enhance our visibility and brand image among our existing and potential customers.

The main objects clause of our Memorandum of Association enables us to undertake the activities for which the funds are being raised by our Company in the Fresh Issue. Further, the activities we have been carrying out until now are in accordance with the main objects clause of our Memorandum of Association.

Net Proceeds

The details of the proceeds of the Fresh Issue are set forth below.

(₹ in million)

Sr. No.	Particulars	Estimated Amount*
(a)	Gross Proceeds	4,000.00
(b)	Less: Offer related expenses to the extent borne by our Company**	[●]
(c)	Net proceeds of the Fresh Issue (the "**Net Proceeds**")	[●]

**To be finalized upon determination of Offer Price.*

*** The fees and expenses relating to the Offer shall be shared in the proportion mutually agreed between the Company and the respective Selling Shareholders in accordance with applicable law. However, for ease of operations, expenses of the Selling Shareholders may, at the outset, be borne by our Company on behalf of the Selling Shareholders, and the Selling Shareholders agree that they will reimburse our Company all such expenses. Further, all expenses incurred by the Company on behalf of the respective Selling Shareholder, in relation to appointment of any intermediary, shall be pre-authorized by the respective Selling Shareholder and shall be reimbursed by such respective Selling Shareholder, upon successful completion of the Offer, in the proportion mutually agreed between the Company and the respective Selling Shareholders, in accordance with applicable law. In the event that the Offer is withdrawn or not completed for any reason whatsoever, all Offer related costs and expenses will be borne by the Company. For details, see "**- Offer related Expenses**" on page 106.*

Requirement of funds and Utilization of the Net Proceeds

The Net Proceeds of the Fresh Issue are proposed to be utilised for increasing our Company's Tier I capital base.

The fund requirements for the objects are based on internal management estimates and have not been appraised by any bank or financial institution.

Details of the Objects of the Fresh Issue

Increasing our capital base

The Net Proceeds will be utilised to increase our Company's Tier I capital base to meet our future capital requirements which are expected to arise out of growth of our business and assets, primarily our housing loans and other mortgage loans, and to ensure compliance with the NHB Directions.

We are a housing finance company in India and are registered with the NHB and are a notified financial institution under the SARFAESI Act. We offer customers home loans for the purchase or construction of residential properties, and for the extension and repair of existing housing units. For further details see "***Our Business***" on page 147.

As per the NHB Directions, we are required to maintain a minimum capital adequacy ratio, consisting of Tier I capital and Tier II capital. Regulation 30 of the NHB Directions currently requires all HFCs to comply with a CRAR, consisting of Tier I and Tier II capital, of not less than 12.00% of the sum of the HFCs aggregate risk-weighted assets and the risk adjusted value of off-balance sheet items, as applicable. At a minimum, Tier I capital of an HFC cannot be less than 6.00% of risk weighted assets. Further, we are required to ensure that the total Tier II capital at any point of time, should not exceed 100% of Tier – I capital. For further details see "***Key Regulations and Policies in India***" on page 164.

As of June 30, 2018, our Company's CRAR - Tier I capital is 55.33 %. The Net Proceeds are proposed to be utilized for increasing our capital base. We anticipate that the Net Proceeds will be sufficient to satisfy our Company's Tier-I capital requirements for Fiscal 2019.

Accordingly, the Net Proceeds are proposed to be utilized for increasing our Company's capital base which will be utilized towards our Company's business and growth including towards onwards lending, payment of operating expenditure, purchase of assets and repayment of outstanding loans and interest thereon as part of our business activities.

Offer related expenses

The total expenses of the Offer are estimated to be ₹ [●] million. The breakup of the estimated Offer expenses is set forth below:

Sr. No.	Activity	Estimated amount* (₹ in million)	As a % of total estimated Offer Expenses*	As a % of Offer Size*
1.	Payment to GCBRLMs and BRLM (including underwriting commission, and brokerage and selling commission payable to members of the syndicate(3))	[●]	[●]	[●]
2.	Commission and processing fees for SCSBs(1) (2) and Bidding Charges(4) for Registered Brokers, RTAs and CDPs	[●]	[●]	[●]
3.	Fees payable to the Registrar to the Offer	[●]	[●]	[●]
4.	Others: (i) Listing fees, SEBI filing fees, BSE and NSE processing fees, book building software fees and other regulatory expenses; (ii) Printing, stationery and distribution expenses; (iii) Advertising and marketing expenses; (iv) Fees payable to the Auditor; (v) Fees payable to legal counsels; and (vi) Miscellaneous	[●]	[●]	[●]
	Total estimated Offer expenses	[●]	[●]	[●]

* *To be incorporated in the Prospectus after finalisation of the Offer Price.*

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

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

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

Selling Commission payable to the SCSBs will be determined on the basis of the bidding terminal identity as captured in the Bid Book of BSE or NSE.
No additional bidding charges shall be payable by the Selling Shareholders to the SCSBs on the applications directly procured by such SCSBs.

(2) *Processing fees payable to the SCSBs on the portion for Retail Individual Investors, and Non-Institutional Investors, which are procured by the members of the syndicate / sub-syndicate / Registered Brokers / RTAs / CDPs and submitted to SCSBs for blocking would be as follows:*

Portion for Retail Individual Investors	*₹10.00 per valid application* (plus applicable taxes)*
Portion for Non-Institutional Investors	*₹10.00 per valid application* (plus applicable taxes)*

* *For each valid application*

(3) *Selling commission on the portion for Retail Individual Investors, and the portion for Non-Institutional Investors, which are procured by members of the syndicate (including their respective sub-syndicate members) would be as follows:*

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

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

Bidding Charges: ₹ 10.00 (plus applicable taxes) per valid application bid by the members of the syndicate (including their sub-syndicate members).

Note: The brokerage/selling commission payable to the Syndicate/sub-syndicate members will be determined on the basis of the ASBA Form number/series, provided that the application is also bid by the respective Syndicate/sub-syndicate Members. For clarification, if a Syndicate ASBA application on the application form number/ series of a Syndicate/ Sub-Syndicate Member, is bid by an SCSB, the Selling Commission will be payable to the SCSB and not the Syndicate/ sub-Syndicate Member. The brokerage/selling commission payable to the SCSBs, RTAs and CDPs will be determined on the basis of the bidding terminal ID as captured in the Bid book of either of the Stock Exchanges. The bidding charges payable to the Syndicate/sub-syndicate Members will be determined on the basis of the bidding terminal ID as captured in the Bid book of the Stock Exchanges. Payment of brokerage/selling commission payable to the sub-brokers/agents of the sub-syndicate members shall be handled directly by the sub-syndicate members, and the necessary records for the same shall be maintained by the respective sub-syndicate members.

(4) *Bidding charges payable to the Registered Brokers, RTAs and CDPs on the portion for Retail Individual Investors, and Non-Institutional Investors, which are directly procured by the Registered Brokers or RTAs or CDPs and submitted to SCSBs for processing, would be as follows:*

Portion for Retail Individual Investors	*₹ 10.00 per valid application* * *(plus applicable tax)*
Portion for Non-Institutional Investors	*₹ 10.00 per valid application* * *(plus applicable tax)*

**Based on valid applications.*

Amount of bidding charges payable to Registered Brokers, RTAs and CDPs shall be determined on the basis of applications which have been considered eligible for the purpose of Allotment. In order to determine to which Registered Broker / RTA / CDP, the commission is payable, the terminal from which the bid has been uploaded will be taken into account.

The fees and expenses relating to the Offer shall be shared in the proportion mutually agreed between the Company and the respective Selling Shareholders in accordance with applicable law. However, for ease of operations, expenses of the Selling Shareholders may, at the outset, be borne by our Company on behalf of the Selling Shareholders, and the Selling Shareholders agree that they will reimburse our Company all such expenses. Further, all expenses incurred by the Company on behalf of the respective Selling Shareholder, in relation to appointment of any intermediary, shall be pre-authorized by the respective Selling Shareholder and shall be reimbursed by such respective Selling Shareholder, upon successful completion of the Offer, in the proportion mutually agreed between the Company and the respective Selling Shareholders, in accordance with the applicable law. In the event that the Offer is withdrawn or not completed for any reason whatsoever, all Offer related costs and expenses will be borne by the Company.

Means of Finance

Our Company proposes to utilise the Net Proceeds towards increasing its capital base to meet future capital requirements arising out of growth in our business. Accordingly, we confirm that there is no requirement for us to make firm arrangements of finance under Regulation 4(2)(g) of the SEBI ICDR Regulations through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised from the Fresh Issue.

Proposed schedule of implementation and deployment of the Net Proceeds

The Net Proceeds are currently expected to be deployed in Fiscal 2019.

The fund deployment indicated above is based on current circumstances of our business and we may have to revise its estimates from time to time on account of various factors, such as financial and market conditions, competition, interest rate fluctuations and other external factors, which may not be within the control of our management. This may entail rescheduling the proposed utilisation of the Net Proceeds and changing the allocation of funds from its planned allocation at the discretion of our management, subject to compliance with applicable laws. For further details, see "***Risk Factors***" on page 17.

Interim Use of Funds

Pending utilisation of the Net Proceeds for the purposes described above, we undertake to temporarily deposit the funds from the Net Proceeds only in the scheduled commercial banks included in the Second Schedule of the Reserve Bank of India Act, 1934, for the necessary duration. Such deposits will be approved by our management from time to time and our management will have flexibility to deploy the Net Proceeds. In accordance with Section 27 of the Companies Act 2013, our Company confirms that pending utilisation of the Net Proceeds, it shall not use the Net Proceeds for any buying, trading or otherwise dealing in any equity or equity linked securities of any listed company or for any investment in the equity market.

Monitoring of Utilisation of Funds

In terms of Regulation 16 of the SEBI ICDR Regulations, our Company has appointed Axis Bank as a monitoring agency in relation to the Fresh Issue as required under the SEBI ICDR Regulations. Our Company is raising capital to meet future capital requirements arising out of growth in our business and not for any specified project(s).

Our Company undertakes to place the report(s) of the Monitoring Agency on receipt before the Audit Committee. Our Company will disclose the utilization of the Net Proceeds, including interim use under a separate head in its balance sheet for such fiscal periods as required under the SEBI ICDR Regulations, the SEBI Listing Regulations and any other applicable laws or regulations, clearly specifying the purposes for which the Net Proceeds have been utilized. Our Company will also, in its balance sheet for the applicable fiscal periods, provide details, if any, in relation to all such Net Proceeds that have not been utilized, if any, of such currently unutilized Net Proceeds.

Pursuant to Regulation 32 of the SEBI Listing Regulations, our Company shall on a quarterly basis disclose to the Audit Committee the uses and application of the Net Proceeds. The Audit Committee shall make recommendations to our Board for further action, if appropriate. Our Company shall, on an annual basis, prepare a statement of funds utilised for purposes other than those stated in this Red Herring Prospectus and place it before our Audit Committee. Such disclosure shall be made only until such time that all the Net Proceeds have been utilised in full. The statement shall be certified by the Statutory Auditors. Further, in accordance with Regulation 32 of the SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the utilisation of the Net proceeds from the object of the Fresh Issue as stated above; and (ii) details of variations in the utilisation of the Net Proceeds from the object of the Offer as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results of our Company, after placing such information before our Audit Committee.

Variation in Objects

In accordance with Sections 13(8) and 27 of the Companies Act 2013, our Company shall not vary the Objects of the Offer unless our Company is authorized to do so by way of a special resolution of its Shareholders. Additionally in accordance with Section 27 of the Companies Act 2013, our Company confirms that it shall not use the Net Proceeds for any investment in equity and/or real estate products and/or equity linked and/or real estate linked products. In addition, the notice issued to the Shareholders in relation to the passing of such special resolution shall specify the prescribed details and be published in accordance with the Companies Act 2013. The details as prescribed shall simultaneously be published in the newspaper, one in English and one in Hindi, the vernacular language of Jaipur, the jurisdiction where the Registered and Corporate Office is situated. Pursuant to the Companies Act 2013, the Promoters or controlling shareholders will be required to provide an exit opportunity to the Shareholders who do not agree to such proposal to vary the objects, subject to the provisions of the Companies Act and in accordance with such terms and conditions, including in respect of pricing of the Equity Shares, in accordance with the Companies Act 2013 and provisions of Chapter VIA of the SEBI ICDR Regulations.

Appraisal of the Objects

None of the Objects of the Offer for which the Net Proceeds will be utilized have been appraised by any bank, financial institution or agency.

Other Confirmations

As the Net Proceeds will be utilized to our Company's capital adequacy related requirements, no part of the Net Proceeds will be utilized by our Company as consideration to our Promoters, members of the Promoter Group, Directors or Key Managerial Personnel. Our Company has not entered into or is not planning to enter into any arrangement/ agreements with Promoters, Directors or Key Managerial Personnel in relation to the utilization of the Net Proceeds.

Bridge Financing Facilities

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

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 offered through the Book Building Process and on the basis of qualitative and quantitative factors as described below. The face value of the Equity Shares is ₹ 10 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 "***Our Business***", "***Risk Factors***" and "***Financial Statements***" on pages 147, 17 and 218, respectively, to have an informed view before making an investment decision.

Qualitative Factors

Some of the qualitative factors which form the basis for the Offer Price are:

- Strong distribution network with deep penetration serving underserved customers in rural and semi-urban markets;
- In-house sourcing model leading to superior business outcomes;
- Robust and comprehensive credit assessment, risk management and collections framework;
- Access to diversified and cost-effective long-term financing;
- Effective use of technology and analytics to build a scalable and efficient operating model;
- Experienced management team.

For further details, see "***Our Business - Our Competitive Strengths***" on page 149.

Quantitative Factors

Certain information presented in this chapter is derived from the Restated Standalone Financial Statements and Restated Consolidated Financial Statements prepared in accordance with Indian GAAP and Companies Act, 2013 and restated in accordance with SEBI ICDR Regulations. For more details on financial information, please see "***Financial Statements***" on page 218.

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

1. Basic and Diluted earnings per Share

As per our Restated Standalone Financial Statements:

Fiscal	Basic EPS (₹)	Diluted EPS (₹)	Weight
March 31, 2018	15.87	15.21	3
March 31, 2017	11.10	11.10	2
March 31, 2016	8.24	8.24	1
Weighted Average	**13.01**	**12.68**	

For the period ended June 30, 2018, Basic EPS is ₹ 4.17 and Diluted EPS is ₹ 4.05

As per our Restated Consolidated Financial Statements:

Fiscal	Basic EPS (₹)	Diluted EPS (₹)
March 31, 2018	15.86	15.20

For the period ended June 30, 2018, Basic EPS is ₹ 4.17 and Diluted EPS is ₹ 4.05

Note:

1. *Earnings per share calculations are done in accordance with Accounting Standard 20 "Earnings Per Share" issued by ICAI*
2. *The face value of each equity share is ₹ 10.*
3. *Basic Earnings per share = Net profit/(loss) after tax, as restated attributable to equity shareholders / Weighted average number of shares outstanding during the period or year*
4. *Diluted Earnings per share = Net profit after tax, as restated / Weighted average number of equity shares outstanding during the year adjusted for the effect of all dilutive potential equity shares*

5. *Weighted average number of equity shares is the number of equity shares outstanding at the beginning of the year, adjusted by the number of equity shares issued during the year multiplied by the time-weighting factor. The time-weighting factor is the number of days for which the specific shares are outstanding as a proportion of the total number of days during the year.*
6. *Weighted average = Aggregate of year - wise weighted EPS divided by the aggregate weights i.e., [(EPS X Weight) for each fiscal]/[Total of weights]*

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

Particulars	Standalone	Consolidated
P/E ratio based on Basic EPS for the Fiscal ended March 31, 2018 at the Floor Price	[●]	[●]
P/E ratio based on Diluted EPS for the Fiscal ended March 31, 2018 at the Floor Price	[●]	[●]
P/E ratio based on Basic EPS for the Fiscal ended March 31, 2018 at the Cap Price	[●]	[●]
P/E ratio based on Diluted EPS for the Fiscal ended March 31, 2018 at the Cap Price	[●]	[●]

3.* Industry P/ E ratio

Particulars	*P/E*
Highest	32.3
Lowest	13.6
Average	21.4

** Source: The highest, lowest and average Industry P/E shown above is based on consolidated diluted P/E ratio of the industry peer set provided below under "Comparison with listed Industry Peers" below.*

4. Return on Net Worth ("RoNW")

Fiscal	RONW (%)	Weight
March 31, 2018	8.46%	3
March 31, 2017	10.09%	2
March 31, 2016	16.08%	1
Weighted Average	**10.27%**	

For the period ended June 30, 2018, RoNW is 2.46%

Return on Net Worth on a Consolidated basis:

Fiscal	RONW (%)
March 31, 2018	8.46

For the period ended June 30, 2018, RoNW is 2.46%

(1) Net worth = Paid up share capital + reserves and surplus
(2) Return on net worth (%)= Net profit after tax (as restated) divided by net worth at the end of the year/period
(3) Weighted average RoNW is aggregate of year-wise weighted RoNW divided by the aggregate of weights i.e. [(RONW x weight) for each year] / [total of weights]

5. Minimum Return on Net Worth after Offer required to maintain pre-Offer EPS for the year ended March 31, 2018

i. Based on Basic EPS of ₹ 15.87 on a standalone basis:
   1. At the Floor Price - [●]%
   2. At the Cap Price - [●]%

ii. Based on Basic EPS of ₹ 15.86 on a consolidated basis:
   1. At the Floor Price - [●]%
   2. At the Cap Price - [●]%

iii. Based on Diluted EPS of ₹ 15.21on a standalone basis:
   1. At the Floor Price - [●]%
   2. At the Cap Price - [●]%

iv. Based on Diluted EPS of ₹ 15.20 on a consolidated basis:
   1. At the Floor Price - [●]%

2. At the Cap Price - [●]%

6. **Net Asset Value ("NAV") per Equity Share of face value of ₹ 10 each**

NAV per Equity Share	On Standalone Basis	On Consolidated Basis
As on March 31, 2018	157.03	157.03
After the Offer		
At the Floor Price	[●]	[●]
At the Cap Price	[●]	[●]
Offer Price		[●]

For the period ended June 30, 2018, NAV per share on standalone basis is ₹166.46 and consolidated basis is ₹166.45

Restated net asset value per equity share (₹) = Restated Net worth as at the end of the year/period / Total number of equity shares outstanding at the end of the year/period.

7. **Comparison with Listed Industry Peers**

Following is the comparison with our peer group companies listed in India and in the same line of business as our Company:

Name of the company	FY18 Revenue from Operations (in ₹ millions)	Face Value per Equity Share (₹)	FY18 EPS (Basic) (₹)	FY18 EPS (Diluted) (₹)	P/E based on FY18 EPS(Basic)	P/E based on FY18 EPS (Diluted)	Net Asset Value per share as on March 31, 2018	Price/ Book (P/B)	Return on Net Worth(%)
Aavas Financiers Limited	4,563.65	10	15.86	15.20	[●]	[●]	157.03	[●]	8.46
Peer Group									
HDFC Limited	382,452	2	100.4	98.9	18.6	18.9	516.4	3.6	18.8
Gruh Finance Limited	16,872	2	9.9	9.9	32.2	32.3	37.8	16.9	26.3
Repco Home Finance Limited	11,054	10	34.4	34.4	15.7	15.7	215.4	2.5	16.0
Can Fin Homes Limited	15,439	2	22.7	22.7	13.6	13.6	101.1	3.1	22.4
PNB Housing Finance Limited	55,164	10	49.8	49.2	26.2	26.5	378.5	3.5	13.2

Note:

**All the numbers for Aavas Financiers Limited are based on the Restated Consolidated Financial Statements*

i. Basic EPS and Diluted EPS are based on the consolidated financial results of the companies for Fiscal 2018 as submitted to the stock exchanges

ii. P/E Ratio has been computed based on the closing market price of equity shares as on September 11, 2018 on BSE, divided by the Basic EPS / Diluted EPS (as applicable)

iii. Return on Net-worth (RoNW (%)) = Consolidated net profit at the end of the year divided by the networth for the Fiscal 2018

iv. Net Asset Value per Equity Share (₹) = Consolidated Networth as at the end of the year divided by outstanding shares at the end of the year

6. ***The Offer price is [●] times of the face value of the Equity Shares***

The Offer Price of ₹ [●] has been determined by our Company and the Selling Shareholders, in consultation with the BRLMs on the basis of the demand from investors for the Equity Shares through the Book-Building Process. Our Company and BRLMs is justified in view of the above qualitative and quantitative parameters. Investors should read the abovementioned information along with "***Our Business***", "***Risk Factors***" and "***Financial Statements***" on pages 147, 17 and 218, 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***" or any other factors that may arise in the future and you may lose all or part of your investments.

STATEMENT OF TAX BENEFITS

Statement of Possible Special Tax Benefits available to Aavas Financiers Limited and its shareholders under the applicable laws in India

The Board of Directors
Aavas Financiers Limited
201-202, 2nd Floor, Southend Square,
Mansarovar Industrial Area,
Jaipur 302 020, Rajasthan, India

Dear Sirs,

Subject: Statement of possible special tax benefits ('the Statement') available to Aavas Financiers Limited and its shareholders under the applicable laws in India

1. We hereby confirm that the enclosed Statement, prepared by Aavas Financiers Limited (formerly known as "Au Housing Finance Limited") (the "Company"), provides the possible special 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, 2018, i.e. applicable for the financial year 2018-19 relevant to the assessment year 2019-20, presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Company and / or its shareholders to derive the tax benefits is dependent upon their fulfilling such conditions which, based on business imperatives the Company faces in the future, the Company or its shareholders may or may not choose to fulfil.
   Section 115JB of the Act was amended vide the Finance Act, 2017 providing a framework to compute book profit, which constitutes the tax base for Minimum Alternate Tax ("MAT") levy, for companies converging to Ind-AS. These amendments, which provide for various adjustments to the book profits on account of transitional impact as well as year-on-year impact of Ind-AS, have not been included in the enclosed statement. Accordingly, we have not expressed our opinion on the impact of Ind-AS, which is applicable to the Company from financial year 2018-19 onwards.

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

3. We do not express any opinion or provide any assurance as to whether:
   i) the Company or its shareholders will continue to obtain these benefits in future;

   ii) the conditions prescribed for availing the benefits have been / would be met with; and

   iii) the revenue authorities/courts will concur with the views expressed herein.

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

5. This report is intended solely for inclusion in the Red Herring Prospectus and Prospectus in connection with the proposed initial public offering of the Company and is not to be used, referred to or distributed for any other purpose without our consent.

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

per Sarvesh Warty
Partner

Membership No. 121411
Mumbai
August 31, 2018

STATEMENT OF TAX BENEFITS AVAILABLE TO AAVAS FINANCIERS LIMITED (THE "COMPANY") AND ITS SHAREHOLDERS

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

1. <u>SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY UNDER THE ACT</u>

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

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

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

1.2. Under section 36(1)(viii) of the Act, subject to the conditions specified therein, a deduction is allowable in respect of an amount not exceeding 20% of the profits derived from eligible business provided such amount is transferred to a special reserve account created and maintained for this purpose.

Provided that where the aggregate of the amounts carried to such reserve account from time to time exceeds twice the amount of the paid up share capital and general reserves, no further deduction shall be allowable in respect of such excess.

Section 41(4A) further provides that where deduction has been allowed in respect of any special reserve created and maintained under Section 36 (1) (viii), any amount subsequently withdrawn shall be deemed to be profits and gains of the business and shall be chargeable to income tax in the year in which such amount is withdrawn..

2. Special Tax Benefits available to the Shareholders under the Act

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

Notes:

1. The above Statement sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.
2. The above statement covers only certain relevant direct tax law benefits and does not cover any indirect tax law benefits or benefit under any other law.
3. The above statement of possible tax benefits are as per the current direct tax laws relevant for the assessment year 2019-20. Several of these benefits are dependent on the Company or its shareholder fulfilling the conditions prescribed under the relevant tax laws.
4. This statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her investment in the shares of the Company.
5. In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the relevant DTAA, if any, between India and the country in which the non-resident has fiscal domicile.
6. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

SECTION IV: ABOUT THE COMPANY

INDUSTRY OVERVIEW

*The information contained in this section is taken from the ICRA Affordable Housing Finance Industry Report dated June 7, 2018, (the "**ICRA Report**"). Neither we, nor any other person connected with the Offer has independently verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends.*

Overview of the Indian Economy

India remains one of the drivers of world growth, in an improving global economic environment. According to data released by the International Monetary Fund in April 2018, the world economy grew by 3.2% and 3.8% in 2016 and 2017, respectively. Despite a slowdown in the pace of growth, the Indian economy expanded by 7.1% and 6.7% in 2016 and 2017, respectively. This makes India one of the fastest growing large economies in the world, along with China.

The following table sets forth global GDP growth and forecasts:

Country or Group	2016	2017	2018F	2019F
China	6.7%	6.9%	6.6%	6.4%
Brazil	-3.5%	1.0%	2.3%	2.5%
Russia	-0.2%	1.5%	1.7%	1.5%
South Africa	0.6%	1.3%	1.5%	1.7%
India	**7.1%**	**6.7%**	**7.4%**	**7.8%**
Japan	0.9%	1.7%	1.2%	0.9%
Euro Area	1.8%	2.3%	2.4%	2.0%
United Kingdom	1.9%	1.8%	1.6%	1.5%
United States	1.5%	2.3%	2.9%	2.7%
World	3.2%	3.8%	3.9%	3.9%

Note: Figures for 2018 and 2019 are forecasts.

* *For India, data and forecasts are presented on a fiscal year basis i.e. 2013 refers to 2013-14 or FY2014. Data for other countries calculated on a calendar year basis.*

India's growth rate is expected to increase due to strong private consumption, the diminishing effects of demonetization and the transition to GST. India's growth is also expected to rise gradually over the medium-term, with the continued implementation of structural reforms that increase productivity and incentivise private sector investments. A broad-based recovery has occurred over the last two quarters, led by the rural and urban segments for the reasons aforestated as well as due to near-normal monsoon conditions and staggered pay revisions.

Growth Outlook for the Indian Economy

The India Meteorological Department recently released its second stage forecast, predicting that the volume of rainfall in the upcoming southwest monsoon season (June to September) would be 97% of the long period average, with an error range of approximately 4%. The actual outturn of the upcoming southwest monsoon will be vital for replenishing reservoir and ground water levels, and supporting timely sowing and eventual yields. Agricultural GVA is expected to grow by 3 to 3.5% in Fiscal 2019, if the temporal and spatial distribution of the monsoon is normal, and is expected to lend support to rural consumption and the housing demand.

The Fiscal 2019 Union Budget has emphasised agriculture and the Government's endeavour to double the farmer's income by Fiscal 2022. The Government has proposed to have a structure in consultation with the Niti Aayog and the state governments to ensure that farmers get a minimum selling price ("**MSP**"). The MSP for kharif crops is proposed to be fixed at 1.5 times the cost of production, aimed at boosting farmer income. Further, to ensure the adequate and timely availability of farm credit, the target for agriculture credit has been raised by 10%. The Union Budget has also focussed on improving farm productivity of severely under-irrigated districts and improving access to markets.

Further, the benefits of the pay revision for state government employees are likely to continue in Fiscal 2019. Out of the nine states that had not revised pay scales by Fiscal 2018, three states have already announced that they would undertake pay revision in Fiscal 2019. These benefits are expected to continue to boost demand for affordable housing.

Moreover, the benefits of the GST are likely to become more broad-based in Fiscal 2019, with a shift from informal businesses to formal and organised players. An improvement in compliance after the introduction of the electronic way bill is likely to boost government revenues, and may create the opportunity for a downward revision in GST rates on various items.

A rise in government spending, at the central and state level, is expected to increase economic activity and the creation of infrastructure. A normally distributed monsoon, an increase in MSPs for various crops and staggered pay revisions by some state governments are expected to support consumption growth and investments in housing. This is expected to support capacity utilisation in various sectors, although a broad-based capacity addition by the private sector may not emerge until the second half of Fiscal 2019. The adequate recapitalisation of the public sectors banks ("**PSBs**") would be critical in supporting lending growth and investment revival in the economy. The depreciation of the Indian Rupee makes trade wars a risk; however, it is expected to support export growth. Moreover, high crude oil prices are expected to affect earnings across various sectors.

Medium-term Outlook for the Indian Economy

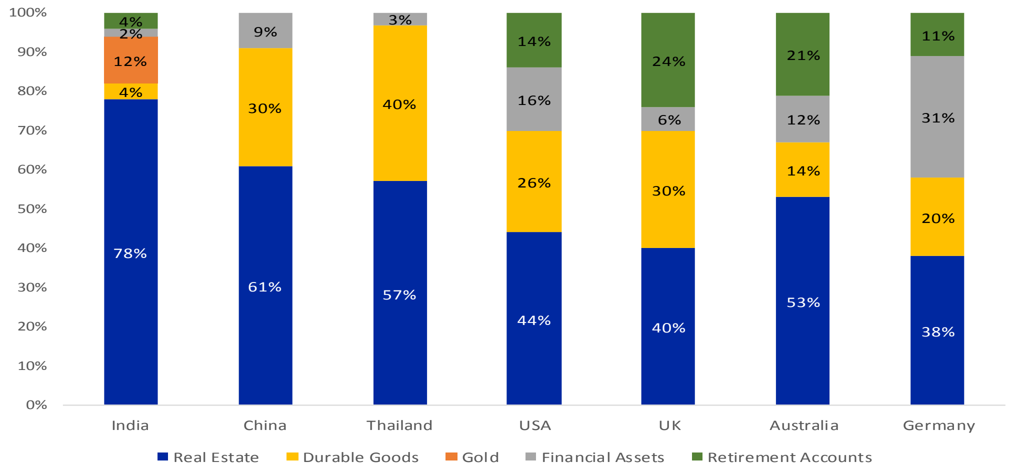
Over the medium term, India is expected to retain its position as one of the fastest growing large economies, led by continued growth in private consumption and revival in investment. Recent government initiatives to improve farm productivity, higher MSPs and investments in irrigation and logistics, are expected to help agriculture grow at a robust rate, thus increasing rural wages and rural consumption. Demographic changes, urbanisation and job growth would support urban consumption. In addition, steps by the government to hasten the resolution of banks' non-performing loans and bank recapitalisation may allow them to raise their lending volumes, thus creating a favourable environment for boosting private investment. Moreover, the transition to the GST would mitigate supply-side bottlenecks and boost government revenues over the medium-term, creating fiscal space for stepped-up government investment in infrastructure.

Based on such factors, India's real GDP growth rate is expected to average approximately 7.0 to 7.5% over the next five years. With inflation expected to remain around the medium-term target of 4.0%, India's nominal GDP is likely to grow at an annual average rate of 11.0 to 11.5% over the next five years. Annual average population growth is likely to remain steady at 1.3% over the next five years, in line with the trend in Fiscals 2013 to 2018, which was lower than the average growth of 1.6% recorded over 2001 to 2011. As a result, the per capita national disposable income is expected to rise by approximately 10% per year over the next five years.

The Indian Housing Scenario

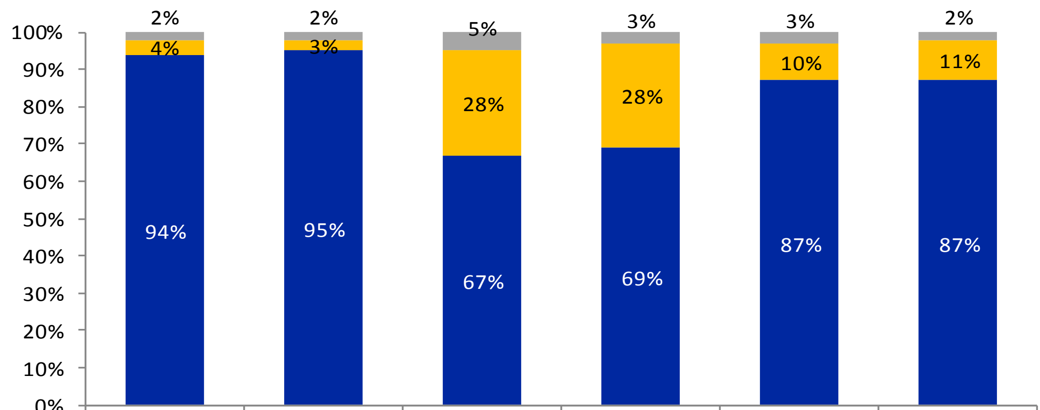
As per the Report of the Household Finance Committee, published by RBI in July 2017, the average Indian household holds 78% of its total assets in real estate which is significantly higher than other countries such as US (44%) and Germany (37%) where households hold substantially more financial assets than their Indian counter parts indicating the tendency of Indian households to own houses.

The following chart sets forth a global comparison of the allocation of household assets:



In 2011, on an aggregate basis, 87% of approximately 247 million households in India stayed in owned houses. The ownership status in rural areas was significantly higher at 95%.

The following chart sets forth the ownership status of Indian households:



	Rural - 2001	Rural - 2011	Urban - 2001	Urban- 2011	India - 2001	India - 2011
Other	2%	2%	5%	3%	3%	2%
Rented	4%	3%	28%	28%	10%	11%
Owned	94%	95%	67%	69%	87%	87%

The Housing Shortage in India

Despite the high ownership rates of houses, there is a significant housing shortage in India. The overall housing shortage is due to changing social and demographic patterns in India, such as rising urbanisation and the nuclearization of families. For the twelfth plan period (2012 to 2017), shortage of housing units in India has been estimated to be 18.8 million and 43.7 million in urban areas and rural areas, respectively.
The following table sets forth the housing shortage in India:

(*in million units*)

Factors	Urban	Rural	Total	Share of total
Households living in non-serviceable and temporary houses	1	20.2	21.2	34%
Households living in obsolescent houses	2.3	7.5	9.8	16%
Households living in congested houses and requiring new houses	15	11.3	26.3	42%
Households that are homeless	0.5	4.2	4.7	8%
Additional shortages (from 2012 to 2017)		0.5	0.5	1%
Total Housing Shortage	**18.8**	**43.7**	**62.5**	**100%**

Housing Shortage among socio-economic group

Most of the housing shortage, both, in rural and urban areas was in low income segments.

The following table sets forth the housing shortage among socio-economic groups in India:

(million units)

Category	Urban	Rural
[1]Economically Weaker Sections (annual income of up to ₹ 300,000)	10.5	39.3
Low Income Group (annual income between ₹ 300,000 to ₹ 600,000)	7.4	4.4
Middle Income Group (annual income from ₹ 600,000 up to ₹ 1,800,000)	0.8	
High Income Group (annual income of ₹ 1,800,001 and higher)		
Total	**18.8**	**43.7**

Note 1: The rural category in the economically weaker section only covers people living 'below poverty line'

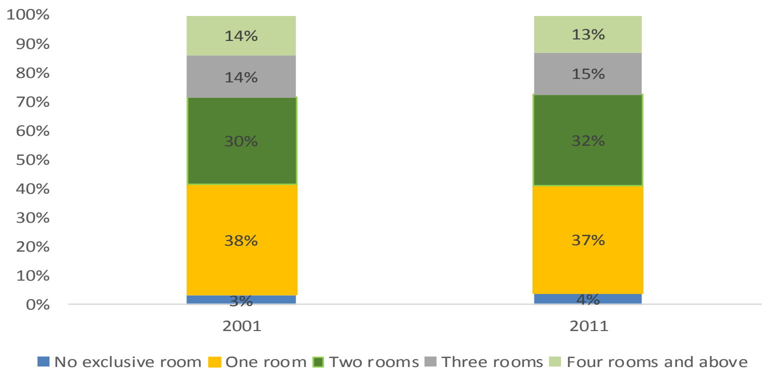
Urban Housing Shortage

Approximately, 95.21% of the urban housing shortage occurred among the economically weaker sections and low income groups. The overall potential market for housing finance in the affordable segment would be ₹ 5.6 trillion to ₹ 12 trillion in the urban segment, the potential is based on the housing shortage, the estimated price of an average house (₹ 500,000 to ₹ 800,000 per house) and the average housing loan amount at an LTV of 60 to 80%.

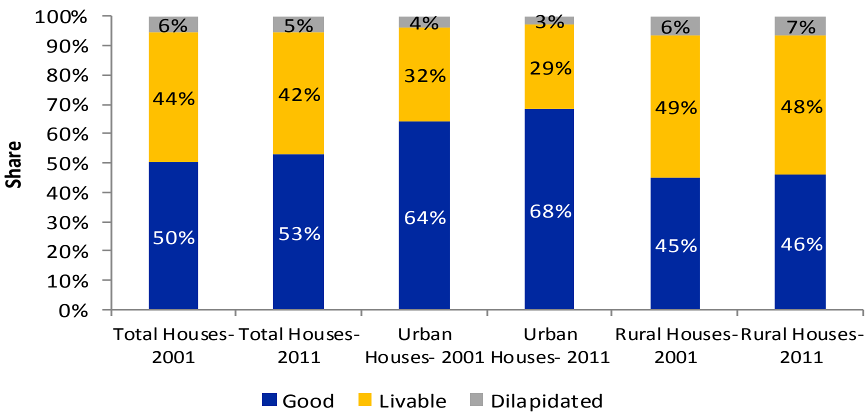
Needs for Home Extension and Home Improvement

In 2011, overall, 41% of the households were living in less than one room homes and 53% of the households were in good condition, implying a need for home improvement and home extension given the average family size of 4.8.

The following chart sets forth household sizes and number of dwelling rooms:



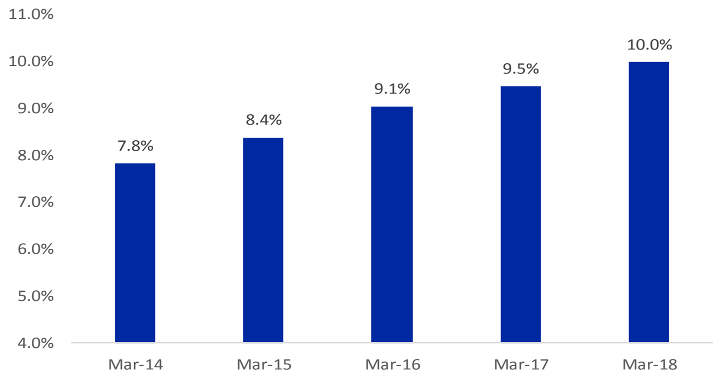
The following chart sets forth households by type of condition:



Low Mortgage Liabilities

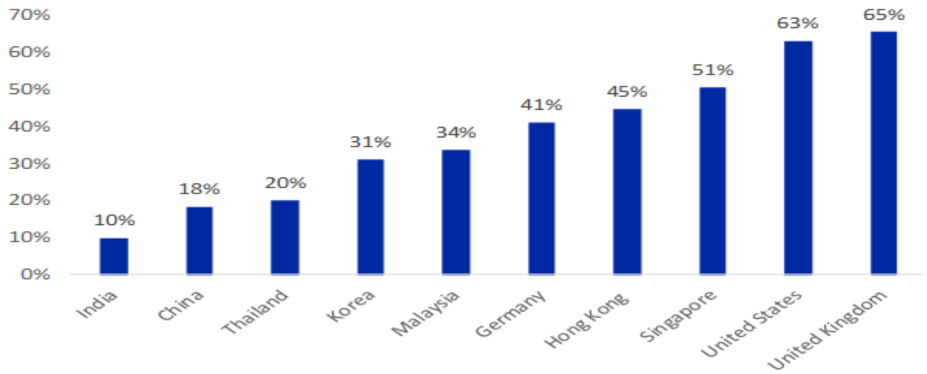
The share of mortgage liabilities is low, reflected in the low mortgage penetration levels in India. Low mortgage finance penetration in India has primarily occurred due to housing finance being offered largely to individuals with reported incomes, therefore creating a lack of access to finance for a large proportion of individuals working as self-employed or in the informal sector.

The following chart sets forth the mortgage penetration trends for India:



Mortgage penetration levels (housing loans as a percentage of GDP) in India, have increased to 10% as on March 31, 2018 from 8.0% as on March 31, 2014. However, they continue to remain lower than other developed countries and have significant scope to increase in the future.

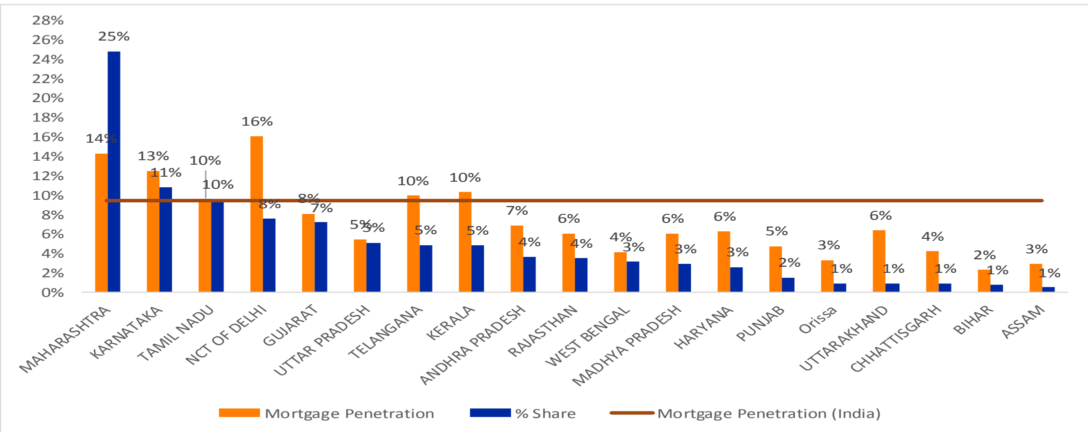
The following chart sets forth global mortgage penetration trends:



Note: Data for other countries as on 2015; data for India as on March 2018.

Many large Indian States such as Bihar, Uttar Pradesh, Orissa and Punjab are less penetrated than the overall Pan India mortgage penetration.

The following chart sets forth state-wise mortgage penetration levels, as on March 31, 2017:

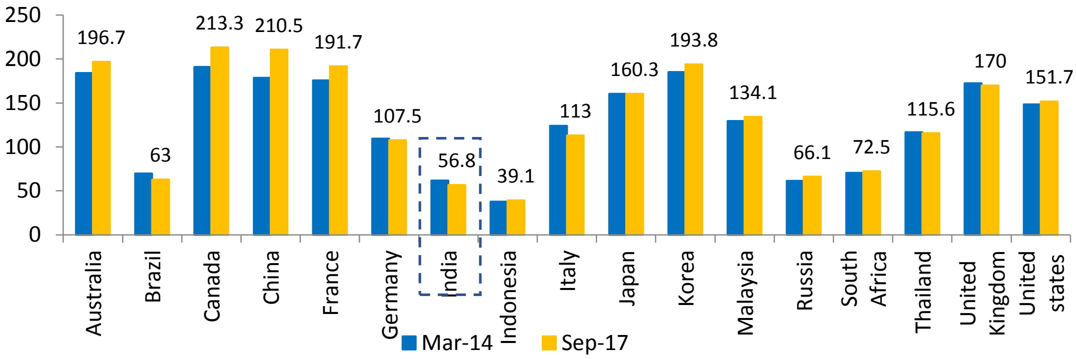


Overall Credit Penetration

India's credit to GDP ratio was approximately 56.8% in September 2017, which is lower than most peer emerging and large economies and it is lower than the global average of approximately 153%. India's credit to GDP ratio declined from 61.7% in March 2014 to 56.8% in September 2017. Indian household participation in the financial markets for investments or for borrowings has been lower than other emerging or developed economies.

Approximately 78% of the total assets of Indian households are in real estate. However, mortgage liabilities are approximately 23% of the total liabilities as compared to 60% in other large economies; although, the share of real estate in household assets ranges from 40 to 60% in these economies. Indian households have a high share of unsecured debt, about 56% of the total liabilities, indicating high reliance on informal or non-institutional credit.

The following chart sets forth credit to GDP ratio:

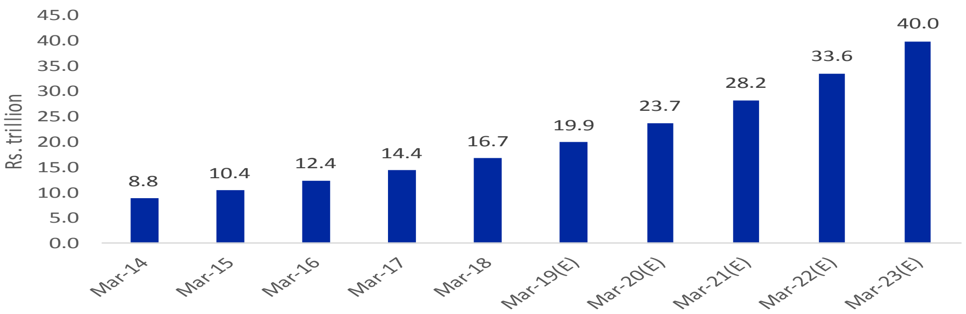


Note: Credit-to-GDP - credit from all sectors to private non-financial sector.

Growth Outlook and Drivers

The Indian housing finance market has grown at a CAGR of 18% over the last five years and is expected to grow at CAGR of 18 to 20% over the next five years.

The following chart sets forth the expected growth of the housing finance market over the next five years:

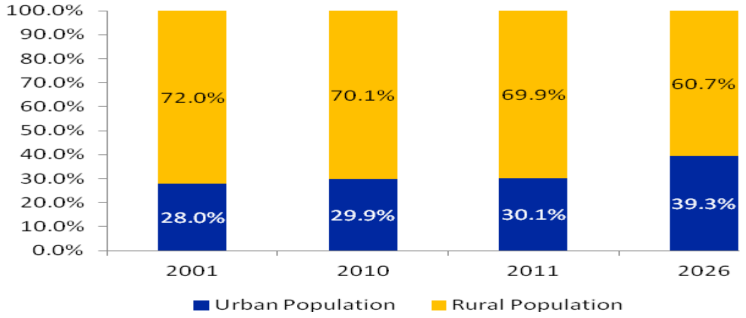


Structural Factors

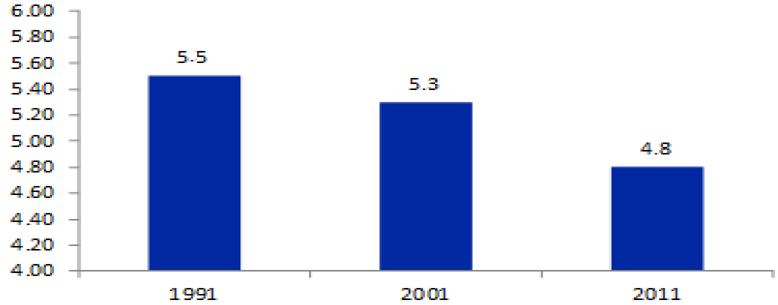
<u>Rising Urbanisation and Nuclearization</u>

Rising urbanisation and nuclearization are expected to keep demand for housing units in urban areas high.

The following chart sets forth trends and projections for urbanization in India for the period indicated:



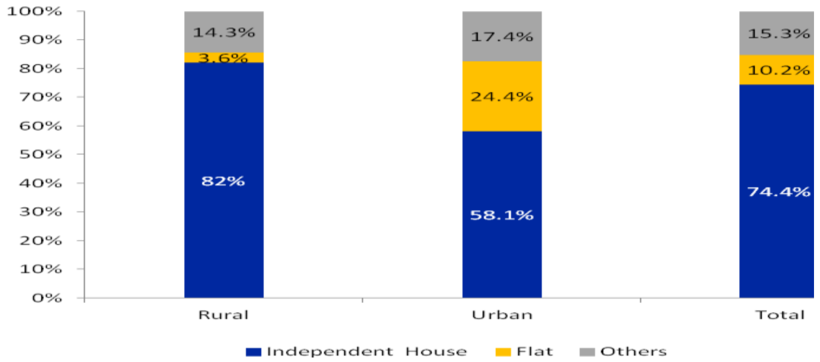
The following chart sets forth trends in family size for the period indicated:



Independent housing

Indians traditionally prefer to live in independent houses. However, the increasing population density especially in urban areas, has increased the demand for flats. As of 2001, 74.4% Indians were living in independent houses and 10.2% were residing in apartments.

The following chart sets forth Indian households by type of structure:



Government and Regulatory Thrust

The affordable housing segment has historically been underserved by organized real estate developers on account of concerns on pricing flexibility and margins in such projects and limited credit availability for end customers. To address these issues, the Government has announced various programs and incentives for the promotion of the affordable housing segment. The key measures taken include providing infrastructure status for the affordable housing segment, relaxation of criteria for eligibility for tax exemption for developers under Section 80IBA and increased allocation for the Pradhan Mantri Awas Yojana ("**PMAY**") program. Tax exemptions are expected to incentivize many developers in the organized sector to enter the affordable housing segment.

The measures announced by the Government may encourage increased investments in this sector that can enable such developers to increase their operations. Many of the larger developers who traditionally focused on mid to premium segment projects have also announced their intent to enter this segment.

Pradhan Mantri Awas Yojana-Urban

The Government launched the 'Housing for All' mission under PMAY in June, 2015. The mission attempts to address the supply and demand constraints that had affected growth of the sector in the past. As a supply side intervention, the Government proposes to encourage public-private partnerships in building homes for the economically weaker sections and the low income groups by offering incentives such as allowing a higher floor space index ("**FSI**") and through announcing grants and subsidies for slum redevelopment programs. On the demand side, the Government proposed a credit-linked subsidy capital, which could be as high as 44% (₹ 267,000) for a loan of up to ₹ 600,000. On December 31, 2016, two new middle income categories were introduced under the scheme, loans of up to ₹ 900,000 and ₹ 1,200,000 with subvention of 4% and 3%, respectively. The income eligibility criteria for the two categories are overall household incomes of ₹ 1,200,000 and ₹ 1,800,000, respectively.

The following table sets forth the highlights of the Credit Linked Subsidy Scheme:

Categories	**Credit Linked Subsidy Scheme ("CLSS") for the economically weaker sections and low income groups**	**CLSS for the middle income groups (2017)**	
Loan Amount	Up to ₹ 600,000	Up to ₹ 900,000	Up to ₹ 1,200,000
Eligibility Criteria	Economically Weaker Sections and low income groups. Women to be co-owners along with the beneficiaries.	Middle income groups - households are defined as households having an annual income between ₹ 600,001 up to ₹ 1,200,000	MIG - II households are defined as households having an annual income between ₹ 1,200,001 up to ₹ 1,800,000
Subsidy calculation rate interest subsidy for a tenure of 20 years or during tenure of loan whichever is lower. The net present value ("**NPV**") of the interest subsidy to be calculated at a discount rate of 9%.	6.5%	4%	3%
Subsidy Amount	Up to ₹ 267,000 (for a ₹ 600,000 loan) for 20 year tenure	Up to ₹ 235,000 (for a ₹ 900,000 loan) for 20 year tenure	Up to ₹ 230,000 (for a ₹ 1,200,000 loan) for 20 year tenure
Dwelling unit Carpet Area	60 sq. meter	120 sq. meter (increased from 110 sq. metre in November, 2017)	150 sq. meter (increased from 110 sq. metre in November, 2017)

The categories listed above are expected to improve affordability for a wider set of borrowers leading to increased growth potential in the affordable housing segment. However, the success of this action would hinge on the availability of supply of such houses. Initiatives taken by state governments and urban local bodies to provide land to keep the prices affordable while ensuring adequate returns for the developers would be critical to ensure adequate supply of low-cost housing. Further, higher allocations in the Union Budget for Fiscal 2018, infrastructure status awarded to the affordable housing segment are expected to support supply creation. As for the progress of PMAY, the pace has started to increase with 2.9 million houses sanctioned from the Government. The pace is expected to increase further with an increase in the number of houses sanctioned and beneficiaries of the subsidy.

The following table sets forth Budget allocation for PMAY-Urban:

(in ₹ billion)

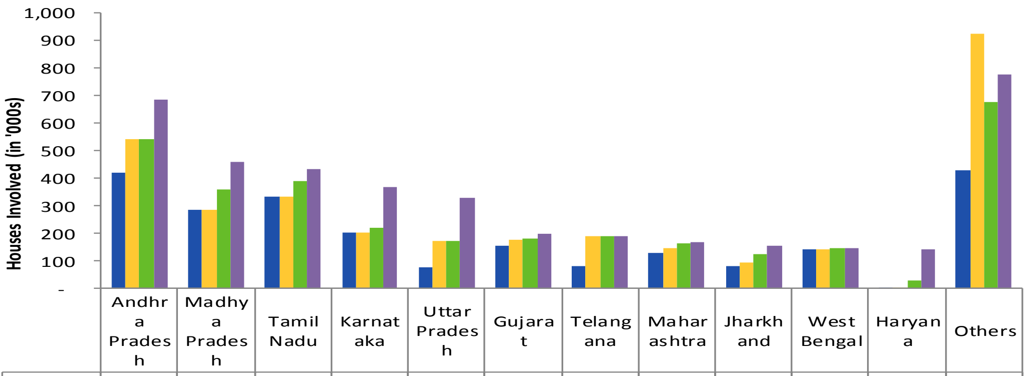
Fiscal	**Fiscal 2016**	**Fiscal 2017**	**Fiscal 2018**
Central assistance approved	88.87	153.76	298.01
Central assistance released	12.59	45.98	50.96
Budgetary support allocation	14.87	48.81	60.43

The Union Budget for Fiscal 2018 has maintained its focus on the agenda for 'Housing for All' by 2022. This would support the continuing supply and demand growth in the affordable housing segment.

<u>The progress of PMAY - Urban</u>

Though the progress of scheme implementation has been limited so far, the pace of implementation has increased and approximately four million houses have been sanctioned across various states. In addition, an amount of ₹ 124.11 billion has been released under the PMAY-Urban scheme up to March 5, 2018. The pace is expected to increase in Fiscal 2019 with an increase in the number of houses sanctioned and the beneficiaries of the subsidy. The top five performing states in CLSS are Gujarat, Karnataka, Tamil Nadu, Madhya Pradesh and West Bengal.

The following chart sets forth the trend in progress on the number of houses involved:



	Andhra Pradesh	Madhya Pradesh	Tamil Nadu	Karnataka	Uttar Pradesh	Gujarat	Telangana	Maharashtra	Jharkhand	West Bengal	Haryana	Others
Jul-17	420	287	335	203	78	154	83	131	82	145	4	428
Oct-17	541	287	335	204	173	176	190	146	96	145	5	927
Dec-17	542	359	393	221	174	181	190	163	124	146	29	678
Mar-18	684	459	434	369	332	199	190	170	155	146	145	778

Pradhan Mantri Awas Yojana - Grameen

This scheme, targeted at the rural population who currently do not own permanent homes, provides an assistance of ₹ 70,000 to ₹ 120,000 per beneficiary in the plains and ₹ 75,000 to ₹ 130,000 in hilly states and areas that are difficult for the construction of new houses. The cost of financial assistance is to be shared between the Government and state government in the ratio 60:40 in plain areas and 90:10 for north eastern and the Himalayan states. From the annual budgetary grant for PMAY - Grameen, 90% of the funds are to be released to states and union territories for the construction of new houses with the remaining being retained for administrative expenses and special projects. The Pradhan Mantri Awas Yojana - Grameen also includes a home loan interest subsidy scheme which is operated in a similar manner as the CLSS under Pradhan Mantri Awas Yojana - Urban.

The following table sets forth the gross budgetary support for the PMAY – Grameen programme:

(in ₹ billion)

	Fiscal 2016	Fiscal 2017	Fiscal 2018 E		Fiscal 2019 E
PMAY – Grameen	101.16	160.71	230.00	230.00	210.00
of which component to states and union territories	101.16	160.71	226.16	226.16	206.16
of which interest subsidy	-	-	3.84	3.84	3.84
Internal and extra budgetary resources	-	-	-	-	120.00

Note: E refers to Estimates.

The following table sets forth the year-wise central assistance approved and released under PMAY – Grameen:

(in ₹ billion)

	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018
Central assistance approved	7.04	96.96	345.12	249.55
Central assistance released	10.93	101.08	160.58	208.81

The following table sets forth the progress of PMAY - Grameen as on June 5, 2018:

Total beneficiaries registered	**9,964,127**	
Total houses sanctioned		8,168,258
Total houses completed		386,788
Total Target		**9,469,918**

Improved Affordability for the End Borrower

Home buyers receive tax incentives on home loans for principal and interest payment of home loans. Tax benefits are available on home loans for principal repayment and the interest paid. Principal repayment qualifies for tax deduction under section 80C of the Income Tax Act, 1961. Deduction of up to ₹ 0.2 million for interest payment on home loans are offered under section 24(b) of the Act. First-time homebuyer can claim additional tax deductions of up to ₹ 50,000 per Fiscal under section 80EE, if the certain conditions are met. Tax incentives on home loans for both principal and interest repayment and the subsidy under CLSS for economically weaker sections, low income groups and middle income groups have improved affordability levels of the borrowers and first-time buyers and are expected to increase demand.

Regulatory Framework

Low Risk weights and Standard Assets Provisioning on home loans

Low risk weights and standard asset provisioning for individual home loans incentivises lenders to lend to the segment and reaffirms the regulatory impetus to a segment that has forward and backward linkages to the economy and has stood resilient to asset quality pressures over cycles.

The following chart sets forth loan-to-value, risk weights and standard assets provisioning norms for individual housing loans:

Loan Size (in ₹ million)	Loan-to-value	Revised Risk Weights	Standard Assets Provision
Up to 3.0	Less than 80%	35%	0.25%
	80 to 90%	50%	
Above 3.0 to 7.5	Up to 80%	35%	
Over 7.5	Up to 75%	50%	

RERA to Improve Transparency and Accountability in the Sector

Implementation of the Real Estate (Regulation and Development) Act ("**RERA**"), with effect from May 1, 2017 brought about a change in the way the real estate sector operated. It was beset by issues such as delays in possession and completion of projects, skewed builder-buyer agreement terms favouring the developers, prevalence of cash in property transactions and existence of many developers who had limited financial and operational experience in carrying out real estate business. Consequent to many such issues resulting in declining consumer confidence, overall elevated prices and subdued macro environment, the real estate sector witnessed a slowdown in demand. The implementation of RERA is expected to improve transparency and accountability in the sector.

The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act

The Securitization and Reconstruction of Financial Assets and Enforcement of Securities Interest Act ("**SARFAESI**"), allows lenders to repossess and sell properties when an account turns into a non-performing asset and borrowers fail to repay their loans. Over time, SARFAESI has proved to be an effective tool in the lender's hands and has acted as a deterrent against wilful defaults.

Various amendments were made to SARFAESI in 2015 and 2016 to strengthen the process and include a wider set of lenders. 41 housing finance companies ("**HFC**'s) were included under SARFAESI leading to inclusion of most of the newer HFCs. Further, benefits of SARFAESI have been extended to the listed bond market in India. Inclusion of debenture trustees appointed in respect of debt securities as secured creditors allows lenders that don't independently have rights under SARFAESI to benefit from such rights when acting through a debenture trustee. SARFAESI sets forth the time within which the process is expected to be completed by the District Magistrate. All these improvements are expected to be favourable from a recovery perspective for HFCs and are expected to expedite the recovery process in case a borrower turns into an NPA.

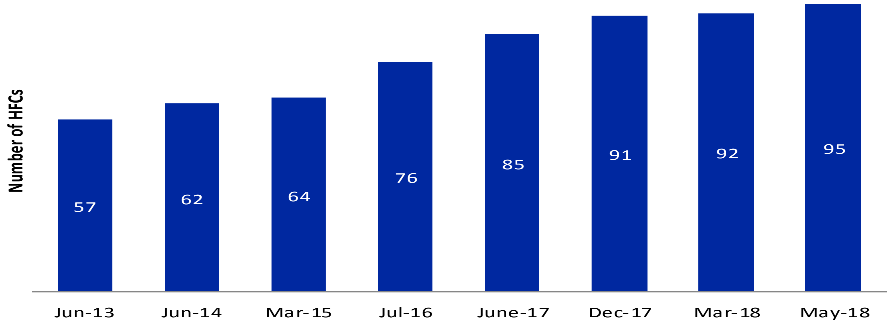
The Government set up the Central Registry of Securitization Asset Reconstruction and Security Interest of India ("**CERSAI**") under SARFAESI in April, 2011 to have a central database of all mortgages created by lending institutions. The objective of this registry is to compile and maintain data relating to all transactions secured by mortgages; all banks and HFCs which fall under the range of SARFAESI are required to register with CERSAI and submit the data in respect of all properties mortgaged in its favor. The existence of such a registry would help lenders have better fraud control and mitigate the risk of borrowers raising multiple loans against the same property.

Industry Dynamics for Housing Finance

Demand prospects for the segment have led to a rise in new entrants over the last decade. As of May 20, 2018, 95

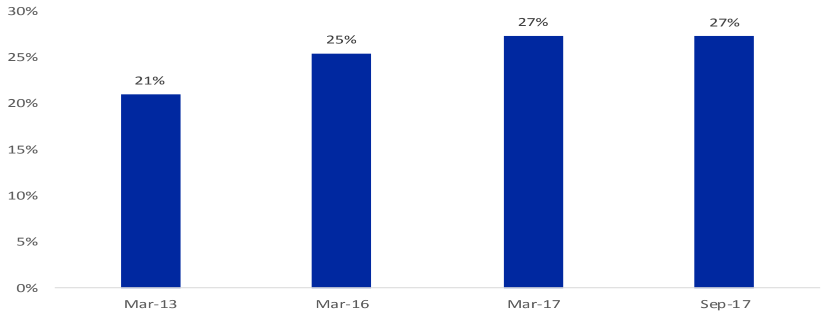
HFCs were operational with 10 applications for fresh HFC licenses currently under process by the National Housing Bank ("**NHB**"). For the three years ended March, 2018, there have been 28 new entrants into the markets. Most new entrants in the past two years have focused on the relatively under-penetrated low-ticket affordable housing and self-employed segments. While the large players to continue to dominate the mortgage market in the medium term, smaller HFCs that have been expanding their portfolios over the last few years are expected to increase their share given their focus on relatively untapped segments.

The following chart sets forth the number of HFCs registered with the NHB:



The borrower segments that HFCs cater to include the prime salaried, self-employed and low-income segments. Though some of the larger HFCs are competing with banks on the salaried home loan segment, some of the larger and most of the smaller HFCs target special customer segments such as the self-employed or the affordable housing segment to optimize their yields and capitalize on the higher growth potential.

The following chart sets forth the share of the self-employed segment in home loan portfolio for all HFCs:



Key reasons for the high growth witnessed in the self-employed segment are discussed below.

Potential of high risk-adjusted returns – Yields in this segment are higher when compared to the salaried segment. Further, a large proportion of properties are self-occupied leading to a low propensity to default.

Underwriting requires skillset – In absence of requisite income proofs, a large portion of the lending under this segment is based on the assessment of the borrower's income using various proxies like imputed margin, average bank balance, assessing borrowers cash flows by visiting their workplace. Therefore, this segment requires a special skillset which is largely being served by HFCs.

Nevertheless, the segment carries more risks which are listed below.

Assessment of income may involve subjectivity — The assessment of a borrower's income is a subjective process using certain proxies. Therefore, there is a risk of overleveraging, the lender may overestimate the income of the borrower and lend an amount that is higher than warranted.

Self-employed borrowers are more vulnerable to economic cycle – Cash flows of self-employed borrowers, are more vulnerable to income shocks when compared to salaried borrowers.

Fund Flow to the Housing Finance Segment

External Commercial Borrowings Norms — RBI's move to ease the external commercial borrowings ("**ECB**") norms is expected to positively impact HFCs as they will now be able to raise ECBs under Track I, i.e. without prior approval provided the exposure is completely hedged. This is expected to enable HFCs to diversify their funding mix and expand the investor base to meet the large funding requirements given the HFCs loan book is expected to grow at a pace of 20 to 22% over the medium term and a significant part of this growth is expected to be funded through fresh borrowings. However, the proportion of funds raised through ECB's will be dependent on competitiveness of the overall landed cost of these ECBs as compared with the domestic borrowing rates.

Relaxation in Prudential Norms for Debt Mutual Funds – SEBI, in February, 2017, increased the additional exposure limits provided for HFCs, in debt-oriented mutual fund schemes from 10 to 15%. The current norms require debt mutual fund schemes to cap their investments at 25% of the net assets of the scheme in a single sector except for the financial services sector wherein additional exposure can be taken for the housing finance segment. With this change in regulation, total exposure cap to the financial services sector (including housing finance) stands at 40% (exposure to housing finance segment cannot be more than 25%).

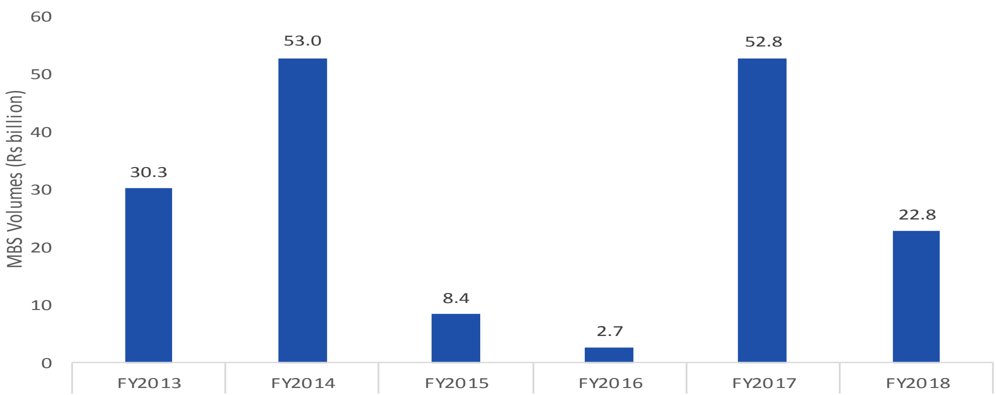
Securitisation and Direct Assignment – Sell-down of the retail loan portfolio, either through the securitisation (assignment of pool of loan receivables to a trust and the trust issuing pass through certificates backed by the same) route or through the direct assignment (bilateral assignment of pool of loan receivables from the seller or originator to the buyer) route, is an important and lucrative funding option available to HFCs in India. Other than the attractive funding cost, such transactions may also support the release of capital for the originator. The freed-up capital can then be used for achieving a higher managed portfolio growth or be deployed for other productive uses, thereby enhancing the profitability metrics of the entity.

The direct assignment market saw a growth of approximately 4% to an estimated ₹ 490 billion in Fiscal 2018 from ₹ 470 billion in Fiscal 2017. The demand for both Priority sector lending ("**PSL**") and non-PSL assets remained strong due to slow corporate credit off-takes in the banking industry in Fiscal 2018. This resulted in a demand from banks (especially PSBs) to acquire retail assets under the direct assignment route to achieve balance sheet growth. Mortgage loans (both housing loans and loans against property) constituted around 72% of the overall direct assignment volumes in Fiscal 2018. In the absence of credit enhancement, banks prefer mortgage loans because of the stable asset quality and low credit risk perceived in this asset class. Originators also prefer the direct assignment route to save on capital cost and negative carry costs associated with credit enhancement in securitisation transactions.

Unlike the direct assignment market, the Indian securitisation market has decreased by approximately 20% to ₹ 346 billion in Fiscal 2018 from approximately ₹ 430 billion in Fiscal 2017. In line with the trend seen in overall securitisation volumes, the issuance of mortgage backed securities has also decreased from approximately ₹ 53 billion in Fiscal 2017 to approximately ₹ 23 billion in Fiscal 2018.

However, the share of non-PSL transactions has witnessed an increase due to the widening investor base with participation from mutual funds, life insurance companies and NBFCs. The increased participation from non-banking entities is a healthy trend for the securitisation market from a long-term perspective.

The following chart sets forth the trend in mortgage backed security volumes:



The depletion in securitisation volumes was primarily due to investing banks shifting to Priority Sector Lending Certificates ("**PSLC**"s) to meet their PSL requirements. The increase in PSLC traded volumes in Fiscal 2018 was ₹ 1.84 trillion compared to traded volumes of ₹ 500 billion in Fiscal 2017. These certificates have been used by issuing and subscribing banks, thus diminishing their reliance on the securitisation route for meeting PSL targets.

Overview of the Indian Housing Finance Market

Market Size

The total housing credit outstanding was approximately ₹ 16.7 trillion as of March 31, 2018 (₹ 14.4 trillion as of March 31, 2017). The Indian housing finance market has grown at a five year CAGR of 18% with the pace of growth of HFCs and NBFC's being higher at a five year CAGR of 20% as compared to a five year CAGR of 16% for banks. Over the last five years (Fiscals 2013 to 2018), the housing credit growth has remained steady despite a tough operating environment, subdued real estate demand and low affordability levels. This could be attributed to construction linked housing loans (and thus disbursements being linked to construction stages), secondary sales and low mortgage penetration in India.

Rising Market Share of HFCs

Over the last seven years, HFCs have been gaining market share due to their focus on niche segments such as self-employed and affordable housing segments, which have been largely served by HFCs and have a higher growth potential. While housing credit growth was lower than the five year CAGR of 18% in Fiscals 2017 and 2018, due to demonetisation, some disruptions caused by GST implementation and the RERA, long term growth outlook for the housing finance segment remains positive with higher growth expected over the medium term.

The following table sets forth an overview of the Indian housing finance market:

(in ₹ trillion)

Housing Credit	**March 2014**	**March 2015**	**March 2016**	**March 2017**	**March 2018**
HFC and NBFCs	3.1	3.8	4.5	5.3	6.5
Scheduled Commercial Banks	5.7	6.6	7.9	9.1	10.3
Housing Credit	8.8	10.4	12.4	14.4	16.7
Credit growth- HFC and NBFCs	20%	21%	19%	18%	22%
Credit growth – Scheduled Commercial Banks	18%	17%	18%	15%	13%
Overall Housing Credit Growth	19%	18%	19%	16%	16%
Percentage share					
HFC and NBFCs	35%	36%	37%	37%	39%
Banks	65%	64%	63%	63%	61%
Total	**100%**	**100%**	**100%**	**100%**	**100%**

Note: This data pertains to only individual home loans and does not include other loans such as builder loans and loans against property.

The share of HFCs in overall housing loan disbursements has been approximately 50% of the overall industry disbursements. HFCs and NBFCs are expected to benefit from their focus on the housing finance market, their focus on the relatively high growth segments like the affordable housing and self-employed customers segments and their comparatively better service levels. Banks will nevertheless have a sizeable share of the market, given their competitive interest rates, extensive branch network and customer base, access to stable low-cost funds and their requirement to meet priority sector lending targets.

Overall, HFCs disbursements in the loans against property ("**LAP**") segment are rising and their share in overall market disbursements has increased to 36% for the fourth quarter of Fiscal 2018.

The following table sets forth trends in loans against property disbursements:

(in ₹ billion)

	The first quarter of Fiscal 2016	**The second quarter of Fiscal 2016**	**The third quarter of Fiscal 2016**	**The fourth quarter of Fiscal 2016**	**The first quarter of Fiscal 2017**	**The second quarter of Fiscal 2017**	**The third quarter of Fiscal 2017**	**The fourth quarter of Fiscal 2017**	**The first quarter of Fiscal 2018**	**The second quarter of Fiscal 2018**	**The third quarter of Fiscal 2018**	**The fourth quarter of Fiscal 2018**
Banks	93	52	91	86	102	97	107	98	148	130	152	163
HFCs	41	43	66	76	118	93	108	110	159	112	131	147
Others	36	74	72	71	99	68	68	65	79	85	103	98
Total	**170**	**169**	**229**	**233**	**319**	**258**	**283**	**273**	**385**	**327**	**387**	**408**

	The first quarter of Fiscal 2016	The second quarter of Fiscal 2016	The third quarter of Fiscal 2016	The fourth quarter of Fiscal 2016	The first quarter of Fiscal 2017	The second quarter of Fiscal 2017	The third quarter of Fiscal 2017	The fourth quarter of Fiscal 2017	The first quarter of Fiscal 2018	The second quarter of Fiscal 2018	The third quarter of Fiscal 2018	The fourth quarter of Fiscal 2018
Share												
Banks	55%	31%	40%	37%	32%	38%	38%	36%	38%	40%	39%	40%
HFCs	24%	26%	29%	33%	37%	36%	38%	40%	41%	34%	34%	36%
Others	21%	44%	32%	31%	31%	26%	24%	24%	21%	26%	27%	24%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Overall, the share of loans (less than ₹ 2.5 million) decreased from 41% as on March 31, 2015 to 38% as on March 31, 2018. The trend has been the reversed for HFCs, where the share of these loans increased from 33.5% as on March 31, 2015 to 39.8% as on March 31, 2018.

The following table sets forth the share of disbursements for HFCs and Banks:

₹ million	Banks and HFCs March,				Banks March,				HFCs March,			
	2015	**2016**	**2017**	**2018**	**2015**	**2016**	**2017**	**2018**	**2015**	**2016**	**2017**	**2018**
<0.2	0.9%	1.2%	0.5%	1.0%	1.2%	1.2%	0.8%	0.4%	0.1%	1.3%	0.1%	1.6%
0.2-0.5	1.6%	1.7%	1.6%	1.5%	1.9%	1.8%	1.5%	1.5%	0.8%	1.6%	1.6%	1.5%
0.5-1.0	7.6%	7.8%	7.2%	6.8%	8.6%	8.3%	6.9%	6.5%	4.9%	7.3%	7.2%	7.1%
1.0-1.5	10.4%	10.6%	9.8%	9.4%	11.1%	10.7%	9.2%	9.1%	8.9%	10.6%	10.0%	9.7%
1.5-2.0	11.7%	11.5%	10.6%	10.3%	12.4%	12.1%	10.6%	10.1%	10.2%	10.7%	10.5%	10.5%
2.0-2.5	8.9%	9.3%	8.9%	9.0%	9.0%	9.4%	8.8%	8.7%	8.6%	9.1%	9.3%	9.3%
2.5-5.0	27.4%	27.8%	27.8%	28.7%	26.4%	29.3%	28.7%	29.7%	29.7%	25.9%	29.0%	27.8%
5.0-7.5	10.5%	9.7%	10.6%	11.3%	10.0%	9.7%	11.1%	11.7%	12.0%	9.7%	11.0%	11.0%
>7.5	21.0%	20.3%	23.1%	21.9%	19.5%	17.6%	22.4%	22.3%	24.9%	23.8%	21.3%	21.4%
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

As on March 2018, approximately 61% of the market portfolio was concentrated in the ₹ 1 million to ₹ 5 million segment, with only 14% of the portfolio in the sub ₹ 1 million category.

The following table sets forth ticket size wise share of the home loan portfolio:

₹ million	Banks March,			HFCs March,			Banks and HFCs March,		
	2016	**2017**	**2018**	**2016**	**2017**	**2018**	**2016**	**2017**	**2018**
<0.2	1%	1%	1%	1%	1%	1%	1%	1%	1%
0.2-0.5	5%	4%	3%	3%	3%	2%	4%	3%	3%
0.5-1	13%	12%	11%	10%	10%	9%	12%	11%	10%
1-1.5	13%	13%	12%	13%	13%	12%	13%	13%	12%
1.5-2	13%	13%	13%	13%	12%	12%	13%	13%	12%
2-2.5	9%	9%	9%	10%	10%	10%	10%	10%	10%
2.5-5.0	24%	25%	27%	27%	27%	28%	25%	26%	27%
5.0-7.5	8%	8%	9%	8%	8%	9%	8%	8%	9%
>7.5	15%	15%	16%	15%	16%	16%	15%	16%	16%
	100%	100%	100%	100%	100%	100%	100%	100%	100%

Borrower segments offered by HFC's

The various borrower profiles, which an HFC typically caters to, are the prime salaried segment, self-employed segment and low-income segment. HFCs compete with banks in the housing finance space. Though some of the larger HFCs are focussed on the salaried home loan segment, most of the other HFCs target special customer segments such as the self-employed segment or affordable housing segment to optimise their yields and capitalize on higher growth potential. Further, within the home loan segment these could be for under construction builder apartments, for self-construction, home improvements and extensions. The underlying collateral risk also varies across these product segments. For home loans taken under construction builder apartments, the title related risks would be lower. However, the borrowers would have to undertake the risk of untimely project completion, delays in which could lead to an increase in the underlying cost of the home. Further, if the underlying collateral is not in municipal limits, it may fall under the gram panchayat jurisdiction.

Portfolio Growth Trends

HFCs reported an overall portfolio growth of 24% in Fiscal 2018 supported by a higher 29% year-on-year growth in the non-housing loan segment. The home loan portfolio grew by 21%. Though HFCs would continue to face competition from banks given their relatively lower cost of funds and nil prepayment penalties that could encourage loan transfers, HFC home loan growth in Fiscal 2019 is expected to be around 20 to 22%, and non-housing loan growth to be higher at 22 to 26%, leading to overall portfolio growth of HFC of 21 to 23% in Fiscal 2019.

The following table sets forth portfolio growth trends for HFCs:

(in ₹ billion)

	March 2015	March 2016	March 2017	March 2018
Home Loans	3,756	4,480	5,271	6,394
Other Loans	1,537	1,931	2,451	3,159
Total Loans	**5,294**	**6,411**	**7,722**	**9,553**
Growth- Home Loans	21%	19%	18%	21%
Growth-Other Loans	26%	26%	27%	29%
Growth-Overall Portfolio	22%	21%	20%	24%
Share				
Home Loans	71%	70%	68%	67%
Other Loans	29%	30%	32%	33%
Total Loans	**100%**	**100%**	**100%**	**100%**

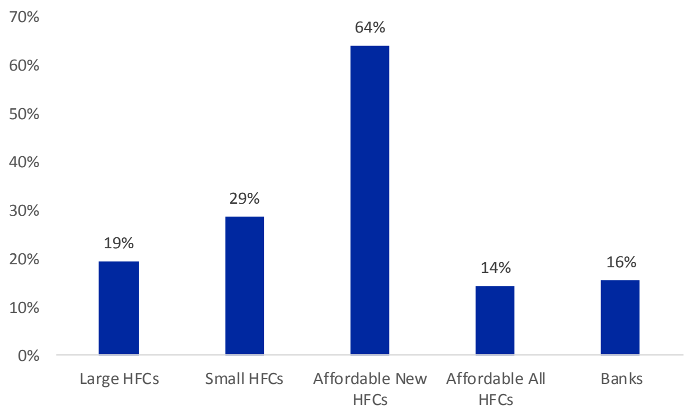
The following table sets forth the categorization of HFCs used for consolidation purposes:

Category	HFCs included
Large HFCs	Housing Development Finance Corporation Limited ("**HDFC**"), Dewan Housing Finance Corporation Limited, Indiabulls Housing Finance Limited, LIC Housing Finance Limited, PNB Housing Finance Limited (Assets Under Management ("**AUM**") more than ₹ 500 billion as on March 31, 2018)
Small HFCs	Aavas Financiers Limited ("**Aavas**"), Aadhar Housing Finance Limited - (merged with DHFL Vysya Housing Finance Limited) ("**Aadhar**"), Aptus Value Housing Finance India Limited, ART Affordable Housing Finance (India) Limited, Aditya Birla Housing Finance Limited, Aspire Home Finance Corporation Limited ("**Aspire**"), CanFin Homes Limited ("**CanFin**"), Capital First Home Finance Limited, Edelweiss Housing Finance Limited, GIC Housing Finance Limited ("**GIC**"), Gruh Finance Limited ("**Gruh**"), Home First Finance Company India Private Limited, ICICI Home Finance Company Limited, India Infoline Housing Finance Limited, Reliance Home Finance Limited, Tata Capital Housing Finance Limited, Mahindra Rural Housing Finance Limited (**"Mahindra Rural"**), MAS Rural Housing and Mortgage Finance Limited, Magma Housing Finance Limited, Manappuram Home Finance Private Limited, Micro Housing Finance Corporation Limited, Muthoot Home Fin (India) Limited, Muthoot Housing Finance Company Limited, Indo-Star Home Finance Private Limited, Repco Home Finance Limited ("**Repco**"), Fullerton India Home Finance Company Limited, Sundaram BNP Paribas Home Finance Limited, India Shelter Finance Corporation Limited, L&T Housing Finance Limited, Vastu Housing Finance Corporation Limited, Religare Housing Development Finance Corporation Limited, Shriram Housing Finance Limited and Shubham Housing Development Finance Company Private Limited (AUM less than ₹ 500 billion as on March 31, 2018)
Affordable New	Aavas, Aadhar, Aptus Value Housing Finance India Limited, ART Affordable Housing Finance (India) Limited, Aspire, Home First Finance Company Limited, Mahindra Rural, MAS Rural Housing and Mortgage Finance Limited, Magma Housing Finance Limited, Manappuram Home Finance Private Limited, Micro Housing Finance Corporation Limited, Muthoot Home Fin (India) Limited, Muthoot Housing Finance Company Limited, India Shelter Finance Corporation Limited, Vastu Housing Finance Corporation Limited, Religare Housing Development Finance Corporation Limited ,Shriram Housing Finance Limited, Shubham Housing Development Finance Company Private Limited
Affordable All	'Affordable New' and DHFL, Gruh and Repco
All HFCs	Small HFCs and Large HFCs

Small HFCs and the 'Affordable New' categories have been growing at a faster pace than the overall HFC growth, largely supported by their focus on relatively untapped segments which offer growth potential. Before 2012, affordable housing was largely being served by a few lenders, such as Gruh, DHFL and Repco. However, new players have emerged in the housing finance space focusing primarily on the affordable housing segment. While banks are also present in the smaller ticket home loan market, their lending to the economically weaker section and low-income groups and borrowers without any formal income proofs is limited. These specialized HFCs are trying to tap into this underserved market segment.

While the growth for large HFCs is expected to be in the range of 20 to 22%, the 'Affordable New' category is expected to grow at a faster pace of 30 to 35% over the next three years, supported by improved affordability, the expansion of the target segment and an increase in supply due to various growth drivers already mentioned.

The following chart sets forth trends in last three fiscal year home loan CAGR for various lender groups:



Key Players and Growth Trends for the Affordable Housing Segment

New entrants in the affordable housing finance segment include Aavas Financiers Limited, Aadhar Housing Finance Limited (merged with DHFL Vysya Housing Finance Ltd), Aptus Value Housing Finance India Limited, ART Affordable Housing Finance (India) Limited, Aspire Home Finance Corporation Limited, Home First Finance Company Limited, Mahindra Rural Housing Finance Limited, MAS Rural Housing and Mortgage Finance Limited, Magma Housing Finance Limited, Manappuram Home Finance Private Limited, Micro Housing Finance Corporation Limited, Muthoot Home Fin (India) Limited, Muthoot Housing Finance Company Limited, India Shelter Finance Corporation Limited, Vastu Housing Finance Corporation Limited, Religare Housing Development Finance Corporation Limited, Shriram Housing Finance Limited, Shubham Housing Development Finance Company Private Limited. This segment was not catered by most large players; however, recently the larger HFCs have also setup dedicated verticals focused on the affordable housing segment. While banks are also present in the smaller ticket home loans market, their lending to the economically weaker section and low-income groups and borrowers without any formal income proofs is limited. These specialized HFCs are entering an underserved market segment. Property cost in this segment is usually below ₹ 2 million and borrowers have relatively low incomes and are usually without any formal income proofs. Within the affordable housing segment, the new entrants have been growing at a CAGR of 68% over last three fiscal year supported by improvements in supplies, access to funding (equity and debt) and affordability for borrowers due to the subsidy received under CLSS.

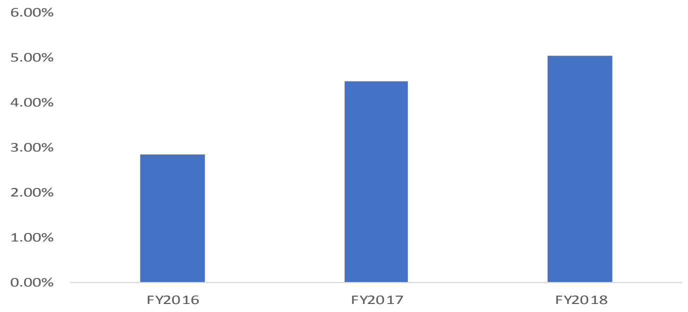
The following table sets forth key growth trends in affordable HFCs:

(in ₹ billion)

	Affordable All				Affordable New			
	March, 2015	**March, 2016**	**March, 2017**	**March, 2018**	**March, 2015**	**March, 2016**	**March, 2017**	**March, 2018**
Home Loans	688	769	862	1,030	64	123	209	283
Other Loans	242	273	326	478	7	16	36	55
Total Loans	**930**	**1,042**	**1,188**	**1,508**	**71**	**140**	**245**	**338**
Growth	**28%**	**28%**	**14%**	**27%**	**83%**	**96%**	**62%**	**38%**

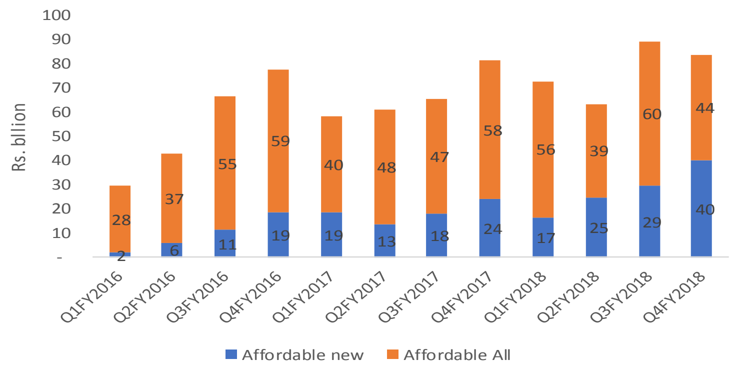
The share of 'Affordable New' HFCs increased to 5% for Fiscal 2018 in overall HFCs disbursements indicating rising share of these players

The following chart sets forth the increasing share of Affordable New HFCs in HFC disbursements:



On November 8, 2016, the Government announced its decision to cancel the legal tender character of high denomination bank notes of ₹ 500 and ₹ 1,000 issued by the RBI. There was no material impact on disbursements in for the third quarter of Fiscal 2017 and volumes grew substantially in the next quarter. The disbursement volumes which declined in the third quarter of Fiscal 2017 due to demonetisation, increased subsequently and have seen an upward trend year on year over a quarterly basis since then indicating the demand that was impacted during the demonetisation period, has subsequently been normalised.

The following chart sets forth trends in home loan disbursements:



Business Model of Affordable HFCs and Risk Assessment Procedures

The target borrower profile for these companies are salaried and self-employed individuals without any formal income proofs such as salary slips and income tax returns. Also, in many cases, the borrowers are not credit tested and do not have any history in the credit bureaus as well. Thus, the companies rely on their own internal assessments of borrower cash flows to determine their debt servicing capabilities. The assessment is generally conducted through a series of personal discussions that the credit manager has with the borrower and his or her family members. These companies usually have benchmarks for the average earnings per day for various job works and estimated household expenses which are validated through personal discussions with the borrowers, their family and their employer, vendor or supplier. The companies try to validate the saving habits of the borrower through the already created assets of the family, such as electronic items and two-wheelers among others.

Some of the key growth drivers for affordable housing finance book of various lenders are:

Strong growth opportunities given the large under-penetrated market – HFCs operating in the affordable housing space are targeting a segment that is not serviced by traditional financing institutions mostly due to a lack in formal income proofs, which result in a limited visibility of the debt servicing capability of the borrower. New HFCs have developed in-house models to assess these borrowers, including personal discussions with the borrower at their places of residence and work place in order to estimate their income and expenses; and they have then been able to rapidly build their portfolios. Further, with an increase in supply in the affordable housing segment supported by an increase in demand due to tax incentives and subsidy through CLSS, the growth potential for the segment is better than the prime home loan market, which is attractive for lenders.

Priority Sector Benefit – Loans extended to the affordable housing segment qualify for the priority sector benefit, which increases the attractiveness of this product for both banks (for meeting the priority sector target) and HFCs (attractive source of cheap funds through the securitisation or sell-down routes).

Potential for high risk-adjusted returns – Housing is a safer asset class when compared with some of the other asset classes, such as commercial vehicles, cars, construction equipment, tractors, personal loans and two-wheelers. This is because unlike other asset classes, the underlying collateral usually appreciates with time. Since the borrowing is usually for the self-occupied residential property of the borrower, there is a lower propensity to default on such loans. Further, with access to SARFAESI, the time to recover from default cases could also reduce going forward. Within the housing loan segment, the yields in the affordable housing segment are relatively higher than the traditional housing segment given the relatively higher risk associated by the borrowers not being credit tested. The expectation of higher returns and the intense competition in the traditional home loan market, has made the affordable housing segment attractive for HFCs.

The risk-adjusted returns are relatively lower in the prime salaried home loan segment as compared to the self-employed segment and the affordable housing segment, which makes these segments more attractive to lenders, especially the new players who have a relatively higher cost of funds, while banks who have access to relatively lower cost of funds focus more on the prime salaried segment. Further, given the smaller ticket sizes and target borrower profile, the credit and operational risk is higher for this segment and requires a more focused approach.

The following table sets forth estimations on return on assets on various segments:

	Salaried Home Loan	**Self Employed Home Loan**	**Affordable**
Yield	9.0%	10.0%	14.5%
Cost	8.0%	8.5%	10.0%
Spreads	1.0%	1.5%	4.5%
Leverage	10	8	5
Net Interest Margin	1.8%	2.6%	6.5%
Other Income	0.3%	0.5%	2.0%
Operating Expenses	-0.6%	-0.9%	-4.0%
Operating Profit	1.5%	2.2%	4.5%
Provisions	-0.3%	-0.5%	-1.0%
Profit Before Tax	1.3%	1.7%	3.5%
Tax	-0.4%	-0.6%	-1.1%
Profit After Tax	0.8%	1.1%	2.3%

The key success factors for the affordable housing segment are listed below:

Operationally intensive processes **–** Given the target borrower profile, lenders need to develop a deeper understanding of the micro-markets in the segment and develop a local network, thus making the process manpower intensive. Given the limited banking habits, bounce rates are relatively high and thus companies need to put in place strong collection teams for recovery. Consequently, the operating expenses for the segment is higher.

Assessment of income may involve subjectivity – Given the lack of formal income proofs, underwriting risks are higher in the segment due to a dependence on the underwriter’s experience leading to a lower level of standardization and thus, a higher probability of errors in income or expense assessments. Further, as the borrower discussions are scheduled in advance, there is a potential for frauds. Reference checks and surprise visits by fraud control units of HFCs help mitigate the risk to some extent.

Enforcement of security may be difficult and time consuming – While most HFCs have access to SARFAESI now, borrower litigation cannot be ruled out. Further, in the event of default, the ability of an HFC to repossess a self-occupied residential property and resell would be limited either due to location related issues or cohesiveness among borrowers leading to non-availability of buyers for the repossessed property. With higher interest rates on these loans, the longer it takes to recover from delinquent loans; the loss build-up for the lender is higher. Also, the legal costs are relatively high in relation to the loan and property amounts.

Collateral risk could be relatively high – The properties under affordable housing segment are usually in the suburbs, society lands, or gram panchayat lands where verification of legal titles could be challenging.

Fraudulent mortgage related risk – While lenders do take appropriate due diligence measures to safeguard against this risk while sanctioning the loan, there have been instances of borrowers mortgaging the same property with multiple lenders. As of now, registration of charge on the underlying property is undertaken by lenders only on a selective basis (high ticket loans or in case of corporate borrowers). The directive by RBI to register the charge on the underlying property with a central registry set up by the Central Government can help mitigate this risk to a large extent.

The following chart summarizes the key risks and some of the mitigants used by the affordable HFCs:

Income assessment	• Use of scorecards and templates to reduce subjectivity • Validation of assessed income through surrogate means • Keeping credit appraisal two tier and decisioning centralized
Income volatility	• Insurance Cover(life and health)/Mortgage Guarantee • Some lenders focus on multiple earning members
Valuation Risk	•Internal Technical Teams •Setting up of RCU for independent checks •Geotagging
Enforcement of security may be difficult and time consuming	•Coverage under SARFAESI act •Use of CERSAI for checking existing mortgages •Legal due diligence for title and enforceability of security checked
Higher Operational Risk	•Use of technology based solutions to improve efficiencies and reduce operational risks

Given the extensive appraisal process in the affordable segment due to the lack of formal income proofs which often lead to high operating expenses, HFCs are increasingly utilizing technology to improve operating efficiencies, accuracy and to standardize the appraisal process.

For sourcing and initial screening of loan applications, companies have been using hand held devices or mobile applications where the basis of the preliminary information is provided by a borrower, which is the first level of filtering, thus making the process more efficient. The use of this technology has increased digitization of records and data including bank account details being linked to the Aadhar database, which helps companies in basic underwritings at the first stage. With these devices, companies have been able to improve their turnaround time as data can be sent to centralized credit teams or hubs on a real time basis as compared to the time it would take for the physical movement of files.

On the credit appraisal front, by using technology companies have been able to better document and standardize the questionnaires for credit appraisal, especially in cases where personal discussions are involved. HFCs are also developing credit decision engines to decrease the time it takes to process files and identify credits which require manual intervention. Properties are being geotagged to improve collection efforts and identify financed properties.

Further, with better integrated systems and the availability of data, companies are increasingly setting up the in-house analytics teams, which are helping them identify the early warning signals and develop a more focused collection strategy, thus making the entire credit process stronger.

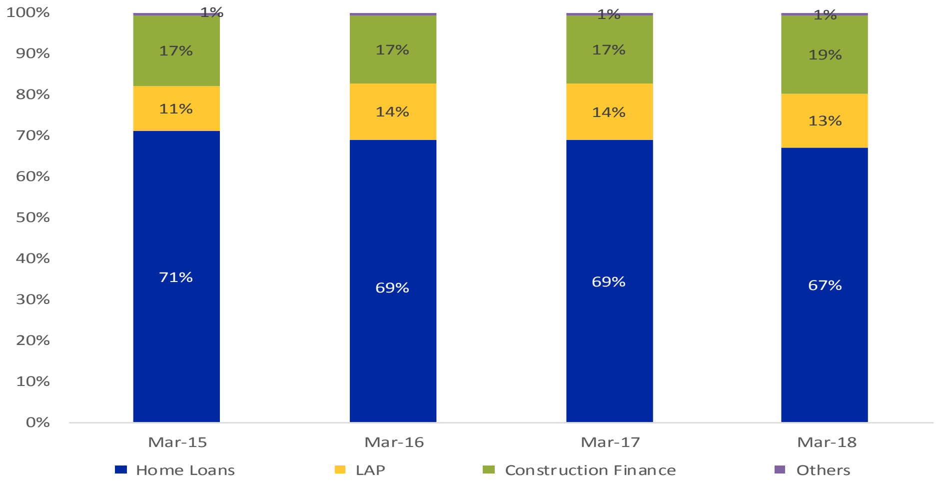
All these efforts are likely to reduce the operational and credit risks associate with this segment to some extent and help in scalability, as they would lead to a reduction in operating expense ratios.

Key Portfolio Trends for HFCs

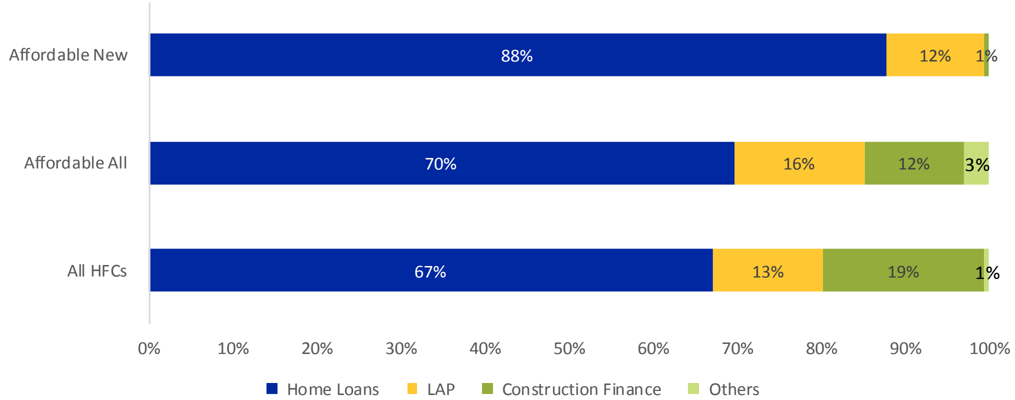
Trends in Portfolio Composition

While housing loans continue to lead the HFCs loan book, the share of housing loans in the overall HFCs portfolio reduced to 67% as on March 31, 2018, due to the fast paced growth of non-housing loans. The rising share of non-housing loans has enabled HFCs to maintain their lending spreads, due to the competition in the prime salaried segment. However, new HFCs operating in the affordable housing segment continue to be focused on the home loan segment given the good growth potential and expectations of higher yields from the same.

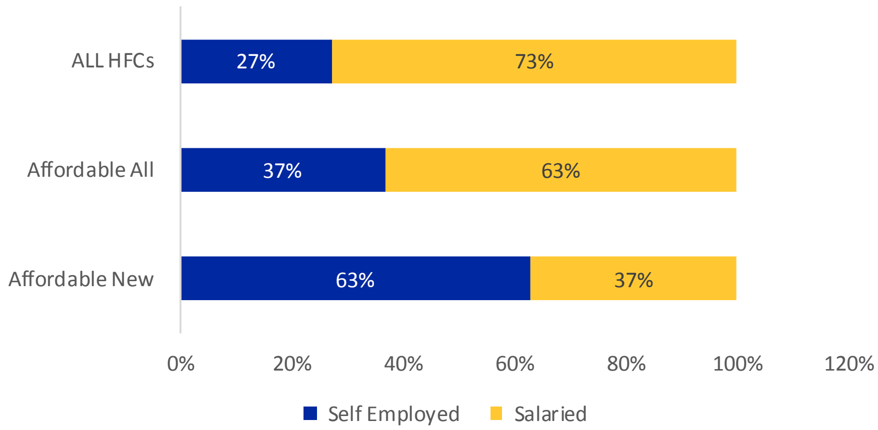
The following chart sets forth trends in the portfolio composition of all HFCs:



The following chart sets forth a comparison of portfolio compositions across HFC types, as on March 31, 2018:



The following chart sets forth the share of self-employed segment for various HFC categories as on September 2017:



As for the target segment, while the larger HFCs are largely focused on salaried segment, small HFCs and the Affordable New HFCs have a higher share of the self-employed segment in the their overall portfolio.

Portfolio in Sub ₹ 2 million Category

HFCs in the affordable segment had a higher share of portfolio in sub ₹ 2 million category. The share was higher for the Affordable New players, with almost 90% of the portfolio at a ticket size of up to ₹ 2 million.

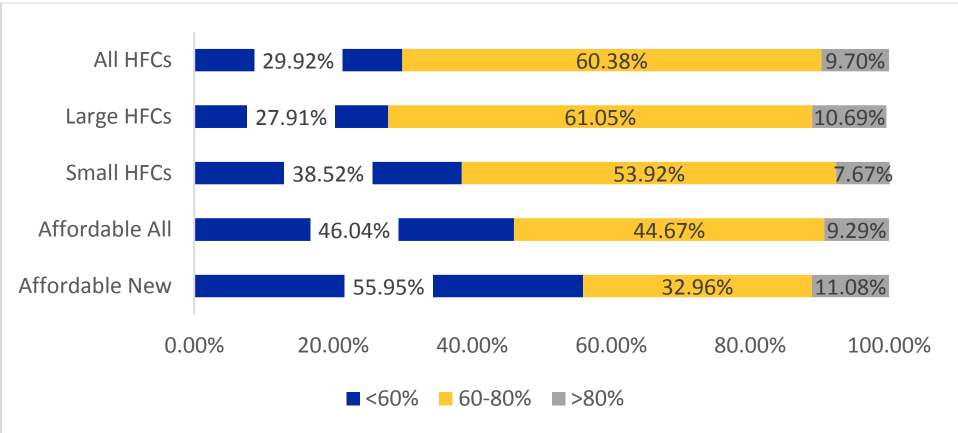
The following table sets forth the ticket size wise break-up of home loan portfolio of affordable HFCs:

	Affordable All			Affordable New		
	March 2016	**March 2017**	**March 2018**	**March 2016**	**March 2017**	**March 2018**
< 0.2 million	3%	4%	5%	26%	20%	24%
0.2-0.5 million	8%	7%	7%	23%	18%	15%
0.5-1 million	20%	20%	21%	34%	33%	36%
1-2 million	29%	30%	33%	8%	15%	15%
2-2.5 million	8%	8%	9%	3%	6%	5%
2.5-5 million	15%	14%	15%	3%	4%	3%
5-7.5 million	4%	4%	4%	1%	1%	1%
>7.5 million	13%	12%	6%	3%	3%	1%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Loan to Value Ratios

Overall portfolio LTVs are lower in the affordable segment with approximately 56% of the portfolio at LTV less than 60% as compared to approximately 30% for all HFCs, indicating better conditions to absorb credit loss in case of default.

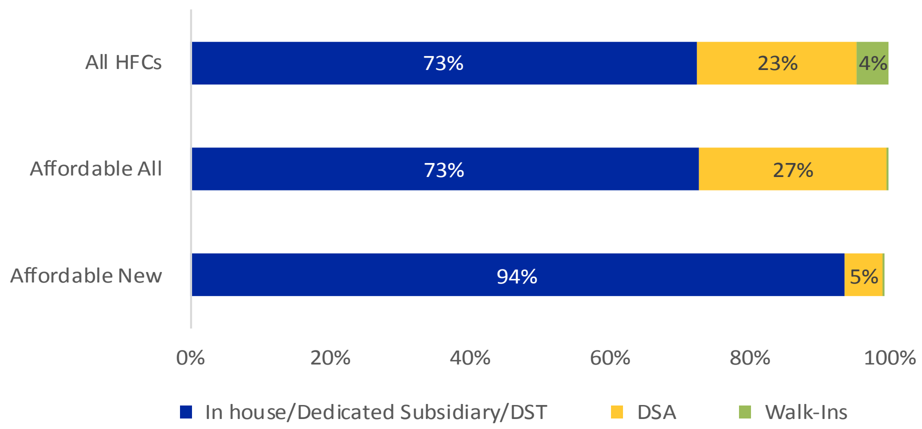
The following chart sets forth LTV wise break-up of portfolio across HFC categories as on September 30, 2017:



Affordable HFCs Largely Focussed on In-house Sourcing

HFCs are largely dependent on in-house sales teams and direct sales agents for sourcing the loans. Walk-ins are a miniscule proportion of the overall sourcing mix for all HFC categories. Further, within the affordable segment most of the sourcing is through dedicated in-house sales teams. In some cases, HFCs depend on referrals from connectors who are intermediaries in the value chain such as brokers, lawyers, hardware and cement shop owners among others.

The following chart sets forth trends in the sourcing mix for various HFC categories as on March 31, 2018:



Key Asset Quality Trends

Overall Asset quality trends

The overall asset quality indicators of HFCs have remained positive, though there was deterioration in Fiscal 2018 due to some slippages in the non-housing loan book. Reasons attributable for good asset quality of HFCs in the home loan segment are:

- a large proportion of home loans are taken for own use or self-occupation;
- lower LTVs lead to higher equity contributions from the borrower; and
- HFCs extend the tenure of loans rather than EMIs when interest rates increase. It is only if the residual tenure of the loan crosses the retirement age of the borrower or other eligibility criteria that EMIs are increased. Therefore, the impact of interest rate changes on the borrower’s cash flows is not significant.

The following table sets forth trends in asset quality for HFCs:

	March, 2014	March, 2015	March, 2016	March, 2017	June, 2017	September, 2017	December, 2017	March, 2018
Gross NPA % All HFCs	0.8%	0.8%	0.8%	0.9%	1.1%	1.2%	1.2%	1.1%
Gross NPA % Affordable -All	0.9%	1.1%	1.2%	1.4%	2.0%	2.0%	2.0%	1.9%
Gross NPA % Affordable -New	2.1%	2.3%	2.6%	3.3%	4.3%	4.5%	4.7%	4.1%

Home Loans Asset Quality as compared to the Non-Housing Loan Segment

Housing loans are regarded as the safest retail loan asset class in India, with low and stable delinquencies observed in this segment, over the years supported by factors such as prudent underwriting norms, the nature of the underlying collateral (largely self-occupied residential property) and an absence of any steep correction in property prices. Asset quality indicators in the LAP and construction finance segments are weaker than the housing segment for all HFCs.

The following table sets forth product wise NPA trends:

	March, 2015	March, 2016	March, 2017	March, 2018
Home Loans				
All HFCs	0.5%	0.5%	0.6%	0.6%
Affordable All	0.7%	0.9%	1.3%	1.6%
Affordable New	2.2%	2.4%	3.8%	4.0%
LAP				
All HFCs	0.9%	0.9%	1.1%	1.1%

	March, 2015	March, 2016	March, 2017	March, 2018
Affordable All	1.4%	1.4%	1.9%	2.1%
Affordable New	0.1%	0.7%	2.2%	2.8%
Construction Finance				
All HFCs	1.4%	1.7%	1.6%	2.2%
Affordable All	2.1%	2.0%	2.3%	1.8%
Affordable New	0.0%	1.4%	6.1%	16.0%

Delinquency trends for Home Loans

Post demonetisation, there was a increase in delinquencies in the affordable housing segment due to portfolio seasoning, the impact of demonetisation and GST on their cash flows. However, an improving trend was observed in the fourth quarter of 2018. The increase in delinquencies was primarily due to the self-employed/ cash salary segment (which constitutes a majority part of the affordable housing HFC's portfolio), the reported income of a borrower is usually significantly lower than his assessed income, with the key premise being that borrowers under-report their income to save taxes. Borrower cash flows were impacted (either due to reduced sales, depending on the sector in which the borrower is operating, or due to a higher tax outgo). Hence, the debt servicing ability was adversely impacted, resulting in the weakening of asset quality indicators. While the increase in delinquencies was partially attributed to an increase in portfolio seasoning, the roll back has also been difficult as the marginal credit profiles and limited ability of the borrowers made it difficult for them to make multiple payments together and clear the overdue amount, leading to some stickiness in delinquencies especially in softer bucket.

The following chart sets forth delinquency in housing:

	June, 2016	September, 2016	December, 2016	March, 2017	June, 2017	September, 2017	December, 2017	March, 2018
Trends in 0+ dpd								
All HFCs	7.1%	6.3%	6.8%	6.6%	7.6%	8.2%	7.3%	7.4%
Affordable All HFCs	5.2%	5.7%	7.0%	6.6%	10.5%	10.7%	10.7%	10.6%
Affordable New HFCs	11.6%	13.8%	20.1%	17.3%	18.1%	17.6%	19.5%	19.9%
All Players	7.1%	6.8%	7.1%	7.1%	7.5%	8.0%	7.4%	8.6%
30+ dpd								
All HFCs	3.3%	3.2%	3.4%	3.3%	4.0%	4.4%	4.1%	3.8%
Affordable All HFCs	3.3%	3.5%	4.5%	4.5%	7.1%	7.4%	7.6%	7.3%
Affordable New HFCs	7.7%	9.2%	13.5%	12.1%	12.3%	12.4%	13.9%	13.7%

Delinquency Trends for the LAP segment

Delinquencies in the LAP segment have been weaker and reported deterioration post demonetisation which continued till March 2018.

The following table sets forth delinquency in the LAP segment:

	June, 2016	September, 2016	December, 2016	March, 2017	June, 2017	September, 2017	December, 2017	March, 2018
Trends in 0+ dpd								
All HFCs	9.2%	9.5%	7.4%	8.8%	8.6%	9.7%	10.0%	9.1%
Affordable All HFCs	14.6%	15.6%	18.9%	17.9%	20.3%	22.3%	24.1%	24.1%
Affordable New HFCs	15.8%	17.0%	19.5%	18.4%	24.7%	28.1%	30.6%	30.7%
Banks and HFCs	8.8%	9.4%	8.5%	9.5%	9.3%	10.0%	10.2%	9.6%
30+ dpd								
All HFCs	3.7%	4.2%	3.7%	4.4%	4.0%	5.5%	5.7%	5.5%
Affordable All HFCs	10.0%	10.6%	12.6%	12.0%	13.7%	16.7%	18.8%	18.8%

	June, 2016	September, 2016	December, 2016	March, 2017	June, 2017	September, 2017	December, 2017	March, 2018
Affordable New HFCs	10.7%	11.4%	12.8%	12.1%	16.3%	21.0%	23.8%	24.2%
Banks and HFCs	4.8%	4.8%	5.1%	5.5%	5.8%	6.0%	5.8%	6.3%

Asset Quality Weaker in the Self- Employed Segment

Overall asset quality indicators have been good and stable in the salaried segment whereas the asset quality in the self-employed segment is significantly weaker and more volatile. While the asset quality is weaker in self-employed and affordable segment, given the lower loan to value ratios, owing to the cash flows of such segments being more volatile, lower loan to value ratios on the portfolio leading to lower loss given default as well as higher risk adjusted returns make the segment attractive for lenders.

The following table sets forth borrower classification wise NPAs for various HFC segments:

	Salaried		Self Employed	
	March, 2017	September, 2017	March, 2017	September, 2017
All HFCs	0.40%	0.55%	1.61%	1.91%
Affordable All	0.25%	0.33%	3.76%	4.72%
Affordable New	0.75%	0.93%	5.53%	7.10%

Sub ₹ 200,000 ticket size loans

Overall, housing loans up to ₹ 0.2 million had the highest level of NPAs and the banks reported higher NPAs than the HFCs.

The following table sets forth ticket size wise NPAs of housing loans:

	Banks			HFCs			Total		
	March, 2016	March, 2017	March, 2018	March, 2016	March, 2017	March, 2018	March, 2016	March, 2017	March, 2018
Less than 0.2 million	12.6%	12.6%	13.3%	7.1%	13.2%	11.2%	11.0%	12.8%	12.4%
0.2 to 0.5 million	4.3%	4.9%	5.1%	3.4%	3.8%	3.8%	4.1%	4.6%	4.7%
0.5 to 1 million	2.4%	2.9%	3.0%	1.0%	1.2%	1.4%	2.0%	2.3%	2.4%
1 to 1.5 million	1.5%	1.9%	2.1%	0.7%	0.9%	1.2%	1.2%	1.5%	1.7%
1.5 to 2 million	1.3%	1.7%	1.9%	0.7%	0.9%	1.1%	1.0%	1.4%	1.6%
2 to 2.5 million	1.1%	1.5%	1.8%	0.6%	0.9%	1.2%	0.9%	1.2%	1.5%
2.5 to 5 million	0.9%	1.3%	1.7%	0.7%	0.9%	1.1%	0.8%	1.1%	1.5%
5 to 7.5 million	0.9%	1.2%	1.8%	0.8%	0.9%	1.2%	0.8%	1.1%	1.6%
More than 7.5 million	1.0%	1.3%	2.1%	1.0%	1.2%	1.8%	1.0%	1.3%	2.0%
Total	**1.5%**	**1.9%**	**2.2%**	**0.9%**	**1.2%**	**1.4%**	**1.3%**	**1.6%**	**1.9%**

Note: The data is inclusive of write-offs.

Funding Profile

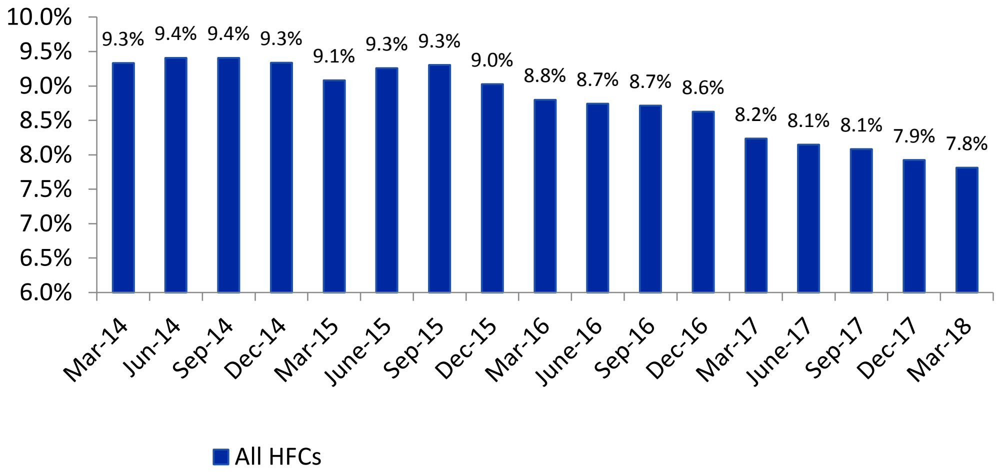
Over the last few years, there has been a shift in the borrowing profile of HFCs towards debt market instruments, such as non-convertible debentures and commercial paper, from 46% as on March 31, 2015 to 53% as on March 31, 2018, has been supported by retail debenture issuances, masala bonds and an increase in the investment limits of mutual funds. HFCs in the affordable housing segment have a high dependence on banks for meeting their funding requirements. Further, the NHB is also expected to remain an important source of long-term funds for these affordable HFCs, given that the institution mobilizes funds at competitive rates. Assignments and securitisation continue to be a significant sources of funding for HFCs, given that a large proportion of home loans are eligible for the priority sector.

The following table sets forth trends in the borrowing profile for HFCs:

	All HFCs			Affordable All			Affordable New		
	March, 2016	**March, 2017**	**March, 2018**	**March, 2016**	**March, 2017**	**March, 2018**	**March, 2016**	**March, 2017**	**March, 2018**
Bank Borrowings	25%	20%	20%	51%	42%	41%	69%	64%	62%
NCD and CP	46%	50%	53%	23%	31%	30%	13%	17%	16%
Fixed Deposits	14%	14%	14%	7%	6%	7%	0%	0%	0%
NHB Refinance	4%	4%	3%	7%	7%	5%	7%	5%	6%
Others	3%	4%	2%	4%	5%	4%	8%	10%	9%
Off balance sheet	8%	8%	9%	8%	9%	13%	4%	4%	6%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Cost of Funds (Annualized)	8.97%	8.56%	7.91%	9.69%	9.13%	8.36%	9.54%	9.42%	8.60%

Cost of funds for HFCs moderated significantly in Fiscal 2018 due to a decline in interest rates till the third quarter of Fiscal 2018 and the diversification of funding mix into debt market instruments. However, cost of funds for HFCs in the affordable housing segment have improved with the improvement in their credit profiles and scale up of operations. The rising bond yields and CP rates are expected to increase the cost of funds. Entities which have a higher share of short term borrowings in the overall borrowing mix may get impacted more in a rising interest rate scenario.

The following chart sets forth trends in borrowing costs for all HFCs:



Support from External Investors

Aggregate gearing for HFCs remained at approximately 7.2 times supported by good internal capital generation and regular external capital infusions. Reported capital adequacy for HFCs remained good with median CRAR of 18.1% as of March 31, 2018 due to the relatively lower risk weights for home loans and commercial real estate loans for residential projects. Gearing levels for HFCs are expected to remain at approximately 8.5 to 9 times over the medium term supported by good internal capital generation and comfortable access to capital. As for HFCs in the affordable housing segment, good investor interest and regular capital infusions have enabled them to maintain good capitalisation indicators with a gearing ratio of approximately 4 times as on March 31, 2018. Affordable HFCs are expected to maintain leveraging levels of approximately 5 times over the medium term. Nevertheless, regulatory capital adequacy is expected to be supported by lower risk weights in housing loans for lower ticket sizes.

The following table sets forth trends in gearing ratio (total debt/net worth) for HFCs:

	March, 2015	March, 2016	March, 2017	March, 2018
All HFCs	8.2	8.2	8.1	7.2
Affordable All	8.8	9.6	8.3	7.7
Affordable New	4.3	4.7	4.1	3.6

Improving Profitability Indicators for Affordable New HFC's

HFCs were able to stabilize interest spreads due to the rising share of higher yielding non-housing loans and the rising share of debt market instruments in overall borrowings. Stable interest spreads, stable credit costs and operating costs ratios enabled HFCs to report good profitability indicators in Fiscal 2018. Going forward, compression in incremental spreads due to rising cost of funds can be expected, though the rising share of higher yielding non-housing loans are expected to support the same to an extent. Overall, a 5 to 10 basis points reduction in profitability (profit after tax/ average total assets) is expected for HFCs in Fiscal 2019, translating to return on assets ("**ROAs**") of 2.1 to 2.2% and return on equities ("**ROEs**") of 17 to 19%.

The following table sets forth trends in ROEs for various HFC categories:

	March, 2015	March, 2016	March, 2017	March, 2018
All HFCs	20.3%	21.1%	19.8%	18.4%
Affordable All	15.5%	15.8%	14.9%	14.4%
Affordable New	9.3%	10.5%	10.5%	11.5%

Lending yields in the affordable housing segment are significantly higher than traditional segments leading to higher spreads and margins. However, the extensive appraisal process, the relatively smaller scale of operations, the high upfront expenditure on head office and systems related expenses, result in higher operating expense ratios for the 'Affordable New' category. With the expansion in scale, the operating expense ratios for the 'Affordable New' category are expected to moderate, resulting in further improvement in profitability indicators. The ROEs are expected to increase to 13 to 15% for Fiscal 2019, assuming credit costs are maintained at similar levels.

The following table sets forth trends in profitability for HFCs in the affordable housing segment:

	Affordable All				Affordable New			
	March, 2015	March, 2016	March, 2017	March, 2018	March, 2015	March, 2016	March, 2017	March, 2018
Yield on advances	12.6%	12.5%	12.2%	11.9%	14.6%	14.6%	14.6%	14.4%
Cost of Funds	9.9%	9.7%	9.1%	8.4%	10.0%	9.5%	9.4%	8.6%
Interest Spreads	2.6%	2.8%	3.1%	3.5%	4.3%	4.7%	4.7%	5.0%
Net Interest Income/AMA	3.3%	3.4%	3.0%	3.3%	6.5%	6.6%	6.7%	7.1%
Other Income/AMA	0.4%	0.3%	0.7%	0.5%	1.0%	0.9%	0.8%	0.7%
Operating Expenses/AMA	1.3%	1.3%	1.2%	1.3%	4.3%	4.2%	4.1%	4.0%
Operating Profits/AMA	2.4%	2.4%	2.4%	2.5%	3.2%	3.3%	3.4%	3.8%
Credit Provisions/AMA	0.2%	0.3%	0.3%	0.3%	0.5%	0.7%	0.8%	0.7%
Profit before tax/ AMA	2.2%	2.1%	2.0%	2.1%	2.7%	2.7%	2.7%	3.2%
Profit after tax/ AMA	1.4%	1.4%	1.4%	1.4%	1.8%	1.8%	1.8%	2.2%
Profit after tax/Average net worth	15.5%	15.8%	14.9%	14.4%	9.3%	10.5%	10.5%	11.5%

AMA = Average managed assets (Total assets and including off balance sheet portfolio)

Benchmarking Section

The following mid sized affordable housing players have been selected as peers for Aavas, based on their AUM size ranging between ₹ 25 billion and ₹ 200 billion (as on March 31, 2018): Gruh, Repco, Aspire, Aadhar and Mahindra Rural. For Fiscal 2016 and 2017, the numbers of Aadhar have been consolidated with those of DHFL

Vysya Housing Finance on account of their merger.

Trends in AUM Growth

According to the peer set analyzed, the top three players in terms of three year CAGRs over Fiscals 2016 to 2018 are Aspire (141%), followed by Aavas (69%) and Aadhar (51%). Aavas had a three year CAGR over same Fiscals in line with 70% CAGR in the Affordable New housing category assets under management.

The following table sets forth trends in AUM growth for various HFCs:

(in ₹ billion)

	March, 2016	March, 2017	March, 2018	3 year CAGR	Branch Network as on March 31, 2018
Gruh	111	132	156	20%	Retail network of 194 offices across 11 states and one UT
Repco	77	89	88	14%	131 branches, 29 satellite centers
Aspire	21	41	49	141%	120 branches
Aadhar (consolidated)	33	46	79	51%	275 branches
Aavas Financiers Limited	**17**	**27**	**41**	**69%**	**165 branches**
Mahindra	33	48	63	44%	NA
Affordable New HFCs	145	252	354	70%	
Affordable All HFCs	1,125	1,309	1,715	20%	

Asset Quality Comparison

Aavas had the lowest gross NPA percentage among affordable housing finance companies with AUM of between ₹ 25 billion to ₹ 200 billion, followed by Gruh and Aadhar, as of March 31, 2018. Aavas' gross NPA percentages were significantly lower than Affordable New HFCs.

The following table sets forth gross NPA percentage of various HFCs:

	March, 2016	March, 2017	March, 2018
Gruh	0.3%	0.3%	0.5%
Repco	1.3%	2.6%	3.4%
Aspire	0.2%	0.6%	4.6%
Aadhar	NA	1.3%	1.2%
Aavas Financiers Limited	**0.6%**	**0.8%**	**0.3%**
Mahindra	7.3%	9.7%	9.7%
Affordable All	1.2%	1.4%	1.9%
Affordable New	2.6%	3.3%	4.1%

Aavas had the lowest NPA percentage on a lagged basis when compared to the industry average.

The following table sets forth a gross NPA percentage on a lagged basis for the housing finance segment:

	March, 2015	March, 2016	March, 2017	March, 2018
No lag				
Aavas Financiers Limited	**0.5%**	**0.6%**	**0.8%**	**0.3%**
All HFCs	0.8%	0.8%	0.9%	1.1%
Affordable All	1.1%	1.2%	1.4%	1.9%
Affordable New	2.3%	2.6%	3.2%	4.1%
1-year lag				
Aavas Financiers Limited	**1.1%**	**1.0%**	**1.2%**	**0.5%**
All HFCs	0.9%	1.0%	1.1%	1.4%
Affordable All	1.4%	1.5%	1.6%	2.5%
Affordable New	4.2%	4.5%	4.0%	8.2%
2 year lag				
Aavas Financiers Limited	**2.4%**	**2.0%**	**2.0%**	**0.7%**

	March, 2015	March, 2016	March, 2017	March, 2018
All HFCs	1.1%	1.2%	1.3%	1.7%
Affordable All	1.7%	1.9%	2.1%	2.9%
Affordable New	6.9%	8.1%	6.9%	10.1%

Borrowing Profile

Amongst the peer set analysed, Repco has the highest share of NHB funding followed by Aavas and Gruh. Share of NHB funding for Aavas was 14% of the total borrowings

The following table sets forth the borrowing profile of HFCs as on March 31, 2018:

	Gruh	Repco	Aspire	Aadhar*	Aavas	Mahindra*	Affordable new	Affordable All
Non-Convertible Debentures	29%	10%	51%	15%	19%	15%	17%	34%
Commercial Paper	5%	5%		9%	0%			
National Housing Bank	14%	15%	44%	12%	14%	3%	6%	5%
Bank Lines	40%	61%		60%	66%	58%	66%	47%
Fixed Deposits	10%	0%	0%	1%	0%	0%	0%	8%
Others	1%	9%	5%	2%	0%	23%	10%	4%
Total Borrowings	100%	100%	100%	100%	100%	100%	100%	100%
Off Balance Sheet As % of Total on book Borrowings	0%	0%	0%	0%	34%	0%	7%	13%
Cost of Funds	7.48%	8.26%	9.34%	8.20%	8.54%	8.52%	8.61%	8.36%

**Borrowing Profile for Fiscal 2017 for Mahindra and Aadhar*
Cost of Funds calculated as Interest Expenses/ (Bororwings as on March 2018 + Borrowings as on March 2017)/2 for Fiscal 2018 for all players

Capitalisation Profile

According to the peer set analysed, Aavas has the lowest gearing among peers, followed by Aspire and Repco . Aavas CRAR is highest among peers followed by Repco and Gruh Finance.

The following table sets forth the comparision of capitalisation profile of various HFCs:

	Gearing (Debt/Net Worth)			Total CRAR			Tier 1 CRAR		
	March 2016	March 2017	March 2018	March 2016	March 2017	March 2018	March 2016	March 2017	March 2018
Gruh	12.4	10.9	10.2	17.8%	18.3%	18.9%	16.1%	16.8%	17.7%
Repco	6.9	6.7	6.4	20.8%	21.3%	23.0%	20.8%	21.3%	23.0%
Aspire	5.3	6.3	5.4	33.7%	31.3%	NA	28.7%	28.1%	NA
Aadhar	NA	11.3	10.0	NA for merged entity		18.5% (for merged entity)			NA
Aavas	7.3	3.2	2.4	30.4%	46.7%	61.6%	26.7%	46.0%	55.9%
Mahindra	10.5	8.9	6.5	23.6%	30.5%	NA	18.3%	21.3%	NA
Affordable All HFCs	9.6	8.3	7.7						
Affordable New HFCs	4.6	4.1	3.6						

Asset Liability Management Profile

On a consolidated basis, for the Affordable All category, there was a gap of 2% in the up to one year bucket as on

March 31, 2018, while the Affordable New category had a surplus of 2%. Aavas Financiers Limited had a suplus of 15% in the up to one year bucket supported by the long term nature of its liabilities. Further, in the buckets up to three years and five years, on a consolidated basis, there were gaps in the asset-liability profile for the HFCs, however for Aavas Financiers Limited there was a surplus of 14% across these buckets. This was largely supported by its higher share of longer tenor debt in the overall funding mix.

The following table sets forth the asset liability management profile of HFCs as on March 31, 2018:

Cumulative gap as % of total inflow	Aavas Financiers Limited	Affordable New	Affordable All
Up to 1 year	15%	2%	-2%
Up to 3 years	14%	-8%	-7%
Up to 5 years	14%	-7%	1%

The following table sets forth a comparison on the maturity profile of liabilities of HFCs:

	Aavas	Affordable New	Affordable All
< 1 month	1%	1%	5%
1-3 months	2%	1%	4%
3-6 months	3%	4%	4%
6 months - 1 year	9%	10%	12%
1-3 years	26%	40%	33%
3-5 years	19%	20%	19%
> 5 years	41%	24%	23%
Total	**100%**	**100%**	**100%**

Trends in Profitablity Indicators

Accroding to the peer set analysed, Mahindra had the highest yields for Fiscals 2016 and 2017, followed by Aavas and Aspire, respectively. As for the cost of funds, Gruh had the overall lowest cost of funds followed by Aadhar and Repco, respectively.

The following table sets forth trends in lending yields and cost of funds across various HFC's:

	Yields on Advances (Interest Income)/ Average Advances			Interest Expenses/Average Borrowings (Cost of Funds)		
	March, 2016	March, 2017	March, 2018	March, 2016	March, 2017	March, 2018
Gruh	12.0%	11.6%	11.1%	8.7%	8.2%	7.5%
Repco	12.4%	12.1%	11.9%	9.4%	9.1%	8.3%
Aspire	10.9%	12.7%	12.9%	10.4%	12.0%	9.3%
Aadhar	12.6%	12.4%	11.7%	9.7%	9.4%	8.2%
Aavas Financiers Limited	**15.0%**	**14.9%**	**14.4%**	**8.7%**	**8.7%**	**8.5%**
Mahindra	16.8%	15.9%	NA	8.9%	8.3%	8.5%
Affordable All	12.5%	12.2%	11.9%	9.7%	9.1%	8.4%
Affordable New	14.6%	14.6%	14.4%	9.5%	9.4%	8.6%

Accroding to the peer set analysed, Mahindra had the highest NIMs followed by Aavas and Asprie. As for operating expenses, Gruh had the lowest operating expense ratios followed by Repco and Aspire, respectively. Mahindra had the highest operating expense ratios followed by Avas. Aavas' operating expenses ratio is in line with new HFCs operating in the affordable housing finance segment, whose operating expenses ratio was approximately 4%. As for credit costs, Aavas had the lowest credit costs for Fiscal 2018 followed by Gruh. Aavas credit costs were lower than the affordable new HFC cateogory credit costs of 0.7%.

The following chart sets forth profit and loss metrices:

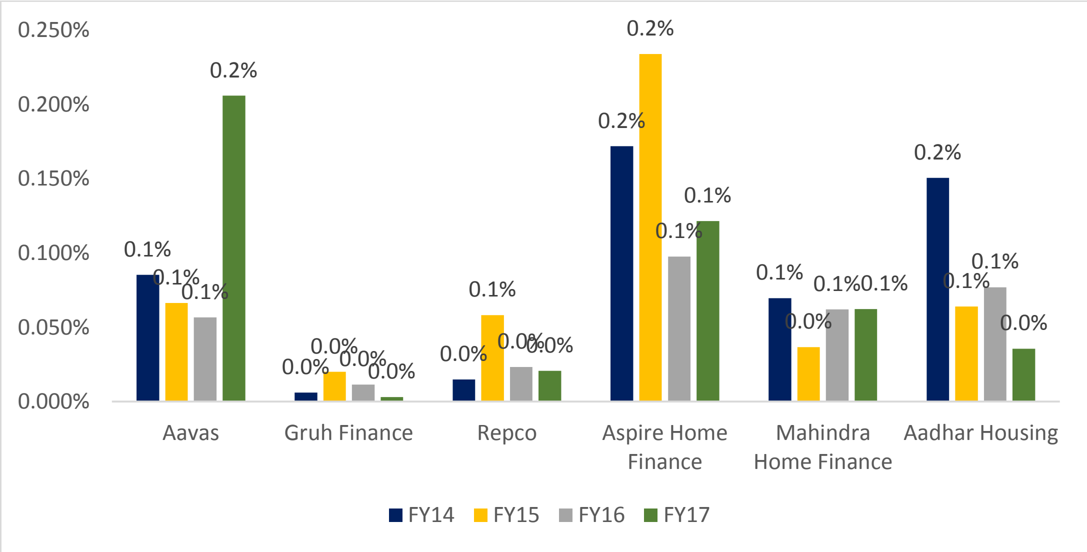
	Net Interest Income / Average Managed Assets			Operating Expenses /Average Managed Assets			Credit Costs/Average Managed Assets		
	March 2016	March 2017	March 2018	March 2016	March 2017	March 2018	March 2016	March 2017	March 2018
Gruh	4.5%	4.5%	4.8%	0.8%	0.8%	0.7%	0.2%	0.2%	0.2%

	Net Interest Income / Average Managed Assets			Operating Expenses /Average Managed Assets			Credit Costs/Average Managed Assets		
	March 2016	March 2017	March 2018	March 2016	March 2017	March 2018	March 2016	March 2017	March 2018
Repco	4.8%	4.8%	3.6%	1.0%	0.8%	0.9%	0.6%	0.6%	0.8%
Aspire	8.2%	6.3%	5.8%	3.1%	2.4%	2.2%	0.6%	0.4%	2.6%
Aadhar	5.0%	5.2%	5.0%	2.4%	2.7%	2.3%	0.3%	0.3%	0.3%
Aavas	**7.1%**	**6.9%**	**6.9%**	**3.3%**	**3.1%**	**3.2%**	**0.3%**	**0.3%**	**0.0%**
Mahindra	10.4%	9.9%	10.9%	5.4%	5.0%	5.4%	1.4%	1.7%	1.6%
Affordable All	3.7%	3.6%	3.7%	1.3%	1.2%	1.3%	0.3%	0.3%	0.3%
Affordable New	7.6%	7.7%	8.0%	4.2%	4.1%	4.0%	0.7%	0.8%	0.7%

Note: Net income = Total Income (excluding extraordinary income and recovery from bad debts) – Interest Expenses
Managed Assets = Total Assets + Off balance Sheet portfolio

As for the expenses related to technology in relation to average assets, Aavas expenses in Fiscal 2017 were the highest in the peer set, followed by Aspire and Mahindra, respectively.

The following chart sets forth expenses on technology as a percentage of total average assets:



According to the peer set analysed, Mahindra had the highest ROA in Fiscal 2018 followed by Gruh and Aavas, respectively. As for ROE, Gruh had the highest ROE followed by Mahindra and Aadhar, respectively. Aavas had reported better profitability indicators as compared to the industry average of Affordable New HFCs.

The following table sets forth trends in ROAs and ROEs across vaious HFCs:

	ROA			ROE		
	March, 2016	March, 2017	March, 2018	March, 2016	March, 2017	March, 2018
Gruh	2.4%	2.4%	2.5%	31.5%	30.4%	29.1%
Repco	2.2%	2.2%	2.1%	17.0%	17.4%	16.6%
Aspire	3.0%	2.4%	0.6%	16.0%	16.7%	4.4%
Aadhar	1.5%	1.5%	1.5%	17.2%	19.4%	18.5%
Aavas	**2.3%**	**2.3%**	**2.4%**	**21.1%**	**15.0%**	**11.2%**
Mahindra	2.3%	2.0%	2.6%	27.9%	22.1%	24.0%
Affordable All	1.4%	1.4%	1.4%	15.5%	14.8%	14.2%
Affordable New	1.8%	1.8%	2.2%	10.5%	10.5%	11.5%

Outlook for the Affordable Housing Finance Segment

Factors	Key Trends	Outlook
Business Mix	The focus of larger HFCs has increased competition in the affordable housing segment • Some dilutions in lending norms are exepeted to occur. • Proportion of non-housing loan books could also increase.	• Policy interventions are expected to keep the growth potential high for these HFCs. • The affordable housing segment is expected to grow at over 30%; this is higher than the industry average of 17 to 19%.
Operating Environment	• Support from the Government to the affordable housing segment • RERA • The coverage of new entrants under SARFAESI	
Asset quality	• The target segment of these HFCs relatively more vulnerbale to volatilty in income and events • Comfort from being a secured asset class • Ability to reposess and liquidate assets	• Some deterioration in asset quality expected as portfolio seasons. • Gross NPA% for all HFCs in the affordable housing space could be in the range of 2.5 to 3%.
Funding Mix and Liquidity	• Increased share of debt market instruments • Increasing reliance on short-term funding of some players	• Diversification in funding mix as credit profiles improve • ALM management could be a challenge for new entrants.
Earnings	• Incremental spreads lower • Limited avenues for fee based income • Operating expenses expected to remain elevated	• Some improvement in return indicators (ROE of 13 to 15%) for HFCs expected with higher business volumes
Capitalisation	• Good investor interest should enable HFCs to raise capital as per the growth plans • Internal capital generation moderate	• Gearing expected to increase from current levels and could increase to approximately 5 times. • Regulatory capital adequacy to be supported by lower risks weights in housing loans

OUR BUSINESS

Unless the context otherwise requires, the financial information in this section has been derived from our Restated Standalone Financial Statements (to the extent applicable), accounting records and management information systems.

The industry-related information contained in this section is derived from the ICRA Report. We commissioned the ICRA Report for the purposes of confirming our understanding of the industry in connection with the Offer. Neither our Company, nor any other person connected with the Offer, including the BRLMs, has independently verified the information in the ICRA Report or other publicly available information cited in this section.

Overview

We are a retail, affordable housing finance company, primarily serving low and middle income self employed customers in semi-urban and rural areas in India. A majority of our customers have limited access to formal banking credit. According to ICRA Report, our Company had the lowest Gross NPAs as of March 31, 2018 and the second highest growth rate of assets under management for the last three financial years, among affordable housing finance companies that had assets under management between ₹ 25 billion and ₹ 200 billion.

We offer customers home loans for the purchase or construction of residential properties, and for the extension and repair of existing housing units. As of June 30, 2018, a majority of the home loans that we disbursed were for single-unit properties, almost all of which were to be occupied by the borrowers themselves. In addition to home loans, we offer our customers other mortgage loans including loans against property, which accounted for 24.18% of our Gross Loan Assets as of June 30, 2018. As of June 30, 2018, 61.22% of our Gross Loan Assets were from customers who belonged to the economically weaker section and low income group, earning less than ₹ 50,000 per month and 36.27% of our Gross Loan Assets were from customers who were new to credit. As of June 30, 2018, 64.21% of Gross Loan Assets were from self-employed customers. The average sanctioned amount of our home loans and other mortgage loans was ₹ 0.87 million and ₹ 0.80 million, respectively, on our Gross Loan Assets, as of June 30, 2018. As of June 30, 2018, our Gross Loan Assets had an average loan-to-value of 50.33% at the time of the sanctioning of the loan. Since the commencement of our operations in March 2012, we have served more than 62,500 customers.

We have adopted a strategy of contiguous on-ground expansion across regions and as of June 30, 2018, we conducted our operations through 166 branches covering 95 districts in eight states of which, we have a significant presence in the four states of Rajasthan, Gujarat, Maharashtra and Madhya Pradesh. Almost all our customers are sourced directly by us, and as of June 30, 2018, we employed 1,996 personnel and had 57,049 loan accounts including securitized and assigned cases.

We are a technology driven company and we leverage information technology and data analytics for onboarding customers, underwriting analysis, loan monitoring, risk management and collection functions. Between Fiscals 2014 and 2018, we invested ₹ 150.45 million in our information technology systems.

The following table sets forth certain key financial and operational information, as of and for the periods indicated:

Metric	As of and for the					
	Year ended March 31, 2014	**Year ended March 31, 2015**	**Year ended March 31, 2016**	**Year ended March 31, 2017**	**Year ended March 31, 2018**	**Three months ended June 30, 2018**
Gross Loan Assets[1] *(₹ in million)*	4,062.24	8,428.90	16,798.65	26,935.22	40,730.20	43,590.87
Growth of Gross Loan Assets (%)	128.85	107.49	99.30	60.34	51.22	-
Gross Advances[2] *(₹ in million)*	4,062.24	8,282.67	14,545.01	21,328.15	31,723.64	34,715.16
Disbursements *(₹ in million)*	2,799.42	5,369.05	10,504.30	13,916.02	20,511.56	5,468.95
Disbursements Growth (%)	51.79	91.79	95.65	32.48	47.40	-
Total Revenue *(₹ in million)*	543.22	1,037.55	1,908.99	3,054.92	4,572.45	1,438.70
Net Interest Income[3] *(₹ in million)*	202.89	429.27	781.65	1,375.51	2,270.72	786.06
Profit After Tax (as restated) *(₹ in million)*	63.37	190.81	327.80	571.37	929.33	289.96

Metric	As of and for the Year ended March 31, 2014	Year ended March 31, 2015	Year ended March 31, 2016	Year ended March 31, 2017	Year ended March 31, 2018	Three months ended June 30, 2018
Growth of Profit After Tax (as restated) from prior year (%)	236.20	201.10	71.79	74.30	62.65	-
Net Worth[4] *(₹ in million)*	554.13	1,014.41	2,038.18	5,663.26	10,984.71	11,776.91
Gross NPA[5] *(₹ in million)*	8.93	43.27	80.42	169.21	106.91	172.39
Gross NPA to Gross Advances (%)	0.22	0.52	0.55	0.79	0.34	0.50
Net NPA[6] *(₹ in million)*	7.54	35.30	61.71	128.64	82.51	133.14
Net NPA to Net Advances[7] (%)	0.19	0.43	0.42	0.60	0.26	0.38
Average Yield on Gross Loan Assets[8] (%)	18.13	16.49	15.12	14.72	13.99	13.86
Average cost of borrowings[9] (%)	12.28	11.43	10.53	9.62	8.65	8.57
Net Interest Margin[10] (%)	6.71	6.76	6.10	6.61	7.25	2.03*
Operating Expenses[11] to Average Total Assets[12] (%)	4.55	3.10	3.16	3.24	3.97	1.05*
Operating Expenses to Net Total Income Ratio[13] (%)	57.01	38.64	43.06	41.40	46.43	46.71
CRAR (%)	24.64	21.24	27.46	46.85	61.55	60.53
Number of Branches	35	42	44	94	165	166

Figures disclosed in the above table, except "Total revenue" and "Profit after tax" are not measures of financial position, operating performance or liquidity defined by generally accepted accounting principles and may not be comparable to similarly titled measures presented by other companies.
**Figures not annualized.*
[1]Gross Loan Assets 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 year or 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 year or period.
[2]Gross Advances represents the sum of current and non-current receivables under financing activities as of the last day of the relevant year or period.
[3]Net Interest Income, or "NII" represents total interest income on loan portfolio and securitization, profit on redemption of liquid mutual fund units, dividend income from mutual funds and other interest income less total interest expenses (including resource mobilization expenses, bank charges and commission).
[4]Net Worth is the aggregate of the paid-up share capital, reserves and surplus (excluding revaluation reserve) and money received against share warrants 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]Gross NPA represents closing balance of Gross NPA as of the last day of the relevant year or period.
[6]Net NPA represents closing balance of Net NPA as of the last day of the relevant year or period.
[7]Net Advances represents the sum of current and non-current receivables under financing activities as reduced by closing balance of provision for NPA as of the last day of the relevant year or period.
[8]Average Yield on Gross Loan Assets represents weighted average yield on Gross Loan Assets, weights being principal of each loan outstanding as of the last day of the relevant year or period.
[9]Average cost of borrowings represents weighted average interest cost of borrowings, weights being borrowings of each loan outstanding as of the last day of the relevant year or period. Borrowings include term loans, Refinance from NHB, NCDs, commercial paper and subordinate debt.
[10]Net Interest Margin or "NIM" for any given year or period represents the ratio of NII to the average of total assets, expressed as a percentage where, "NII" represents total interest income on loan portfolio and securitization, Profit on redemption of liquid mutual fund, Dividend income from mutual funds and Other interest income less total interest expenses (including resource mobilization expenses, bank charges and commission).
[11]Operating Expense represents employee benefit expenses, depreciation and amortization expense and other expenses for the relevant year or period.
[12]Average Total Assets represent the simple average of total assets outstanding as of the last day of the relevant year or period and total assets outstanding as of the last day of the previous year or period.
[13]Operating Expense to Net Total Income ratio represents operating expenses as a percentage of total revenue after reducing finance cost.

We secure financing from a variety of sources including term loans and working capital facilities; proceeds from loans assigned and securitized; proceeds from the issuance of non-convertible debentures ("**NCDs**"); refinancing from the National Housing Bank ("**NHB**"); and subordinated debt borrowings from banks, mutual funds, insurance companies and other domestic, foreign and multi-lateral financial institutions to meet our capital requirements. As of June 30, 2018 and March 31, 2018, our Total Borrowings were ₹ 27,217.61 million and ₹ 25,957.82 million, respectively, and our average cost of borrowings has reduced from 12.28% as of March 31, 2014 to 8.57% as of June 30, 2018. Meanwhile, our long-term credit ratings have improved from CRISIL BBB+/Stable in August 2012 to CRISIL A+/Stable currently. As of June 30, 2018, the weighted average duration of our outstanding borrowings and securitization and assignment was 134.15 months and our long term-rating from CARE was A+/Positive and short-term rating was A1+.

Our Company is registered with the NHB as an HFC and we commenced our operations in Jaipur, Rajasthan in March 2012. Our Company was initially promoted by Au Financiers (India) Limited, (now known as AU Small Finance Bank Limited ("**AuSFB**")), which sold 90.10% of the outstanding equity interest of our Company in connection with its conversion to a small finance bank, to Lake District Holdings Limited (a subsidiary of Kedaara Capital I Limited) ("**Lake District**"), Kedaara Capital Alternative Investment Fund - Kedaara Capital AIF 1 ("**Kedaara AIF-1**"), Partners Group ESCL Limited ("**ESCL**") and Partners Group Private Equity Master Fund LLC ("**Master Fund**") in June, 2016. The name of our Company was changed from 'AU Housing Finance Limited' to 'Aavas Financiers Limited' in March 2017. We are led by a professional management team and our Key Managerial Personnel held 7.19% of the outstanding equity interest of our Company, as of the date of this Red Herring Prospectus.

Our Competitive Strengths

Our principal competitive strengths are as follows:

Strong Distribution Network with Deep Penetration Serving Underserved Customers in Rural and Semi-Urban Markets

We commenced our operations in March 2012 with a focus on serving low and middle income self employed customers in the rural and semi-urban markets and are currently present in eight states in India. We commenced our operations in rural areas and small towns and have followed an approach of targeting geographies with low credit penetration. Our branches are predominantly located in rural and semi-urban areas and as of June 30, 2018, of our 166 branches, 134 branches were located in towns with a population of less than one million people. Our understanding of the local characteristics of markets has allowed us to address the unique needs of our customers and enabled us to penetrate deeper into such markets. We believe that we have successfully adopted a strategy of on-ground contiguous expansion across regions and as of June 30, 2018, we conducted our operations in 757 tehsils across 95 districts in eight states. As of the same date, we had a point of presence in 78.69%, 70.67%, 54.90% and 47.95% of the tehsils in the states of Rajasthan, Gujarat, Maharashtra and Madhya Pradesh, respectively.

A large segment of India's rural and semi-urban population is currently unserved and underserved by formal financial institutions. Over the years, we have focused on customers in such markets that offer us significant growth opportunities and customer loyalty. As of June 30, 2018, 61.22% of our Gross Loan Assets were from customers who belonged to the economically weaker section and the low income group, earning less than ₹ 50,000 per month and 36.27% of our Gross Loan Assets were from customers who were new to credit. As of June 30, 2018, 64.21% of our Gross Loan Assets were from self-employed customers. According to ICRA, the housing shortage in rural areas among the economically weaker section was for 39.3 million units constituting 89.93% of the total rural housing shortage, which provides us significant opportunity to scale up our operations. Catering to self-employed customers requires a special skillset in absence of requisite income proofs as lending to them, is based on an assessment of their income through various methods, including their cash flows. Self-employed customers are also more vulnerable to economic cycles and lending to them requires robust underwriting systems to price the risk appropriately. *(Source: ICRA Report)* As a result of our expertise, experience and business model, we believe that we are able to effectively serve such customers and grow our business. We have also demonstrated an ability to replicate our business model in eight states, while maintaining our asset quality.

In-house Sourcing Model leading to Superior Business Outcomes

We believe in sourcing our customers directly, and maintaining on-going relationships and contact with them. A majority of our customers are borrowers who have been referred to us by existing or former customers and our branches act as a single point of contact for them. The personnel at our branches are responsible for sourcing loans, carrying out preliminary checks on the credit worthiness of a prospective customer, providing assistance in documentation, disbursing loans and in monitoring repayments and collections. We have implemented an analytics platform with a pre-defined approval matrix, which expedites the processing of loan applications. Our credit and sales teams work with lawyers and technical agencies empaneled by us and we believe that effective coordination between our branch offices and our head office allows us to reduce turn around time for our customers. We primarily recruit locally, which provides us with a better understanding of customers in those regions and their specific requirements. We have set up a call center in Jaipur, which is focused on generating new business and performing customer service and collections functions. This call center operates in English, Hindi and select regional languages, which helps us better service our customers.

A direct sourcing and collection system enables us to optimally price our offerings and maintain our asset quality. Our ability to directly control the end-to-end process has helped us reduce average turn-around-time from 21 days during Fiscal 2014 to 13 days during Fiscal 2018, and we were able to achieve a turn-around-time of 10 days in 54.22% of the cases during Fiscal 2018. Our end-to-end control of the collections process has helped us reduce one day past due from 14.51% as of March 31, 2014 to 4.65% as of June 30, 2018, of our Gross Advances. We believe that maintaining direct contact with our customers helps mitigate underwriting and default risks, and enables us to provide personalized services resulting in a satisfied customer base, increased customer connect and loyalty. In our experience, personal contact with customers in rural and semi-urban markets also encourages repeat business and leads to referrals. Over the years, our growth has primarily been through the increase in the number of our customers and we continue to maintain a low average loan ticket size. For instance, during the three months ended June 30, 2018 and Fiscal 2018, only 6.63% and 6.90% of our disbursements were through balance transfer for existing customers of other financial institutions, respectively, while the rest of our disbursements were for new customers. We have developed strong relationships with our customers through in-person contact by addressing their financial needs in a timely and requisite manner, our knowledge of the local markets and our widespread network of branches. Our customer-centric approach has been one of the key reasons for our growth, profitability and asset quality, and helps us differentiate ourselves from our competition.

Robust and Comprehensive Credit Assessment, Risk Management and Collections Framework

We have implemented a robust and comprehensive credit assessment, risk management and collections framework to identify, monitor and manage risks inherent in our operations. As part of our credit policy, we finance primarily retail customers and do not provide finance to builders, which we believe helps in maintaining our asset quality. As of June 30, 2018, a majority of the home loans that we disbursed were for single-unit properties, almost all of which were to be occupied by the borrowers themselves. As of June 30, 2018, our home loans and other mortgage loans had an average loan-to-value of 51.78% and 45.78%, respectively, at the time of the sanctioning of the loan, resulting in our Gross Loan Assets having an average loan-to-value of 50.33% at the time of the sanctioning of the loan. Since the commencement of our operations in March 2012, we have served more than 62,500 customers. To assist us with our credit assessment and risk management functions, we have created more than 60 templates of customer profiles through our experience over the years, with risk assessment measures for each geography in which we operate. We continuously seek to develop and update such profiles in order to identify and source reliable customers and improve our efficiencies. We also conduct an analysis of the existing cash flow of a customer's business to assess their repayment abilities. Our credit team has been set up as a separate vertical and does not report to our business team across levels. In addition, members of our sales team are also responsible for monitoring and maintaining our asset quality. As of June 30, 2018, the ratio of the number of members in our credit team to our sales team was approximately 1:2.5. We have implemented a four prong system of credit assessment comprising underwriting, legal assessments, technical assessments and a risk containment unit. For further details, see "***Our Business – Credit Approval and Disbursement***" on page 157.

We have developed a proprietary pricing grid to price various customer and property related risks such as lack of credit history, self-employed nature of customers and occupation specific risks. In addition, we periodically review the repayment track record of other loans taken by our customers to assess the possibility of future defaults and take preventive measures. We also continuously evaluate whether customers whose loan applications were rejected by us have obtained loans from other institutions and their repayment track record, in order to evaluate the robustness of our underwriting systems and processes. Our risk management framework includes a comprehensive audit mechanism of internal audits performed at a corporate level on a quarterly basis, annual branch level audits and management audits, which cover specific risk based assignments. We have set up a Risk Management Committee 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 and develop risk tolerance limits, monitor positions against approved risk tolerance limits and report its findings to senior management.

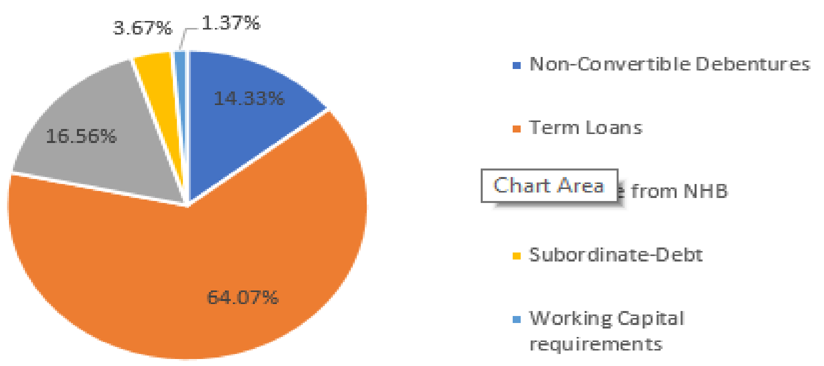
We have well established processes and a strong four-tier collections infrastructure comprising tele-calling, field collection, legal recovery and settlement to help us with loan collections. Our collections team focusses on early warning signals in accounts that are from one day past due and we have largely localized teams to monitor cases that show signs of delinquency. We review portfolios on a periodic basis through credit bureau checks, reputed credit databases and have set up a system of dashboard monitoring of cases by our risk team where members can review certain information of borrowers, identify areas of concern and initiate prompt action. As of June 30, 2018, our collections team comprised 98 personnel. We have also set up a specialized collections team to manage cases where collections are overdue for a certain period as well as a separate team to focus on the resolution of cases through SARFAESI. We believe that our effective credit risk management is reflected in our portfolio quality indicators such as high repayment rates, one day past dues and low rates of Gross NPAs and Net NPAs across business and economic cycles. As of June 30, 2018, our Gross NPA accounted for 0.50% of our Gross Advances, while our Net NPA accounted for 0.38% of our Net Advances. For details, see "***Selected Statistical Information***" on page 204.

Access to Diversified and Cost-Effective Long-Term Financing

Our treasury department is responsible for our capital requirements and asset liability management, minimizing the cost of our borrowings, liquidity management and control, diversify fund raising sources, managing interest rate risk and investing surplus funds in accordance with the criteria set forth in our investment policy. Over the years, we have secured financing from a variety of sources including term loans and working capital facilities; proceeds from loans assigned and securitized; proceeds from the issuance of NCDs; refinancing from the NHB; and subordinated debt borrowings from banks, mutual funds, insurance companies and other domestic and foreign financial and multi-lateral institutions to meet our capital requirements. We securitize and assign loans through securitization or direct assignment to banks and financial institutions, which enables us to optimize our cost of borrowings, funding and liquidity requirements, capital management and asset liability management. We have increased the number of our lender relationships from 13 as of March 31, 2014 to 36 as of June 30, 2018.

As of June 30, 2018 and March 31, 2018, our Total Borrowings were ₹ 27,217.61 million and ₹ 25,957.82 million and our average cost of borrowing was 8.57% and 8.65%, respectively. As of June 30, 2018, Total Borrowings comprised 64.07% of loans from banks and loans from financial institution, 14.33% of Non-convertible debentures, 16.56% of loans from National Housing Bank, 3.67% of unsecured non-convertible debentures (Subordinate Debt) and 1.37% of short term borrowings from bank. Our average cost of borrowings has reduced from 12.28% as of March 31, 2014 to 8.57% as of June 30, 2018. Further, as of June 30, 2018, 30.82% of our Total Borrowings and securitization and assignment were at fixed rates of interest, while 69.18% were at floating rates.

The following chart sets forth our borrowing mix as of June 30, 2018:



We carefully monitor the contractual maturity periods of our assets and liabilities and categorize them on the basis of the number of years in which they mature. As of June 30, 2018, the weighted average duration of our Gross Loan Assets was 169.48 months on origination, while the weighted average duration of our outstanding borrowings and securitization and assignment was 134.15 months. We currently have a favourable asset-liability position across all categories and a significant majority of our liabilities mature over five years, which we believe assists us in mitigating liquidity and interest rate risks. 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	Initial Credit ratings	Current Credit ratings
CARE Ratings	Long Term	A+/Stable as of March 2017	A+/Positive
ICRA	Long Term	A/Stable as of March 2016	A+/Positive
CRISIL Ratings	Long Term	BBB+/Stable as of August 2012	A+/Stable

Effective Use of Technology and Analytics to build a Scalable and Efficient Operating Model

We have made significant investments in our information technology systems and implemented automated, digitized and other technology-enabled platforms and proprietary tools, to strengthen our offerings and derive greater operational, cost and management efficiencies. Between Fiscals 2014 and 2018, we invested ₹ 150.45 million in our information technology systems and as of June 30, 2018, our IT and data science teams comprised 36 and 6 personnel, respectively. We have consistently monitored our cost-to-income ratio, leveraging economies-of-scale, increasing manpower productivity with growing disbursements through the enhanced use of information technology systems, resulting in quicker loan turn around time and reducing transaction costs. Our information technology systems help us with several functions, including:

- *Origination*: We utilize a mobile application through which almost all our leads are recorded, which assists us in the monitoring and tracking of leads from an early stage and generating a credit appraisal memorandum, resulting in lower costs and an increase in productivity. We have developed and implemented a business information management system to track and monitor the status of loan documentation and turn around time. We have also developed and implemented an application scorecard to predict the risk profile of borrowers, including for our first-to-credit customers.

- *Underwriting*: We utilize 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 assists 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. We also use an application for the geo tagging of properties, which has helped us reduce our turn around time for approving loans, as well as achieve a higher accuracy in determining the loan-to-value ratio. We have implemented e-KYC measures whereby a customer's credit score is automatically retrieved resulting in faster processing times.

- *Collections*: We have developed a statistical algorithm to predict the probability of default, which helps us in obtaining early signals of potential defaults and mitigate risks. We conduct real time tracking of our collections personnel and have provided them with hand held devices to enable them to issue e-receipts to our customers.

- *Customer service and retention*: We have implemented an online payment gateway on our website to enable our customers to make online payments. We perform predictive analytics to identify cases of balance transfer and proactively seek to retain such clients. We have also developed new products and strategies such as 'Aavas Plus', Aavas Refresh' and 'Aavas Winback', which we use in collaboration with our analytics platform to improve customer satisfaction and retain our customers.

We believe that the adoption of digital service delivery mechanisms enables 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.

Experienced Management Team

We are led by qualified and experienced key managerial personnel, who are supported by a capable and motivated pool of managers and other employees. We believe that our management team has extensive knowledge and understanding of the housing finance business and the expertise and vision to organically scale up our business. They also have diverse experience in a range of financial products and functions related to our business and operations. Our founder, Whole Time Director and CEO, Sushil Kumar Agarwal, has been associated with the financial services industry for the past 17 years. Our co-founder and Chief Financial Officer, Ghanshyam Rawat, has over 23 years of work experience in finance, fund raising, treasury management, forex and interest risk management and mergers and acquisitions. Sunku Ram Naresh, our chief business officer, has experience in mortgages and FMCG distribution. Ashutosh Atre, our chief credit officer, has over 29 years of work experience in credit management. Our Key Managerial Personnel have made investments in our Company periodically and held 7.19% of the outstanding equity interest of our Company, as of the date of this Red Herring Prospectus. Further, our branch managers have an in-depth understanding of loan products, types of collateral and businesses of our borrowers.

Our shareholders include marquee investors such as Lake District, Kedaara AIF-1, ESCL and Master Fund and we believe we have benefited significantly from their vision and leadership, and they along with our senior management, have been instrumental in formulating and executing the core strategy of our Company.

Our Strategies

Our goal is to grow our loan portfolio, reduce the cost of our borrowings, improve cost efficiency and maintain our asset quality through following initiatives:

Expand our Branch Network to Achieve Deeper Penetration

While historically most of our operations were focused in Rajasthan, Maharashtra, Gujarat and Madhya Pradesh, we have grown our operations in relatively newer markets such as Delhi, Haryana, Uttar Pradesh and Chhattisgarh. We believe that our current operating model is scalable, which will assist us in expanding our operations with lower incremental costs to drive efficiency and profitability. We intend to continue to expand in an on-ground contiguous manner, to drive greater and deeper penetration in the eight states in which we operate and set up an additional 70 branches during Fiscal 2019. Our expansion strategy would continue to grow contiguously by rolling-out new branches in tehsils with low mortgage penetration levels. When we enter a new state through contiguous expansion, we would open new branches in district head-quarters and then expand deeper by deploying personnel to tehsils adjacent to them to source new customers. As of June 30, 2018, we had reached an approximate tehsil level penetration of 78.69%, 70.67%, 54.90%, 47.95%, 13.51%, 22.22%, 0.96% and 18.12% in the states of Rajasthan, Gujarat, Maharashtra, Madhya Pradesh, Haryana, Delhi, Uttar Pradesh and Chhattisgarh, respectively, thus providing us the scope to continue to grow our business further in these states. We intend to achieve a tehsil level penetration of approximately 85% in all the states in which we operate. We also intend to commence operations in the state of Uttarakhand during Fiscal 2019.

Continue to Focus on Low and Middle Income Self Employed Customers

We plan to continue to focus on low and middle income self employed customers and increase the market share of our existing products in the rural and semi-urban markets of India. A large segment of India's rural and semi-urban population is currently unserved or underserved by formal financial institutions comprising customers without any credit history and we believe that such customer segment offers us significant growth opportunities and customer loyalty. According to ICRA, the housing shortage in rural areas among the economically weaker section was for 39.3 million units constituting 89.93% of the total rural housing shortage, and 99.84% of the urban housing shortage was found among the economically weaker sections and low income groups, which provides us significant opportunity to scale up our operations. We intend to cross-sell products to our existing customers and develop long-term relationships with them. Further, we intend to continue to focus on disbursing loans to underserved low and middle income customers primarily for the purchase and construction of single unit houses, as part of our risk mitigating strategy. We also intend to increase our fee income through the distribution of third-party life, general and health insurance products.

Diversify our Borrowing Profile to Optimize our Borrowings Costs

We secure funding from a variety of sources to meet our capital requirements. We believe that we have been able to access cost-effective debt financing and reduced our average cost of borrowings over the years due to several factors, including our financial performance and improving credit ratings. As we continue to grow the scale of our operations, we seek to reduce our dependence on expensive term loans from banks and financial institutions, optimize our cost of funds and continue to improve our credit ratings. A lower average cost of borrowing enables us to competitively price our loan products and helps us grow our business and operations and increase our net interest margins. Our average cost of borrowings has reduced from 12.28% as of March 31, 2014 to 8.57% as of June 30, 2018.

Further, we intend to continue to increase our lender base which has increased from 13 as of March 31, 2014 to 36 as of June 30, 2018, and seek to obtain funding from insurance, pension and provident funds, overseas lenders, external commercial borrowings and through the issue of commercial paper.

We also intend to continue to focus on improving our asset and liability management to ensure that we continue to have a positive asset-liability position. As a result of such initiatives, we believe that we will be able to continue improving our credit ratings and reduce the cost of our borrowings.

Increase our Product Portfolio and Improve Cost Efficiency through Use of Technology and Data Analytics

We have made significant investments in our information technology systems to improve our cost efficiency and as we continue to expand our geographic reach and scale of operations, we intend to further improve and leverage such systems to support our growth and reduce our operational expenditures. Our application scorecard, use of a mobile application for recording and monitoring leads and geo tagging of properties, and the use of data analytics, enable us to mitigate risks and improve our operational efficiencies. Our use of technology will also allow us to continue providing streamlined approval and documentation procedures and reduce turnaround times and incidence of error. Further, all our branches and our corporate office are linked through a central data base platform that enhances data management, strengthens service delivery and serves customers in an efficient manner.

In addition, we have developed certain products and customer retention strategies, which we use in collaboration with our analytics platform to grow our business. Through our product 'Aavas Plus', we offer incremental loans, with a low turn around time, to existing customers who have been servicing their loans regularly and have low LTVs. 'Aavas Refresh' is a customer retention strategy for customers who regularly service their loans and whose repayments are reaching completion. 'Aavas Winback' targets customers whose loans are either foreclosed or closed on maturity, or those who did not avail a previously sanctioned loan. Such products and strategies help us to grow our business, retain good customers and improve realizations.

We believe that as we further develop and integrate technology into our business, we can further capitalize on the reach of our offices and increase our market share. We believe greater adoption of our digital service delivery mechanisms will enable us to be more efficient, customer friendly and over time perform more accurate data analytics, resulting in target customer profiling, cross-selling of products, customized and tailor-made products to suit the diverse requirements of our customers and improve customer satisfaction.

Enhance our Brand Recall to Attract New Customers

We believe that having a strong recognizable brand is a key attribute in our business, which helps us attract and retain customers, increases customer confidence and influences purchase decisions. Having a strong and recognizable brand has also assisted us in recruiting and retaining employees. We intend to continue to undertake initiatives to increase the strength and recall of our 'Aavas' brand to attract new customers. We seek to build our brand by engaging with existing and potential customers' through customer literacy programs, sponsor popular events in the regions we operate and advertise in newspapers, hoardings, television, radio and in other advertising media.

Description of Our Business

We offer customers home loans for the purchase or construction of residential properties, and for the extension and repair of existing housing units.

We also offer customers other mortgage loans including loans against property. Loans against property are loans that are used primarily for business financing requirements, such as for the expansion of business, working capital needs, or other approved purposes as set out in the relevant loan documentation.

In addition, we have developed new products and strategies such as 'Aavas Plus', Aavas Refresh' and 'Aavas Winback'. Through 'Aavas Plus', we lend incremental loans, with a low turn around time, to our existing customers who have been servicing their loans regularly and have low LTVs. 'Aavas Refresh' is a customer retention strategy for customers who regularly service their loans and whose repayments are reaching completion. 'Aavas Winback' targets customers whose loans are either foreclosed or closed on maturity, or those who did not avail a previously sanctioned loan.

The following table sets forth details of our Gross Loan Assets and disbursements for our home loans and other mortgage loans, for the years indicated:

(₹ in million)

Metric	As of and for the Three months ended June	Year ended March 31,	Year ended March 31,	Year ended March 31,	Year ended March 31,	Year ended March 31,

	30, 2018	2018	2017	2016	2015	2014
Gross Loan Assets:						
Home Loans	33,052.73	31,588.84	22,052.59	14,780.49	7,911.53	4,062.24
Other Mortgage Loans	10,538.14	9,141.36	4,882.63	2,018.16	517.37	-
Disbursements:						
Home Loans	3,375.79	14,794.68	10,644.90	8,856.80	4,853.00	2,799.42
Other Mortgage Loans	2,093.16	5,716.88	3,271.12	1,647.50	516.05	-
Average Ticket Size on Gross Loan Assets (on the basis of the sanctioned amounts):						
Home Loans	0.87	0.88	0.88	0.88	0.77	0.64
Other Mortgage Loans	0.80	0.80	0.79	0.67	0.70	-

Branch Network

As of June 30, 2018, we conducted our operations through 166 branches in 757 tehsils, covering 95 districts in eight states.

The following table sets forth certain details of the reach of our branch network as of June 30, 2018:

State	Number of Branches	Number of Tehsils with a Point of Presence	Number of Tehsils in the State	Tehsil Penetration %
Rajasthan	72	192	244	78.69
Gujarat	27	159	225	70.67
Maharashtra	34	196	357	54.90
Madhya Pradesh	24	164	342	47.95
Delhi	2	6	27	22.22
Haryana	3	10	74	13.51
Uttar Pradesh	1	3	312	0.96
Chhattisgarh	3	27	149	18.12
Total	**166**	**757**	**1730**	**43.76**

Customer Base

Our target customer segment comprises low and middle income individuals in semi-urban and rural areas who have limited access to formal banking credit. We offer loans to self-employed customers, whose main source of income is their profession or their business and salaried customers, whose main source of income is salary from their employment. As of June 30, 2018, 61.22% of our Gross Loan Assets were from customers who belonged to the economically weaker section and low income group, earning less than ₹ 50,000 per month and 36.27% of our Gross Loan Assets were from customers who were new to credit. As of June 30, 2018, 64.21% of Gross Loan Assets were from self-employed customers. Many of our customers who are individuals do not have formal income proofs, pay slips, or file income tax returns, and as such may be excluded from being served by banks or large financial institutions. Self-employed customers are also more vulnerable to economic cycles and lending to them requires robust underwriting systems to price the risk appropriately. *(Source: ICRA Report).* As a result of our expertise, experience and business model, we believe that we are able to effectively serve such customers and grow our business, while monitoring and mitigating risks.

The following table sets forth the state wise distribution of our Gross Loan Assets and branches as of June 30, 2018:

State	Percentage of Total Branches	Percentage of Gross Loan Assets
Rajasthan	43.37%	46.63%
Gujarat	16.27%	16.68%
Maharashtra	20.48%	19.31%
Madhya Pradesh	14.46%	9.88%
Delhi	1.20%	4.36%
Haryana	1.81%	1.13%
Uttar Pradesh	0.60%	1.82%

Chhattisgarh	1.81%	0.19%
Total	**100.00%**	**100.00%**

The following table sets forth certain details of our loan profile as of the dates indicated:

	June 30, 2018	**March 31, 2018**	**March 31, 2017**	**March 31, 2016**	**March 31, 2015**	**March 31, 2014**
Number of total loan accounts	57,049	52,788	34,512	21,666	12,117	7,044
Self-employed loan accounts (%)	63.36	62.65	61.55	61.96	59.42	56.50
Salaried loan accounts (%)	36.64	37.35	38.45	38.04	40.58	43.50
New to Credit loan accounts* (%)	42.30	40.77	37.55	42.68	51.74	62.42

**Indicates the percentage of loan accounts which did not have a credit score at the time of the sanction of the loan.*

LTV Ratio, EMI and Tenure of Home Loans

The NHB Directions prescribe the maximum permissible parameters of the loan amount that can be provided to housing loan customers. A property with market value of up to ₹ 3.00 million is permitted to have a maximum LTV ratio of up to 90.0%, property with market value between ₹ 3.00 million and ₹ 7.50 million is permitted to have maximum LTV ratio of up to 80.0% and property with market value above ₹ 7.50 million is permitted to have maximum LTV ratio of up to 75.0%. We set an LTV ratio range for each of our loan products that is within the relevant range prescribed by the relevant regulatory authorities. As of June 30, 2018, our home loans and other mortgage loans had an average loan-to-value of 51.78% and 45.78% respectively at the time of the sanctioning of the loan, resulting in our Gross Loan Assets having an average loan-to-value of 50.33% at the time of the sanctioning of the loan.

While approving a loan application, we review the customer's repayment capacity, which is determined by factors such as the customer's age, educational qualification, number of dependents and the stability and continuity of the customer's income. We also review a co-applicant's income, assets and liabilities, and cash flows, as required. The amount of the loan is determined on the basis of our evaluation of the repayment capacity of a customer, the value of the relevant property and is subject to regulatory limits. Loans are generally required to be repaid in equated monthly installments ("**EMIs**") over an agreed period. The size of the EMI depends on the size of loan, interest rate and tenure of loan. The tenure of our home loans can be for a period up to 30 years and vary according to the purpose of the loan, the customer's age and the customer segment. As of June 30, 2018, the weighted average tenure of our Gross Loan Assets was 169.48 months on origination.

Interest Rates, Fees and Collateral for Home Loans

We offer our home loan customers the option to choose between a fixed or variable interest rate, or a combination thereof, in order to allow them to hedge against unexpected interest rate movements. The pricing of a fixed interest rate loan and the variable interest rate loans is generally determined on the basis of market conditions. We determine our reference rate from time to time based on market conditions and price our loans at either a discount or a premium to our reference rate. For variable rate loans, the interest rate is linked to our reference rate. As of June 30, 2018, our reference rate was 14.85%; and 47.05% of our Gross Loan Assets were at fixed rates of interest with a weighted average yield of 15.73%, while 52.95% were at variable rates with a weighted average yield of 12.20%.

We require our customers to pay certain processing fees and charges prior to the disbursement of the loans at different stages of the loan application. These fees and charges are subject to change from time to time based on market conditions and regulatory requirements. We charge a non-refundable application fee when a customer is logged in as a lead in our system, which fees is credited to the customers account upon disbursement of the loan. We also collect a processing fee between one and two percent of the sanctioned amount from our customers, prior to disbursement of the loan, to cover the initial cost of underwriting the loan.

The underlying collateral for a loan is the house towards which the loan is provided, either for construction, purchase or improvement. The security for home loans is created either through an equitable mortgage by way of deposit of title deeds or a registered mortgage of immovable property. For certain loans, we obtain personal guarantees from a guarantor. For salaried customers who receive their salaries in cash, we typically obtain a guarantee from their employers.

Credit Approval and Disbursement

Upon sourcing a customer and obtaining a loan application along with the relevant documentation, our relationship officer enters the case details in the OmniFin system and hands over the file to a credit officer. Thereafter, credit bureau checks are conducted to identify any fraudulent activity at an early stage by our fraud control unit. A credit bureau report is then generated where the credit score of the applicant is reviewed along with a track record of loan repayments, where available. The loan application is checked for various parameters including the completeness of the application form, relevant KYC documents, an initial money deposit cheque and income proofs, where applicable.

Upon the receipt of property documents, which are to be used as collateral, the disbursement officer initiates a legal and technical assessment, including by engaging external vendors, to verify the authenticity of the documents, the legal title to the collateral property and its market value. We conduct personal discussions over the telephone as well as in-person meetings at the customer's house or place of business. Our credit managers visit customers to understand their business, revenue streams, expenses and based on income validations, determine their loan eligibility. The credit manager then prepares the credit appraisal memorandum and cash flow analysis. For salaried customers, the credit manager conducts telephonic discussions to prepare the credit appraisal memorandum. The credit team sends documents to the risk containment unit to verify their authenticity. Members of our risk containment unit also conduct in-person meetings with certain customers. 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.

We have implemented a four prong system of credit assessment comprising:

- *Underwriting*: We have a credit team of 464 personnel, comprising credit managers and disbursement officers who conduct an independent verification of customers, evaluate their business and financing needs, and analyze their ability to repay loans. A majority of our credit approvers are chartered accountants who also conduct an analysis of the existing cash flow of a customer's business.

- *Legal assessments*: We conduct legal assessments through our in-house team of lawyers and by engaging external vendors who help us perform functions such as the verification of documents and title to properties. Legal reports prepared by external lawyers are reviewed by our in-house legal team. As of June 30, 2018, we had an in-house legal team of 22 members, of which 14 were lawyers and approximately 160 local law firms and lawyers were empaneled with us.

- *Technical assessments*: We conduct technical assessments through our in-house team of engineers and by engaging external vendors who help us perform functions such as conducting technical evaluation of properties and the periodical review of construction projects. As of June 30, 2018, we had a team of 42 technical members, of which 35 were engineers and approximately 110 technical agencies with localized expertise were empaneled with us.

- *Risk Containment Unit*: Our risk containment unit conducts credit bureau checks, CERSAI checks, scrutinizes documents, visits certain customers and seeks to identify fraud at early stages. They also conduct geography specific risk assessments, authentication of demand letters and employment certifications. As of June 30, 2018, our risk containment unit comprised 25 personnel.

Loan Collection and Monitoring

We have well established processes and a strong four-tier collections infrastructure comprising tele-calling, field collection, legal recovery and settlement to help us with loan collections. At the outset of loan disbursement, we provide our customers with the option to make their payments using methods such as cheque, automated clearing house payment gateways and other digital modes of payment. For overdue cases, our field executives visit customers to collect installments in methods including cash. We track loan repayment schedules on a monthly basis by monitoring installments due and loan defaults. We ensure that all customer accounts are reviewed by our personnel at periodic intervals, particularly for customers who have larger exposures or have missed their payments.

Our field executives are responsible for collecting installments, with each field executive typically having responsibility for specified number of borrowers, depending on the volume of loan disbursements in the area. The entire collection process is administered in-house and we believe that our loan recovery procedures are well-suited to rural and semi-urban markets. If a customer misses installment payments, our field executives identify the reasons for default and initiate prompt action pursuant to our internal guidelines.

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 payment by the 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 also set up a specialized collections team to review certain cases. Our collections team comprises collection experts who have extensive experience with SARFAESI, DRT and other legal recovery procedures.

In the event of default under a loan agreement, we may initiate the process for re-possessing collateral. We work with local authorities to repossess such assets and take appropriate care in dealing with customers while seizing assets. Where appropriate, our collections department coordinates with our legal team and external lawyers to initiate and monitor legal proceedings.

Other Business Initiatives

Distribution of Insurance Products

In December 2017, we received a certificate of registration to act as corporate agent from the Insurance Regulatory and Development Authority of India. Pursuant to this certificate and applicable guidelines, we are permitted to enter into arrangements with insurers for the distribution of life, general and health insurance products. We currently distribute insurance products for property.

Treasury Functions

We have set up a treasury department that is responsible for our capital requirements and asset liability management, minimizing the cost of our borrowings, liquidity management and control, diversifying fund raising sources, managing interest rate risk and investing surplus funds in accordance with the criteria set forth in our investment policy. We have obtained financing from a variety of sources including term loans and working capital facilities; proceeds from loans assigned and securitized; proceeds from the issuance of NCDs; refinancing from the NHB; and subordinated debt borrowings from banks, mutual funds, insurance companies and other domestic, foreign and multi-lateral financial institutions to meet our capital requirements. We securitize and assign loans through securitization or direct assignment to banks and financial institutions, which enables us to optimize our cost of borrowings, funding and liquidity requirements, capital management and asset liability management. Our treasury and finance team periodically submit their reports to the Asset Liability Management Committee which submits its findings to our Board.

As of June 30, 2018, Total Borrowings comprised 64.07% of loans from banks and loans from financial institution, 14.33% of Non-convertible debentures, 16.56% of loans from National Housing Bank, 3.67% of unsecured non-convertible debentures (Subordinate Debt) and 1.37% of short term borrowings from bank. Our average cost of borrowings has reduced from 12.28% as of March 31, 2014 to 8.57% as of June 30, 2018. Further, as of June 30, 2018, 30.82% of our Total Borrowings and securitization and assignment were at fixed rates of interest, while 69.18% were at floating rates. We believe that we have been able to access cost-effective diversified debt financing due to our stable credit history, improving credit ratings and conservative risk management policies.

Capital Adequacy Ratios

The NHB Directions currently require HFCs to comply with a capital to risk (weighted) assets ratio, or CRAR, consisting of Tier I and Tier II capital. Under these requirements, an HFC's Tier I and Tier II capital may not be less than 12.0% of the sum of the HFC's risk-weighted assets and the risk adjusted value of off-balance sheet items, as applicable, with a minimum requirement of Tier I capital of 6.0% on risk weighted assets. Further, the NHB Directions require that the Tier II capital may not exceed the Tier I capital.

The following table sets forth certain details of our CRAR as of the dates indicated:

	As of			
	June 30, 2018	**March 31, 2018**	**March 31, 2017**	**March 31, 2016**
CRAR (%)	60.53%	61.55%	46.85%	27.46%
CRAR - Tier I capital (%)	55.33%	55.94%	46.15%	26.70%
CRAR - Tier II capital (%)	5.20%	5.61%	0.70%	0.76%
Amount of subordinated debt raised as Tier – II capital *(₹ in million)*	1,000.00	1,000.00	0.00	0.00

Credit Ratings

Our current credit ratings are set forth below:

Rating Agency	Instrument	Rating
CARE Ratings	Long term	A+/Positive
	Short term	A1+
ICRA	Long term	A+/Positive
	Short term	A1+
CRISIL Ratings	Long term	A+/Stable

Risk Management

Risk management forms an integral part of our business. We continue to improve our internal policies and implement them rigorously for the efficient functioning of our business. As a lending institution, we are exposed to various risks that are related to our lending business and operating environment. Our objective in our risk management processes is to measure and monitor the various risks that we are subject to and to follow policies and procedures to address such risks. Our risk management framework is driven by our Board and its sub-committees including the Audit Committee, the Asset Liability Management Committee and the Risk Management Committee. We give due importance to prudent lending practices and have implemented suitable measures for risk mitigation, which include verification of credit history from credit information bureaus, personal verification of a customer's business and residence, technical and legal verifications, conservative loan to value, and required term cover for insurance.

The major types of risk we face in our businesses are liquidity risk, credit risk, operation risk, interest rate risk, cash management risk, asset risk and inflation risk.

Liquidity Risk

Liquidity risk arises due to the unavailability of adequate amount of funds at an appropriate cost and tenure. We may face an asset-liability mismatch caused by a difference in the maturity profile of our assets and liabilities. This risk may arise from the unexpected increase in the cost of funding an asset portfolio at the appropriate maturity and the risk of being unable to liquidate a position in a timely manner and at a reasonable price. We monitor liquidity risk through our Asset Liability Management Committee. Monitoring liquidity risk involves categorizing all assets and liabilities into different maturity profiles and evaluating them for any mismatches in any particular maturities, particularly in the short-term. We actively monitor our liquidity position to ensure that we can meet all borrower and lender-related funding requirements.

Our treasury department secures funds from multiple sources, including banks, financial institutions and capital markets and is responsible for diversifying our capital sources, managing interest rate risks and maintaining strong relationships with banks, financial institutions, mutual funds, insurance companies, the NHB, other domestic and foreign financial institutions and rating agencies. We continuously seek to diversify our sources of funding to facilitate flexibility in meeting our funding requirements. Due to the composition of our loan portfolio, which also qualifies for priority sector lending, we also engage in securitization and assignment transactions. For further details, see "***Risk Factors – Internal Risk Factors – We may face asset-liability mismatches, which could affect our liquidity and adversely affect our business and results of operations***" on page 19.

Credit Risk

Credit risk is the risk of loss that may occur from the default by our customers under our loan agreements. Customer defaults and inadequate collateral may lead to higher NPAs. We manage credit risks by using a set of credit norms and policies, which are approved by our Board and backed by our technology platform. We have implemented a structured and standardized credit approval process, including customer selection criteria, comprehensive credit risk assessment and cash flow analysis, which encompasses analysis of relevant quantitative and qualitative information to ascertain the credit worthiness of a potential customer. Actual credit exposures, credit limits and asset quality are regularly monitored at various levels. We have created a robust credit assessment and underwriting practice that enables us to fairly price our credit risks. For further details, see "***Risk Factors – Internal Risk Factors – 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***" on page 21.

Operational Risk

Operational risks arise from a variety of factors, including failure to obtain proper internal authorizations, improperly documented transactions, failure of operational and information security procedures, failure of computer systems, software or equipment, fraud, inadequate training or employee errors. As one of the features of our lending operations, we offer a speedy loan approval process and therefore have adopted de-centralized loan approval systems. In order to control our operational risks, we have adopted clearly defined loan approval processes and procedures. We also attempt to mitigate operational risk by maintaining a comprehensive system of internal controls, establishing systems and procedures to monitor transactions, maintaining key back-up procedures and undertaking contingency planning. In addition, we have appointed audit firms to conduct internal and process audits at a number of our offices to assess adequacy of and compliance with our internal controls, procedures and processes. Reports of the internal auditors as well as the action taken on the matters reported upon are discussed and reviewed at the Audit Committee meetings.

Interest Rate Risk

We are subject to interest rate risk, primarily since we lend to customers at rates and for maturity periods that may differ from our funding sources. 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, inflation and other factors.

In order to manage interest rate risk, we seek to optimize our borrowing profile between short-term and long-term loans. We adopt funding strategies to ensure diversified resource-raising options to minimize cost and maximize stability of funds. Assets and liabilities are categorized into various time buckets based on their maturities and our Asset Liability Management Committee prepares an interest rate sensitivity report periodically for assessment of interest rate risks. For further details, see "***Risk Factors – Internal Risk Factors – We are affected by changes in interest rates for our lending and treasury operations, which could cause our net interest income to decline and adversely affect our business and results of operations***" on page 18.

Cash Management Risk

Our branches collect cash from customers for amounts that are overdue and deposit it in our bank accounts and we have also engaged certain agencies for their cash management services. 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 further details, see "***Risk Factors – Internal Risk Factors – A portion of our collections from customers is in cash, exposing us to certain operational risks***" on page 29.

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 work with local authorities to repossess such assets and take appropriate care in dealing with customers while seizing assets. For further details, see "***Risk Factors – Internal Risk Factors – Our inability to recover the full value of collateral, or amounts outstanding under defaulted loans in a timely manner, or at all, could adversely affect our results of operations***" on page 20.

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 home 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 committees including the Audit Committee, the Asset Liability Management Committee and the Risk Management Committee.

- *Audit Committee*. Our Audit Committee is authorized to select and establish accounting policies, review reports of the statutory and the internal auditors and meet with them to discuss their findings, suggestions and other related matters. It also conducts a scrutiny of inter-corporate loans and investments and evaluates internal financial controls and risk management systems and procedures periodically.

- *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 lays down policies and quantitative limits relating to assets and liabilities, based on an assessment of the various risks involved in managing them. Its scope includes liquidity risk management, management of market risks, and funding and capital planning.

- *Risk Management Committee*. The Risk Management Committee was formed to supervise, guide, 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 our Board and senior management, and monitor positions against approved risk tolerance limits.

Information Technology

Our business is dependent on our information technology systems and we intend to continue to make investments in such systems, including our backup systems, to improve our operational efficiency, customer service and decision making process and to reduce the risk of system failures as well as the negative impacts these failures may have on our business.

We currently utilize an enterprise-wide loan management system, OmniFin, to provide an integrated platform for loan processing, credit processing, credit management, general ledger, debt management and reporting. OmniFin, which is a scalable platform, also assists 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.

We have invested in analytical platforms such as SAS to enable data backed decision making and develop a comprehensive information management system. We utilize our analytics platform to maintain different templates of customer profiles and increase business while managing risks. Through this platform, several management information system reports are generated, including on an automated basis, which helps us optimize our operations.

We have implemented an online payment gateway on our website to enable our customers to make their payments via debit cards. We utilize a mobile application through which almost all our leads are recorded, which assists us in the monitoring and tracking of leads from an early stage and a portion of the credit appraisal memorandum is completed through this application itself. We also use an application for the geo tagging of properties, which has helped us reduce our turn around time for approving loans, as well as achieve a higher accuracy in determining the loan-to-value ratio.

Further, all our branches and our corporate office are linked through a central data base platform that enhances data management, strengthens service delivery and serves customers in an efficient manner. We conduct real time tracking of our collections personnel and have provided them with hand held devices to enable them to issue e-receipts to our customers. At our branches, we have installed a three layered multiprotocol label switching security, which helps us prevent any unauthorized access to our network, manage network broadcasting and provides security from spoofing attacks. We have also set us two disaster recovery sites at Jaipur and Pune.

Intellectual Property

We have three trademarks, each under class 36 granted by the Registrar of Trademarks under the Trademarks Act. Two of our trademarks have been assigned to us by AuSFB, pursuant to a deed of assignment dated February 5, 2016. For details on the assignment of the trademarks by AuSFB, see "***History and Certain Corporate Matters – Summary of material agreements***" on page 178.

Marketing

Our marketing initiatives include product promotion activities and referral programs. We seek to attract customers and build our brand through customer literacy programs, sponsor popular events in the regions we operate, conduct roadshows and place advertisements in newspapers, hoardings, television, radio and social media. Almost all our customers are sourced directly by us.

Competition

The housing finance industry in India is highly competitive. We face competition from other HFCs, NBFCs as well as scheduled commercial banks. We generally compete on the basis of the range of product offerings, interest rates, fees and customer service, as well as for skilled employees, with our competitors. Our primary competitors include GRUH Finance Limited, Aadhar Housing Finance Limited, Dewan Housing Finance Corporation Limited, India Shelter Finance Corporation Limited and GIC Housing Finance Limited. For further details, see "***Risk Factors – Internal Risk Factors – The Indian housing finance industry is highly competitive and our inability to compete effectively could adversely our business and results of operations***" on page 20.

Insurance

We maintain insurance policies that we believe are customary for companies operating in our industry. Our principal types of coverage include business protector insurance, corporate guard- crime manager insurance, cyber risk protector insurance, directors' and officers' liability insurance, fidelity insurance, group mediclaim insurance, group personal accident insurance, group term insurance, health insurance, money insurance and public 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 further details, see "***Risk Factors – Internal Risk Factors - Our insurance coverage may not be sufficient or may not adequately protect us against all material hazards, which may adversely affect our business, results of operations and financial condition***" on page 31.

Employees

As of June 30, 2018, we had 1,996 employees. As part of our human resource initiatives, we have implemented several programs to engage with our employees. Some of our key programs include 'NEEV', which is a three day compulsory training and development platform to help new employees develop a basic business understanding, while our 'LEAD' platform has been designed to assist first and second line managers develop key leadership skills. We also introduced the 'Pehla Pag' program where we send our employees to the ICICI Skills Academy in Jaipur for them to develop key finance industry knowledge. In addition, we conduct training programmes on regular basis for our employees on lending operations, underwriting and due diligence, KYC and anti-money laundering norms, risk management, information technology, and grievance redressal.

We launched our 'Disha' program to bridge the gap between our sales and credit teams, resulting in faster credit appraisal and disbursement. We believe that such structured programs have helped us reduce our rate of attrition in an industry, which is vulnerable to talent loss.

The following table sets forth our employee details as of June 30, 2018:

Particulars	Number of Employees
Sales	1,132
Credit	464
Collection	98
Operation	38
Legal	22
Technical	42
Risk	25
IT	36
HR	22
Admin	17
Internal Audit	47
Finance and Accounts	25
Treasury	9
Data Science	6
Others	13
Total	**1,996**

We also engage contract labour from time to time.

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 communities and we have undertaken various activities towards promoting preventive healthcare and sanitation facilities, providing employment through enhancing vocational skills and developing leadership skills, providing assistance to trusts for the promotion of education to eradicate illiteracy and installing water coolers to provide safe drinking water.

We have worked with foundations such as the Abhiyan Bharat Foundation in Jaipur, Rajasthan and provided them financial assistance in order to promote educational activities. We have also worked with CORO India to promote their grassroots leadership programme, particularly for the social and economic empowerment of women and with the Akshay Patra Foundation for the promotion of healthcare. In addition, we work with the Children National Institute for education and improving the lives of orphans, and the Swami Shivanand Seva Samiti for promoting and providing medical aid facilities in the rural areas of Uttarakashi.

Properties

Our registered and corporate office is located at 201-202, 2nd floor, South End Square, Mansarover Industrial Area, Jaipur 302 020, Rajasthan, India.

As on the date of this Red Herring Prospectus, we own the properties mentioned below and they are all on a freehold basis.

- Units 201 and 202, 2nd floor, Southend Square, Plot no. SP 1, Mansarover Industrial Area, Jaipur, Rajasthan, India
- Units 203, 204, 205 and 206, 2nd floor, Southend Square, Plot no. SP 1, Mansarover Industrial Area, Jaipur, Rajasthan, India
- Chengalpattu Registration District, Madurantagam Sub-Registration District, Kancheepuram District, Madurantagam Taluk No. 144, Melavalam Village, Tamil Nadu, India
- Flat 116, 3rd Floor, DLB Royals, Mangalam City, Hathoj, Jaipur, Rajasthan, India

As of June 30, 2018, we conducted our operations through 166 branches and the premises of all our branches have been taken on a lease or leave and license basis.

KEY REGULATIONS AND POLICIES IN INDIA

*The following description is a summary of certain sector specific laws and regulations in India, which are applicable to us. The information detailed in this chapter has been obtained from various statutes, regulations and/or local legislations and the bye laws of relevant authorities that are available in the public domain. This description may not be exhaustive, and is only intended as a substitute to provide general information to investors, and is neither designed, nor intended as a substitute for professional legal advice. Judicial and administrative interpretations are subject to modification or clarification by subsequent legislative, judicial or administrative decisions. For further details see, "**Government and other Approvals**", on page 448.*

The statements below are based on the current provisions of Indian law, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

Our Company is a Housing Finance Company ("**HFC**") with a certificate of registration granted by the NHB and is primarily engaged in the business of providing loans and advances and rendering other forms of financial assistance for housing activities. HFCs are companies, whether incorporated or not, which primarily transact in, or one of their principal objectives is transacting in, the business of providing finance for housing, whether directly or indirectly.

The NHB Act, and various notifications thereunder

*The National Housing Bank Act, 1987 as modified up to July 1, 2012 (the "**NHB Act**")*

The NHB Act establishes the NHB as the principal agency to promote HFCs in India. The ambit of the NHB includes: (i) promoting, establishing, supporting or aiding in the promotion, establishment, and regulation of HFCs; (ii) making loans and advances or other forms of financial assistance to HFCs, scheduled banks, state co-operative agricultural and rural development banks or any other institution or class of institutions as may be notified by the Government of India (the "**GoI**"); (iii) guaranteeing financial obligations of HFCs and underwriting the issue of stocks, shares, debentures and other securities of HFCs; (iv) formulating schemes for the purpose of mobilization of resources and extension of credit for housing; (v) providing guidelines to the HFCs to ensure their growth; and (vi) providing technical and administrative assistance to HFCs.

In terms of the NHB Act and notification dated June 18, 2011 issued by NHB, every HFC is required to obtain a certificate of registration as an HFC and have net owned funds ("**NOF**") of ₹ 20 million or such other higher amount as the NHB may specify for commencing or carrying on its business. Further, every deposit-accepting HFC is required to invest and continue to invest in India in unencumbered approved securities valued at a price not exceeding the current market price of securities, an amount which, at the close of business on any day, is not less than 5% (or such higher percentage as the NHB may specify, not exceeding 25%) of the deposits outstanding at the close of business on the last working day of the second preceding quarter.

Additionally, every HFC is required to maintain an account in India, with a scheduled bank in term deposits or certificate of deposits (free of charge or lien) or in deposits with the NHB or by way of subscription to the bonds issued by the NHB, or partly in such account or in such deposit or partly by way of such subscription, a sum which, at the close of business on any day, together with the investment as specified above, shall not be less than 10% (or such higher percentage as the NHB may specify, not exceeding 25%), of the deposits outstanding in the books of the HFC at the close of business on the last working day of the second preceding quarter. Every HFC is also required to create a reserve fund and transfer therein a sum not less than 20% of its net profit every year as disclosed in the profit and loss account and before any dividend is declared. The NHB has the power to direct deposit accepting HFCs to furnish such statements, information or particulars relating to deposits received by the HFC, as may be specified by the NHB. The NHB may cause an inspection to be made of any deposit accepting HFC for the purpose of verifying the correctness or completeness of any statement, information or particulars furnished to the NHB or for the purpose of obtaining any information or particulars which the HFC has failed to furnish on being called upon to do so. If any HFC accepting deposits fails to comply with any such direction given by the NHB, the NHB may prohibit the acceptance of deposits by that HFC.

*NHB Master Circular - Housing Finance Companies (NHB) Directions, 2010, dated July 2, 2018, as updated up to June 30, 2018 (the "**NHB Directions**")*

The NHB Directions consolidate and issue directions in relation to the acceptance of deposits by HFCs, prescribe prudential norms for income recognition, accounting standards, asset classification, provision for bad and doubtful assets, capital adequacy and concentration of credit/ investment to be observed by HFCs and the matters to be included in the statutory auditors' report by statutory auditors of HFCs.

Income Recognition

The NHB Directions require that income recognition be based on recognized accounting principles. Income including interest, discount, hire charges, lease rentals or any other charges on non-performing assets ("**NPA**") shall be recognized only when it is actually realised. Any such income recognized before the asset became NPA and remaining unrealized shall be reversed. Further, income from dividend on shares of corporate bodies and units of mutual funds shall be taken into account on cash basis. However, the income from dividend on shares of corporate bodies may be taken into account on an accrual basis when such dividend has been declared by the corporate body in its annual general meeting and the right to receive payment is established. Income from bonds and debentures of corporate bodies and from Government securities or bonds may be taken into account on an accrual basis provided that the interest rate on these instruments is pre-determined and interest is serviced regularly and is not in arrears. Income on securities of corporate bodies or public sector undertakings, the payment of interest and repayment of principal of which have been guaranteed by the Central Government or a State Government, may be taken into account on accrual basis.

Asset Classification

Every HFC shall, after taking into account the degree of well-defined credit weaknesses and extent of dependence on collateral security for realization, classify its lease or hire purchase assets, loans and advances and any other forms of credit into standard assets, sub-standard assets, doubtful assets, and loss assets. Standard assets are assets in respect of which no default in repayment of principal or payment of interest is perceived and which do not disclose any problem, nor carry more than the normal risk attached to the business. An asset is classified as NPA when the interest on such asset has remained overdue for a period of more than 90 days. The class of assets shall not be upgraded merely as a result of rescheduling, unless it satisfies the conditions required for the upgrade. Sub-standard assets are assets which have been classified as NPA for a period of up to 12 months. Assets in respect of which the terms of the agreement regarding interest or principal have been re-negotiated or rescheduled after release of any instalment of loan or an inter corporate deposit which has been rolled over shall be termed as sub-standard assets until the expiry of one year of satisfactory performance under the re-negotiated or rescheduled terms. Doubtful assets are assets which are classified as sub-standard assets for a period of more than 12 months. Loss assets are assets which are classified as loss assets by an HFC, or its internal or statutory auditor or by the NHB, to the extent not written off by the HFC. Assets which are adversely affected by a potential threat of being non recoverable due to non-availability of security, either primary or collateral, in case of secured loans and advances are also classified as loss assets.

Provisioning

Every HFC is required to make provisions against sub-standard assets, doubtful assets and loss assets in accordance with provisioning requirements after taking into account the time lag between an account becoming NPA, its recognition as such, the realization of the security, and the erosion over time in the value of security charged. Further, the provisioning requirement in respect of loans, advances and other credit facilities including bills purchased and discounted as well as lease and hire purchase assets is as follows:

- Loss assets: all assets categorized as loss assets shall be written off. However, if these assets are permitted to remain in the HFC's books, the entire outstanding amounts shall be provided for.

- Doubtful assets: 100% of the amount should be provisioned for, to the extent to which the advance is not covered by the realizable value, estimated on realistic basis, of the security to which the HFC has valid recourse shall be made. Depending on the period for which the asset has remained doubtful, provision to the extent of 25% to 100% of the secured portion should be made when the period for which the asset has been considered as doubtful is up to one year, between one to three years and more than three years respectively.

- Sub-standard assets: general provision of 15% of total outstanding amounts should be made without making any allowance for export credit guarantee, corporation guarantee and securities available.

- Standard assets:

  - Provision of 2% on the total outstanding amount of housing loans at teaser or special rates, with provisioning to be reset after one year at applicable rate, if the accounts remain standard.

  - Provision of 0.75% on the total outstanding amount of standard assets in respect of Commercial Real Estates Residential Housing ("**CRE-RH**") loans, consisting of loans to builders or developers for residential housing projects, except for captive consumption. Such projects do not include non-residential commercial real estate, however, integrated housing projects consisting of some commercial space including shopping complexes or schools can be classified as CRE-RH, provided that the commercial space in the residential housing project does not exceed 10% of the total floor space index ("**FSI**") of the project), or, provision of 1% on the total outstanding amount of standard assets in respect of all other Commercial Real Estate ("**CRE**") loans, consisting of loans to builders, developers or others for office buildings, retail space, multipurpose commercial premises, multitenant commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction etc., other than those covered in CRE-RH, provided that loans for third dwelling unit onwards to an individual will also be treated as CRE exposure and if the FSI of the commercial area in a predominantly residential housing complex exceeds the ceiling on the project loan, the entire loan should be classified as CRE and not CRE-RH.

  - General provision of 0.4% of the total outstanding amount of standard assets in respect of all other loans, except those given at teaser or special rates and those not classified as CRE-RH or CRE. The NHB Directions also prescribe additional provisions for hire purchase and leased assets. Where amounts of hire charges or lease rentals are overdue for more than 12 months and up to 24 months, 10% of the net book value shall be provisioned for, and when they are overdue for more than 24 months and up to 36 months 40% of the net book value shall be provisioned for. Nothing shall be provisioned for if the amounts of hire charges or lease rentals are overdue for up to 12 months.

Capital Adequacy

HFCs shall maintain a minimum capital adequacy ratio, consisting of Tier I capital and Tier II capital not lower than 12% of their aggregate risk weighted assets and risk adjusted value of off-balance sheet items. Total Tier II capital at any point of time shall not exceed 100% of Tier I capital. Other conditions have been imposed on HFCs, including the following:

- No HFC may grant housing loans to individuals of up to ₹ 3 million with an LTV ratio exceeding 90%, of between ₹ 3 million to ₹ 7.50 million with LTV ratio exceeding 80%, and above ₹7.50 million with LTV ratio exceeding 75%.

- No HFC shall invest in land or buildings, except for its own use, an amount exceeding 20% of the aggregate of its Tier I capital and Tier II capital. Such investment over and above 10% of its owned funds is required to be made only in residential units.

- No HFC shall lend to any single borrower an amount exceeding 15% of its owned funds, and to any single group of borrowers, an amount exceeding 25% of its owned funds.

- An HFC's aggregate exposure to the capital market in all forms should not exceed 40% of its net worth as on March 31 of the previous year. Within this overall ceiling, direct investment in shares, convertible bonds, debentures, units of equity-oriented mutual funds and all exposures to venture capital funds should not exceed 20% of its net worth.

- All HFCs must ensure that disbursement of housing loans sanctioned to individuals should be closely linked to the stages of construction of the housing projects/ houses and upfront disbursal should not be made in cases of incomplete/ under-construction/ Greenfield housing projects/ houses.

- HFCs are eligible to issue non-convertible debentures only if they have NOF of ₹ 100 million as per their last audited balance sheet.

*NHB Master Circular - Housing Finance Companies issuance of Non-Convertible Debentures on Private Placement basis (NHB) Directions, 2014, as updated up to June 30, 2018 (the "**HFC NCD Directions**")*

HFCs are prohibited from lending against their own debentures, or to facilitate resource requests of group, parent or associate company. Only HFCs having NOF of at least ₹ 100 million as per their last audited balance sheets are allowed to issue non-convertible debentures ("**NCDs**") on private placement basis, subject to procedures including mandatory credit rating, minimum maturity of at least 12 months, within which any put or call options on the NCDs shall not be exercisable, validity of the offer document for the issuance of NCDs on private placement being a maximum of six months from the date of the authorizing board resolution, mandatory appointment of a debenture trustee, mandatory full security coverage for the NCDs, and a limit of up to 200 investors with a maximum subscription amount of less than ₹ 10 million in every financial year and no limit on investors subscribing with a maximum subscription amount in excess of ₹ 10 million. These conditions shall not apply to hybrid or subordinated debt issues by NCDs, having a minimum maturity period of not less than 60 months.

*NHB Master Circular - Miscellaneous Instructions to all Housing Finance Companies dated July 2, 2018, as updated on June 30, 2018 (the "**Master Circular on Miscellaneous Instructions**")*

The Master Circular on Miscellaneous Instructions consolidates all current instructions to HFCs, including on the following:

- Uniform accounting, including for ready forward transactions in Government securities and revised guidelines for accounting of repo and reverse repo transactions in Government securities and corporate debt, in terms of NHB circulars dated April 4, 2003, July 4, 2013, October 26, 2012 and December 18, 2012, read with RBI circular dated March 23, 2010 and any subsequent modification thereof.

- Compliance with NHB circular dated August 26, 2004 on appropriation of reserve fund, read with NHB circular dated April 7, 2014, on the form prescribed under the NHB Act for presentation of the reserve fund in the annual accounts of HFCs.

- Penalty for contravention of regulatory requirements by HFCs, in terms of NHB circular updated as on August 5, 2013.

- Maintenance of registers by branches of HFCs in respect of public deposits, in terms of NHB circular dated January 31, 2005.

- Exclusion of deferred tax assets from calculation of Tier-I Capital (NOF) in terms of NHB circular dated March 28, 2005, and methodology of computation of deferred tax liability on special reserve maintained by HFCs under the Income Tax Act, 1961, in terms of NHB circular dated August 22, 2014.

- Disclosure in balance sheets, in compliance with NHB Directions and NHB circulars dated May 18, 2005 and September 26, 2011.

- Rotation of partners of statutory auditors of HFCs with public deposits or deposits of ₹ 500 million and above, in terms of NHB circular dated March 3, 2006.

- Filing of monthly returns to be filed by HFCs in the prescribed form with the NHB, in terms of NHB circular dated July 25, 2006.

- Compliance with certain directions and best practices for HFCs, such as the Delhi High Court orders on housing loans in terms of NHB circulars dated November 23, 2006 and October 9, 2007, Bombay High Court orders on incorporation of disclosure of mortgage or charge or other liability on a plot in documents published by the builders, developers or owners inviting the public to purchase flats and properties in terms of NHB circular dated September 23, 2009, and the suggestions pertaining to prevention of money-laundering, made by participants at the meeting of principal officers of HFCs at Bangalore on September 15, 2006, in terms of NHB circular dated November 27, 2006.

- Compliance with requirement for creation of floating charge (in favor of depositors) on assets invested in terms of the NHB Act by HFCs accepting public deposits, in terms of NHB circular dated April 13, 2007.

- Terms and conditions applicable to debt capital instruments to qualify for inclusion as upper Tier II Capital, in terms of NHB circular dated April 24, 2008.

- Adoption of the NHB's model code of conduct for direct selling agents ("**DSAs**") engaged by HFCs for marketing their products, in terms of NHB circular dated July 14, 2008.

- Adoption of NHB guidelines for recovery agents engaged by HFCs, in terms of NHB circular dated July 14, 2008.

- Compliance with NHB requirement for credit rating of HFCs having assets of ₹ 1,000 million and above, in terms of NHB circular dated April 13, 2009.

- Compliance with the Banking Companies (Nomination) Rules, 1985, by HFCs accepting public deposits, in terms of NHB circular dated April 15, 2009.

- Review of interest rates charged by HFCs on housing loans, in compliance with the Fair Practice Code, in terms of NHB circular dated June 2, 2009 (most recently, as prescribed under the Master Circular - Fair Practice Code dated July 1, 2017, as amended up to June 30, 2017 (the "**Fair Practice Code**").

- NHB clarification dated October 27, 2009 that debentures and bonds issued on the basis of negative lien or power of attorney shall not be regarded as secured and, therefore, inclusion of debentures and bonds issued on the basis of negative lien or power of attorney in the definition of 'public deposits'.

- Furnishing of annual financial statements and statutory auditor's report in the prescribed form by HFCs, in terms of NHB circular dated April 9, 2010.

- Compliance by HFCs with the NHB's guidelines on 'Know Your Customer' ("**KYC**") and 'Anti Money Laundering Measures' ("**AML**") for HFCs, issued by the NHB on October 11, 2010, as revised on February 6, 2014, April 23, 2015 and December 8, 2017 (collectively, the "**KYC Guidelines**").

- Compliance with the NHB's guidelines on Asset Liability Management ("**ALM**") system for HFCs, issued by the NHB on October 11, 2010 (including the requirement to submit a quarterly statement of short-term dynamic liquidity and half-yearly statements of structural liquidity and interest rate sensitivity).

- Compliance with the restriction on levy of foreclosure charges or prepayment penalties by HFCs on floating rate term loans sanctioned to individual borrowers and/or pre-closed through any sources, or on fixed rate loans pre-closed by borrowers from their own sources, in terms of NHB circular dated October 18, 2010, read with NHB circulars dated October 19, 2011, April 4, 2012, August 7, 2012, August 14, 2014 and September 3, 2014.

- Compliance with NHB circular dated December 28, 2010 on submission of data to credit information companies in terms of the Credit Information Companies (Regulation) Act, 2005, as well as NHB circular dated July 17, 2015 on mandatory membership of credit information companies and submission of data to credit information companies by HFCs.

- Compliance with NHB circular dated April 7, 2011 read with NHB circular dated August 3, 2012 on submission of returns by HFCs in terms of the NHB Directions.

- Compliance by HFCs with NHB circular dated May 20, 2011 regarding the national disaster management guidelines (commonly referred to as the "**NDMA Guidelines**") on ensuring disaster resilient construction of building and infrastructure (as part of the loan policies, procedure and documentation required by HFCs).

- Compliance with the NOF requirement, notified by the NHB on June 28, 2011.

- Compliance with the requirement for due diligence in deployment of funds by HFCs, in terms of NHB circular dated July 28, 2011.

- Compliance with the NHB circular dated August 29, 2011 on electronic mode of settlements (e-payments and e-receipts by HFCs, without additional charges to borrowers or users of these facilities), computation of loan-to-value ("**LTV**") ratio in terms of NHB circular dated April 9, 2012.

- Clarification by the NHB dated June 5, 2012, under the Foreign Exchange Management Act, 1999 and the rules, regulations and other notifications thereunder (the "**FEMA**") regarding provision of housing loans in Indian Rupees to non-resident Indians ("**NRIs**") and persons of Indian origin ("**PIOs**").

- Compliance with the NHB circular dated September 26, 2012 on the current consolidated list of terrorist individuals and organizations notified by the United Nations Security Council,

- Compliance with the NHB circular dated April 5, 2013 read with NHB circular dated April 20, 2015, on disclosure by HFCs to borrowers and display of information by HFCs on their website, including most important terms and conditions (commonly referred to as "**MITC**").

- Compliance with the NHB clarification dated April 16, 2013, on the definition of sub-standard asset.

- Compliance with the NHB circular dated June 24, 2013 on zero risk weightage and provisioning requirement for the portion of the loan guaranteed by the Credit Risk Guarantee Fund Trust for low income housing (even if it becomes NPA) and for the otherwise applicable and appropriate weightage and provisioning to be followed for the remainder of the relevant housing loan.

- Compliance with NHB circular dated November 18, 2013, on disbursement of housing loan to individual linked to stages of construction and restriction on upfront disbursal in case of incomplete, under-construction or Greenfield housing projects or houses.

- Compliance with directions regarding the institution of a central KYC registry, in terms of NHB circular dated January 24, 2014.

- Compliance with restriction in terms of NHB circular dated January 20, 2014, on handing over of documents to borrowers for verification, to obviate frauds.

- Clarification by the NHB issued on May 15, 2014, that loans by HFCs under the Rural Housing Funds Scheme or Urban Housing Fund Scheme shall not be regarded as restriction on loans at teaser or special rates in terms of the NHB Directions.

- Compliance by HFCs in terms of NHB circular dated January 14, 2015, with the inter-government agreement between Indian and the United States of America under the Foreign Accounts Tax Compliance Act, 2010 (commonly referred to as "**FATCA**"), pursuant to the RBI notification dated June 27, 2014,

- Compliance with NHB's guidelines for entry of HFCs into the insurance business, as notified by the NHB on January 14, 2015, as reviewed and updated on April 22, 2015. Pursuant to the guidelines set out in this circular, HFCs registered with NHB having net owned fund of not less than ₹ 100 million may take up insurance agency business on fee basis and without any risk participation, without the approval of the NHB upon satisfying certain conditions mentioned in the circular.

- Grant of loan facilities by HFCs to the physically challenged and visually impaired, in both cases, as notified by the NHB on December 3, 2015.

- Compliance with the NHB circular on wilful defaulters, dated December 31, 2015, including the requirement for HFCs to institute a mechanism for reporting information on wilful defaults of ₹ 2.5 million and above to credit information companies.

- Compliance with the provisions of Section 29B(1) of the National Housing Bank Act, 1987, in relation to maintenance investments in India of unencumbered approved securities;

- Requirement of HFCs to place board approved valuation policy by January 31, 2018 in accordance with the details contained in the Circular dated December 29, 2017, read along with the Circular No. dated August 31, 2017;

- Compliance with recommendation and notification in relation to HFCs under Section 2(1)(m)(iv) of the SARFAESI Act as "Financial Institution";

- Compliance with the relevant provisions of Insolvency and Bankruptcy Code, 2016 ("**Bankruptcy Code**") and Insolvency and Bankruptcy Board of India Information Utilities Regulations, 2017 ("**Regulations**") and put in place appropriate systems and procedures to ensure compliance to the provisions of the Bankruptcy Code and Regulations;

- Compliance with the with the provisions of Ind AS, as notified by the Ministry of Corporate Affairs, Government of India from time to time, including the date of implementation; and

- Compliance with the information technology framework for HFCs.

The Fair Practice Code

The Fair Practice Code seeks to promote good and fair practices by setting minimum standards in dealing with customers, increase transparency, encourage market forces and higher operating standards and fair and cordial relationship between customer and HFCs, and foster confidence in the housing finance system. The Fair Practice Code provides for regular and appropriate updates to the customers and prompt resolution of grievances. HFCs are required to disclose information on interest rates, common fees, terms and conditions and charges. Further, HFCs are required to ensure that advertising and promotional material is clear and not misleading and that privacy and confidentiality of the customers' information is maintained. Further, whenever loans are given, HFCs should explain to the customer the repayment process, including the amount, tenure and periodicity of repayment. However, if the customer does not adhere to repayment schedule, a defined process in accordance with applicable law shall be followed for recovery of dues.

*Housing Finance Companies - Approval of Acquisition or Transfer of Control (NHB) Directions, 2016 dated July 2, 2018 (as updated up to June 30, 2018) (the "**HFC Acquisition or Transfer of Control Directions**")]*

HFCs are required to obtain the NHB's prior written permission for any takeover or acquisition of control, which may or may not result in change in management, any change in shareholding, including progressive increases over time, which would result in acquisition or transfer of shareholding of 26% or more of the paid-up equity capital except any shareholding going beyond 26% due to buyback of shares or reduction in capital where it has approval of a competent court and the same is reported to the NHB not later than one month from the date of its occurrence and any change in the management of the HFC which results in change in more than 30% of the directors, excluding independent directors, except where directors are re-elected on retirement by rotation and the same is reported to the NHB not later than one month from the date of its occurence. HFCs are also required to keep the NHB informed of any change in their director or management. After obtaining the NHB's prior permission, HFCs (and the other concerned parties) are required to give public notice in the prescribed form, indicating the intention to sell or transfer ownership or control, particulars of the transferee and reasons for such sale or transfer of ownership or control, to be published in one leading national and one leading local (covering the place of the registered office of the HFC) vernacular newspaper. The HFC Acquisition or Transfer of Control Directions were amended by way of a circular dated July 19, 2018 which stated that prior permission of the NHB is required to be obtained by HFCs, accepting or holding public deposits, for (i) any change in shareholding, including progressive increases over time, of the HFC which would result in acquisition or transfer of shareholding of 10 % or more of the paid up equity capital of the HFC by or to a foreign investor; or (ii) any change including progressive increases over time, of the HFC which would result in acquisition or transfer of shareholding of 26 % or more of the paid up equity capital of the HFC.

*Refinance Scheme for Housing Finance Companies, 2013 (the "**Refinance Scheme**")*

HFCs registered with the NHB are eligible to obtain refinance from the NHB in respect of their direct lending for up to 100% of the housing loan sanctioned and disbursed by HFCs for acquisition or construction of new housing units and for upgradation or major repairs, in accordance with the Refinance Scheme. For example, the Refinance Scheme would be available with concession in interest for loans up to ₹ 0.5 million and tenure ranging from one to 15 years. The Refinance Scheme also provides assistance for rural housing finance with eligible loan size up to ₹ 1.5 million in rural areas. The Refinance Scheme also prescribes thresholds for refinance of housing loans for rural and weaker sections of the society, urban low income housing, women, affordable housing and energy efficient dwellings.

Certain Other Legislations

*The Prevention of Money Laundering Act, 2002, as amended (the "**PMLA**")*

The PMLA was enacted to prevent money laundering and to provide for confiscation of property derived from, and involved in, money laundering. In terms of the PMLA, whosoever, directly or indirectly, attempts to indulge or knowingly assists or knowingly is a party or is actually involved in any process or activity connected with the proceeds of crime and projecting it as untainted property shall be guilty of the offence of money laundering. Under the PMLA, read with the Prevention of Money-Laundering (Maintenance of Records of the Nature and Value of Transactions, the Procedure and Manner of Maintaining and Time for Furnishing Information and Verification and Maintenance of Records of the Identity of the Clients of the Banking Companies, Financial Institutions and Intermediaries) Rules, 2005, every financial institution, including HFCs, is required to maintain records of all transactions including the value and nature of such transactions, and verify and maintain records of the identity of all its clients, in the manner prescribed. The PMLA also provides for power of summons, search and seizure to the authorities under the PMLA.

*The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, as amended (the "**SARFAESI Act**")*

The SARFAESI Act, read with the Security Interest Enforcement Rules, 2002, as amended, governs securitization of assets in India. Any securitization or reconstruction company may acquire assets of a bank or financial institution by either entering into an agreement with such bank or financial institution for transfer of such assets to the company or by issuing a debenture or bond or other security in the nature of debentures, for consideration, as per such terms and conditions as may be mutually agreed. If a bank or financial institution is a lender in relation to financial assets acquired by the securitization/reconstruction company, such company shall be deemed to be the lender in relation to those financial assets. Upon such acquisition, all material contracts entered into by the bank or financial institution in relation to the financial assets, shall 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.

*The Insolvency and Bankruptcy Code, 2016, as amended (the "**Bankruptcy Code**")*

The Bankruptcy Code empowers creditors, whether secured, unsecured, domestic, international, financial or operational, to trigger resolution processes, enables resolution processes to start at the earliest sign of financial distress, provides for a single forum to oversee insolvency and liquidation proceedings, enables a calm period where new proceedings do not derail existing ones, provides for replacement of the existing management during insolvency proceedings while maintaining the enterprise as a going concern, offers a finite time limit within which the debtor's viability can be assessed and prescribes a linear liquidation mechanism.

*The Recovery of Debts due to Banks and Financial Institutions Act, 1993, as amended (the "**DRT Act**")*

The DRT Act provides for establishment of the Debts Recovery Tribunals ("**DRTs**") for expeditious adjudication and recovery of debts due to banks and public financial institutions or to a consortium of banks and public financial institutions. Under the DRT Act, the procedures for recovery of debt have been prescribed and time frames have been fixed for speedy disposal of cases. The DRT Act prescribes the rules for establishment of DRTs, procedure for making application to DRTs, powers of DRTs and modes of recovery of debts determined by DRTs, including attachment and sale of movable and immovable property of defendants, arrest of defendants, defendants' detention in prison and appointment of receivers for management of the movable or immovable properties of defendants. The DRT Act also provides that a bank or public financial institution having a claim to recover its debt may join an ongoing proceeding filed by some other bank or public financial institution against its debtor at any stage of the proceedings before the final order is passed by making an application to the DRT.

Certain RBI Notifications

*RBI Master Direction - External Commercial Borrowings, Trade Credit, Borrowing and Lending in Foreign Currency by Authorized Dealers and Persons other than Authorised Dealers dated January 1, 2016, as amended up to May 9, 2018 (the "**ECB Master Direction**")*

Under the ECB Master Direction, HFCs can avail of external commercial borrowings ("**ECB**") for financing prospective owners of low cost affordable housing units, provided that the minimum NOF of HFCs for the past three financial years should not be less than ₹ 3,000 million, the ECB should be within the overall borrowing limit which is 16 times the HFC's NOF and net NPAs should not exceed 2.5% of net advances, the maximum loan amount sanctioned to an individual buyer is to be capped at ₹ 2.50 million subject to the condition that the cost of the individual housing unit shall not exceed ₹ 3 million, and the ECB should be swapped into Indian Rupees for the entire maturity on fully hedged basis. Further, HFCs while making the applications, are required to submit a certificate from the NHB that the ECB has been availed for financing prospective owners of individual units for low cost affordable housing and to ensure that the interest rate spread charged by them to the ultimate buyer is reasonable.

*RBI Master Direction - Priority Sector Lending - Targets and Classification dated July 7, 2016, as amended up to April 16, 2018 (the "**PSL Master Direction**")*

The PSL Master Directions governs priority sector advances and loans ("**PSL**") granted by scheduled commercial banks regulated by the RBI to HFCs approved by NHB for the purpose of refinance, for on-lending for purchase, construction or reconstruction of individual dwelling units or for slum clearance and rehabilitation of slum dwellers, subject to an aggregate loan limit of ₹ 1 million per borrower. The eligibility under PSL to HFCs is restricted to 5% of the individual bank's total PSL, on an ongoing basis. The maturity of such bank loans should be co-terminus with average maturity of loans extended by HFCs.

*RBI Master Circular - Housing Finance dated July 1, 2015, as amended up to June 30, 2015 (the "**Master Circular on Housing Finance**")*

Banks are eligible to deploy funds to the housing finance sector in any of the following three categories: (i) direct finance; (ii) indirect finance; or (iii) investment in bonds of the NHB or the Housing and Urban Development Corporation Limited, or combination thereof. Indirect finance includes, but not limited to, loans to HFCs, housing boards and other public housing agencies. Banks may grant term loans to HFCs taking into account (long-term) debt-equity ratio, track record, recovery performance and other relevant factors including other applicable regulatory guidelines. Banks are required to ensure that the LTV ratio for loans are within the limits prescribed, while deciding the quantum of loan to be granted.

Foreign Investment in HFCs

Foreign investment in our Company is governed primarily by the FEMA, read with the Consolidated Foreign Direct Investment Policy, as currently in effect from August 28, 2017 (the "**Consolidated FDI Policy**") issued by the Department of Industrial Policy and Promotion and the SEBI (Foreign Portfolio Investors) Regulations, 2014 (the "**SEBI FPI Regulations**").

Up to 100% foreign investment under the automatic route is currently permitted in "Other Financial Services", which refers to financial services activities regulated by financial sector regulators, including the NHB, as notified by the GoI, subject to conditions specified by the concerned regulator (in our case, the NHB), if any.

Other Regulations

In addition to the above, we are required to comply with the Companies Act, labour laws, various tax-related legislations, intellectual property related legislations and other applicable laws, in the ordinary course of our day-to-day operations.

HISTORY AND CERTAIN CORPORATE MATTERS

Brief history of our Company

Our Company was incorporated as 'Au Housing Finance Private Limited' on February 23, 2011, as a private limited company under the Companies Act 1956, with a certificate of incorporation granted by the RoC. Pursuant to a special resolution passed by our shareholders on January 10, 2013, our Company was converted into a public limited company and our name was changed to 'AU Housing Finance Limited'. Consequently, the RoC certified the change of name upon conversion to a public limited company on January 11, 2013. Thereafter, pursuant to a special resolution passed by our shareholders on February 23, 2017, the name of our Company was changed to 'Aavas Financiers Limited' and, consequently, a fresh certificate of incorporation dated March 29, 2017 was issued by the RoC.

In terms of a certificate of registration dated August 4, 2011 issued by the NHB, bearing serial number 08.0095.11, our Company was registered as a 'housing finance institution without accepting public deposits'. Subsequently, the NHB issued a certificate of registration dated February 8, 2013 bearing serial number 02.0104.13 consequent to the conversion of our Company into a public limited company. Subsequently, upon the change of our name to 'Aavas Financiers Limited', the NHB issued a certificate of registration dated April 19, 2017 to our Company, bearing serial number 04.0151.17.

Pursuant to a certificate of registration dated December 8, 2017, issued to our Company by the IRDAI, we have been authorised to act as a corporate agent (composite) under the Insurance Act and the Corporate Agents Regulation, 2015.

Business and management

For a description of our corporate profile, activities, services, products, market segments, the growth of our Company, the standing of our Company with reference to prominent competitors, as applicable, in connection with our services, management, regional geographical segment, technology etc., see "***Our Business***", "***Industry Overview***" "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" and "***Government and Other Approvals***" on pages 147, 116, 397 and 448, respectively. For details of the management of our Company and its managerial competence, see "***Our Management***" on page 181.

Changes in Registered and Corporate Office

Details of prior change in the registered and corporate office of our Company are as below:

Effective date	Details of change	Reasons for change
June 23, 2016	The address of the registered office of our Company was changed from 19-A, Dhuleshwar Garden, Ajmer Road, Jaipur 302 001, Rajasthan, India to 201-202, 2nd Floor, South End Square, Mansarover Industrial Area, Jaipur 302 020, Rajasthan, India.	For administrative ease.

Memorandum of Association of Our Company

Our main objects

The main objects of our Company as contained in the Memorandum of Association are:

1. *To carry on the business of providing short term/ long term finance to any person(s), company(ies) or corporation(s), society(ies) or association(s) jointly or individually enabling such borrowers to construct or purchase any building(s) or house(s) or flat(s) or any part thereof for residential/ commercial purposes, upon such security and such terms and conditions as the company may deem fit, including affordable housing finance and also, to provide short term / long term finance to persons engaged in the business of construction of building(s) or house(s) or flat(s) for residential/ commercial purposes to be sold by them upon such terms and conditions as the Company may deem fit and proper.*

2. *To provide financial assistance, with or without interest, (with or without security) for any maturity, in any form whatsoever, to any persons or persons (whether individuals, firms, companies, bodies corporate, public body or authority, supreme, local or otherwise or other entities), whether in the private or public sector, to purchase or acquire houses, buildings, offices, godowns, warehouses, flats or to purchase any freehold or leasehold or any lands, estate or interest in or to take a demise for any term or terms of years of any land and property or to construct, erect, improve, extend, alter, renovate, develop or repair any house or building or any part or portion thereof.*

3. *To provide financial assistance, with or without interest, (with or without security) for any maturity, in any form whatsoever, to any persons or persons (whether individuals, firms, companies, bodies corporate, public body or authority, supreme, local or otherwise or other entities), whether in the private or public sector for any purpose whatsoever by means of leasing, giving on hire or hire-purchase, lending, selling, reselling, or otherwise disposing off all forms of immovable and immovable properties and assets of any kind, nature or user, whatsoever and for the purpose, purchasing or otherwise acquiring dominion over the same, whether new or used.*

4. *To provide financial assistance, with or without interest, (with or without security) for any maturity, in any form whatsoever, to any person or persons (whether individuals, firms, companies, bodies corporate, public body or authority, supreme, local or otherwise or other entities), whether in the private or public sectors engaged in the construction of residential houses, flats, for the purpose of construction of such residential houses, flats, including the acquisition and development of lands for the construction of such houses or flats.*

5. *To provide financial assistance, with or without interest (with or without security) for any maturity, in any form whatsoever, to any person or persons (whether individuals, firms, companies, bodies corporate, public body or authority, supreme, local or otherwise or other entities), whether in the private or public sectors engaged in the manufacture of building materials as well as construction equipment and machinery.*

6. *To securitise, purchase, acquire, invest in, transfer, sell, dispose of or trade in any financial asset whatsoever, receivables, debts, whether unsecured or secured by mortgage of immovable or charge on movables or otherwise, securitised debts, asset or mortgage backed securities or securitised debts and to manage, service or collect the same and to appoint managing, servicing or collection agent thereof or therefore and to issue certificates or the instrument in respect thereof to public or private investors and to guarantee and insure the due payment, fulfillment and performance of obligations in respect thereof or in connection therewith and to promote, establish, undertake, organise, manage, hold or dispose of any special purpose entity, body corporate or vehicle for carrying on all or any such activities.*

7. *To promote, organise, manage, and undertake trading, marketing, distribution of, or otherwise dealing in any or all financial products/ assets and services, offered by individuals, partnership firms, companies, banks, public sector undertakings, institutions, financial institutions, mutual funds, foreign institutional investors, venture funds, firms, Trusts, societies, corporations, Central Government, State Governments, quasi- government agencies or any body (whether incorporated or not) in India or elsewhere, through its branches, or through facilities for conducting remote financial transactions (Including by means of electronic or computer or automated machines network or other means or telecommunication including telephone), including foreign exchange or commodities or securities i.e. shares, scrips, stocks, bonds, warrants, debentures, fixed return investments, equity linked investments or participation certificates, participation units, debts whether unsecured or secured by mortgage of immovable or charge on units, debts whether unsecured or secured by mortgage of movables or charge on movables or otherwise, securitised debts, assets or mortgaged backed securities or any other securities/ instruments, issued by any company or body (whether incorporated or not) in India or elsewhere, negotiable instruments including usance bills of exchange, hundies, promissory notes, deposits and other indicates, or consumer and personal finance, fund management products (pensions) insurance products and annuities, or as agents of persons undertaking provision of such products and services.*

The main objects as contained in the Memorandum of Association enable our Company to undertake its existing activities.

Amendments to the Memorandum of Association

Since the incorporation of our Company, the following changes have been made to the Memorandum of Association:

Date of change/ shareholders' resolution	Nature of amendment
November 25, 2011	Amendment of sub-clause 2 of clause III(A) of the Memorandum of Association by substituting with the following clause: "*2. To provide financial assistance, with or without interest, (with or without security) for any maturity, in any form whatsoever, to any persons or persons (whether individuals, firms, companies, bodies corporate, public body or authority, supreme, local or otherwise or other entities), whether in the private or public sector, to purchase or acquire houses, buildings, offices, godowns, warehouses, flats or to purchase any freehold or leasehold or any lands, estate or interest in or to take a demise for any term or terms of years of any land and property or to construct, erect, improve, extend, alter, renovate, develop, or repair any house or any part or portion thereof".*
	Deletion of sub-clauses 1, 2, 4 and 7 of clause III(C) and amendment of sub-clause 5 of clause III(B) of the Memorandum of Association by substituting with the following clause: "*5. To borrow or raise moneys or loans for the purpose of the Company under contracts or by promissory notes, bill of exchange, hundies and to other negotiable or transferable instrument or by mortgage, charge, hypothecation or pledge, or by issue of bonds, debentures or debenture stocks, whether convertible or not, and whether secured or unsecured, both present and future, movable and immovable including its uncalled capital, to take money on deposits, subject to approval of National Housing Bank for the purpose of the Company and to guarantee the performance of contracts by any persons, to execute all deeds, writings and assurances for any of the aforesaid purposes.* Amendment of sub-clause 3 of clause III(C) of the Memorandum of Association by substituting with the following clause: "*To enter into, acquire and discount hire purchase or other agreement or any rights therein (whether proprietory or contractual) and generally to carry on business and to act as financiers in India*."
February 29, 2012	The authorised share capital of our Company was increased from ₹ 30,000,000 divided into 3,000,000 Equity Shares to ₹ 272,500,000 divided into 27,250,000 Equity Shares.
January 10, 2013	Amendment of the Memorandum of Association to change the name of the Company from "Au Housing Finance Private Limited" to "AU Housing Finance Limited".
March 18, 2014	The authorised share capital of our Company was increased from ₹ 272,500,000 divided into 27,250,000 Equity Shares to ₹ 300,000,000 divided into 30,000,000 Equity Shares.
February 5, 2015	The authorised share capital of our Company was increased from ₹ 300,000,000 divided into 30,000,000 Equity Shares to ₹ 330,000,000 divided into 33,000,000 Equity Shares.
September 1, 2015	The authorised share capital of our Company was increased from ₹ 330,000,000 divided into 33,000,000 Equity Shares to ₹ 380,000,000 divided into 38,000,000 Equity Shares.
March 7, 2016	The authorised share capital of our Company was increased from ₹ 380,000,000 divided into 38,000,000 Equity Shares to ₹ 400,000,000 divided into 40,000,000 Equity Shares.
May 27, 2016	The authorised share capital of our Company was increased from ₹ 400,000,000 divided into 40,000,000 Equity Shares to ₹ 600,000,000 divided into 60,000,000 Equity Shares.
February 23, 2017	Amendment of the Memorandum of Association to change the name of the Company from "AU Housing Finance Limited" to "Aavas Financiers Limited".
	The authorised share capital of our Company was increased from ₹ 600,000,000 divided into 60,000,000 Equity Shares to ₹ 650,000,000 divided into 65,000,000 Equity Shares.
	Amendment of sub-clause 63 of clause III(B) of the Memorandum of Association to reflect the change in objects ancillary to the main objects by inserting the word "commercial properties" after the existing words "building/flat/house property" – **Clause III (B):** *"63. To advance loan to individuals and/or to corporates on the first mortgage of the existing building/flat/house property/commercial properties for personal/business needs other than speculative or any illegal purposes."*

February 22, 2018	The authorised share capital of our Company was increased from ₹ 650,000,000 divided into 65,000,000 Equity Shares to ₹ 850,000,000 divided into 85,000,000 Equity Shares.
	Amendment of sub-clauses 21, 30, 35 and 42 of clause III(B) of the Memorandum of Association by substituting with the following clause: **Clause III(B):** "*21. To procure the registration, incorporaton or recognition of the Company under the laws or regulations of any place within India.* *30. To enter into any arragements for joint ventures in business or for sharing profits. Union of interst, reciprocal concession or co-operate with any person, firm or company, or to amalgamate with any person, firm or company carrying on or proposing to carry on any business.* *35. To establish brancher, agencies or appoint representatives in India for anyone or more of the objects of the Company and to regulate and/ or discontinue the same.* *42. To carry out all or any of the objects of the Company and do all or any of the above things in any part of the India and either as principal, agent, contractor, or trustee, or otherwise, and by or through trustees or agents or otherwise, and either alone or in conjunction with others*."

Total number of shareholders of our Company

As on the date of this Red Herring Prospectus, our Company has 117 shareholders. For further details, see "***Capital Structure***" on page 84.

Major events and milestones

The table below sets forth some of the major events in the history of our Company:

Calendar Year	Details
2011	Incorporation of our Company as Au Housing Finance Private Limited
	Our Company was registered with NHB as a 'housing finance institution without accepting public deposits'
2012	Our Company received its first rating "BBB+/Stable" from CRISIL for long term bank facilities of ₹ 1,000 million
2013	Our Company was converted into a public limited company and our name was changed to AU Housing Finance Limited
	Consequent to the conversion of our Company into a public limited company, the NHB issued a fresh certificate of registration
	Our Company received its first refinancing assistance from NHB
2014	Our Company issued its first tranche of non-convertible debentures ("**NCDs**")
2015	Our Company entered into its first pool buyout transaction in housing loan priority sector
	Pursuant to a notification dated December 18, 2015 issued by the Central Government, our Company was identified as a 'financial institution' under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002
2016	Received investment from Lake District, Kedaara AIF-1, Master Fund and ESCL (*defined hereinafter*)
	We were assigned "[ICRA] A with a stable outlook' by ICRA for long term facilities of ₹ 5,000 million
	Our Company received its first subsidy from NHB under 'CLSS-PMAY'
2017	The name of our Company was changed to Aavas Financiers Limited
	We were assigned "Care A+; Stable" from CARE for long term bank facilities of ₹ 3,850 million and for long term subordinated debt of ₹ 500 million
	Consequent to the change in the name of our Company, a fresh certificate of registration was issued by the NHB
	Our Company entered into first 'pass through certificate' ("**PTC**") transaction with IDBI Trusteeship Services Limited

Calendar Year	Details
2018	Upgradation of our CARE rating to "Care A+; Positive" for long term facilities of ₹ 10,120 million and for long term subordinated debt of ₹ 1,000 million
	Upgradation of our CRISIL rating to "CRISIL A+/ Stable" for long term facilities of ₹ 5,570 million
	Assignment of our ICRA rating to "[ICRA]A+/ Positive" for bank limits of ₹ 12,400 million and for NCDs of ₹ 3,500 million; and "[ICRA] A1+" for commercial paper of ₹ 500 million.

Awards and accreditations

Calendar Year	Awards/Accreditations
2016	Received the ASSOCHAM Excellence Award for being the "Best Housing Finance Company" in the affordable housing segment

Certifications

- The management system for customer complaint handling of our Company has been certified to be in compliance with ISO 10002:2014 standard in respect of customer satisifsfaction and complaint handling process pursuant to a certificate of registration (CCH 04 00002) dated June 13, 2018. The certificate is valid until June 12, 2021.

- The management system of our Company has been certified to be in compliance with ISO 9001:2015 standard in respect of our provision of lending process; e-disbursements and client servicing including redressal mechanism pursuant to a certificate of registration (QM 04 00469) dated June 13, 2018. The certificate is valid until June 12, 2021.

Changes in activities of our Company during the last five years

There have been no changes in the activities of our Company during the last five years from the date of this Red Herring Prospectus, which may have had a material effect on our profits or loss, including discontinuance of our lines of business, loss of agencies or markets and similar factors.

Capital raising (Equity/ Debt)

Details of our equity issuances in the past and outstanding debt as on June 30, 2018 have been provided in "***Capital Structure – Share Capital History***" and "***Financial Indebtedness***" on pages 84 and 438, respectively.

Strike and lock-outs

We have not experienced any strike, lock-outs or labour unrest in the past since our Company's incorporation.

Time/ cost overrun

As on the date of this Red Herring Prospectus, there have been no time/ cost overruns pertaining to our business operations.

Defaults or rescheduling of borrowings with financial institutions/banks, conversion of loans into equity by the Company.

As on the date of this Red Herring Prospectus, there are no defaults and there have been no rescheduling of borrowings with financial institutions or banks. Further, none of our Company's loans have been converted into Equity Shares.

Injunctions or Restraining Order against our Company

As on the date of this Red Herring Prospectus, our Company is not operating under any injunction or restraining order.

Details regarding acquisition of business/ undertakings, mergers, amalgamation, revaluation of assets, etc.

As on the date of this Red Herring Prospectus, our Company has not acquired any business or undertaking, and has not undertaken any merger, amalgamation or revalued its assets.

Summary of material agreements

Share Purchase and Shareholders' Agreements

Shareholders' agreement dated February 5, 2016 entered into between Lake District Holdings Limited ("Lake District"), Kedaara Capital Alternative Investment Fund – Kedaara Capital AIF 1 ("Kedaara AIF-1"), Partners Group Private Equity Master Fund LLC ("Master Fund") and Partners Group ESCL Limited ("ESCL", together with Lake District, Kedaara AIF-1 and Master Fund, will be hereinafter referred to as the "Investors"), AU Small Finance Bank Limited (*formerly, Au Financiers (India) Limited*) ("AuSFB") and our Company read with the first amendment agreement dated May 31, 2016; and the second amendment agreement dated June 8, 2018 ("Shareholders' Agreement") and share purchase agreement dated February 5, 2016 entered into between the Investors and AuSFB read with the amendment agreement dated May 31, 2016 ("Share Purchase Agreement")

Pursuant to the Share Purchase Agreement, the Investors purchased 38,483,334 Equity Shares for a consideration of ₹ 8,283.54 million.

In accordance with the terms of the Shareholders' Agreement, the Investors have certain rights and obligations including right to nominate directors, reserved matter rights, pre-emptive rights in the event that our Company issues any new securities; exit rights and tag-along rights in the event of certain proposed transfer of shares by other parties and certain information rights. Subsequently, in accordance with the terms of the second amendment agreement dated June 8, 2018, the Shareholders' Agreement including the rights of the Investors under the Shareholders' Agreement such as requirements for general meetings, video participation, right of first offer, tag along right, drag along right and pre-emptive rights / future funding, shall automatically terminate in its entirety upon the listing of the Equity Shares on the Stock Exchanges, without requiring any further action by any other party, except as expressly provided under the Articles of Association of our Company, as approved and adopted by the shareholders of our Company by way of a special resolution in the first general meeting of the Company convened after the listing of the Equity Shares on the Stock Exchanges.

Further, in terms of Part I of the Articles of Association read with the second amendment agreement dated June 8, 2018 and subject to the approval and adoption by the shareholders of our Company by way of a special resolution in the first general meeting of the Company convened after the listing of the Equity Shares on the Stock Exchanges: (i) as long as either of Lake District or ESCL hold 10% or more of the share capital of our Company, such shareholder will have the right to appoint one nominee as a director on our Board; and (ii) notwithstanding anything contained in (i) above, until Lake District and ESCL continue to remain 'promoters' of our Company, (a) Lake District will have the right to appoint three nominees as directors on our Board; (b) ESCL will have the right to appoint two nominees as directors on our Board; (c) the chief executive officer of our Company will be appointed and will hold office as a whole-time director of our Company. Further, three independent directors will be appointed on our Board in accordance with applicable law. For further details, see "***Main Provisions of the Articles of Association***" on page 522.

Deed of Assignment dated February 5, 2016 entered into between AuSFB and our Company ("Deed of Assignment")

In accordance with the Deed of Assignment, AuSFB has irrevocably transferred on a worldwide basis and in perpetuity all rights, title, interest and benefit in the FINANCIERs and FINANCIERs trademarks to our Company, together with the goodwill represented by and associated with such trademarks including in respect of the business/ services for which it has been used and registered and/ or applied for , and also including the right to sue for past, present and future arrangements or misappropriation of such trademarks free and clear of all encumbrances from the date of execution of the Deed of Assignment. Pursuant to the Deed of Assignment, such trademarks are now the absolute, sole and exclusive property of our Company. Further, in accordance with the terms of the Assignment Deed, AuSFB is not permitted to use such trademarks in respect of any business or goods/ services and is also required to ensure that no reference to the abovementioned trademarks is made or contained in any communication issued by AuSFB.

Other Agreements

Other than as mentioned in *"– **Material Agreements**"* above, our Company has not entered into any material agreement other than in the ordinary course of business carried on or intended to be carried on by our Company in the two years preceding the date of this Red Herring Prospectus.

Holding Company

As on the date of this Red Herring Prospectus, we do not have a holding company.

Subsidiary of our Company

As on the date of this Red Herring Prospectus, our Company has one Subsidiary.

Aavas Finserv Limited ("Aavas Finserv")

Aavas Finserv was incorporated under the Companies Act 2013 on November 30, 2017 as a public limited company with the RoC. Its CIN is U65929RJ2017PLC059623 and its registered office is located at 203-205, 2nd Floor, South End Square Mansarover Industrial Area, Jaipur 302 020, Rajasthan, India. Aavas Finserv is authorised, by its memorandum of association, to engage in the business of providing finance whether by way of loans or advances to individuals, association of individuals (whether incorporated or not), industry or corporates. Aavas Finserv has not yet commenced its operations and is yet to apply to the RBI for obtaining a license in respect of its business.

The authorised share capital of Aavas Finserv is ₹ 45,000,000 divided into 4,500,000 equity shares of ₹ 10 each and its paid-up share capital is ₹ 45,000,000 divided into 4,500,000 equity shares of ₹ 10 each. Our Company (directly and through its nominees, Ghanshyam Rawat, Sunku Ram Naresh, Ashutosh Atre, Mukesh Agarwal, Sharad Pathak and Punit Khandelwal) holds 100% of the issued share capital of Aavas Finserv.

There are no accumulated profits or losses of Aavas Finserv not accounted for by our Company.

Listing

Our Subsidiary is not listed in India or abroad.

Sale or purchases exceeding 10% in aggregate of the total sales or purchases of our Company

Our Company is not involved in any sales or purchases with our Subsidiary where such sales or purchases exceed in value in the aggregate 10% of the total sales or purchases of our Company.

Business interests

Except as disclosed in "***Our Business***" and "***Related Party Transactions***" on pages 147 and 202, respectively, our Subsidiary does not have any business interest in our Company.

Common Pursuits

There are no common pursuits between our Company and our Subsidiary.

Public or rights issue

Our Subsidiary has not made any public or rights issue.

Strategic and financial partnerships

As on the date of this Red Herring Prospectus, our Company does not have any strategic or financial partners.

Guarantees given by our Promoters

Our Promoters have not provided any corporate guarantees in relation to the financial assistance availed of by our Company. For details in relation to our outstanding loans as on June 30, 2018 see "***Financial Indebtedness***" on page 438.

OUR MANAGEMENT

Under our Articles of Association, our Company is authorised to have up to nine Directors. As on the date of this Red Herring Prospectus, our Company has nine Directors.

Our Board

The following table sets forth details regarding our Board as on the date of this Red Herring Prospectus.

Name, designation, address, occupation, nationality, term and DIN	Age (years)	Other directorships
Krishan Kant Rathi *Designation:* Independent Director and Chairman *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 August 29, 2014 *DIN:* 00040094	56	1. AU Small Finance Bank Limited 2. CLR Facility Services Private Limited 3. Future Consumer Limited 4. Future Generali India Insurance Company Limited 5. Future Generali India Life Insurance Company Limited 6. Indianivesh First Bridge Fund Managers Private Limited 7. Indianivesh Fund Managers Private Limited 8. Innefu Labs Private Limited 9. Shendra Advisory Services Private Limited 10. Sprint Advisory Services Private Limited 11. Treo Engineering Private Limited
Sushil Kumar Agarwal *Designation:* Whole-time Director and CEO *Address:* 19, Jagdamba Colony, Naya Kheda Ambabari, Jaipur 302 023, Rajasthan, India *Occupation:* Service *Nationality*: Indian *Term:* Three years with effect from January 10, 2016 *DIN:* 03154532	41	Aavas Finserv Limited
Kalpana Iyer *Designation:* Independent Director *Address:* 601 Ann Abode 18-A St. Martin Road, Bandra West, Mumbai 400 050, Maharashtra, India *Occupation:* Business *Nationality:* Indian *Term:* Five years with effect from June 23, 2016 *DIN:* 01874130	53	Svakarma Finance Private Limited

Name, designation, address, occupation, nationality, term and DIN	Age (years)	Other directorships
Sandeep Tandon *Designation:* Independent Director *Address:* Tandon Beach House, Plot 35-C/2, CTS No. 1069, Tps-2 Azad Road, Juhu Koliwada, Santacruz West, Mumbai 400 049, Maharashtra, India *Occupation:* Business *Nationality:* Indian *Term:* Five years with effect from August 17, 2017 *DIN:* 00054553	49	1. Ebony Electronics Private Limited 2. Infinx Services Private Limited 3. J T Holdings Private Limited 4. Memory Electronics Private Limited 5. Ornis Trading Company Private Limited 6. Radical Plastics Private Limited 7. Reliable Consultancy Services Private Limited 8. Syrma Technology Private Limited 9. Tancom Electronics Private Limited 10. Welltime Gold and Investments Private Limited 11. Young Presidents Organization (Mumbai chapter)
Ramachandra Kasargod Kamath *Designation:* Non- Executive Nominee Director *Address:* B/2004, Neptune CHSL, Sun City, Adi Shankaracharya Marg, Powai, Mumbai 400 076 Maharashtra, India *Occupation:* Business *Nationality:* Indian *Term:* Five years with effect from July 14, 2016 *DIN:* 01715073	62	1. Bq Padmavathy Finance Academy Private Limited 2. Centrum Capital Limited 3. Manipal Technologies Limited 4. New Opportunity Consultancy Private Limited 5. Spandana Sphoorty Financial Limited
Vivek Vig *Designation:* Non- Executive Nominee Director *Address:* 1901 B Wing Beaumonde, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025 Maharashtra, India *Occupation:* Business *Nationality:* Indian *Term:* Five years with effect from July 14, 2016 *DIN:* 01117418	55	1. Centrum Housing Finance Limited 2. International Development Enterprises (India) 3. Svakarma Finance Private Limited 4. Svakarma Social Foundation
Nishant Sharma *Designation:* Non- Executive Nominee Director *Address:* Tower 2 APT 102 Planet Godrej Simplex Mills Mahalaxmi Mumbai 400 011, Maharashtra, India *Occupation:* Professional *Nationality:* Indian *Term:* Liable to retire by rotation *DIN:* 03117012	40	1. Aavas Finserv Limited 2. Vijaya Diagnostic Centre Private Limited
Manas Tandon *Designation:* Non- Executive Nominee Director *Address:* A-1402, 14th Floor, Lodha Bellissimo, N M Joshi Marg, Near Apolo Mill Compound, Mahalaxmi, Mumbai 400 011, Maharashtra, India	41	1. Aavas Finserv Limited 2. Partners Group (India) Private Limited

Name, designation, address, occupation, nationality, term and DIN	Age (years)	Other directorships
Occupation: Professional *Nationality:* Indian *Term:* Liable to retire by rotation *DIN:* 05254602		
Kartikeya Dhruv Kaji *Designation:* Non- Executive Nominee Director *Address:* The Imperial, Apartment 3901, B B Nakashe Marg, Tardeo AC Market, Tardeo, Tulsiwadi, Mumbai 400 034, Maharashtra, India *Occupation:* Professional *Nationality:* Indian *Term:* Liable to retire by rotation *DIN:* 07641723	35	Spandana Sphoorty Financial Limited

In compliance with Section 152 of the Companies Act 2013, not less than two-third of our non-executive Directors are liable to retire by rotation.

Brief profiles of our Directors

Krishan Kant Rathi is the chairman of our Board and an independent Director. He holds a bachelor's degree in commerce from the Rajasthan University. He is a qualified chartered accountant and is a member of the Institute of Chartered Accountants of India. Krishan Kant Rathi is also a qualified company secretary and is a member of the Institute of Company Secretaries of India. He was previously 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 and KEC International Limited. Further, Krishan Kant Rathi has also worked with MOPE Investment Advisors Private Limited (formerly known as Motilal Oswal Private Equity Advisors Private Limited) as its director. Presently, Krishan Kant Rathi is the managing director of Indianivesh Fund Managers Private Limited.

Sushil Kumar Agarwal is the whole-time Director and CEO of our Company. He has been associated with our Company since its incorporation in 2011. Sushil Kumar Agarwal is a qualified chartered accountant and had secured the tenth rank in his final examination. Further, he is a qualified company secretary. He was previously associated with AuSFB as its Business Head – SME & Mortgages. Sushil Kumar Agarwal has previously also worked with ICICI Bank Limited as its chief manager and with Kotak Mahindra Primus Limited as an assistant manager. He has more than 17 years of experience in the field of retail financial services.

Kalpana Iyer is an independent Director of our Company. She holds a bachelor's degree in commerce from the Madurai Kamaraj University; is a qualified chartered accountant; and is a member of the Institute of Chartered Accountants of India. Kalpana Iyer was previously associated with Citibank N.A., India as its senior vice-president, during which she was responsible for women's banking and microfinance business. She has also previously held the position of a director at IncValue Advisors Private Limited. At present, she is acting as a managing director of Svakarma Finance Private Limited.

Sandeep Tandon is an independent Director of our Company. He holds a bachelor's degree in science (electrical engineering) from the University of Southern California. Additionally, Sandeep Tandon has completed the Harvard Business School YPO President Program. He has previously served as the managing director of Tandon Advance Device Private Limited and as a director on the board of Accelyst Solutions Private Limited. At present, Sandeep Tandon is acting as the managing director of Infinx Services Private Limited and is a partner at Whiteboard Capital Advisors LLP.

Ramachandra Kasargod Kamath is a non-executive nominee Director appointed on our Board by Lake District and Kedaara AIF-1. He holds a bachelor's degree in commerce from the University of Mysore. He has also completed his fellowship with the Indian Institute of Banking and Finance. Further, Ramachandra Kasargod Kamath is a certified associate of the Indian Institute of Bankers. He was previously associated with the Corporation Bank as its general manager; and with Punjab National Bank as its chairman and managing director. Ramachandra Kasargod Kamath has also served as the chairman and managing director of Allahabad Bank and as an executive director of the Bank of India.

Vivek Vig is a non-executive nominee Director appointed on our Board by ESCL and Master Fund. He holds a post-graduate diploma in management from Indian Institute of Management at Bangalore. Vivek Vig has previously served as the managing director and chief executive officer of Destimoney Enterprises Limited. Further, he was previously associated with the Centurion Bank of Punjab (which was subsequently merged with HDFC Bank) as its country head – retail bank and has also acted as a director on the board of PNB Housing Finance Limited. Additionally, in the past, he has also been associated with Citibank N.A., India, where he has held various positions across the consumer bank.

Nishant Sharma is a non-executive nominee Director appointed on our Board by Lake District and Kedaara AIF-1. He holds a degree of Master of Technology in Bio-Chemical Engineering and Bio -Technology (five year integrated programme) from the Indian Institute of Technology, Delhi. He also holds a master's degree in business administration from the Harvard University. Nishant Sharma is a partner at Nish Capital Advisors LLP, a sponsor entity of Kedaara Capital Fund II LLP. He has previously worked with General Atlantic; Mckinsey & Company Incorporation; and Bill and Melinda Gates Foundation.

Manas Tandon is a non-executive nominee Director appointed on our Board by ESCL and Master Fund. He holds a bachelor's degree in technology (electrical engineering) from the Indian Institute of Technology, Kanpur and a master's degree in business administration from the Wharton School, University of Pennsylvania. He was awarded the general proficiency medal for the best academic performance in his undergraduate programme, and he was awarded the title of 'Palmer Scholar' for his outstanding academic performance in his post-graduation prograame. Manas Tandon has been previously associated with Matrix India Asset Advisors Private Limited as its vice-president and with TPG Capital India Private Limited as its director. He has, in the past, also worked with Cisco Systems, Inc. as a systems engineer. At present, he is associated with Partners Group (India) Private Limited and is a member of the Entrepreneurs' Organization.

Kartikeya Dhruv Kaji is a non-executive nominee Director appointed on our Board by Lake District and Kedaara AIF-1. He holds a bachelor's degree in arts (economics) from the Dartmouth College, New Hampshire and a master's degree in business administration (finance and entrepreneurial management) from the Wharton School of the University of Pennsylvania. Kartikeya Dhruv Kaji currently serves as a Principal at Kedaara Capital Advisors LLP. He has previously worked with Perella Weinberg Partners and Merrill Lynch in New York, and with Temasek Holdings Advisors India Private Limited.

Relationship between Directors

As on the date of this Red Herring Prospectus, none of our Directors is related to each other.

Terms of Appointment of our whole-time Director

Sushil Kumar Agarwal

Pursuant to a resolution passed by our Board and by our shareholders on January 22, 2016 and March 7, 2016, respectively, Sushil Kumar Agarwal has been re-appointed as our whole-time Director and CEO with effect from January 10, 2016 for a period of three years. He is entitled to the following remuneration and perquisites for a period of three years from the date of his appointment:

1. *Remuneration*: Up to a maximum of ₹ 24,000,000 *per annum*.

2. *Salary*: Salary includes basic salary, our Company's contribution to provident fund and gratuity fund and an amount by way of commission/ bonus/ incentive, payable annually in addition to the salary, calculated with reference to the performance of our Company in a particular Fiscal, at the discretion of and as may be determined by the Nomination and Remuneration Committee (*as defined hereinafter*) and decided by our Board at the end of each Fiscal.

3. The annual salary and increments will be merit based and will be proposed by the Nomination and Remuneration Committee and decided by our Board depending on the performance of the whole time Director and CEO, the profitability of the Company and other relevant factors.

4. *Perquisites*: In addition to the above, Sushil Kumar Agarwal shall be eligible for perquisites not exceeding the overall ceiling prescribed under Schedule V of the Companies Act 2013.

   In addition to the perquisites, he shall also be entitled to the following benfits which shall not be included in the computation of ceiling on remuneration mentioned above, as permissible by law:

   - Contribution to provident fund/ superannuation fund or annuity fund is not be included in the computation of ceiling on perquisites to the extent these, either singly or put together, are not taxable under the Income Tax Act.
   - Gratuity payable will not exceed half a month's basic salary for each completed year of service in accordance with the rules of the Company.
   - Leave and Leave Encashment as per the rules of our Company, if any.

5. *Reimbursement of expenses:* Apart from the remuneration as stated above, Sushil Kumar Agrawal, is also entitled to the reimbursement of such expenses as are wholly, necessarily and exclusively incurred in efficient discharge of his official duties in connection with the business of our Company.

Pursuant to a Board resolution dated April 27, 2018, Sushil Kumar Agarwal is entitled to receive up to ₹ 12.10 million, as remuneration in Fiscal 2019 and up to ₹ 10.77 million as bonus in Fiscal 2019 for his performance in Fiscal 2018.

The remuneration to Sushil Kumar Agarwal in Fiscal 2018 was ₹ 20.29 million which 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.

Compensation paid to our non-executive and independent Directors

Pursuant to a resolution passed by our Board on July 27, 2017, our Board has approved the: (i) overall remuneration limit that our non-executive Directors are entitled to receive; (ii) sitting fee of ₹ 50,000 per Board meeting and ₹ 25,000 per committee meeting that the non-executive Directors are entitled to receive. Further, pursuant to the resolution of our shareholders passed on July 11, 2015, all our non-executive Directors are entitled to receive commission which shall not exceed 1% of the net profit of our Company.

Details of such overall remuneration are as given below.

Sr. No.	Name of the non-executive Director*	Designation	Overall remuneration payable (*including the above-mentioned sitting fees and commission*) (*in ₹ million per annum*)
1.	Ramachandra Kasargod Kamath	Non-executive nominee Director	2.00
2.	Vivek Vig	Non-executive nominee Director	0.60
3.	Krishan Kant Rathi	Independent Director	0.60
4.	Kalpana Iyer	Independent Director	0.60
5.	Sandeep Tandon	Independent Director	0.60
Total remuneration payable			**4.40**

**Nishant Sharma, Manas Tandon and Kartikeya Dhruv Kaji are not entitled to receive a remuneration/ sitting fees/ commission from the Company.*

The total sitting fees of our non-executive Directors in Fiscal 2018 was ₹ 1.94 million and the total commission of our non-executive Directors in Fiscal 2018 was ₹ 2.35 million.

Loans to Directors

As on the date of this Red Herring Prospectus, no loan has been availed of by any Director of our Company.

None of the beneficiaries of loans, advances and sundry debtors is related to the Directors of our Company.

Bonus or profit sharing plan for the Directors

Other than a compensation and benefits policy applicable to the employees (including the whole-time Director) of our Company, we do not have a bonus or profit sharing plan for our Directors.

Arrangement or Understanding with major shareholders, customers, suppliers or others

Apart from (i) Nishant Sharma, Kartikeya Dhruv Kaji and Ramachandra Kasargod Kamath, nominated by Lake District and Kedaara AIF-1 pursuant to the Shareholders' Agreement; and (ii) Manas Tandon and Vivek Vig, nominated by ESCL and Master Fund pursuant to the Shareholders' Agreement, there is no arrangement or understanding with our major shareholders, customers, suppliers or others pursuant to which any of our Directors or Key Management Personnel have been appointed. For details of the relevant agreements with Kedaara AIF-1, Lake District, Master Fund and ESCL, see "***History and Certain Corporate Matters – Summary of Material Agreements***" on page 178.

Shareholding of our Directors in our Company

Our Articles of Association, do not require our Directors to hold any qualification shares.

Other than as disclosed under "***Capital Structure – Shareholding of our Directors and Key Managerial Personnel in our Company***" on page 92, none of our Directors hold any Equity Shares in our Company as on the date of this Red Herring Prospectus.

Service contracts with Directors

As on the date of this Red Herring Prospectus, there are no service contracts entered into with any Director, which provide for benefits upon termination of employment.

Contingent and deferred compensation payable to Directors

There is no contingent or deferred compensation payable to our Directors, which does not form part of their remuneration.

Interest of Directors

All our Directors may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a committee thereof, as well as to the extent of other remuneration and reimbursement of expenses, if any, payable to them by our Company. For further details, see "- ***Terms of Appointment of our whole-time Director***", "- ***Compensation Paid to our non-executive and independent Directors***" and "– ***Remuneration paid or payable from Subsidiary***" above.

Our Directors may also be interested to the extent of Equity Shares, if any, held by them or held by the entities in which they are associated as promoters, directors, partners, proprietors or trustees or held by their relatives or that may be subscribed by or allotted to the companies, firms, ventures, trusts in which they are interested as promoters, directors, partners, proprietors, members or trustees, pursuant to the Offer. Additionally, the Directors (other than independent Directors) may be interested to the extent of stock options that have been or may be granted to them from time to time under ESOP-2016. For further details regarding the shareholding of our Directors and the ESOP-2016, see "***Capital Structure – Shareholding of our Directors and Key Managerial Personnel in our Company***" and "***Capital Structure – Employee Stock Option Scheme***" on page 92.

Our non-executive Directors, who have been nominated by Lake District, ESCL, Master Fund and Kedaara AIF-1 may be deemed to be interested to the extent of the shareholding in our Company of the entities nominating them. For further details, see "***Capital Structure***" on page 84.

Interest in the promotion of the Company

Except our non-executive nominee Directors who have been appointed on our Board by Kedaara AIF-1, Lake District, Master Fund and ESCL, our Directors have no interest in the promotion of our Company.

Interest in property

Our Directors have no interest in any property acquired by our Company within the preceding two years of the date of this Red Herring Prospectus, or presently intended to be acquired by our Company.

Payment of benefits (non-salary related)

No amount or benefit (non-salary related) has been paid or given to any Directors within the two years preceding the date of this Red Herring Prospectus or is intended to be paid, except as remuneration payable to them for services rendered as Directors. Further, our Company has not granted loans to its Directors as on June 30, 2018.

Business interest

Our Directors do not have any interest in the business of our Company.

Confirmations

The Directors are not, and for the five years prior to the date of the Draft Red Herring Prospectus and until this Red Herring Prospectus, have not been on the board of any listed company whose shares have been/were suspended from being traded on BSE Limited or National Stock Exchange of India Limited.

None of our Directors has been or is a director on the board of any listed companies which have been/were delisted from any stock exchange(s).

Other than as disclosed under "***Other Regulatory and Statutory Disclosures***" on page 451, 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 has been or was identified as a wilful defaulter as defined under the SEBI ICDR Regulations.

None of our Directors has committed any violation of securities laws in the past and no such proceedings are pending against them.

For details of our Directors' association with the securities market see "***Other Regulatory and Statutory Disclosures***" on page 451.

Changes in our Board during the last three years

The changes in our Board during the three years immediately preceding the date of this Red Herring Prospectus are set forth below.

Name of Director	Date	Reasons
Nishant Sharma	June 23, 2016	Appointment as non- executive nominee Director*
Manas Tandon	June 23, 2016	Appointment as non- executive nominee Director*
Sanjay Agarwal	June 23, 2016	Cessation as managing director
Uttam Tibrewal	June 23, 2016	Cessation as non-executive director
Mannil Venugopalan	June 23, 2016	Cessation as independent Director
Kalpana Iyer	June 23, 2016	Appointment as independent Director
Ramachandra Kasargod Kamath	July 14, 2016	Appointment as non-executive nominee Director**
Vivek Vig	July 14, 2016	Appointment as non-executive nominee Director**
Sandeep Tandon	July 27, 2017	Appointment as independent Director***
Kartikeya Dhruv Kaji	July 27, 2017	Appointment as non-executive nominee Director***

* *Appointment regularised pursuant to the shareholders' resolution dated June 24, 2016*
** *Appointment regularised pursuant to the shareholders' resolution dated July 15, 2016*

***Appointment regularised pursuant to the shareholders' resolution dated August 17, 2017. Post the regularization, the appointment was made with effect from August 17, 2017.*

Borrowing Powers

Pursuant to a resolution passed by our shareholders on May 30, 2018, the Board (including the executive committee of the Board) has been authorised 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 ₹ 70,000 million in excess of the aggregate of the paid-up share capital and free reserves of our Company.

Corporate Governance

In addition to the applicable provisions of the Companies Act 2013 with respect to corporate governance, provisions of the SEBI Listing Regulations will also be applicable to our Company immediately upon the listing of the Equity Shares on the Stock Exchanges.

As on the date of this Red Herring Prospectus, there are nine Directors on our Board, comprising one whole-time Director, five non-executive nominee Directors and three independent Directors, which includes one woman Director.

Our Company undertakes to take all necessary steps to continue to comply with all the requirements of SEBI Listing Regulations and the Companies Act 2013.

Board-level committees

In terms of the SEBI Listing Regulations and the Companies Act 2013, our Company, has constituted the following Board-level committees:

1. Audit Committee;
2. Nomination and Remuneration Committee;
3. Stakeholders' Relationship Committee;
4. Risk Management Committee; and
5. Corporate Social Responsibility Committee.

Audit Committee

Our Audit Committee was last re-constituted by a resolution of our Board dated June 8, 2018 and is in compliance with Section 177 of the Companies Act 2013, Regulation 18 of the SEBI Listing Regulations and Direction 40 of the NHB Directions. The Audit Committee currently comprises:

Name	Position in the committee	Designation
Kalpana Iyer	Chairman	Independent Director
Krishan Kant Rathi	Member	Independent Director
Manas Tandon	Member	Non-executive nominee Director

The Company Secretary shall act as the secretary to the Audit Committee.

Scope and terms of reference: The Audit Committee would perform the following functions with regard to accounts and financial management, as per the terms of reference approved by the Board on June 8, 2018:

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:

   (a) 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;

   (b) changes, if any, in accounting policies and practices and reasons for the same;

   (c) major accounting entries involving estimates based on the exercise of judgment by management;

   (d) significant adjustments made in the financial statements arising out of audit findings;

   (e) compliance with listing and other legal requirements relating to financial statements;

   (f) disclosure of any related party transactions; and

   (g) 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 utilised for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;

7. reviewing and monitoring the auditor’s independence and performance, and effectiveness of audit process;

8. approval 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. approving the appointment of chief financial officer (i.e., the whole-time finance director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate; and

20. overseeing 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. carrying 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.

22. Any other power as may be given under SEBI Regulations or Companies Act or other regulations.

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:

    (a) 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

    (b) 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.

The afore-mentioned terms of reference are in supersession of any resolution passed by our Board earlier, in respect of the terms of reference of the Audit Committee.

Nomination and Remuneration Committee

Our Nomination and Remuneration Committee was last reconstituted by a resolution of our Board dated June 8, 2018 and is in compliance with Section 178 of the Companies Act 2013 and Regulation 19 of the SEBI Listing Regulations. The Nomination and Remuneration Committee currently comprises:

Name	Position in the committee	Designation
Sandeep Tandon	Chairman	Independent Director
Kalpana Iyer	Member	Independent Director
Nishant Sharma	Member	Non-executive nominee Director
Manas Tandon	Member	Non-executive nominee Director

The Company Secretary shall act as the secretary to the Nomination and Remuneration Committee.

Scope and terms of reference: The terms of reference of Nomination and Remuneration Committee are set forth below.

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 managerial 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;

   The Nomination and Remuneration Committee, while formulating the above policy, should ensure that:

   (a) the level and composition of remuneration be reasonable and sufficient to attract, retain and motivate directors of the quality required to run our Company successfully;

   (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

   (c) remuneration to Directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of our Company and its goals.

3. devising a policy on Board diversity;

4. 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;

5. performing such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, including the following:

   (a) administering 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.

6. 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;

(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 afore-mentioned terms of reference are in supersession of any resolution passed by our Board earlier, in respect of the terms of reference of the Nomination and Remuneration Committee.

Stakeholders Relationship Committee

Our Stakeholders Relationship Committee was constituted by a resolution of our Board dated June 8, 2018 in compliance with Section 178 of the Companies Act 2013 and Regulation 20 of the SEBI Listing Regulations. The Stakeholders Relationship Committee currently comprises:

Name	**Position in the committee**	**Designation**
Sandeep Tandon	Chairman	Independent Director
Sushil Kumar Agarwal	Member	Whole time Director and CEO
Nishant Sharma	Member	Non-executive nominee Director
Manas Tandon	Member	Non-executive nominee Director

The Company Secretary shall act as the secretary to the Stakeholders Relationship Committee.

Scope and terms of reference: The terms of reference of Stakeholders Relationship Committee are as follows:

1. considering and resolving grievances of shareholders, debenture holders and other security holders;

2. redressal of grievances of the security holders of the Company, including complaints in respect of allotment of securities, transfer of securities, non-receipt of declared dividends, annual reports of the Company, etc.;

3. issuing of duplicate certificates and new certificates on split/ consolidation/renewal, etc.; and

4. carrying out any other function contained in the SEBI Listing Regulations as and when amended from time to time.

Risk Management Committee

Our Risk Management Committee was last reconstituted by a resolution of our Board dated June 8, 2018, in compliance with Regulation 21 of the SEBI Listing Regulations. The Risk Management Committee currently comprises:

Name	**Position in the committee**	**Designation**
Nishant Sharma	Chairman	Non-executive nominee Director
Sushil Kumar Agarwal	Member	Whole-time Director and CEO
Manas Tandon	Member	Non-executive nominee Director

Scope and terms of reference: The terms of reference of the Risk Management Committee are as follows:

1. reviewing and approving various credit proposals in terms of credit and risk management policies approved by the Board;

2. supervising, guiding, reviewing and identifying current and emerging risks;

3. developing risk assessment and measurement systems;

4. establishing policies, practices and other control mechanism to manage risks;

5. reviewing and monitoring the effectiveness and application of credit risk management policies, related standards and procedures and to control the environment with respect to credit decisions; and

6. reporting results of risk and credit monitoring to senior management and the Board.

The afore-mentioned terms of reference are in supersession of any resolution passed by our Board earlier, in respect of the terms of reference of the Risk Management Committee.

Corporate Social Responsibility Committee ("CSR Committee")

Our CSR Committee was last reconstituted by a resolution of our Board dated June 8, 2018 in compliance with Section 135 of the Companies Act 2013. The CSR Committee currently comprises:

Name	Position in the committee	Designation
Kalpana Iyer	Chairman	Independent Director
Krishan Kant Rathi	Member	Independent Director
Sushil Kumar Agarwal	Member	Whole-time Director and CEO

The Company Secretary shall act as the secretary to the CSR Committee.

Scope and terms of reference:

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;

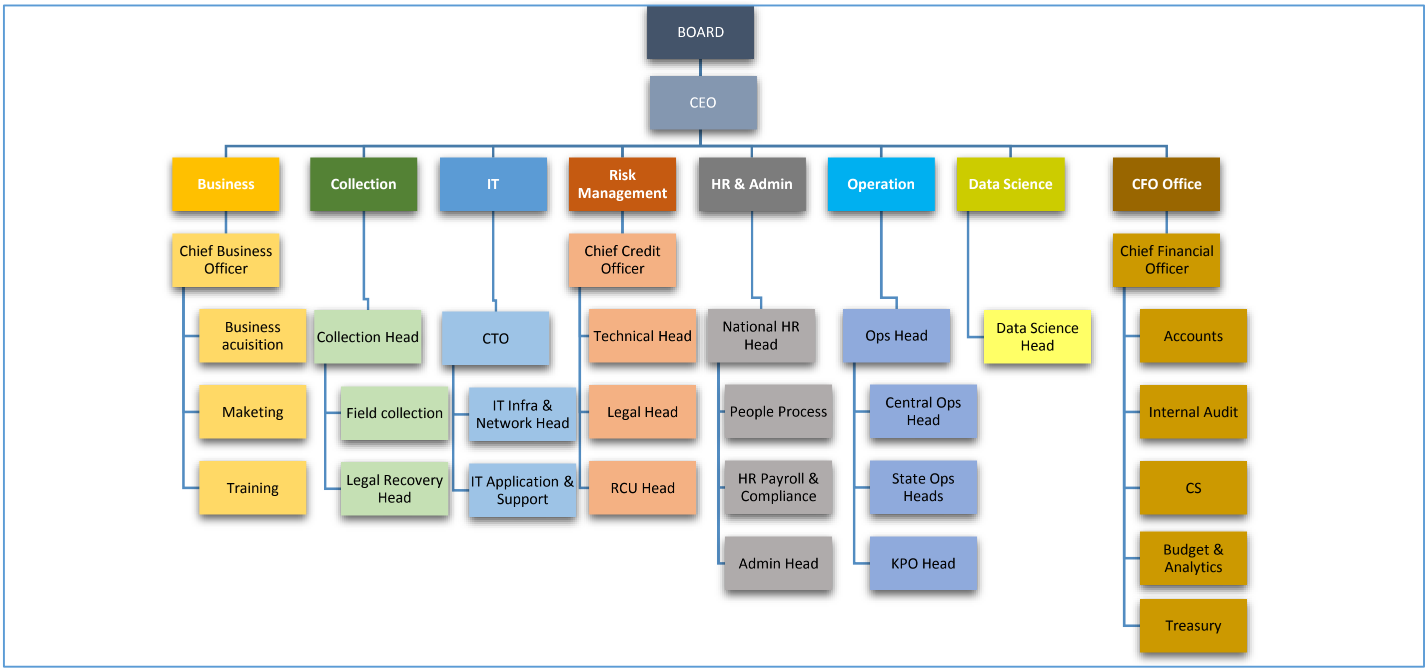
2. to review and recommend the amount of expenditure to be incurred on the activities to be undertaken by our Company;

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 afore-mentioned terms of reference are in supersession of any resolution passed by our Board earlier, in respect of the terms of reference of the CSR Committee.

Management Organisation Structure



Key Managerial Personnel (as per AS 18)

In addition to Sushil Kumar Agarwal, our whole-time Director and CEO, whose details are provided in "- ***Brief Profiles of our Directors***" above, the details of our other Key Managerial Personnel as of the date of this Red Herring Prospectus are set forth below.

Ghanshyam Rawat, aged 50 years, is the Chief Financial Officer (finance and treasury) of our Company. He had joined our Company with effect from February 14, 2013 and was appointed as the Chief Financial Officer with effect from June 1, 2014. He presently heads our finance and treasury; accounts; internal audit; compliance; budget and analytics departments. Ghanshyam Rawat holds a bachelor's degree in commerce from the Rajasthan University and is a fellow member of the Institute of Chartered Accountants of India. He has been previously associated with First Blue Home Finance Limited, Accenture India Private Limited and Deutsche Postbank Home Finance Limited. Further, Ghanshyam Rawat has also worked with Pan Asia Industries Limited and Indo Rama Synthetics (I) Limited. The remuneration to Ghanshyam Rawat in Fiscal 2018 was ₹ 15.11 million which 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.

Sharad Pathak, aged 29 years, is our Company Secretary and Compliance Officer. He had joined our Company with effect from May 28, 2012 and was appointed as our whole time company secretary with effect from September 3, 2012. He is responsible for the secretarial functions in our Company. Sharad Pathak holds a bachelor's degree in commerce from the Rajasthan University and is a qualified company secretary. He has been previously associated with Star Agriwarehousing & Collateral Management Limited as its company secretary. The remuneration to Sharad Pathak in Fiscal 2018 was ₹ 1.22 million which 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.

All the Key Managerial Personnel are permanent employees of our Company.

Relationship among Key Managerial Personnel

None of the Key Managerial Personnel are related to each another.

Bonus or profit sharing plan for the Key Managerial Personnel

Other than a compensation and benefits policy applicable to the employees of our Company, we do not have a bonus or profit sharing plan for the Key Managerial Personnel.

Shareholding of Key Managerial Personnel

Other than as disclosed under "***Capital Structure – Shareholding of our Directors and Key Managerial Personnel in our Company***" on page 92, none of the Key Managerial Personnel hold any Equity Shares in our Company as on the date of this Red Herring Prospectus.

Service Contracts with Key Managerial Personnel

Except statutory benefits upon termination of their employment in our Company or superannuation, no officer of our Company including Directors and Key Managerial Personnel, is entitled to any benefit upon termination of employment or superannuation.

Loans to and deposits from Key Managerial Personnel

As on the date of this Red Herring Prospectus, there are no outstanding loans availed of by our Key Managerial Personnel from our Company.

Interest of Key Managerial Personnel

None of our Key Managerial Personnel has any interest in our Company except to the extent of their remuneration, benefits, reimbursement of expenses incurred by them in the ordinary course of business and stock options that may be granted to them from time to time under the ESOP-2016. For further details regarding the stock options of our Key Managerial Personnel, see "***Capital Structure – Notes to Capital Structure – Employee Stock Option Scheme***" on page 92. Our Key Managerial Personnel may also be interested to the extent of the Equity Shares, if any, as applicable, held by them or held by the entities in which they are associated as promoters, directors, partners, proprietors or trustees or held by their relatives or that may be subscribed by or allotted to the companies, firms, ventures, trusts in which they are interested as promoters, directors, partners, proprietors, members of trustees, pursuant to the Offer.

Further, one of our Key Managerial Personnel, Ghanshyam Rawat and two of our senior managerial personnel, Ashutosh Atre and Sunku Ram Naresh, have entered into employment agreements with our Company, each dated February 5, 2016 and further amended by amendment agreements, each dated May 31, 2016 (collectively, the "**Employment Agreements**"). Pursuant to such Employment Agreements, each of the aforesaid individuals are required to subscribe to a certain number of Equity Shares and provide for certain special rights such as right of first offer, tag along right, drag along right, call option and put option, amongst others, to Lake District, Kedaara AIF-1, ESCL, Master Fund and AuFSB, as applicable, in connection with their respective Equity Shares. The Employment Agreements also set out the terms of their respective remuneration. However, the transfer restrictions and all special rights will terminate on the listing of our Equity Shares.

Contingent and deferred compensation payable to Key Managerial Personnel

There is no contingent or deferred compensation payable to our Key Managerial Personnel, which does not form part of their remuneration.

Arrangements and understanding with major shareholders, customers, suppliers or others

None of the Key Managerial Personnel have been appointed pursuant to any arrangement or understanding with our major shareholders, customers, suppliers or others.

Changes in Key Managerial Personnel during the last three years

There have been no changes in our Key Managerial Personnel during the three years immediately preceding the date of this Red Herring Prospectus (other than changes relating to our managing directors and whole-time directors, which are disclosed under "***- Changes in our Board in the last three years***" above).

Employee stock option and stock purchase schemes

For details of the employee stock option plan, see "***Capital Structure – Notes to Capital Structure – Employee Stock Option Scheme***" on page 92.

Payment of non-salary related benefits to officers of our Company

No amount or benefit has been paid or given to any officer of our Company within the two years preceding the date of this Red Herring Prospectus or is intended to be paid or given, other than in the ordinary course of their employment.

Senior Management Personnel

Apart from our Board of Directors and Key Managerial Personnel, following are the details of our senior management personnel, who are vital for the operations of our Company:

Sr. No.	Name	Designation	Age (years)	Highest qualification	Relevant experience
1.	Sunku Ram Naresh	Chief Business Officer	45	Bachelor of science from Sri Krishnadevaraya University and Master of business administration from Sri Krishnadevaraya University	Bajaj Finance Limited, Bajaj Auto Finance Limited, Future Finmart Limited, GE Countrywide Consumer Financial Services, Future Capital Financial Services Limited, ICICI Bank Limited, GE Money Financial Services

Sr. No.	Name	Designation	Age (years)	Highest qualification	Relevant experience
					Limited, Nestle India Limited and Mala Publicity Services Private Limited
2.	Ashutosh Atre	Chief Credit Officer	49	Diploma in finance from SVKM's NMIMS University and diploma in mechanical engineering from Madhya Pradesh Board of Technical Education, Bhopal	Equitas Housing Finance Private Limited, Equitas Micro Finance India Private Limited, ICICI Bank Limited, ICICI Personal Financial Services Company Limited, Cholamandalam Investment & Finance Company Limited, Apple Industries Limited and Sanghi Brothers (Indore) Limited
3.	Surendra Kumar Sihag	Vice President-Collections	46	Bachelor of arts from the University of Rajasthan, LLB degree from the University of Rajasthan and master of business administration from the Periyar University	Cholamandalam Investment & Finance Company Limited and Bajaj Finance Limited
4.	Rajeev Sinha	Vice President-Operations	44	Bachelor of science (physics) from Patna University	Cointribe Technologies Private Limited and Indiabulls Housing Finance Limited
5.	Anurag Srivastava	Vice President-Data Science	38	Master of arts (economics) from the University of Delhi	Deloitte Special Project India Private Limited, First Offshore Technologies Private Limited, American Express and WNS Global Services Private Limited
6.	Avinash Kumar	Chief Technology Officer	42	Post-graduate diploma in management from the Indian Institute of Management, Lucknow and bachelors of technology (civil engineering) from Indian Institute of Technology, New Delhi	Vulcan Express Private Limited and Humaralabs Technology Private Limited

OUR PROMOTERS, PROMOTER GROUP AND GROUP COMPANIES

I. Details of our Promoters

As on the date of this Red Herring Prospectus, Lake District and ESCL are the Promoters of our Company. Lake District and ESCL currently hold 35,261,756 Equity Shares, equivalent to 47.83% and 17,127,627 Equity Shares equivalent to 23.23% of the pre-Offer issued, subscribed and paid-up Equity Share capital of our Company, respectively. For further details, see "***Capital Structure***" and "***History and Certain Corporate Matters***" on pages 84 and 173, respectively.

Lake District

Corporate Information

Lake District has been incorporated under the Companies Act, 2001 of the Republic of Mauritius on January 25, 2016 as a private company limited by shares. Its registered office is situated at Suite 11, 1st Floor, Plot 42, Hotel Street, CyberCity 72201, Ebene, Mauritius.

Lake District holds a Category 1 Global Business license under the Financial Services Act, 2007 of the Republic of Mauritius and its principal activity is to directly and/ or indirectly invest in Indian companies. Lake District does not have investments in any entity other than our Company as on the date of this Red Herring Prospectus.

Lake District is promoted by Kedaara Capital I Limited ("**Kedaara Capital**"), which holds 69.11% of the equity shares of Lake District, as on the date of this Red Herring Prospectus. Kedaara Capital is regulated by the Financial Services Commission of Mauritius and is licensed to operate as a closed-end fund, categorized as a professional collective investment scheme. Other than Ontario Teachers' Pension Plan Board (through Classroom Investments Inc.), no other person has contributed to 15% or more of the total funds of Kedaara Capital as on the date of the Red Herring Prospectus.

Set forth below are the details of the shareholders of Lake District and their respective shareholding.

S. No.	Shareholder of Lake District	% of shareholding
1.	Aurora LD, Ltd.	2.83
2.	Aurora LD Investments, Ltd.	2.32
3.	Consolidated Edison Pension Plan Master Trust	5.35
4.	GPF Private Equity LP	5.35
5.	J.P. Morgan Trust Company (Jersey) Limited as Trustee of the Petroleum Studies and Research Center Endowment Trust	8.55
6.	Kedaara Capital	69.11
7.	Weyerhaeuser Company Master Retirement Trust	6.49

The board of directors of Kedaara Capital comprises M.S. (Vindi) Banga, Kevin Andrew Smith, Tej Kumar Gujadhur and Santosh Kumar Gujadhur.

Board of directors

As on the date of this Red Herring Prospectus, the board of directors of Lake District is constituted as under:

1. Tej Kumar Gujadhur;
2. Santosh Kumar Gujadhur; and
3. Kevin Andrew Smith.

The board of directors of Lake District do not hold any Equity Shares.

Changes in the management and control

There has been no change in the management and control of Lake District in the three years preceding the date of this Red Herring Prospectus.

Our Company confirms that the PAN, bank account number and registration details of Lake District including address of the Registrar of Companies in Mauritius where Lake District is registered, have been submitted to the

Stock Exchanges at the time of submission of the Draft Red Herring Prospectus with them.

ESCL

Corporate Information

ESCL has been constituted under the Companies Act, 2001 of the Republic of Mauritius on February 10, 2014 as a private company limited by shares. Its principal place of business is situated at Citco (Mauritius) Limited, 4th floor, Tower A, 1 Cybercity, Ebene, Mauritius.

ESCL holds a Category 1 Global Business license under the Financial Services Act, 2007 of the Republic of Mauritius and its principal activity is to operate as an investment holding company. ESCL does not have investments in any entity other than our Company as on the date of this Red Herring Prospectus.

Set forth below are the details of shareholders of ESCL, their respective shareholding and board of directors or investment managers, as applicable.

S.No	Shareholder of ESCL	% of shareholding	Names of board of directors/ investment manager
1.	Partners Group Global Value SICAV	26.619	Board of directors: • Helene Müller Schwiering • Roland Roffler • Daniel Van Hove
2.	Partners Group Direct Equity 2016 (EUR), L.P. Inc.	15.755	Investment manager: Partners Group Management VIII Limited
3.	Partners Group Direct Equity 2016 (USD) C, L.P.	13.471	Investment manager: Partners Group Management VII Limited
4.	Partners Group Direct Equity 2016 (USD) C-G, L.P.	13.255	Investment manager: Partners Group Management VII Limited
5.	Partners Group Direct Equity 2016 (EUR) S.C.A., SICAV-SIF	10.845	Investment manager Partners Group Management III S.a.r.l.
6.	Partners Group Direct Equity 2016 (EUR) G, L.P. Inc.	7.320	Investment manager : Partners Group Management VIII Limited
7.	Partners Group Direct Equity 2016 (USD) C-I, L.P.	4.550	Investment manager : Partners Group Cayman Management III Limited
8.	Partners Group Emerging Markets 2015, L.P. Inc.	4.317	Investment manager : Partners Group Management V Limited
9.	Partners Group Direct Equity 2016 (USD) A, L.P.	3.867	Investment manager : Partners Group Cayman Management I Limited

Board of directors

The board of directors of ESCL is constituted as under:

1. Mohamed Javed Aboobakar;
2. Ramanand S Guzadhur; and
3. Andreas Reto Baumann

The directors of ESCL do not hold any Equity Shares.

Changes in the management and control

There has been no change in the management and control of ESCL in the three years preceding the date of this Red Herring Prospectus.

Our Company confirms that the PAN, bank account number and registration details of ESCL, including the address of the Registrar of Companies in Mauritius where ESCL is registered, have been submitted to the Stock Exchanges at the time of submission of the Draft Red Herring Prospectus with them.

Interests of Promoters in promotion of our Company

Our Promoters are interested in our Company to the extent that they have promoted our Company and to the extent of their respective shareholding and the dividend payable, if any, in respect of the Equity Shares held by them. For details regarding the shareholding of our Promoters in our Company, see "***Capital Structure***" on page 84.

Interests of Promoters in property of our Company

Our Promoters have no interest in any property acquired or proposed to be acquired by our Company within the two years from the date of the Draft Red Herring Prospectus and until the date of this Red Herring Prospectus, or in any transaction by our Company for acquisition of land, construction of building or supply of machinery.

Business Interests

Our Promoters are interested in our Company to the extent of their respective shareholding in our Company. For details, see "***History and Certain Corporate Matters***" and "***Capital Structure***" on pages 173 and 84, respectively. Our Promoters do not have any business interest in our Company or its Subsidiary except to the extent of the Equity Shares held by them in our Company and the benefits accruing therefrom.

None of our Promoters is interested as a member of a firm or company (other than our Company) and no sum has been paid or agreed to be paid to any of our Promoters or to such firm or company in cash or shares or otherwise by any person for services rendered by such Promoter(s) or by such firm or company in connection with the promotion or formation of our Company.

Related Party Transactions

For details of related party transactions entered into by our Company with our Promoters and its Subsidiary during the last financial year, the nature of transactions and the cumulative value of transactions, see "***Related Party Transactions***" on page 202.

Interest of Promoter Group in Sales and Purchases

Other than as disclosed in "***Related Party Transactions***" on page 202, there are no sales/purchases between our Company and our Subsidiary and our Promoter Group, where 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, our Subsidiary and our Promoter Group on June 30, 2018.

Payment of benefits to our Promoters or our Promoter Group

There has been no payment of benefits to our Promoters or Promoter Group during the two years preceding the date of the Draft Red Herring Prospectus nor is there any intention to pay or give any benefit to our Promoters or Promoter Group.

Except as disclosed in this Red Herring Prospectus, our Company has not entered into any contract, agreements or arrangements during the two years preceding the date of the Draft Red Herring Prospectus in which our Promoters are directly or indirectly interested and the Company does not propose to enter into any such contract. No payments have been made to our Promoters in respect of any contracts, agreements or arrangements which are proposed to be made by the Company. For details in relation to these agreements, see "***History and Certain Corporate Matters***" on page 173.

Confirmations

Our Promoters and members of our Promoter Group have not been declared as wilful defaulters in accordance with the SEBI ICDR Regulations and there are no violations of securities laws committed by our Promoters in the past and no proceedings for violation of securities laws are pending against them.

Our Promoters and members of our Promoter Group have not been prohibited from accessing or operating in capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other regulatory or governmental authority.

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 or which is a wilful defaulter in accordance with the SEBI ICDR Regulations.

Our Promoters are not interested in any other entity which holds any intellectual property rights that are used by our Company.

Our Promoters have not taken any unsecured loans which may be recalled by the lenders at any time. Our Promoters are not related to any of the sundry debtors of our Company.

Common pursuits of our Promoters

Our Promoters do not have any direct interest in any venture that is involved in any activities similar to those conducted by our Company. Our Company will adopt necessary procedures and practices permitted by law to address any conflict situation as and when they arise. For details, see "***History and Certain Corporate Matters***" on page 173.

Companies with which our Promoters have disassociated in the last three years

Our Promoters have not disassociated with any company in the three years immediately preceding the date of the Draft Red Herring Prospectus and until the date of this Red Herring Prospectus.

Change in the management and control of our Company

Our Company was previously promoted by AuSFB. Lake District and ESCL purchased Equity Shares held by AuSFB on June 23, 2016. As on the date of this Red Herring Prospectus, Lake District and ESCL hold 35,261,756 Equity Shares, equivalent to 47.83% and 17,127,627 Equity Shares equivalent to 23.23% of the pre-Offer issued, subscribed and paid-up Equity Share capital of our Company, respectively. For details of the terms of acquisition and consideration paid for acquisition, see "***Capital Structure***" and "***History and Certain Corporate Matters***" on pages 84 and 173.

II. Promoter Group

Set forth below is a list of the members forming part of our Promoter Group, as on the date of this Red Herring Prospectus:

Sr. No.	Name of member of Promoter Group
	Lake District
1.	Kedaara Capital I Limited
	ESCL
1.	Partners Group Global Value SICAV
2.	Partners Group Direct Equity 2016 (EUR), L.P. Inc.
3.	Partners Group Direct Equity 2016 (USD) C, L.P.
4.	Partners Group Direct Equity 2016 (USD) C-G, L.P.
5.	Partners Group Direct Equity 2016 (EUR) S.C.A., SICAV-SIF
6.	Partners Group Private Equity Master Fund LLC

III. Details of our 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., Accounting Standard 18 issued by the ICAI ("**AS 18**") as per the restated consolidated financial statements for the fiscal ended March 31, 2018, and other companies as per the Materiality Policy adopted by our Board through its resolution dated June 8, 2018 for the purpose of disclosure in connection with the Offer.

In terms of the Materiality Policy, the following companies would be considered material and disclosed as Group Companies:

(i) a member of the Promoter Group which has entered into one or more transactions with our Company in the most recent audited fiscal which, individually or in the aggregate, exceed 10% of the total consolidated revenue of our Company for such fiscal; and

(ii) a company which, subsequent to the date of the last audited consolidated financial statements of our Company, would require disclosure in the consolidated financial statements of our Company for subsequent periods as entities covered under AS 18 in addition to/ other than those companies covered under AS 18 in the consolidated financial statements of our Company included in this Red Herring Prospectus.

For avoidance of doubt, it is clarified that our Subsidiary has not been considered as a part of 'Group Companies'. Based on the above, as on the date of this Red Herring Prospectus, there are no Group Companies of our Company.

RELATED PARTY TRANSACTIONS

For details of the related party transactions during the three months ended June 30, 2018 and Fiscals 2018, 2017, 2016, 2015 and 2014, in accordance with the requirements under Accounting Standard 18 "Related Party Disclosures", see "***Financial Statements – Restated Standalone Financial Statements – Annexure 29.3 – Restated Standalone Statement of Related Party Disclosures***" on page 250 and "***Financial Statements – Restated Consolidated Financial Statements – Annexure 29.2 – Restated Consolidated Statement of Related Party Disclosures*** " on page 290.

DIVIDEND POLICY

As on the date of this Red Herring Prospectus, our Company has a formal dividend policy. The declaration and payment of dividend on our Equity Shares, if any, will be recommended by our Board and approved by our shareholders, at their discretion, in accordance with provisions of our Articles of Association and applicable law, including the Companies Act (together with applicable rules issued thereunder). Our Board may, also from time to time, pay interim dividends.

The dividend policy of our Company was approved and adopted by our Board on June 8, 2018. The dividend to be paid, if any, will depend on a number of factors such as:

Internal factors: Current year's net operating profit, capital expenditure and working capital requirements, financial commitments with respect to the outstanding borrowings and interest thereon, financial requirement for business expansion and/or diversification, acquisition among others of new businesses, provisioning for financial implications arising out of unforeseen events and/or contingencies and past dividend trend.

External factors: Applicable laws and regulations including taxation laws, economic conditions and prevalent market practices.

There is no guarantee that any dividend will be declared or paid in the future. In addition, our ability to pay dividends may be impacted by a number of factors, including but not limited to our profits, fund requirements, contractual obligations, the overall financial condition of our Company and 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 438.

Our Company has not declared any dividends during the last five Fiscals immediately preceding the date of this Red Herring Prospectus. We may retain all our future earnings, if any, for use in the operations and expansion of our business. As a result, we may not declare dividends in the foreseeable future. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board and will depend on factors that our Board deems relevant, including among other, our results of operations, financial condition, cash requirements, business prospects and any other financing arrangements. For details, see "***Risk Factors - Our ability to pay dividends in the future will depend on our earnings, financial condition, working capital requirements, capital expenditures and restrictive covenants of our financing arrangements.***" on page 34.

SELECTED STATISTICAL INFORMATION

*The following information is included for analytical purposes and should be read in conjunction with our "**Restated Standalone Financial Statements**" on page 224 as well as "**Our Business**" and "**Management's Discussion and Analysis of Financial Condition and Results of Operations**" on pages 147 and 397, 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. Such non-GAAP financial measures should be read together with the nearest GAAP measure.

The following financial and statistical information relates to our Company and should be read in conjunction with our "***Financial Statements***" on page 218:

Return on Equity and Assets

The following table sets forth, for the years 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 2014	**FY 2015**	**FY 2016**	**FY 2017**	**FY 2018**	**Three months ended June 30, 2018**
Profit After Tax[1]	63.37	190.81	327.80	571.37	929.33	289.96
Total Assets[2]	4,179.23	8,523.83	17,107.79	24,506.66	38,174.52	40,101.48
Gross Loan Assets[3]	4,062.24	8,428.90	16,798.65	26,935.22	40,730.20	43,590.87
Average Gross Loan Assets[4]	2,918.65	6,245.57	12,613.77	21,866.94	33,832.71	42,160.53
Net Worth[5]	554.13	1,014.41	2,038.18	5,663.26	10,984.71	11,776.91
Average Net Worth[6]	422.58	784.27	1,526.30	3,850.72	8,323.98	11,380.81
Total Borrowings[7]	3,543.99	7,042.42	14,467.68	17,933.88	25,957.82	27,217.61
Average Borrowings[8]	2,524.61	5,293.21	10,755.05	16,200.78	21,945.85	26,587.72
Return on Average Gross Loan Assets (%)[9]	2.17%	3.06%	2.60%	2.61%	2.75%	0.69%*
Return on Average Net Worth (%)[10]	15.00%	24.33%	21.48%	14.84%	11.16%	2.55%*
Average Borrowings / Average Net Worth	5.97	6.75	7.05	4.21	2.64	2.34
Average Gross Loan Assets/Average Net worth	6.91	7.96	8.26	5.68	4.06	3.70
Basic Earnings Per Share[11]	2.04	5.54	8.24	11.10	15.87	4.17*
Diluted Earnings Per Share[12]	2.04	5.54	8.24	11.10	15.21	4.05*
Net Asset Value Per Share[13]	16.26	27.05	46.60	96.41	157.03	166.46

Figures disclosed in the above table, except "Profit after Tax", "Total Assets" 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.
**Figures not annualized.*

Notes:

1. Profit After Tax represents Profit After Tax for the relevant year or period.
2. Total Assets represents Total Assets as of the last day of the relevant year or period.
3. Gross Loan Asset :- 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 year or 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 year or period.

4. Average Gross Loan Asset :- Represents the simple average of our Gross loan assets as of the last day of the relevant year or period and our Gross Loan Assets of the last day of the previous year or period.

5. Net worth is the aggregate of the of the Paid-up share capital, reserves and surplus (excluding revaluation reserve) and money received against share warrants 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. Average Net Worth :- Represents the simple average of our Net Worth as of the last day of the relevant year or period and our Net Worth as of the last day of the previous year.

7. Total Borrowings represents the aggregate of long term borrowings, short term borrowings and current maturities of long term debts as of the last day of the relevant year or period.

8. Average Borrowings is the simple average of our Total Borrowings outstanding as of the last day of the relevant year or period and our Total Borrowings outstanding as of the last day of the previous year.

9. Return on Average Gross Loan Assets :- Calculated as the Profit After Tax for the relevant year or period as a percentage of Average Gross Loan Assets in such year.

10. Return on Average Net Worth:- Calculated as the Profit After Tax for the relevant year or period as a percentage of Average Net Worth in such year

11. Basic Earnings Per Share = $\dfrac{\text{Net profit available to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the year}}$

12. Diluted Earnings Per Share = $\dfrac{\text{Net profit available to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the year adjusted for the effect of all dilutive potential equity share}}$

13. Net Asset value per share = $\dfrac{\text{Net worth excluding revaluation reserve as at the end of the year}}{\text{Number of equity shares outstanding at the end of the year}}$

Financial Ratios

The following table sets forth, for the years or period indicated, certain financial ratios for our Company:

	(₹ in million, except percentages) As of and for the					
	FY 2014	**FY 2015**	**FY 2016**	**FY 2017**	**FY 2018**	**Three months ended June 30, 2018**
Gross Loan Assets[1]	4,062.24	8,428.90	16,798.65	26,935.22	40,730.20	43,590.87
Gross Loan Assets Growth (%)[2]	128.85%	107.49%	99.30%	60.34%	51.22%	-
Average Gross Loan Assets[3]	2,918.65	6,245.57	12,613.77	21,866.94	33,832.71	42,160.53
Securitized/Assigned assets [4]	-	146.23	2,253.64	5,607.07	9,006.56	8,875.71
Gross Advances[5]	4,062.24	8,282.67	14,545.01	21,328.15	31,723.64	34,715.16
Total Assets[6]	4,179.23	8,523.83	17,107.79	24,506.66	38,174.52	40,101.48
Disbursements[7]	2,799.42	5,369.05	10,504.30	13,916.02	20,511.56	5,468.95
Disbursement Growth (%)[8]	51.79%	91.79%	95.65%	32.48%	47.40%	-
Total Loan Accounts (including assigned/securitized loans)[9]	7,044	12,117	21666	34,512	52,788	57,049
Revenue From Operations[10]	543.12	1,036.78	1,908.79	3,051.28	4,563.39	1,438.53
Other Income[11]	0.10	0.77	0.20	3.64	9.06	0.17
Total Revenue[12]	543.22	1,037.55	1,908.99	3,054.92	4,572.45	1,438.70
Finance Cost[13]	301.76	527.42	968.81	1,428.20	1,890.53	559.04
Operating Expenses[14]	137.66	197.12	404.83	673.40	1,245.34	410.91
Operating Expenses / Average Total Assets[15] (%)	4.55%	3.10%	3.16%	3.24%	3.97%	1.05%*
Credit Cost[16]	9.93	23.46	35.83	77.73	19.05	24.03
Credit Cost to Average Total Assets (%)	0.33%	0.37%	0.28%	0.37%	0.06%	0.06%*
Total Expenses (Incl credit cost)[17]	449.35	748.00	1,409.47	2,179.33	3,154.92	993.98
Gross NPA[18]	8.93	43.27	80.42	169.21	106.91	172.39
Gross NPA to Gross Advances (%)	0.22%	0.52%	0.55%	0.79%	0.34%	0.50%
Net NPA[19]	7.54	35.30	61.71	128.64	82.51	133.14
Net NPA to Net Advances[20] (%)	0.19%	0.43%	0.42%	0.60%	0.26%	0.38%
Operating Expenses to Income Ratio[21]	25.34%	19.00%	21.21%	22.04%	27.24%	28.56%

	(₹ in million, except percentages) As of and for the FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	Three months ended June 30, 2018
Operating Expenses to Net Total income[22]	57.01%	38.64%	43.06%	41.40%	46.43%	46.71%
NIM[23]%	6.71%	6.76%	6.10%	6.61%	7.25%	2.03%*

Figures disclosed in the above table, except "Revenue from operations", "Other income", "Total revenue", "Finance cost", "Total expenses" and "Total assets" 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.
**Figures not annualized.*

Notes:

1. Gross Loan Asset :- 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 year or 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 year or period.
2. Gross Loan Assets Growth:- Represents percentage growth in Gross Loan Assets for the relevant year or period over Gross Loan Assets of the previous year or period.
3. Average Gross Loan Assets :- is the simple average of our Gross loan assets as of the last day of the relevant year or period and our Gross Loan Assets of the last day of the previous year or period.
4. Securitized/ Assigned Assets:- 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 year or period.
5. Gross Advances:- Represents the sum of current and non-current receivables under financing activities as of the last day of the relevant year or period.
6. Total Assets represents Total Assets as of the last day of the relevant year or period.
7. Disbursements:- Represent the aggregate of all loan amounts extended to our customers in the relevant year or period.
8. Disbursement Growth:- Represents percentage growth in disbursement for the relevant year over disbursement of the previous year.
9. Total Loan Accounts:- Represent the aggregate number of loan accounts outstanding as of the end of the relevant year or 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 year or period.
10. Revenue from operations:- Represent interest income on loan portfolio, securitisation and direct assignment, bank deposits, fees and other charges received from customers, profit on redemption of liquid mutual fund units, insurance commission and dividend income from mutual funds.
11. Other Income:- Represents sundry balance written back and miscellaneous non-operating income for the relevant year or period.
12. Total Revenue:- Represents sum of Revenue from operations and other income
13. Finance Cost:- Represents interest expense on unsecured debt, term loans, cash credit facilities, commercial paper, inter-corporate deposit, non-convertible debentures and others as well as other borrowing costs of resource mobilization expenses and bank charges and commission.
14. Operating Expenses:- Represents Employee benefit expenses, Depreciation and amortization expense and Other expenses for the relevant year or period.
15. Average total assets:- Simple average of Total assets outstanding as of the last day of the relevant year or period and Total assets outstanding as of the last day of the previous year or period.
16. Credit Cost:- Represents Provisions and write offs for the relevant year or period.
17. Total expenses represents Total Expenses for the relevant year or period. Total expenses include Employee benefit expenses, Finance cost, Depreciation and amortization expense, Other expenses and Provisions and write offs.
18. Gross NPA:- Represents Closing balance of Gross NPA as of the last day of the relevant year or period.
19. Net NPA:- Represents Closing balance of Net NPA as of the last day of the relevant year or period.
20. Net Advances :- Represents the sum of current and non-current receivables under financing activities as reduced by closing balance of provision for NPA as of the last day of the relevant year or period.
21. Operating Expenses to Income Ratio:- Represents Operating expenses as a percentage of Total Revenue.
22. Operating Expenses to Net Total Income Ratio:- Represents Operating expenses as a percentage of Total Revenue after reducing Finance Cost.
23. Net Interest Margin or "**NIM**" for any given year or period represent the ratio of NII to the average of total assets, expressed as a percentage where, "**NII**" represents total interest income on loan portfolio and securitization, Profit on redemption of liquid mutual fund,

Dividend income from mutual funds and Other interest income less total interest expenses (including resource mobilization expenses, bank charges and commission).

YIELDS, SPREADS AND MARGINS

	(₹ in million, except percentages) As of and for the					
	FY 2014	**FY 2015**	**FY 2016**	**FY 2017**	**FY 2018**	**Three months ended June 30, 2018**
Interest income[1]	504.64	956.57	1,725.38	2,712.38	3,949.53	1,345.10
Finance cost	301.76	527.42	968.81	1,428.20	1,890.53	559.04
Average interest-earning assets[2]	2,943.65	6,224.96	11,816.34	19,351.31	29,729.26	37,169.88
Average total assets[3]	3,023.02	6,351.53	12,815.81	20,807.22	31,340.59	39,138.00
Average interest-bearing liabilities[4]	2,524.61	5,293.21	10,755.05	16,200.78	21,945.85	26,587.72
Net interest income[5]	202.89	429.27	781.65	1,375.51	2,270.72	786.06
Average interest-earning assets as a percentage of average total assets	97.37%	98.01%	92.20%	93.00%	94.86%	94.97%
Average interest-bearing liabilities as a percentage of average total assets	83.51%	83.34%	83.92%	77.86%	70.02%	67.93%
Average interest-earning assets as a percentage of average interest-bearing liabilities	116.60%	117.60%	109.87%	119.45%	135.47%	139.80%
Average yield on gross loan assets[6]	18.13%	16.49%	15.12%	14.72%	13.99%	13.86%
Average cost of borrowings incl securitization/ Assignment[7]	12.28%	11.41%	10.48%	9.51%	8.63%	8.58%
Spread[8]	5.85%	5.08%	4.64%	5.22%	5.36%	5.28%
Average yield on Disbursement (%)[9]	17.13%	15.29%	14.33%	14.30%	13.44%	13.42%
Average cost of Securitization and Assignment[10]	-	10.35%	10.20%	9.13%	8.56%	8.59%
Return on total average assets[11]	2.10%	3.00%	2.56%	2.75%	2.97%	0.74%*

Figures disclosed in the above table, except "Finance cost" 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.
**Figures not annualized.*

Notes:

1. Interest income :- Represents sum of total interest income on loan portfolio and securitization and Other interest income for the relevant year or period.
2. Average interest-earning assets:- Simple average of our Total interest-earning assets (comprises receivables under financing activities, deposits, current and non-current investment in pass through certificates) outstanding as of the last day of the relevant year or period and our Total interest-earning assets outstanding as of the last day of the previous year or period.
3. Average total assets:- Simple average of Total assets outstanding as of the last day of the relevant year or period and Total assets outstanding as of the last day of the previous year or period.
4. Average interest-bearing liabilities:- Simple average of our Total Interest-bearing liabilities (comprises long term borrowings, short term borrowings and current maturities of long term debts) outstanding as of the last day of the relevant year or period and our Total Interest-bearing liabilities outstanding as of the last day of the previous year or period.
5. Net Interest Income or "NII" represents total interest income on loan portfolio and securitization, Profit on redemption of liquid mutual fund units, Dividend income from mutual funds and Other interest income less total interest expenses (including resource mobilization expenses, bank charges and commission).
6. Average Yield on Gross Loan Assets:- Represents weighted average yield on Gross loan assets, weights being principle of each loan outstanding as of the last day of the relevant year or period.
7. Average cost of Borrowing incl. securitization/ Assignment: - Represents weighted av Interest cost of borrowing, weights being borrowing of each loan outstanding as of the last day of the relevant year or period. Borrowing includes Term Loan, Refinance from NHB, NCD, CP, Sub ordinate debt and securitization and assignment.
8. Spread :- Represents average yield on gross loan assets less average cost of borrowings incl. securitization.

9. Average yield on Disbursement:- Represents weighted average yield on Disbursement, weights being Sanctioned amount of each loan disbursed during the year or period.

10. Average cost of securitization/ Assignment:- Represents weighted average rate of Interest on Securitization/Assignment transaction, weights being principle outstanding of securitization/assignment transaction as of the last day of the relevant year or period.

11. Return on total average assets :- Calculated as the Profit After Tax for the relevant year or period as a percentage of Average Total Assets in such year or period.

ASSETS QUALITY

	(₹ in million, except percentages) As of					
	March 31, 2014	**March 31, 2015**	**March 31, 2016**	**March 31, 2017**	**March 31, 2018**	**June 30, 2018**
Receivables under financing activities						
Standard Assets	4,053.31	8,239.40	14,464.59	21,158.94	31,616.73	34,542.77
Sub-Standard Assets	8.41	35.91	54.30	148.68	96.89	154.82
Doubtful Assets	0.52	6.43	22.23	20.53	10.02	17.57
Loss Assets	-	0.93	3.89	-	-	-
Total Receivables under financing activities	**4,062.24**	**8,282.67**	**14,545.01**	**21,328.15**	**31,723.64**	**34,715.16**
Provisions						
Standard Assets	16.36	33.24	58.33	85.58	98.86	103.31
Sub-Standard Assets	1.26	5.39	8.15	31.23	20.35	32.51
Doubtful Assets	0.13	1.65	6.67	9.34	4.05	6.74
Loss Assets	-	0.93	3.89	-	-	-
Total Provisions	**17.75**	**41.21**	**77.04**	**126.15**	**123.26**	**142.56**
Receivables under financing activities(net of provisions)						
Standard Assets	4,036.95	8,206.16	14,406.26	21,073.36	31,517.87	34,439.46
Sub-Standard Assets	7.15	30.52	46.15	117.45	76.54	122.31
Doubtful Assets	0.39	4.78	15.56	11.19	5.97	10.83
Loss Assets	-	-	-	-	-	-
Total Receivables under financing activities(net of provisions)	**4,044.49**	**8,241.46**	**14,467.97**	**21,202.00**	**31,600.38**	**34,572.60**

Provisioning and Write-offs

The classification and provisioning requirements under the NHB Directions are set out below.

Asset Category (overdue period in days)	(in percentages) As of					
	March 31, 2014	**March 31, 2015**	**March 31, 2016**	**March 31, 2017**	**March 31, 2018**	**June 30, 2018**
Standard Assets	0.40%	0.40%	0.40%	0.40%	0.25%	0.25%
Sub-standard assets (91-455)	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
Doubtful Assets Category-I (456-820)	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%
Doubtful Assets Category-II (821-1550)	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%
Doubtful Assets Category-III (Above 1550)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Loss Assets	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Loans, held by the Company as on the last day of the relevant year or period, with principal or interest overdue are considered as non-performing loans in accordance with the extant NHB Prudential Norms/Directions applicable to HFCs and provided at following rates:

Asset Category (overdue period in days)	(in percentages) As of					
	March 31, 2014	**March 31, 2015**	**March 31, 2016**	**March 31, 2017**	**March 31, 2018**	**June 30, 2018**
Standard Assets	0.40%	0.40%	0.40%	0.40%	0.31%	0.30%
Sub-standard assets (91-455)	15.00%	15.00%	15.00%	21.00%	21.00%	21.00%
Doubtful Assets Category-I (456-820)	25.00%	25.00%	25.00%	37.50%	37.50%	37.50%

Doubtful Assets Category-II (821-1550)	40.00%	40.00%	40.00%	64.00%	64.00%	64.00%
Doubtful Assets Category-III (Above 1550)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Loss Assets	100.00%	100.00%	100.00%	100.00% (write-off)	100.00% (write-off)	100.00%

Capital Adequecy (CRAR)

Particulars	(₹ in million, except percentages)					
	As of					
	March 31, 2014	March 31, 2015	March 31, 2016	March 31, 2017	March 31, 2018	June 30, 2018
Tier I Capital	553.40	1,013.94	2,037.96	5,647.13	10,954.67	11,745.76
Tier II Capital	16.36	33.24	58.33	85.58	1,098.86	1,103.31
Total Capital	**569.76**	**1,047.18**	**2,096.29**	**5,732.71**	**12,053.53**	**12,849.07**
Total Risk Weighted Assets	**2,312.69**	**4,929.68**	**7,632.67**	**12,235.27**	**19,581.70**	**21,227.34**
CRAR (%)	**24.64%**	**21.24%**	**27.46%**	**46.85%**	**61.55%**	**60.53%**
CRAR – Tier I capital (%)	23.93%	20.57%	26.70%	46.15%	55.94%	55.33%
CRAR – Tier II capital (%)	0.71%	0.67%	0.76%	0.70%	5.61%	5.20%
Debt[1] to Net worth[2] ratio	**6.40**	**6.94**	**7.10**	**3.17**	**2.36**	**2.31**
Total Assets[3] to Net worth ratio	**7.54**	**8.40**	**8.39**	**4.33**	**3.48**	**3.41**
Gross Loan Assets to Net worth ratio	**7.33**	**8.31**	**8.24**	**4.76**	**3.71**	**3.70**

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

Notes:-

1. Debt :- Represents the aggregate of long term borrowings, short term borrowings and current maturities of long term debts as of the last day of the relevant year or period.
2. Net worth is the aggregate of the Paid-up share capital, reserves and surplus *(excluding revaluation reserve)* and money received against share warrants 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.
3. Total Assets represents Total Assets as of the last day of the relevant year or period.

Sources of Fund

Particulars	(₹ in million, except percentages)					
	As of					
	March 31, 2014	March 31, 2015	March 31, 2016	March 31, 2017	March 31, 2018	June 30, 2018
Non-Convertible Debentures - Secured						
Banks						
Mutual Funds		1,500.00	2,850.00	3,350.00	2,600.00	2,600.00
Financial Institutions					1,300.00	1,300.00
Non-Convertible Debentures – Unsecured						
Financial Institutions						
Non-Convertible Debentures – Unsecured - Subordinate Debt (Tier II)						
Banks						
Mutual Funds					1,000.00	1,000.00
Financial Institutions						
Term Loans – Secured						
Banks (including NHB)	2,936.21	4,257.50	9,843.51	13,238.53	20,557.69	21,945.54
Financial Institutions	20.72	101.49	346.64	255.00	175.00	
Term Loans – Unsecured						
Banks	150.00	300.00	300.00	300.00		

Particulars	(₹ in million, except percentages) As of					
	March 31, 2014	March 31, 2015	March 31, 2016	March 31, 2017	March 31, 2018	June 30, 2018
Financial Institutions						
Term Loans – Unsecured - Subordinate Debt (Tier II)						
Banks						
Cash Credit – Secured						
Banks	285.33	644.96	1,127.53	790.35	325.13	372.07
Commercial Paper						
Banks						
Mutual Funds		238.47				
Others (in 2014 ICD from AU Financiers of Rs 64.5 has been included)	151.73					
Total	**3,543.99**	**7,042.42**	**14,467.68**	**17,933.88**	**25,957.82**	**27,217.61**

Types of borrowing including Assignment

Type of Borrowings including Assignment	(₹in million, except percentages) As of											
	March 31, 2014		March 31, 2015		March 31, 2016		March 31, 2017		March 31, 2018		June 30, 2018	
	Amount	% Share	Amount	% Share	Amount	% Share	Amount	% Share	Amount	% Share	Amount	% Share
Fixed Rate Borrowings	417.31	11.78%	2,029.63	28.23%	5,273.43	31.54%	6,660.77	28.30%	10,206.72	29.24%	11,107.20	30.82%
Floating rate borrowings	3,126.68	88.22%	5,159.03	71.77%	11,447.89	68.46%	16,872.39	71.70%	24,695.14	70.76%	24,927.17	69.18%
Total borrowings incl. Securitization/ Assignment	**3,543.99**	**100.00%**	**7,188.66**	**100.00%**	**16,721.32**	**100.00%**	**23,533.16**	**100.00%**	**34,901.86**	**100.00%**	**36,034.38**	**100.00%**

Average cost of borrowings and Tenure

Particulars	(in months, except percentages) As of					
	March 31, 2014	March 31, 2015	March 31, 2016	March 31, 2017	March 31, 2018	June 30, 2018
Average Tenure without Securitization/ Assignment	71.88	63.20	84.07	93.84	105.31	106.51
Average Tenure with Securitization/ Assignment	71.88	64.48	99.18	123.14	135.35	134.15
Avg Cost of Borrowing without Securitization/ Assignment	12.28%	11.43%	10.53%	9.62%	8.65%	8.57%
Avg Cost of Securitization/ Assignment	0.00%	10.35%	10.20%	9.13%	8.56%	8.59%
Avg Cost of Borrowing including Securitization/ Assignment	12.28%	11.41%	10.48%	9.51%	8.63%	8.58%

ALM as on June 30, 2018:

Years	(₹ in million)		
	Liabilities[1]	Assets[2]	Gap
Up to 1 Year	3,741.86	8,954.68	5,212.82
Up to 3 year	11,902.47	18,077.15	6,174.68
Up to 5 year	18,254.26	24,926.12	6,671.86
Up to 7 year	23,503.13	29,929.16	6,426.03
Up to 10 year	26,330.69	34,695.35	8,364.66
Total (including over 10 year)	27,217.61	38,302.13	11,084.52

Note:

1.Liabilities represents Borrowings from banks, Market borrowings and foreign currency liability as on March 31, 2018 as per Restated Standalone financials Annexure 29.9 (G)

2.Assets represents Advances, Investments and Fixed deposits as on March 31,2018 as per Restated Standalone financials Annexure 29.9 (G)

Product Wise Gross Loan Assets (in terms of amount)

Product	(₹ in million, except percentages) As of					
	March 31, 2014	March 31, 2015	March 31, 2016	March 31, 2017	March 31, 2018	June 30, 2018
Home Loan	4,062.24	7,911.53	14,780.49	22,052.59	31,588.84	33,052.73
Other Mortgage Loan	0.00	517.37	2,018.16	4,882.63	9,141.36	10,538.14
Total	4,062.24	8,428.90	16,798.65	26,935.22	40,730.20	43,590.87

Product Wise Gross Loan Assets (in terms of cases)

Product	(in nos.) As of					
	March 31, 2014	March 31, 2015	March 31, 2016	March 31, 2017	March 31, 2018	June 30, 2018
Home Loan	7,044	11,354	18,586	28,083	40,789	43,173
Other Mortgage Loan	-	763	3,080	6,429	11,999	13,876
Total	**7,044**	**12,117**	**21,666**	**34,512**	**52,788**	**57,049**

Gross Loan Assets by segment (Retail vs. Corporate Customers)

Segment/Product	(₹ in million, except percentages) As of					
	March 31, 2014	March 31, 2015	March 31, 2016	March 31, 2017	March 31, 2018	June 30, 2018
Retail	**4,062.24**	**8,421.41**	**16,748.19**	**26,871.48**	**40,513.92**	**43,297.96**
Home Loan	4,062.24	7,904.04	14,730.03	22,017.85	31,498.92	32,906.04
Other Mortgage Loan	0.00	517.37	2,018.16	4,853.63	9,015.00	10,391.92
Corporate	**0.00**	**7.49**	**50.46**	**63.74**	**216.28**	**292.91**
Home Loan	0.00	7.49	50.46	34.74	89.92	146.70
Other Mortgage Loan	0.00	0.00	0.00	29.00	126.36	146.21
Total	**4,062.24**	**8,428.90**	**16,798.65**	**26,935.22**	**40,730.20**	**43,590.87**
Retail	100.00%	99.91%	99.70%	99.76%	99.47%	99.33%
Corporate	0.00%	0.09%	0.30%	0.24%	0.53%	0.67%

Product Wise LTV on Gross Loan Assets (%)

Product	(in percentages) As of					
	March 31, 2014	March 31, 2015	March 31, 2016	March 31, 2017	March 31, 2018	June 30, 2018
Home Loan	43.41	46.05	49.41	50.28	51.71	51.78
Other Mortgage Loan		32.98	43.04	45.97	45.81	45.78
Total	**43.41**	**45.25**	**48.65**	**49.50**	**50.38**	**50.33**

Product Wise Tenure of Gross Loan Assets (in months, on origination)

Product	(in months) As of					
	March 31, 2014	March 31, 2015	March 31, 2016	March 31, 2017	March 31, 2018	June 30, 2018
Home Loan	123	142	160	167	172	173
Other Mortgage Loan	-	147	155	158	159	160
Total	**123**	**142**	**159**	**165**	**169**	**169**

Product wise ATS on Gross Loan Assets (basis sanctioned amount)

Product	(₹ in million, except percentages)

	As of March 31, 2014	March 31, 2015	March 31, 2016	March 31, 2017	March 31, 2018	June 30, 2018
Home Loan	0.64	0.77	0.88	0.88	0.88	0.87
Other Mortgage Loan	-	0.70	0.67	0.79	0.80	0.80
Total	**0.64**	**0.77**	**0.85**	**0.86**	**0.86**	**0.85**

Average Interest Yield on Gross Loan Assets by Product

Product	(in percentages) As of March 31, 2014	March 31, 2015	March 31, 2016	March 31, 2017	March 31, 2018	June 30, 2018
Home Loan	18.13	16.55	15.13	14.54	13.57	13.39
Other Mortgage Loan	0.00	15.48	14.98	15.56	15.43	15.33
Total	18.13	16.49	15.12	14.72	13.99	**13.86**

Gross NPA

Product	(₹ in million) As of March 31, 2014	March 31, 2015	March 31, 2016	March 31, 2017	March 31, 2018	June 30, 2018
Home Loan	8.93	43.27	78.67	150.58	100.98	153.85
Other Mortgage Loan	-	-	1.75	18.63	5.93	18.54
Total	**8.93**	**43.27**	**80.42**	**169.21**	**106.91**	**172.39**

No. of cases of Gross NPA

Product	(in No. of cases) As of March 31, 2014	March 31, 2015	March 31, 2016	March 31, 2017	March 31, 2018	June 30, 2018
Home Loan	18	70	136	236	164	227
Other Mortgage Loan			4	29	14	34
Total	**18**	**70**	**140**	**265**	**178**	**261**

% Gross NPA to Gross Advances

Product	(in %) As of March 31, 2014	March 31, 2015	March 31, 2016	March 31, 2017	March 31, 2018	June 30, 2018
Home Loan	0.22%	0.56%	0.63%	0.89%	0.43%	0.60%
Other Mortgage Loan	0.00%	0.00%	0.09%	0.43%	0.07%	0.20%
% Gross NPA	**0.22%**	**0.52%**	**0.55%**	**0.79%**	**0.34%**	**0.50%**

Lagged NPA

Product	(in %) As of March 31, 2014	March 31, 2015	March 31, 2016	March 31, 2017	March 31, 2018	June 30, 2018
1 Year lagged NPA	0.50%	1.07%	0.97%	1.16%	0.50%	0.73%
2 Year lagged NPA		2.44%	1.98%	2.04%	0.74%	1.12%

1 day past due% on Gross Advances

Particulars	(₹ in million, except percentages) As of March 31, 2014	March 31, 2015	March 31, 2016	March 31, 2017	March 31, 2018	June 30, 2018

Gross Advances	4,062.24	8,282.67	14,545.01	21,328.15	31,723.64	34,715.17
1+	589.30	510.78	734.68	1,451.37	1,527.55	1,612.76
1+%	14.51%	6.17%	5.05%	6.80%	4.82%	4.65%

Gross Loan Assets by rate method

Rate Method	(₹ in million, except percentages) As of					
	March 31, 2014	March 31, 2015	March 31, 2016	March 31, 2017	March 31, 2018	June 30, 2018
Fixed	446.34	1,969.25	5,304.65	10,743.54	18,152.97	20,508.92
Floating	3,615.90	6,459.65	11,494.00	16,191.68	22,577.23	23,081.95
Total	**4,062.24**	**8,428.90**	**16,798.65**	**26,935.22**	**40,730.20**	**43,590.87**
% Floating	***89.01%***	***76.64%***	***68.42%***	***60.11%***	***55.43%***	***52.95%***

Gross Loan Assets by Rate Method (as on June 30, 2018)

Rate Method	Gross Loan Assets	% Share	Yield	Avg. LTV
Fixed	20,508.92	47.05%	15.73%	43.76%
Floating	23,081.95	52.95%	12.20%	56.16%
Grand Total	**43,590.87**	**100.00%**	**13.86%**	**50.33%**

Gross Loan Assets by Average Ticket size

Average Ticket Size	(₹ in million, except percentages) As of												
	March 31, 2014		March 31, 2015		March 31, 2016		March 31, 2017		March 31, 2018		June 30, 2018		% Loan account as of June' 18
	Amount	% Share	Amount	% Share	Amount	% Share	Amount	% Share	Amount	% Share	Amount	% Share	
Up to 200,000	61.73	1.52%	84.80	1.01%	181.21	1.08%	277.62	1.03%	411.53	1.01%	447.80	1.02%	6.27%
Above 200,000 up to 1 million	2,987.15	73.53%	4,904.63	58.19%	7,994.22	47.59%	12,556.72	46.62%	18,821.18	46.21%	20,368.07	46.73%	71.07%
Above 1 million up to 2.5 million	958.16	23.59%	2,737.95	32.48%	6,243.20	37.16%	9,859.47	36.61%	14,328.20	35.18%	15,167.71	34.80%	19.55%
Above 2.5 million up to 5 million	55.20	1.36%	515.25	6.11%	1,447.32	8.62%	2,559.37	9.50%	4,105.95	10.08%	4,408.33	10.11%	2.42%
Above 5 million		0.00%	186.27	2.21%	932.70	5.55%	1,682.04	6.24%	3,063.34	7.52%	3,198.96	7.34%	0.69%
Total	**4,062.24**	**100.00%**	**8,428.90**	**100.00%**	**16,798.65**	**100.00%**	**26,935.22**	**100.00%**	**40,730.20**	**100.00%**	**43,590.87**	**100.00%**	**100.00%**

Gross Loan Assets by State/Territory

STATES	(₹ in million, except percentages) As of											
	March 31, 2014		March 31, 2015		March 31, 2016		March 31, 2017		March 31, 2018		June 30, 2018	
	Amount	% Share	Amount	% Share	Amount	% Share	Amount	% Share	Amount	% Share	Amount	% Share
Rajasthan	2,102.47	51.75%	4,301.36	51.03%	8,314.21	49.49%	12,866.57	47.77%	18,887.33	46.37%	20,326.32	46.63%
Maharashtra	1,303.13	32.08%	2,237.30	26.54%	3,421.23	20.36%	5,011.85	18.61%	7,976.99	19.58%	8,416.94	19.31%
Gujarat	455.46	11.21%	1,160.51	13.77%	2,742.48	16.33%	4,852.07	18.01%	6,952.27	17.07%	7,270.61	16.68%
Madhya Pradesh	114.58	2.82%	370.29	4.39%	1,307.99	7.79%	2,496.39	9.27%	3,989.91	9.80%	4,308.09	9.88%
Delhi	56.04	1.38%	251.05	2.98%	784.43	4.67%	1,258.00	4.67%	1,787.23	4.39%	1,900.83	4.36%
Haryana	11.60	0.29%	108.39	1.29%	228.31	1.36%	314.45	1.17%	448.31	1.10%	494.02	1.13%
Uttar Pradesh	18.96	0.47%		0.00%		0.00%	135.89	0.50%	656.51	1.61%	793.26	1.82%
Chhattisgarh		0.00%		0.00%		0.00%		0.00%	31.65	0.08%	80.80	0.19%
Total	**4,062.24**	**100.00%**	**8,428.90**	**100.00%**	**16,798.65**	**100.00%**	**26,935.22**	**100.00%**	**40,730.20**	**100.00%**	**43,590.87**	**100.00%**

Gross Loan Assets by Income Group

Income segment	(₹ in million, except percentages) As of											
	March 31, 2014		March 31, 2015		March 31, 2016		March 31, 2017		March 31, 2018		June 30, 2018	
	Amount	% Share	Amount	% Share	Amount	% Share	Amount	% Share	Amount	% Share	Amount	% Share
EWS[1]	677.22	16.67%	1,278.13	15.16%	2,657.01	15.82%	5,019.59	18.64%	8,671.09	21.29%	9,589.05	22.00%
LIG[2]	1,712.37	42.15%	3,349.51	39.74%	6,569.27	39.10%	10,609.35	39.39%	15,930.30	39.11%	17,096.98	39.22%
MIG[3]	1,439.12	35.43%	2,968.50	35.22%	5,309.50	31.61%	7,625.60	28.31%	10,693.92	26.26%	11,270.17	25.85%
HIG[4]	233.53	5.75%	832.76	9.88%	2,262.87	13.47%	3,680.68	13.66%	5,434.89	13.34%	5,634.67	12.93%
Total	**4,062.24**	**100.00%**	**8,428.90**	**100.00%**	**16,798.65**	**100.00%**	**26,935.22**	**100.00%**	**40,730.20**	**100.00%**	43,590.87	100.00%

Notes:

1. Economically Weaker Section (EWS) : Income up to Rs 0.3 mn p.a.

2. Low Income Group (LIG) : Above Rs 0.3 mn to Rs 0.6 mn p.a.

3. Middle Income Group (MIG) : Above Rs 0.6 mn to Rs 1.8 mn p.a.

4. High Income Group : Above Rs 1.8 mn p.a.

Gross loan assets by Occupation

Occupation	(₹ in million, except percentages) As of											
	March 31, 2014		March 31, 2015		March 31, 2016		March 31, 2017		March 31, 2018		June 30, 2018	
	Amount	% Share	Amount	% Share	Amount	% Share	Amount	% Share	Amount	% Share	Amount	% Share
Salaried	1,734.33	42.69%	3,302.17	39.18%	5,973.17	35.56%	9,683.69	35.95%	14,738.88	36.19%	15,599.58	35.79%
Self Employed	2,327.91	57.31%	5,126.73	60.82%	10,825.48	64.44%	17,251.53	64.05%	25,991.32	63.81%	27,991.29	64.21%
Total	**4,062.24**	**100.00%**	**8,428.90**	**100.00%**	**16,798.65**	**100.00%**	**26,935.22**	**100.00%**	**40,730.20**	**100.00%**	**43,590.87**	**100.00%**

% Gross NPA by Occupation and associated yield (%)

Occupation	(in percentages) As of											
	March 31, 2014		March 31, 2015		March 31, 2016		March 31, 2017		March 31, 2018		June 30, 2018	
	Yield	Gross NPA	Yield	Gross NPA	Yield	Gross NPA	Yield	Gross NPA	Yield	Gross NPA	Yield	Gross NPA
Salaried	19.16%	0.15%	18.66%	0.42%	17.99%	0.45%	14.91%	0.60%	13.49%	0.30%	13.63%	0.41%
Self Employed	19.35%	0.28%	18.78%	0.59%	17.94%	0.61%	16.28%	0.89%	15.34%	0.36%	15.50%	0.54%
Total	**19.29%**	**0.22%**	**18.74%**	**0.52%**	**17.95%**	**0.55%**	**15.93%**	**0.79%**	**14.76%**	**0.34%**	**14.95%**	**0.50%**

Gross Loan Assets by LTV

LTV Bucket	(₹ in million, except percentages) As of																	
	March 31, 2014			March 31, 2015			March 31, 2016			March 31, 2017			March 31, 2018			June 30, 2018		
	Amount	% Share	LTV	Amount	% Share	LTV	Amount	% Share	LTV	Amount	% Share	LTV	Amount	% Share	LTV	Amount	% Share	LTV
Up to 50%	2,642.30	65.04%	32.58%	5,046.88	59.87%	32.19%	8,858.42	52.74%	32.98%	13,519.49	50.19%	33.45%	19,976.05	49.04%	34.16%	21,484.01	49.29%	34.29%
Abv 50% Up to 80%	1,402.09	34.52%	63.31%	3,288.76	39.02%	64.20%	7,734.74	46.04%	65.66%	13,106.85	48.66%	65.24%	19,761.13	48.52%	65.03%	20,993.74	48.16%	64.89%
Above 80%	17.86	0.44%	82.80%	93.26	1.11%	83.35%	205.49	1.22%	83.70%	308.88	1.15%	84.01%	993.02	2.44%	85.17%	1,113.12	2.55%	85.21%
Total	**4,062.24**	**100.00%**	**43.41%**	**8,428.90**	**100.00%**	**45.25%**	**16,798.65**	**100.00%**	**48.65%**	**26,935.22**	**100.00%**	**49.50%**	**40,730.20**	**100.00%**	**50.38%**	**43,590.87**	**100.00%**	**50.33%**

Gross Loan Assets by Credit history

Credit History	(₹ in million) As of											
	March 31, 2014		March 31, 2015		March 31, 2016		March 31, 2017		March 31, 2018		June 30, 2018	
	Amount	% Share	Amount	% Share	Amount	% Share	Amount	% Share	Amount	% Share	Amount	% Share
New to Credit	2,244.82	55.26%	3,523.70	41.80%	5,582.87	33.23%	7,729.13	28.70%	14,158.58	34.76%	15,811.37	36.27%
With Credit history	1,817.42	44.74%	4,905.20	58.20%	11,215.78	66.77%	19,206.09	71.30%	26,571.62	65.24%	27,779.50	63.73%
Total	**4,062.24**	**100.00%**	**8,428.90**	**100.00%**	**16,798.65**	**100.00%**	**26,935.22**	**100.00%**	**40,730.20**	**100.00%**	**43,590.87**	**100.00%**

% Gross NPA by Credit history and associated yield (%)

Credit History	(in percentages) As of											
	March 31, 2014		March 31, 2015		March 31, 2016		March 31, 2017		March 31, 2018		June 30, 2018	
	Yield	Gross NPA	Yield	Gross NPA	Yield	Gross NPA	Yield	Gross NPA	Yield	Gross NPA	Yield	Gross NPA
New to Credit	19.48%	0.18%	18.90%	0.78%	18.82%	0.99%	17.30%	1.14%	16.45%	0.28%	16.37%	0.42%
With Credit history	19.14%	0.27%	18.49%	0.34%	16.93%	0.36%	15.07%	0.67%	14.06%	0.37%	14.30%	0.54%
Total	**19.29%**	**0.22%**	**18.74%**	**0.52%**	**17.95%**	**0.55%**	**15.93%**	**0.79%**	**14.76%**	**0.34%**	**14.95%**	**0.50%**

<u>Disbursements</u>

Disbursement by segments

Product	(₹ in million) For the					Three months ended June 30, 2018
	FY14	FY15	FY16	FY17	FY18	
Home Loan	2,799.42	4,853.00	8,856.80	10,644.90	14,794.68	3,375.79
Other Mortgage Loan	0.00	516.05	1,647.50	3,271.12	5,716.88	2,093.16
Total	**2,799.42**	**5,369.05**	**10,504.30**	**13,916.02**	**20,511.56**	**5,468.95**

No. of fresh sanctions during the year (No. of cases)

Disbursement cases by product	(in nos.) For the					Three months ended June 30, 2018
	FY14	FY15	FY16	FY17	FY18	
Home Loan	4,342	5,370	8,936	12,055	17,141	3,952
Other Mortgage Loan		736	2,471	3,789	6,631	2,307
Total	**4,342**	**6,106**	**11,407**	**15,844**	**23,772**	**6,259**

Disbursements Yield (sanctioned cases in %)

Yield by product	(in percentages) For the					Three months ended June 30, 2018
	FY14	FY15	FY16	FY17	FY18	
Home Loan	17.13%	15.28%	14.25%	13.85%	12.78%	12.52%
Other Mortgage Loan		15.39%	14.86%	15.82%	15.24%	15.09%
Total	**17.13%**	**15.29%**	**14.33%**	**14.30%**	**13.44%**	**13.42%**

Average Ticket Size on disbursement

Disbursement (ATS)	(in percentages) For the					Three months ended June 30, 2018
	FY14	**FY15**	**FY16**	**FY17**	**FY18**	
Home Loan	0.67	0.99	1.21	0.92	0.93	0.88
Other Mortgage Loan		0.72	0.68	0.87	0.87	0.81
Total	**0.67**	**0.96**	**1.10**	**0.91**	**0.92**	**0.86**

% BT In during the year

Disbursement	(₹ in million, except percentages) For the					Three months ended June 30, 2018
	FY14	**FY15**	**FY16**	**FY17**	**FY18**	
BT In	21.33	186.90	486.72	790.36	1,415.87	362.57
Disbursement	2,799.42	5,369.05	10,504.30	13,916.02	20,511.56	5,468.95
% BT In	**0.76%**	**3.48%**	**4.63%**	**5.68%**	**6.90%**	**6.63%**

SECTION V – FINANCIAL INFORMATION

FINANCIAL STATEMENTS

Auditors’ Report on the restated standalone summary statement of assets and liabilities as at June 30, 2018, March 31, 2018, 2017, 2016, 2015 and 2014 and restated standalone summary statements of profits and losses and cash flows for the three month period ended June 30, 2018 and for each of the years ended March 31, 2018, 2017, 2016, 2015 and 2014 of Aavas Financiers Limited (collectively, the “Restated Standalone Summary Statements”)

The Board of Directors
Aavas Financiers Limited
201-202, 2nd Floor, Southend Square,
Mansarovar Industrial Area, Jaipur 302 020, India

Dear Sirs / Madams,

1. We have examined the attached Restated Standalone Summary Statements of Aavas Financiers Limited (formerly known as “Au Housing Finance Limited”) (the “Company”) as at June 30, 2018, March 31, 2018, 2017, 2016, 2015 and 2014 and for the three month period ended June 30, 2018 and for each of the years ended March 31, 2018, 2017, 2016, 2015 and 2014, annexed to this report and prepared by the Company for the purpose of inclusion in the Red Herring Prospectus and the Prospectus (together “Offer Documents”) 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-section (1) of Section 26 of Chapter III of the Companies Act, 2013, as amended (the “Act”); and

   b) relevant provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the “ICDR Regulations”) issued by the Securities and Exchange Board of India (“SEBI”) on August 26, 2009, as amended from time to time in pursuance of the Securities and Exchange Board of India Act, 1992, as amended.

Management’s Responsibility for the Restated Standalone Summary Statements

2. The preparation of Restated Standalone Summary Statements, which are to be included in the Offer Documents, is the responsibility of the Management of the Company for the purpose set out in paragraph 13 below. The Management’s responsibility includes designing, implementing and maintaining adequate internal controls relevant to the preparation and presentation of the Restated Standalone Summary Statements. The Management is also responsible for identifying and ensuring that the Company complies with the Act, and the ICDR Regulations.

Auditors’ Responsibilities

3. We have examined such Restated Standalone Summary Statements taking into consideration:

   a) the terms of reference and our engagement agreed with you vide our engagement letter dated July 05, 2018, requesting us to carry out work on such Restated Standalone Summary Statements, proposed to be included in the Offer Documents of the Company in connection with the Company’s proposed IPO;

   b) the Guidance Note on Reports in Company Prospectuses (Revised 2016) issued by the Institute of Chartered Accountants of India (the “Guidance Note”); and

   c) the requirements of Section 26 of the Act and the ICDR Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, and the ICDR Regulations in connection with the IPO.

4. The Company proposes to make an IPO which comprises a fresh issue of equity shares of Rs.10 each by the Company and an offer for sale by certain shareholders of the existing equity shares of Rs.10 each, at such premium, arrived at by a book building process.

Restated Standalone Summary Statements as per audited standalone financial statements

5. The Restated Standalone Summary Statements have been compiled by the management from:

   a) the audited special purpose interim standalone Indian GAAP financial statements of the Company as at and for the three month period ended June 30, 2018 and the audited standalone financial statements of the Company as at and for each of the years ended March 31, 2018, 2017 and 2016 which have been approved by the Board of Directors at their meetings held on July 26, 2018, April 27, 2018, May 26, 2017 and May 26, 2016, respectively; and

   b) the audited standalone financial statements of the Company as at and for each of the years ended March 31, 2015 and 2014 which have been approved by the Board of Directors at their meeting held on May 27, 2015 and May 23, 2014, respectively.

6. For the purpose of our examination, we have relied on:

   a) Auditors' Report issued by us dated July 26, 2018 on the special purpose interim standalone Indian GAAP financial statements as at and for the three month period ended June 30, 2018 and Auditors' Reports issued by us dated April 27, 2018, May 26, 2017, May 26, 2016, on the standalone financial statements of the Company as at and for each of the years ended March 31, 2018, 2017 and 2016 respectively, as referred in Para 5 (a) above; and

   b) Auditors' Report issued by S R B C & CO LLP dated May 27, 2015 and May 23, 2014 on the standalone financial statements of the Company as at and for each of the years ended March 31, 2015 and 2014 respectively as referred in Para 5 (b) above.

7. Based on our examination, in accordance with the requirements of Section 26 of Part I of Chapter III of the Act, the ICDR Regulations and the Guidance Note, we report that:

   a) The restated standalone summary statement of assets and liabilities of the Company as at June30, 2018, March 31, 2018, 2017, 2016, 2015 and 2014 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 the three month period ended June 30, 2018 and for each of the years ended March 31, 2018, 2017, 2016, 2015 and 2014 examined by us, as set out in Annexure 2 to this report, have been arrived at after making adjustments and regroupings/ reclassifications as in our opinion were appropriate and more fully described in Annexure 4 – Restated Standalone Summary Statement of material adjustments and regroupings.

   c) The restated standalone summary statement of cash flows of the Company for the three month period ended June 30, 2018 and for each of the years ended March 31, 2018, 2017, 2016, 2015 and 2014 examined by us, as set out in Annexure 3 to this report, have been arrived at after making adjustments and regroupings/ reclassifications as in our opinion were appropriate and more fully described in Annexure 4 – Restated Standalone 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) The 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) The Restated Standalone Summary Statements have been made after incorporating adjustments for the material amounts in the respective financial years to which they relate;

      iii) The Restated Standalone 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' report on the audited special purpose interim standalone Indian GAAP financial statements of the Company as at and for the three month period ended June 30, 2018, and in the auditors' reports on the audited financial statements as at for each of the years ended March 31, 2018, 2017, 2016, 2015 and 2014, which require any adjustments to the Restated Standalone Summary Statements; and

v) Other audit qualifications included in the auditors’ report pursuant to Rule 11(d) of Companies (Audit and Auditors) Amendment Rules, 2017 on the standalone financial statements for the year ended March 31, 2017 and Annexures to the auditors’ reports issued under the Companies (Auditor’s Report) Order, 2016, 2015 and 2003, as applicable, on the standalone financial statements for the years ended March 31, 2018, 2017, 2016, 2015 and 2014, which do not require any corrective adjustment in the Restated Standalone Summary Statements, are as follows:

A. Annexure to Auditors’ Report for the year ended March 31, 2018:

<u>Clause (vii) (a)</u>
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 slight delays in a few cases.

B. Auditors’ Report for the year ended March 31, 2017:

<u>Paragraph 2(g)(iv) of Report on Other Legal and Regulatory Requirements</u>
The Company has provided the disclosures in Note 2.27 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 SBNs during the period from November 9, 2016 to December 30, 2016. Based on audit procedures and relying on the management representation except for the segregation between SBNs and other denomination as more fully described in note 2.27(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 accounts maintained by the Company and produced before us for verification. Further as stated in Note 2.27(e) to the financial statements, the borrowers of the company has 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.

C. Annexure to Auditors’ Report for the year ended March 31, 2017:

<u>Clause (vii) (a)</u>
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 slight delays in a few cases.

D. Annexure to Auditors’ Report for the year ended March 31, 2016:

<u>Clause (vii) (a)</u>
Undisputed statutory dues including provident fund, employees’ state insurance, income-tax, sales-tax, service tax, duty of 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 slight delays in a few cases.

E. Auditors’ Report for the year ended March 31, 2015:

<u>Emphasis of matter</u>
Without qualifying our opinion, we draw attention to the accounting treatment relating to creation of deferred tax liability on special reserve created as per section 29C of National Housing Bank Act, 1987 and claimed as deduction under section 36(i)(viii) of the Income Tax Act, 1961 up to March 31, 2014 amounting to Rs. 85.27 Lakhs which has been adjusted from reserves and surplus, pursuant to NHB circular NHB (ND)/DRS/Pol. Circular No. 62/2014 dated May 27, 2014. Refer Note 2.2 to the financial statements.

F. Annexure to Auditors’ Report for the year ended March 31, 2015:

<u>Clause (vii) (a)</u>
Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues have not been regularly deposited with the appropriate authorities and there have been serious delays in large number of cases.

<u>Clause (xii)</u>

We have been informed that, during the year, an instance of misrepresentation by a customer was reported whereby the customer obtained loan from multiple lender against the same security. The amount of loan obtained from the company was Rs. 1,000,000. As informed, the company has initiated legal action against the customer. The outstanding balance of Rs. 934,122 has been fully provided.

G. 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, cess and other material statutory dues regularly with the appropriate authorities except delays in a few cases pertaining to professional tax and tax deducted at source which are not serious in nature. As informed, sales tax, provisions of investor education and protection fund, custom duty and excise duty are currently not applicable to the company.

8. We have not audited any financial statements of the Company as of any date or for any period subsequent to June 30, 2018. 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 June 30, 2018.

Other Financial Information

9. At the Company's request, we have also examined the following restated standalone financial information proposed to be included in the Offer Documents, prepared by the Management and approved by the Board of Directors of the Company on August 30, 2018 and annexed to this report relating to the Company, as at and for the three month period ended June 30, 2018 and each of the years ended March 31, 2018, 2017, 2016, 2015 and 2014:

i. Restated Standalone Statement of Share Capital, enclosed as Annexure 6;
ii. Restated Standalone Statement of Reserves and Surplus, enclosed as Annexure 7;
iii. Restated Standalone Statement of Money received against Share Warrants, enclosed as Annexure 8;
iv. Restated Standalone Statement of Long-term Borrowings, enclosed as Annexure 9;
v. Restated Standalone Statement of Deferred Tax Liabilities (net), enclosed as Annexure 10;
vi. Restated Standalone Statement of Other Long -term Liabilities, enclosed in Annexure 11;
vii. Restated Standalone Statement of Long-term Provisions, enclosed as Annexure 12;
viii. Restated Standalone Statement of Short-term borrowings, enclosed as Annexure 13;
ix. Restated Standalone Statement of Other Current Liabilities, enclosed as Annexure 14;
x. Restated Standalone Statement of Short-term Provisions, enclosed as Annexure 15;
xi. Restated Standalone Statement of Property, Plant and Equipment, enclosed as Annexure 16(A);
xii. Restated Standalone Statement of Intangible Assets, enclosed as Annexure 16(B);
xiii. Restated Standalone Statement of Capital work in progress and Intangible Assets under development, enclosed as Annexure 16(C);
xiv. Restated Standalone Statement of Investments, enclosed as Annexure 17;
xv. Restated Standalone Statement of Loans and advances-Receivables under financing activity, enclosed as Annexure 18.1;
xvi. Restated Standalone Statement of Other loans and advances, enclosed as Annexure 18.2;
xvii. Restated Standalone Statement of Cash and Bank Balances, enclosed as Annexure 19;
xviii. Restated Standalone Statement of Other Current Assets, enclosed as Annexure 20;
xix. Restated Standalone Statement of Revenue from operations, enclosed as Annexure 21;
xx. Restated Standalone Statement of Other Income, enclosed as Annexure 22;
xxi. Restated Standalone Statement of Employee Benefit Expenses, enclosed as Annexure 23;
xxii. Restated Standalone Statement of Finance Cost, enclosed as Annexure 24;
xxiii. Restated Standalone Statement of Other Expenses, enclosed as Annexure 25;
xxiv. Restated Standalone Statement of Provisions and write off, enclosed as Annexure 26;
xxv. Restated Standalone Statement of Tax Expenses, enclosed as Annexure 27;
xxvi. Restated Standalone Statement of Earning per share, enclosed as Annexure 28;
xxvii. Restated Standalone Statement of Additional Information, enclosed as Annexure 29;
xxviii. Restated Standalone Statement of Tax Shelter, enclosed as Annexure 30;

xxix. Restated Standalone Statement of Capitalisation, enclosed as Annexure 31;

xxx. Restated Standalone Statement of Accounting Ratios, enclosed as Annexure 32; and

xxxi. Standalone Statement of Dividend, enclosed as Annexure 33.

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 33 accompanying this report, read with Restated Standalone 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, the ICDR Regulations and the Guidance Note.

11. This report should not in any way be construed as a reissuance or redating of any of the previous audit reports issued by us, nor should this report be construed as a new opinion on any of the financial statements referred to herein.

12. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

13. Our report is intended solely for use of the management for inclusion in the Offer Documents to be filed with SEBI, BSE Limited and the National Stock Exchange of India Limited and the Registrar of Companies in connection with the proposed IPO and is not to be used, referred to or distributed for any other purpose except with our prior consent in writing.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

per Sarvesh Warty
Partner
Membership No. 121411

Mumbai
August 30, 2018

AAVAS FINANCIERS LIMITED
(Formerly known as "Au HOUSING FINANCE LIMITED")
ANNEXURE 1: RESTATED STANDALONE SUMMARY STATEMENT OF ASSETS AND LIABILITIES

(Rs. in Millions)

	Annexure	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
I. Equity and liabilities							
1. Shareholders' funds							
a) Share capital	**6**	707.51	691.73	581.64	383.83	329.17	299.17
b) Reserves & surplus	**7**	11,069.40	10,290.58	5,081.62	1,654.35	685.24	254.96
c) Money received against share warrants	**8**	-	2.40	-	-	-	-
		11,776.91	**10,984.71**	**5,663.26**	**2,038.18**	**1,014.41**	**554.13**
2. Non-current liabilities							
a) Long term borrowings	**9**	23,475.74	22,324.81	15,096.85	11,963.66	5,238.76	2,572.98
b) Deferred tax liabilities (net)	**10**	134.89	117.59	61.68	22.87	10.44	2.54
c) Other long term liabilities	**11**	2.77	2.56	1.18	103.96	41.33	-
d) Long term provisions	**12**	168.99	148.08	137.18	83.91	44.46	20.25
		23,782.39	**22,593.04**	**15,296.89**	**12,174.40**	**5,334.99**	**2,595.77**
3. Current liabilities							
a) Short term borrowings	**13**	372.07	325.13	790.35	1,127.53	883.43	437.06
b) Other current liabilities	**14**	4,120.50	4,260.05	2,749.35	1,764.29	1,288.74	587.54
c) Short term provisions	**15**	49.61	11.59	6.81	3.39	2.26	4.73
		4,542.18	**4,596.77**	**3,546.51**	**2,895.21**	**2,174.43**	**1,029.33**
TOTAL		**40,101.48**	**38,174.52**	**24,506.66**	**17,107.79**	**8,523.83**	**4,179.23**
II. Assets							
1. Non-current assets							
a) Fixed assets							
i) Property, plant and equipment	**16(A)**	165.39	154.54	86.93	56.21	53.82	53.14
ii) Intangible assets	**16(B)**	30.56	29.71	14.77	0.22	0.46	0.73
iii) Capital work in progress	**16(C)**	-	-	-	-	-	0.31
iv) Intangible assets under development	**16(C)**	0.59	0.33	1.35	-	-	-
b) Non current Investment	**17**	134.31	137.91	7.54	-	-	-
c) Loans and advances							
i) Receivables under financing activities	**18.1**	33,528.10	30,679.60	20,594.60	14,017.96	7,897.10	3,847.98
ii) Others	**18.2**	16.69	14.98	8.79	3.63	1.79	1.32
		33,875.64	**31,017.07**	**20,713.98**	**14,078.02**	**7,953.17**	**3,903.48**
2. Current assets							
a) Current Investment	**17**	2.65	2.66	0.26	-	-	-
b) Cash & bank balances	**19**	4,413.26	5,649.61	2,757.67	2,349.00	111.21	23.35
c) Loans and advances							
i) Receivables under financing activities	**18.1**	1,187.06	1,044.04	733.55	527.05	385.57	214.26
ii) Others	**18.2**	83.75	30.24	10.03	14.53	2.29	1.18
d) Other current assets	**20**	539.12	430.90	291.17	139.19	71.59	36.96
		6,225.84	**7,157.45**	**3,792.68**	**3,029.77**	**570.66**	**275.75**
TOTAL		**40,101.48**	**38,174.52**	**24,506.66**	**17,107.79**	**8,523.83**	**4,179.23**
Summary of significant accounting policies	**5**						

The accompanying annexures 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 Sarvesh Warty
Partner
Membership No. 121411

Place: Mumbai
Date: August 30, 2018

For and on behalf of the Board of Directors of
AAVAS FINANCIERS LIMITED
(Formerly known as "Au Housing Finance Limited")

Nishant Sharma
(Nominee Director)

Sushil Kumar Agarwal
(Whole Time Director & CEO)

Ghanshyam Rawat
(Chief Financial Officer)

Sharad Pathak
(Company Secretary)

AAVAS FINANCIERS LIMITED
(Formerly known as "Au HOUSING FINANCE LIMITED")
ANNEXURE 2: RESTATED STANDALONE SUMMARY STATEMENT OF PROFIT AND LOSS

(Rs. in Millions)

	Annexure	Period ended June 30, 2018	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2014
Revenue							
Revenue from operations	**21**	1,438.53	4,563.39	3,051.28	1,908.79	1,036.78	543.12
Other income	**22**	0.17	9.06	3.64	0.20	0.77	0.10
Total Revenue (I)		**1,438.70**	**4,572.45**	**3,054.92**	**1,908.99**	**1,037.55**	**543.22**
Expenses							
Employee benefit expenses	**23**	259.29	733.59	430.52	294.25	152.21	108.16
Finance cost	**24**	559.04	1,890.53	1,428.20	968.81	527.42	301.76
Depreciation and amortization expenses	**16(A)/(B)**	16.83	56.27	27.70	12.83	10.15	4.16
Other expenses	**25**	134.79	455.48	215.18	97.75	34.76	25.34
Provisions and write offs	**26**	24.03	19.05	77.73	35.83	23.46	9.93
Total expenses (II)		**993.98**	**3,154.92**	**2,179.33**	**1,409.47**	**748.00**	**449.35**
Profit before tax (III)= (I)-(II)		**444.72**	**1,417.53**	**875.59**	**499.52**	**289.55**	**93.87**
Tax expenses:							
Current tax	**27**	137.46	432.29	265.41	159.29	90.84	27.27
Deferred tax	**27**	17.30	55.91	38.81	12.43	7.90	3.23
Total tax expenses (IV)		**154.76**	**488.20**	**304.22**	**171.72**	**98.74**	**30.50**
Profit after tax (III)-(IV)		**289.96**	**929.33**	**571.37**	**327.80**	**190.81**	**63.37**
Earnings per equity share*	**28**						
Basic (Rs.)		4.17	15.87	11.10	8.24	5.54	2.04
Diluted (Rs.)		4.05	15.21	11.10	8.24	5.54	2.04
Nominal value per share (Rs.)		10.00	10.00	10.00	10.00	10.00	10.00
Summary of significant accounting policies	**5**						

*Basic EPS and Diluted EPS for the period ended June 30, 2018 are not annualised.

The accompanying annexures 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 Sarvesh Warty
Partner
Membership No. 121411

Place: Mumbai
Date: August 30, 2018

For and on behalf of the Board of Directors of
AAVAS FINANCIERS LIMITED
(Formerly known as "Au Housing Finance Limited")

Nishant Sharma
(Nominee Director)

Sushil Kumar Agarwal
(Whole Time Director & CEO)

Ghanshyam Rawat
(Chief Financial Officer)

Sharad Pathak
(Company Secretary)

AAVAS FINANCIERS LIMITED
(Formerly known as "Au HOUSING FINANCE LIMITED")
ANNEXURE 3 : RESTATED STANDALONE SUMMARY STATEMENT OF CASH FLOW

(Rs. in Millions)

	Period ended June 30, 2018	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2014
A Cash flow from operating activities:						
Net profit before tax as per statement of profit and loss	**444.72**	**1,417.53**	**875.59**	**499.52**	**289.55**	**93.87**
Adjustments for						
Depreciation and amortisation	16.83	56.27	27.70	12.83	10.15	4.16
Expenses incurred on increase in authorised capital and issue of shares	-	1.90	2.38	-	-	-
Provision for standard and NPA assets	19.30	1.24	49.11	35.82	23.46	9.93
Provision for employee benefits	1.84	10.93	5.91	4.76	1.52	2.27
Operating profit before working capital changes	**482.69**	**1,487.87**	**960.69**	**552.93**	**324.68**	**110.23**
Changes in working capital						
(Increase) in Non-current loans and advances	(2,850.21)	(10,091.19)	(6,581.80)	(6,120.57)	(4,049.59)	(2,153.54)
(Increase) in Current loans and advances	(196.54)	(330.70)	(201.99)	(153.73)	(172.42)	(124.84)
(Increase) in Other current assets	(108.22)	(139.73)	(151.98)	(66.96)	(33.82)	(32.34)
Increase in Other long term liabilities	0.21	1.38	0.40	0.19	0.59	-
(Decrease)/Increase in Other current liabilities	(201.46)	249.50	314.86	18.65	311.66	(4.12)
Direct taxes paid	(99.51)	(418.46)	(246.67)	(138.51)	(76.24)	(27.30)
Net cash flow used in operating activities (A)	**(2,973.04)**	**(9,241.33)**	**(5,906.49)**	**(5,908.00)**	**(3,695.14)**	**(2,231.91)**
B Cash flow from investing activities:						
Inflow (outflow) on account of :						
Investment in Subsidiary company	-	(45.00)	-	-	-	-
Investment in Pass through certificate (PTC)	3.60	(54.74)	(7.80)	-	-	-
Investment in Security Receipts	-	(33.03)	-	-	-	-
Investment in fixed deposits	(1,000.00)	(1,993.08)	(71.66)	5.00	(5.00)	50.00
Purchase of Property, plant and equipment (including capital work-in-progress)/ intangible assets	(28.79)	(137.82)	(74.33)	(14.97)	(10.26)	(40.33)
Sale of Property, plant and equipment	-	0.02	0.01	-	-	-
Net cash flow (used in)/from investing activities (B)	**(1,025.19)**	**(2,263.65)**	**(153.78)**	**(9.97)**	**(15.26)**	**9.67**
C Cash flow from financing activities:						
Issue of equity shares (including share premium)	511.59	4,411.73	3,086.30	740.00	300.00	200.00
Share / debenture issue expenses	(9.50)	(31.83)	(52.04)	(4.48)	(5.19)	(0.28)
Proceeds from long term and short term borrowings	2,638.46	12,767.35	7,070.85	8,447.17	4,667.34	2,290.50
Repayment of long term and short term borrowings	(1,378.67)	(4,743.41)	(3,707.83)	(1,021.93)	(1,168.89)	(251.46)
Net Cash flow from financing activities (C)	**1,761.88**	**12,403.84**	**6,397.28**	**8,160.76**	**3,793.26**	**2,238.76**
Net (decrease)/increase in cash and cash equivalents (A+B+C)	**(2,236.35)**	**898.86**	**337.01**	**2,242.79**	**82.86**	**16.52**
Cash and cash equivalents as at the beginning of the period/year	3,584.87	2,686.01	2,349.00	106.21	23.35	6.83
Cash and cash equivalents at the end of the period/year	**1,348.52**	**3,584.87**	**2,686.01**	**2,349.00**	**106.21**	**23.35**
Components of cash and cash equivalents						
Cash on hand	25.65	19.07	17.76	9.31	6.01	2.89
Balance with franking machine*	0.10	0.10	0.10	0.50	0.20	0.16
Balance with banks						
In current accounts	215.23	1,365.70	386.63	789.59	-	20.30
In cash credit	607.54	50.00	231.52	849.60	-	-
In deposit account	500.00	2,150.00	2,050.00	700.00	100.00	-
Total cash and cash equivalents (annexure 19)	**1,348.52**	**3,584.87**	**2,686.01**	**2,349.00**	**106.21**	**23.35**
Summary of significant accounting policies 5						

* The Company can utilize the balance towards stamping of loan agreements executed with their borrowers and also for the agreements executed by the Company for its own borrowings.

Note:-
1. Cash flow statement has been prepared under indirect method as set out in the Accounting Standard (AS) 3 "Cash Flow Statements".

As per our report of even date

For S.R. Batliboi & Associates LLP
ICAI Firm Registration No. 101049W/E300004
Chartered Accountants

For and on behalf of the Board of Directors of
AAVAS FINANCIERS LIMITED
(Formerly known as "Au Housing Finance Limited")

per Sarvesh Warty
Partner
Membership No. 121411

Nishant Sharma
(Nominee Director)

Sushil Kumar Agarwal
(Whole Time Director & CEO)

Place: Mumbai
Date: August 30, 2018

Ghanshyam Rawat
(Chief Financial Officer)

Sharad Pathak
(Company Secretary)

AAVAS FINANCIERS LIMITED
(Formerly known as "Au HOUSING FINANCE 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	**Period ended June 30, 2018**	**Year ended March 31, 2018**	**Year ended March 31, 2017**	**Year ended March 31, 2016**	**Year ended March 31, 2015**	**Year ended March 31, 2014**
Net Profit/ (Loss) as per Audited Financial Statement (A)	289.96	929.33	578.52	320.64	190.81	71.90
Provision for contingencies*	-	-	(10.95)	10.95	-	-
Total Effect of Adjustment before tax (B)	**-**	**-**	**(10.95)**	**10.95**	**-**	**-**
Tax Adjustment						
Deferred Tax (C)	-	-	(3.80)	3.80	-	-
Deferred tax Liability on provision for special reserve u/s 29C of NHB Act. (D)**	-	-	-	-	-	8.53
Net Effect of increase in Profit/ (Loss) on adjustment after tax (E)=(B)-(C)-(D)	**-**	**-**	**(7.15)**	**7.15**	**-**	**(8.53)**
Net profit/ (Loss) for the year ended (F)=(A)+(E)	289.96	929.33	571.37	327.79	190.81	63.37

* During the year ended March 31, 2016, the Company had created a provision for contingencies towards loans and advances, in addition to the provisioning requirements prescribed by the National Housing Bank ('NHB'). Thereafter, pursuant to a specific directive issued by the NHB, such provision was reversed and disclosed as a prior period item in the financial statements for the year ended March 31, 2017. Such prior period item has been adjusted in the year to which it pertains (i.e. year ended March 31, 2016) in these restated standalone summary statements, in accordance with the requirements of SEBI ICDR Regulations.

** During the year ended March 31, 2015, the Company recognised deferred tax liability amounting to Rs.8.53 million on special reserve created up to March 31, 2014 as per Section 29C of the National Housing Bank Act, 1987 and claimed as a deduction under section 36(1)(viii) of the Income Tax Act, 1961. Such deferred tax liability was then adjusted from the reserves and surplus, pursuant to the NHB circular No. NHB (ND)/DRS/Pol. Circular No. 62/2014 dated May 27, 2014. However, for the purpose of these restated standalone summary statements, the impact of such deferred tax liability has been recorded in statement of profit and loss of the respective year to which the amount pertains, in accordance with the requirements of SEBI ICDR Regulations.

4.2 Non adjusting items

(i) For the year ended March 31, 2017

The auditor's report dated May 26, 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 2.27 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 2.27 (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 2.27 (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 2.27 to the standalone financial statements for the year ended March 31, 2017 has been reproduced as **Note 7 of Annexure 29** to the Restated Standalone Summary Statements.)

(ii) For the year ended March 31, 2015

The auditor's report dated May 27, 2015 on the standalone financial statements of the Company as at and for the year ended March 31, 2015, included the following matter under the heading "Emphasis of Matter", which does not require any corrective adjustment in the Restated Standalone Summary Statements

Without qualifying our opinion, we draw attention to the accounting treatment relating to creation of deferred tax liability on special reserve created as per Section 29C of the National Housing Bank Act, 1987 and claimed as deduction under section 36(1)(viii) of the Income Tax Act, 1961 up to March 31, 2014 amounting to Rs. 85.27 lakhs which has been adjusted from reserves and surplus, pursuant to NHB circular NHB (ND)/DRS/Pol. Circular No. 62/2014 dated May 27, 2014. Refer Note 2.2 to the financial statements.

(iii) 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, 2018, 2017, 2016, 2015 and 2014, which do not require any corrective adjustment in the Restated Standalone Summary Statements are as follows:

A. For the year ended March 31, 2018

Clause (vii) (a)

Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of 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 slight delays in a few cases.

B. 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 slight delays in a few cases.

C. 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.

D. For the year ended March 31, 2015

Clause (vii) (a)

Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealthtax, 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 (xii)

We have been informed that, during the year, an instance of misrepresentation by a customer was reported whereby the customer obtained loan from multiple lenders against the same security. The amount of loan obtained from the Company was Rs.1,000,000. As informed, the Company has initiated legal action against the customers. The outstanding balance of Rs.934,122 has been fully provided.

E. 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, service tax, cess and other material statutory dues regularly with the appropriate authorities except delays in a few cases pertaining to professional tax and tax deducted at source which are not serious in nature. As informed, sales tax, provisions of investor education and protection fund, custom duty and excise duty are currently not applicable to the Company.

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 period ended June 30, 2018, prepared in accordance with Schedule III of the Companies Act 2013.

ANNEXURE 5 : Significant Accounting Policies

5.1 Corporate information

AAVAS FINANCIERS LIMITED (formerly known as "Au HOUSING FINANCE LIMITED")("the Company") is a public limited Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company is registered with National Housing Bank (NHB) vide Registration No. 04.0151.17 and is engaged in the long term financing activity in the domestic markets to provide housing finance.

5.2 Basis of preparation

The restated standalone summary statement of assets and liabilities of the Company as at June 30, 2018, March 31, 2018, March 31, 2017, March 31, 2016, March 31,2015 and March 31, 2014 and the related restated standalone summary statement of profits and losses and related restated standalone summary statement of cash flows for the period/years ended June 30, 2018, March 31, 2018, March 31, 2017, March 31, 2016, March 31,2015 and March 31, 2014 (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 period/years ended June 30, 2018, March 31, 2018, March 31, 2017, March 31, 2016, March 31,2015 and March 31, 2014 respectively which were originally approved by the Board of Directors of the Company at that relevant time.

The standalone financial statements as at and for the period/years ended June 30, 2018, March 31, 2018, March 31, 2017, March 31, 2016, March 31,2015 and March 31, 2014 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, as amended (the "Act") read with rule 7 of the Companies (Accounts) Rules, 2014, Companies (Accounting Standards) Amendment Rules, 2016, the provisions of the NHB as applicable to a housing finance company 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 Documents to be filed by the Company with the Securities and Exchange Board of India ('SEBI') and Registrar of Companies, Rajasthan at Jaipur ('RoC') 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, as amended, 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. 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 period ended June 30, 2018.

5.3 **Summary of significant accounting policies**

(a) Change in useful lives of assets

In accordance with the requirements of schedule II to the Comapanies Act, 2013, the Company has reassessed the useful lives of the fixed assets :

An amount of Rs. 1.89 millions has been charged to financials results for the period 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.

(b) Use of estimates

The preparation of Restated Standalone Summary Statements in conformity with 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, 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.

(c) Cash and cash equivalent

Cash and cash equivalent comprise of cash in hand, demand deposits and time deposits with original maturity of less than three months held with bank, debit balance in cash credit account and stamping/franking balance.

(d) Revenue recognition

Revenue is recongnised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably.

(i) Interest on loans:
Interest Income is recognised 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 is recognised only when realised and any such income recognised before the assets became non performing and remaining unrealised is reversed.

(ii) Income from assignment/securitization:
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 is recognised upfront. Income arising on direct assignment is recognised over the tenure of agreement on accrual basis.

(iii) Fees , other charges and other interest:
(a) Overdue interest in respect of loans is recognised on receipt basis.
(b) Administrative fees and processing fees is recognised in the year in which the loan is disbursed.
(c) Revenue from interest on bank deposits and investments are recognised on accrual basis.
(d) Income from cheque bouncing charges is recognised on receipt basis.

(iv) Commision on Insurance Policies:
Commision on insurance policies sold is recognised on accrual basis when the Company under its agency code sells the insurance policies .

(v) Income from investments:
Dividend income is accounted for when the right to receive the dividend is established by the date of balance sheet.

ANNEXURE 5 : Significant Accounting Policies

(e) Borrowing cost

Borrowing cost includes interest and 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.

(f) Translation of Foreign Currency

(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.

(g) 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.

(h) Investment

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 of purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.
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.

(i) Property, plant and equipment/Intangible Fixed Assets, Depreciation/Amortisation and Impairment

Property, plant and equipment

Property, plant and equipment are stated at cost net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises of the purchase price and any attributable cost of bringing the assets to its working condition for its intended use. Depreciation on fixed assets is calculated on a written down value basis using the useful lives those prescribed under the Schedule II to the Act. The Company has used the following useful lives to provide depreciation on its fixed assets.

Fixed assets	**Useful Life (WDV) (In Years)**
Freehold Land	NIL
Building	60
Furniture and fixtures	10
Office equipment	5
Motor Vehicles	8
Servers	6
Computers and printers	3

For the period prior to April 1, 2014, depreciation was provided on written down value method as per the rates and manner prescribed under Schedule XIV to the Companies Act, 1956.

All fixed assets individually costing Rs. 5,000/- or less are fully depreciated in the year of installation/purchase.
Depreciation on assets acquired/sold during the year is recognised on a pro-rata basis to the statement of profit and loss from/upto the date of acquisition/sale.
Gain or loss arising from sale of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the assets disposed, and are recognised in the statement of profit and loss In the period when the asset is sold.

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 four years 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 four years, the Company amortizes the intangible asset over the best estimate of its useful life.

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. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.
After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

ANNEXURE 5 : Significant Accounting Policies

(j) Provision and contingencies

A provision is recognized when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflowof resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

(k) Provision for Standard Assets and Non-Performing Assets (NPAs) / Write off

(i) Housing loans and other loans are classified as per the Housing Finance Companies (NHB) Directions, 2010 ("the NHB Directions"), into performing and non-performing assets. Further, non-performing assets are classified into sub-standard, doubtful and loss assets and provision made based on criteria stipulated by the NHB Directions. Additional provisions are made against all non-performing assets over and above the provisions stated in the NHB Directions, if in the opinion of the management higher provision is necessary.

Loans with principal and / or interest overdue have been classified as non performing assets, in accordance with the extant NHB Prudential Norms/Master Directions applicable to housing finance company, and have been provided for at the following rates:

	Provision percentage on outstanding amount					
	For the period/year ended					
Asset Category (overdue period in days)	**June 30, 2018**	**March 31, 2018**	**March 31, 2017**	**March 31, 2016**	**March 31, 2015**	**March 31, 2014**
Sub-standard assets (91-455)	21.00%	21.00%	21.00%	15.00%	15.00%	15.00%
Doubtful Assets Category-I (456-820)	37.50%	37.50%	37.50%	25.00%	25.00%	25.00%
Doubtful Assets Category-II (821-1550)	64.00%	64.00%	64.00%	40.00%	40.00%	40.00%
Doubtful Assets Category-III (Above 1550)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Loss Assets	100% (Write off)	100% (Write off)	100% (Write off)	100.00%	100.00%	100.00%

(ii) The Company maintains standard provision to cover potential credit losses, which are inherent in any loan portfolio but not identified. Provision on standard assets is made in accordance with the extant NHB Prudential Norms/ Master Directions applicable to housing finance company.

(iii) The Company reviews the stressed cases periodically and if it considers that recovery in such assets is not probable, then it can classify such assets as “loss assets” and write off the same in Profit and loss account.

(l) Properties acquired under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act,2002

Upon a property being acquired under SARFAESI, the outstanding loan is settled and the acquired property is valued at reaslisable value or principal outstanding, whichver is less. Stock of such acquired properties is shown under other current assets.

(m) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre payment will lead to, for example, a reduction in future payment or a cash refund.

The Company provides gratuity benefits which is a defined benefit scheme. The cost of providing gratuity benefits is determined on the basis of actuarial valuation at each period/year-end. Separate actuarial valuation is carried out for each plan using the projected unit credit method. Actuarial gains and losses are recognized in full in the period in which they occur in the statement of profit and loss.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absence as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Company treats accumulated leave expected to be carried forward beyond twelve months, as long term employee benefit for measurement purposes.

Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

(n) Provision for Taxation

Tax expense comprises of current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recongnised directly in equity is recongnised in equity and not in statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

ANNEXURE 5 : Significant Accounting Policies

(o) Capital Issue Expenses

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 (net of tax) to the securities premium account in accordance with section 52 of the Act to the extent of balance available in such premium account.

(p) Earning per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

(q) 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 June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
Authorized share Capital						
Equity Shares of Rs. 10/- each						
-Number of shares	85,000,000	85,000,000	65,000,000	40,000,000	33,000,000	30,000,000
-Amount in Rs. Millions	850.00	850.00	650.00	400.00	330.00	300.00
	850.00	**850.00**	**650.00**	**400.00**	**330.00**	**300.00**
Issued, Subscribed & Paid up Capital						
Issued and Subscribed Capital						
Equity Shares of Rs. 10/- each						
-Number of shares	70,750,891	69,950,891	58,739,657	38,383,334	32,916,667	29,916,667
-Amount in Rs. Millions	707.51	699.51	587.40	383.83	329.17	299.17
Total Issued and Subscribed Capital	**707.51**	**699.51**	**587.40**	**383.83**	**329.17**	**299.17**
Called-Up and Paid Up Capital						
Fully Paid-Up Capital						
Equity Shares of Rs. 10/- each						
-Number of shares	70,750,891	68,798,297	58,019,563	38,383,334	32,916,667	29,916,667
-Amount in Rs. Millions	707.51	687.98	580.20	383.83	329.17	299.17
Partly Called-Up and Paid-Up Capital						
Equity Shares of Rs. 10/- each, Rs. 4/- paid up (Rs. 2/- paid up as at March 31,2017)						
-Number of shares	-	720,094	720,094	-	-	-
-Amount in Rs. Millions	-	2.88	1.44	-	-	-
Equity Shares of Rs. 10/- each, Rs. 2/- paid up						
-Number of shares	-	432,500	-	-	-	-
-Amount in Rs. Millions	-	0.87	-	-	-	-
Total	**707.51**	**691.73**	**581.64**	**383.83**	**329.17**	**299.17**

(i) The reconciliation of equity shares outstanding at the beginning and at the end of the reporting period.

Name of the shareholder	As at June 30, 2018		As at March 31, 2018		As at March 31, 2017		As at March 31, 2016		As at March 31, 2015		As at March 31, 2014	
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount
Equity Share at the beginning of period/year	69,950,891	691.73	58,739,657	581.64	38,383,334	383.83	32,916,667	329.17	29,916,667	299.17	27,250,000	272.50
Add:												
Equity Share Allotted during period/year												
Shares issued during the period/year	-	-	264,662	2.65	4,978,050	49.78	5,466,667	54.66	3,000,000	30.00	2,666,667	26.67
Partly paid up Shares issued during the period/year	-	-	432,500	0.87	162,602	0.33						
Bonus Shares issued during the period/year	-	-	-	-	5,366,658	53.67	-	-	-	-	-	-
Right Shares issued during the period/year	-	-	9,291,521	92.91	9,291,521	92.92	-	-	-	-	-	-
Partly paid up Right Shares issued during the period/year	-	-	-	-	557,492	1.11						
Shares issued under ESOP	-	-	1,222,551	12.22	-	-	-	-	-	-	-	-
Shares issued persuant to conversion of convertible share warrants	800,000	8.00										
Call money received on 7,20,094 (Rs. 6 per share for period ended June 30, 2018 and Rs. 2 per share for year ended March 31, 2018)	-	4.32	-	1.44	-	-	-	-	-	-	-	-
Call money received on 4,32,500 (Rs. 8 per share for period ended June 30, 2018)	-	3.46	-	-	-	-	-	-	-	-	-	-
Equity share at the end of period/year	70,750,891	707.51	69,950,891	691.73	58,739,657	581.64	38,383,334	383.83	32,916,667	329.17	29,916,667	299.17

During the period ended June 30, 2018, the Company has converted 360,000 and 440,000 convertible warrants into the equity shares at a Issue Price of Rs. 328.00 and 430.50 per warrant respectively.

(ii) Shares held by holding Company

Name of the shareholder	As at June 30, 2018		As at March 31, 2018		As at March 31, 2017		As at March 31, 2016		As at March 31, 2015		As at March 31, 2014	
	No. of shares	% of holding	No. of shares	% of holding	No. of shares	% of holding	No. of shares	% of holding	No. of shares	% of holding	No. of shares	% of holding
Lake District Holdings Limited	-	-	35,261,756	50.41%	30,376,454	51.71%	-	-	-	-	-	-
AU Small Finance Bank Limited (Formerly Known as "Au Financiers (INDIA) Limited")	-	-	-	-	-	-	37,583,334	97.96%	32,916,667	100.00%	29,916,667	100.00%
Total	**-**	**-**	**35,261,756**	**50.41%**	**30,376,454**	**51.71%**	**37,583,334**	**97.96%**	**32,916,667**	**100.00%**	**29,916,667**	**100.00%**

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.

(iii) Details of shareholders holding more than 5% shares in the Company

Name of the shareholder	As at June 30, 2018		As at March 31, 2018		As at March 31, 2017		As at March 31, 2016		As at March 31, 2015		As at March 31, 2014	
	No. of shares	% of holding	No. of shares	% of holding	No. of shares	% of holding	No. of shares	% of holding	No. of shares	% of holding	No. of shares	% of holding
Lake District Holdings Limited	35,261,756	49.84%	35,261,756	50.41%	30,376,454	51.71%	-	-	-	-	-	-
Partners Group ESCL Limited	17,127,627	24.21%	17,127,627	24.49%	14,754,698	25.12%	-	-	-	-	-	-
Partners Group Private Equity Master Fund LLC	7,516,440	10.62%	7,516,440	10.74%	6,475,083	11.02%	-	-	-	-	-	-
AU Small Finance Bank Limited (Formerly Known as "Au Financiers (INDIA) Limited")	5,014,746	7.09%	5,014,746	7.17%	4,341,149	7.39%	37,583,334	97.96%	32,916,667	100.00%	29,916,667	100.00%
Total	**64,920,569**	**91.76%**	**64,920,569**	**92.81%**	**55,947,384**	**95.24%**	**37,583,334**	**97.96%**	**32,916,667**	**100.00%**	**29,916,667**	**100.00%**

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.

(iv) Rights, preferences and restrictions attached to shares

Equity shares:
The Company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend as and when proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(v) Aggregate number of bonus shares issued during the period of five years immediately preceding the reporting date

Particular	June 30, 2018	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Equity shares allotted as fully paid bonus shares by capitalization of securities premium	-	-	5,366,658	-	-	-

On June 03, 2016, the Company has issued bonus shares to its existing equity shareholders in the ratio of 1 share for every 7.17 shares held by them by capitalising its securities premium account

(vi) For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, refer annexure 29.4

ANNEXURE 7 : Restated Standalone Statement of Reserves and surplus (Rs. in Millions)

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
a. Special reserve u/s 29C of The National Housing Bank Act, 1987 read with section 36 (1) (viii) of Income Tax Act, 1961 (refer Annexure 7.1)						
Balance as per last financial statement	482.06	280.38	151.79	74.30	26.28	6.73
Add: Amount transferred from surplus balance in the statement of profit and loss	64.24	201.68	128.59	77.49	48.02	19.55
Total (a) Closing balance	**546.30**	**482.06**	**280.38**	**151.79**	**74.30**	**26.28**
b. Surplus / (deficit) in the statement of profit and loss						
Balance as per last financial statement	1,619.13	891.49	448.72	198.41	55.62	11.80
Add: Net profit after tax transferred from statement of profit and loss	289.97	929.33	571.36	327.80	190.81	63.37
	1,909.10	**1,820.82**	**1,020.08**	**526.21**	**246.43**	**75.17**
Less: Appropriation						
Transfer to special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	64.24	201.68	128.59	77.49	48.02	19.55
Total (b) Net surplus in the statement of profit and loss	**1,844.86**	**1,619.14**	**891.49**	**448.72**	**198.41**	**55.62**
c. Share Premium						
Balance as per last financial statement	8,189.39	3,909.76	1,053.84	412.53	173.06	-
Add: Received during the period/year	498.21	4,299.24	2,942.16	685.33	270.00	173.33
Less: Utilised for share issue expense	9.08	0.12	0.29	0.74	0.62	0.27
Less: Utilised for issue of fully paid-up bonus shares	-	-	53.67	-	-	-
Less: Utilised during the period/year for NCD issue expenses (net of tax)	0.28	14.50	2.73	2.44	3.02	-
Less: Utilised during the period/year for premium on redemption of NCD (net of tax)	-	5.00	29.56	40.84	26.89	-
Total (c) Share Premium Reserve	**8,678.24**	**8,189.38**	**3,909.75**	**1,053.84**	**412.53**	**173.06**
Total reserve and surplus (a+b+c)	**11,069.40**	**10,290.58**	**5,081.62**	**1,654.35**	**685.24**	**254.96**

7.1 Section 29C (i) of The National Housing Bank Act, 1987 defines that every housing finance institution which is a Company shall create a reserve fund and transfer therein a sum not less than twenty percent of its net profit every year as disclosed in the statement of profit and loss before any dividend is declared. For this purpose any special reserve created by the Company under Section 36(1) (viii) of Income tax Act 1961, is considered to be an eligible transfer. The Company has transferred the amount in respective years to special reserve in terms of Section 36(1) (viii) of the Income Tax Act 1961 considered eligible for special reserve u/s 29C of NHB Act 1987.

In terms of requirement of NHB's Circular No. NHB(ND)/DRS/Pol.Circular.61/2013-14 dated April 7, 2014 following information on Reserve Fund under section 29C of the NHB Act, 1987 is provided :

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
Reserve & Surplus						
Statutory Reserve (As per Section 29C of the National Housing Bank Act, 1987)						
Opening Balance	482.06	280.38	151.79	74.30	26.28	6.73
Additional during the period/year	64.24	201.68	128.59	77.49	48.02	19.55
Appropriation during the period/year	-	-	-	-	-	-
Closing Balance	**546.30**	**482.06**	**280.38**	**151.79**	**74.30**	**26.28**

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
a. Special Reserve u/s 29C of The National Housing Bank Act, 1987 read with section 36 (1) (viii) of						
Balance at the beginning of the period/year						
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	-	-	-	-	-	-
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	482.06	280.38	151.79	74.30	26.28	6.73
c) Total	482.06	280.38	151.79	74.30	26.28	6.73
Addition /Appropriation / Withdrawal during the period/year						
Add: a) Amount transferred u/s 29C of the NHB Act, 1987	-	-	-	-	-	-
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	64.24	201.68	128.59	77.49	48.02	19.55
Less: a) Amount appropriated from the Statutory Reserve u/s 29C of the NHB Act, 1987	-	-	-	-	-	-
b) Amount withdrawn from the Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 which has been taken into account for the purpose of provision ul s 29C of the NHB Act, 1987	-	-	-	-	-	-
Balance at the end of the period/year						
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	-	-	-	-	-	-
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	546.30	482.06	280.38	151.79	74.30	26.28
c) Total	**546.30**	**482.06**	**280.38**	**151.79**	**74.30**	**26.28**

ANNEXURE 8 : Restated Standalone Statement of Money received against share warrants

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
Money received against share warrants	-	2.40	-	-	-	-
Total	**-**	**2.40**	**-**	**-**	**-**	**-**

8.1 During the FY 2018 the Company had issued 360,000 and 440,000 convertible warrants at a Issue Price of Rs. 328.00 and 430.50 per warrant respectively upon receipt of Rs. 3 per warrant , with a right exercisable by the warrant holder to convert each warrant with one equity share of the Company of face value Rs. 10/- each at a premium of Rs. 318.00 and Rs. 420.50 as the case may be, any time before the expiry of 5 years from the date of allotment or the filing of red herring prospectus with SEBI in accordance with applicable laws or any other period specified by Board, whichever is earlier, of the said convertible warrants.

During the period ended June 30, 2018, the Company has converted 360,000 and 440,000 convertible warrants into the equity shares at a Issue Price of Rs. 328.00 and 430.50 per warrant respectively.

ANNEXURE 9 : Restated Standalone Statement of Long-term borrowings

(Rs. in Millions)

Particulars	As at June 30, 2018		As at March 31, 2018		As at March 31, 2017		As at March 31, 2016		As at March 31, 2015		As at March 31, 2014	
	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current
Secured												
Loans from National Housing Bank (refer annexure 9.1)	4,166.97	339.49	3,382.12	268.87	1,599.08	131.35	1,120.39	88.68	394.06	38.78	225.57	19.28
Loans from banks (refer annexure 9.2)	14,906.63	2,529.66	14,545.56	2,358.40	9,672.77	1,835.33	7,432.11	1,202.33	2,968.02	856.64	2,180.66	510.69
Loans from financial institution (refer annexure 9.3)	2.14	0.65	97.13	80.61	175.00	80.00	261.16	85.48	76.68	24.81	16.75	3.98
Non- convertible debentures (refer annexure 9.5)	3,400.00	500.00	3,300.00	600.00	3,350.00	-	2,850.00	-	1,500.00	-	-	-
Unsecured			-	-	-	-	-	-	-	-	-	-
Loans from banks (refer annexure 9.4)	-	-	-	-	300.00	-	300.00	-	300.00	-	150.00	-
Non- convertible debentures (Subordinate Debt) (refer annexure 9.5)	1,000.00	-	1,000.00	-								
Amount disclosed under the head "other current liabilities" (refer annexure 14)	-	(3,369.80)	-	(3,307.88)		(2,046.68)	-	(1,376.49)	-	(920.23)	-	(533.95)
Total	**23,475.74**	**-**	**22,324.81**	**-**	**15,096.85**	**-**	**11,963.66**	**-**	**5,238.76**	**-**	**2,572.98**	**-**

9.1 Secured term loans from National Housing Bank carry rate of interest in the range of 4.86% to 10.65% p.a. The loans are having tenure of 10 to 15 years from the date of disbursement and are repayable in quarterly instalments. These loans are secured by hypothecation (exclusive charge) of the loans given by the Company. Loans from bank to the extent of Rs. 822.53 millions at June 30, 2018, Rs. 999.49 millions at March 31, 2018, Rs. 1280.43 millions at March 31, 2017, Rs. 1209.06 millions at March 31, 2016, Rs. 432.84 millions at March 31, 2015, Rs. 244.83 millions at March 31, 2014 have been guaranteed by corporate guarantee of AU Small Finance Bank Limited (Formerly Known as "Au Financiers (INDIA) Limited")

9.2 Secured term loans from Banks include loans from various banks and carry rate of interest in the range of 8.30% to 12.75% p.a. The loans are having tenure of 3 to 15 years from the date of disbursement and are repayable in monthly or quarterly or yearly instalments. These loans are secured by hypothecation (exclusive charge) of the loans given by the Company. Loans from banks to the extent of Rs. NIL at June 30, 2018, Rs. NIL at March 31, 2018, Rs. NIL at March 31, 2017, Rs. 3049.30 millions at March 31, 2016, Rs. 1484.00 millions at March 31, 2015 and Rs. 703.85 millions at March 31, 2014 have been guaranteed by the personal guarantee of a director (directorship ended on June 22, 2016) of the Company. The term loans to the extent of Rs. NIL at June 30, 2018, Rs. Nil at March 31, 2018, Rs. Nil at March 31, 2017, Rs. 2162.31 millions at March 31, 2016, Rs. 2755.57 millions at March 31, 2015 and Rs. 2691.35 millions at March 31, 2014 have been guaranteed by corporate guarantee of AU Small Finance Bank Limited (Formerly Known as "Au Financiers (INDIA) Limited"). Secured term loan from banks include auto loans of Rs. 12.95 millions at June 30, 2018, Rs. 13.98 millions at March 31, 2018, Rs. 2.93 millions at March 31, 2017, Rs. 3.17 millions at March 31, 2016, Rs. 1.67 millions at Macrh 31, 2015 and Rs. NIL at March 31, 2014 which are secured by hypothecation of Company's vehicles and carry rate of interest in the range of 8.40% to 10.50%.

9.3 Loans from financial institutions carry interest rate in the range of 9.00% p.a to 13.00% p.a. and are for a tenure of 5 years from the date of disbursement. The loans are repayable in equal monthly installments of Rs. Nil at June 30, 2018, Rs. Nil at March 31, 2018, Rs. Nil at March 31, 2017, Rs. 0.56 millions at March 31, 2016, Rs. 0.56 millions at March 31, 2015 and Rs. 0.56 millions at March 31, 2014, and quarterly installments of Rs. Nil at June 30, 2018, Rs. 20.00 millions at March 31, 2018, Rs. 20.00 millions at March 31, 2017, Rs. 20.00 millions at March 31, 2016, Rs. 5.00 millions at March 31, 2015 and Rs. Nil at March 31, 2014. The term loans are guaranteed by corporate guarantee of AU Small Finance Bank Limited (Formerly Known as "Au Financiers (INDIA) Limited") to the extent of Rs. Nil at June 30, 2018, Rs. Nil at March 31, 2018, Rs. Nil at March 31, 2017, Rs. 65.00 millions at March 31, 2016, Rs. 85.00 millions at March 31, 2015 and Rs. Nil at March 31, 2014. Loans rom financial institutions include auto loans of Rs. 2.79 millions at June 30, 2018, Rs. 2.75 millions at March 31, 2018, Rs. Nil at March 31, 2017, Rs. Nil at March 31, 2016, Rs. Nil at March 31, 2015 and Rs. Nil at March 31, 2014.

9.4 The Company has taken debt (unsecured) from bank for a tenure of six years carrying rate of Interest from 11.50% to 13.50%, repayable at the end of tenure in three equal monthly installments.

AAVAS FINANCIERS LIMITED
(Formerly known as "Au HOUSING FINANCE LIMITED")

ANNEXURE 9.5 Detail of Redeemable Non-Convertible Debentures

(Rs. in Millions)

Sr. No.	ISIN No.	Date of allotment	Date of redemption	Call Option	Put Option	Nominal value per debenture	Total number of debentures	Rate of Interest p.a.	Total amount	As at June 30, 2018		Secured/ Unsecured	Terms of redemption
										Non-current	Current		
1	INE216P07084	15-Jul-15	27-Dec-18	N.A.	N.A.	1	200	10.70%	200	-	200	Secured	Redeemable at par
2	INE216P07092	31-Jul-15	31-Dec-18	N.A.	N.A.	1	300	10.70%	300	-	300	Secured	Redeemable at par
3	INE216P07100	02-Sep-16	20-Mar-20	N.A.	N.A.	1	500	10.30%	500	500	-	Secured	Redeemable at par
4	INE216P07142	10-Oct-16	10-Oct-19	N.A.	N.A.	1	1,000	9.00%	1,000	1,000	-	Secured	Redeemable at par
5	INE216P07126	20-Dec-16	19-Oct-20	N.A.	N.A.	1	500	9.00%	500	500	-	Secured	Redeemable at par
6	INE216P07134	18-Jul-17	18-May-22	N.A.	N.A.	1	1,300	8.61%	1,300	1,300	-	Secured	Redeemable at par
7	INE216P08017	22-Dec-17	22-Dec-23	N.A.	N.A.	1	1,000	9.74%	1,000	1,000	-	Unsecured	Redeemable at par
8	INE216P07159	17-Apr-18	17-Apr-23	N.A.	N.A.	1	100	9.10%	100	100	-	Secured	Redeemable at par
									Total amount	**4,400**	**500**		

AAVAS FINANCIERS LIMITED
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ANNEXURE 9.6 Terms of repayment of of long term borrowings outstanding as at June 30, 2018

(Rs. in Millions)

		Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		Due 3 to 4 years		Due 4 to 5 years		Due 5 to 10 years		Above 10 years		Total	
Original maturity of loan	**Interest rate**	**No. of installments**	**Amount**	**No. of installments**	**Amount**	**No. of installments**	**Amount**	**No. of installments**	**Amount**	**No. of installments**	**Amount**	**No. of installments**	**Amount**	**No. of installments**	**Amount**	**No. of installments**	**Amount**
Monthy repayment schedule																	
Above 3 years	8%-10%	392	658.58	384	648.35	340	555.39	202	473.33	72	447.08	144	793.87	31	89.08	**1,565**	**3,665.68**
	10%-12%	54	70.75	22	55.11	8	26.66	-	-	-	-	-	-	-	-	**84**	**152.52**
Quarterly repayment schedule																	
Above 3 years	4%-6%	6	74.52	8	99.36	8	99.36	8	99.36	8	99.36	26	265.44	-	-	**64**	**737.40**
	6%-8%	15	98.05	20	130.74	20	130.74	20	130.74	20	130.74	100	653.68	58	302.54	**253**	**1,577.23**
	8%-10%	211	1,917.90	229	2,286.86	207	1,979.22	177	1,843.58	160	1,627.60	506	5,063.44	53	495.30	**1,543**	**15,213.90**
Yearly repayment schedule																	
Above 3 years	8%-10%	1	50.00	2	98.81	1	50.00	1	50.00	1	50.00	3	300.00	-	-	**9**	**598.81**
At the end of tenure																	
Above 3 years	8%-10%	-	-	2	1,500.00	1	500.00	1	1,300.00	1	100.00	1	1,000.00	-	-	**6**	**4,400.00**
	10%-12%	2	500.00	-	-	-	-	-	-	-	-	-	-	-	-	**2**	**500.00**
		681	**3,369.80**	**667**	**4,819.23**	**585**	**3,341.37**	**409**	**3,897.01**	**262**	**2,454.78**	**780**	**8,076.43**	**142**	**886.92**	**3,526**	**26,845.54**

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ANNEXURE 10 : Restated Standalone Statement of Deferred tax Liabilities (net) **(Rs. in Millions)**

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
Deferred tax liability						
Difference between tax depreciation and depreciation/amortization charged for the financial reporting	-	-	1.29	0.55	0.89	1.09
Provision for special reserve u/s 29C of NHB Act read with section 36 (1) (viii) of IT Act, 1961	190.90	166.83	97.03	52.53	25.71	8.53
Gross deferred tax liability	**190.90**	**166.83**	**98.32**	**53.08**	**26.60**	**9.62**
Deferred tax asset						
Provision for standard assets	(36.10)	(34.21)	(29.62)	(20.19)	(11.50)	(5.31)
Provisions on non performing assets and investments	(2.88)	(2.85)	(1.42)	(6.47)	(2.76)	(0.45)
Provision for gratuity and leave availment	(10.12)	(9.38)	(5.60)	(3.55)	(1.90)	(1.29)
Provision for Lease equalisation reserve	(1.67)	(1.46)	-	-	-	-
Preliminary Expenses written off in books but benefit of set off over 5 years	-	-	-	-	-	(0.03)
Difference between tax depreciation and depreciation/amortization charged for the financial reporting	(5.24)	(1.34)	-	-	-	-
Gross deferred tax asset	**(56.01)**	**(49.24)**	**(36.64)**	**(30.21)**	**(16.16)**	**(7.08)**
Net Deferred Tax Liability	**134.89**	**117.59**	**61.68**	**22.87**	**10.44**	**2.54**

ANNEXURE 11 : Restated Standalone Statement of Other long-term liabilities

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
Premium payable on redemption of Debentures	-	-	-	103.19	40.74	-
Other long term liabilities	2.77	2.56	1.18	0.77	0.59	-
Total	**2.77**	**2.56**	**1.18**	**103.96**	**41.33**	**-**

ANNEXURE 12 : Restated Standalone Statement of Long-term Provisions

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
Provision for employee benefits						
Gratuity	19.01	18.07	10.84	6.61	3.78	1.96
Leave availment	7.92	6.93	4.04	2.84	1.30	1.54
Other provisions						
Provision for non performing asset	39.25	24.40	40.57	18.71	7.97	1.39
Provision for standard assets as per NHB Directions	98.68	94.55	81.73	55.75	31.41	15.36
Provision for Investments	4.13	4.13	-	-	-	-
Total	**168.99**	**148.08**	**137.18**	**83.91**	**44.46**	**20.25**

AAVAS FINANCIERS LIMITED
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12.1 Receivables under financing activities and related provision:-

(Rs. in Millions)

Particular	As at June 30, 2018		As at March 31, 2018		As at March 31, 2017		As at March 31, 2016		As at March 31, 2015		As at March 31, 2014	
	Loans	Provision	Loans	Provision	Loans	Provision	Loans	Provision	Loans	Provision	Loans	Provision
Standard assets												
Housing Loan	24,301.04	61.91	22,419.56	61.69	16,076.97	65.02	11,898.98	47.98	7,358.69	29.69	3,851.32	15.55
Other loans	10,241.73	41.40	9,197.17	37.17	5,081.97	20.56	2,565.61	10.35	880.71	3.55	201.99	0.81
	34,542.77	**103.31**	**31,616.73**	**98.86**	**21,158.94**	**85.58**	**14,464.59**	**58.33**	**8,239.40**	**33.24**	**4,053.31**	**16.36**
Sub-Standard Assets												
Housing Loan	130.68	27.44	87.05	18.28	124.04	26.05	49.99	7.50	34.46	5.17	8.02	1.20
Other loans	24.14	5.07	9.84	2.07	24.64	5.18	4.31	0.65	1.45	0.22	0.39	0.06
	154.82	**32.51**	**96.89**	**20.35**	**148.68**	**31.23**	**54.30**	**8.15**	**35.91**	**5.39**	**8.41**	**1.26**
Doubtful Assets - Category - I												
Housing Loan	15.68	5.88	8.13	3.05	13.60	5.10	15.40	3.85	5.88	1.47	0.50	0.12
Other loans	1.34	0.50	0.80	0.30	0.69	0.25	0.69	0.17	0.28	0.07	0.02	0.01
	17.02	**6.38**	**8.93**	**3.35**	**14.29**	**5.35**	**16.09**	**4.02**	**6.16**	**1.54**	**0.52**	**0.13**
Doubtful Assets - Category - II												
Housing Loan	0.52	0.33	1.02	0.65	6.00	3.84	4.05	1.62	0.26	0.11	-	-
Other loans	0.03	0.03	0.07	0.05	0.24	0.15	0.19	0.08	0.01	-	-	-
	0.55	**0.36**	**1.09**	**0.70**	**6.24**	**3.99**	**4.24**	**1.70**	**0.27**	**0.11**	**-**	**-**
Doubtful Assets - Category - III												
Housing Loan	-	-	-	-	-	-	1.82	0.91	-	-	-	-
Other loans	-	-	-	-	-	-	0.08	0.04	-	-	-	-
	-	**-**	**-**	**-**	**-**	**-**	**1.90**	**0.95**	**-**	**-**	**-**	**-**
Loss assets												
Housing Loan	-	-	-	-	-	-	3.68	3.68	0.89	0.89	-	-
Other loans	-	-	-	-	-	-	0.21	0.21	0.04	0.04	-	-
	-	**-**	**-**	**-**	**-**	**-**	**3.89**	**3.89**	**0.93**	**0.93**	**-**	**-**
Total	**34,715.16**	**142.56**	**31,723.64**	**123.26**	**21,328.15**	**126.15**	**14,545.01**	**77.04**	**8,282.67**	**41.21**	**4,062.24**	**17.75**

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ANNEXURE 13 : Restated Standalone Statement of Short-term borrowings **(Rs. in Millions)**

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
Secured						
From Bank (refer annexure 13.1)	372.07	325.13	790.35	1,127.53	644.96	285.33
Unsecured						
From Financial Institutions	-	-	-	-	238.47	87.23
From other parties	-	-	-	-	-	64.50
Total	**372.07**	**325.13**	**790.35**	**1,127.53**	**883.43**	**437.06**

13.1 Cash credit borrowings from bank are secured against hypothecation of housing loans given by the Company, are repayable on demand and carry interest rates ranging from 8.35% to 13.00%. Cash credit borrowings to the extent of Rs. NIL at June 30, 2018, Rs. NIL at March 31, 2018, Rs. NIL at March 31, 2017, Rs. 100.00 millions at March 31, 2016, Rs. 100.01 millions at March 31, 2015 and Rs. 100.00 millions at March 31, 2014 are secured by personal guarantee of a director (directorship ended on June 22, 2016) of the Company.

ANNEXURE 14 : Restated Standalone Statement of Other current liabilities

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
Current maturities of long term debts (refer annexure 9)						
From bank- term loan	2,869.15	2,627.27	1,966.68	1,291.01	895.42	529.97
From financial institution- term loan	0.65	80.61	80.00	85.48	24.81	3.98
From non convertible debentures	500.00	600.00	-	-	-	-
Interest accrued but not due						
On non convertible debentures	167.83	140.17	178.22	153.59	38.15	-
On unsecured debentures	50.97	26.69	-	-	-	-
On bank- term loan	2.74	6.87	13.96	11.03	11.08	17.52
On financial institution- term loan	0.01	1.16	1.61	2.28	0.12	0.13
Other payables						
Due to assignees towards collections in derecognised assets	265.47	303.65	252.00	84.48	7.02	-
Statutory liabilities	21.34	33.14	10.35	5.75	3.85	0.98
Employee benefits payable	42.86	58.62	52.45	51.60	20.25	19.09
Book overdrafts	-	-	-	-	254.11	-
Other current liabilities	199.48	381.87	194.08	79.07	33.93	15.87
Total	**4,120.50**	**4,260.05**	**2,749.35**	**1,764.29**	**1,288.74**	**587.54**

ANNEXURE 15 : Restated Standalone Statement of Short-Term Provisions

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
Provision for employee benefits						
Gratuity	0.74	0.71	0.41	0.28	0.16	0.11
Leave availment	1.27	1.41	0.90	0.53	0.27	0.36
Provision for tax (Net of Advance Tax)	42.97	5.16	1.65	-	-	3.26
Provision for Standard assets as per NHB Norms	4.63	4.31	3.85	2.58	1.83	1.00
Total	**49.61**	**11.59**	**6.81**	**3.39**	**2.26**	**4.73**

ANNEXURE 16(A) : Restated Standalone Statement of Property, Plant and Equipment : **(Rs. in Millions)**

	Building and premises	Computers and printers	Furniture and fixtures	Motor vehicles	Office equipment	Land	Total
Cost							
At April 1, 2013	15.24	0.70	0.20	-	0.38	-	16.52
Additions	29.31	2.86	6.68	-	2.26	-	41.11
Disposals	-	-	-	-	-	-	-
At March 31, 2014	**44.55**	**3.56**	**6.88**	**-**	**2.64**	**-**	**57.63**
Additions	0.02	4.69	2.28	2.86	0.71	-	10.56
Disposals	-	-	-	-	-	-	-
At March 31, 2015	**44.57**	**8.25**	**9.16**	**2.86**	**3.35**	**-**	**68.19**
Additions	-	8.27	3.07	2.58	1.04	-	14.96
Disposals	-	-	-	-	-	-	-
At March 31, 2016	**44.57**	**16.52**	**12.23**	**5.44**	**4.39**	**-**	**83.15**
Additions	-	23.95	23.31	1.25	7.68	-	56.19
Disposals	-	-	-	-	(0.01)	-	(0.01)
At March 31, 2017	**44.57**	**40.47**	**35.54**	**6.69**	**12.06**	**-**	**139.33**
Additions	2.85	40.51	40.26	17.72	14.89	0.50	116.73
Disposals	-	(0.05)	-	-	(0.02)	-	(0.07)
At March 31, 2018	**47.42**	**80.93**	**75.80**	**24.41**	**26.93**	**0.50**	**255.99**
Additions	-	10.29	4.33	1.72	9.03	-	25.37
Disposals	-	-	-	-	-	-	-
At June 30, 2018	**47.42**	**91.22**	**80.13**	**26.13**	**35.96**	**0.50**	**281.36**
Depreciation							
At April 1, 2013	0.28	0.22	0.06	-	0.05	-	0.61
Charge for the year	2.13	0.80	0.74	-	0.21	-	3.88
Disposals	-	-	-	-	-	-	-
At March 31, 2014	**2.41**	**1.02**	**0.80**	**-**	**0.26**	**-**	**4.49**
Charge for the year	2.05	3.55	2.30	0.53	1.45	-	9.88
Disposals	-	-	-	-	-	-	-
At March 31, 2015	**4.46**	**4.57**	**3.10**	**0.53**	**1.71**	**-**	**14.37**
Charge for the year	1.95	5.52	2.73	1.27	1.10	-	12.57
Disposals	-	-	-	-	-	-	-
At March 31, 2016	**6.41**	**10.09**	**5.83**	**1.80**	**2.81**	**-**	**26.94**
Charge for the year	1.86	11.94	7.09	1.43	3.14	-	25.46
Disposals	-	-	-	-	-	-	-
At March 31, 2017	**8.27**	**22.03**	**12.92**	**3.23**	**5.95**	**-**	**52.40**
Charge for the year	1.84	21.78	15.39	3.32	6.75	-	49.08
Disposals	-	(0.03)	-	-	-	-	(0.03)
At March 31, 2018	**10.11**	**43.78**	**28.31**	**6.55**	**12.70**	**-**	**101.45**
Charge for the period	0.45	6.06	4.08	1.41	2.52	-	14.52
Disposals	-	-	-	-	-	-	
At June 30, 2018	**10.56**	**49.84**	**32.39**	**7.96**	**15.22**	**-**	**115.97**
Net Block							
At March 31, 2014	**42.14**	**2.54**	**6.08**	**-**	**2.38**	**-**	**53.14**
At March 31, 2015	**40.11**	**3.68**	**6.06**	**2.33**	**1.64**	**-**	**53.82**
At March 31, 2016	**38.16**	**6.43**	**6.40**	**3.64**	**1.58**	**-**	**56.21**
At March 31, 2017	**36.30**	**18.44**	**22.62**	**3.46**	**6.11**	**-**	**86.93**
At March 31, 2018	**37.31**	**37.15**	**47.49**	**17.86**	**14.23**	**0.50**	**154.54**
At June 30, 2018	**36.86**	**41.38**	**47.74**	**18.17**	**20.74**	**0.50**	**165.39**

ANNEXURE 16(B) : Restated Standalone Statement of Intangible assets :

	Software	Total
Gross block		
At April 1, 2013	1.05	1.05
Purchase	-	-
Disposals	-	-
At March 31, 2014	1.05	1.05
Purchase	-	-
Disposals	-	-
At March 31, 2015	1.05	1.05
Purchase	0.02	0.02
Disposals	-	-
At March 31, 2016	1.07	1.07
Purchase	16.79	16.79
Disposals	-	-
At March 31, 2017	**17.86**	**17.86**
Purchase	22.13	22.13
Disposals	-	-
At March 31, 2018	**39.99**	**39.99**
Purchase	3.16	3.16
Disposals	-	-
At June 30, 2018	**43.15**	**43.15**

(Rs. in Millions)

Amortization		
At April 1, 2013	0.05	0.05
Charge for the year	0.28	0.28
At March 31, 2014	**0.33**	**0.33**
Charge for the year	0.26	0.26
At March 31, 2015	**0.59**	**0.59**
Charge for the year	0.26	0.26
At March 31, 2016	**0.85**	**0.85**
Charge for the year	2.24	2.24
At March 31, 2017	**3.09**	**3.09**
Charge for the year	7.19	7.19
At March 31, 2018	**10.28**	**10.28**
Charge for the period	2.31	2.31
At June 30, 2018	**12.59**	**12.59**

Net block		
At March 31, 2014	**0.73**	**0.73**
At March 31, 2015	**0.46**	**0.46**
At March 31, 2016	**0.22**	**0.22**
At March 31, 2017	**14.77**	**14.77**
At March 31, 2018	**29.71**	**29.71**
At June 30, 2018	**30.56**	**30.56**

ANNEXURE 16(C) Components of capital work-in progress and intangible assets under development

	Building	**Software**	**Total**
Gross block			
At April 1, 2013	1.08	-	1.08
Capitalised during the year	1.08	-	1.08
Purchase	0.31	-	0.31
At March 31, 2014	**0.31**	-	**0.31**
Capitalised during the year	0.31	-	0.31
Purchase	-	-	-
At March 31, 2015	-	-	-
Capitalised during the year	-	-	-
Purchase	-	-	-
At March 31, 2016	-	-	-
Capitalised during the year	-	-	-
Purchase	-	1.35	1.35
At March 31, 2017	-	**1.35**	**1.35**
Capitalised during the year	-	1.35	1.35
Purchase	-	0.33	0.33
At March 31, 2018	-	**0.33**	**0.33**
Capitalised during the period	-	-	-
Purchase	-	0.26	0.26
At June 30, 2018	-	**0.59**	**0.59**

ANNEXURE 17 : Restated Standalone Statement of Investments

(Rs. in Millions)

Particulars	As at June 30, 2018		As at March 31, 2018		As at March 31, 2017		As at March 31, 2016		As at March 31, 2015		As at March 31, 2014	
	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current
Investment in Subsidiary company												
Aavas Finserv Limited	45.00	-	45.00	-	-	-	-	-	-	-	-	-
Investment in Pass through certificate (PTC)	56.28	2.65	59.88	2.66	7.54	0.26	-	-	-	-	-	-
Investment in Security Receipts	33.03	-	33.03	-	-	-	-	-	-	-	-	-
Total	**134.31**	**2.65**	**137.91**	**2.66**	**7.54**	**0.26**	**-**	**-**	**-**	**-**	**-**	**-**

ANNEXURE 18 : Restated Standalone Statement of Loans and advances

Particulars	As at June 30, 2018		As at March 31, 2018		As at March 31, 2017		As at March 31, 2016		As at March 31, 2015		As at March 31, 2014	
	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current
Secured												
18.1 Receivables under financing activities												
Housing loans												
-Considered good	22,883.58	769.50	21,045.34	673.27	15,088.55	515.65	11,259.20	402.95	6,994.85	348.19	3,646.58	204.74
-Considered doubtful	142.34	-	93.77	-	142.66	-	74.89	-	41.50	-	8.52	-
Other loans												
-Considered good	9,694.00	363.13	8,740.62	317.12	4,819.35	182.32	2,451.86	100.22	844.45	35.66	192.47	9.52
-Considered doubtful	25.02	-	10.49	-	25.52	-	5.48	-	1.77	-	0.41	-
Loans placed towards minimum retention requirement (MRR) for direct assignment												
-Considered good	778.13	54.43	786.72	53.65	517.49	35.58	226.48	23.88	14.53	1.72	-	-
-Considered doubtful	5.03	-	2.66	-	1.03	-	0.05	-	-	-	-	-
Total	**33,528.10**	**1,187.06**	**30,679.60**	**1,044.04**	**20,594.60**	**733.55**	**14,017.96**	**527.05**	**7,897.10**	**385.57**	**3,847.98**	**214.26**

18.1.1 Of the above :

Particulars	**As at June 30, 2018**	**As at March 31, 2018**	**As at March 31, 2017**	**As at March 31, 2016**	**As at March 31, 2015**	**As at March 31, 2014**
Standard	34,542.77	31,616.73	21,158.94	14,464.59	8,239.40	4,053.31
Sub-Standard	154.83	96.89	148.68	54.30	35.91	8.41
Doubtful Assets - Category - I	17.01	8.93	14.29	16.09	6.16	0.52
Doubtful Assets - Category - II	0.55	1.09	6.24	4.24	0.27	-
Doubtful Assets - Category - II	-	-	-	1.90	-	-
Loss asset	-	-	-	3.89	0.93	-
Total	**34,715.16**	**31,723.64**	**21,328.15**	**14,545.01**	**8,282.67**	**4,062.24**

Loss asset as at March 31, 2015 represent one loan which became doubtful due to fradulent misrepresentation by the borrower and the same as been provided for.

18.1.2 Loans granted by the Company are secured by equitable mortgage/registered mortgage of the property and/or undertaking to create a security and/or personal guarantees and/or hypothecation of assets and/or assignments of life insurance policies. The process of security creation was in progress for loans to the extent of Rs. 1,209.48 millions at June 30, 2018, Rs. 1,698.53 millions at March 31, 2018, Rs. 918.23 millions at March 31, 2017, Rs. 508.64 millions at March 31,2016, Rs.98.89 millions at March 31, 2015 and Rs. 31.99 millions at March 31, 2014.

18.1.3 Loans sanctioned but un-disbursed amount are as follows

Particulars	**As at June 30, 2018**	**As at March 31, 2018**	**As at March 31, 2017**	**As at March 31, 2016**	**As at March 31, 2015**	**As at March 31, 2014**
Loan sanctioned but un-disbursed	2,293.39	2,872.60	1,574.79	987.87	500.92	248.76

18.1.4 During the period ended June 30, 2018 and FY 2018, 2017, 2016, 2015 and 2014 the Company has assigned a pool of certain loans amounting to Rs. 555.55 millions, Rs. 4,858.40 millions, Rs. 3,778.98 millions, Rs.2,454.38 millions, Rs. 166.23 millions and Rs. NIL respectively by way of a direct assignment transaction. These loan assets have been de-recognised from the loan portfolio of the Company as the sale of loan assets is an absolute assignment and transfer on a 'no-recourse' basis. The Company continues to act as a servicer to the assignment transaction on behalf of assignee. In terms of the assignment agreement, the Company pays to assignee, on a monthly basis, the pro-rata collection amounts.

During the FY 2018 and 2017 the company has securitised assets amounting to Rs. 1,076.74 millions and Rs. 796.22 millions respectively. These assets have been de-recognised in the books of the Company. The Company is responsible for collection and servicing of this loan portfolio on behalf of buyers/investors. In terms of the said securitisation agreements, the Company pays to buyer/investor on monthly basis the prorated collection amount as per individual agreement terms.

During the FY 2018 the Company has transferred certain assets amounting to Rs. 249.71 millions to asset reconstruction company. These assets have been de-recognised from the loan portfolio of the Company. The Company continues to act as a servicer for the portfolio of such assets.

18.1.5 The company has granted certain loans to staff amounting to Rs. 58.56 millions as on June 30,2018, Rs. 40.73 millions as on March 31,2018 and Rs 36.60 millions as on March 31, 2017.

18.2 Restated Standalone Statement of Other loans and advances (unsecured, considered good) **(Rs. in Millions)**

Particulars	As at June 30, 2018		As at March 31, 2018		As at March 31, 2017		As at March 31, 2016		As at March 31, 2015		As at March 31, 2014	
	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current
Security deposit	14.21	3.58	12.44	2.60	8.28	1.77	3.28	0.86	1.74	0.42	1.15	0.24
Advance to staff	0.51	9.49	0.51	6.64	0.07	2.46	0.25	1.23	0.05	0.61	0.17	0.52
Advances to suppliers/service providers	-	52.42	-	11.63	-	3.35	0.05	4.78	-	0.41	-	0.42
Prepaid expenses	1.97	8.35	2.03	4.59	0.44	2.20	0.05	0.12	-	-	-	-
Other advances	-	9.91	-	4.78	-	0.25	-	4.77	-	0.21	-	-
Advance Tax (Net of Provisions)	-	-	-	-	-	-	-	2.77	-	0.64	-	-
Total	**16.69**	**83.75**	**14.98**	**30.24**	**8.79**	**10.03**	**3.63**	**14.53**	**1.79**	**2.29**	**1.32**	**1.18**

ANNEXURE 19 : Restated Standalone Statement of Cash and bank balances

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
Cash and cash equivalents						
Cash on hand (refer annexure 19.1)	25.75	19.17	17.86	9.81	6.21	3.05
Balance with banks						
In Current accounts	215.23	1,365.70	386.63	789.59	-	20.04
In Cash credit accounts	607.54	50.00	231.52	849.60	-	0.26
In Deposits with original maturity of less than three months	500.00	2,150.00	2,050.00	700.00	100.00	-
	1,348.52	3,584.87	2,686.01	2,349.00	106.21	23.35
Other bank balances						
Deposit with original maturity of more than 12 months (refer annexure 19.2)	114.73	114.73	71.66	-	-	-
Deposit with original maturity of more than 3 months less than 12 months	2,950.01	1,950.01	-	-	5.00	-
Total	**4,413.26**	**5,649.61**	**2,757.67**	**2,349.00**	**111.21**	**23.35**

19.1 Cash on hand includes balance of franking machine of Rs. 0.10 millions at June 30, 2018, Rs. 0.10 millions at March 31, 2018, Rs. 0.10 millions at March 31, 2017, Rs. 0.50 millions at March 31, 2016, Rs. 0.20 millions at March 31, 2015 and Rs. 0.16 millions at March 31, 2014.

19.2 Other Bank Balance in deposit accounts as at June 30, 2018, March 31, 2018 and March 31, 2017 represents deposits under lien aggregating to Rs. 114.73 millions, Rs. 114.73 millions and Rs. 71.66 millions respectively towards the first loss guarantee provided by the company under the securitization agreements.

ANNEXURE 20 : Restated Standalone Statement of Other current assets

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
Recoverable from borrowers	35.65	36.57	58.38	27.92	19.31	14.19
Interest accrued but not due on loan	342.21	311.42	168.92	111.06	52.01	22.77
Stock of Assets acquired under SARFAESI	96.76	69.39	62.96	-	-	-
Interest accrued but not due on deposit with banks and others	54.63	5.17	0.91	0.21	0.27	-
Other current assets	9.87	8.35	-	-	-	-
Total	**539.12**	**430.90**	**291.17**	**139.19**	**71.59**	**36.96**

ANNEXURE 21 : Restated Standalone Statement of Revenue from operations **(Rs. in Millions)**

Particulars	Period ended June 30, 2018	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2014
Interest Income on						
Loan portfolio	1,231.60	3,863.28	2,697.49	1,724.58	956.29	504.64
Securitisation	23.67	71.09	5.34	-	-	-
Other operating income						
Fees and other charges from customers (refer annexure 21.1)	81.54	400.06	247.57	158.33	80.09	38.47
Insurance commision	3.62	2.08	-	-	-	-
Other Interest Income (refer annexure 21.2)	89.83	15.16	9.55	0.80	0.28	-
Profit on redemption of liquid mutual fund units	8.27	211.72	91.29	21.05	-	-
Dividend income from mutual funds	-	-	0.04	4.03	0.12	0.01
Grand Total	**1,438.53**	**4,563.39**	**3,051.28**	**1,908.79**	**1,036.78**	**543.12**

21.1 Loan origination income included in Fees and other charges from customers is disclosed net of the direct incremental costs of Rs. 35.56 millions for the period ended June 30, 2018, Rs. 113.06 millions for the year ended March 31, 2018, Rs. 61.17 millions for the year ended March 31, 2017, Rs. 54.21 millions for the year ended March 31, 2016, Rs. 25.85 millions for the year ended March 31, 2015, Rs. 22.28 millions for the year ended March 31, 2014, associated with the origination of the underlying loans.
21.2 Other interest income constitutes interest income on Fixed deposits, Inter corporate deposit and Commercial paper.

ANNEXURE 22 : Restated Standalone Statement of Other income

Particulars	Period ended June 30, 2018	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2014
Other non operating income	0.17	9.06	3.64	0.20	0.77	0.10
Total	**0.17**	**9.06**	**3.64**	**0.20**	**0.77**	**0.10**

ANNEXURE 23 : Restated Standalone Statement of Employee benefit expenses

Particulars	Period ended June 30, 2018	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2014
Salaries and other benefits	243.91	685.06	406.03	280.40	144.22	103.16
Contribution to provident and other funds	9.76	26.75	13.37	9.90	6.05	3.90
Staff welfare expenses	5.62	21.78	11.12	3.95	1.94	1.10
Total	**259.29**	**733.59**	**430.52**	**294.25**	**152.21**	**108.16**

23.1 Gratuity and other post-employment benefit plans
The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for gratuity on cessation of employment and it is computed at 15 days salary (last drawn salary) for each completed year of service subject to such limit as prescribed by The Payment of Gratuity Act, 1972 as amended from time to time.

The following tables summarize the components of net benefits expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the respective plans.

Restated Standalone Summary Statement Of Profit And Loss
Net employee benefit expense recognized in the employee cost

	June 30, 2018	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Current service cost	2.08	8.49	5.48	3.43	2.05	1.09
Interest cost	1.45	0.84	0.55	0.30	0.19	0.08
Expected return on plan assets	-	-	-	-	-	-
Net actuarial (gain) / loss recognized in the period/year	(2.48)	(1.08)	(1.68)	(0.74)	(0.38)	(0.03)
Net expense	**1.05**	**8.25**	**4.35**	**2.99**	**1.86**	**1.14**

Restated Standalone Summary Statement Of Assets And Liabilities
Benefit asset/ liability

	June 30, 2018	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Present value of defined benefit obligation	19.75	18.77	11.24	6.90	3.93	2.07
Fair value of plan assets	-	-	-	-	-	-
Plan asset / (liability)	**19.75**	**18.77**	**11.24**	**6.90**	**3.93**	**2.07**

Changes in the present value of the defined benefit obligation are as follows:

	June 30, 2018	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Opening defined benefit obligation	18.77	11.24	6.90	3.94	2.07	0.93
Current service cost	2.08	8.49	5.48	3.43	2.05	1.09
Interest cost	1.45	0.84	0.55	0.30	0.19	0.08
Benefits paid during the period/year	(0.07)	(0.72)	-	(0.03)	-	-
Actuarial (gain)/loss on obligation	(2.48)	(1.08)	(1.68)	(0.74)	(0.38)	(0.03)
Closing defined benefit obligation	**19.75**	**18.77**	**11.25**	**6.90**	**3.93**	**2.07**

The principle assumptions used in determining gratuity obligations for the Company are shown below: **(Rs. in Millions)**

Particulars	June 30, 2018	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Discount rate	8.00%	7.75%	7.50%	8.00%	7.75%	9.25%
Salary escalation rate	7.00%	7.00%	7.00%	7.00%	7.00%	6.50%
Employee Turnover	age 30 = 5% age 31-40 = 3% age 41-50 = 2% age 51 & above=1%	age 30 = 5% age 31-40 = 3% age 41-50 = 2% age 51 & above=1%	age 30 = 5% age 31-40 = 3% age 41-50 = 2% age 51 & above=1%	age 30 = 5% age 31-40 = 3% age 41-50 = 2% age 51 & above=1%	age 30 = 5% age 31-40 = 3% age 41-50 = 2% age 51 & above=1%	age 30 = 5% age 31-40 = 3% age 41-50 = 2% age 51 & above=1%

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:

	June 30, 2018	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Defined benefit obligation	19.75	18.77	11.25	6.90	3.93	2.07
Plan assets	-	-	-	-	-	-
Surplus / (deficit)	19.75	18.77	11.25	6.90	3.93	2.07
Experience adjustments on plan liabilities	(2.48)	(1.08)	(1.68)	(0.74)	(0.38)	(0.03)
Experience adjustments on plan assets	-	-	-	-	-	-

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.

ANNEXURE 24 : Restated Standalone Statement of Finance cost

Particulars	Period ended June 30, 2018	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2014
Interest expense (refer annexure 24.1)	552.92	1,844.29	1,397.33	932.79	509.40	289.77
Other borrowing costs (refer annexure 24.2)	6.12	46.24	30.87	36.02	18.02	11.99
Total	**559.04**	**1,890.53**	**1,428.20**	**968.81**	**527.42**	**301.76**
24.1 Interest expense includes interest on:						
Unsecured debt	24.28	27.88	36.56	37.37	28.21	12.64
Term loans/cash credit facilities/CP/ICD	437.27	1,420.56	1,079.65	665.67	442.62	277.00
Non-convertible debentures	91.37	395.85	281.12	229.29	38.15	-
Others	-	-	-	0.46	0.42	0.13
	552.92	**1,844.29**	**1,397.33**	**932.79**	**509.40**	**289.77**
24.2 Other borrowing costs includes						
Resource mobilisation expenses	4.46	38.82	26.86	32.80	16.79	11.23
Bank charges and commission	1.66	7.42	4.01	3.22	1.23	0.76
	6.12	**46.24**	**30.87**	**36.02**	**18.02**	**11.99**

ANNEXURE 25 : Restated Standalone Statement of Other expenses

Particulars	Period ended June 30, 2018	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2014
Advertisement and publicity expenses	3.63	44.81	12.34	5.70	0.70	0.85
AMC Charges	1.51	4.45	1.16	0.86	0.54	0.53
Communication	5.09	17.88	9.71	5.15	3.11	1.92
Commission & brokerage	2.90	9.97	2.22	0.30	0.19	0.17
CSR Expenses	0.79	6.42	1.86	0.90	-	-
Directors Sitting Fees	0.84	1.94	1.62	1.16	0.60	-
Electricity and water	5.12	11.93	6.55	3.98	2.86	1.80
Fee & subscription	0.01	0.19	2.44	0.04	0.18	0.05
Legal & professional charges	14.03	54.89	30.19	10.71	3.20	3.91
Manpower management cost	59.73	154.28	60.21	27.87	-	-
Office expenses	2.66	12.00	4.86	2.73	2.31	1.16
Postage & courier expenses	2.02	8.53	5.03	2.16	1.11	0.94
Printing & stationery	1.80	7.77	6.06	2.60	1.97	1.80
Rent (refer annexure 25.1)	16.21	53.46	24.60	10.28	6.68	3.85
Rates & Taxes Expenses	0.33	3.29	4.31	0.18	0.20	0.17
Repair and maintenance -others	6.47	17.33	9.47	2.44	1.46	0.71
Travelling and conveyance	11.05	44.09	30.27	19.07	8.51	6.59
Auditor's remuneration (refer annexure 25.2)	0.60	2.25	2.28	1.62	1.14	0.89
Total	**134.79**	**455.48**	**215.18**	**97.75**	**34.76**	**25.34**

25.1 The Company has taken various premises under operating lease. The future minimum lease payments are given below: **(Rs. in Millions)**

Expected future minimum commitments during the non-cancellable period under the lease arrangements are as follows:

Particulars	June 30, 2018	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Within one year	14.23	14.05	-	-	-	-
Later than one year but not later than five years	19.40	23.55	-	-	-	-
Later than five years	-	-	-	-	-	-
Total	**33.63**	**37.60**	**-**	**-**	**-**	**-**
The total of minimum lease payments recognized in the Restated Standalone Summary Statement Of Profit And Loss for the period/year	16.21	53.46	-	-	-	-
Total of future minimum sub-lease payments expected to be received under non-cancellable sub-leases	-	-	-	-	-	-
Sub-lease amounts recognized in the Restated Standalone Summary Statement Of Profit And Loss for the	-	-	-	-	-	-
Contingent (usage based) lease payments recognized in the Restated Standalone Summary Statement Of Profit And Loss for the period/year	-	-	-	-	-	-

25.2 Auditor's remuneration

Particulars	Period ended June 30, 2018	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2014
-Audit fees	0.60	1.85	1.70	1.25	0.95	0.60
-Tax audit fees	-	0.15	0.15	0.10	0.10	0.10
-Other services	-	0.25	0.43	0.27	0.09	0.19
Total	**0.60**	**2.25**	**2.28**	**1.62**	**1.14**	**0.89**

ANNEXURE 26 : Restated Standalone Statement of Provisions and write off

Particulars	Period ended June 30, 2018	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2014
a. Provisions as at Current period/year						
Provision for Non performing asset	39.25	24.40	40.57	18.71	7.97	1.39
Provision for standard assets as per NHB Norms	103.31	98.86	85.58	58.33	33.24	16.36
Provision for Investments	4.13	4.13	-	-	-	-
	146.69	**127.39**	**126.15**	**77.04**	**41.21**	**17.75**
b. Provisions as at Previous Year						
Provision for Non performing asset	24.40	40.57	18.71	7.97	1.39	0.72
Provision for standard assets as per NHB Norms	98.86	85.58	58.33	33.24	16.36	7.10
Provision for Investments	4.13	-	-	-	-	-
	127.39	**126.15**	**77.04**	**41.21**	**17.75**	**7.82**
Net provision made during the period/year (a-b)	**19.30**	**1.24**	**49.11**	**35.83**	**23.46**	**9.93**
c. Write off during the period/year	4.73	17.81	28.62	-	-	-
Total	**24.03**	**19.05**	**77.73**	**35.83**	**23.46**	**9.93**

26.1 During the FY 2017, the Company had revised its estimates of provisioning for non-performing loan assets. As a result of such change, the profit before tax for the year ended March 31, 2017 lowered by Rs.12.20 millions.

26.2 National Housing Bank (NHB) vide notification no. NHB.HFC.DIR.18/MD&CEO/2017 dated August 2, 2017 reduced the provisioning requirement on standard individual housing loans from 0.40% to 0.25% . In terms of the said notification, as of March 31 , 2018, the company continues to carry the provision of Rs 98.86 millions which is higher than the revised statutory requirement of minimum 0.25%.

ANNEXURE 27 : Restated Standalone Statement of Tax Expenses

Particulars	Period ended June 30, 2018	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2014
Current tax	137.46	432.29	265.41	159.29	90.84	27.27
Deferred tax	17.30	55.91	38.81	12.43	7.90	3.23
Total	**154.76**	**488.20**	**304.22**	**171.72**	**98.74**	**30.50**

AAVAS FINANCIERS LIMITED
(Formerly known as "Au HOUSING FINANCE LIMITED")

ANNEXURE 28 : Restated Standalone Statement of Earning Per share

Particulars	Period ended June 30, 2018	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2014
Following reflects the profit and share data used in EPS computations:						
Basic*						
Weighted average number of equity shares for computation of Basic EPS (in Million)	69.57	58.57	51.45	39.77	34.46	31.08
Net profit for calculation of basic EPS (Rs.in Millions)	289.96	929.33	571.37	327.80	190.81	63.37
Basic earning per share (In Rs.)	**4.17**	**15.87**	**11.10**	**8.24**	**5.54**	**2.04**
Diluted*						
Weighted average number of equity shares for computation of Diluted EPS (in Million)	71.63	61.10	51.45	39.77	34.46	31.08
Net profit for calculation of Diluted EPS (Rs.in Millions)	289.96	929.33	571.37	327.80	190.81	63.37
Diluted earning per share (In Rs.)	**4.05**	**15.21**	**11.10**	**8.24**	**5.54**	**2.04**
Nominal value of equity shares (In Rs.)	**10.00**	**10.00**	**10.00**	**10.00**	**10.00**	**10.00**

*Basic EPS and Diluted EPS for the period ended June 30, 2018 are not annualised.

Note:-

The number of equity shares and resultant EPS and DPS in respect of financial year ended March 31, 2016, March 31, 2015 and March 31, 2014 considered above is adjusted for the issue of bonus shares in the financial year ended March 31, 2017 in the ratio of 7.17:1.

(Rs. in Millions)

ANNEXURE 29 : Restated Standalone Statement of Additional information

29.1 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 and the Companies (Accounting Standards) Amendment Rules, 2016. The Company operates in a single geographical segment i.e. domestic.

29.2 The Company has been granted Certificate of Registration (No. 08.0095.11) to commence/carry on the business as a housing finance company without accepting public deposits by National Housing Bank on August 04, 2011 and got a revised Certificate of Registration (02.0104.13) after conversion of Company from a private limited company to a public limited company on February 08, 2013. Further, the name of our company was changed to AAVAS FINANCIERS LIMITED, pursuant to a Shareholders resolution passed at the EOGM held on February 23, 2017. A fresh certificate of incorporation consequent to such change of name was issued on March 29, 2017 by the Registrar of companies, Jaipur and subsequently the revised certificate of Registration (No.04.0151.17) was issued on April 19, 2017 by National Housing Bank.

29.3 Restated Standalone Statement of Related party disclosures

a. Names of related parties identified in accordance with AS -18 "Related Party Disclosures" (with whom there were transactions during the period ended June 30, 2018 and during FY 2018, 2017, 2016, 2015 and 2014).

1. Entities where control exists:

Ultimate Holding Company
- Kedaara Capital I Limited - (From June 23, 2016 to 8th June 2018)

Holding Company
- Lake District Holdings Limited - (From June 23, 2016 to 8th June 2018)
- AU Small Finance Bank Limited (Formerly Known as "Au Financiers (INDIA) Limited") - (Up to June 22, 2016)

Shareholders having Substantial interest
- Lake District Holdings Limited - (From 8th June 2018)
- Partners Group ESCL Limited - (From June 23, 2016)

Wholly owned Subsidiary company
- Aavas Finserv Limited - (From November 30, 2017)

Fellow Subsidiary
- Index Money Limited - (Up to June 16, 2016)

2. Key management personnel

Mr. Sushil Kumar Agarwal	Whole Time Director and Chief Executive Officer
Mr. Ghanshyam Rawat	Chief Financial Officer (With effect from June 01, 2014)
Mr. Sharad Pathak	Company Secretary
Mr. Sanjay Agarwal	Managing Director - (Up to June 22, 2016)
Mr. Uttam Tibrewal	Director - (Up to June 22, 2016)

3. Enterprises under significant influence of the key management personnel

Au Insurance Broking Services Private Limited (Up to June 22, 2016)

4. Relatives of key managerial personnel

None

b. The nature and volume of transactions carried out with the above related parties in the ordinary course of business are as follows :

1. Loans taken and repayment there of

Related Party	Period/Year ended	Short Term Loans taken	Repayment	Interest due & paid	Amount owed to related parties
AU Small Finance Bank Limited	June 30, 2018	-	-	-	-
	March 31, 2018	-	-	-	-
	March 31, 2017	-	-	-	-
	March 31, 2016	1,194.50	1,194.50	1.26	-
	March 31, 2015	3,381.45	3,445.95	10.37	-
	March 31, 2014	2,428.97	2,364.47	16.60	64.50

Loans taken from related parties are repayable on demand. These loans carry interest rate 12%p.a. for the year ended March 31, 2016 and March 31, 2015 and 15% p.a for the year ended March 31, 2014.

2. Remuneration to Key Managerial personnel

	June 30, 2018	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Mr. Sushil Kumar Agarwal, Whole Time Director and Chief Executive Officer	13.05	20.29	16.27	23.58	6.44	8.66
Mr. Ghanshyam Rawat, Chief Financial Officer	8.62	15.11	12.01	8.38	6.84	4.82
Mr. Sharad Pathak, Company Secretary	0.64	1.22	0.89	0.54	0.41	0.23
Total	**22.31**	**36.62**	**29.17**	**32.50**	**13.69**	**13.71**

Notes:

(a) 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.

(b) The Company's whole time director was appointed on January 10, 2013. However the resolution for approval of increase in his remuneration were passed by the Remunerations Committee on May 29, 2013 and the approval by a special shareholders resolution was taken on August 26, 2013.

(c) Value of perquisite arising on account of exercise of stock options by the key management personnel has not been considered as a related party transaction.

3. Other Transactions

(Rs. in Millions)

Name of related party	Nature of transactions	June 30, 2018		March 31, 2018		March 31, 2017		March 31, 2016		March 31, 2015		March 31, 2014	
		Amount received	Amount paid	Amount received	Amount paid	Amount received	Amount paid	Amount received	Amount paid	Amount received	Amount paid	Amount received	Amount paid
Lake District Holdings Limited	Issue of Equity shares	-	-	2,103.12	-	1,738.39	-	-	-	-	-	-	-
Partners Group ESCL Limited	Issue of Equity shares	-	-	1,021.55	-	844.40	-	-	-	-	-	-	-
AU Small Finance Bank Limited	Issue of Equity shares	-	-	-	-	-	-	700.00	-	300.00	-	200.00	-
AU Small Finance Bank Limited	Reimbursement of expenses	-	-	-	-	-	0.90	-	15.96	-	12.96	-	5.21
AU Small Finance Bank Limited	Reimbursement of expenses	-	-	-	-	0.25	-	2.18	-	4.03	-	1.03	-
AU Small Finance Bank Limited	Reimbursement of Statutory payments	-	-	-	-	-	3.18	-	18.09	-	10.36	-	7.02
Aavas Finserv Limited	Reimbursement of expenses	-	-	0.74	-	-	-	-	-	-	-	-	-
Aavas Finserv Limited	Issue of Equity shares	-	-	-	45.00	-	-	-	-	-	-	-	-
Mr. Sushil Kumar Agarwal	Issue of Equity shares	288.26	-	26.56	-	20.00	-	40.00	-	-	-	-	-
Mr. Ghanshyam Rawat	Issue of Equity shares	89.96	-	8.92	-	9.30	-	-	-	-	-	-	-
Sharad pathak	Issue of Equity shares	2.89	-	0.87	-	-	-	-	-	-	-	-	-
Au Insurance Broking Services Private Limited	Reimbursement of expenses	-	-	-	-	-	-	-	-	-	-	0.03	-

Notes:
(a) During the year ended March 31, 2018 the Company has received Rs. 1.59 millions and 0.46 millions against share warrants' premium from Sushil Kumar Agarwal and Ghanshyam Rawat respectively, which is not included in above disclosure.

Outstanding Balances of Related Party

Name of related party	Nature of transactions	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
AU Small Finance Bank Limited	Reimbursement of expenses	-	-	-	-	-	0.24
Aavas Finserv Limited	Reimbursement of expenses	0.74	0.74	-	-	-	-

Name of related party	Nature of related party	Nature of transactions	June 30, 2018	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
			Amount involved	Amount involved	Amount involved	Amount involved	Amount involved	Amount involved
AU Small Finance Bank Limited	Holding Company	Corporate guarantee given on behalf of the Company	-	-	-	3,441.72	3,313.27	3,186.21
Mr. Sanjay Agarwal	Managing Director	Personal guarantee given on behalf of the Company	-	-	-	3,152.35	1,589.30	803.85

29.4 Restated Standalone Statement of Stock options **(Rs. in Millions)**

I The Company has formulated various share-based payment schemes for its employees (Plan I), management team (Plan II) and directors (Plan III). Details of all grants in operation during the period/year ended June 30, 2018, March 31, 2018 and March 31, 2017 are as given below:

Particulars	ESOP 2016 I (a)	ESOP 2016 I (b)	ESOP 2016 II	ESOP 2016 III
Scheme Name	Equity stock option plan for Employees 2016 (ESOP 2016 I)	Equity stock option plan for Employees 2016 (ESOP 2016 I)	Equity stock option plan for Management team 2016 (ESOP 2016 II)	Equity stock option plan for Directors 2016 (ESOP 2016 III)
No. of options approved*	1,287,901		3,445,610	719,084
Date of grant	23-Feb-17	24-Jan-18	23-Feb-17	23-Feb-17
No. of options granted	980,118	424,687	3,445,610	719,084
Exercise price per option (in Rs.)	215.25	328.00	215.25	215.25
Method of settlement	Equity	Equity	Equity	Equity
Vesting period and conditions	A) 50% options to vest as per stipulated vesting schedule ("Fixed Vesting") B) 50% options to vest as per stipulated vesting schedule on fulfillment of stipulated conditions ("Conditional Vesting")			
A) Fixed Vesting period is as follows on following dates :-				
1st vesting "12 months from the date of grant	98,012	42,469	Refer note A	71,908
2nd vesting "On expiry of four months from the 1st vesting date"	98,012	NA	-	71,908
2nd vesting "On expiry of one year from the 1st vesting date"	NA	42,469	-	NA
3rd vesting "On expiry of one year from the 2nd vesting date"	98,012	42,469	-	Refer note B
4th vesting "On expiry of one year from the 3rd vesting date"	98,012	42,469	-	-
5th vesting "On expiry of one year from the 4th vesting date"	98,011	42,469	-	-
B) Conditional Vesting	Linked with conditions over the next five years as stipulated in respective stock option plan		Refer note A	Linked with conditions over the next five years as stipulated in respective stock option plan (Refer note B)
Exercise period	Four years from the date of each vesting			

*After adjusting subsequent cancellations, if any

Note:

A. During year ended March 31, 2018, pursuant to the the Board approval dated January 25, 2018, all options granted under Management team 2016 (ESOP 2016 II) plan were vested with immediate effect with no further conditions attached to them.

B. During period ended June 30, 2018, pursuant to the the Board approval dated June 08, 2018, last three tranches of options related to fixed vesting (2,15,724 options) and 25% of performance options (89,886 options) granted under Directors 2016 (ESOP 2016 III) plan were vested on June 30, 2018 subject to lock in conditions as prescribed in stock plan.

II Reconciliation of options

Particulars	ESOP 2016 I (a)	ESOP 2016 I (b)	ESOP 2016 II	ESOP 2016 III
Period Ended June 30, 2018				
Options outstanding at April 1, 2018	863,214	424,687	2,223,059	719,084
Granted during the year	-	-	-	-
Forfeited during the year	4,388	-	-	-
Exercised during the year	-	-	-	-
Expired / lapsed during the year	50,392	-	-	-
Outstanding at June 30, 2018	808,434	424,687	2,223,059	719,084
Exercisable at June 30, 2018	304,230	-	2,223,059	449,428
Weighted average remaining contractual life (in years)	5.12	6.57	2.36	5.08
Financial Year 2017-18				
Options outstanding at April 1, 2017	980,118	-	3,445,610	719,084
Granted during the year	-	424,687	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	1,222,551	-
Expired / lapsed during the year	116,904	-	-	-
Outstanding at March 31, 2018	863,214	424,687	2,223,059	719,084
Exercisable at March 31, 2018	154,608	-	2,223,059	71,908
Weighted average remaining contractual life (in years)	5.38	6.82	2.52	6.30
Weighted average share price at the time of exercise*	-	-	328.00	-
Financial Year 2016-17				
Options outstanding at April 1, 2016	-	-	-	-
Granted during the year	980,118	-	3,445,610	719,084
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired / lapsed during the year	-	-	-	-
Outstanding at March 31, 2017	980,118	-	3,445,610	719,084
Exercisable at March 31, 2017	-	-	-	-
Weighted average remaining contractual life (in years)	6.37	-	7.30	7.30

*Disclosure of weighted average share price at the time of exercise is applicable only for plans where there has been an exercise of options in current financial year.

III Computation of fair value of options granted during the year ended March 31, 2018 (Rs. in Millions)

Plan I : The weighted average fair value of stock options granted during the year was Rs. 153.51 (plan I (b)).

The Black-Scholes Model has been used for computing the weighted average fair value considering the following:

Particulars	Plan I (b)
Share price on the date of grant (Rs.)	316.30
Exercise price (Rs.)	328.00
Expected volatility (%)	45.50%
Life of the options granted (years)	
First Vesting	3 years
Second Vesting	4 years
Third Vesting	5 years
Forth Vesting	6 years
Fifth Vesting	7 years
Risk-free interest rate (%)	7.42%
Expected dividend rate (%)	0%
Fair value of the option (Rs.)	Tranche 1 - 118.09 Tranche 2 - 138.24 Tranche 3 - 155.03 Tranche 4 - 171.35 Tranche 5 - 184.83

Computation of fair value of options granted during the year ended March 31, 2017

Plan I, II and III : The weighted average fair value of stock options granted during the year was Rs. 94.80 (plan I (a)), Rs 104.66 (plan II (a)) and Rs. 104.66 (plan III (a)).

The Black-Scholes Model has been used for computing the weighted average fair value considering the following:

Particulars	Plan I (a) / II (a) / III (a)
Share price on the date of grant (Rs.)	214.88
Exercise price (Rs.)	215.25
Expected volatility (%)	42.16%
Life of the options granted (years)	
First Vesting	3 years
Second Vesting	3.3 years
Third Vesting	4.3 years
Forth Vesting	5.3 years
Fifth Vesting	6.3 years
Risk-free interest rate (%)	6.86%
Expected dividend rate (%)	0%
Fair value of the option (Rs.)	Tranche 1 - 77.46 Tranche 2 - 82.03 Tranche 3 - 94.50 Tranche 4 - 105.47 Tranche 5 - 114.52

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 as indicated below:

Particulars	Period ended June 30, 2018	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2014
Profit after tax as reported	**289.96**	**929.33**	**571.37**	**327.80**	**190.81**	**63.37**
Add: ESOP cost using intrinsic value method (net of tax)	-	-	-	-	-	-
Less: ESOP cost using fair value method (net of tax)	23.11	209.76	13.09	-	-	-
Profit after tax (adjusted)	**266.85**	**719.57**	**558.28**	**327.80**	**190.81**	**63.37**
No.of Shares for Basic EPS	69.57	58.57	51.45	39.77	34.46	31.08
Basic EPS	**3.84**	**12.29**	**10.85**	**8.24**	**5.54**	**2.04**
No.of Shares for Diluted EPS	71.63	61.10	51.45	39.77	34.46	31.08
Diluted EPS	**3.73**	**11.78**	**10.85**	**8.24**	**5.54**	**2.04**

29.5 Restated Standalone Statement of Capital and other commitments:

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
Property, plant and equipment:						
- Estimated Project cost	13.38	5.86	-	-	-	-
- Paid during the year	6.34	2.62	-	-	-	-
- Balance Payable	7.04	3.24	-	-	-	-

Refer annexure 18.1.3 for undisbursed commitment relating to loans.

29.6 Restated Standalone Statement of Contingent liability not provided for

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
Credit enhancements provided by the company towards Asset Assignment / Securitisation (including cash collaterals, principal and interest subordination)	114.73	114.73	71.66	-	-	-

29.7 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

Particulars	SBNs	Other Denomination notes	Total
Closing cash in hand as on November 8, 2016 [note (b)]	1.51	0.04	1.55
(+) Permitted receipts [note (c)]	0.00	35.60	35.60
(-) Permitted payments [note (d)]	0.00	0.59	0.59
(-) Amount deposited in Banks	1.51	33.58	35.09
Closing cash in hand as on December 30, 2016	**0.00**	**1.47**	**1.47**

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 7th and 8th, 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 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.24.20 millions in the Company's bank accounts through cash and electronic fund transfers in the normal course of business. The identification of cash deposits from such amount and the denomination wise details thereof are not available with the Company.

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29.8 Restated Standalone Statement of Details of dues to micro and small enterprises as defined under the MSMED Act, 2006 (Rs. in Millions)

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 period/year ended June 30, 2018, March 31, 2018, March 31, 2017, March 31, 2016, March 31, 2015 and March 31, 2014 no supplier has intimated the Company about its status as micro or small enterprises or its registration with the appropriate authority under MSMED.

29.9 Restated Standalone Statement of Disclosure as per NHB guidelines:-

A Capital adequacy ratio

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
CRAR (%)	60.53%	61.55%	46.85%	27.46%	21.24%	24.64%
CRAR - Tier I capital (%)	55.33%	55.94%	46.15%	26.70%	20.57%	23.93%
CRAR - Tier II capital (%)	5.20%	5.61%	0.70%	0.76%	0.67%	0.71%
Amount of subordinated debt raised as Tier- II Capital (in millions)	1,000.00	1,000.00	0.00	0.00	0.00	0.00
Amount raised by issue of perpetual Debt instruments	0.00	0.00	0.00	0.00	0.00	0.00

Note:-
The Company has restated its capital adequacy ratios, disclosed in the table above, to give effect of (a) clarification issued by the NHB vide its letter No. NHB(ND)/HFC/DRS/Sup./3266/2017 dated March 31, 2017 regarding treatment of certain amounts considered as part of Tier II Capital and (b) other restatements and regroupings as described in these restated standalone summary statements. Accordingly, the capital adequacy ratios have been restated as follows:

March 31, 2017: from 46.72% to 46.85% (Tier I restated from 46.02% to 46.15%),
March 31, 2016: from 30.37% to 27.46% (Tier II restated from 3.67% to 0.76%),
March 31, 2015 from 26.72% to 21.24% (Tier II restated from 6.15% to 0.67%), and
March 31, 2014 from 31.21% to 24.64% (Tier I restated from 24.02% to 23.93% and Tier II restated from 7.19% to 0.71%).

B Investments

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
Value of Investment						
Gross Value of Investment	**136.96**	**140.57**	**7.80**	-	-	-
In India	136.96	140.57	7.80	-	-	-
Outside India	-	-	-	-	-	-
Provision for Depreciation	**4.13**	**4.13**	-	-	-	-
In India	4.13	4.13	-	-	-	-
Outside India	-	-	-	-	-	-
Net Value of Investment	**132.83**	**136.44**	**7.80**	-	-	-
In India	132.83	136.44	7.80	-	-	-
Outside India			-	-	-	-
Movement of Provision held towards depreciation on Investment						
Opening Balance	-	-	-	-	-	-
Add: Provisions made during the period/year	4.13	4.13	-	-	-	-
Less: Write off/Write Back Excess provision during the period/year	-	-	-	-	-	-
Closing Balance	**4.13**	**4.13**	-	-	-	-

C Securitisation

(i) Disclosure as per NHB guidelines for assignment/securitisation transactions as an originator :

Particulars	No. / Amount					
	June 30, 2018	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
No of SPVs sponsored by the HFC for securitisation transactions	2	2	1	-	-	-
Total amount of securitised assets as per books of the SPVs sponsored	1,425.00	1,544.11	779.59	-	-	-
Total amount of exposures retained by the HFC towards the MRR as on the date of balance sheet						
(I) Off-balance sheet exposures towards Credit Concentration						
i.) First Loss	-	-	-	-	-	-
ii.) Others	-	-	-	-	-	-
(II) On-balance sheet exposures towards Credit Concentration						
i.) First Loss (In the form of Fixed Deposits)	114.73	114.73	71.66	-	-	-
ii.) Others	58.94	62.54	7.80	-	-	-
Amount of exposures to securitisation transactions other than MRR						
(I) Off-balance sheet exposures towards Credit Concentration						
a) Exposure to own securitizations						
i.) First Loss	-	-	-	-	-	-
ii.) Others (Guarantees provided by banks on behalf of the Company)*	43.07	43.07	-	-	-	-
b) Exposure to third party securitisations						
i.) First Loss	-	-	-	-	-	-
ii.) Others	-	-	-	-	-	-
(II) On-balance sheet exposures towards Credit Concentration						
a) Exposure to own securitisations						
i.) First Loss	-	-	-	-	-	-
ii.) Others	-	-	-	-	-	-
b) Exposure to third party securitisations						
i.) First Loss	-	-	-	-	-	-
ii.) Others	-	-	-	-	-	-

* Second Loss facility

(ii) **Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction**

Particulars	June 30, 2018	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Number of accounts	-	326	-	-	-	-
Aggregate value (net of provisions) of accounts sold to SC / RC	-	202.45	-	-	-	-
Aggregate consideration	-	220.20	-	-	-	-
Additional consideration realized in respect of accounts transferred in earlier years	-	-	-	-	-	-
Aggregate gain/loss over net book value	-	17.75	-	-	-	-

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(iii) **Details of Assignment transactions undertaken by company**

(Rs. in Millions)

Particulars	June 30, 2018	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Number of accounts	465	4,640	3,809	4,198	253	-
Aggregate value (net of provisions) of accounts assigned	500.00	4,372.56	3,381.51	2,208.95	149.61	-
Aggregate consideration	500.00	4,372.56	3,381.51	2,208.95	149.61	-
Additional consideration realized in respect of accounts transferred in earlier years	-	-	-	-	-	-
Aggregate gain/loss over net book value	-	-	-	-	-	-

(iv) **Details of non-performing financial assets purchased / sold**

(a) Details of Non-performing Financial Assets Purchased

The company has not purchased non-performing financial assets in any financial year.

(b) Details of Non-performing Financial Assets Sold

Particulars	June 30, 2018	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Number of accounts Sold	-	326	-	-	-	-
Aggregate outstanding	-	249.70	-	-	-	-
Aggregate consideration received	-	220.20	-	-	-	-

D Exposures to real estate sector

Category	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
(A) Direct exposure-						
i) Residential mortgages : Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented. Individual housing loans upto Rs. 15 lakh : Rs. 17,130.79 millions as at June 30, 2018, Rs. 15,518.14 millions as at March 31, 2018, Rs. 11,272.63 millions as at March 31, 2017, Rs. 8,125.84 millions as at March 31, 2016, Rs. 6,554.33 millions at at March 31, 2015 and Rs. 3,813.90 millions as at March 31, 2014.	34,631.38	31,650.38	21,320.13	14,545.01	8,282.67	4,062.24
ii) Commercial real estate : Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc). Exposure would also include non-fund based (NFB) limits;	83.78	73.26	8.02	Nil	Nil	Nil
iii) Investments in mortgage backed securities (MBS) and other securitized exposures :						
(a) Residential	58.93	62.54	7.80	Nil	Nil	Nil
(b) Commercial real estate.	-	-	-	Nil	Nil	Nil
(B) Indirect exposure Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	Nil	Nil	Nil	Nil	Nil	Nil

E Movement of NPAs

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
(I) Net NPAs to Net Advances (%)	0.38%	0.26%	0.60%	0.42%	0.43%	0.19%
(II) Movement of Gross NPAs						
a) Opening Balance	106.91	169.21	80.42	43.27	8.93	4.80
b) Additions during the year	96.21	96.72	147.17	53.11	36.61	8.26
c) Reductions during the year	(30.73)	(159.02)	(58.38)	(15.96)	(2.27)	(4.13)
d) Closing Balance	**172.39**	**106.91**	**169.21**	**80.42**	**43.27**	**8.93**
(III) Movement of Net NPAs						
a) Opening Balance	82.51	128.64	61.71	35.30	7.54	4.08
b) Additions during the year	74.36	74.64	110.70	39.90	29.67	6.97
c) Reductions during the year	(23.73)	(120.77)	(43.77)	(13.49)	(1.91)	(3.51)
d) Closing Balance	**133.14**	**82.51**	**128.64**	**61.71**	**35.30**	**7.54**
(IV) Movement of Provisions for NPAs (excluding provisions on standard						
a) Opening Balance	24.40	40.57	18.71	7.97	1.39	0.72
b) Provisions made during the year	21.85	22.08	36.47	13.21	6.94	1.29
c) Write-off/Write-Back of excess provisions	(7.00)	(38.25)	(14.61)	(2.47)	(0.36)	(0.62)
d) Closing Balance	**39.25**	**24.40**	**40.57**	**18.71**	**7.97**	**1.39**

F Provisions and Contingencies

Break up of "Provisions and Contingencies"shown under the head Expenditure in Profit and Loss Account	Period ended June 30, 2018	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2014
1. Provisions for depreciation on investment	-	-	-	-	-	-
2. Provision made towards Income tax	137.46	432.29	265.41	159.29	90.84	27.27
3. Provision towards NPA	14.85	(16.17)	21.86	10.74	6.58	0.67
4. Provision for Standard Assets (with details like teaser loan , CRE , CRE-RH etc.)	4.45	13.28	27.25	25.09	16.88	9.26
5. Other Provision and contingencies (with details)	-	-	-	-	-	-
6. Provision for investments	-	4.13	-	-	-	-

G Asset liability management **(Rs. in Millions)**

Maturity pattern of certain items of assets and liabilities as on June 30, 2018*

Particulars	1 Day to 31 Days / One month	Over 1 month to 2 month	Over 2 month to 3 month	Over 3 month to 6 month	Over 6 month to 1 year	Over 1 year to 3 years	Over 3 year to 5 years	Over 5 year to 7 years	Over 7 year to 10 years	Over 10 years	Total
Liabilities											
Borrowings from banks	108.96	100.49	258.94	741.54	2,031.30	6,159.13	4,951.12	4,248.87	2,827.55	886.93	**22,314.83**
Market borrowings	0.05	0.05	0.05	500.16	0.33	2,001.47	1,400.67	1,000.00	-	-	**4,902.78**
Foreign currency Liability	-	-	-	-	-	-	-	-	-	-	**-**
Assets											
Advance	470.49	469.14	463.92	1,412.16	2,686.31	9,083.13	6,841.40	4,994.03	4,753.18	3,541.40	**34,715.16**
Investments	0.21	0.21	0.21	0.65	1.37	39.34	7.57	9.01	13.01	65.38	**136.96**
Fixed Deposit**	2,950.00	0.01	500.00	-	-	-	-	-	-	-	**3,450.01**
Foreign currency Assets	-	-	-	-	-	-	-	-	-	-	**-**

Maturity pattern of certain items of assets and liabilities as on March 31, 2018*

Particulars	1 Day to 31 Days / One month	Over 1 month to 2 month	Over 2 month to 3 month	Over 3 month to 6 month	Over 6 month to 1 year	Over 1 year to 3 years	Over 3 year to 5 years	Over 5 year to 7 years	Over 7 year to 10 years	Over 10 years	Total
Liabilities											
Borrowings from banks	125.31	140.10	236.40	594.73	1,856.47	6,014.28	4,706.16	3,765.49	2,843.21	600.67	**20,882.82**
Market borrowings	-	-	120.00	20.00	540.00	2,095.00	1,300.00	1,000.00	-	-	**5,075.00**
Foreign currency Liability	-	-	-	-	-	-	-	-	-	-	**-**
Assets											
Advance	413.59	414.52	410.35	1,206.50	2,307.01	7,944.29	6,161.20	4,636.53	4,575.75	3,653.90	**31,723.64**
Investments	0.21	0.21	0.21	0.66	1.37	39.43	7.79	9.23	13.84	67.62	**140.57**
Fixed Deposit**	410.00	250.00	1,490.00	1,950.01	-	-	-	-	-	-	**4,100.01**
Foreign currency Assets	-	-	-	-	-	-	-	-	-	-	**-**

Maturity pattern of certain items of assets and liabilities as on March 31, 2017*

Particulars	1 Day to 31 Days / One month	Over 1 month to 2 month	Over 2 month to 3 month	Over 3 month to 6 month	Over 6 month to 1 year	Over 1 year to 3 years	Over 3 year to 5 years	Over 5 year to 7 years	Over 7 year to 10 years	Over 10 years	Total
Liabilities											
Borrowings from banks	128.88	110.55	149.37	451.17	1,917.06	4,319.55	2,660.43	1,880.18	2,215.43	496.26	**14,328.88**
Market borrowings	-	-	20.00	20.00	40.00	1,995.00	1,530.00	-	-	-	**3,605.00**
Foreign currency Liability	-	-	-	-	-	-	-	-	-	-	**-**
Assets											
Advance	249.86	260.88	258.57	761.83	1,464.42	5,138.26	4,128.21	3,207.07	3,234.42	2,624.63	**21,328.15**
Investments	0.02	0.02	0.02	0.06	0.13	0.62	0.76	0.95	1.60	3.62	**7.80**
Fixed Deposit**	2,050.00	-	-	-	-	-	-	-	-	-	**2,050.00**
Foreign currency Assets	-	-	-	-	-	-	-	-	-	-	**-**

Maturity pattern of certain items of assets and liabilities as on March 31, 2016*

Particulars	1 Day to 31 Days / One month	Over 1 month to 2 month	Over 2 month to 3 month	Over 3 month to 6 month	Over 6 month to 1 year	Over 1 year to 3 years	Over 3 year to 5 years	Over 5 year to 7 years	Over 7 year to 10 years	Over 10 years	Total
Liabilities											
Borrowings from banks	82.31	58.40	100.77	306.17	1,870.89	3,021.68	2,679.65	1,235.04	1,533.51	382.62	**11,271.04**
Market borrowings	0.43	0.43	20.44	21.35	42.83	2,766.21	344.95	-	-	-	**3,196.64**
Foreign currency Liability	-	-	-	-	-	-	-	-	-	-	**-**
Assets											
Advance	171.22	172.84	171.37	505.91	975.74	3,453.03	2,812.23	2,215.36	2,228.05	1,839.26	**14,545.01**
Investments	-	-	-	-	-	-	-	-	-	-	**-**
Fixed Deposit**	700.00	-	-	-	-	-	-	-	-	-	**700.00**
Foreign currency Assets	-	-	-	-	-	-	-	-	-	-	**-**

Maturity pattern of certain items of assets and liabilities as on March 31, 2015*

Particulars	1 Day to 31 Days / One month	Over 1 month to 2 month	Over 2 month to 3 month	Over 3 month to 6 month	Over 6 month to 1 year	Over 1 year to 3 years	Over 3 year to 5 years	Over 5 year to 7 years	Over 7 year to 10 years	Over 10 years	Total
Liabilities											
Borrowings from banks	105.65	49.81	80.99	212.29	1,091.65	1,787.80	1,259.71	511.87	102.69	-	**5,202.46**
Market borrowings	0.38	0.38	5.39	244.65	12.48	1,301.16	275.52	-	-	-	**1,839.96**
Foreign currency Liability	-	-	-	-	-	-	-	-	-	-	**-**
Assets											
Advance	30.62	32.81	33.19	102.31	217.74	1,051.99	1,301.47	1,482.97	2,085.34	1,944.23	**8,282.67**
Investments	-	-	-	-	-	-	-	-	-	-	**-**
Fixed Deposit**	100.00	-	-	5.00	-	-	-	-	-	-	**105.00**
Foreign currency Assets	-	-	-	-	-	-	-	-	-	-	**-**

Maturity pattern of certain items of assets and liabilities as on March 31, 2014*

(Rs. in Millions)

Particulars	1 Day to 31 Days / One month	Over 1 month to 2 month	Over 2 month to 3 month	Over 3 month to 6 month	Over 6 month to 1 year	Over 1 year to 3 years	Over 3 year to 5 years	Over 5 year to 7 years	Over 7 year to 10 years	Over 10 years	Total
Liabilities											
Borrowings from banks	28.50	28.50	59.67	136.50	562.13	1,059.22	850.72	575.00	51.42	19.88	**3,371.54**
Market borrowings	87.54	0.31	0.32	0.98	66.55	9.86	6.89	-	-	-	**172.45**
Foreign currency Liability	-	-	-	-	-	-	-	-	-	-	**-**
Assets											
Advance	21.81	17.88	18.16	56.12	120.01	596.57	757.40	839.92	1,230.91	403.46	**4,062.24**
Investments	-	-	-	-	-	-	-	-	-	-	**-**
Fixed Deposit**	-	-	-	-	-	-	-	-	-	-	**-**
Foreign currency Assets	-	-	-	-	-	-	-	-	-	-	**-**

* Classification of assets and liabilities under different maturity buckets is based on the same estimates and assumptions as used by the Company for compiling the return submitted to NHB.

** Fixed desposits included in cash and bank balance other than those pledged towards first loss guarantee have been disclosed in the above table as these are considered as investment of surplus funds held by the Company for the purpose of this disclosure.

29.10 The Company’s pending litigations comprise of claims against the Company primarily by the customers. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a material adverse effect on its financial statements of the Company as at June 30, 2018.

29.11 Previous years figures have been regrouped / reclassified, where necessary, to conform to current period‟s classification.

AAVAS FINANCIERS LIMITED
(Formerly known as "Au HOUSING FINANCE LIMITED")

ANNEXURE 30 : Restated Standalone Statement of Tax shelter

(Rs. in Millions)

Particulars		Period ended June 30, 2018	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2014
Profit before current and deferred taxes as restated	**(A)**	444.72	1,417.53	875.59	499.52	289.55	93.87
Tax Rate	**(B)**	34.94%	34.61%	34.61%	34.61%	33.99%	32.45%
Tax thereon	**(C)**	155.40	490.58	303.02	172.87	98.42	30.46
Adjustments							
Permanent Difference							
Income Exempt in Income tax Act		-	-	(0.04)	(4.03)	(0.12)	(0.01)
Expenses Disallowed in Income tax Act		0.78	8.33	4.24	0.91	0.17	0.13
Other permanent difference		-	(15.73)	(0.73)	(0.23)	-	-
Subtotal	**(D)**	**0.78**	**(7.40)**	**3.47**	**(3.35)**	**0.05**	**0.12**
Temporary Differences							
Difference in depreciation as per tax and books of account		5.25	8.10	(2.14)	1.00	0.78	(2.51)
Expenses disallowed u/s 43B of Income tax Act		0.86	3.40	1.58	1.80	-	1.13
Expenses disallowed in previous year which are allowed in current period/year		-	-	-	-	(0.34)	-
Provision for Gratuity		0.98	7.53	4.35	2.96	1.86	1.14
Provision for special reserve u/s 29C of NHB Act		(64.24)	(201.68)	(128.60)	(77.48)	(48.02)	(19.55)
Other timing differnences		5.01	21.64	12.65	35.82	23.38	9.85
Subtotal	**(E)**	**(52.14)**	**(161.01)**	**(112.16)**	**(35.90)**	**(22.34)**	**(9.94)**
Net Adjustment (D+E)	**(F)**	(51.36)	(168.41)	(108.69)	(39.25)	(22.29)	(9.82)
Tax thereon (F*B)	**(G)**	(17.94)	(58.29)	(37.61)	(13.58)	(7.58)	(3.19)
Current Tax on restated profits (C+G)	**(H)**	**137.46**	**432.29**	**265.41**	**159.29**	**90.84**	**27.27**
Current tax expenses as per restated summary statements		**137.46**	**432.29**	**265.41**	**159.29**	**90.84**	**27.27**

Notes:
1. The aforesaid Statement of Tax Shelter has been prepared as per the restated standalone summary statement of profits and losses of the Company.
2. The above statement should be read with the annexure to restated standalone summary statements of assets and liabilities, profits and losses and cash flows appearing in Annexure 4.

3. Income tax rate includes applicable surcharge, education cess and higher education cess of the year concerned.

AAVAS FINANCIERS LIMITED
(Formerly known as "Au HOUSING FINANCE LIMITED")

ANNEXURE 31 : Restated Standalone Statement of Capitalisation

Position of Debt and Shareholder’s funds as at June 30, 2018 as below:

(Rs. in Millions)

Particulars	**Pre Issue**	**Post Issue**
Short Term Debt* **(A)**	372.07	[*]
Long Term Debt **(B)**	23,475.74	[*]
Add: Current maturities of long term borrowings (including non convertible debentures) **(C)**	3,369.80	[*]
Total Debt **(D= A+B+C)**	27,217.61	[*]
Shareholder's Funds		
Share Capital **(E)**	707.51	[*]
Reserves & Surplus (includes money received against share warrants) **(F)**	11,069.40	[*]
Total Shareholder's Funds **(G=E+F)**	11,776.91	[*]
Long Term Debt / Shareholder's Funds (H=(B+C)/G)**	2.28	[*]
Total Debt / Shareholder's Funds (I=D/G)	2.31	[*]

* 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.

2. Pursuant to the resolution dated August 21, 2018 passed by Nomination and Remuneration committee of Board of directors of the Company, the Company has allotted 449,428 and 299,626 equity shares at Rs. 215.25 per share (Face value of Rs. 10 per share and secutiry premium of Rs. 205.25 per share) to its directors and employees respectively on exercising of options under Equity stock option plan for Directors 2016 (ESOP 2016 III) and Equity stock option plan for Employees 2016 (ESOP 2016 I), as the case may be.

3. Pursuant to the resolution dated August 27, 2018 passed by Nomination and Remuneration committee of Board of directors of the Company, the Company has allotted 2,223,059 equity shares at Rs. 215.25 per share (Face value of Rs. 10 per share and secutiry premium of Rs. 205.25 per share) to its management team on exercising of options under Equity stock option plan for Management team 2016 (ESOP 2016 II).

AAVAS FINANCIERS LIMITED
(Formerly known as "Au HOUSING FINANCE LIMITED")

ANNEXURE 32 : Restated Standalone Statement of Accounting Ratios

Particulars		Period ended June 30, 2018	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2014
Basic and Diluted Earnings Per Share (Rs.)	A						
Basic Earnings Per Share (Basic EPS)*							
Profit/ (loss) after tax (Rs. in Millions) (A)		289.96	929.33	571.37	327.80	190.81	63.37
Weighted average number of Equity Shares outstanding considered for calculating Basic EPS (B)		69,571,684	58,566,094	51,454,223	39,770,165	34,457,040	31,075,098
Earning Per Share - basic (A/B)		4.17	15.87	11.10	8.24	5.54	2.04
Nominal value per share		10.00	10.00	10.00	10.00	10.00	10.00
Diluted Earnings Per Share (Diluted EPS)*							
Profit/ (loss) after tax (Rs. in Millions) (A)		289.96	929.33	571.37	327.80	190.81	63.37
Weighted average number of Equity Shares outstanding considered for calculating Diluted EPS (B)		71,631,067	61,095,786	51,454,223	39,770,165	34,457,040	31,075,098
Earning Per Share - Diluted (A/B)		4.05	15.21	11.10	8.24	5.54	2.04
Nominal value per share		10.00	10.00	10.00	10.00	10.00	10.00
Net Asset Value per equity share (Rs.)	B	**As at June 30, 2018**	**As at March 31, 2018**	**As at March 31, 2017**	**As at March 31, 2016**	**As at March 31, 2015**	**As at March 31, 2014**
Net Worth, as restated (Rs. in Millions) (A)		11,776.91	10,984.71	5,663.26	2,038.18	1,014.41	554.13
Number of equity shares outstanding at the end of the period/year (B)		70,750,891	69,950,891	58,739,657	43,736,047	37,507,031	34,088,668
Net Asset Value per equity share C=(A)/(B)		166.46	157.03	96.41	46.60	27.05	16.26
Return on Net worth	C	**As at June 30, 2018**	**As at March 31, 2018**	**As at March 31, 2017**	**As at March 31, 2016**	**As at March 31, 2015**	**As at March 31, 2014**
Net Profit after tax, as restated (Rs. in Millions) (A)		289.96	929.33	571.37	327.80	190.81	63.37
Net Worth, as restated (Rs. in Millions) (B)		11,776.91	10,984.71	5,663.26	2,038.18	1,014.41	554.13
Return on Net Worth % C=(A)/(B)		9.85%	8.46%	10.09%	16.08%	18.81%	11.44%

*Basic EPS and Diluted EPS for the period ended June 30, 2018 are not annualised.

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 annexures to restated standalone summary statements of assets and liabilities, profits and losses and cash flows appearing in Annexure 4 to 33.

3. The ratios have been computed as per the following formulae:

(i) Earnings per share:

$$\frac{\text{Net profit available to equity shareholders for the period/year}}{\text{Weighted average number of equity shares outstanding during the period/year}}$$

(ii) Net asset value per equity share:

$$\frac{\text{Net worth excluding revaluation reserve as at the end of the period/year}}{\text{Number of equity shares outstanding at the end of the period/year}}$$

(iii) Return on net worth (%):

$$\frac{\text{Net profit after tax for the period/year}}{\text{Net worth excluding revaluation reserve at the end of the period/year}}$$

4. Weighted average number of equity shares is the number of equity shares outstanding at the beginning of the period/year adjusted by the number of equity shares issued during period/year multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the period/year

5. Net worth for ratios mentioned in above note represents the aggregate of the paid up share capital, reserves and surplus (excluding revaluation reserve) and money received against share warrants 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 and Companies (Accounting Standards) Amendment Rules, 2016.

7. The number of equity shares and resultant EPS and DPS in respect of financial year ended March 31, 2016, March 31, 2015 and March 31, 2014 considered above is adjusted for the issue of bonus shares in the financial year ended March 31, 2017 in the ratio of 7.17:1.

AAVAS FINANCIERS LIMITED
(Formerly known as "Au HOUSING FINANCE LIMITED")

ANNEXURE 33 : Standalone Statement of Dividend

Particulars	For the period/year ended					
	June 30, 2018	**March 31, 2018**	**March 31, 2017**	**March 31, 2016**	**March 31, 2015**	**March 31, 2014**
Equity shares - Face value – (Rs.)	10.00	10.00	10.00	10.00	10.00	10.00
% of Dividend	NIL	NIL	NIL	NIL	NIL	NIL
Final dividend	NIL	NIL	NIL	NIL	NIL	NIL

Auditors' Report on the restated consolidated summary statement of assets and liabilities as at June 30, 2018, March 31, 2018 and restated consolidated summary statements of profit and loss and cash flows for the three months period ended June 30, 2018 and for the year ended March 31, 2018 of Aavas Financiers Limited (collectively, the "Restated Consolidated Summary Statements")

The Board of Directors
Aavas Financiers Limited
201-202, 2nd Floor, Southend Square,
Mansarovar Industrial Area, Jaipur 302 020, India

Dear Sirs / Madams,

1. We have examined the attached Restated Consolidated Summary Statements of Aavas Financiers Limited (formerly known as ("Au Housing Finance Limited") (the "Company") and its subsidiary Aavas Finserv Limited (the Company and its subsidiary collectively known as the "Group") as at June 30, 2018, March 31, 2018 and for the three months period ended June 30, 2018 and for the year ended March 31, 2018, annexed to this report and prepared by the Company for the purpose of inclusion in Red Herring Prospectus and the Prospectus (together "Offer Documents") in connection with its proposed initial public offer of equity shares of face value of Rs.10 each ("IPO"). The Restated Consolidated 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-section (1) of Section 26 of Chapter III of the Companies Act, 2013, as amended (the "Act"); and

    b) relevant provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the "ICDR Regulations") issued by the Securities and Exchange Board of India ("SEBI") on August 26, 2009, as amended from time to time in pursuance of the Securities and Exchange Board of India Act, 1992, as amended.

Management's Responsibility for the Restated Consolidated Summary Statements

2. The preparation of Restated Consolidated Summary Statements, which are to be included in the Offer Documents, is the responsibility of the Management of the Company for the purpose set out in paragraph 13 below. The Management's responsibility includes designing, implementing and maintaining adequate internal controls relevant to the preparation and presentation of the Restated Consolidated Summary Statements. The Management is also responsible for identifying and ensuring that the Company complies with the Act, and the ICDR Regulations.

Auditors' Responsibilities

3. We have examined such Restated Consolidated Summary Statements taking into consideration:

    a) the terms of reference and our engagement agreed with you vide our engagement letter dated July 05, 2018, requesting us to carry out work on such Restated Consolidated Summary Statements, proposed to be included in the Offer Documents of the Company in connection with the Company's proposed IPO;

    b) the Guidance Note on Reports in Company Prospectuses (Revised 2016) issued by the Institute of Chartered Accountants of India (the "Guidance Note"); and

    c) the requirements of Section 26 of the Act and the ICDR Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, and the ICDR Regulations in connection with the IPO.

4. The Company proposes to make an IPO which comprises a fresh issue of equity shares of Rs.10 each by the Company and an offer for sale by certain shareholders of the existing equity shares of Rs.10 each, at such premium, arrived at by a book building process.

Restated Consolidated Summary Statements as per Audited Consolidated Financial Statements

5. The Restated Consolidated Summary Statements have been compiled by the management from the audited special purpose interim consolidated Indian GAAP financial statements of the Group as at and for the three month period ended June 30, 2018 and the audited consolidated financial statements of the Group as at and for the year ended March 31, 2018, which have been approved by the Board of Directors at their meeting held on July 26, 2018 and April 27, 2018, respectively (collectively the "Audited Consolidated Financial Statements").

6. For the purpose of our examination, we have relied on the Auditors' Report issued by us dated July 26, 2018 on the special purpose interim consolidated Indian GAAP financial statements as at and for the three month period ended June 30, 2018 and Auditors' Report issued by us dated April 27, 2018 on the consolidated financial statements of the Group as at and for the year ended March 31, 2018.

7. Based on our examination, in accordance with the requirements of Section 26 of Part I of Chapter III of the Act, the ICDR Regulations and the Guidance Note, we report that:

   a) No adjustments and regroupings/ reclassifications have been considered necessary in the audited consolidated financial statements to prepare the Restated Consolidated Summary Statement of assets and liabilities of the Group as at June 30, 2018 and March 31, 2018, examined by us and as set out in Annexure 1 to this report, as described in Annexure 4 to this report.

   b) No adjustments and regroupings/ reclassifications were considered necessary in the audited consolidated financial statements to prepare the Restated Consolidated Summary Statement of profit and loss of the Group for the three months period ended June 30, 2018 and for the year ended March 31, 2018, examined by us and as set out in Annexure 2 to this report, as described in Annexure 4 to this report.

   c) No adjustments and regroupings/ reclassifications were considered necessary in the audited consolidated financial statements to prepare the Restated Consolidated Summary Statement of cash flows of the Group for the three months period ended June 30, 2018 and for the year ended March 31, 2018, examined by us and as set out in Annexure 3 to this report, as described in Annexure 4 to this report.

   d) Based on the above and according to the information and explanations given to us, we further report that:

      i) no adjustments are required to be made in the audited consolidated financial statements to prepare the Restated Consolidated Summary Statements as there is no change in accounting policies;

      ii) no adjustments are required to be made in the audited consolidated financial statements to prepare the Restated Consolidated Summary Statements ;

      iii) Restated Consolidated Summary Statements do not contain any extra-ordinary items that need to be disclosed separately in the Restated Consolidated Summary Statements;

      iv) There are no qualifications in the audited special purpose interim consolidated Indian GAAP financial statements of the Group as at and for the three month period ended June 30, 2018, and in the auditors' reports on the audited consolidated financial statements of the Group as at March 31, 2018 and for the year ended March 31, 2018, which require any adjustments to the Restated Consolidated Summary Statements.

8. We have not audited any financial statements of the Group as of any date or for any period subsequent to June 30, 2018. Accordingly, we express no opinion on the financial position, results of operations or cash flows of the Group as of any date or for any period subsequent to June 30, 2018.

Other Financial Information

9. At the Company's request, we have also examined the following restated consolidated financial information proposed to be included in the Offer Documents, prepared by the Management and approved by the Board of Directors of the Company on August 30, 2018 and annexed to this report relating to the Group, as at and for the three month period ended June 30, 2018 and for the year ended March 31, 2018:

    i. Restated Consolidated Statement of Share Capital, enclosed as Annexure 6;
    ii. Restated Consolidated Statement of Reserves and Surplus, enclosed as Annexure 7;
    iii. Restated Consolidated Statement of Money received against Share Warrants, enclosed as Annexure 8;
    iv. Restated Consolidated Statement of Long-term Borrowings, enclosed as Annexure 9;
    v. Restated Consolidated Statement of Deferred Tax Liabilities (net), enclosed as Annexure 10;
    vi. Restated Consolidated Statement of Other Long Term Liabilities, enclosed in Annexure 11;
    vii. Restated Consolidated Statement of Long-term Provisions, enclosed as Annexure 12;
    viii. Restated Consolidated Statement of Short-term borrowings, enclosed as Annexure 13;
    ix. Restated Consolidated Statement of Other Current Liabilities, enclosed as Annexure 14;
    x. Restated Consolidated Statement of Short-Term Provisions, enclosed as Annexure 15;
    xi. Restated Consolidated Statement of Property, Plant and Equipment, enclosed as Annexure 16(A);
    xii. Restated Consolidated Statement of Intangible Assets, enclosed as Annexure 16(B);
    xiii. Restated Consolidated Statement of Intangible Assets under development, enclosed as Annexure 16(C);
    xiv. Restated Consolidated Statement of Investments, enclosed as Annexure 17;
    xv. Restated Consolidated Statement of Loans and advances-Receivables under financing activity, enclosed as Annexure 18.1;
    xvi. Restated Consolidated Statement of Other loans and advances, enclosed as Annexure 18.2;
    xvii. Restated Consolidated Statement of Cash and Bank Balances, enclosed as Annexure 19;
    xviii. Restated Consolidated Statement of Other Current Assets, enclosed as Annexure 20;
    xix. Restated Consolidated Statement of Revenue from operations, enclosed as Annexure 21;
    xx. Restated Consolidated Statement of Other Income, enclosed as Annexure 22;
    xxi. Restated Consolidated Statement of Employee Benefit Expenses, enclosed as Annexure 23;
    xxii. Restated Consolidated Statement of Finance Cost, enclosed as Annexure 24;
    xxiii. Restated Consolidated Statement of Other Expenses, enclosed as Annexure 25;
    xxiv. Restated Consolidated Statement of Provisions and Write off, enclosed as Annexure 26;
    xxv. Restated Consolidated Statement of Tax Expenses, enclosed as Annexure 27;
    xxvi. Restated Consolidated Statement of Earning per share, enclosed as Annexure 28;
    xxvii. Restated Consolidated Statement of Additional Information, enclosed as Annexure 29;
    xxviii. Restated Consolidated Statement of Capitalisation, enclosed as Annexure 30;
    xxix. Restated Consolidated Statement of Accounting Ratios, enclosed as Annexure 31;and
    xxx. Consolidated Statement of Dividend, enclosed as Annexure 32.

10. According to the information and explanations given to us, in our opinion, the Restated Consolidated Summary Statements and the above Restated Consolidated Statements contained in Annexures 6 to 32 accompanying this report, read with Summary of Significant Accounting Policies disclosed in Annexure 5, and have been prepared in accordance with Section 26 of Part I of Chapter III of the Act, the ICDR Regulations and the Guidance Note.

11. This report should not in any way be construed as a reissuance or redating of any of the previous audit reports issued by us, nor should this report be construed as a new opinion on any of the financial statements referred to herein.

12. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

13. Our report is intended solely for use of the management for inclusion in the Offer Documents to be filed with SEBI, BSE Limited, the National Stock Exchange of India Limited and the Registrar of Companies in connection with the proposed IPO and is not to be used, referred to or distributed for any other purpose except with our prior consent in writing.

For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

per Sarvesh Warty
Partner
Membership No. 121411

Mumbai
August 30, 2018

AAVAS FINANCIERS LIMITED
(Formerly known as "Au HOUSING FINANCE LIMITED")
ANNEXURE 1: RESTATED CONSOLIDATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES

(Rs. in Millions)

	Annexure	As at June 30, 2018	As at March 31, 2018
I. Equity and liabilities			
1. Shareholders' funds			
a) Share capital	**6**	707.51	691.73
b) Reserves & surplus	**7**	11,068.93	10,290.00
c) Money received against share warrants	**8**	-	2.40
		11,776.44	**10,984.13**
2. Non-current liabilities			
a) Long term borrowings	**9**	23,475.74	22,324.81
b) Deferred tax liabilities (net)	**10**	134.89	117.59
c) Other long term liabilities	**11**	2.77	2.56
d) Long term provisions	**12**	169.00	148.08
		23,782.40	**22,593.04**
3. Current liabilities			
a) Short term borrowings	**13**	372.07	325.13
b) Other current liabilities	**14**	4,120.63	4,260.15
c) Short term provisions	**15**	49.59	11.56
		4,542.29	**4,596.84**
TOTAL		**40,101.13**	**38,174.01**
II. Assets			
1. Non-current assets			
a) Fixed assets			
i) Property, plant and equipment	**16(A)**	165.39	154.54
ii) Intangible assets	**16(B)**	30.56	29.71
iii) Intangible assets under development	**16(C)**	0.59	0.33
b) Non current Investment	**17**	89.31	92.91
c) Loans and advances			
i) Receivables under financing activities	**18.1**	33,528.10	30,679.60
ii) Others	**18.2**	16.69	14.98
		33,830.64	**30,972.07**
2. Current assets			
a) Current Investment	**17**	2.65	2.66
b) Cash & bank balances	**19**	4,458.65	5,694.61
c) Loans and advances			
i) Receivables under financing activities	**18.1**	1,187.06	1,044.04
ii) Others	**18.2**	83.01	29.49
d) Other current assets	**20**	539.12	431.14
		6,270.49	**7,201.94**
TOTAL		**40,101.13**	**38,174.01**
Summary of significant accounting policies	**5**		

The accompanying annexures are an integral part of the statement

As per our report of even date

For S.R. Batliboi & Associates LLP
ICAI Firm Registration No. 101049W/E300004
Chartered Accountants

per Sarvesh Warty
Partner
Membership No. 121411

Place: Mumbai
Date: August 30, 2018

For and on behalf of the Board of Directors of
AAVAS FINANCIERS LIMITED
(Formerly known as "Au Housing Finance Limited")

Nishant Sharma
(Nominee Director)

Sushil Kumar Agarwal
(Whole Time Director & CEO)

Ghanshyam Rawat
(Chief Financial Officer)

Sharad Pathak
(Company Secretary)

AAVAS FINANCIERS LIMITED
(Formerly known as "Au HOUSING FINANCE LIMITED")
ANNEXURE 2: RESTATED CONSOLIDATED SUMMARY STATEMENT OF PROFIT AND LOSS

(Rs. in Millions)

	Annexure	Period ended June 30, 2018	Year ended March 31, 2018
Revenue			
Revenue from operations	21	1,438.70	4,563.65
Other income	22	0.17	9.06
Total Revenue (I)		**1,438.87**	**4,572.71**
Expenses			
Employee benefit expenses	23	259.29	733.59
Finance cost	24	559.04	1,890.53
Depreciation and amortization expenses	16(A)/(B)	16.83	56.27
Other expenses	25	134.83	456.32
Provisions and write offs	26	24.03	19.05
Total expenses (II)		**994.02**	**3,155.76**
Profit before tax (III)= (I)-(II)		**444.85**	**1,416.95**
Tax expenses:			
Current tax	27	137.49	432.29
Deferred tax	27	17.30	55.91
Total tax expenses (IV)		**154.79**	**488.20**
Profit after tax (III)-(IV)		**290.06**	**928.75**
Earnings per equity share*	28		
Basic (Rs.)		4.17	15.86
Diluted (Rs.)		4.05	15.20
Nominal value per share (Rs.)		10.00	10.00
Summary of significant accounting policies	5		

*Basic EPS and Diluted EPS for the period ended June 30, 2018 are not annualised.

The accompanying annexures 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

For and on behalf of the Board of Directors of
AAVAS FINANCIERS LIMITED
(Formerly known as "Au Housing Finance Limited")

per Sarvesh Warty
Partner
Membership No. 121411

Nishant Sharma
(Nominee Director)

Sushil Kumar Agarwal
(Whole Time Director & CEO)

Place: Mumbai
Date: August 30, 2018

Ghanshyam Rawat
(Chief Financial Officer)

Sharad Pathak
(Company Secretary)

AAVAS FINANCIERS LIMITED

(Formerly known as "Au HOUSING FINANCE LIMITED")

ANNEXURE 3 : RESTATED CONSOLIDATED SUMMARY STATEMENT OF CASH FLOW

(Rs. in Millions)

			Period ended June 30, 2018	Year ended March 31, 2018
A	**Cash flow from operating activities:**			
	Net profit before tax as per statement of profit and loss		**444.85**	**1,416.95**
	Adjustments for			
	Depreciation and amortisation		16.83	56.27
	Expenses incurred on increase in authorised capital and issue of shares		-	1.90
	Provision for standard and NPA assets		19.30	1.24
	Provision for employee benefits		1.84	10.93
	Operating profit before working capital changes		**482.82**	**1,487.29**
	Changes in working capital			
	(Increase) in Non-current loans and advances		(2,850.21)	(10,091.19)
	(Increase) in Current loans and advances		(196.54)	(329.95)
	(Increase) in Other current assets		(107.98)	(139.97)
	Increase in Other long term liabilities		0.21	1.38
	Increase in Other current liabilities		(201.43)	249.60
	Direct taxes paid		(99.52)	(418.49)
	Net cash flow used in operating activities (A)		**(2,972.65)**	**(9,241.33)**
B	**Cash flow from investing activities:**			
	Inflow (outflow) on account of :			
	Investment in Pass through certificate (PTC)		3.60	(54.74)
	Investment in Security Receipts		-	(33.03)
	Investment in fixed deposits		(1,000.00)	(1,993.08)
	Purchase of Property, plant and equipment (including capital work-in-progress/ intangible assets)		(28.79)	(137.82)
	Sale of Property, plant and equipment		-	0.02
	Net cash flow used in investing activities (B)		**(1,025.19)**	**(2,218.65)**
C	**Cash flow from financing activities:**			
	Issue of equity shares (including share premium)		511.59	4,411.73
	Share / debenture issue expenses		(9.50)	(31.83)
	Proceeds from long term and short term borrowings		2,638.46	12,767.35
	Repayment of long term and short term borrowings		(1,378.67)	(4,743.41)
	Net Cash flow from financing activities (C)		**1,761.88**	**12,403.84**
	Net increase in cash and cash equivalents (A+B+C)		**(2,235.96)**	**943.86**
	Cash and cash equivalents as at the beginning of the year		3,629.87	2,686.01
	Cash and cash equivalents at the end of the year		**1,393.91**	**3,629.87**
	Components of cash and cash equivalents			
	Cash on hand		25.66	19.07
	Balance with franking machine*		0.10	0.10
	Balance with banks			
	In current accounts		260.62	1,390.70
	In cash credit		607.54	50.00
	In deposit account		500.00	2,170.00
	Total cash and cash equivalents (annexure 19)		**1,393.91**	**3,629.87**
	Summary of significant accounting policies	**5**		

* The Group can utilize the balance towards stamping of loan agreements executed with their borrowers and also for the agreements executed by the Group for its own borrowings.

Note:-

1. Cash flow statement has been prepared under indirect method as set out in the Accounting Standard (AS) 3 "Cash Flow Statements".

As per our report of even date

For S.R. Batliboi & Associates LLP
ICAI Firm Registration No. 101049W/E300004
Chartered Accountants

For and on behalf of the Board of Directors of
AAVAS FINANCIERS LIMITED
(Formerly known as "Au Housing Finance Limited")

per Sarvesh Warty
Partner
Membership No. 121411

Nishant Sharma
(Nominee Director)

Sushil Kumar Agarwal
(Whole Time Director & CEO)

Place: Mumbai
Date: August 30, 2018

Ghanshyam Rawat
(Chief Financial Officer)

Sharad Pathak
(Company Secretary)

ANNEXURE 4 : Restated Consolidated Statement of material adjustments and regroupings

4.1 Material adjustment

There are no material adjustments in the consolidated statement of Profit and Loss Account for the period ended June 30, 2018 and year ended March 31, 2018.

4.2 Non adjusting items

There is no such items which required to disclose here.

4.3 Appropriate adjustments have been made in the Restated Consolidated 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 consolidated financial statements of the Company as at and for the period ended June 30, 2018, prepared in accordance with Schedule III of the Companies Act 2013.

AAVAS FINANCIERS LIMITED
(Formerly known as "Au HOUSING FINANCE LIMITED")

ANNEXURE 5 : Significant Accounting Policies

5.1 Corporate information

AAVAS FINANCIERS LIMITED (formerly known as "Au HOUSING FINANCE LIMITED")("the Company") is a public limited Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company is registered with National Housing Bank (NHB) vide Registration No. 04.0151.17 and is engaged in the long term financing activity in the domestic markets to provide housing finance.

AAVAS FINSERV LIMITED ("the subsidiary") is a public limited Company domiciled in India and incorporated under the provisions of the Companies Act, 2013. The company has been incorporated during the year on November 30, 2017 to carry on the business of financing by way of lending/hire-purchase and to provide on lease, sub-lease or on hire, including but not limited to, all type of vehicles, automobiles, industrial plant and machinery, office equipment, movable and immovable assets, building, real estate, household and domestic appliances and equipment, furniture, fixtures, finishing items and all type of machinery, etc. The company has neither obtained Certificate of Registration from Reserve Bank of India nor has commenced any business activity during the period ending June 30, 2018.

5.2 Basis of preparation

The restated consolidated financial statements relates to Aavas financiers limited ("the Company") and its subsidiary company i.e. Aavas finserv limited (hereinafter collectively referred to as the 'Group').
The restated consolidated summary statement of assets and liabilities of the Group as at June 30, 2018 and March 31, 2018 and the related restated consolidated summary statement of profits and losses and related restated consolidated summary statement of cash flows for the period/year ended June 30, 2018 and March 31, 2018 (collectively referred to as "Restated Consolidated Summary Statements") have been compiled by the management from the audited consolidated financial statements of the Company as at and for the period/year ended June 30, 2018 and March 31, 2018 respectively which were originally approved by the Board of Directors of the Company at that relevant time.

The consolidated financial statements as at and for the period/year ended June 30, 2018 and March 31, 2018 which form the basis of preparation of these Restated Consolidated 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 section 133 of the Companies Act, 2013, as amended (the "Act") read with rule 7 of the Companies (Accounts) Rules, 2014, Companies (Accounting Standards) Amendment Rules, 2016, the provisions of the NHB as applicable to a housing finance company and other accounting principles generally accepted in India (Indian GAAP). The Consolidated financial statements were prepared using the presentation and disclosure requirements of the Schedule III of Companies Act 2013.

These Restated Consolidated Summary Statements have been prepared specifically for the inclusion in the Offer Documents to be filed by the Group with the Securities and Exchange Board of India ('SEBI') and Registrar of Companies, Rajasthan at Jaipur ('RoC') in connection with its proposed initial public offering. These Restated Consolidated Summary Statements have been prepared by the Group 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, as amended, 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. The accounting policies have been consistently applied by the Group in preparation of the Restated Consolidated Summary Statements and are consistent with those adopted in the preparation of consolidated financial statement for the period ended June 30, 2018.

The comparative amounts for the Restated Consolidated Summary Statements as at and for the year ended March 31, 2017, March 31, 2016, March 31, 2015, and March 31, 2014 have not been presented, in accordance with the transitional provision under paragraph 30 of AS 21.

5.3 Principles of consolidation

The Restated financial statements of the subsidiary company used in the consolidation is drawn up to the same reporting date as of the Company i.e. period ended June 30, 2018 and is prepared based on the accounting policies consistent with those used by the Group except for the differences disclosed in the financial statement.

The financial statements of the Group have been prepared in accordance with the AS-21- ' Consolidated financial statements' notified under section 133 of the Companies Act 2013 ("the Act"), read together with paragraph 7 of the Companies (Accounts) Rule 2014; the Companies (Accounting Standards) Amendment Rules, 2016.

The restated consolidated summary statements have been prepared on the following basis :

a. The restated summary statements of the Group has been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. The intra-group balances and intragroup transactions have been fully eliminated except where losses are realised.
b. The excess of cost to the Company of its investment in the subsidiary company over its share of equity of the subsidiary company, at the dates on which the investment in the subsidiary company is made, is recognised as 'goodwill' being an asset in the consolidated financial statements. Alternatively, where the share of equity in the subsidiary company as on the date of investment is in excess of cost of investment of the Company, it is recognised as 'Capital Reserve' and shown under the head 'Reserves and Surplus' in the Restated Consolidated Summary Statements.

Information on Subsidiary

Following Subsidiary Company is considered in the consolidated financial statements

Name of the company	Country of Incorporation	Proportion of ownership interest	
		As at June 30, 2018	As at March 31, 2018
AAVAS FINSERV LIMITED	India	100%	100%

5.4 Summary of significant accounting policies

(a) Use of estimates

The preparation of Restated Consolidated Summary Statements in conformity with 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, 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.

ANNEXURE 5 : Significant Accounting Policies

(b) Cash and cash equivalent

Cash and cash equivalent comprise of cash in hand, demand deposits and time deposits with original maturity of less than three months held with bank, debit balance in cash credit account and stamping/franking balance.

(c) Revenue recognition

Revenue is recongnised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be measured reliably.

(i) Interest on loans:
Interest Income is recognised 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 is recognised only when realised and any such income recognised before the assets became non performing and remaining unrealised is reversed.

(ii) Income from assignment/securitization:
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 is recognised upfront. Income arising on direct assignment is recognised over the tenure of agreement on accrual basis.

(iii) Fees , other charges and other interest:
(a) Overdue interest in respect of loans is recognised on receipt basis.
(b) Administrative fees and processing fees is recognised in the year in which the loan is disbursed.
(c) Revenue from interest on bank deposits and investments are recognised on accrual basis.
(d) Income from cheque bouncing charges is recognised on receipt basis.

(iv) Commision on Insurance Policies:
Commision on insurance policies sold is recognised on accrual basis when the Company under its agency code sells the insurance policies .

(v) Income from investments:
Dividend income is accounted for when the right to receive the dividend is established by the date of balance sheet.

(d) Borrowing cost

Borrowing cost includes interest and 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.

(e) Translation of Foreign Currency

(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 Group'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.

(f) 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.

(g) Investment

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 of purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.
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.

ANNEXURE 5 : Significant Accounting Policies

(h) Property, plant and equipment/Intangible Fixed Assets, Depreciation/Amortisation and Impairment

Property, plant and equipment

Property, plant and equipment are stated at cost net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises of the purchase price and any attributable cost of bringing the assets to its working condition for its intended use. Depreciation on fixed assets is calculated on a written down value basis using the useful lives those prescribed under the Schedule II to the Act. The Group has used the following useful lives to provide depreciation on its fixed assets.

Fixed assets	Useful Life (WDV) (In
Freehold Land	NIL
Building	60
Furniture and fixtures	10
Office equipment	5
Motor Vehicles	8
Servers	6
Computers and printers	3

For the period prior to April 1, 2014, depreciation was provided on written down value method as per the rates and manner prescribed under Schedule XIV to the Companies Act, 1956.

All fixed assets individually costing Rs. 5,000/- or less are fully depreciated in the year of installation/purchase.
Depreciation on assets acquired/sold during the year is recognised on a pro-rata basis to the statement of profit and loss from/upto the date of acquisition/sale.
Gain or loss arising from sale of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the assets disposed, and are recognised in the statement of profit and loss In the period when the asset is sold.

Intangible assets

Intangible assets are amortized on a straight line basis over the estimated useful economic life. The Group uses a rebuttable presumption that the useful life of an intangible asset will not exceed four years 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 four years, the Group amortizes the intangible asset over the best estimate of its useful life.

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. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.
After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

(i) Provision and contingencies

A provision is recognized when the Group 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 Group or a present obligation that is not recognized because it is not probable that an outflowof resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

(j) Provision for Standard Assets and Non-Performing Assets (NPAs) / Write off

(i) Housing loans and other loans are classified as per the Housing Finance Companies (NHB) Directions, 2010 ("the NHB Directions"), into performing and non-performing assets. Further, non-performing assets are classified into sub-standard, doubtful and loss assets and provision made based on criteria stipulated by the NHB Directions. Additional provisions are made against all non-performing assets over and above the provisions stated in the NHB Directions, if in the opinion of the management higher provision is necessary.
Loans with principal and / or interest overdue have been classified as non performing assets, in accordance with the extant NHB Prudential Norms/Master Directions applicable to housing finance company, and have been provided for at the following rates:

	Provision percentage on outstanding amount	
	For the period/year ended	
Asset Category (overdue period in days)	**June 30, 2018**	**March 31, 2018**
Sub-standard assets (91-455)	21.00%	21.00%
Doubtful Assets Category-I (456-820)	37.50%	37.50%
Doubtful Assets Category-II (821-1550)	64.00%	64.00%
Doubtful Assets Category-III (Above 1550)	100.00%	100.00%
Loss Assets	100% (Write off)	100% (Write off)

(ii) The Company maintains standard provision to cover potential credit losses, which are inherent in any loan portfolio but not identified. Provision on standard assets is made in accordance with the extant NHB Prudential Norms/ Master Directions applicable to housing finance company.

(iii) The Company reviews the stressed cases periodically and if it considers that recovery in such assets is not probable, then it can classify such assets as "loss assets" and write off the same in Profit and loss account.

(k) Properties acquired under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act,2002

Upon a property being acquired under SARFAESI, the outstanding loan is settled and the acquired property is valued at reaslisable value or principal outstanding, whichver is less. Stock of such acquired properties is shown under other current assets.

(l) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre payment will lead to, for example, a reduction in future payment or a cash refund.
The Group provides gratuity benefits which is a defined benefit scheme. The cost of providing gratuity benefits is determined on the basis of actuarial valuation at each period/year-end. Separate actuarial valuation is carried out for each plan using the projected unit credit method. Actuarial gains and losses are recognized in full in the period in which they occur in the statement of profit and loss.
Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Group measures the expected cost of such absence as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Group treats accumulated leave expected to be carried forward beyond twelve months, as long term employee benefit for measurement purposes.
Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

(m) Provision for Taxation

Tax expense comprises of current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recongnised directly in equity is recongnised in equity and not in statement of profit and loss.
Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.
Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Group 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.
Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.
At each reporting date, the Group re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

(n) Capital Issue Expenses

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 (net of tax) to the securities premium account in accordance with section 52 of the Act to the extent of balance available in such premium account.

(o) Earning per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting year.
For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

(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 Group'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 Consolidated Statement of Share capital **(Rs. in Millions)**

	As at June 30, 2018	As at March 31, 2018
Authorized share Capital		
Equity Shares of Rs. 10/- each		
-Number of shares	85,000,000	85,000,000
-Amount in Rs. Millions	850.00	850.00
	850.00	**850.00**
Issued, Subscribed & Paid up Capital		
Issued and Subscribed Capital		
Equity Shares of Rs. 10/- each		
-Number of shares	70,750,891	69,950,891
-Amount in Rs. Millions	707.51	699.51
Total Issued and Subscribed Capital	**707.51**	**699.51**
Called-Up and Paid Up Capital		
Fully Paid-Up Capital		
Equity Shares of Rs. 10/- each		
-Number of shares	70,750,891	68,798,297
-Amount in Rs. Millions	707.51	687.98
Partly Called-Up and Paid-Up Capital		
Equity Shares of Rs. 10/- each, Rs. 4/- paid up		
-Number of shares	-	720,094
-Amount in Rs. Millions	-	2.88
Equity Shares of Rs. 10/- each, Rs. 2/- paid up		
-Number of shares	-	432,500
-Amount in Rs. Millions	-	0.87
Total	**707.51**	**691.73**

(i) The reconciliation of equity shares outstanding at the beginning and at the end of the reporting period.

Name of the shareholder	As at June 30, 2018		As at March 31, 2018	
	Number of Shares	Amount	Number of Shares	Amount
Equity Share at the beginning of the period/year	69,950,891	691.73	58,739,657	581.64
Add:				
Equity Share Allotted during ther period/year				
Shares issued during the period/year	-	-	264,662	2.65
Partly paid up Shares issued during the period/year	-	-	432,500	0.87
Right Shares issued during the period/year	-	-	9,291,521	92.91
Shares issued under ESOP	-	-	1,222,551	12.22
Shares issued persuant to conversion of convertible share warrants	800,000	8.00	-	-
Call money received on 7,20,094 (Rs. 6 per share for period ended June 30, 2018 and Rs. 2 per share for year ended March 31, 2018	-	4.32	-	1.44
Call money received on 4,32,500 (Rs. 8 per share for period ended June 30, 2018)	-	3.46	-	-
Equity share at the end of period/year	70,750,891	707.51	69,950,891	691.73

During the period ended June 30, 2018, the Company has converted 360,000 and 440,000 convertible warrants into the equity shares at a Issue Price of Rs. 328.00 and 430.50 per warrant respectively.

(ii) Shares held by holding Company

Name of the shareholder	As at June 30, 2018		As at March 31, 2018	
	No. of shares	% of holding	No. of shares	% of holding
Lake District Holdings Limited	-	-	35,261,756	50.41%
Total	**-**	**-**	**35,261,756**	**50.41%**

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.

(iii) Details of shareholders holding more than 5% shares in the Company

Name of the shareholder	As at June 30, 2018		As at March 31, 2018	
	No. of shares	% of holding	No. of shares	% of holding
Lake District Holdings Limited	35,261,756	49.84%	35,261,756	50.41%
Partners Group ESCL Limited	17,127,627	24.21%	17,127,627	24.49%
Partners Group Private Equity Master Fund LLC	7,516,440	10.62%	7,516,440	10.74%
AU Small Finance Bank Limited (Formerly Known as "Au Financiers (INDIA) Limited")	5,014,746	7.09%	5,014,746	7.17%
Total	**64,920,569**	**91.76%**	**64,920,569**	**92.81%**

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.

(iv) Rights, preferences and restrictions attached to shares

Equity shares:
The Company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend as and when proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(v) For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, refer annexure 29.3

ANNEXURE 7 : Restated Consolidated Statement of Reserves and surplus **(Rs. in Millions)**

Particulars	As at June 30, 2018	As at March 31, 2018
a. Special reserve u/s 29C of The National Housing Bank Act, 1987 read with section 36 (1) (viii) of Income Tax Act, 1961 (refer Annexure 7.1)		
Balance as per last financial statement	482.06	280.38
Add: Amount transferred from surplus balance in the statement of profit and loss	64.24	201.68
Total (a) Closing balance	**546.30**	**482.06**
b. Surplus / (deficit) in the statement of profit and loss		
Balance as per last financial statement	1,618.56	891.49
Add: Net profit after tax transferred from statement of profit and loss	290.08	928.75
	1,908.64	**1,820.24**
Less: Appropriation		
Transfer to special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	64.24	201.68
Total (b) Net surplus in the statement of profit and loss	**1,844.40**	**1,618.56**
c. Share Premium		
Balance as per last financial statement	8,189.38	3,909.76
Add: Received during the period/year	498.21	4,299.24
Less: Utilised for share issue expense	9.08	0.12
Less: Utilised during the period/year for NCD issue expenses (net of tax)	0.28	14.50
Less: Utilised during the period/year for premium on redemption of NCD (net of tax)	-	5.00
Total (c) Share Premium Reserve	**8,678.23**	**8,189.38**
Total reserve and surplus (a+b+c)	**11,068.93**	**10,290.00**

7.1 Section 29C (i) of The National Housing Bank Act, 1987 defines that every housing finance institution which is a Company shall create a reserve fund and transfer therein a sum not less than twenty percent of its net profit every year as disclosed in the statement of profit and loss before any dividend is declared. For this purpose any special reserve created by the Company under Section 36(1) (viii) of Income tax Act 1961, is considered to be an eligible transfer. The Company has transferred the amount in respective years to special reserve in terms of Section 36(1) (viii) of the Income Tax Act 1961 considered eligible for special reserve u/s 29C of NHB Act 1987.

In terms of requirement of NHB's Circular No. NHB(ND)/DRS/Pol.Circular.61/2013-14 dated April 7, 2014 following information on Reserve Fund under section 29C of the NHB Act, 1987 is provided :

Particulars	As at June 30, 2018	As at March 31, 2018
Reserve & Surplus		
Statutory Reserve (As per Section 29C of the National Housing Bank Act, 1987)		
Opening Balance	482.06	280.38
Additional during the period/year	64.24	201.68
Appropriation during the period/year	-	-
Closing Balance	**546.30**	**482.06**

Particulars	As at June 30, 2018	As at March 31, 2018
a. Special Reserve u/s 29C of The National Housing Bank Act, 1987 read with section 36 (1) (viii) of Income Tax Act, 1961		
Balance at the beginning of the period/year		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	-	-
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	482.06	280.38
c) Total	482.06	280.38
Addition /Appropriation / Withdrawal during the period/year		
Add: a) Amount transferred u/s 29C of the NHB Act, 1987	-	-
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	64.24	201.68
Less: a) Amount appropriated from the Statutory Reserve u/s 29C of the NHB Act, 1987	-	-
b) Amount withdrawn from the Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 which has been taken into account for the purpose of provision ul s 29C of the NHB Act, 1987	-	-
Balance at the end of the period/year		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	-	-
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	546.30	482.06
c) Total	**546.30**	**482.06**

ANNEXURE 8 : Restated Consolidated Statement of Money received against share warrants **(Rs. in Millions)**

Particulars	As at June 30, 2018	As at March 31, 2018
Money received against share warrants	-	2.40
Total	**-**	**2.40**

8.1 During the FY 2018 the Company had issued 360,000 and 440,000 convertible warrants at a Issue Price of Rs. 328.00 and 430.50 per warrant respectively upon receipt of Rs. 3 per warrant , with a right exercisable by the warrant holder to convert each warrant with one equity share of the Company of face value Rs. 10/- each at a premium of Rs. 318.00 and Rs. 420.50 as the case may be, any time before the expiry of 5 years from the date of allotment or the filing of red herring prospectus with SEBI in accordance with applicable laws or any other period specified by Board, whichever is earlier, of the said convertible warrants.
During the period ended June 30, 2018, the Company has converted 360,000 and 440,000 convertible warrants into the equity shares at a Issue Price of Rs. 328.00 and 430.50 per warrant respectively.

ANNEXURE 9 : Restated Consolidated Statement of Long-term borrowings **(Rs. in Millions)**

Particulars	As at June 30, 2018		As at March 31, 2018	
	Non-current	Current	Non-current	Current
Secured				
Loans from National Housing Bank (refer annexure 9.1)	4,166.97	339.49	3,382.12	268.87
Loans from banks (refer annexure 9.2)	14,906.63	2,529.66	14,545.56	2,358.40
Loans from financial institution (refer annexure 9.3)	2.14	0.65	97.13	80.61
Non- convertible debentures (refer annexure 9.4	3,400.00	500.00	3,300.00	600.00
Unsecured				
Non- convertible debentures (Subordinate Debt) (refer annexure 9.4)	1,000.00	-	1,000.00	-
Amount disclosed under the head "other current liabilities" (refer annexure 14)	-	(3,369.80)	-	(3,307.88)
Total	**23,475.74**	**-**	**22,324.81**	**-**

9.1 Secured term loans from National Housing Bank carry rate of interest in the range of 4.86% to 9.30% p.a. The loans are having tenure of 10 to 15 years from the date of issue and are repayable in quarterly instalments. These loans are secured by hypothecation (exclusive charge) of the loans given by the Group. Loans from bank to the extent of Rs. 822.53 millions at June 30, 2018 and Rs. 999.49 millions at March 31, 2018 have been guaranteed by corporate guarantee of AU Small Finance Bank Limited (Formerly known as "Au Financiers (INDIA) Limited").

9.2 Secured term loans from Banks include loans from various banks and carry rate of interest in the range of 8.30% to 10.10% p.a. The loans are having tenure of 3 to 15 years from the date of issue and are repayable in monthly or quarterly or yearly instalments. These loans are secured by hypothecation (exclusive charge) of the loans given by the Group. Secured term loan from banks include auto loans of Rs. 12.95 millions at June 30, 2018 and Rs. 13.98 millions at March 31, 2018 carrying rate of interest in the range of 8.40% to 10.50% p.a. are secured by hypothecation of Group's vehicles.

9.3 Loans from financial institutions carry interest in the range of 8.46% to 9.26% p.a. and are for a tenure of 5 years from the date of issue. The loans are repayable in equal quarterly installments of Rs. 20.00 millions each and monthly installments. Loans rom financial institutions include auto loans of Rs. 2.79 millions at June 30, 2018, Rs. 2.75 millions at March 31, 2018 are secured by hypothecation of Group's vehicles.

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ANNEXURE 9.4 Detail of Redeemable Non-Convertible Debentures

(Rs. in Millions)

Sr. No.	ISIN No.	Date of allotment	Date of redemption	Call Option	Put Option	Nominal value per debenture	Total number of debentures	Rate of Interest p.a.	Total amount	As at June 30, 2018		Secured/ Unsecured	Terms of redemption
										Non-current	Current		
1	INE216P07084	15-Jul-15	27-Dec-18	N.A.	N.A.	1	200	10.70%	200	-	200	Secured	Redeemable at par
2	INE216P07092	31-Jul-15	31-Dec-18	N.A.	N.A.	1	300	10.70%	300	-	300	Secured	Redeemable at par
3	INE216P07100	02-Sep-16	20-Mar-20	N.A.	N.A.	1	500	10.30%	500	500	-	Secured	Redeemable at par
4	INE216P07142	10-Oct-16	10-Oct-19	N.A.	N.A.	1	1,000	9.00%	1,000	1,000	-	Secured	Redeemable at par
5	INE216P07126	20-Dec-16	19-Oct-20	N.A.	N.A.	1	500	9.00%	500	500	-	Secured	Redeemable at par
6	INE216P07134	18-Jul-17	18-May-22	N.A.	N.A.	1	1,300	8.61%	1,300	1,300	-	Secured	Redeemable at par
7	INE216P08017	22-Dec-17	22-Dec-23	N.A.	N.A.	1	1,000	9.74%	1,000	1,000	-	Unsecured	Redeemable at par
8	INE216P07159	17-Apr-18	17-Apr-23	N.A.	N.A.	1	100	9.10%	100	100	-	Secured	Redeemable at par
									Total amount	**4,400**	**500**		

AAVAS FINANCIERS LIMITED
(Formerly known as "Au HOUSING FINANCE LIMITED")

ANNEXURE 9.5 Terms of repayment of of long term borrowings outstanding as at June 30, 2018

(Rs. in Millions)

		Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		Due 3 to 4 years		Due 4 to 5 years		Due 5 to 10 years		Above 10 years		Total	
Original maturity of loan	**Interest rate**	**No. of installment**	**Amount**	**No. of installment**	**Amount**	**No. of installment**	**Amount**	**No. of installment**	**Amount**	**No. of installment**	**Amount**	**No. of installment**	**Amount**	**No. of installment**	**Amount**	**No. of installments**	**Amount**
Monthy repayment schedule																	
Above 3 years	8%-10%	392	658.58	384	648.35	340	555.39	202	473.33	72	447.08	144	793.87	31	89.08	**1,565**	**3,665.68**
	10%-12%	54	70.75	22	55.11	8	26.66	-	-	-	-	-	-	-	-	**84**	**152.52**
Quarterly repayment schedule																	
Above 3 years	4%-6%	6	74.52	8	99.36	8	99.36	8	99.36	8	99.36	26	265.44	-	-	**64**	**737.40**
	6%-8%	15	98.05	20	130.74	20	130.74	20	130.74	20	130.74	100	653.68	58	302.54	**253**	**1,577.23**
	8%-10%	211	1,917.90	229	2,286.86	207	1,979.22	177	1,843.58	160	1,627.60	506	5,063.44	53	495.30	**1,543**	**15,213.90**
Yearly repayment schedule																	
Above 3 years	8%-10%	1	50.00	2	98.81	1	50.00	1	50.00	1	50.00	3	300.00	-	-	**9**	**598.81**
At the end of tenure																	
Above 3 years	8%-10%	-	-	2	1,500.00	1	500.00	1	1,300.00	1	100.00	1	1,000.00	-	-	**6**	**4,400.00**
	10%-12%	2	500.00	-	-	-	-	-	-	-	-	-	-	-	-	**2**	**500.00**
		681	**3,369.80**	**667**	**4,819.23**	**585**	**3,341.37**	**409**	**3,897.01**	**262**	**2,454.78**	**780**	**8,076.43**	**142**	**886.92**	**3,526**	**26,845.54**

AAVAS FINANCIERS LIMITED
(Formerly known as "Au HOUSING FINANCE LIMITED")

ANNEXURE 10 : Restated Consolidated Statement of Deferred tax Liabilities (net)

(Rs. in Millions)

Particulars	**As at June 30, 2018**	**As at March 31, 2018**
Deferred tax liability		
Provision for special reserve u/s 29C of NHB Act read with section 36 (1) (viii) of IT Act, 1961	190.90	166.83
Gross deferred tax liability	**190.90**	**166.83**
Deferred tax asset		
Provision for standard assets	(36.10)	(34.21)
Provisions on non performing assets	(2.88)	(2.85)
Provision for gratuity and leave availment	(10.12)	(9.38)
Provision for Lease equalisation reserve	(1.67)	(1.46)
Difference between tax depreciation and depreciation/amortization charged for the financial reporting	(5.24)	(1.34)
Gross deferred tax asset	**(56.01)**	**(49.24)**
Net Deferred Tax Liability	**134.89**	**117.59**

ANNEXURE 11 : Restated Consolidated Statement of Other long-term liabilities

Particulars	**As at June 30, 2018**	**As at March 31, 2018**
Other long term liabilities	2.77	2.56
Total	**2.77**	**2.56**

ANNEXURE 12 : Restated Consolidated Statement of Long-term Provisions

Particulars	**As at June 30, 2018**	**As at March 31, 2018**
Provision for employee benefits		
Gratuity	19.01	18.07
Leave availment	7.93	6.93
Other provisions		
Provision for non performing asset	39.25	24.40
Provision for standard assets as per NHB Directions	98.68	94.55
Provision for Investments	4.13	4.13
Total	**169.00**	**148.08**

12.1 Receivables under financing activities and related provision:- **(Rs. in Millions)**

Particular	As at June 30, 2018		As at March 31, 2018	
	Loans	Provision	Loans	Provision
Standard assets				
Housing Loan	24,301.04	61.91	22,419.56	61.69
Other loans	10,241.73	41.40	9,197.17	37.17
	34,542.77	**103.31**	**31,616.73**	**98.86**
Sub-Standard Assets				
Housing Loan	130.68	27.44	87.05	18.28
Other loans	24.14	5.07	9.84	2.07
	154.82	**32.51**	**96.89**	**20.35**
Doubtful Assets - Category - I				
Housing Loan	15.68	5.88	8.13	3.05
Other loans	1.34	0.50	0.80	0.30
	17.02	**6.38**	**8.93**	**3.35**
Doubtful Assets - Category - II				
Housing Loan	0.52	0.33	1.02	0.65
Other loans	0.03	0.03	0.07	0.05
	0.55	**0.36**	**1.09**	**0.70**
Doubtful Assets - Category - III				
Housing Loan	-	-	-	-
Other loans	-	-	-	-
	-	**-**	**-**	**-**
Loss assets				
Housing Loan	-	-	-	-
Other loans	-	-	-	-
	-	**-**	**-**	**-**
Total	**34,715.16**	**142.56**	**31,723.64**	**123.26**

ANNEXURE 13 : Restated Consolidated Statement of Short-term borrowings

Particulars	As at June 30, 2018	As at March 31, 2018
Secured		
From Bank (refer annexure 13.1)	372.07	325.13
	372.07	**325.13**

13.1 Cash credit borrowings from bank are secured against hypothecation of housing loans given by the Group, are repayable on demand and carry interest rates ranging from 8.35% to 11.00%

ANNEXURE 14 : Restated Consolidated Statement of Other current liabilities

(Rs. in Millions)

Particulars	**As at June 30, 2018**	**As at March 31, 2018**
Current maturities of long term debts (refer annexure 9)		
From bank- term loan	2,869.15	2,627.27
From financial institution- term loan	0.65	80.61
From non convertible debentures	500.00	600.00
Interest accrued but not due		
On non convertible debentures	167.83	140.17
On unsecured debentures	50.97	26.69
On bank- term loan	2.74	6.88
On financial institution- term loan	0.01	1.15
Other payables		
Due to assignees towards collections in derecognised assets	265.47	303.65
Statutory liabilities	21.34	33.14
Employee benefits payable	42.86	58.62
Other current liabilities	199.61	381.97
Total	**4,120.63**	**4,260.15**

ANNEXURE 15 : Restated Consolidated Statement of Short-Term Provisions

Particulars	**As at June 30, 2018**	**As at March 31, 2018**
Provision for employee benefits		
Gratuity	0.74	0.71
Leave availment	1.27	1.41
Provision for tax (Net of Advance Tax)	42.95	5.13
Provision for Standard assets as per NHB Norms	4.63	4.31
Total	**49.59**	**11.56**

ANNEXURE 16(A) : Restated Consolidated Statement of Property, Plant and Equipment : **(Rs. in Millions)**

	Building and premises	Computers and printers	Furniture and fixtures	Motor vehicles	Office equipment	Land	Total
Cost							
At March 31, 2017	44.57	40.47	35.54	6.69	12.06	-	139.33
Additions	2.85	40.51	40.26	17.72	14.89	0.50	116.73
Disposals	-	(0.05)	-	-	(0.02)	-	(0.07)
At March 31, 2018	**47.42**	**80.93**	**75.80**	**24.41**	**26.93**	**0.50**	**255.99**
Additions	-	10.29	4.33	1.72	9.03	-	25.37
Disposals	-	-	-	-	-	-	-
At June 30, 2018	**47.42**	**91.22**	**80.13**	**26.13**	**35.96**	**0.50**	**281.36**
Depreciation							
At March 31, 2017	8.27	22.03	12.92	3.23	5.95	-	52.40
Charge for the year	1.84	21.78	15.39	3.32	6.75	-	49.08
Disposals	-	(0.03)	-	-	-	-	(0.03)
At March 31, 2018	**10.11**	**43.78**	**28.31**	**6.55**	**12.70**	**-**	**101.45**
Charge for the period	0.45	6.06	4.08	1.41	2.52	-	14.52
Disposals	-	-	-	-	-	-	-
At June 30, 2018	**10.56**	**49.84**	**32.39**	**7.96**	**15.22**	**-**	**115.97**
Net Block							
At March 31, 2018	**37.31**	**37.15**	**47.49**	**17.86**	**14.23**	**0.50**	**154.54**
At June 30, 2018	**36.86**	**41.38**	**47.74**	**18.17**	**20.74**	**0.50**	**165.39**

ANNEXURE 16(B) : Restated Consolidated Statement of Intangible assets :

	Software	Total
Gross block		
At March 31, 2017	17.86	17.86
Purchase	22.13	22.13
Disposals	-	-
At March 31, 2018	**39.99**	**39.99**
Purchase	3.16	3.16
Disposals	-	-
At June 30, 2018	**43.15**	**43.15**
Amortization		
At March 31, 2017	3.09	3.09
Charge for the year	7.19	7.19
At March 31, 2018	**10.28**	**10.28**
Charge for the Period	2.31	2.31
At June 30, 2018	**12.59**	**12.59**
Net block		
At March 31, 2018	**29.71**	**29.71**
At June 30, 2018	**30.56**	**30.56**

ANNEXURE 16(C) Components of intangible assets under development

	Software	Total
Gross block		
At March 31, 2017	1.35	1.35
Capitalised during the year	1.35	1.35
Purchase	0.33	0.33
At March 31, 2018	**0.33**	**0.33**
Capitalised during the period	-	-
Purchase	0.26	0.26
At June 30, 2018	**0.59**	**0.59**

ANNEXURE 17 : Restated Consolidated Statement of Investments **(Rs. in Millions)**

Particulars	As at June 30, 2018		As at March 31, 2018	
	Non-current	Current	Non-current	Current
Investment in Pass through certificate (PTC)	56.28	2.65	59.88	2.66
Investment in Security Receipts	33.03	-	33.03	-
Total	**89.31**	**2.65**	**92.91**	**2.66**

ANNEXURE 18 : Restated Consolidated Statement of Loans and advances

Particulars	As at June 30, 2018		As at March 31, 2018	
	Non-current	Current	Non-current	Current
Secured				
18.1 Receivables under financing activities				
Housing loans				
-Considered good	22,883.58	769.50	21,045.34	673.27
-Considered doubtful	142.34	-	93.77	-
Other loans				
-Considered good	9,694.00	363.13	8,740.62	317.12
-Considered doubtful	25.02	-	10.49	-
Loans placed towards minimum retention requirement (MRR) for direct assignment transactions				
-Considered good	778.13	54.43	786.72	53.65
-Considered doubtful	5.03	-	2.66	-
Total	**33,528.10**	**1,187.06**	**30,679.60**	**1,044.04**

18.1.1 Of the above :

Particulars	**As at June 30, 2018**	**As at March 31, 2018**
Standard	34,542.77	31,616.73
Sub-Standard	154.83	96.89
Doubtful Assets - Category - I	17.01	8.93
Doubtful Assets - Category - II	0.55	1.09
Doubtful Assets - Category - II	-	-
Loss asset	-	-
Total	**34,715.16**	**31,723.64**

18.1.2 Loans granted by the Company are secured by equitable mortgage/registered mortgage of the property and/or undertaking to create a security and/or personal guarantees and/or hypothecation of assets and/or assignments of life insurance policies. The process of security creation was in progress for loans to the extent of Rs. 1,209.48 millions at June 30, 2018 and Rs. 1,698.53 millions at March 31, 2018.

18.1.3 Loans sanctioned but un-disbursed amount are as follows

Particulars	**As at June 30, 2018**	**As at March 31, 2018**
Loan sanctioned but un-disbursed	2,293.39	2,872.60

18.1.4 During the period ended June 30, 2018 and FY 2018, the Group has assigned a pool of certain loans amounting to Rs. 555.55 millions and Rs. 4,858.40 millions respectively by way of a direct assignment transaction. These loan assets have been de-recognised from the loan portfolio of the Group as the sale of loan assets is an absolute assignment and transfer on a 'no-recourse' basis. The Group continues to act as a servicer to the assignment transaction on behalf of assignee. In terms of the assignment agreement, the Group pays to assignee, on a monthly basis, the pro-rata collection amounts.

During the FY 2018 the Group has securitised assets amounting to Rs. 1,076.74 millions. These assets have been de-recognised in the books of the Group. The Group is responsible for collection and servicing of this loan portfolio on behalf of buyers/investors. In terms of the said securitisation agreements, the Group pays to buyer/investor on monthly basis the prorated collection amount as per individual agreement terms.

During the FY 2018 the Group has transferred certain assets amounting to Rs. 249.71 millions to asset reconstruction Group. These assets have been de-recognised from the loan portfolio of the Group. The Group continues to act as a servicer for the portfolio of such assets.

18.1.5 The Group has granted certain loans to staff amounting to Rs. 58.56 millions as on June 30,2018 and Rs. 40.73 millions as on March 31,2018.

18.2 Restated Consolidated Statement of Other loans and advances (unsecured, considered good) **(Rs. in Millions)**

Particulars	As at June 30, 2018		As at March 31, 2018	
	Non-current	Current	Non-current	Current
Security deposit	14.21	3.58	12.44	2.60
Advance to staff	0.51	9.49	0.51	6.64
Advances to suppliers/service providers	-	52.42	-	11.63
Prepaid expenses	1.97	8.35	2.03	4.59
Other advances	-	9.17	-	4.03
Total	**16.69**	**83.01**	**14.98**	**29.49**

ANNEXURE 19 : Restated Consolidated Statement of Cash and bank balances

Particulars	As at June 30, 2018	As at March 31, 2018
Cash and cash equivalents		
Cash on hand (refer annexure 19.1)	25.75	19.17
Balance with banks		
In Current accounts	260.62	1,390.70
In Cash credit accounts	607.54	50.00
In Deposits with original maturity of less than three months	500.00	2,170.00
	1,393.91	3,629.87
Other bank balances		
Deposit with original maturity of more than 12 months (refer annexure 19.2)	114.73	114.73
Deposit with original maturity of more than 3 months less than 12 months	2,950.01	1,950.01
Total	**4,458.65**	**5,694.61**

19.1 Cash on hand includes balance of franking machine of Rs. 0.10 millions at June 30, 2018 and at March 31, 2018,

19.2 Other Bank Balance in deposit accounts as at June 30, 2018 and March 31, 2018 include deposits under lien aggregating to Rs. 114.73 millions towards the first loss guarantee provided by the Group under the securitization agreements.

ANNEXURE 20 : Restated Consolidated Statement of Other current assets

Particulars	As at June 30, 2018	As at March 31, 2018
Recoverable from borrowers	35.65	36.57
Interest accrued but not due on loan	342.21	311.42
Stock of Assets acquired under SARFAESI	96.76	69.39
Interest accrued but not due on deposit with banks and others	54.63	5.41
Other current assets	9.87	8.35
Total	**539.12**	**431.14**

ANNEXURE 21 : Restated Consolidated Statement of Revenue from operations **(Rs. in Millions)**

Particulars	Period ended June 30, 2018	Year ended March 31, 2018
Interest Income on		
Loan portfolio	1,231.60	3,863.28
Securitisation	23.67	71.09
Other operating income		
Fees and other charges from customers (refer annexure 21.1)	81.54	400.06
Insurance commision	3.62	2.08
Other Interest Income (refer annexure 21.2)	90.00	15.42
Profit on redemption of liquid mutual fund units	8.27	211.72
Grand Total	**1,438.70**	**4,563.65**

21.1 Loan origination income included in Fees and other charges from customers is disclosed net of the direct incremental costs of Rs. 35.56 millions for the period ended June 30, 2018 and Rs. 113.06 millions for the year ended March 31, 2018, associated with the origination of the underlying loans.

21.2 Other interest income constitutes interest income on Fixed deposits, Inter corporate deposit and Commercial paper.

ANNEXURE 22 : Restated Consolidated Statement of Other income

Particulars	Period ended June 30, 2018	Year ended March 31, 2018
Other non operating income	0.17	9.06
Total	**0.17**	**9.06**

ANNEXURE 23 : Restated Consolidated Statement of Employee benefit expenses

Particulars	Period ended June 30, 2018	Year ended March 31, 2018
Salaries and other benefits	243.91	685.06
Contribution to provident and other funds	9.76	26.75
Staff welfare expenses	5.62	21.78
Total	**259.29**	**733.59**

23.1 Gratuity and other post-employment benefit plans

The Group has a defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for gratuity on cessation of employment and it is computed at 15 days salary (last drawn salary) for each completed year of service subject to such limit as prescribed by The Payment of Gratuity Act, 1972 as amended from time to time.

The following tables summarize the components of net benefits expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the respective plans.

Restated Consolidated Summary Statement Of Profit And Loss
Net employee benefit expense recognized in the employee cost

	June 30, 2018	March 31, 2018
Current service cost	2.08	8.49
Interest cost	1.45	0.84
Expected return on plan assets	-	-
Net actuarial (gain) / loss recognized in the year	(2.48)	(1.08)
Net expense	**1.05**	**8.25**

Restated Consolidated Summary Statement Of Assets And Liabilities
Benefit asset/ liability

	June 30, 2018	March 31, 2018
Present value of defined benefit obligation	19.75	18.77
Fair value of plan assets	-	-
Plan asset / (liability)	**19.75**	**18.77**

Changes in the present value of the defined benefit obligation are as follows: (Rs. in Millions)

	June 30, 2018	March 31, 2018
Opening defined benefit obligation	18.77	11.24
Current service cost	2.08	8.49
Interest cost	1.45	0.84
Benefits paid during the year	(0.07)	(0.72)
Actuarial (gain)/loss on obligation	(2.48)	(1.08)
Closing defined benefit obligation	**19.75**	**18.77**

The principle assumptions used in determining gratuity obligations for the Group are shown below:

Particulars	June 30, 2018	March 31, 2018
Discount rate	8.00%	7.75%
Salary escalation rate	7.00%	7.00%
Employee Turnover	age 30 = 5% age 31-40 = 3% age 41-50 = 2% age 51 & above=1%	age 30 = 5% age 31-40 = 3% age 41-50 = 2% age 51 & above=1%

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 period are as follows:

	June 30, 2018	March 31, 2018
Defined benefit obligation	19.75	18.77
Plan assets	-	-
Surplus / (deficit)	19.75	18.77
Experience adjustments on plan liabilities	(2.48)	(1.08)
Experience adjustments on plan assets	-	-

Other Benefits
The Group has provided for compensatory leaves which can be availed and not encashed as per policy of the Group 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.

ANNEXURE 24 : Restated Consolidated Statement of Finance cost

Particulars	Period ended June 30, 2018	Year ended March 31, 2018
Interest expense (refer annexure 24.1)	552.92	1,844.29
Other borrowing costs (refer annexure 24.2)	6.12	46.24
Total	**559.04**	**1,890.53**

24.1 Interest expense includes interest on:		
Unsecured debt	24.28	27.88
Term loans/cash credit facilities/CP/ICD	437.27	1,420.56
Non-convertible debentures	91.37	395.85
	552.92	**1,844.29**

24.2 Other borrowing costs includes		
Resource mobilisation expenses	4.46	38.82
Bank charges and commission	1.66	7.42
	6.12	**46.24**

ANNEXURE 25 : Restated Consolidated Statement of Other expenses **(Rs. in Millions)**

Particulars	Period ended June 30, 2018	Year ended March 31, 2018
Advertisement and publicity expenses	3.63	44.81
AMC Charges	1.51	4.45
Communication	5.09	17.88
Commission & brokerage	2.90	9.97
CSR Expenses	0.79	6.42
Directors Sitting Fees	0.84	1.94
Electricity and water	5.12	11.93
Fee & subscription	0.01	0.19
Legal & professional charges	14.03	55.63
Manpower management cost	59.73	154.28
Office expenses	2.66	12.00
Postage & courier expenses	2.02	8.53
Printing & stationery	1.80	7.77
Rent (refer annexure 25.1)	16.21	53.46
Rates & Taxes Expenses	0.33	3.29
Repair and maintenance -others	6.48	17.33
Travelling and conveyance	11.05	44.09
Auditor's remuneration (refer annexure 25.2)	0.63	2.35
Total	**134.83**	**456.32**

25.1 The Group has taken various premises under operating lease. The future minimum lease payments are given below:

Expected future minimum commitments during the non-cancellable period under the lease arrangements are as follows:

Particulars	June 30, 2018	March 31, 2018
Within one year	14.23	14.05
Later than one year but not later than five years	19.40	23.55
Later than five years	-	-
Total		**37.60**
The total of minimum lease payments recognized in the Restated Consolidated Summary Statement Of Profit And Loss for the period/year	16.21	53.46
Total of future minimum sub-lease payments expected to be received under non-cancellable sub-leases	-	-
Sub-lease amounts recognized in the Restated Consolidated Summary Statement Of Profit And Loss for the period/year	-	-
Contingent (usage based) lease payments recognized in the Restated Consolidated Summary Statement Of Profit And Loss for the period/year	-	-

25.2 Auditor's remuneration

Particulars	Period ended June 30, 2018	Year ended March 31, 2018
-Audit fees	0.63	1.95
-Tax audit fees	-	0.15
-Other services	-	0.25
Total	**0.63**	**2.35**

ANNEXURE 26 : Restated Consolidated Statement of Provisions and write off

Particulars	Period ended June 30, 2018	Year ended March 31, 2018
a. Provisions as at Current period/year		
Provision for Non performing asset	39.25	24.40
Provision for standard assets as per NHB Norms	103.31	98.86
Provision for Investments	4.13	4.13
	146.69	**127.39**
b. Provisions as at Previous Year		
Provision for Non performing asset	24.40	40.57
Provision for standard assets as per NHB Norms	98.86	85.58
Provision for Investments	4.13	-
	127.39	**126.15**
Net provision made during the period/year (a-b)	**19.30**	**1.24**
c. Write off during the period/year	4.73	17.81
Total	**24.03**	**19.05**

26.1 National Housing Bank (NHB) vide notification no. NHB.HFC.DIR.18/MD&CEO/2017 dated August 2, 2017 reduced the provisioning requirement on standard individual housing loans from 0.40% to 0.25% . In terms of the said notification, as of March 31 , 2018, the company continues to carry the provision of Rs 98.86 millions which is higher than the revised statutory requirement of minimum 0.25%.

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ANNEXURE 27 : Restated Consolidated Statement of Tax Expenses **(Rs. in Millions)**

Particulars	Period ended June 30, 2018	Year ended March 31, 2018
Current tax	137.49	432.29
Deferred tax	17.30	55.91
Total	**154.79**	**488.20**

ANNEXURE 28 : Restated Consolidated Statement of Earning Per share

Particulars	Period ended June 30, 2018	Year ended March 31, 2018
Following reflects the profit and share data used in EPS computations:		
Basic*		
Weighted average number of equity shares for computation of Basic EPS (in million)	69.57	58.57
Net profit for calculation of basic EPS (Rs.in Millions)	290.06	928.75
Basic earning per share (In Rs.)	**4.17**	**15.86**
Diluted*		
Weighted average number of equity shares for computation of Diluted EPS (in million)	71.63	61.10
Net profit for calculation of Diluted EPS (Rs.in Millions)	290.06	928.75
Diluted earning per share (In Rs.)	**4.05**	**15.20**
Nominal value of equity shares (In Rs.)	**10.00**	**10.00**

*Basic EPS and Diluted EPS for the period ended June 30, 2018 are not annualised.

ANNEXURE 29 : Restated Consolidated Statement of Additional information **(Rs. in Millions)**

29.1 The Group 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 and the Companies (Accounting Standards) Amendment Rules, 2016. The Group operates in a single geographical segment i.e. domestic.

29.2 Restated Consolidated Statement of Related party disclosures

a. Names of related parties identified in accordance with AS -18 "Related Party Disclosures" (with whom there were transactions during the period ended June 30, 2018 and FY 2018)

1. Entities where control exists:
Ultimate Holding Company
Kedaara Capital I Limited - (From June 23, 2016 to 8th June 2018)
Holding Company
Lake District Holdings Limited - (From June 23, 2016 to 8th June 2018)
Shareholders having Substantial interest
Lake District Holdings Limited - (From 8th June 2018)
Partners Group ESCL Limited - (From June 23, 2016)

2. Key management personnel

Mr. Sushil Kumar Agarwal	Whole Time Director and Chief Executive Officer
Mr. Ghanshyam Rawat	Chief Financial Officer
Mr. Sharad Pathak	Company Secretary

3. Enterprises under significant influence of the key management personnel
None

4. Relatives of key managerial personnel
None

b. The nature and volume of transactions carried out with the above related parties in the ordinary course of business are as follows :

1. Remuneration to Key Managerial personnel

	June 30, 2018	March 31, 2018
Mr. Sushil Kumar Agarwal, Whole Time Director and Chief Executive Officer	13.05	20.29
Mr. Ghanshyam Rawat, Chief Financial Officer	8.62	15.11
Mr. Sharad Pathak, Company Secretary	0.64	1.22
Total	**22.31**	**36.62**

Notes:
(a) 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.

(b) Value of perquisite arising on account of exercise of stock options by the key management personnel has not been considered as a related party transaction.

2. Other Transactions

Name of related party	Nature of transactions	June 30, 2018			March 31, 2018		
		Amount received	Amount paid	Outstanding balance	Amount received	Amount paid	Outstanding balance
Lake District Holdings Limited	Issue of Equity shares	-	-	-	2,103.12	-	-
Partners Group ESCL Limited	Issue of Equity shares	-	-	-	1,021.55	-	-
Mr. Sushil Kumar Agarwal	Issue of Equity shares	288.26	-	-	26.56	-	-
Mr. Ghanshyam Rawat	Issue of Equity shares	89.96	-	-	8.92	-	-
Mr. Sharad pathak	Issue of Equity shares	2.89	-	-	0.87	-	-

Note:-
(a) During the year ended March 31, 2018 the Company has received Rs. 1.59 millions and 0.46 millions against share warrants' premium from Sushil Kumar Agarwal and Ghanshyam Rawat respectively, which is not included in above disclosure.

29.3 **Restated Consolidated Statement of Stock options** **(Rs. in Millions)**

I The Group has formulated various share-based payment schemes for its employees (Plan I), management team (Plan II) and directors (Plan III). Details of all grants in operation during the period/year ended June 30, 2018 and March 31, 2018 are as given below:

Particulars	**ESOP 2016 I (a)**	**ESOP 2016 I (b)**	**ESOP 2016 II**	**ESOP 2016 III**
Scheme Name	Equity stock option plan for Employees 2016 (ESOP 2016 I)	Equity stock option plan for Employees 2016 (ESOP 2016 I)	Equity stock option plan for Management team 2016 (ESOP 2016 II)	Equity stock option plan for Directors 2016 (ESOP 2016 III)
No. of options approved*	1,287,901		3,445,610	719,084
Date of grant	23-Feb-17	24-Jan-18	23-Feb-17	23-Feb-17
No. of options granted	980,118	424,687	3,445,610	719,084
Exercise price per option (in Rs.)	215.25	328.00	215.25	215.25
Method of settlement	Equity	Equity	Equity	Equity
Vesting period and conditions	A) 50% options to vest as per stipulated vesting schedule ("Fixed Vesting") B) 50% options to vest as per stipulated vesting schedule on fulfillment of stipulated conditions ("Conditional Vesting")			
A) Fixed Vesting period is as follows on following				
1st vesting "12 months from the date of grant	98,012	42,469	Refer note A	71,908
2nd vesting "On expiry of four months from the 1st	98,012	NA	-	71,908
2nd vesting "On expiry of one year from the 1st	NA	42,469	-	NA
3rd vesting "On expiry of one year from the 2nd	98,012	42,469	-	Refer note B
4th vesting "On expiry of one year from the 3rd	98,012	42,469	-	-
5th vesting "On expiry of one year from the 4th	98,011	42,469	-	-
B) Conditional Vesting	Linked with conditions over the next five years as stipulated in respective stock option plan		Refer note A	Linked with conditions over the next five years as stipulated in respective stock option plan (Refer note B)
Exercise period	Four years from the date of each vesting			

*After adjusting subsequent cancellations, if any

Note:

A. During year ended March 31, 2018, pursuant to the the Board approval dated January 25, 2018, all options granted under Management team 2016 (ESOP 2016 II) plan were vested with immediate effect with no further conditions attached to them.

B. During period ended June 30, 2018, pursuant to the the Board approval dated June 08, 2018, last three tranches of options related to fixed vesting (2,15,724 options) and 25% of performance options (89,886 options) granted under Directors 2016 (ESOP 2016 III) plan were vested on June 30, 2018 subject to lock in conditions as prescribed in stock plan.

II **Reconciliation of options**

Particulars	**ESOP 2016 I (a)**	**ESOP 2016 I (b)**	**ESOP 2016 II**	**ESOP 2016 III**
Period ended June 30, 2018				
Options outstanding at April 1, 2018	863,214	424,687	2,223,059	719,084
Granted during the year	-	-	-	-
Forfeited during the year	4,388	-	-	-
Exercised during the year	-	-	-	-
Expired / lapsed during the year	50,392	-	-	-
Outstanding at June 30, 2018	808,434	424,687	2,223,059	719,084
Exercisable at June 30, 2018	304,230	-	2,223,059	449,428
Weighted average remaining contractual life (in years)	5.12	6.57	2.36	5.08
Financial Year 2017-18				
Options outstanding at April 1, 2017	980,118	-	3,445,610	719,084
Granted during the year	-	424,687	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	1,222,551	-
Expired / lapsed during the year	116,904	-	-	-
Outstanding at March 31, 2018	863,214	424,687	2,223,059	719,084
Exercisable at March 31, 2018	154,608	-	2,223,059	71,908
Weighted average remaining contractual life (in years)	5.38	6.82	2.52	6.30
Weighted average share price at the time of exercise*	-	-	328.00	-

*Disclosure of weighted average share price at the time of exercise is applicable only for plans where there has been an exercise of options in current financial year.

III Computation of fair value of options granted during the year **(Rs. in Millions)**

Plan I : The weighted average fair value of stock options granted during the year was Rs. 153.51 (plan I (b)).

The Black-Scholes Model has been used for computing the weighted average fair value considering the following:

Particulars	Plan I (b)
Share price on the date of grant (Rs.)	316.30
Exercise price (Rs.)	328.00
Expected volatility (%)	45.50%
Life of the options granted (years)	
First Vesting	3 years
Second Vesting	4 years
Third Vesting	5 years
Forth Vesting	6 years
Fifth Vesting	7 years
Risk-free interest rate (%)	7.42%
Expected dividend rate (%)	0%
Fair value of the option (Rs.)	Tranche 1 - 118.09 Tranche 2 - 138.24 Tranche 3 - 155.03 Tranche 4 - 171.35 Tranche 5 - 184.83

The Group measures the cost of ESOP using the intrinsic value method. Had the Group used the fair value model to determine compensation, its profit after tax and earnings per share as reported would have changed to the amounts as indicated below:

Particulars	Period ended June 30, 2018	Year ended March 31, 2018
Profit after tax as reported	**290.06**	**928.75**
Add: ESOP cost using intrinsic value method (net of tax)	-	-
Less: ESOP cost using fair value method (net of tax)	23.11	209.76
Profit after tax (adjusted)	**266.95**	**718.99**
No.of Shares for Basic EPS	69.57	58.57
Basic EPS	**3.84**	**12.28**
No.of Shares for Diluted EPS	71.63	61.10
Diluted EPS	**3.73**	**11.77**

29.4 Restated Consolidated Statement of Capital and other commitments:

Particulars	As at June 30, 2018	As at March 31, 2018
Property, plant and equipment:		
- Estimated Project cost	13.38	5.86
- Paid during the year	6.34	2.62
- Balance Payable	7.04	3.24

Refer annexure 18.1.3 for undisbursed commitment relating to loans.

29.5 Restated Consolidated Statement of Contingent liability not provided for

Particulars	As at June 30, 2018	As at March 31, 2018
Credit enhancements provided by the Group towards Asset Assignment / Securitisation (including cash collaterals, principal and interest subordination)	114.73	114.73

29.6 Restated Consolidated Statement of 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 period ended June 30, 2018 and year ended March 31, 2018 no supplier has intimated the Group about its status as micro or small enterprises or its registration with the appropriate authority under MSMED.

29.7 The Group's pending litigations comprise of claims against the Group primarily by the customers. The Group has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements. The Group does not expect the outcome of these proceedings to have a material adverse effect on its financial statements of the Group as at June 30, 2018.

29.8 Additional information,as required under schedule III to the companies act 2013, of enterprises consolidated as subsidiary

Name of the entity	Net Assets, i.e., total assets minus total liabilities				Share in profit or Loss			
	As at June 30, 2018		As at March 31, 2018		As at June 30, 2018		As at March 31, 2018	
	As % of consolidated net assets	Amount	As % of consolidated net assets	Amount	As % of consolidated profit & loss	Amount	As % of consolidated profit & loss	Amount
Parent								
Aavas Financiers Limited		11,777.24		10,984.71		290.30		929.33
Less: Inter Company elimination		(45.00)		(45.00)		-		-
Net of Elimination	**99.62%**	**11,732.24**	**99.60%**	**10,939.71**	**99.96%**	**290.30**	**100.06%**	**929.33**
Subsidiary								
Indian								
Aavas Finserv Limited	0.38%	44.54	0.40%	44.42	0.04%	0.12	-0.06%	(0.58)
Total	**100.00%**	**11,776.78**	**100.00%**	**10,984.13**	**100.00%**	**290.42**	**100.00%**	**928.75**

AAVAS FINANCIERS LIMITED
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ANNEXURE 30 : Restated Consolidated Statement of Capitalisation

Position of Debt and Shareholder’s funds as at June 30, 2018 as below:

(Rs. in Millions)

Particulars	Pre Issue	Post Issue
Short Term Debt* **(A)**	372.07	[*]
Long Term Debt **(B)**	23,475.74	[*]
Add: Current maturities of long term borrowings (including non convertible debentures) **(C)**	3,369.80	[*]
Total Debt **(D= A+B+C)**	27,217.61	[*]
Shareholder's Funds		
Share Capital **(E)**	707.51	[*]
Reserves & Surplus (includes money received against share warrants) **(F)**	11,068.93	[*]
Total Shareholder's Funds **(G=E+F)**	11,776.44	[*]
Long Term Debt / Shareholder's Funds (H=(B+C)/G)**	2.28	[*]
Total Debt / Shareholder's Funds (I=D/G)	2.31	[*]

* 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.

2. Pursuant to the resolution dated August 21, 2018 passed by Nomination and Remuneration committee of Board of directors of the Group, the Group has allotted 449,428 and 299,626 equity shares at Rs. 215.25 per share (Face value of Rs. 10 per share and secutiry premium of Rs. 205.25 per share) to its directors and employees respectively on exercising of options under Equity stock option plan for Directors 2016 (ESOP 2016 III) and Equity stock option plan for Employees 2016 (ESOP 2016 I), as the case may be.

3. Pursuant to the resolution dated August 27, 2018 passed by Nomination and Remuneration committee of Board of directors of the Group, the Group has allotted 2,223,059 equity shares at Rs. 215.25 per share (Face value of Rs. 10 per share and secutiry premium of Rs. 205.25 per share) to its management team on exercising of options under Equity stock option plan for Management team 2016 (ESOP 2016 II).

AAVAS FINANCIERS LIMITED
(Formerly known as "Au HOUSING FINANCE LIMITED")

ANNEXURE 31 : Restated Consolidated Statement of Accounting Ratios

Particulars		Period ended June 30, 2018	Year ended March 31, 2018
Basic and Diluted Earnings Per Share (Rs.)	A		
Basic Earnings Per Share (Basic EPS)*			
Profit/ (loss) after tax (Rs. in Millions) (A)		290.06	928.75
Weighted average number of Equity Shares outstanding considered for calculating Basic EPS (B)		69,571,684	58,566,094
Earning Per Share - basic (A/B)		4.17	15.86
Nominal value per share		10.00	10.00
Diluted Earnings Per Share (Diluted EPS)*			
Profit/ (loss) after tax (Rs. in Millions) (A)		290.06	928.75
Weighted average number of Equity Shares outstanding considered for calculating Diluted EPS (B)		71,631,067	61,095,786
Earning Per Share - Diluted (A/B)		4.05	15.20
Nominal value per share		10.00	10.00
Net Asset Value per equity share (Rs.)	B	**As at June 30, 2018**	**As at March 31, 2018**
Net Worth, as restated (Rs. in Millions) (A)		11,776.44	10,984.13
Number of equity shares outstanding at the end of the period/year (B)		70,750,891	69,950,891
Net Asset Value per equity share C=(A)/(B)		166.45	157.03
Return on Net worth	C	**As at June 30, 2018**	**As at March 31, 2018**
Net Profit after tax, as restated (Rs. in Millions) (A)		290.06	928.75
Net Worth, as restated (Rs. in Millions) (B)		11,776.44	10,984.13
Return on Net Worth % C=(A)/(B)		9.85%	8.46%

*Basic EPS and Diluted EPS for the period ended June 30, 2018 are not annualised.

1. The figures disclosed above are based on the restated Consolidated summary statements of the Group.

2. The above statement should be read with the notes to restated Consolidated summary statements of assets and liabilities, profits and losses and cash flows appearing in Annexure 4 to 32.

3. The ratios have been computed as per the following formulae:

(i) Earnings per share: $\dfrac{\text{Net profit available to equity shareholders for the period/year}}{\text{Weighted average number of equity shares outstanding during the period/year}}$

(ii) Net asset value per equity share: $\dfrac{\text{Net worth excluding revaluation reserve as at the end of the period/year}}{\text{Number of equity shares outstanding at the end of the period/year}}$

(iii) Return on net worth (%): $\dfrac{\text{Net profit after tax for the period/year}}{\text{Net worth excluding revaluation reserve at the end of the period/year}}$

4. Weighted average number of equity shares is the number of equity shares outstanding at the beginning of the period/year adjusted by the number of equity shares issued during period/year multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the period/year.

5. Net worth for ratios mentioned in above note represents the aggregate of the paid up share capital, reserves and surplus (excluding revaluation reserve) and money received against share warrants 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 and Companies (Accounting Standards) Amendment Rules, 2016.

AAVAS FINANCIERS LIMITED
(Formerly known as "Au HOUSING FINANCE LIMITED")

ANNEXURE 32 : Consolidated Statement of Dividend

Particulars	For the period ended June 30, 2018	For the year ended March 31, 2018
Equity shares - Face value – (Rs.)	10.00	10.00
% of Dividend	NIL	NIL
Final dividend	NIL	NIL

Report on the Special Purpose Interim Standalone Financial Statements

To the Board of Directors of Aavas Financiers Limited

Opinion

We have audited the accompanying Special Purpose Interim Standalone Financial Statements of Aavas Financiers Limited ("the Company"), which comprise the standalone Balance Sheet as at June 30, 2018, the Statement of Profit and Loss, Cash Flow Statement and statement of changes in equity for the three month period ended June 30, 2018, and a summary of significant accounting policies and other explanatory information (together hereinafter referred to as "Special Purpose Interim Standalone Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the accompanying Special Purpose Interim Standalone Financial Statements as at and for the three month period ended June 30, 2018, are prepared, in all material respects, in accordance with the basis of preparation described in Note B to these Special Purpose Interim Standalone Financial Statements.

Basis for opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 ("the Act") and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Special Purpose Interim Standalone Financial Statements.

Emphasis of Matter

a. We draw attention to Note B. (vi) to the accompanying Special Purpose Interim Standalone Financial Statements, which describes the basis of preparation and presentation and states that the comparative statement of profit and loss, cash flow statement and statement of changes in equity for the three month period ended June 30, 2017 have not been included in these Special Purpose Interim Standalone Financial Statements and that only a complete set of financial statements together with comparative financial information can provide a fair presentation of the Company's state of affairs (financial position), profit (financial performance including other comprehensive income), cash flows and the changes in equity.

b. We further draw attention to Note B. (vii) to the accompanying Special Purpose Interim Standalone Financial Statements which describes the possibility that the accounting policies adopted by the management in preparing these financial statements may undergo a change upon the Company preparing and presenting a complete set of Ind AS compliant financial statements.

Our opinion is not modified in respect of the above matters.

Responsibilities of Management for Special Purpose Interim Standalone Financial Statements

The Company's Board of Directors is responsible for the preparation of the Special Purpose Interim Standalone Financial Statements in accordance with the basis of preparation given in Note B to these Special Purpose Interim Standalone Financial Statements. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Special Purpose Interim Standalone Financial Statements that are free from material misstatement, whether due to fraud or error which have been used for the purpose of preparation of the special purpose interim consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the Special Purpose Interim Standalone Financial Statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company’s financial reporting process.

Auditor’s Responsibilities for Special Purpose Interim Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the Special Purpose Interim Standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Special Purpose Interim Standalone Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other matters

a. The Company has prepared a separate set of special purpose interim standalone financial statements for the three month period ended June 30, 2018 in accordance with the Accounting Standards specified under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting

Standards) Amendment Rules, 2016 on which we have issued an unmodified opinion vide our report dated July 26, 2018.

b. The accompanying Special Purpose Interim Standalone Financial Statements have been prepared, and this report thereon issued solely in connection with the Company's preparation of these Special Purpose Standalone Financial Statements, the basis of preparation of which is detailed in Note B to these Special Purpose Standalone Financial Statements and is intended solely, for the information and use of the Board of Directors of the Company for inclusion in the offer document prepared by the Company in connection with its proposed Initial Public Offer of equity shares of face value of Rs.10 each. Accordingly, this report should not be used, referred to or distributed for any other purpose without our prior written consent.

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

per Sarvesh Warty
Partner
Membership Number: 121411

Mumbai
August 30, 2018

AAVAS FINANCIERS LIMITED
(Formerly known as "Au HOUSING FINANCE LIMITED")
Special Purpose Interim Standalone Balance Sheet as at June 30, 2018

(Rs. in Millions)

	Notes	As at June 30, 2018	As at March 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	2(a)	165.39	154.54
Intangible assets	2(b)	30.56	29.71
Intangible assets under development	2(c)	0.59	0.33
Investments	3	45.00	45.00
Financial assets			
Loans	4(a)	34,723.42	31,975.07
Other financial assets	4(b)	685.74	683.82
Other non-current assets	5	2.48	2.53
		35,653.18	**32,891.00**
Current assets			
Financial assets			
Cash and cash equivalents	6	1,348.52	3,584.87
Bank balances other than above	6	3,064.74	2,064.74
Loans	4(a)	1,531.57	1,359.11
Other financial assets	4(b)	475.58	404.35
Other current assets	5	174.96	96.96
		6,595.37	**7,510.03**
TOTAL ASSETS		**42,248.55**	**40,401.03**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	7	707.51	691.73
Other equity	8	12,031.84	11,207.33
		12,739.35	**11,899.06**
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	9	24,758.32	23,695.92
Other financial liabilities	10	2.77	8.88
Provisions	11	26.94	25.00
Deferred tax liabilities (net)	12	103.12	113.52
		24,891.15	**23,843.32**
Current liabilities			
Financial liabilities			
Borrowings	9	4,031.52	3,854.57
Payables	13	56.54	91.28
Other financial liabilities	10	415.88	636.50
Other current liabilities	14	56.33	59.84
Provisions	11	14.81	11.29
Current tax liabilities (net)		42.97	5.17
		4,618.05	**4,658.65**
TOTAL EQUITY AND LIABILITIES		**42,248.55**	**40,401.03**
Summary of significant accounting policies	1		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S.R. Batliboi & Associates LLP
ICAI Firm Registration No. 101049W/E300004
Chartered Accountants

For and on behalf of the Board of Directors of
AAVAS FINANCIERS LIMITED
(Formerly known as "Au Housing Finance Limited")

per Sarvesh Warty
Partner
Membership No. 121411

Manas Tandon
(Nominee Director)

Sushil Kumar Agarwal
(Whole Time Director & CEO)

Place: Mumbai
Date: August 30, 2018

Ghanshyam Rawat
(Chief Financial Officer)

Sharad Pathak
(Company Secretary)

AAVAS FINANCIERS LIMITED
(Formerly known as "Au HOUSING FINANCE LIMITED")
Special Purpose Interim Standalone Statement of profit and loss for the period ended June 30, 2018

(Rs. in Millions)

		Notes	Period ended June 30, 2018
	Revenue		
I	Revenue from operations	15	1,491.76
II	Other Income	16	0.17
III	**Total income (I+II)**		**1,491.93**
IV	**Expenses**		
	Finance Costs	17	586.25
	Employee Benefits Expense	18	284.06
	Other expenses	19	153.13
	Depreciation, amortization and impairment	2(a) & 2(b)	16.83
	Provision for Expected Credit Loss and write offs	20	24.53
	Total expenses (IV)		**1,064.80**
V	**Profit before tax (III-IV)**		**427.13**
VI	**Tax Expense:**		
	(1) Current Tax	12	137.73
	(2) Deferred Tax	12	(11.27)
	Total tax expenses (VI)		**126.46**
VII	**Profit for the period (V-VI)**		**300.67**
	Other Comprehensive Income		
	a) Items that will not be reclassified to profit or loss		
	Remeasurements of defined benefit liability	18	2.48
	Income Tax Effect	12	(0.87)
	b) Items that will be reclassified to profit or loss		
VIII	**Other Comprehensive Income , net of income tax**		**1.61**
IX	**Total Comprehensive Income for the period (VII+VIII)**		**302.28**
X	**Earnings per equity share***	21	
	Basic (Rs.)		4.32
	Diluted (Rs.)		4.20
	Nominal value per share (Rs.)		10.00
	Summary of significant accounting policies	1	

*Basic and Diluted EPS for the period ended June 30, 2018 are not annualised.

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S.R. Batliboi & Associates LLP
ICAI Firm Registration No. 101049W/E300004
Chartered Accountants

For and on behalf of the Board of Directors of
AAVAS FINANCIERS LIMITED
(Formerly known as "Au Housing Finance Limited")

per Sarvesh Warty
Partner
Membership No. 121411

Manas Tandon
(Nominee Director)

Sushil Kumar Agarwal
(Whole Time Director & CEO)

Place: Mumbai
Date: August 30, 2018

Ghanshyam Rawat
(Chief Financial Officer)

Sharad Pathak
(Company Secretary)

AAVAS FINANCIERS LIMITED

(Formerly known as "Au HOUSING FINANCE LIMITED")

Statement of Changes in Equity for the period ended June 30, 2018

a. Equity Share Capital **(Rs. in Millions)**

Particulars	Amount
Balances at the beginning of the reporting period	691.73
Shares issued during the period	15.78
Balance at the end of the reporting period	707.51

b. Other Equity **(Rs. in Millions)**

Equity Component of compounded financial instruments	Reserves and surplus				Share warrant Account	Total
	Securities premium reserve	Share options Reserve	Special Reserve	Retained earnings		
Balance at the beginning of the reporting period	8,323.98	328.49	482.07	2,070.39	2.40	11,207.33
Profit for the period **(A)**	-	-	-	300.67	-	300.67
Other Comprehensive Income for the period **(B)**	-	-	-	1.61	-	1.61
Total Comprehensive Income for the period (A+B)	-	-	-	**302.28**	-	**302.28**
Transfer to special reserve u/s 36(1)(viii) of Income Tax Act, 1961	-	-	64.24	(64.24)	-	-
Issue of share capital	498.20	-	-	-	(2.40)	495.80
Transaction cost	(9.09)	-	-	-	-	(9.09)
Share Based Payments	-	35.52	-	-	-	35.52
Balance at the end of the reporting period	**8,813.09**	**364.01**	**546.31**	**2,308.43**	-	**12,031.84**

As per our report of even date

For S.R. Batliboi & Associates LLP
ICAI Firm Registration No. 101049W/E300004
Chartered Accountants

For and on behalf of the Board of Directors of
AAVAS FINANCIERS LIMITED
(Formerly known as "Au Housing Finance Limited")

per Sarvesh Warty
Partner
Membership No. 121411

Manas Tandon
(Nominee Director)

Sushil Kumar Agarwal
(Whole Time Director & CEO)

Place: Mumbai
Date: August 30, 2018

Ghanshyam Rawat
(Chief Financial Officer)

Sharad Pathak
(Company Secretary)

AAVAS FINANCIERS LIMITED
(Formerly known as "Au HOUSING FINANCE LIMITED")
Special Purpose Interim Standalone Cash flow statement for the period ended June 30, 2018

(Rs. in Millions)

		Notes	Period ended June 30, 2018
A	**Cash flow from operating activities:**		
	Net profit before tax as per statement of profit and loss		**427.13**
	Adjustments for		
	Depreciation and amortisation	2(a), 2(b)	16.83
	Provision for expected credit loss (ECL)		16.37
	Provision for employee benefits		4.32
	Derivative mark to market gain	15	(23.41)
	Provision for CSR expenditure		3.63
	Share based payments		35.52
	Operating profit before working capital changes		**480.39**
	Changes in working capital		
	Increase in financial and other assets		(3,169.92)
	Decrease in financial and other liabilities		(180.39)
	Total of changes in working capital		**(3,350.31)**
	Direct taxes paid		**(99.51)**
	Net cash flow from / (used in) operating activities (A)		**(2,969.43)**
B	**Cash flow from investing activities:**		
	Inflow (outflow) on account of :		
	Investment in fixed deposits		(1,000.00)
	Purchase of Property, plant and equipment (including capital work-in-progress)/ intangible assets	2	(28.80)
	Net cash flow from / (used in) investing activities (B)		**(1,028.80)**
C	**Cash flow from financing activities:**		
	Issue of equity shares (including share premium)		511.59
	Share / debenture issue expenses		(9.50)
	Proceeds from long term and short term borrowings		2,638.46
	Repayment of long term and short term borrowings		(1,378.67)
	Net Cash flow from / (used in) financing activities (C)		**1,761.88**
	Net increase/(decrease) in cash and cash equivalents (A+B+C)		**(2,236.35)**
	Cash and cash equivalents as at the beginning of the period		3,584.87
	Cash and cash equivalents at the end of the period	6	**1,348.52**
	Components of cash and cash equivalents		
	Cash on hand		25.65
	Balance in franking machine*		0.10
	Balance with banks		-
	In current accounts		215.23
	In cash credit		607.54
	In deposit account		500.00
	Total cash and cash equivalents	6	**1,348.52**
	Operational Cash Flow from Interest		
	Interest Received		1,223.32
	Interest Paid		(506.26)
	Summary of significant accounting policies	1	

* The Company can utilize the balance towards stamping of loan agreements executed with their borrowers and also for the agreements executed by the Company for its own borrowings.

As per our report of even date

For S.R. Batliboi & Associates LLP
ICAI Firm Registration No. 101049W/E300004
Chartered Accountants

For and on behalf of the Board of Directors of
AAVAS FINANCIERS LIMITED
(Formerly known as "Au Housing Finance Limited")

per Sarvesh Warty
Partner
Membership No. 121411

Manas Tandon
(Nominee Director)

Sushil Kumar Agarwal
(Whole Time Director & CEO)

Place: Mumbai
Date: August 30, 2018

Ghanshyam Rawat
(Chief Financial Officer)

Sharad Pathak
(Company Secretary)

A. Corporate Information

AAVAS FINANCIERS LIMITED (formerly known as "Au HOUSING FINANCE LIMITED") ("the Company") is a public limited Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company is registered with National Housing Bank (NHB) vide Registration No. 04.0151.17 and is engaged in the long term financing activity in the domestic markets to provide housing finance.

B. Basis of preparation of financial statements

a) Basis of preparation

(i) The Company's management had previously issued its audited financial statements for the year ended March 31, 2018 on April 27, 2018 that 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 ('the Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 ('Indian GAAP').

(ii) Further, in accordance with the SEBI Circular SEBI/HO/CFD/DIL/CIR/P/2016/47 dated March 31, 2016, the Company's management has prepared special purpose interim standalone financial statements for the three months period ended June 30, 2018 in accordance with Indian GAAP for preparation of the restated standalone summary statements to be included in the offer document, prepared by the Company in connection with its proposed Initial Public Offer of equity shares of face value of Rs.10 each ('IPO').

(iii) With effect from April 1, 2018, the Company is required to prepare its financial statements under the Indian Accounting Standards ('Ind AS') prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS Rules').

(iv) The Company's management has now prepared these Special Purpose Interim Standalone Financial Statements which comprise the Balance Sheets as at June 30, 2018, the Statement of Profit and Loss, the Statement of Cash Flows and the Statement of changes in equity for the three months period ended June 30, 2018 and a summary of the significant accounting policies and other explanatory information (together hereinafter referred to as "Special Purpose Interim Standalone Financial Statements").

(v) These Special Purpose Interim Standalone Financial Statements have been prepared solely in connection with the Company's conversion to the Ind AS framework for inclusion in the offer document, prepared by the Company in connection with its proposed IPO.

(vi) These Special Purpose Interim Standalone Financial Statements have been prepared in accordance with the recognition and measurement principles of the Ind AS framework. However, all disclosures as required under Ind AS have not been furnished in these Special Purpose Interim Standalone Financial Statements. Accordingly, the relevant comparative financial information under Ind AS for the three months period ended June 30, 2017 (comprising the statement of profit and loss, the cash flow statement and the statement for changes in equity for the three months period ended June 30, 2017) has not been presented in these Special Purpose Interim Standalone Financial Statements. Only a complete set of financial statements together with comparative financial information can provide a fair presentation of a Company's state of affairs (financial position), profit (financial performance including other comprehensive income), cash flows and the changes in equity.

(vii) The Company will prepare and issue its first complete Ind AS financial statements as at and for the year ending March 31, 2019. Until the first complete Ind AS financial statements are issued, the balances in these Special Purpose Interim Standalone Financial Statements are preliminary and may require adjustments if (a) there are any new Ind AS standards issued through March 31, 2019; (b) there are any amendments/modifications made to existing Ind AS standards or interpretations thereof through March 31, 2019 effecting the Ind AS balances in these financial statements; and (c) if the Company makes any changes in the elections and/or exemptions selected on adoption of Ind AS at its transition date of April 1, 2017.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Act. The Company has ascertained its operating cycle as 12 months for the above purpose.

b) Basis of measurement

The financial statements have been prepared on an accrual basis as a going concern and under the historical cost convention, except for derivative instruments that are measured at fair value at the end of each reporting date as required under relevant Ind AS.

1. Summary of significant accounting policies

1.1 Use of estimates

The preparation of Standalone financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

1.2 Cash and cash equivalents

Cash and cash equivalent comprises cash in hand, demand deposits and time deposits with original maturity of less than three months held with bank, debit balance in cash credit account and balance in franking machine.

1.3 Revenue recognition

a) Interest and similar income

Interest income, for all financial instruments measured either at amortised cost or at fair value through other comprehensive income, is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable and are an integral part of the EIR, but not future credit losses.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Company calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

b) Other charges and other interest

i. Overdue interest in respect of loans is recognized upon realisation.

ii. Other ancillary charges are recognized upon realisation.

c) Commission on Insurance Policies

Commission on insurance policies sold is recognised on accrual basis when the Company under its agency code sells the insurance policies.

d) Dividend income

Dividend income is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

1.4 Foreign currency

The Company's financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency.

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Income and expenses in foreign currencies are initially recorded by the Company at the exchange rates prevailing on the date of the transaction.

Foreign currency denominated monetary assets and liabilities are translated at the functional currency spot rates of exchange at the reporting date and exchange gains and losses arising on settlement and restatement are recognized in the statement of profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

1.5 Operating Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognized as operating leases. The Company has ascertained that the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases and therefore, the lease payments are recognized as per terms of the lease agreement in the Statement of Profit and Loss.

1.6 Property, plant and equipment (PPE) and Intangible assets

On transition to Ind AS, the company has elected to continue with the carrying value of all of its property, plant and equipment and intangible assets as at 31 March 2017, measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment and intangible assets as on 1st April 2017.

PPE

PPE are stated at cost (including incidental expenses directly attributable to bringing the asset to its working condition for its intended use) less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditure related to PPE is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of item can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

Intangible fixed assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

1.7 Depreciation and amortization

Depreciation

Depreciation is provided over the useful life of the asset as per Schedule-II of Companies Act 2013 and depreciation rates have been worked out by applying written down value method. The Company has used the following useful lives to provide depreciation on its PPE.

PPE	**Useful Life (WDV) (In Years)**
Freehold Land	NIL
Building	60
Furniture and fixtures	10
Office equipment	5
Motor Vehicles	8
Servers	6
Computers and printers	3

All fixed assets individually costing Rs. 5,000/- or less are fully depreciated in the year of installation/purchase.

Amortization

Intangible assets are amortized on a straight line basis over the estimated useful economic life. The Company considers that the useful life of an intangible asset will not exceed four years 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 four years, the Company amortizes the intangible asset over the best estimate of its useful life.

1.8 Impairment of non-financial assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is 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. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.
After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

1.9 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a 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.
If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

1.10 Contingent liabilities and assets

The Company does not recognize a contingent liability but discloses its existence in the financial statements Contingent liability is disclosed in the case of:

- A present obligation arising from past events, when it is not probable that an outflow of resources will not be required to settle the obligation
- A present obligation arising from past events, when no reliable estimate is possible
- A possible obligation arising from past events, unless the probability of outflow of resources is remote

Contingent liabilities are reviewed at each balance sheet date.

Contingent assets are not recognised. A contingent asset is disclosed, as required by Ind AS 37, where an inflow of economic benefits is probable.

1.11 Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The Company provides gratuity benefits which is a defined benefit scheme. The cost of providing gratuity benefits is determined on the basis of actuarial valuation at each year end. Separate actuarial valuation is carried out for each plan using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absence as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Company treats accumulated leave expected to be carried forward beyond twelve months, as long term employee benefit for measurement purposes.

1.12 Taxes

Tax expense comprises current and deferred tax.

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities in accordance with Income tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.
Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

1.13 Earning per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

1.14 Share based payments

Equity-settled share based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share based payments transactions are set out in Note 23.

The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight line basis over the vesting period, based on the Company`s estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in Statement of Profit and Loss such that the cumulative expenses reflects the revised estimate, with a corresponding adjustment to the Share Based Payments Reserve.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

1.15 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

1.15.1 Financial Assets

1.15.1.1 Initial recognition and measurement

Financial assets, with the exception of loans and advances to customers, are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. Loans and advances to customers are recognised when funds are disbursed to the customers. The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention when acquiring them.All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

1.15.1.2 Classification and Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

1.15.1.3 Debt instruments at amortised costs

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit and loss.

1.15.1.4 Debt instruments at FVOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

1.15.1.5 Debt instruments at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at

FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

1.15.1.6 Equity Investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.
If the company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

1.15.2 Financial Liabilities

1.15.2.1 Initial recognition and measurement

Financial liabilities are classified and measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for trading or it is designated as on initial recognition. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.
The company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

1.15.2.2 Classification and Subsequent measurement - Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.
Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss.

1.15.2.3 Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss. This category generally applies to borrowings.

1.15.3 Derivative financial instruments

The Company holds derivative to mitigate the risk of changes in exchange rates on foreign currency exposures as well as interest fluctuations. The counterparty for these contracts is generally a bank.

Financial assets or financial liabilities, at fair value through profit or loss

This category has derivative financial assets or liabilities which are not designated as hedges. Any derivative that is not designated a hedge is categorized as a financial asset or financial liability, at fair value through profit or loss.

Derivatives not designated as hedges are recognized initially at fair value and attributable transaction costs are recognized in net profit in the Statement of Profit and Loss when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting exchange gains or losses are included in Statement of Profit and Loss. Assets/liabilities in this category are presented as current assets/current liabilities if they are either held for trading or are expected to be realized within 12 months after the balance sheet date.

1.15.4 Reclassification of financial assets and liabilities

The company doesn't reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

1.15.5 De recognition of financial assets and liabilities

1.15.5.1 Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Company also derecognises the financial asset if it has transferred the financial asset and the transfer qualifies for de recognition.

The Company has transferred the financial asset if, and only if, either:

- It has transferred its contractual rights to receive cash flows from the financial asset
  Or
- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement

Pass-through arrangements are transactions whereby the Company retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- The Company has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates.
- The Company cannot sell or pledge the original asset other than as security to the eventual recipients.
- The Company has to remit any cash flows it collects on behalf of the eventual recipients without material delay.

In addition, the Company is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Company has transferred substantially all the risks and rewards of the asset
  Or
- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Company could be required to pay.

If continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the continuing involvement is measured at the value the Company would be required to pay upon repurchase. In the case of a written put option on an asset that is measured at fair value, the extent of the entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1.15.5.2 Financial Liabilities

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

1.16 Impairment of financial assets

1.16.1 Overview of the ECL principles

The Company is recording the allowance for expected credit losses for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts, (in this section all referred to as 'financial instruments'). Equity instruments are not subject to impairment under IND AS 109.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL) as outlined in Note 1.16.2). The Company's policies for determining if there has been a significant increase in credit risk are set out in Note 4(b)(4)(v).

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on collective basis, depending on the nature of the underlying portfolio of financial instruments. The Company's policy for grouping financial assets measured on a collective basis is explained in Note 4(b)(4)(vi).
The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition. This is further explained in Note 4(b)(4)(v).

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

- Stage 1: When loans are first recognised, the Company recognises an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2 or Stage 3.
- Stage 2: When a loan has shown a significant increase in credit risk since origination, the company records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.
- Stage 3: Loans considered credit-impaired (as outlined in Note 4(b)(4)(i). The Company records an allowance for the LTECLs.

For financial assets for which the company has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

1.16.2 The calculation of ECLs

The Company calculates ECLs based on a probability-weighted scenarios and historical data to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- PD - *The Probability of Default* is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. The concept of PDs is further explained in Note 4(b)(4)(ii).
- EAD - The Exposure at Default is an exposure at a default date. The EAD is further explained in Note 4(b)(4)(iii).
- LGD - The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD. The LGD is further explained in Note 4(b)(4)(iv).

The maximum period for which the credit losses are determined is the expected life of a financial instrument.

Provisions for ECLs for undrawn loan commitments are assessed as set out in Note 4(b)(3).

The mechanics of the ECL method are summarised below:

- Stage 1: The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to an EAD and multiplied by the expected LGD.

- Stage 2: When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument.

- Stage 3: For loans considered credit-impaired (as defined in Note 4(b)(4)(i)), the Company recognizes the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

- Loan commitments: When estimating LTECLs for undrawn loan commitments, the Company estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan.

For loan commitments, the ECL is recognised within Provisions.

1.16.3 Forward looking information

Housing market has a significant macroeconomic impact. Home building is an important portion of GDP growth. Housing activity has a direct impact on the level of employment and income of people in an economy in view of its large potential for employment. It is, therefore, identified as a key contributor for the growth and development of an economy.
Interest rate, income, GDP growth and house prices are inseparable relationship with each other.

- Unemployment rates: With increased migration of population into semi urban & Urban areas and traction for construction giving a positive move to employment into housing segment. Our majority of clients are self-employed has higher employability and salaried class are contributor to the allied services in the segment we cater. Unemployment would thinner the housing sector and the markets with higher ticket sizes demand will be impacted more, where we tend not to have an adverse effect in imminent period.

- GDP growth: GDP growth however increase overall demand in the market which will lead higher investment in housing sector which will also be further pushed by the increasing Govt focus on this segment. However a slower growth on GDP is not expected to affect us as majority of our clients are just above the bottom of the pyramid they are mostly into cash and carry business so macro level changes does not impact much.

- Interest rate: Interest rate increase have an adverse effect on investment on housing. Periodically we study and analyze the affect to have a sense over business. As our significant client base are New to credit and located into unserved and unreached markets allows us to risk the price accordingly and do not impact much. Low income and end used customer base gives us further leaver as demand fluctuates due to hike in interest rates.

1.16.4 Collateral repossessed

In its normal course of business, the company does not physically repossess properties or other assets in its retail portfolio, but generally engages external agents to recover funds generally at auctions to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, the residential properties under legal repossession processes are not recorded on the balance sheet and are treated as current assets held for sale, at (i) fair value less cost to sell or (ii) principle outstanding, whichever is less, at the repossession date.

1.16.5 Write-offs

Financial assets are written off either partially or in their entirety only when the Company has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to profit and loss account.

1.17 Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date using valuation techniques.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

1.18 Dividend

The Company recognises a liability to make cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

2(a) Property, plant and equipment **(Rs. in Millions)**

	Building and premises	Computers and printers	Furniture and fixtures	Motor vehicles	Office equipment	Land	Total
Cost							
At April 1, 2017	44.57	40.47	35.54	6.69	12.06	-	139.33
Additions	2.85	40.51	40.26	17.72	14.89	0.50	116.73
Disposals	-	(0.05)	-	-	(0.02)	-	(0.07)
At March 31, 2018	**47.42**	**80.93**	**75.80**	**24.41**	**26.93**	**0.50**	**255.99**
Additions	-	10.29	4.33	1.72	9.03	-	25.37
Disposals	-	-	-	-	-	-	-
At June 30, 2018	**47.42**	**91.22**	**80.13**	**26.13**	**35.96**	**0.50**	**281.36**
Depreciation							
At April 1, 2017	8.27	22.03	12.92	3.23	5.95	-	52.40
Charge for the year	1.84	21.78	15.39	3.32	6.75	-	49.08
Disposals	-	(0.03)	-	-	-	-	(0.03)
At March 31, 2018	**10.11**	**43.78**	**28.31**	**6.55**	**12.70**	**-**	**101.45**
Charge for the period	0.45	6.06	4.08	1.41	2.52	-	14.52
Disposals	-	-	-	-	-	-	-
At June 30, 2018	**10.56**	**49.84**	**32.39**	**7.96**	**15.22**	**-**	**115.97**
Net Block							
At March 31, 2018	37.31	37.15	47.49	17.86	14.23	0.50	**154.54**
At June 30, 2018	**36.86**	**41.38**	**47.74**	**18.17**	**20.74**	**0.50**	**165.39**

2(b) Intangible assets

	Software	Total
Gross block		
At April 1, 2017	17.86	17.86
Purchase	22.13	22.13
Disposals	-	-
At March 31, 2018	39.99	39.99
Purchase	3.16	3.16
Disposals	-	-
At June 30, 2018	**43.15**	**43.15**
Amortization		
At April 1, 2017	3.09	3.09
Charge for the year	7.19	7.19
At March 31, 2018	**10.28**	**10.28**
Charge for the period	2.31	2.31
At June 30, 2018	**12.59**	**12.59**
Net block		
At March 31, 2018	29.71	**29.71**
At June 30, 2018	**30.56**	**30.56**

2(c) Intangible assets under development

	Software	Total
Gross block		
At April 1, 2017	1.35	1.35
Capitalised during the year	1.35	1.35
Purchase	0.33	0.33
At March 31, 2018	0.33	**0.33**
Capitalised during the period	-	-
Additions during the period	0.26	0.26
At June 30, 2018	**0.59**	**0.59**

(Rs. in Millions)

3 Investments

Particulars	Non-current		Current	
	As at June 30, 2018	As at March 31, 2018	As at June 30, 2018	As at March 31,
A. Investments carried at cost				
Aavas Finserv Limited (Subsidiary Company)	45.00	45.00	-	-
Total	**45.00**	**45.00**	-	-
B. Investments at fair value through profit and loss account			-	
Investments in mutual funds	-	-	-	-
Total (A) + (B)	**45.00**	**45.00**	-	-
Aggregate book and market value of quoted investments	-	-	-	-
Aggregate value of unquoted investments	**45.00**	**45.00**	-	-

4 Financial Assets

4(a) Loans

Particulars	Non-current		Current	
	As at June 30, 2018	As at March 31, 2018	As at June 30, 2018	As at March 31,
Loans and advances (secured)				
Considered good	34,598.94	31,899.91	1,533.78	1,361.14
Considered doubtful	220.74	154.86	-	-
Total (A) Gross	**34,819.68**	**32,054.77**	**1,533.78**	**1,361.14**
Less: Impairment loss allowance	(96.26)	(79.70)	(2.21)	(2.03)
Total (A) Net	**34,723.42**	**31,975.07**	**1,531.57**	**1,359.11**

i) Loans and receivables are non-derivative financial assets which generate a fixed or variable interest income for the Company. The carrying value may be affected by changes in the credit risk of the counterparties.

ii) Loans granted by the Company are secured by equitable mortgage/registered mortgage of the property and/or undertaking to create a security and/or personal guarantees and/or hypothecation of assets and/or assignments of life insurance policies. The process of security creation was in progress for loans to the extent of Rs. 1,209.48 millions at June 30, 2018 (P.Y. Rs. 1,698.53 millions)

iii) Loans sanctioned but un-disbursed amount is Rs. 2,293.39 millions as on June 30, 2018 (P.Y. Rs. 2,872.60 millions)

iv) During the period ended June 30, 2018, the Company has sold some loans and advances measured at amortised cost as per assignment deals, as a source of finance. As per the terms of these deals, since substantial risk and rewards related to these assets were transferred to the buyer, the assets have been decognised from the Company's balance sheet.

The table below summarises the carrying amount of the derecognised financial assets measured at amortised cost and the gain/(loss) on derecognition, per type of asset.

Loans and advances measured at amortised cost	Period ended June 30, 2018	Year ended March 31, 2018
Carrying amount of derecognised financial assets	555.55	4,858.40
Gain/(loss) from derecognition	89.91	601.67

Transfers of financial assets that are not derecognised in their entirety

Securitisations: The Company uses securitisations as a source of finance and a means of risk transfer. Such transactions generally result in the transfer of contractual cash flows from portfolios of financial assets to holders of issued debt securities. Securitisation has resulted in the continued recognition of the securitised assets.

The table below outlines the carrying amounts and fair values of all financial assets transferred that are not derecognised in their entirety and associated liabilities.

Loans and advances measured at amortised cost	Period ended June 30, 2018	Year ended March 31, 2018
Carrying amount of assets	-	1,076.74
Carrying amount of associated liabilities	-	1,012.13
Fair value of assets	-	1,076.74
Fair value of associated liabilities	-	1,012.13

During the period the Company has transferred certain assets amounting to Rs. Nil (P.Y. Rs. 249.71 millions) to an asset reconstruction Company. These assets have been de-recognised from the loan portfolio of the Company only to the extent of cash consideration received . The Company continues to act as a servicer for the portfolio of such assets. There was no gain/ (loss) recorded from the assets transferred.

V) The Company has granted certain loans to staff amounting to Rs. 5.86 millions as on June 30,2018 (P.Y. Rs 40.73 millions)

Break up of financial assets carried at amortised cost

Particulars	As at June 30, 2018
Loans (Note 4(a))	36,254.99
Other financial assets (Note 4(b))	1,161.32
Total financial assets carried at amortised cost	**37,416.31**

(Rs. in Millions)

4(a)(1) Impairment allowance for loans and advances to customers

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Company's internal grading system are explained in Note 4(b)(4)(ii) and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 4(b)(4)(vi).

Risk Categorization	Housing-Salaried	Housing-Self employed	Non Housing-Salaried	Non Housing-Self employed	Total
High_Risk	382.65	1,424.77	42.37	545.70	2,395.49
Medium_Risk	3,202.83	8,735.91	625.81	4,035.28	16,599.83
Low_Risk	7,018.92	6,388.40	1,654.76	2,296.06	17,358.14
Grand Total	**10,604.40**	**16,549.08**	**2,322.94**	**6,877.04**	**36,353.46**

4(a)(2)(i) Housing-Salaried lending

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Housing- Salaried lending is, as follows:

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 01 April 2018	9,715.40	160.86	45.67	**9,921.93**
New assets originated or purchased	1,209.98	0.94	1.06	**1,211.98**
Assets derecognised or repaid(excluding write offs)	(519.82)	(8.37)	(1.32)	**(529.51)**
Transfers from Stage 1	(55.03)	51.36	3.67	**(0.00)**
Transfers from Stage 2	19.92	(42.65)	22.73	-
Transfers from Stage 3	3.03	4.94	(7.97)	-
As at June 30, 2018	**10,373.48**	**167.08**	**63.84**	**10,604.40**

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 01 April 2018	11.01	1.02	7.30	**19.33**
New assets originated or purchased	1.37	0.01	0.17	**1.55**
Assets derecognised or repaid(excluding write offs)	(0.59)	(0.05)	(0.21)	**(0.85)**
Transfers from Stage 1	(0.06)	0.33	0.59	**0.86**
Transfers from Stage 2	0.02	(0.27)	3.64	**3.39**
Transfers from Stage 3	0.00	0.03	(1.28)	**(1.25)**
As at June 30, 2018	**11.75**	**1.07**	**10.21**	**23.03**

(Rs. in Millions)

4(a)(2)(ii) Housing-Self Employed lending

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Housing- Self Employed lending is, as follows:

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 01 April 2018	14,653.78	514.67	100.47	**15,268.92**
New assets originated or purchased	2,190.53	3.68	2.58	**2,196.79**
Assets derecognised or repaid(excluding write offs)	(861.36)	(46.14)	(9.13)	**(916.63)**
Transfers from Stage 1	(207.87)	195.72	12.15	**-**
Transfers from Stage 2	83.08	(135.62)	52.54	**-**
Transfers from Stage 3	5.92	7.58	(13.50)	**-**
As at June 30, 2018	**15,864.08**	**539.89**	**145.11**	**16,549.08**

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 01 April 2018	31.52	6.14	16.07	**53.73**
New assets originated or purchased	4.71	0.04	0.41	**5.16**
Assets derecognised or repaid(excluding write offs)	(1.85)	(0.55)	(1.46)	**(3.86)**
Transfers from Stage 1	(0.45)	2.33	1.94	**3.82**
Transfers from Stage 2	0.18	(1.62)	8.41	**6.97**
Transfers from Stage 3	0.01	0.09	(2.16)	**(2.06)**
As at June 30, 2018	**34.12**	**6.43**	**23.21**	**63.76**

4(a)(2)(iii) Non-Housing-Salaried lending

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Non-Housing- Salaried lending is, as follows:

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 01 April 2018	2,090.29	24.48	1.91	**2,116.68**
New assets originated or purchased	425.19	0.29	0.09	**425.57**
Assets derecognised or repaid(excluding write offs)	(218.06)	(1.24)	-	**(219.30)**
Transfers from Stage 1	(9.52)	9.31	0.21	**-**
Transfers from Stage 2	3.95	(6.56)	2.61	**-**
As at June 30, 2018	**2,291.85**	**26.28**	**4.82**	**2,322.95**

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 01 April 2018	1.17	0.08	0.31	**1.56**
New assets originated or purchased	0.24	0.00	0.01	**0.25**
Assets derecognised or repaid(excluding write offs)	(0.12)	(0.00)	-	(0.12)
Transfers from Stage 1	(0.01)	0.03	0.03	**0.05**
Transfers from Stage 2	0.00	(0.02)	0.42	**0.40**
As at June 30, 2018	**1.28**	**0.09**	**0.77**	**2.14**

AAVAS FINANCIERS LIMITED

Formerly known as "Au HOUSING FINANCE LIMITED")

Notes to the Special Purpose Interim Standalone Financial Statements for the period ended June 30, 2018

(Rs. in Millions)

4(a)(2)(iv) Non-Housing-Self Employed lending

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Non-Housing- Self Employed lending is, as follows:

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 01 April 2018	5,991.49	110.09	6.80	**6,108.38**
New assets originated or purchased	1,426.04	1.01	0.32	**1,427.37**
Assets derecognised or repaid(excluding write offs)	(647.21)	(9.87)	(1.63)	**(658.71)**
Transfers from Stage 1	(58.32)	53.46	4.86	**(0.00)**
Transfers from Stage 2	23.23	(31.15)	7.92	**-**
Transfers from Stage 3	1.05	-	(1.05)	**-**
As at June 30, 2018	**6,736.28**	**123.54**	**17.22**	**6,877.04**

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 01 April 2018	5.45	0.56	1.09	**7.10**
New assets originated or purchased	1.30	0.01	0.05	**1.36**
Assets derecognised or repaid(excluding write offs)	(0.59)	(0.05)	(0.26)	**(0.90)**
Transfers from Stage 1	(0.05)	0.28	0.78	**1.01**
Transfers from Stage 2	0.02	(0.16)	1.27	**1.13**
Transfers from Stage 3	0.00	-	(0.17)	**(0.17)**
As at June 30, 2018	**6.13**	**0.64**	**2.76**	**9.53**

4(a)(3) Loan commitments

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loan commitments is, as follows:

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 01 April 2018	2,857.45	14.68	0.47	**2,872.60**
New assets originated or purchased	868.17	-	-	**868.17**
Assets disbursed or cancelled	(1,445.01)	(2.37)	(0.00)	**(1,447.38)**
Transfers from Stage 1	(11.08)	10.63	0.45	**-**
Transfers from Stage 2	2.63	(3.27)	0.64	**-**
As at June 30, 2018	**2,272.16**	**19.67**	**1.56**	**2,293.39**

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 01 April 2018	4.50	0.15	0.08	**4.73**
New assets originated or purchased	1.52	-	-	**1.52**
Assets disbursed or cancelled	(2.08)	(0.02)	(0.00)	**(2.10)**
Transfers from Stage 1	(0.02)	0.10	0.07	**0.15**
Transfers from Stage 2	0.01	(0.04)	0.10	**0.07**
As at June 30, 2018	**3.93**	**0.19**	**0.25**	**4.37**

(Rs. in Millions)

4(a)(4) Impairment assessment

The references below show where the Company's impairment assessment and measurement approach is set out in these notes. It should be read in conjunction with the Summary of significant accounting policies.

- The Company's definition and assessment of default and cure.
- An explanation of the Company's internal grading system.
- How the Company defines, calculates and monitors the probability of default, exposure at default and loss given default.
- When the Company considers there has been a significant increase in credit risk of an exposure.
- The Company's policy of segmenting financial assets where ECL is assessed on a collective basis.
- The details of the ECL calculations for Stage 1, Stage 2 and Stage 3 assets.

4(a)(4)(i) Definition of default

The Company considers a financial instrument as defaulted and considered it as Stage 3 (credit-impaired) for ECL calculations in all cases, when the borrower becomes 90 days past due on its contractual payments.

4(a)(4)(ii) The Company's process for managing risk

Credit risk is the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company's main income generating activity is lending to customers and therefore credit risk is a principal risk. Credit risk mainly arises from loans and advances to customers , investments in debt securities and derivatives that are an asset position. The Company considers all elements of credit risk exposure such as counterparty default risk, geographical risk and sector risk for risk management purposes.

4(a)(4)(iii) Exposure at default

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too.

To calculate the EAD for a Stage 1 loan, the Company assesses the possible default events within 12 months for the calculation of the 12mECL. For Stage 2 and Stage 3 financial assets, the exposure at default is considered for events over the lifetime of the instruments.

4(a)(4)(iv) Loss given default

The Company segments its retail lending products into smaller homogeneous portfolios (housing and non housing), based on key characteristics that are relevant to the estimation of future cash flows. The data applied is collected loss data and involves a wider set of transaction characteristics (e.g., product type, wider range of collateral types) as well as borrower characteristics.

4(a)(4)(v) Significant increase in credit risk

The Company continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition. The Company considers an exposure to have significantly increased in credit risk when contractual payments are more than 30 days past due.

When estimating ECLs on a collective basis for a group of similar assets, the Company applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

4(a)(4)(vi) Grouping financial assets measured on a collective basis

As explained in Note 1.16, the Company calculates ECLs on collective basis on following asset classes:

- Housing-Salaried lending
- Housing-Self Employed lending
- Non Housing-Salaried lending
- Non Housing-Self Employed lending

The Company groups these exposure into smaller homogeneous portfolios, based on a combination of internal and external characteristics of the loans, as described below:

For housing- salaried & self-employed lending these are:

- Product type (buy to let/owner occupied)
- Customer type

For non-housing salaried & self-employed salaried lending these are:

- Product type (buy to let/owner occupied)
- Customer type

4(a)(5) The Company uses forward-looking information that is available without undue cost or effort in its assessment of significant increase of credit risk as well as in its measurement of ECL.

(Rs. in Millions)

4(a)(6) Collateral

The Company holds collateral or other credit enhancements to mitigate credit risk associated with financial assets.The main types of collateral and the types of assets these are associated with are listed in the table below. The collateral presented relates to instruments that are measured at amortised cost.

Particulars	As at June 30, 2018	As at March 31, 2018
Residential properties	116,028.85	108,358.55

The Company did not hold any financial instrument for which no loss allowance is recognised because of collateral at June 30, 2018. There was no change in the Company's collateral policy or collateral quality during the period.

Refer note 30(C) for risk concentration based on Loan to value(LTV).

(Rs. in Millions)

4(b) Other financial assets

Particulars	Non-current		Current	
	As at June 30, 2018	As at March 31, 2018	As at June 30, 2018	As at March 31, 2018
Interest accrued on Bank Deposits	-	-	54.63	5.17
Security Deposit	14.21	12.44	3.58	2.60
EIS Receivable	669.61	671.38	412.05	396.58
Other financial assets at fair value through profit or loss				
Cross Currency Swap	1.92	-	5.32	-
Total	**685.74**	**683.82**	**475.58**	**404.35**

5 Other assets

Particulars	Non-current		Current	
	As at June 30, 2018	As at March 31, 2018	As at June 30, 2018	As at March 31, 2018
Prepaid Expenses	1.97	2.02	8.35	4.59
Adavance to staff	0.51	0.51	9.49	6.63
Advance to vendors	-	-	52.42	11.63
Other Recoverable	-	-	19.79	13.13
Assets held for sale (Refer note 5(a))	-	-	84.91	60.98
Total	**2.48**	**2.53**	**174.96**	**96.96**

5(a) Assets obtained by taking possession of collateral

The Company obtained the following financial and non-financial assets during the period by taking possession of collateral held as security against loans and advances and held at the period end. The Company's policy is to realise collateral on a timely basis. The Company does not use non-cash collateral for its operations.

Particulars	As at June 30, 2018	As at March 31, 2018
Property	84.91	60.98
Total assets obtained by taking possession of collateral	**84.91**	**60.98**

6 Cash and cash equivalents

Particulars	As at June 30, 2018	As at March 31, 2018
Cash and cash equivalents		
Cash on hand (refer note 6(a))	25.75	19.17
Balance with banks		
In Current accounts	215.23	1,365.70
In Cash credit accounts	607.54	50.00
In Deposits with original maturity of less than three months	500.00	2,150.00
	1,348.52	**3,584.87**
Bank balances other than above		
Deposit with original maturity of more than 12 months (refer note 6(b))	114.73	114.73
Deposit with original maturity of more than 3 months less than 12 months	2,950.01	1,950.01
	3,064.74	**2,064.74**
Total	**4,413.26**	**5,649.61**

6(a) Cash on hand includes of Rs. 0.09 million (P.Y. Rs. 0.09 million) balance of franking machine.

6(b) Other Bank Balance in deposit accounts include deposits under lien aggregating to Rs. 114.73 millions (P.Y. Rs 114.73 millions) towards the first loss guarantee provided by the Company under the securitization agreements.

7 Equity share capital (Rs. in Millions)

Details of authorized, issued, subscribed and paid up share capital

	As at June 30, 2018	As at March 31, 2018
Authorized share Capital		
8,50,00,000 (P.Y. 8,50,00,000) Equity Shares of Rs. 10/- each	850.00	850.00
	850.00	**850.00**
Issued , Subscribed & Paid up capital		
Issued and Subscribed Capital		
7,07,50,891 (P.Y. 6,99,50,891) Equity Shares of Rs. 10/- each	707.51	699.51
Called-Up and Paid Up Capital		
Fully Paid-Up		
7,07,50,891 (P.Y. 6,87,98,297) Equity Shares of Rs 10/- each	707.51	687.98
Partly Called-Up and Paid Up Capital		
Nil (P.Y. 7,20,094) Equity Shares of Rs 10/- each , 4 Paid up	-	2.88
Nil (P.Y. 4,32,500) Equity Shares of Rs 10/- each , 2 Paid up	-	0.87
Total	**707.51**	**691.73**

7.1 The reconciliation of equity shares outstanding at the beginning and at the end of the reporting period.

Name of the shareholder	As at June 30, 2018		As at March 31, 2018	
	No. of shares	Rs. In million	No. of shares	Rs. In million
Equity Share at the beginning of period	69,950,891	691.73	58,739,657	581.64
Add:				
Equity Share Allotted during the period				
Shares issued during the period	-	-	697,162	3.52
Shares issued persuant to conversion of convertible share warrants	800,000	8.00	-	-
Right Shares issued during the period	-	-	9,291,521	92.91
ESOP exercised during the period	-	-	1,222,551	12.22
Call money received on 7,20,094 @ Rs 6 per share	-	4.32	-	1.44
Call money received on 4,32,500 @ Rs 8 per share	-	3.46	-	-
Equity share at the end of period	70,750,891	707.51	69,950,891	691.73

During the period , the Company has converted 360,000 and 440,000 convertible warrants into the equity shares at a Issue Price of Rs. 328.00 and 430.50 per warrant respectively

7.2 Shares held by holding Company

Name of the shareholder	As at June 30, 2018		As at March 31, 2018	
	No. of shares	% of holding	No. of shares	% of holding
Lake District Holdings Limited 3,52,61,756 Equity Shares of Rs. 10/- each fully paid	-	0.00%	35,261,756	50.41%
Total	**-**	**0.00%**	**35,261,756**	**50.41%**

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.

7.3 Details of shareholders holding more than 5% shares in the Company

Name of the shareholder	As at June 30, 2018		As at March 31, 2018	
	No. of shares	% of holding	No. of shares	% of holding
Lake District Holdings Limited 3,52,61,756 Equity Shares of Rs. 10/- each fully paid	35,261,756	49.84%	35,261,756	50.41%
Partners Group ESCL Limited 1,71,27,627 Equity Shares of Rs. 10/- each fully paid	17,127,627	24.21%	17,127,627	24.49%
Partners Group Private Equity Master Fund LLC 75,16,440 Equity Shares of Rs. 10/- each fully paid	7,516,440	10.62%	7,516,440	10.74%
AU Small Finance Bank Limited 50,14,746 Equity Shares of Rs. 10/- each fully paid	5,014,746	7.09%	5,014,746	7.17%
Total	**64,920,569**	**91.76%**	**64,920,569**	**92.81%**

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.

7.4 Rights, preferences and restrictions attached to shares

Equity shares:
The Company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend as and when proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

7.5 Aggregate number of bonus shares issued during the period of five years immediately preceding the reporting date

Particular	As at June 30, 2018	As at March 31, 2018	As at 1 April 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
Equity shares allotted as fully paid bonus shares by capitalization of securities premium	-	-	5,366,658	-	-	-

7.6 For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, refer note 23

(Rs. in Millions)

8 Other equity

Particulars	As at June 30, 2018	As at March 31, 2018
Share Premium Account	8,813.12	8,323.98
Special reserve u/s 29C of The National Housing Bank Act, 1987 read with 36 (1) (viii) of income tax Act. 1961*	546.30	482.07
Share Based Payments Reserve	364.00	328.49
Money recd. against share warrants**	-	2.40
Retained earnings	2,308.42	2,070.39
Total	**12,031.84**	**11,207.33**

* Section 29C (i) of The National Housing Bank Act, 1987 defines that every housing finance institution which is a Company shall create a reserve fund and transfer therein a sum not less than twenty percent of its net profit every year as disclosed in the statement of profit and loss before any dividend is declared. For this purpose any special reserve created by the Company under Section 36(1) (viii) of Income tax Act 1961, is considered to be an eligible transfer. The Company has transferred an amount of Rs. 64.24 millions (P.Y. Rs. 201.69 millions) to special reserve in terms of Section 36(1) (viii) of the Income Tax Act 1961 considered eligible for special reserve u/s 29C of NHB Act 1987.

** During the financial year 2017-18, the Company had issued 360,000 and 440,000 convertible warrants at a Issue Price of Rs. 328.00 and 430.50 per warrant respectively upon receipt of Rs. 3 per warrant , with a right exercisable by the warrant holder to convert each warrant with one equity share of the Company of face value Rs. 10/- each at a premium of Rs. 318.00 and Rs. 420.50 as the case may be, any time before the expiry of 5 years from the date of allotment or the filing of red herring prospectus with SEBI in accordance with applicable laws or any other period specified by Board, whichever is earlier, of the said convertible warrants .

9 Borrowings

Particulars	Non-current		Current	
	As at June 30, 2018	As at March 31, 2018	As at June 30, 2018	As at March 31, 2018
Secured				
Debentures(Refer note 9.7)	3,382.59	3,282.36	667.64	739.80
Term loans (refer note 9.8)				
- from NHB (Refer note 9.1)	4,166.97	3,382.12	339.49	268.87
- from Banks(Refer note 9.2)	14,887.05	14,526.29	2,523.95	2,357.14
-Financial instituions(Refer note 9.3)	2.14	96.91	0.66	81.77
Others				
Cash Credit (refer note 9.4)	-	-	372.07	325.13
Others (refer note 9.5)	1,324.24	1,413.44	76.74	55.18
		-		-
Unsecured		-		-
Debentures(Refer note 9.7)	995.33	994.80	50.97	26.68
Total	**24,758.32**	**23,695.92**	**4,031.52**	**3,854.57**
The above amounts include				
Secured borrowings	23,763.00	22,701.11	3,980.55	3,827.89
Unsecured borrowings	995.32	994.81	50.97	26.68
Total financial liabilities - borrowings	**24,758.32**	**23,695.92**	**4,031.52**	**3,854.57**

9.1 Secured term loans from National Housing Bank carry rate of interest in the range of 4.61% to 9.30% p.a. The loans are having tenure of 10 to 15 years from the date of disbursement and are repayable in quarterly instalments. These loans are secured by hypothecation (exclusive charge) of the loans given by the Company. Loans from National Housing Bank to the extent of Rs. 822.53 millions (P.Y. Rs. 999.49 millions) have been guaranteed by corporate guarantee of AU Small Finance Bank Limited

9.2 Secured term loans from Banks include loans from various banks and carry rate of interest in the range of 8.30% to 10.10% p.a. The loans are having tenure of 3 to 15 years from the date of disbursement and are repayable in monthly or quarterly or yearly instalments. These loans are secured by hypothecation (exclusive charge) of the loans given by the Company. Secured term loan from banks include auto loans of Rs. 12.95 millions (P.Y. Rs. 13.98 millions) carrying rate of interest in the range of 8.40% to 10.50% p.a. which are secured by hypothecation of Company's vehicles.

9.3 Loans from financial institutions carry rate of interest in the range of 8.46% to 9.26% p.a. These loans are having tenure of 3 to 4 years and are repayable in monthly instalments. These loans are secured by hypothecation (exclusive charge) of the loans given by the Company from the date of disbursement. Loans rom financial institutions include auto loans of Rs. 2.79 millions (P.Y. Rs. 2.74 millions)

9.4 Cash credit borrowings from bank are secured against hypothecation of housing loans given by the Company, are repayable on demand and carry interest rates ranging from 8.35% to 11.00%

9.5 Other borrowings represent associated liabilities to securitized asset that has been re-recognised due to non fulfillment of derecognition criteria as per Ind AS.

9.6 **Changes in liabilities arising from financing activities**

Pariculars	**As at March 31, 2018**	**Cash flows**	**Other**	**As at June 30, 2018**
Current Borrowing	3,854.57	108.85	68.09	4,031.52
Non-current Borrowing	23,695.92	1,150.94	(88.53)	24,758.32
Total	**27,550.49**	**1,259.79**	**(20.44)**	**28,789.84**

9.7 Detail of Redeemable Non-Convertible Debentures

(Rs. in Millions)

Sr. No.	ISIN No.	Date of allotment	Date of redemption	Nominal value per debenture	Total number of debentures	Rate of Interest p.a.	Face value	As at June 30, 2018		As at March 31, 2018		Secured/ Unsecured	Terms of redemption
								Non-current	Current	Non-current	Current		
1	INE216P07076	15-Jul-15	20-Jun-18	10	100	10.70%	1,000	-	-	-	107.53	Secured	Redeemable at par*
2	INE216P07084	15-Jul-15	27-Dec-18	10	200	10.70%	2,000	-	220.53	-	215.16	Secured	Redeemable at par
3	INE216P07092	31-Jul-15	31-Dec-18	10	300	10.70%	3,000	-	329.28	-	321.24	Secured	Redeemable at par
4	INE216P07100	02-Sep-16	20-Mar-20	10	500	10.30%	5,000	499.37	14.39	499.29	1.55	Secured	Redeemable at par
5	INE216P07142	10-Oct-16	10-Oct-19	10	1,000	9.00%	10,000	998.95	64.85	998.85	42.41	Secured	Redeemable at par
6	INE216P07126	20-Dec-16	19-Oct-20	10	500	9.00%	5,000	499.04	23.85	498.98	12.58	Secured	Redeemable at par
7	INE216P07134	18-Jul-17	18-May-22	10	1,300	8.61%	13,000	1,285.65	12.91	1,284.87	39.33	Secured	Redeemable at par
8	INE216P08017	22-Dec-17	22-Dec-23	10	1,000	9.74%	10,000	995.32	50.97	995.17	26.68	Unsecured	Redeemable at par
9	INE216P07159	17-Apr-18	17-Apr-23	10	100	9.10%	1,000	99.59	1.83	-	-	Secured	Redeemable at par
							Total amount	**4,377.92**	**718.61**	**4,277.16**	**766.48**		

*Redeemed during the period

9.8 Terms of repayment of of long term borrowings outstanding as at June 30, 2018

(Rs. in Millions)

		Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		Due 3 to 4 years		Due 4 to 5 years		Due 5 to 10 years		Above 10 years		Total	
Original maturity of loan	**Interest rate**	**No. of installments**	**Amount**	**No. of installments**	**Amount**	**No. of installments**	**Amount**	**No. of installments**	**Amount**	**No. of installments**	**Amount**	**No. of installments**	**Amount**	**No. of installments**	**Amount**	**No. of installments**	**Amount**
Monthy repayment schedule																	
Above 3 years	8%-10%	392	656.38	384	647.20	340	554.41	202	472.49	72	446.29	144	792.46	31	88.92	**1,565**	**3,658.15**
	10%-12%	54	70.58	22	55.01	8	26.62	-	-	-	-	-	-	-	-	**84**	**152.21**
Quarterly repayment schedule																	
Above 3 years	4%-6%	6	74.34	8	99.18	8	99.18	8	99.18	8	99.18	26	264.97	-	-	**64**	**736.04**
	6%-8%	15	97.82	20	130.50	20	130.50	20	130.50	20	130.50	100	652.52	58	302.01	**253**	**1,574.35**
	8%-10%	211	1,916.65	229	2,282.80	207	1,975.71	177	1,840.31	160	1,624.71	506	5,054.45	53	494.42	**1,543**	**15,189.05**
Yearly repayment schedule																	
Above 3 years	8%-10%	1	49.88	2	98.64	1	49.91	1	49.91	1	49.91	3	299.47	-	-	**9**	**597.72**
At the end of tenure							-										
Above 3 years	8%-10%	-	168.39	2	1,497.34	1	499.11	1	1,297.69	1	99.82	1	998.23	-	-	**6**	**4,560.58**
	10%-12%	2	548.68	-	-	-	-	-	-	-	-	-	-	-	-	**2**	**548.68**
		681	**3,582.72**	**667**	**4,810.67**	**585**	**3,335.44**	**409**	**3,890.08**	**262**	**2,450.41**	**780**	**8,062.10**	**142**	**885.35**	**3,526**	**27,016.78**

(Rs. in Millions)

10 Other financial liabilities

Particulars	Non-current		Current	
	As at June 30, 2018	As at March 31, 2018	As at June 30, 2018	As at March 31, 2018
Financial liabilities at amortised cost				
Due to assignees towards collections in derecognised assets	-	-	265.47	303.64
Employee payables	-	-	42.86	58.62
Other financial liabities	2.77	2.56	107.55	264.39
Financial liabilities at fair value through profit or loss				
Cross Currency Swap	-	6.32	-	9.85
Total	**2.77**	**8.88**	**415.88**	**636.50**

Break up of financial liabilities carried at amortised cost	June 30, 2018
Borrowings (non-current) (note 9)	24,758.32
Borrowings (current) (note 9)	4,031.52
Payables (note 13)	56.54
Other financial liabilities (non-current) (note 10)	2.77
Other financial liabilities (current) (note 10)	415.88
Total financial liabilities carried at amortised cost	**29,265.03**

11 Provisions

Particulars	Non-current		Current	
	As at June 30, 2018	As at March 31, 2018	As at June 30, 2018	As at March 31, 2018
Provision for employee benefits				
Leave availment	7.93	6.93	1.27	1.41
Gratuity	19.01	18.07	0.74	0.71
Provision for CSR	-	-	12.80	9.17
Total	**26.94**	**25.00**	**14.81**	**11.29**

(Rs. in Millions)

12 Tax Expenses

The major components of income tax expense for the period ended June 30, 2018

Profit or loss section

	Period ended June 30, 2018
Current income tax:	
Current income tax charge	137.73
Adjustments in respect of current income tax of previous year	
Deferred tax:	
Relating to origination and reversal of temporary differences	(11.27)
Income tax expense reported in the statement of profit or loss	126.46

OCI section

Deferred tax related to items recognised in OCI during the period:

	June 30, 2018
Net loss/(gain) on remeasurements of defined benefit plans	0.87
Income tax charged to OCI	0.87

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for June 30, 2018:

Particulars	Period ended June 30, 2018
Accounting profit before tax from continuing operations	427.13
Tax at statutory Income Tax rate of 34.94%	149.26
Expenses Disallowed in Income tax Act	0.27
Difference in depreciation as per tax and books of account	1.83
Expenses Disallowed u/s 43B of Income tax Act	0.30
Provision for Gratuity	0.34
Provision for special reserve u/s 29C of NHB Act	(22.45)
Incremental defered tax assets on account of Finaniclal assets and other items	(3.09)
Tax at effective Income Tax rate of 29.61%	126.46
Income tax expense reported in the statement of profit and loss	**126.46**

Deferred Tax liabilities / (assets)	**June 30, 2018**	**March 31, 2018**
Deferred tax liability		
Deferred tax impact other adjustments	274.44	276.50
Gross deferred tax liability	**274.44**	**276.50**
Deferred tax asset		
Provision for gratuity and Leave availment	-	(9.38)
Difference between tax depreciation and depreciation/amortization charged for the financial reporting	(5.24)	(1.34)
ESOPs	(166.08)	(152.26)
Gross deferred tax asset	**(171.32)**	**(162.98)**
Net Deferred Tax Liability	**103.12**	**113.52**

13 Payables **(Rs. in Millions)**

Particulars	As at June 30, 2018	As at March 31, 2018
Trade Payables		
Total outsanding dues of Micro Enterprises and Small Enterprises	-	-
Total outsanding dues of Creditors other than Micro Enterprises and Small Enterprises	56.54	91.28
Total	**56.54**	**91.28**

14 Other current liabilities

Particulars	As at June 30, 2018	As at March 31, 2018
Statutory Dues Payable	21.34	33.14
Provision for Expenses	24.63	22.17
Others	10.36	4.53
Total	**56.33**	**59.84**

15 Revenue from operations **(Rs. in Millions)**

	Particulars	Period ended June 30, 2018
a)	**Interest Income**	
	Interest on Loans (Note 15(a))	1,335.66
	Interest on deposits with Banks	89.83
b)	**Insurance commission**	3.62
c)	**Profit on sale of Investments**	8.27
d)	**Other operating income**	17.26
e)	**Net gain/ (loss) on fair value changes**	
	Net gain/ (loss) on financial instruments at fair value through profit or loss	
	Derivatives	23.41
f)	**Net gain on derecognition of financial instruments under amortised cost category (Note 15(b))**	13.71
	Total	**1,491.76**

15(a) Loan origination income included in Interest income on Loan is disclosed net of the direct incremental costs of Rs. 54.39 millions for period ended June 30, 2018 associated with the origination of the underlying loans.

15(b) Under Ind AS, with respect to Assignment deals, Company has created an Interest only strip receivable , with corresponding credit to Statement of Proft and loss for the period, which has been computed by discounting Excess Interest Spread (EIS) to present value.

16 Other income

Particulars	Period ended June 30, 2018
Other income	0.17
Total	**0.17**

17 Finance Costs

Particulars	Period ended June 30, 2018
Interest on borrowings	550.82
Interest on Securitsed pool	26.66
Fees and commission expense	8.77
Total	**586.25**

18 Employee Benefits Expenses

Particulars	Period ended June 30, 2018
Salaries and wages	233.16
Contribution to provident and other funds	9.76
Share Based Payments to employees	35.52
Staff welfare expenses	5.62
Total	**284.06**

Gratuity and other post-employment benefit plans

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for gratuity on cessation of employment and it is computed at

15 days salary (last drawn salary) for each completed year of service subject to such limit as prescribed by The Payment of Gratuity Act, 1972 as amended from time to time.

The following tables summarize the components of net benefits expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the respective plans.

Statement of profit and loss

Net employee benefit expense recognized in the employee cost

Particulars	June 30, 2018
Current service cost	2.08
Interest cost	1.46
Return on plan assets	-
Net remeasurement (gain) / loss recognized in the period	(2.48)
Net expense	**1.06**

Remeasurement (gains)/ loss recognised in other comprehensive income:

Particulars	June 30, 2018
Remeasurement (gain) / loss on obligations arising from changes in experience adjustments	(2.48)
Remeasurement (gain) / loss on obligations arising from changes in financial assumptions	
Remeasurement (gain) / loss arising during the period	**(2.48)**

(Rs. in Millions)

Balance Sheet
Net defined benefit liability

Particulars	June 30, 2018
Present value of defined benefit obligation	18.77
Fair value of plan assets	-
Plan liability	**18.77**

Changes in the present value of the defined benefit obligation are as follows:

Particulars	June 30, 2018
Opening defined benefit obligation	18.77
Current service cost	2.08
Interest cost	1.46
Benefits paid during the period	(0.07)
Remeasurement (gain)/loss on obligation	(2.48)
Closing defined benefit obligation	**19.76**

The principle assumptions used in determining gratuity obligations for the Company are shown below:

Particulars	June 30, 2018
Discount rate	8.00%
Salary escalation rate	7.00%
Employee Turnover	age 30 = 5% age 31-40 = 3% age 41-50 = 2% age 51 & above=1%

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 below:

Particulars	June 30, 2018
Defined benefit obligation	19.76
Plan assets	-
Surplus / (deficit)	19.76
Experience adjustments on plan liabilities	(2.48)
Experience adjustments on plan assets	-

Sensitivity Analysis:
A quantitative sensitivity analysis for significant assumption is as shown below:

Particulars	As at June 30, 2018
a) Effect of 1% change in assumed discount rate	
- 1% increase	17.09
- 1% decrease	23.03
(b) Effect of 1% change in assumed salary escalation rate	
- 1% increase	23.03
- 1% decrease	17.04

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.

AAVAS FINANCIERS LIMITED

(Formerly known as "Au HOUSING FINANCE LIMITED")

Notes to the Special Purpose Interim Standalone Financial Statements for the period ended June 30, 2018

(Rs. in Millions)

19 Other expenses

Particulars	**Period ended June 30, 2018**
Rent	15.65
Rates & Taxes Expenses	0.33
Repairs and maintenance	6.48
Communication Costs	5.09
Commission & brokerage	2.91
Printing and stationery	1.80
Advertisement and publicity	3.63
Directors Sitting Fees	0.84
Auditor's remuneration	0.60
Legal and Professional charges	14.04
Postage & courier expenses	2.02
CSR expenses	4.41
General Office Expenses	2.66
Travelling and Conveyance	11.05
Manpower management cost	54.13
AMC charges	1.51
Electricity and water	5.12
Fee & subscription	0.00
Net loss on foreign currency transaction and translation	20.86
Total	**153.13**

Auditor's remuneration

Particulars	**Period ended June 30, 2018**
-Audit fees	0.60
-Tax audit fees	-
-Other services	-
	0.60

20 Provision for Expected Credit Loss and write offs

Particulars	**Period ended June 30, 2018**
Impairment on financial instruments	
Loans	16.37
Write offs	8.16
Total	**24.53**

21 Earning per share

Particulars	**Period ended June 30, 2018**
Following reflects the profit and share data used in EPS computations:	
Basic*	
Weighted average number of equity shares for computation of Basic EPS (in millions)	69.57
Net profit for calculation of basic EPS (Rs.in millions)	300.67
Basic earning per share (In Rs.)	**4.32**
Diluted*	
Weighted average number of equity shares for computation of Diluted EPS (in millions)	71.63
Net profit for calculation of Diluted EPS (Rs.in millions)	300.67
Diluted earning per share (In Rs.)	**4.20**
Nominal value of equity shares (In Rs.)	**10.00**

*Basic and Diluted EPS for the period ended June 30, 2018 are not annualised.

(Rs. in Millions)

22 Commitments and contingencies

a The Company has taken various premises under operating lease. The future minimum lease payments are given below:

Particulars	Period ended June 30, 2018
Within one year	14.23
Later than one year but not later than five years	19.40
Later than five years	-
Total	**33.63**
The total of minimum lease payments recognized in the Statement of Profit and Loss for the period	**16.21**

b Capital commitments

Particulars	As at June 30, 2018		
	Estimated project cost	Paid during the period	Balance payable
Property, plant and equipement	13.38	6.34	7.04
Total	**13.38**	**6.34**	**7.04**

c Contingent Liability not provided for

	As at June 30, 2018
Credit enhancements provided by the Company towards Asset Securitisation (including cash collaterals, principal and interest subordination)	114.73
Total	**114.73**

23 Stock options

I The Company has formulated various share-based payment schemes for its employees (Plan I), management team (Plan II) and directors (Plan III). Details of all grants in operation during the period ended June 30, 2018 are as given below:

Particulars	**ESOP 2016 I (a)**	**ESOP 2016 I (b)**	**ESOP 2016 II**	**ESOP 2016 III**
Scheme Name	Equity stock option plan for Employees 2016 (ESOP 2016 I)	Equity stock option plan for Employees 2016 (ESOP 2016 I)	Equity stock option plan for Management team 2016 (ESOP 2016 II)	Equity stock option plan for Directors 2016 (ESOP 2016 III)
No. of options approved*	1,287,901		3,445,610	719,084
Date of grant	23-Feb-17	24-Jan-18	23-Feb-17	23-Feb-17
No. of options granted	980,118	424,687	3,445,610	719,084
Exercise price per option (in Rs.)	215.25	328	215.25	215.25
Method of settlement	Equity	Equity	Equity	Equity
Vesting period and conditions	A) 50% options to vest as per stipulated vesting schedule ("Fixed Vesting") B) 50% options to vest as per stipulated vesting schedule on fulfillment of stipulated conditions ("Conditional Vesting")			
A) Fixed Vesting period is as follows on following dates :-				
1st vesting "12 months from the date of grant	98,012	42,469	Refer note A	71,908
2nd vesting "On expiry of four months from the 1st vesting date"	98,012	NA	-	71,908
2nd vesting "On expiry of one year from the 1st vesting date"	NA	42,469	-	NA
3rd vesting "On expiry of one year from the 2nd vesting date"	98,012	42,469	-	Refer note B
4th vesting "On expiry of one year from the 3rd vesting date"	98,012	42,469	-	-
5th vesting "On expiry of one year from the 4th vesting date"	98,011	42,469	-	-
B) Conditional Vesting	Linked with conditions over the next five years as stipulated in respective stock option plan		Refer note A	Linked with conditions over the next five years as stipulated in respective stock option plan (Refer note B)
Exercise period	Four years from the date of each vesting			

*After adjusting subsequent cancellations, if any

Note:

A. During year ended March 31, 2018, pursuant to the the Board approval dated January 25, 2018, all options granted under Management team 2016 (ESOP 2016 II) plan were vested with immediate effect with no further conditions attached to them.

B. During period ended June 30, 2018, pursuant to the the Board approval dated June 08, 2018, last three tranches of options related to fixed vesting (2,15,724 options) and 25% of performance options (89,886 options) granted under Directors 2016 (ESOP 2016 III) plan were vested on June 30, 2018 subject to lock in conditions as prescribed in stock plan.

II Computation of fair value of options granted during the period ended June 30, 2018

NIL options granted during the period ended June 30, 2018

Computation of fair value of options granted during year ended March 31, 2018

Plan I : The weighted average fair value of stock options granted during the year was Rs. 153.51 (Plan I (b)).

The Black-Scholes Model has been used for computing the weighted average fair value considering the following:

Particulars	**Plan I (b)**
Share price on the date of grant (Rs.)	316.3
Exercise price (Rs.)	328.00
Expected volatility (%)	45.50%
Life of the options granted (years)	
First Vesting	3 years
Second Vesting	4 years
Third Vesting	5 years
Forth Vesting	6 years
Fifth Vesting	7 years
Risk-free interest rate (%)	7.42%
Expected dividend rate (%)	0%
Fair value of the option (Rs.)	Tranche 1 - 118.09 Tranche 2 - 138.24 Tranche 3 - 155.03 Tranche 4 - 171.35 Tranche 5 - 184.83

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

III Reconciliation of options

Particulars	**ESOP 2016 I (a)**	**ESOP 2016 I (b)**	**ESOP 2016 II**	**ESOP 2016 III**
Period ended June 30, 2018				
Options outstanding at April 1, 2018	863,214	424,687	2,223,059	719,084
Granted during the period	-	-	-	-
Forfeited during the period	4,388	-	-	-
Exercised during the period	-	-	-	-
Expired / lapsed during the period	50,392	-	-	-
Outstanding at June 30, 2018	808,434	424,687	2,223,059	719,084
Exercisable at June 30, 2018	304,230	-	2,223,059	449,428
Weighted average remaining contractual life (in years)	5.12	6.57	2.36	5.08

Particulars	**ESOP 2016 I (a)**	**ESOP 2016 I (b)**	**ESOP 2016 II**	**ESOP 2016 III**
Financial Year 2017-18				
Options outstanding at April 1, 2017	980,118	-	3,445,610	719,084
Granted during the year	-	424,687	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	1,222,551	-
Expired / lapsed during the year	116,904	-	-	-
Outstanding at March 31, 2018	863,214	424,687	2,223,059	719,084
Exercisable at March 31, 2018	154,608	-	2,223,059	71,908
Weighted average remaining contractual life (in years)	5.38	6.82	2.52	6.30
Weighted average share price at the time of exercise*	-	-	328.00	-

* Disclosure of weighted average share price at the time of exercise is applicable only for plans where there has been an exercise of options in current financial year.

24 Hedging activities and derivatives

Derivatives not designated as hedging instruments

The Company uses foreign currency denominated borrowings and Cross Currency Swaps to manage some of its transaction exposures. The Cross Currency Swaps are not designated as cash flow hedges and are entered into for periods of generally 34 to 36 months.

25 First-time adoption of Ind AS

(i) The Company's management had previously issued its audited financial statements for the year ended March 31, 2018 on April 27, 2018 that 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 ('the Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 ('Indian GAAP').

(ii) Further, in accordance with the SEBI Circular SEBI/HO/CFD/DIL/CIR/P/2016/47 dated March 31, 2016, the Company's management has prepared special purpose interim standalone financial statements for the three months period ended June 30, 2018 in accordance with Indian GAAP for preparation of the restated standalone summary statements to be included in the offer document, prepared by the Company in connection with its proposed Initial Public Offer of equity shares of face value of Rs.10 each ('IPO').

(iii) With effect from April 1, 2018, the Company is required to prepare its financial statements under the Indian Accounting Standards ('Ind AS') prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS Rules').

(iv) The Company's management has now prepared these Special Purpose Interim Standalone Financial Statements which comprise the Balance Sheets as at June 30, 2018, the Statement of Profit and Loss, the Statement of Cash Flows and the Statement of changes in equity for the three months period ended June 30, 2018 and a summary of the significant accounting policies and other explanatory information (together hereinafter referred to as "Special Purpose Interim Standalone Financial Statements").

(v) These Special Purpose Interim Standalone Financial Statements have been prepared solely in connection with the Company's conversion to the Ind AS framework for inclusion in the offer document, prepared by the Company in connection with its proposed IPO.

(vi) These Special Purpose Interim Standalone Financial Statements have been prepared in accordance with the recognition and measurement principles of the Ind AS framework. However, all disclosures as required under Ind AS have not been furnished in these Special Purpose Interim Standalone Financial Statements. Accordingly, the relevant comparative financial information under Ind AS for the three months period ended June 30, 2017 (comprising the statement of profit and loss, the cash flow statement and the statement for changes in equity for the three months period ended June 30, 2017) has not been presented in these Special Purpose Interim Standalone Financial Statements. Only a complete set of financial statements together with comparative financial information can provide a fair presentation of a Company's state of affairs (financial position), profit (financial performance including other comprehensive income), cash flows and the changes in equity.

(vii) The Company will prepare and issue its first complete Ind AS financial statements as at and for the year ending March 31, 2019. Until the first complete Ind AS financial statements are issued, the balances in these Special Purpose Interim Standalone Financial Statements are preliminary and may require adjustments if (a) there are any new Ind AS standards issued through March 31, 2019; (b) there are any amendments/modifications made to existing Ind AS standards or interpretations thereof through March 31, 2019 effecting the Ind AS balances in these financial statements; and (c) if the Company makes any changes in the elections and/or exemptions selected on adoption of Ind AS at its transition date of April 1, 2017.

Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions/exceptions:

Use of Estimates

The estimates at April 1, 2017, March 31, 2018 and June 30, 2018 are consistent with those made for the same dates in accordance with Indian GAAP apart from the following adjustments, where application of Indian GAAP did not require estimation:

- Fair valuation of financials instruments carried at FVTPL
- Impairment of financial assets based on Expected Credit Loss (ECL) model
- Determination of discounted value for financial instruments carried at amortized cost

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at April 1, 2017 the date of transition to Ind AS, and as of March 31, 2018.

Mandatory exemptions

Classification and measurement of financial assets

The Company has classified the financial assets in accordance with Ind AS 109 on the basis of facts and circumstances that exist at the date of transition to Ind AS.

Impairment of financial assets

The Company has applied the exception related impairment of financial assets given in Ind AS 101. It has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial assets were initially recognized and compared that to the credit risk as at April 1, 2017.

De-recognition of financial assets and liabilities

The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS, except for securitisation deals since the information needed to apply Ind AS 109 was available at the time of initially accounting for these securitisation deals.

Optional exemptions

Deemed cost-Previous GAAP carrying amount: (PPE and Intangible Assets)

Since there is no change in the functional currency, the Company has elected to continue with the carrying value for all of its PPE, Intangible assets and Investment Properties as recognized in its Indian GAAP financial as deemed cost at the transition date.

Arrangements containing a lease:

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. However, the Company has used Ind AS 101 exemption and assessed all arrangements based for embedded leases based on conditions in place as at the date of transition

Fair value measurement of financial assets or financial liabilities

The Company has elected to apply Ind AS 109 to day one gain or loss provisions prospectively to transactions occurring on or after the date of transition to Ind AS.

25a Reconciliation of Equity as at 31 March 2018 **(Rs. in Millions)**

	Note	Indian GAAP	Ind AS Adjustments	Ind AS
Non-current assets				
Property, plant and equipment		154.54	-	154.54
Intangible assets		29.71	-	29.71
Intangible assets under development		0.33	-	0.33
Investments		137.91	(92.91)	45.00
Financial assets				
Loans	i	30,560.64	1,414.43	31,975.07
Other financial assets	ii	12.44	671.38	683.82
Other non-current assets		2.53	-	2.53
		30,898.10	**1,992.90**	**32,891.00**
Current assets				
Investments				
Financial assets		2.66	(2.66)	-
Cash and cash equivalents		3,584.87	-	3,584.87
Bank balances other than above		2,064.74	-	2,064.74
Loans		1,387.73	(28.62)	1,359.11
Other financial assets		7.77	396.58	404.35
Other current assets		105.37	(8.41)	96.96
		7,153.14	**356.89**	**7,510.03**
TOTAL ASSETS		**38,051.24**	**2,349.79**	**40,401.03**
EQUITY AND LIABILITIES				
Equity				
Equity share capital		691.73	-	691.73
Other equity		10,292.98	914.35	11,207.33
		10,984.71	**914.35**	**11,899.06**
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings	iv	22,324.81	1,371.11	23,695.92
Other financial liabilities		2.56	6.32	8.88
Provisions		29.12	(4.12)	25.00
Deferred tax liabilities (net)	vi	117.59	(4.07)	113.52
		22,474.08	**1,369.24**	**23,843.32**
Current liabilities				
Financial liabilities				
Borrowings	iv	3,807.90	46.67	3,854.57
Payables		91.28	-	91.28
Other financial liabilities	v	621.92	14.58	636.50
Other current liabilities		64.06	(4.22)	59.84
Provisions		2.12	9.17	11.29
Current tax liabilities (net)		5.17	-	5.17
		4,592.45	**66.20**	**4,658.65**
TOTAL EQUITY AND LIABILITIES		**38,051.24**	**2,349.79**	**40,401.03**

AAVAS FINANCIERS LIMITED
(Formerly known as "Au HOUSING FINANCE LIMITED")
Notes to the Special Purpose Interim Standalone Financial Statements for the period ended June 30, 2018

25b **Reconciliation of Equity as at June 30, 2018** (Rs. in Millions)

	Notes	Indian GAAP	Ind AS Adjustments	Ind AS
ASSETS				
Non-current assets				
Property, plant and equipment		165.39	-	165.39
Intangible assets		30.56	-	30.56
Intangible assets under development		0.59	-	0.59
Investments		134.31	(89.31)	45.00
Financial assets				
Loans	i	33,390.18	1,333.24	34,723.42
Other financial assets	ii	14.21	671.53	685.74
Other non-current assets		2.48	-	2.48
		33,737.72	**1,915.46**	**35,653.18**
Current assets				
Investments		2.65	(2.65)	-
Financial assets				
Cash and cash equivalents		1,348.52	-	1,348.52
Bank balances other than above		3,064.74	-	3,064.74
Loans		1,560.29	(28.72)	1,531.57
Other financial assets		58.21	417.37	475.58
Other current assets		186.81	(11.85)	174.96
		6,221.22	**374.15**	**6,595.37**
TOTAL ASSETS		**39,958.94**	**2,289.61**	**42,248.55**
EQUITY AND LIABILITIES				
Equity				
Equity share capital		707.51	-	707.51
Other equity		11,069.40	962.44	12,031.84
		11,776.91	**962.44**	**12,739.35**
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings	iv	23,475.74	1,282.58	24,758.32
Other financial liabilities		2.77	-	2.77
Provisions		31.07	(4.13)	26.94
Deferred tax liabilities (net)	vi	134.89	(31.77)	103.12
		23,644.47	**1,246.68**	**24,891.15**
Current liabilities				
Financial liabilities				
Borrowings		3,963.41	68.11	4,031.52
Payables	iv	56.54	-	56.54
Other financial liabilities		411.51	4.37	415.88
Other current liabilities	v	61.12	(4.79)	56.33
Provisions		2.01	12.80	14.81
Current tax liabilities (net)		42.97	-	42.97
		4,537.56	**80.49**	**4,618.05**
TOTAL EQUITY AND LIABILITIES		**39,958.94**	**2,289.61**	**42,248.55**

AAVAS FINANCIERS LIMITED

(Formerly known as "Au HOUSING FINANCE LIMITED")

Notes to the Special Purpose Interim Standalone Financial Statements for the period ended June 30, 2018

25c Reconciliation of profit or loss for the period ended June 30, 2018 **(Rs. in Millions)**

	Notes	Indian GAAP	Ind AS Adjustments	Ind AS
Revenue				
Revenue from operations		1,438.53	53.23	1,491.76
Other Income		0.17	-	0.17
Total income (I+II)		**1,438.70**	**53.23**	**1,491.93**
Expenses				
Finance Costs		559.04	27.21	586.25
Employee Benefits Expense	iii	259.29	24.77	284.06
Other expenses		134.79	18.34	153.13
Depreciation, amortization and impairment		16.83	-	16.83
Provision for Expected Credit Loss and write offs	i	24.03	0.50	24.53
Total expenses (IV)		**993.98**	**70.82**	**1,064.80**
Profit before tax (III-IV)		**444.72**	**(17.59)**	**427.13**
Tax Expense:				
(1) Current Tax		137.46	0.27	137.73
(2) Deferred Tax		17.30	(28.57)	(11.27)
Total tax expenses (VI)		**154.76**	**(28.30)**	**126.46**
Profit for the period (V-VI)		**289.96**	**10.71**	**300.67**
Other Comprehensive Income	viii			
a) Items that will not be reclassified to profit or loss				
Remeasurements of defined benefit liability	vii	-	2.48	2.48
Income Tax Effect		-	(0.87)	(0.87)
b) Items that will be reclassified to profit or loss				
Other Comprehensive Income , net of income tax		-	**1.61**	**1.61**
Total Comprehensive Income for the period (VII+VIII)		**289.96**	**12.32**	**302.28**

(Rs. in Millions)

25d Footnotes to the reconciliation of equity as at March 31, 2018 and June 30, 2018 and profit or loss for the period ended June 30, 2018.

i Loans and advances

(i) Under Indian GAAP, the Company has created provision for loans and advances based on the Guidelines on prudential norms issued by National Housing Bank. Under Ind AS, impairment allowance has been determined based on Expected Loss model (ECL). Due to ECL model, the Company impaired its loans and advances by Rs. 81.73 millions on 31 March 2018 (Rs. 98.47 millions as on June 30, 2018) as against Provision made under Indian GAAP by Rs. 123.26 millions as on 31 March 2018 (Rs. 142.55 millions as on June 30, 2018). In addition, ECL on off balance sheet has also been determined as per Ind AS for Rs. 4.74 millions as on 31 March 2018 (Rs. 4.37 millions as on June 30, 2018). The differential impact has been adjusted in Retained earnings/ Profit and loss during the period.

(ii) Under Indian GAAP, transaction costs incurred in connection with loans and advances are amortised upfront and charged to profit or loss for the period. Under Ind AS, transaction costs are included in the initial recognition amount of financial asset measured at amortised cost and charged to profit or loss using the effective interest method.

(iii) The Company has securtised certain assets and under Indian GAAP, it has derecognised those assets in the books. However, as per Ind AS, the Company has not transferred substantially all the risks and rewards, the asset has been re-recognised, and the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

(iv) Under Indian GAAP, the Company has transferred certain assets to asset reconstruction company which has been de-recognised from the loan portfolio of the Company. Under Ind AS, , the the Company has re-recognised the asser and also recognised an associated liability to the extent of the rights and obligations retained by the Company

ii Other financial assets

Under Ind AS, with respect to Assignment deals, Company has created an Interest only strip receivable amounting to Rs 1067.96 millions as on 31 March 2018 (Rs. 1081.66 millions as on June 30, 2018) , with corresponding credit to Retained earning/ Proft and loss for the year, which has been computed by discounting Excess Interest Spread (EIS) to present value. Necessary adjustment with respect to credit risk has also been made.

iii Share-based payments

Under Indian GAAP, the Company recognised only the intrinsic value for the share based payments plans as an expense. Ind AS requires the fair value of the share options to be determined using an appropriate pricing model recognised over the vesting period. An additional expense of Rs. 35.52 millions has been recognised in profit or loss for the period ended June 30, 2018. Share options totalling Rs. 19.44 millions which were granted before and still not vested at 1 April 2017, have been recognised as a separate component of equity in SBP reserve against retained earnings at 1 April 2017.

iv Borrowings

Under Indian GAAP, transaction costs incurred in connection with borrowings are amortised upfront and charged to profit or loss for the period. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss using the effective interest method

v Cross Currency Swaps (CCS) not designated as hedging instruments

Under the previous GAAP, the company has considered the critical terms of the CCS and those of the principal term loan are same, based on the internal assessment carried out by the management, the net impact of the marked to market valuation of the CCS, net of gain/loss on the underlying loan, is not expected to be material and accordingly no adjustment has been made in the financial statements.

Under Ind AS, derivative which are not designated as hedging instruments are fair valued with resulting changes being recognised in Retained earnings/profit or loss.

(Rs. in Millions)

vi Deferred tax

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Group has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity. On the date of transition, the net impact on deferred tax liabilities is of negative Rs. 4.07 millions (June 30, 2018: negative 31.77 millions).

Ind AS does not require the creation of DTL on the amount transferred to the Special Reserve. Accordingly, DTL created on special reserve as at March 31, 2017 is reversed and the charge through the Statement of Profit and Loss Account in earlier years is also reversed.

vii Remeasurements of post employement benefit plans

Under Ind AS, remeasurements i.e. actuarial gain and losses on the net defined liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these measurements were forming part of the profit or loss for the year. Though there is no imapct on the total equity as at June 30, 2018.

viii Other comprehensive income

Under Indian GAAP, the Company has not presented other comprehensive income (OCI) separately. Hence, it has reconciled Indian GAAP profit or loss to profit or loss as per Ind AS. Further, Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

ix Statement of cash flows

The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows.

x Figures under previous GAAP have been regrouped/ reclassified for Ind AS purpose wherever applicable.

26 Segment information

The Company has only one reportable business segment, i.e. lending to borrowers, which have similar nature of products and services, type/class of customers and the nature of the regulatory environment (which is banking), risks and returns for the purpose of Ind AS 108 on 'Segment Reporting' specified under section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts] Rules, 2014 . Accordingly, the amounts appearing in the financial statements relate to the Company's single business segment.

27 Related party

a. Names of related parties identified in accordance with IND AS -24 "Related Party Disclosures" (with whom there were transactions during the period)

1. Entities where control exists:

Ultimate Holding Company
Lake District Holdings Limited - (Upto 8th June 2018)
Shareholders having Substantial interest
Lake District Holdings Limited - (From 8th June 2018)
Partners Group ESCL Limited
Wholly owned Subsidiary Company
Aavas Finserv Limited - (From 30th November 2017)

2. Key management personnel

Mr. Sushil Kumar Agarwal	Whole Time Director and Chief Executive Officer
Mr. Ghanshyam Rawat	Chief Financial Officer
Mr. Sharad Pathak	Company Secretary

3. Enterprises under significant influence of the key management personnel

None

4. Relatives of key managerial personnel

None

b. The nature and volume of transactions carried out with the above related parties in the ordinary course of business are as follows :

1. Remuneration to Key Managerial personnel **(Rs. in Millions)**

	June 30, 2018
Mr. Sushil Kumar Agarwal, Whole Time Director and Chief Executive Officer	13.05
Mr. Ghanshyam Rawat, Chief Financial Officer	8.62
Mr. Sharad Pathak, Company Secretary	0.64
Total	**22.31**

Note:

(a) 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.

(b) Value of perquisite arising on account of exercise of stock options by the key management personnel has not been considered as a related party transaction.

2. Other Transactions **(Rs. in Millions)**

Name of related party	Nature of transactions	June 30, 2018		
		Amount received	Amount paid	Outstanding balance
Aavas Finserv Limited	Reimbursement of expenses	-	-	0.74
Mr. Sushil Kumar Agarwal	Issue of Equity shares	288.26	-	-
Mr. Ghanshyam Rawat	Issue of Equity shares	89.96	-	-
Sharad pathak	Issue of Equity shares	2.89	-	-

28 CSR expenses **(Rs. in Millions)**

Operating expenses include 0.79 millions for the period ended June 30, 2018 (P.Y. Rs. 6.43 millions) towards Corporate Social Responsibility (CSR), in accordance with Companies Act, 2013. Gross Amount required to be spent by the Company during the period is Rs. 4.41 millions. (P.Y. Rs. 10.02 millions).

The details of amount spent during the respective year towards CSR are as under:

Sr No.	Particulars	June 30, 2018		
		Amount Spent	Amount unpaid/Provision	Total
1	Construction/acquisition of any asset	Nil	Nil	Nil
2	On purposes other than above	0.79	Nil	0.79

29 Capital management:

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is safety and security of share capital and maximize the shareholder value.

The Company manages its capital structure in light of changes in economic conditions and the requirements of the financial covenants. The company monitors capital using a gearing ratio, which is total debt divided by net worth. The Company's policy is to keep the gearing ratio at reasonable level of 6-8 times in imminent period while the Housing Finance Companies (National Housing Bank) Directions, 2010 (the "**NHB Directions**") currently permits HFCs to borrow up to 16 times of their net owned funds ("**NOF**"). The Company includes with in debt, its all interest bearing loans and borrowings.

Debt to net to net worth ratio

(Rs. in Millions)

Particulars	**As at June 30, 2018**	**As at March 31, 2018**
Debts	28,789.84	27,550.49
Net worth	12,739.35	11,899.06
Debt to Net woth	**2.26**	**2.32**

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

30 Financial risk management objectives and policies

The Company's Principal financial liabilities comprise loans and borrowings. The main purpose of these financial liabilities is to finance the company's operations.

At the other hand company's Principal financial assets include loans and cash and cash equivalents that derive directly from its operations.

As a lending institution, Company is exposed to various risks that are related to lending business and operating environment. **The Principal Objective** in Company 's risk management processes is to measure and monitor the various risks that Company is subject to and to follow policies and procedures to address such risks. Company 's risk management framework is driven by Board and its subcommittees including the Audit Committee, the Asset Liability Management Committee and the Risk Management Committee. Company gives due importance to prudent lending practices and have implemented suitable measures for risk mitigation, which include verification of credit history from credit information bureaus, personal verification of a customer's business and residence, technical and legal verifications, conservative loan to value, and required term cover for insurance. The major types of risk Company face in businesses are liquidity risk, credit risk, interest rate risk.

(A) Liquidity risk

Liquidity Risk refers to the risk that the company can not meet its financial obligations. The objective of Liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirement. The unavailability of adequate amount of funds at optimum cost and co-terminus tenure to repay the financial liabilities and further growth of business resultantly may face an Asset Liability Management (ALM) mismatch caused by a difference in the maturity profile of Company assets and liabilities. This risk may arise from the unexpected increase in the cost of funding an asset portfolio at the appropriate maturity and the risk of being unable to liquidate a position in a timely manner and at a reasonable price. The Company manages liquidity risk by maintaining adequate cash reserves and undrwan credit facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(Rs. in Millions)

Maturity profile of Financial liabilities as on June 30, 2018			
Particulars	**Borrowings**	**Payables**	**Other Financial liabilities**
1 Day to 31 Days / One month	468.25	56.54	301.32
Over 1 month to 2 month	229.82	-	35.85
Over 2 month to 3 month	386.44	-	69.47
Over 3 month to 6 month	1,939.03	-	-
Over 6 month to 1 year	2,983.30	-	9.24
Over 1 year to 3 years	11,584.28	-	2.77
Over 3 year to 5 years	8,551.63	-	-
Over 5 year to 7 years	6,497.81	-	-
Over 7 year to 10 years	3,564.14	-	-
Over 10 years	1,487.16	-	-
Total	**37,691.86**	**56.54**	**418.65**

(B) Credit risk

Credit Risk arises from the risk of loss that may occur from the default of Company's customers under loan agreements. Customer defaults and inadequate collateral may lead to higher NPAs. Company address credit risks by using a set of credit norms and policies, which are approved by Board and backed by analytics and technology. Company has implemented a structured and standardized credit approval process, including customer selection criteria, comprehensive credit risk assessment and cash flow analysis, which encompasses analysis of relevant quantitative and qualitative information to ascertain the credit worthiness of a potential customer. Actual credit exposures, credit limits and asset quality are regularly monitored and analysied at various levels. Company has created a robust credit assessment and underwriting practice that enables to fairly price credit risks.

The company has created more than 60 templates of customer profiles through its experience over the years, with risk assessment measures for each geography in which it operates. The company continuously seek to develop and update such profiles in order to identify and source reliable customers and improve efficiencies. The company also conduct an analysis of the existing cash flow of customer's business to assess their repayment abilities. The company has implemented a four prong system of credit assessment comprising underwriting, legal assessments, technical assessments and a risk containment unit.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was Rs. 36,353.46 millions and Rs. 33,415.91 millions as of June 30, 2018 and March 31, 2018 respectively, being the total of the carrying amount of balances with trade receivables.

(C) Analysis of risk concentration

The Company's concentrations of risk are managed based on Loan to value (LTV) segregation as well as geographical spread. The following tables stratify credit exposures from housing and other loans to customers by ranges of loan-to-value (LTV) ratio and state wise. LTV is calculated as the ratio of gross amount of the loan - or the amount committed for loan commitments - to the value of the collateral. The value of the collateral for housing and other loans is based on collateral value at origination.

Loans to customers:

LTV wise bifurcation: **(Rs. in Millions)**

LTV bucket	Stage 1	Stage 2	Stage 3	Total
0%-40%	10,876.42	205.29	43.02	11,124.73
41%-60%	12,859.57	284.66	73.20	13,217.43
61%-80%	10,523.05	358.97	108.39	10,990.41
More than 80%	1,006.62	7.89	6.38	1,020.89
Total	**35,265.66**	**856.81**	**230.99**	**36,353.46**

Customer profile **(Rs. in Millions)**

Customer profile	Stage 1	Stage 2	Stage 3	Total
SALARIED	12,665.33	193.37	68.65	12,927.35
SELF EMPLOYED	22,600.33	663.44	162.34	23,426.11
Total	**35,265.66**	**856.81**	**230.99**	**36,353.46**

Loan Commitments:

LTV wise bifurcation: **(Rs. in Millions)**

LTV bucket	Stage 1	Stage 2	Stage 3	Total
0%-40%	697.51	3.37	0.92	701.80
41%-60%	898.97	7.72	0.11	906.80
61%-80%	573.63	7.12	0.41	581.16
More than 80%	102.04	1.47	0.12	103.63
Total	**2,272.15**	**19.68**	**1.56**	**2,293.39**

Customer profile: **(Rs. in Millions)**

Customer profile	Stage 1	Stage 2	Stage 3	Total
SALARIED	822.50	7.12	0.46	830.08
SELF EMPLOYED	1,449.65	12.56	1.10	1,463.31
Total	**2,272.15**	**19.68**	**1.56**	**2,293.39**

(D) Market Risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market factors. Such changes in the values of financial instruments may result from changes in the interest rates, credit, liquidity and other market changes. The Company's exposure to market risk is primarily on account of interest rate risk.

(I) Interest Rate Risk:-
The company is subject to interest rate risk, primarily since it lends to customers at rates and for maturity periods that may differ from funding sources. Interest rates are highly sensitive to many factors beyond control, including the monetary policies of of the Reserve Bank of India, deregulation of the financial sector in India, domestic and international economic and political conditions, inflation and other factors. In order to manage interest rate risk, the company seek to optimize borrowing profile between short-term and long-term loans. The company adopts funding strategies to ensure diversified resource-raising options to minimize cost and maximize stability of funds. Assets and liabilities are categorized into various time buckets based on their maturities and Asset Liability Management Committee supervise an interest rate sensitivity report periodically for assessment of interest rate risks.

Due to the very nature of housing finance, the company is exposed to moderate to higher Interest Rate Risk. This risk has a major impact on the balance sheet as well as the income statement of the company. Interest Rate Risk arises due to:
i) Changes in Regulatory or Market Conditions affecting the interest rates
ii) Short term volatility
iii) Prepayment risk translating into a reinvestment risk
iv) Real interest rate risk.

In short run, change in interest rate affects Company's earnings (measured by NII or NIM) and in long run it affects Market Value of Equity (MVE) or net worth. It is essential for the company to not only quantify the interest rate risk but also to manage it proactively. The company mitigates its interest rate risk by keeping a balanced portfolio of fixed and variable rate loans and borrowings. Further company carries out Earnings at risk analysis and maturity gap analysis at quarterly intervals to quantify the risk.

Interest Rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates (all other variables being constant) of the Company's statement of profit and loss:

(Rs. in Millions)

Particulars	Basis Points	Effect on Profit before tax
Increase in basis points	50	9.29
Decrease in basis points	-50	(9.23)

(II) Foreign currency risk

"Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign currency rates. The Company's exposure to the risk of changes in foreign exchange rates relates primary to the foreign currency borrowings taken from bank.

31 Significant accounting judgements, estimates and assumptions

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

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

i. Business Model Assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.
The company considers the frequency, volume and timing of sales in prior periods, the reason for such sales, and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an holistic assessment of how company's stated objective for managing the financial assets is achieved and how cash flows are realised. Therefore, the company considers information about past sales in the context of the reasons for those sales, and the conditions that existed at that time as compared to current conditions.
Based on this assessment and future business plans of the Company, the management has measured its financial assets at amortised cost as the asset is held within a business model whose objective is to collect contractual cash flows, and the contractual terms of the financial asset give rise to cash flows that are solely payments of principle and interest ('the 'SPPI criterion').

ii. Defined employee benefit assets and liabilities

The cost of the defined benefit gratuity plan and other post-employment benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

iii. Impairment losses on financial assets

The measurement of impairment losses across all categories of financial assets except assets valued at FVTPL, requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.
The Company's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

• The Company's model, which assigns PDs
• The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis
• The segmentation of financial assets when their ECL is assessed on a collective basis
• Development of ECL models, including the various formulas and the choice of inputs
• Determination of associations between macroeconomic scenarios and, economic inputs, and the effect on PDs, EADs and LGDs
• Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models

iv. Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

v. Fair value measurement:

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

vi. Effective Interest rate method

The Company's EIR methodology, recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans and recognises the effect of potentially different interest rates charged at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges). This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes to the company's base rate and other fee income/expense that are integral parts of the instrument.

For and on behalf of the Board of Directors of
AAVAS FINANCIERS LIMITED
(Formerly known as "Au Housing Finance Limited")

Manas Tandon	**Sushil Kumar Agarwal**
(Nominee Director)	(Whole Time Director & CEO)

Place: Mumbai
Date: August 30, 2018

Ghanshyam Rawat	**Sharad Pathak**
(Chief Financial Officer)	(Company Secretary)

Report on the Special Purpose Standalone Financial Statements

To the Board of Directors of Aavas Financiers Limited

We have audited the accompanying special purpose standalone financial statements of Aavas Financiers Limited (formerly known as "Au Housing Finance Limited") ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the opening Balance Sheet as at April 1, 2017 ("transition date Balance Sheet"), the Statement of Profit and Loss, Cash Flow Statement and statement of changes in equity for the year ended March 31, 2018, and a summary of significant accounting policies and other explanatory information (together hereinafter referred to as "Special Purpose Standalone Financial Statements"). These Special Purpose Standalone Financial Statements have been prepared for inclusion in the offer document, prepared by the Company in connection with its proposed initial public offer of equity shares of face value of Rs.10 each ("IPO").

Management's Responsibility for the Special Purpose Standalone Financial Statements

The Company's Board of Directors is responsible for the preparation of these Special Purpose Standalone Financial Statements in accordance with the basis of preparation described in Note B and for such internal controls relevant to the preparation of the Special Purpose Standalone Financial Statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Special Purpose Standalone Financial Statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Special Purpose Standalone Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Special Purpose Standalone Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Special Purpose Standalone Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Special Purpose Standalone Financial Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Special Purpose Standalone Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on these Special Purpose Standalone Financial Statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the accompanying Special Purpose Standalone Financial Statements as at and for the year ended March 31, 2018 and the opening Balance sheet as at April 1, 2017, are prepared, in all material respects, in accordance with the basis of preparation described in Note B to these Special Purpose Standalone Financial Statements.

Emphasis of Matter

a. We draw attention to Note B. (v) to the accompanying Special Purpose Standalone Financial Statements, which describes the basis of preparation and presentation and states that the comparative balance sheet as at March 31, 2017 and the statement of profit and loss, cash flow statement and statement of changes in equity for the year then ended have not been included in these Special Purpose Standalone Financial Statements and that only a complete set of financial statements together with comparative financial information can provide a fair presentation of the Company's state of affairs (financial position), profit (financial performance including other comprehensive income), cash flows and the changes in equity.

b. We further draw attention to Note B. (vi) to the accompanying Special Purpose Standalone Financial Statements which describes the possibility that the accounting policies adopted by the management in preparing these financial statements may undergo a change upon the Company preparing and presenting a complete set of Ind AS compliant financial statements.

Our opinion is not modified in respect of the above matters.

Other Matters

a. The Company has prepared separate sets of financial statements for the years ended March 31, 2018 and March 31, 2017 in accordance with the Accounting Standards specified under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 on which we issued an unmodified opinion vide our reports dated April 27, 2018 and May 26, 2017 respectively.

b. This report on the Special Purpose Standalone Financial Statements has been issued solely in connection with the Company's preparation of these Special Purpose Standalone Financial Statements, the basis of preparation of which is detailed in Note B to these Special Purpose Standalone Financial Statements and is intended solely for the information and use of the Board of Directors of the Company for inclusion in the offer document, prepared by the Company in connection with its proposed IPO. Accordingly, this report should not be used, referred to or distributed for any other purpose without our prior written consent.

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

per Sarvesh Warty
Partner
Membership Number: 121411

Mumbai
August 30, 2018

AAVAS FINANCIERS LIMITED
(Formerly known as "Au HOUSING FINANCE LIMITED")
Special Purpose Standalone Balance Sheet as at March 31, 2018

(Rs. in Millions)

	Notes	As at March 31, 2018	As at April 01, 2017
ASSETS			
Non-current assets			
Property, plant and equipment	2(a)	154.54	86.93
Intangible assets	2(b)	29.71	14.77
Intangible assets under development	2(c)	0.33	1.35
Investments	3	45.00	-
Financial assets			
Loans	4(a)	31,975.07	21,175.28
Other financial assets	4(b)	683.82	440.77
Other non-current assets	5	2.53	0.51
		32,891.00	**21,719.61**
Current assets			
Financial assets			
Cash and cash equivalents	6	3,584.87	2,686.01
Bank balances other than above	6	2,064.74	71.66
Loans	4(a)	1,359.11	918.89
Other financial assets	4(b)	404.35	238.41
Other current assets	5	96.96	63.26
		7,510.03	**3,978.23**
TOTAL ASSETS		**40,401.03**	**25,697.84**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	7	691.73	581.64
Other equity	8	11,207.33	5,553.66
		11,899.06	**6,135.30**
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	9	23,695.92	15,807.81
Other financial liabilities	10	8.88	15.42
Provisions	11	25.00	14.87
Deferred tax liabilities (net)	12	113.52	152.81
		23,843.32	**15,990.91**
Current liabilities			
Financial liabilities			
Borrowings	9	3,854.57	3,043.36
Payables	13	91.28	75.89
Other financial liabilities	10	636.50	409.49
Other current liabilities	14	59.84	34.34
Provisions	11	11.29	6.89
Current tax liabilities (net)		5.17	1.66
		4,658.65	**3,571.63**
TOTAL EQUITY AND LIABILITIES		**40,401.03**	**25,697.84**
Summary of significant accounting policies	**1**		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S.R. Batliboi & Associates LLP
ICAI Firm Registration No. 101049W/E300004
Chartered Accountants

For and on behalf of the Board of Directors of
AAVAS FINANCIERS LIMITED
(Formerly known as "Au Housing Finance Limited")

per Sarvesh Warty
Partner
Membership No. 121411

Manas Tandon
(Nominee Director)

Sushil Kumar Agarwal
(Whole Time Director & CEO)

Place: Mumbai
Date: August 30, 2018

Ghanshyam Rawat
(Chief Financial Officer)

Sharad Pathak
(Company Secretary)

AAVAS FINANCIERS LIMITED
(Formerly known as "Au HOUSING FINANCE LIMITED")
Special Purpose Standalone Statement of Profit and loss for the year ended March 31, 2018

(Rs. in Millions)

		Notes	Year ended March 31, 2018
	Income		
I	Revenue from operations	15	4,937.19
II	Other Income	16	9.06
III	**Total income (I+II)**		**4,946.25**
IV	**Expenses**		
	Finance Costs	17	1,961.75
	Employee Benefits Expense	18	1,115.42
	Other expenses	19	443.87
	Depreciation, amortization and impairment	2(a), 2(b)	56.27
	Provision for Expected Credit Loss and write offs	20	25.89
	Total expenses (IV)		**3,603.20**
V	**Profit before tax (III-IV)**		**1,343.05**
VI	**Tax Expense:**		
	(1) Current Tax	12	451.79
	(2) Deferred Tax	12	(39.67)
	Total tax expense		**412.12**
VII	**Profit for the year (V-VI)**		**930.93**
	Other Comprehensive Income		
	a) Items that will not be reclassified to profit or loss		
	Remeasurements of defined benefit liability	18	1.08
	Income Tax Effect	12	(0.37)
	b) Items that will be reclassified to profit or loss		-
VIII	**Other Comprehensive Income , net of income tax**		**0.71**
IX	**Total Comprehensive Income for the Year (VII+VIII)**		**931.64**
X	**Earnings per equity share**	21	
	Basic (Rs.)		15.90
	Diluted (Rs.)		15.24
	Nominal value per share (Rs.)		10.00
	Summary of significant accounting policies	1	

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S.R. Batliboi & Associates LLP
ICAI Firm Registration No. 101049W/E300004
Chartered Accountants

For and on behalf of the Board of Directors of
AAVAS FINANCIERS LIMITED
(Formerly known as "Au Housing Finance Limited")

per Sarvesh Warty
Partner
Membership No. 121411

Manas Tandon
(Nominee Director)

Sushil Kumar Agarwal
(Whole Time Director & CEO)

Place: Mumbai
Date: August 30, 2018

Ghanshyam Rawat
(Chief Financial Officer)

Sharad Pathak
(Company Secretary)

AAVAS FINANCIERS LIMITED

(Formerly known as "Au HOUSING FINANCE LIMITED")

Statement of Changes in Equity for the year ended March 31, 2018

a. Equity Share Capital

(Rs. in Millions)

Particulars	Amount
Balances at the beginning of the reporting year	581.64
Shares issued during the year	110.09
Balance at the end of the reporting year	691.73

b. Other Equity

(Rs. in Millions)

Equity Component of compounded financial instruments	Reserves and surplus				Share warrant Account	Total
	Securities premium reserve	Share options Reserve	Special Reserve	Retained earnings		
Balance at the beginning of the reporting year	3,913.40	19.44	280.38	1,340.44	-	5,553.66
Profit for the year **(A)**	-	-	-	930.93	-	930.93
Other Comprehensive Income for the year **(B)**	-	-	-	0.71	-	0.71
Total Comprehensive Income for the year (A+B)	**-**	**-**	**-**	**931.64**	**-**	**931.64**
Transfer to special reserve u/s 36(1)(viii) of Income Tax Act, 1961	-	-	201.69	(201.69)	-	-
Issue of share warrants	-	-	-	-	2.40	2.40
Issue of share capital	4,299.24		-	-	-	4,299.24
Transaction cost	(0.12)	-	-	-	-	(0.12)
Share Based Payments	-	420.51	-	-	-	420.51
Share Options exercised during the year	111.46	(111.46)	-	-	-	-
Balance at the end of the reporting year	**8,323.98**	**328.49**	**482.07**	**2,070.39**	**2.40**	**11,207.33**

As per our report of even date

For S.R. Batliboi & Associates LLP
ICAI Firm Registration No. 101049W/E300004
Chartered Accountants

For and on behalf of the Board of Directors of
AAVAS FINANCIERS LIMITED
(Formerly known as "Au Housing Finance Limited")

per Sarvesh Warty
Partner
Membership No. 121411

Manas Tandon
(Nominee Director)

Sushil Kumar Agarwal
(Whole Time Director & CEO)

Place: Mumbai
Date: August 30, 2018

Ghanshyam Rawat
(Chief Financial Officer)

Sharad Pathak
(Company Secretary)

AAVAS FINANCIERS LIMITED
(Formerly known as "Au HOUSING FINANCE LIMITED")
Special Purpose Standalone Cash flow statement for the year ended March 31, 2018

(Rs. in Millions)

		Notes	Year ended March 31, 2018
A	**Cash flow from operating activities:**		
	Net profit before tax as per statement of profit and loss		**1,343.05**
	Adjustments for		
	Depreciation and amortisation	2(a), 2(b)	56.27
	Expenses incurred on increase in authorised capital and issue of shares		1.90
	Provision for expected credit loss (ECL)		7.63
	Provision for employee benefits		12.01
	Derivative mark to market gain	15	(5.52)
	Provision for CSR expenditure		3.59
	Share based payments		420.51
	Operating profit before working capital changes		**1,839.44**
	Changes in working capital		
	Increase in financial and other assets		(10,981.25)
	Increase in financial and other liabilities		231.16
	Total of changes in working capital		**(10,750.09)**
	Direct taxes paid		**(418.46)**
	Net cash flow used in operating activities (A)		**(9,329.11)**
B	**Cash flow from investing activities:**		
	Inflow (outflow) on account of :		
	Investment in Subsidiary company	3	(45.00)
	Investment in fixed deposits		(1,993.08)
	Purchase of Property, plant and equipment (including capital work-in-progress)/ intangible assets	2	(137.82)
	Sale of Property, plant and equipment (including capital work-in-progress)	2	0.02
	Net cash flow used in investing activities (B)		**(2,175.88)**
C	**Cash flow from financing activities:**		
	Issue of equity shares (including share premium)		4,411.74
	Share / debenture issue expenses		(31.83)
	Proceeds from long term and short term borrowings		12,767.35
	Repayment of long term and short term borrowings		(4,743.41)
	Net Cash flow from financing activities (C)		**12,403.85**
	Net increase in cash and cash equivalents (A+B+C)		**898.86**
	Cash and cash equivalents as at the beginning of the year	6	2,686.01
	Cash and cash equivalents at the end of the year		**3,584.87**
	Components of cash and cash equivalents		
	Cash on hand		19.07
	Balance in franking machine*		0.10
	Balance with banks		
	In current accounts		1,365.70
	In cash credit		50.00
	In deposit account		2,150.00
	Total cash and cash equivalents	6	**3,584.87**
	Operational Cash Flow from Interest		
	Interest Received		3,828.67
	Interest Paid		(1,863.19)
	Summary of significant accounting policies	1	

* The Company can utilize the balance towards stamping of loan agreements executed with their borrowers and also for the agreements executed by the Company for its own borrowings.

As per our report of even date

For S.R. Batliboi & Associates LLP
ICAI Firm Registration No. 101049W/E300004
Chartered Accountants

For and on behalf of the Board of Directors of
AAVAS FINANCIERS LIMITED
(Formerly known as "Au Housing Finance Limited")

per Sarvesh Warty
Partner
Membership No. 121411

Manas Tandon
(Nominee Director)

Sushil Kumar Agarwal
(Whole Time Director & CEO)

Place: Mumbai
Date: August 30, 2018

Ghanshyam Rawat
(Chief Financial Officer)

Sharad Pathak
(Company Secretary)

A. Corporate Information

AAVAS FINANCIERS LIMITED (formerly known as "Au HOUSING FINANCE LIMITED") ("the Company") is a public limited Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company is registered with National Housing Bank (NHB) vide Registration No. 04.0151.17 and is engaged in the long term financing activity in the domestic markets to provide housing finance.

B. Basis of preparation of financial statements

a) Basis of preparation

(i) The Company's management had previously issued its audited financial statements for the year ended March 31, 2018 on April 27, 2018 that 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 ('the Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 ('Indian GAAP').

(ii) With effect from April 1, 2018, the Company is required to prepare its financial statements under the Indian Accounting Standards ('Ind AS') prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS Rules').

(iii) The Company's management has now prepared these Special Purpose Standalone Financial Statements which comprise the Balance Sheets as at March 31, 2018 and opening Balance sheet as at April 1, 2017 ('transition date Balance sheet'), the Statement of Profit and Loss, the Statement of Cash Flows and the Statement of changes in equity for the year ended March 31, 2018 and a summary of the significant accounting policies and other explanatory information (together hereinafter referred to as "Special Purpose Standalone Financial Statements").

(iv) These Special Purpose Standalone Financial Statements have been prepared solely in connection with the Company's conversion to the Ind AS framework for inclusion in the offer document, prepared by the Company in connection with its proposed Initial Public Offer of equity shares of face value of Rs.10 each.

(v) These Special Purpose Standalone Financial Statements have been prepared in accordance with the recognition and measurement principles of the Ind AS framework. However, all disclosures as required under Ind AS have not been furnished in these Special Purpose Standalone Financial Statements. Accordingly, the relevant comparative financial information as at and for the year ended March 31, 2017 (comprising the balance sheet as at March 31, 2017 and the statement of profit and loss, the cash flow statement and the statement for changes in equity for the year ended March 31, 2017) has not been presented in these Special Purpose Standalone Financial Statements. Only a complete set of financial statements together with comparative financial information can provide a fair presentation of a Company's state of affairs (financial position), profit (financial performance including other comprehensive income), cash flows and the changes in equity.

(vi) The Company will prepare and issue its first complete Ind AS financial statements as at and for the year ending March 31, 2019. Until the first complete Ind AS financial statements are issued, the balances in these Special Purpose Standalone Financial Statements are preliminary and may require adjustments if (a) there are any new Ind AS standards issued through March 31, 2019; (b) there are any amendments/modifications made to existing Ind AS standards or interpretations thereof through March 31, 2019 effecting the balances in these financial statements; and (c) if the Company makes any changes in the elections and/or exemptions selected on adoption of Ind AS at its transition date of April 1, 2017.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Act. The Company has ascertained its operating cycle as 12 months for the above purpose.

b) Basis of measurement

The financial statements have been prepared on an accrual basis as a going concern and under the historical cost convention, except for derivative instruments that are measured at fair value at the end of each reporting date as required under relevant Ind AS.

1. Summary of significant accounting policies

1.1 Use of estimates

The preparation of Standalone financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

1.2 Cash and cash equivalents

Cash and cash equivalent comprises cash in hand, demand deposits and time deposits with original maturity of less than three months held with bank, debit balance in cash credit account and balance in franking machine.

1.3 Revenue recognition

a) Interest and similar income

Interest income, for all financial instruments measured either at amortised cost or at fair value through other comprehensive income, is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable and are an integral part of the EIR, but not future credit losses.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired and is, therefore, regarded as ‘Stage 3’, the Company calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

b) Other charges and other interest

i. Overdue interest in respect of loans is recognized upon realisation.

ii. Other ancillary charges are recognized upon realisation.

c) Commission on Insurance Policies

Commission on insurance policies sold is recognised on accrual basis when the Company under its agency code sells the insurance policies.

d) Dividend income

Dividend income is recognised when the Company’s right to receive the payment is established, which is generally when shareholders approve the dividend

1.4 Foreign currency

The Company’s financial statements are presented in Indian Rupees (INR) which is also the Company’s functional currency.

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Income and expenses in foreign currencies are initially recorded by the Company at the exchange rates prevailing on the date of the transaction.

Foreign currency denominated monetary assets and liabilities are translated at the functional currency spot rates of exchange at the reporting date and exchange gains and losses arising on settlement and restatement are recognized in the statement of profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

1.5 Operating Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognized as operating leases. The Company has ascertained that the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases and therefore, the lease payments are recognized as per terms of the lease agreement in the Statement of Profit and Loss.

1.6 Property, plant and equipment (PPE) and Intangible assets

On transition to Ind AS, the company has elected to continue with the carrying value of all of its property, plant and equipment and intangible assets as at 31 March 2017, measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment and intangible assets as on 1st April 2017.

PPE

PPE are stated at cost (including incidental expenses directly attributable to bringing the asset to its working condition for its intended use) less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditure related to PPE is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of item can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

Intangible fixed assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

1.7 Depreciation and amortization

Depreciation

Depreciation is provided over the useful life of the asset as per Schedule-II of Companies Act 2013 and depreciation rates have been worked out by applying written down value method. The Company has used the following useful lives to provide depreciation on its PPE.

PPE	**Useful Life (WDV) (In Years)**
Freehold Land	NIL
Building	60
Furniture and fixtures	10
Office equipment	5
Motor Vehicles	8
Servers	6
Computers and printers	3

All fixed assets individually costing Rs. 5,000/- or less are fully depreciated in the year of installation/purchase.

Amortization

Intangible assets are amortized on a straight line basis over the estimated useful economic life. The Company considers that the useful life of an intangible asset will not exceed four years 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 four years, the Company amortizes the intangible asset over the best estimate of its useful life.

1.8 Impairment of non-financial assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is 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. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.
After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

1.9 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a 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.
If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

1.10 Contingent liabilities and assets

The Company does not recognize a contingent liability but discloses its existence in the financial statements Contingent liability is disclosed in the case of:

- A present obligation arising from past events, when it is not probable that an outflow of resources will not be required to settle the obligation
- A present obligation arising from past events, when no reliable estimate is possible
- A possible obligation arising from past events, unless the probability of outflow of resources is remote

Contingent liabilities are reviewed at each balance sheet date.

Contingent assets are not recognised. A contingent asset is disclosed, as required by Ind AS 37, where an inflow of economic benefits is probable.

1.11 Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The Company provides gratuity benefits which is a defined benefit scheme. The cost of providing gratuity benefits is determined on the basis of actuarial valuation at each year end. Separate actuarial valuation is carried out for each plan using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:
- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:
- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absence as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Company treats accumulated leave expected to be carried forward beyond twelve months, as long term employee benefit for measurement purposes.

1.12 Taxes

Tax expense comprises current and deferred tax.

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities in accordance with Income tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.
Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

1.13 Earning per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

1.14 Share based payments

Equity-settled share based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share based payments transactions are set out in Note 23.

The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight line basis over the vesting period, based on the Company`s estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in Statement of Profit and Loss such that the cumulative expenses reflects the revised estimate, with a corresponding adjustment to the Share Based Payments Reserve.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

1.15 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

1.15.1 <u>Financial Assets</u>

1.15.1.1 Initial recognition and measurement

Financial assets, with the exception of loans and advances to customers, are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. Loans and advances to customers are recognised when funds are disbursed to the customers. The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention when acquiring them.All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

1.15.1.2 Classification and Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

1.15.1.3 Debt instruments at amortised costs

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit and loss.

1.15.1.4 Debt instruments at FVOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

1.15.1.5 Debt instruments at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

1.15.1.6 Equity Investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.
If the company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

1.15.2 <u>Financial Liabilities</u>

1.15.2.1 Initial recognition and measurement

Financial liabilities are classified and measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for trading or it is designated as on initial recognition. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.
The company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

1.15.2.2 Classification and Subsequent measurement - Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.
Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss.

1.15.2.3 Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss. This category generally applies to borrowings.

1.15.3 Derivative financial instruments

The Company holds derivative to mitigate the risk of changes in exchange rates on foreign currency exposures as well as interest fluctuations. The counterparty for these contracts is generally a bank.

Financial assets or financial liabilities, at fair value through profit or loss

This category has derivative financial assets or liabilities which are not designated as hedges. Any derivative that is not designated a hedge is categorized as a financial asset or financial liability, at fair value through profit or loss.

Derivatives not designated as hedges are recognized initially at fair value and attributable transaction costs are recognized in net profit in the Statement of Profit and Loss when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting exchange gains or losses are included in Statement of Profit and Loss. Assets/liabilities in this category are presented as current assets/current liabilities if they are either held for trading or are expected to be realized within 12 months after the balance sheet date.

1.15.4 Reclassification of financial assets and liabilities

The company doesn’t reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

1.15.5 De recognition of financial assets and liabilities

1.15.5.1 Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Company also derecognises the financial asset if it has transferred the financial asset and the transfer qualifies for de recognition.

The Company has transferred the financial asset if, and only if, either:

- ➢ It has transferred its contractual rights to receive cash flows from the financial asset
  Or
- ➢ It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement

Pass-through arrangements are transactions whereby the Company retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- ➢ The Company has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates.
- ➢ The Company cannot sell or pledge the original asset other than as security to the eventual recipients.
- ➢ The Company has to remit any cash flows it collects on behalf of the eventual recipients without material delay.

In addition, the Company is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- ➢ The Company has transferred substantially all the risks and rewards of the asset
  Or
- ➢ The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Company could be required to pay.

If continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the continuing involvement is measured at the value the Company would be required to pay upon repurchase. In the case of a written put option on an asset that is measured at fair value, the extent of the entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1.15.5.2 Financial Liabilities

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

1.16 Impairment of financial assets

1.16.1 Overview of the ECL principles

The Company is recording the allowance for expected credit losses for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts, (in this section all referred to as ‘financial instruments’). Equity instruments are not subject to impairment under IND AS 109.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months’ expected credit loss (12mECL) as outlined in Note 1.16.2). The Company’s policies for determining if there has been a significant increase in credit risk are set out in Note 4(b)(4)(v).

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on collective basis, depending on the nature of the underlying portfolio of financial instruments. The Company’s policy for grouping financial assets measured on a collective basis is explained in Note 4(b)(4)(vi).
The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument’s credit risk has increased significantly since initial recognition. This is further explained in Note 4(b)(4)(v).

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

- Stage 1: When loans are first recognised, the Company recognises an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2 or Stage 3.
- Stage 2: When a loan has shown a significant increase in credit risk since origination, the company records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.
- Stage 3: Loans considered credit-impaired (as outlined in Note 4(b)(4)(i). The Company records an allowance for the LTECLs.

For financial assets for which the company has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

1.16.2 The calculation of ECLs

The Company calculates ECLs based on a probability-weighted scenarios and historical data to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- PD - *The Probability of Default* is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. The concept of PDs is further explained in Note 4(b)(4)(ii).
- EAD - The Exposure at Default is an exposure at a default date. The EAD is further explained in Note 4(b)(4)(iii).

- LGD - The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD. The LGD is further explained in Note 4(b)(4)(iv).

The maximum period for which the credit losses are determined is the expected life of a financial instrument.

Provisions for ECLs for undrawn loan commitments are assessed as set out in Note 4(b)(3).

The mechanics of the ECL method are summarised below:

- Stage 1: The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to an EAD and multiplied by the expected LGD.

- Stage 2: When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument.

- Stage 3: For loans considered credit-impaired (as defined in Note 4(b)(4)(i)), the Company recognizes the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

- Loan commitments: When estimating LTECLs for undrawn loan commitments, the Company estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan.

For loan commitments, the ECL is recognised within Provisions.

1.16.3 Forward looking information

Housing market has a significant macroeconomic impact. Home building is an important portion of GDP growth. Housing activity has a direct impact on the level of employment and income of people in an economy in view of its large potential for employment. It is, therefore, identified as a key contributor for the growth and development of an economy.
Interest rate, income, GDP growth and house prices are inseparable relationship with each other.

- Unemployment rates: With increased migration of population into semi urban & Urban areas and traction for construction giving a positive move to employment into housing segment. Our majority of clients are self-employed has higher employability and salaried class are contributor to the allied services in the segment we cater. Unemployment would thinner the housing sector and the markets with higher ticket sizes demand will be impacted more, where we tend not to have an adverse effect in imminent period.

- GDP growth: GDP growth however increase overall demand in the market which will lead higher investment in housing sector which will also be further pushed by the increasing Govt focus on this segment. However a slower growth on GDP is not expected to affect us as majority of our clients are just above the bottom of the pyramid they are mostly into cash and carry business so macro level changes does not impact much.

- Interest rate: Interest rate increase have an adverse effect on investment on housing. Periodically we study and analyze the affect to have a sense over business. As our significant client base are New to credit and located into unserved and unreached markets allows us to risk the price accordingly and do not impact much. Low income and end used customer base gives us further leaver as demand fluctuates due to hike in interest rates.

1.16.4 Collateral repossessed

In its normal course of business, the company does not physically repossess properties or other assets in its retail portfolio, but generally engages external agents to recover funds generally at auctions to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, the residential properties under legal repossession processes are not recorded on the balance sheet and are treated as current assets held for sale at (i) fair value less cost to sell or (ii) principle outstanding, whichever is less, at the repossession date.

1.16.5 Write-offs

Financial assets are written off either partially or in their entirety only when the Company has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to profit and loss account.

1.17 Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date using valuation techniques.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

1.18 Dividend

The Company recognises a liability to make cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

2(a) Property, plant and equipment **(Rs. in Millions)**

	Building and premises	Computers and printers	Furniture and fixtures	Motor vehicles	Office equipment	Land	Total
Cost							
At April 1, 2017	36.30	18.44	22.62	3.46	6.11	-	86.93
Additions	2.84	40.51	40.26	17.73	14.89	0.50	116.73
Disposals	-	(0.05)	-	-	(0.02)	-	(0.07)
At March 31, 2018	**39.14**	**58.90**	**62.88**	**21.19**	**20.98**	**0.50**	**203.59**
Depreciation							
At April 1, 2017	-	-	-	-	-	-	-
Charge for the year	1.84	21.78	15.39	3.32	6.75	-	49.08
Disposals	-	(0.03)	-	-	-	-	(0.03)
At March 31, 2018	**1.84**	**21.75**	**15.39**	**3.32**	**6.75**	**-**	**49.05**
Net Block							
At March 31, 2018	**37.30**	**37.15**	**47.49**	**17.87**	**14.23**	**0.50**	**154.54**

2(b) Intangible assets

	Software	Total
Gross block		
At April 1, 2017	14.77	14.77
Purchase	22.13	22.13
	-	-
At March 31, 2018	**36.90**	**36.90**
Amortization		
At April 1, 2017	-	-
Charge for the year	7.19	7.19
At March 31, 2018	**7.19**	**7.19**
Net block		
At March 31, 2018	**29.71**	**29.71**

2(c) Intangible assets under development

	Software	Total
Gross block		
At April 1, 2017	1.35	1.35
Capitalised during the year	1.35	1.35
Additions during the year	0.33	0.33
At March 31, 2018	**0.33**	**0.33**

(Rs. in Millions)

3 Investments

	Non Current		Current	
	As at March 31, 2018	As at April 01, 2017	As at March 31, 2018	As at April 01, 2017
A. Investments carried at cost				
Aavas Finserv Limited (Subsidiary Company)	45.00	-	-	-
	45.00	-	-	-
B. Investments at fair value through profit and loss account	-	-	-	-
	-	-	-	-
Total (A)+ (B)	**45.00**	**-**	**-**	**-**
Non Current	**45.00**	**-**	**-**	**-**
Current	-	-	-	-
	-	-	**-**	**-**
Aggregate book and market value of quoted investments	-	-	**-**	**-**
Aggregate value of unquoted investments	**45.00**	**-**	**-**	**-**

4 Financial Assets

4(a) Loans

	Non Current		Current	
	As at March 31, 2018	As at April 01, 2017	As at March 31, 2018	As at April 01, 2017
Loans and advances (secured)				
Considered good	31,899.91	21,061.98	1,361.14	920.57
Considered doubtful	154.86	187.06	-	-
Total (A) Gross	**32,054.77**	**21,249.04**	**1,361.14**	**920.57**
Less: Impairment loss allowance (refer note 4(a)(1))	(79.70)	(73.76)	(2.03)	(1.68)
Total (A) Net	**31,975.07**	**21,175.28**	**1,359.11**	**918.89**

i) Loans and receivables are non-derivative financial assets which generate a fixed or variable interest income for the Company. The carrying value may be affected by changes in the credit risk of the counterparties.

ii) Loans granted by the Company are secured by equitable mortgage/registered mortgage of the property and/or undertaking to create a security and/or personal guarantees and/or hypothecation of assets and/or assignments of life insurance policies. The process of security creation was in progress for loans to the extent of Rs. 1,698.53 millions at March 31, 2018

iii) Loans sanctioned but un-disbursed amount is Rs. 2,872.60 millions as on March 31, 2018

iv) During the year ended March 31, 2018, the Company has sold some loans and advances measured at amortised cost as per assignment deals, as a source of finance. As per the terms of these deals, since substantial risk and rewards related to these assets were transferred to the buyer, the assets have been decognised from the Company's balance sheet.

The table below summarises the carrying amount of the derecognised financial assets measured at amortised cost and the gain/(loss) on derecognition, per type of asset.

Loans and advances measured at amortised cost	Year ended March 31, 2018
Carrying amount of assets	4,858.40
Gain/(loss) from derecognition	601.67

Transfers of financial assets that are not derecognised in their entirety
Securitisations: The Company uses securitisations as a source of finance and a means of risk transfer. Such transactions generally result in the transfer of contractual cash flows from portfolios of financial assets to holders of issued debt securities. Securitisation has resulted in the continued recognition of the securitised assets.

The table below outlines the carrying amounts and fair values of all financial assets transferred that are not derecognised in their entirety and associated liabilities.

Loans and advances measured at amortised cost	Year ended March 31, 2018
Carrying amount of assets	1,076.74
Carrying amount of associated liabilities	1,012.13
Fair value of assets	1,076.74
Fair value of associated liabilities	1,012.13

During the year the Company has transferred certain assets amounting to Rs. 249.71 millions to an asset reconstruction company. These assets have been de-recognised from the loan portfolio of the Company only to the extent of cash consideration received . The Company continues to act as a servicer for the portfolio of such assets. There was no gain/ (loss) recorded from the assets transferred.

V) The company has granted certain loans to staff amounting to Rs. 40.73 millions as on March 31,2018

Break up of financial assets carried at amortised cost

Particulars	As at March 31, 2018
Loans (Note 4(a))	33,334.18
Other financial assets (Note 4(b))	1,088.17
Total financial assets carried at amortised cost	**34,422.35**

AAVAS FINANCIERS LIMITED
Formerly known as "Au HOUSING FINANCE LIMITED")
Notes to the Special Purpose Standalone financial statements for the period ended March 31, 2018

(Rs. in Millions)

4(a)(1) Impairment allowance for loans and advances to customers

The table below shows the credit quality and the maximum exposure to credit risk based on the Company’s internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Company’s internal grading system are explained in Note 4(a)(4)(ii) and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 4(a)(4)(vi).

Risk Categorization	Housing-Salaried	Housing-Self employed	Non Housing-Salaried	Non Housing-Self employed	Total
High_Risk	406.97	2,054.02	45.84	827.63	3,334.46
Medium_Risk	3,219.74	8,184.82	613.44	3,550.99	15,568.99
Low_Risk	6,295.22	5,030.08	1,457.40	1,729.76	14,512.46
Grand Total	**9,921.93**	**15,268.92**	**2,116.68**	**6,108.38**	**33,415.91**

4(a)(2)(i) Housing-Salaried lending

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Housing- Salaried lending is, as follows:

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 01 April 2017	6,268.10	168.67	43.64	6,480.41
New assets originated or purchased	5,813.63	11.35	5.39	5,830.37
Assets derecognised or repaid(excluding write offs)	(2,307.88)	(50.34)	(30.63)	(2,388.85)
Transfers from Stage 1	(116.54)	98.80	17.74	-
Transfers from Stage 2	56.78	(67.62)	10.84	-
Transfers from Stage 3	1.31	-	(1.31)	-
As at March 31, 2018	9,715.40	160.86	45.67	9,921.93

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 01 April 2017	7.26	1.12	6.98	15.36
New assets originated or purchased	6.59	0.07	0.86	7.52
Assets derecognised or repaid(excluding write offs)	(2.77)	(0.37)	(4.90)	(8.04)
Transfers from Stage 1	(0.13)	0.63	2.84	3.34
Transfers from Stage 2	0.06	(0.43)	1.73	1.36
Transfers from Stage 3	0.00	-	(0.21)	(0.21)
As at March 31, 2018	11.01	1.02	7.30	19.33

4(a)(2)(ii) Housing-Self Employed lending

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Housing- Self Employed lending is, as follows:

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 01 April 2017	10,578.82	599.15	123.31	11,301.28
New assets originated or purchased	8,736.32	27.49	12.69	8,776.50
Assets derecognised or repaid(excluding write offs)	(4,481.49)	(224.31)	(103.06)	(4,808.86)
Transfers from Stage 1	(331.62)	298.50	33.12	-
Transfers from Stage 2	145.84	(186.16)	40.32	-
Transfers from Stage 3	5.91	-	(5.91)	-
As at March 31, 2018	14,653.78	514.67	100.47	15,268.92

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 01 April 2017	22.44	6.70	19.73	48.87
New assets originated or purchased	18.79	0.33	2.03	21.15
Assets derecognised or repaid(excluding write offs)	(9.32)	(2.23)	(16.49)	(28.04)
Transfers from Stage 1	(0.71)	3.56	5.30	8.15
Transfers from Stage 2	0.31	(2.22)	6.45	4.54
Transfers from Stage 3	0.01	-	(0.95)	(0.94)
As at March 31, 2018	31.52	6.14	16.07	53.73

4(a)(2)(iii) Non-Housing-Salaried lending

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Non-Housing- Salaried lending is, as follows:

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 01 April 2017	1,198.57	11.00	3.87	1,213.44
New assets originated or purchased	1,284.13	4.31	0.48	1,288.92
Assets derecognised or repaid(excluding write offs)	(377.88)	(4.93)	(2.87)	(385.68)
Transfers from Stage 1	(19.79)	18.80	0.99	-
Transfers from Stage 2	4.64	(4.70)	0.06	-
Transfers from Stage 3	0.62	-	(0.62)	-
As at March 31, 2018	2,090.29	24.48	1.91	2,116.68

(Rs. in Millions)

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 01 April 2017	1.12	0.06	0.62	1.80
New assets originated or purchased	0.72	0.01	0.08	0.81
Assets derecognised or repaid(excluding write offs)	(0.66)	(0.04)	(0.46)	(1.16)
Transfers from Stage 1	(0.01)	0.06	0.16	0.21
Transfers from Stage 2	0.00	(0.01)	0.01	(0.00)
Transfers from Stage 3	0.00	-	(0.10)	(0.10)
As at March 31, 2018	1.17	0.08	0.31	1.56

4(a)(2)(iv) Non-Housing-Self Employed lending

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Non-Housing- Self Employed lending is, as follows:

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 01 April 2017	3,082.19	76.06	16.23	3,174.48
New assets originated or purchased	4,045.40	10.43	0.65	4,056.48
Assets derecognised or repaid(excluding write offs)	(1,091.98)	(17.54)	(13.06)	(1,122.58)
Transfers from Stage 1	(67.89)	63.89	4.00	-
Transfers from Stage 2	22.03	(22.75)	0.72	0.00
Transfers from Stage 3	1.74	-	(1.74)	-
As at March 31, 2018	5,991.49	110.09	6.80	6,108.38

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 01 April 2017	6.01	0.80	2.60	9.41
New assets originated or purchased	3.68	0.05	0.10	3.83
Assets derecognised or repaid(excluding write offs)	(4.20)	(0.50)	(2.09)	(6.79)
Transfers from Stage 1	(0.06)	0.33	0.64	0.91
Transfers from Stage 2	0.02	(0.12)	0.12	0.02
Transfers from Stage 3	0.00	-	(0.28)	(0.28)
As at March 31, 2018	5.45	0.56	1.09	7.10

4(a)(3) Loan commitments

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loan commitments is, as follows:

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 01 April 2017	1,554.00	17.53	3.25	1,574.78
New assets originated or purchased	2,547.34	0.89	-	2,548.23
Assets disbursed or cancelled	(1,231.82)	(15.56)	(3.03)	(1,250.41)
Transfers from Stage 1	(13.22)	13.22	0.00	(0.00)
Transfers from Stage 2	1.15	(1.39)	0.24	-
Transfers from Stage 3	-	-	-	-
As at March 31, 2018	2,857.45	14.68	0.46	2,872.60

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 01 April 2017	2.69	0.18	0.52	3.39
New assets originated or purchased	3.97	0.01	-	3.98
Assets disbursed or cancelled	(2.13)	(0.16)	(0.48)	(2.77)
Transfers from Stage 1	(0.03)	0.14	0.00	0.11
Transfers from Stage 2	0.00	(0.02)	0.04	0.02
Transfers from Stage 3	-	-	-	-
As at March 31, 2018	4.50	0.15	0.08	4.73

4(a)(4) Impairment assessment

The references below show where the Company’s impairment assessment and measurement approach is set out in these notes. It should be read in conjunction with the Summary of significant accounting policies.

- The Company’s definition and assessment of default and cure.
- An explanation of the Company’s internal grading system.
- How the Company defines, calculates and monitors the probability of default, exposure at default and loss given default.
- When the Company considers there has been a significant increase in credit risk of an exposure.
- The Company’s policy of segmenting financial assets where ECL is assessed on a collective basis.
- The details of the ECL calculations for Stage 1, Stage 2 and Stage 3 assets.

4(a)(4)(i) Definition of default

The Company considers a financial instrument as defaulted and considered it as Stage 3 (credit-impaired) for ECL calculations in all cases, when the borrower becomes 90 days past due on its contractual payments.

(Rs. in Millions)

4(a)(4)(ii) The Company's process for managing risk

Credit risk is the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company's main income generating activity is lending to customers and therefore credit risk is a principal risk. Credit risk mainly arises from loans and advances to customers , investments in debt securities and derivatives that are an asset position. The Company considers all elements of credit risk exposure such as counterparty default risk, geographical risk and sector risk for risk management purposes..

4(a)(4)(iii) Exposure at default

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too.

To calculate the EAD for a Stage 1 loan, the Company assesses the possible default events within 12 months for the calculation of the 12mECL. For Stage 2 and Stage 3 financial assets, the exposure at default is considered for events over the lifetime of the instruments.

4(a)(4)(iv) Loss given default

The Company segments its retail lending products into smaller homogeneous portfolios (housing and non housing), based on key characteristics that are relevant to the estimation of future cash flows. The data applied is collected loss data and involves a wider set of transaction characteristics (e.g., product type, wider range of collateral types) as well as borrower characteristics.

4(a)(4)(v) Significant increase in credit risk

The Company continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition. The Company considers an exposure to have significantly increased in credit risk when contractual payments are more than 30 days past due.

When estimating ECLs on a collective basis for a group of similar assets, the Company applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

4(a)(4)(vi) Grouping financial assets measured on a collective basis

As explained in Note 1.16, the Company calculates ECLs on collective basis on following asset classes:

- Housing-Salaried lending
- Housing-Self Employed lending
- Non Housing-Salaried lending
- Non Housing-Self Employed lending

The Company groups these exposure into smaller homogeneous portfolios, based on a combination of internal and external characteristics of the loans, as described below:

For housing- salaried & self-employed lending these are:

- Product type (buy to let/owner occupied)
- Customer type

For non-housing salaried & self-employed salaried lending these are:

- Product type (buy to let/owner occupied)
- Customer type

4(a)(5) The Company uses forward-looking information that is available without undue cost or effort in its assessment of significant increase of credit risk as well as in its measurement of ECL.

4(a)(6) Collateral

The Company holds collateral or other credit enhancements to mitigate credit risk associated with financial assets.The main types of collateral and the types of assets these are associated with are listed in the table below. The collateral presented relates to instruments that are measured at amortised cost.

Particulars	As at March 31, 2018	As at April 01, 2017
Residential properties	108,358.55	71,512.85

The Company did not hold any financial instrument for which no loss allowance is recognised because of collateral at March 31, 2018. There was no change in the Company's collateral policy or collateral quality during the year.

Refer note 30(C) for risk concentration based on Loan to value(LTV).

(Rs. in Millions)

4(b) Other financial assets	Non Current As at March 31, 2018	Non Current As at April 01, 2017	Current As at March 31, 2018	Current As at April 01, 2017
Interest accrued on Bank Deposits	-	-	5.17	0.91
Security Deposit	12.44	8.28	2.60	1.77
EIS Receivable	671.38	432.49	396.58	235.73
Total	**683.82**	**440.77**	**404.35**	**238.41**

5 Other assets	Non Current As at March 31, 2018	Non Current As at April 01, 2017	Current As at March 31, 2018	Current As at April 01, 2017
Prepaid Expenses	2.02	0.44	4.59	2.21
Adavance to staff	0.51	0.07	6.63	2.46
Advance to vendors	-	-	11.63	3.35
Other Recoverable	-	-	13.13	0.25
Assets held for sale (refer note 5(a))	-	-	60.98	54.99
Total	**2.53**	**0.51**	**96.96**	**63.26**

5(a) **Assets obtained by taking possession of collateral**

The Company obtained the following financial and non-financial assets during the year by taking possession of collateral held as security against loans and advances and held at the year end. The Company's policy is to realise collateral on a timely basis. The Company does not use non-cash collateral for its operations.

Particulars	As at March 31, 2018	As at April 01, 2017
Property	60.98	54.99
Total assets obtained by taking possession of collateral	**60.98**	**54.99**

6 Cash and cash equivalents	As at March 31, 2018	As at April 01, 2017
Cash and cash equivalents		
Cash on hand (refer note 6(a))	19.17	17.86
Balance with banks		
In Current accounts	1,365.70	386.63
In Cash credit accounts	50.00	231.52
In Deposits with original maturity of less than three months	2,150.00	2,050.00
	3,584.87	**2,686.01**
Bank balances other than above		
Deposit with original maturity of more than 12 months (refer note 6(b))	114.73	71.66
Deposit with original maturity of more than 3 months less than 12 months	1,950.01	-
	2,064.74	**71.66**
Total	**5,649.61**	**2,757.67**

6(a) Cash on hand includes of Rs. 0.10 Millions balance of franking machine.

6(b) Other Bank Balance in deposit accounts include deposits under lien aggregating to Rs. 114.73 Millions towards the first loss guarantee provided by the company under the securitization agreements.

7 Equity share capital (Rs. in Millions)

Details of authorized, issued, subscribed and paid up share capital

	As at March 31, 2018	As at April 01, 2017
Authorized share Capital		
8,50,00,000 Equity Shares of Rs. 10/- each	85.00	65.00
	85.00	**65.00**

Issued , Subscribed & Paid up capital

	As at March 31, 2018	As at April 01, 2017
Issued and Subscribed Capital		
6,99,50,891 Equity Shares of Rs. 10/- each	699.51	587.40
Called-Up and Paid Up Capital		
Fully Paid-Up		
6,87,98,297 Equity Shares of Rs 10/- each	687.98	580.20
Partly Called-Up and Paid Up Capital		
7,20,094 Equity Shares of Rs 10/- each , 4 Paid up	2.88	1.44
4,32,500 Equity Shares of Rs 10/- each , 2 Paid up	0.87	-
Total	**691.73**	**581.64**

7.1 The reconciliation of equity shares outstanding at the beginning and at the end of the reporting period.

Name of the shareholder	As at March 31, 2018		As at April 01, 2017	
	No. of shares	Amount	No. of shares	Amount
Equity Share at the beginning of year	58,739,657	581.64	38,383,334	383.83
Add:				
Equity Share Allotted during year				
Shares issued during the year	697,162	3.52	5,140,652	50.10
Bonus Shares issued during the period	-	-	5,366,658	53.67
Right Shares issued during the period	9,291,521	92.91	9,849,013	94.04
ESOP exercised during the period	1,222,551	12.22	-	-
Call money received on 7,20,094 @ Rs 2 per share	-	1.44	-	-
Equity share at the end of period	69,950,891	691.73	58,739,657	581.64

7.2 Shares held by holding Company

Name of the shareholder	As at March 31, 2018		As at April 01, 2017	
	No. of shares	% of holding	No. of shares	% of holding
Lake District Holdings Limited	35,261,756	50.41%	30,376,454	51.71%
3,52,61,756 Equity Shares of Rs. 10/- each fully paid				
Total	**35,261,756**	**50.41%**	**30,376,454**	**51.71%**

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.

7.3 Details of shareholders holding more than 5% shares in the Company

Name of the shareholder	As at March 31, 2018		As at April 01, 2017	
	No. of shares	% of holding	No. of shares	% of holding
Lake District Holdings Limited	35,261,756	50.41%	30,376,454	51.71%
3,52,61,756 Equity Shares of Rs. 10/- each fully paid				
Partners Company ESCL Limited	17,127,627	24.49%	14,754,698	25.12%
1,71,27,627 Equity Shares of Rs. 10/- each fully paid				
Partners Company Private Equity Master Fund LLC	7,516,440	10.74%	6,475,083	11.02%
75,16,440 Equity Shares of Rs. 10/- each fully paid				
AU Small Finance Bank Limited (Formerly known as "Au Financiers (INDIA) Limited")	5,014,746	7.17%	4,341,149	7.39%
50,14,746 Equity Shares of Rs. 10/- each fully paid				
Total	**64,920,569**	**92.81%**	**55,947,384**	**95.24%**

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.

7.4 Rights, preferences and restrictions attached to shares

Equity shares:
The Company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend as and when proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

7.5 Aggregate number of bonus shares issued during the period of five years immediately preceding the reporting date

Particular	As at March 31, 2018	As at April 01, 2017
Equity shares allotted as fully paid bonus shares by capitalization of securities premium	-	5,366,658

On June 03, 2016, the Company has issued bonus shares to its existing equity shareholders in the ratio of 1 share for every 7.17 shares held by them by capitalising its securities premium account

7.6 For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, refer note 23

(Rs. in Millions)

8	**Other Equity**	**As at March 31, 2018**	**As at April 01, 2017**
	Share Premium Account	8,323.98	3,913.40
	Special reserve u/s 29C of The National Housing Bank Act, 1987 read with 36 (1) (viii) of income tax Act. 1961*	482.07	280.38
	Share Based Payments Reserve	328.49	19.44
	Money recd. against share warrants **	2.40	-
	Retained earnings	2,070.39	1,340.44
	Total	**11,207.33**	**5,553.66**

* Section 29C (i) of The National Housing Bank Act, 1987 defines that every housing finance institution which is a Company shall create a reserve fund and transfer therein a sum not less than twenty percent of its net profit every year as disclosed in the statement of profit and loss before any dividend is declared. For this purpose any special reserve created by the Company under Section 36(1) (viii) of Income tax Act 1961, is considered to be an eligible transfer. The Company has transferred an amount of Rs. 201.69 millions to special reserve in terms of Section 36(1) (viii) of the Income Tax Act 1961 considered eligible for special reserve u/s 29C of NHB Act 1987.

** During the financial year 2017-18, the Company had issued 360,000 and 440,000 convertible warrants at a Issue Price of Rs. 328.00 and 430.50 per warrant respectively upon receipt of Rs. 3 per warrant , with a right exercisable by the warrant holder to convert each warrant with one equity share of the Company of face value Rs. 10/- each at a premium of Rs. 318.00 and Rs. 420.50 as the case may be, any time before the expiry of 5 years from the date of allotment or the filing of red herring prospectus with SEBI in accordance with applicable laws or any other period specified by Board, whichever is earlier, of the said convertible warrants .

(Rs. in Millions)

9 Borrowings	Non-current As at March 31, 2018	Non-current As at April 01, 2017	Current As at March 31, 2018	Current As at April 01, 2017
Secured				
Debentures (refer note 9.7)	3,282.36	3,344.43	739.80	178.22
Term loans (refer note 9.8)				
- from NHB (refer note 9.1)	3,382.12	1,599.08	268.87	131.35
- from Banks (refer note 9.2)	14,526.29	9,656.33	2,357.14	1,840.85
- Financial instituions (refer note 9.3)	96.91	174.77	81.77	81.40
Others				
- Cash credit (refer note 9.4)	-	-	325.13	790.35
- Others (refer note 9.5)	1,413.44	735.85	55.18	21.19
Unsecured				
Debentures (refer note 9.7)	994.80	-	26.68	-
Loans from Bank		297.35	-	-
Total gross (A)	**23,695.92**	**15,807.81**	**3,854.57**	**3,043.36**
The above amounts include				
Secured borrowings	**22,701.11**	**15,510.46**	**3,827.89**	**3,043.36**
Unsecured borrowings	**994.81**	**297.35**	**26.68**	**-**
Total financial liabilities - borrowings	**23,695.92**	**15,807.81**	**3,854.57**	**3,043.36**

9.1 Secured term loans from National Housing Bank carry rate of interest in the range of 4.86% to 9.15% p.a. The loans are having tenure of 10 to 15 years from the date of disbursement and are repayable in quarterly instalments. These loans are secured by hypothecation (exclusive charge) of the loans given by the Company. Loans from National Housing Bank to the extent of Rs. 999.49 Millions have been guaranteed by corporate guarantee of AU Small Finance Bank Limited (Formerly known as "Au Financiers (INDIA) Limited")

9.2 Secured term loans from Banks include loans from various banks and carry rate of interest in the range of 8.30% to 10.10% p.a. The loans are having tenure of 3 to 15 years from the date of disbursement and are repayable in monthly or quarterly or yearly instalments. These loans are secured by hypothecation (exclusive charge) of the loans given by the Company. Secured term loan from banks include auto loans of Rs. 16.73 millions carrying rate of interest in the range of 8.40% to 10.50% p.a. which are secured by hypothecation of Company's vehicles.

9.3 Loans from financial institutions carry rate of interest in the range of 8.46% to 9% p.a. These loans are having tenure of 3 to 5 years and are repayable in monthly / quarterly instalments. These loans are secured by hypothecation (exclusive charge) of the loans given by the Company from the date of disbursement. Loans from financial institutions include auto loans of Rs. 2.74 millions. carrying rate of interest of 8.46% p.a. which are secured by hypothecation of Company's vehicles.

9.4 Cash credit borrowings from bank are secured against hypothecation of housing loans given by the Company, are repayable on demand and carry interest rates ranging from 9.00% to 11.00%

9.5 Other borrowings represent associated liabilities to securitized asset that has been re-recognised due to non fulfillment of derecognition criteria as per Ind AS.

9.6 **Changes in liabilities arising from financing activities**

Pariculars	As at April 01, 2017	Cash flows	Other	As at March 31, 2018
Current Borrowing	3,043.36	795.98	15.23	3,854.57
Non-current Borrowing	15,807.81	7,227.96	660.15	23,695.92
Total	**18,851.17**	**8,023.94**	**675.38**	**27,550.49**

9.7 Detail of Redeemable Non-Convertible Debentures

(Rs. in Millions)

Sr. No.	ISIN No.	Date of allotment	Date of redemption	Nominal value per debenture	Total number of debentures	Rate of Interest p.a.	Face value	As at March 31, 2018		As at April 01, 2017		Secured/ Unsecured	Terms of redemption
								Non-current	Current	Non-current	Current		
1	INE216P07050	08-May-15	29-Dec-17	10	400	10.80%	4,000	-	-	399.63	38.72	Secured	Redeemable at par*
2	INE216P07068	26-May-15	29-Dec-17	10	350	10.80%	3,500	-	-	349.66	32.22	Secured	Redeemable at par*
3	INE216P07076	15-Jul-15	20-Jun-18	10	100	10.70%	1,000	-	107.53	99.54	7.63	Secured	Redeemable at par
4	INE216P07084	15-Jul-15	27-Dec-18	10	200	10.70%	2,000	-	215.16	199.77	15.26	Secured	Redeemable at par
5	INE216P07092	31-Jul-15	31-Dec-18	10	300	10.70%	3,000	-	321.23	299.63	21.40	Secured	Redeemable at par
6	INE216P07100	02-Sep-16	20-Mar-20	10	500	10.30%	5,000	499.29	1.55	498.98	1.55	Secured	Redeemable at par
7	INE216P07142	10-Oct-16	10-Oct-19	10	1,000	9.00%	10,000	998.85	42.41	998.48	48.30	Secured	Redeemable at par
8	INE216P07126	20-Dec-16	19-Oct-20	10	500	9.00%	5,000	498.97	12.58	498.74	13.14	Secured	Redeemable at par
9	INE216P07134	18-Jul-17	18-May-22	10	1,300	8.61%	13,000	1,284.88	39.33	-	-	Secured	Redeemable at par
10	INE216P08017	22-Dec-17	22-Dec-23	10	1,000	9.74%	10,000	995.17	26.69	-	-	Unsecured	Redeemable at par
								-	-				
							Total amount	**4,277.16**	**766.48**	**3,344.43**	**178.22**		

*Redeemed during the year

9.8 Terms of repayment of of long term borrowings outstanding as at March 31, 2018 **(Rs. in Millions)**

		Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		Due 3 to 4 years		Due 4 to 5 years		Due 5 to 10 years		Above 10 years		Total	
Original maturity of loan	**Interest rate**	**No. of installments**	**Amount**	**No. of installments**	**Amount**	**No. of installments**	**Amount**	**No. of installments**	**Amount**	**No. of installments**	**Amount**	**No. of installments**	**Amount**	**No. of installments**	**Amount**	**No. of installments**	**Amount**
Monthy repayment schedule Above 3 years	8%-10%	408	736.89	391	698.63	341	505.22	232	364.21	66	305.80	152	848.20	34	97.52	**1,624**	**3,556.47**
	10%-12%	60	70.70	31	62.65	11	36.60	-	-	-	-	-	-	-	-	**102**	**169.95**
Quarterly repayment schedule Above 3 years	4%-6%	3	20.35	4	27.15	4	27.15	4	27.15	4	27.15	19	127.76	-	-	**38**	**256.71**
	6%-8%	12	92.37	16	123.22	16	123.22	16	123.22	16	123.22	80	616.11	47	303.82	**203**	**1,505.18**
	8%-10%	208	1,739.10	242	2,252.25	225	2,093.06	197	1,903.10	174	1,723.57	532	4,704.66	74	198.19	**1,652**	**14,613.93**
Yearly repayment schedule Above 3 years	8%-10%	1	49.88	2	98.63	1	49.91	1	49.91	1	49.91	3	299.43	-	-	**9**	**597.67**
At the end of tenure Above 3 years	8%-10%	-	122.26	2	1,497.16	1	499.05	-	-	1	1,297.54	1	998.10	-	-	**5**	**4,414.11**
	10%-12%	3	642.72	-	-	-	-	-	-	-	-	-	-	-	-	**3**	**642.72**
		695	**3,474.27**	**688**	**4,759.69**	**599**	**3,334.21**	**450**	**2,467.59**	**262**	**3,527.19**	**787**	**7,594.26**	**155**	**599.53**	**3,636**	**25,756.74**

(Rs. in Millions)

10 Other financial liabilities	Non Current		Current	
	As at March 31, 2018	As at April 01, 2017	As at March 31, 2018	As at April 01, 2017
Financial liabilities at amortised cost				
Due to assignees towards collections in derecognised assets	-	-	303.64	251.99
Employee payables	-	-	58.62	52.45
Other financial liabities	2.56	1.17	264.39	97.60
Financial liabilities at fair value through profit or loss				
Cross Currency Swap	6.32	14.25	9.85	7.45
Total	**8.88**	**15.42**	**636.50**	**409.49**

Break up of financial liabilities carried at amortised cost

	March 31, 2018
Borrowings (non-current) (note 9)	23,695.92
Borrowings (current) (note 9)	3,854.57
Payables (note 13)	91.28
Other financial liabilities (non-current) (Note 10)	8.88
Other financial liabilities (current) (Note 10)	636.50
Total financial liabilities carried at amortised cost	**28,287.15**

11 Provisions	Non Current		Current	
	As at March 31, 2018	As at April 01, 2017	As at March 31, 2018	As at April 01, 2017
Provision for employee benefits				
Leave availment	6.93	4.04	1.41	0.90
Gratuity	18.07	10.83	0.71	0.41
Provision for CSR	-	-	9.17	5.58
Total	**25.00**	**14.87**	**11.29**	**6.89**

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Notes to the Special Purpose Standalone Financial Statements for the year ended March 31, 2018

(Rs. in Millions)

12 Tax Expenses

The major components of income tax expense for the years ended March 31, 2018 are :

Profit or loss section

Particulars	Year ended March 31, 2018
Current income tax:	
Current income tax charge	451.79
Adjustments in respect of current income tax of previous year	-
Deferred tax:	
Relating to origination and reversal of temporary differences	(39.67)
Income tax expense reported in the statement of profit or loss	412.12

OCI section

Deferred tax related to items recognised in OCI during in the year:

Particulars	Year ended March 31, 2018
Net loss/(gain) on remeasurements of defined benefit plans	0.37
Income tax charged to OCI	0.37

Reconciliation of tax expense and the accounting profit multiplied by India’s domestic tax rate for March 31, 2018:

Particulars	Year ended March 31, 2018
Accounting profit before tax from continuing operations	1,343.05
Tax at statutory Income Tax rate of 34.61%	464.80
Expenses Disallowed in Income tax Act	2.88
Difference in depreciation as per tax and books of account	2.80
Expenses Disallowed u/s 43B of Income tax Act	1.18
Provision for Gratuity	2.61
Provision for special reserve u/s 29C of NHB Act	(69.80)
Other permanent differnece	(5.44)
Incremental defered tax liability on account of Financial assets and other item	13.09
Tax At effective Income Tax rate of 30.69%	412.12
Income tax expense reported in the statement of profit and loss	**412.12**

Deferred Tax liabilities / (assets)	March 31, 2018	April 01, 2017
Deferred tax liability		
Difference between tax depreciation and depreciation/amortization charged for the financial reporting	-	1.28
Provision for special reserve u/s 29C of NHB Act read with section 36 (1) (viii) of IT Act, 1961	-	-
Deferred tax impact other adjustments	276.50	194.90
Gross deferred tax liability	**276.50**	**196.18**
Deferred tax asset		
Provision for standard assets	-	(29.62)
Provisions on non performing assets	-	(1.42)
Provision for gratuity and Leave availment	(9.38)	(5.60)
Difference between tax depreciation and depreciation/amortization charged for the financial reporting	(1.34)	-
ESOPs	(152.26)	(6.73)
Gross deferred tax asset	**(162.98)**	**(43.37)**
Net Deferred Tax Liability	**113.52**	**152.81**

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(Rs. in Millions)

13 Payables	**As at March 31, 2018**	**As at April 01, 2017**
Payables		
Total outsanding dues of Micro Enterprises and Small Enterprises	-	-
Total outsanding dues of Creditors other than Micro Enterprises and Small Enterprises	91.28	75.89
Total	**91.28**	**75.89**

14 Other current liabilities	**As at March 31, 2018**	**As at April 01, 2017**
Statutory Dues Payable	33.14	10.35
Provision for Expenses	22.17	18.75
Others	4.53	5.24
Total	**59.84**	**34.34**

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(Rs. in Millions)

15	Revenue from operations	Year Ended March 31, 2018
	a) Interest Income	
	Interest on Loans (Note 15(a))	4,002.72
	Interest on deposits with Banks	13.12
	Interest income on Inter-corporate deposits	1.27
	Interest income on CP	0.77
		4,017.88
	b) Insurance commission	**2.08**
	c) Profit on sale of Investments	**211.72**
	d) Other operating income	**98.32**
	e) Net gain/ (loss) on fair value changes	
	Net gain/ (loss) on financial instruments at fair value through profit or loss	
	Derivatives	**5.52**
	f) Net gain on derecognition of financial instruments under amortised cost category (Note 15(b))	**601.67**
	Total	**4,937.19**

15(a) Loan origination income included in Interest income on loans is disclosed net of the direct incremental costs of Rs. 165.61 millions for year ended March 31, 2018 associated with the origination of the underlying loans.

15(b) Under Ind AS, with respect to Assignment deals, Company has created an Interest only strip receivable , with corresponding credit to Statement of Proft and loss for the year, which has been computed by discounting Excess Interest Spread (EIS) to present value.

16	Other income	Year Ended March 31, 2018
	Other non operating income	8.90
	Net gain/(loss) on disposal of property, plant and equipment	0.02
	Other income	0.14
	Total	**9.06**

(Rs. in Millions)

17 Finance Costs	Year Ended March 31, 2018
Interest on borrowings	1,819.54
Discount on Commercial Papers	7.45
Interest on Securitsed pool	88.52
Fees and commission expense	46.24
Total	**1,961.75**

18 Employee Benefits Expenses	Year Ended March 31, 2018
Salaries and wages	646.38
Contribution to provident and other funds	26.75
Share Based Payments to employees	420.51
Staff welfare expenses	21.78
Total	**1,115.42**

Gratuity and other post-employment benefit plans

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for gratuity on cessation of employment and it is computed at 15 days salary (last drawn salary) for each completed year of service subject to such limit as prescribed by The Payment of Gratuity Act, 1972 as amended from time to time.

The following tables summarize the components of net benefits expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the respective plans.

Statement of profit and loss

Net employee benefit expense recognized in the employee cost

	Year Ended March 31, 2018
Current service cost	8.49
Interest cost	0.84
Return on plan assets	-
Net remeasurement (gain) / loss recognized in the period	
Net expense	**9.33**

Remeasurement (gains)/ loss recognised in other comprehensive income:

	Year Ended March 31, 2018
Remeasurement (gain) / loss on obligations arising from changes in experience adjustments	(1.08)
Remeasurement (gain) / loss on obligations arising from changes in financial assumptions	
Remeasurement (gain) / loss arising during the year	**(1.08)**

Balance Sheet

Net defined benefit liability

	As at March 31, 2018
Present value of defined benefit obligation	18.77
Fair value of plan assets	-
Plan liability	**18.77**

Changes in the present value of the defined benefit obligation are as follows:

	As at March 31, 2018
Opening defined benefit obligation	11.24
Current service cost	8.49
Interest cost	0.84
Benefits paid during the period	(0.72)
Remeasurement (gain)/loss on obligation	(1.08)
Closing defined benefit obligation	**18.77**

The principle assumptions used in determining gratuity obligations for the Company are shown below:

	As at March 31, 2018
Discount rate	7.75%
Salary escalation rate	7.00%
Employee Turnover	age 30 = 5%
	age 31-40 = 3%
	age 41-50 = 2%
	age 51 & above=1%

(Rs. in Millions)

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 below:

	As at March 31, 2018
Defined benefit obligation	18.77
Plan assets	-
Surplus / (deficit)	18.77
Experience adjustments on plan liabilities	(1.08)
Experience adjustments on plan assets	-

Sensitivity Analysis:
A quantitative sensitivity analysis for significant assumption is as shown below:

Particulars	**As at March 31, 2018**
a) Effect of 1% change in assumed discount rate	
- 1% increase	16.24
- 1% decrease	21.91
(b) Effect of 1% change in assumed salary escalation rate	
- 1% increase	21.91
- 1% decrease	16.19

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.

19	**Other expenses**	**Year Ended March 31, 2018**
	Rent	49.24
	Rates & Taxes Expenses	3.29
	Repairs and maintenance	17.33
	Communication Costs	17.88
	Commission & brokerage	9.97
	Printing and stationery	7.77
	Advertisement and publicity	44.81
	Directors Sitting Fees	1.94
	Auditor's remuneration	2.25
	Legal and Professional charges	54.89
	Postage & courier expenses	8.53
	CSR expenses	10.02
	General Office Expenses	12.00
	Travelling and Conveyance	44.09
	Manpower management cost	141.49
	AMC charges	4.45
	Electricity and water	11.93
	Fee & subscription	0.19
	Net loss on foreign currency transaction and translation	1.80
	Total	**443.87**

Auditor's remuneration

Particulars	**Year ended March 31, 2018**
-Audit fees	1.85
-Tax audit fees	0.15
-Other services	0.25
Total	**2.25**

20	**Provision for Expected Credit Loss and write offs**	**Year ended March 31, 2018**
	Impairment on financial instruments	
	Investments	5.29
	Loans	2.34
	Write offs	18.26
	Total	**25.89**

21	**Earning per share**	**Year ended March 31, 2018**
	Following reflects the profit and share data used in EPS computations:	
	Basic	
	Weighted average number of equity shares for computation of Basic EPS (in millions)	58.57
	Net profit for calculation of basic EPS (Rs.in millions)	930.93
	Basic earning per share (In Rs.)	**15.90**
	Diluted	
	Weighted average number of equity shares for computation of Diluted EPS (in millions)	61.10
	Net profit for calculation of Diluted EPS (Rs.in millions)	930.93
	Diluted earning per share (In Rs.)	**15.24**
	Nominal value of equity shares (In Rs.)	**10.00**

(Rs. in Millions)

22 Commitments and contingencies

a The Company has taken various premises under operating lease. The future minimum lease payments are given below:

Particulars	Year ended March 31, 2018
Within one year	14.05
Later than one year but not later than five years	23.55
Later than five years	-
Total	**37.60**
The total of minimum lease payments recognized in the Statement of Profit and Loss for the period	**49.24**

b Capital commitments

Capital commitments	As at March, 2018		
	Estimated project cost	Paid during the year	Balance payable
Property, plant and equipement	5.86	2.62	3.24
	5.86	**2.62**	**3.24**

c Contingent liability

Contingent liability not accounted as debt

Particulars	As at March 31, 2018
Credit enhancements provided by the Company towards Asset Securitisation (including cash collaterals, principal and interest subordination)	114.73
	114.73

23 Stock options

I The Company has formulated various share-based payment schemes for its employees (Plan I), management team (Plan II) and directors (Plan III). Details of all grants in operation during the year ended March 31, 2018 are as given below:

Particulars	ESOP 2016 I (a)	ESOP 2016 I (b)	ESOP 2016 II	ESOP 2016 III
Scheme Name	Equity stock option plan for Employees 2016 (ESOP 2016 I)	Equity stock option plan for Employees 2016 (ESOP 2016 I)	Equity stock option plan for Management team 2016 (ESOP 2016 II)	Equity stock option plan for Directors 2016 (ESOP 2016 III)
No. of options approved	1,647,901	1,647,901	3,445,610	719,084
Date of grant	23-Feb-17	24-Jan-18	23-Feb-17	23-Feb-17
No. of options granted	980,118	424,687	3,445,610	719,084
Exercise price per option (in Rs.)	215.25	328	215.25	215.25
Method of settlement	Equity	Equity	Equity	Equity
Vesting period and conditions	A) 50% options to vest as per stipulated vesting schedule ("Fixed Vesting") B) 50% options to vest as per stipulated vesting schedule on fulfillment of stipulated conditions ("Conditional Vesting")			
A) Fixed Vesting period is as follows on following dates :-				
1st vesting "12 months from the date of grant	98,012	42,469	Refer note below	71,908
2nd vesting "On expiry of four months from the 1st vesting date"	98,012	NA	-	71,908
2nd vesting "On expiry of one year from the 1st vesting date"	NA	42,469	-	NA
3rd vesting "On expiry of one year from the 2nd vesting date"	98,012	42,469	-	71,908
4th vesting "On expiry of one year from the 3rd vesting date"	98,012	42,469	-	71,909
5th vesting "On expiry of one year from the 4th vesting date"	98,011	42,469	-	71,909
B) Conditional Vesting	Linked with conditions over the next five years as stipulated in respective stock option plan			
Exercise period	Four years from the date of each vesting			

Note: The options approved under the equity stock option plan for Management team 2016 (ESOP 2016 II) originally has same fixed and conditional vesting schedule as the equity stock option plan for Directors 2016 (ESOP 2016 III). However, pursuant to the the Board approval dated January 25, 2018, all options granted under this plan were vested with immediate effect with no further conditions attached to them.

II Computation of fair value of options granted during the year

Plan I : The weighted average fair value of stock options granted during the year was Rs. 153.51 (Plan I (b)).
The Black-Scholes Model has been used for computing the weighted average fair value considering the following:

Particulars	March 31, 2018
	Plan I (b)
Share price on the date of grant (Rs.)	316.3
Exercise price (Rs.)	328.00
Expected volatility (%)	45.50%
Life of the options granted (years)	
First Vesting	3 years
Second Vesting	4 years
Third Vesting	5 years
Forth Vesting	6 years
Fifth Vesting	7 years
Risk-free interest rate (%)	7.42%
Expected dividend rate (%)	0%
Model used	Black-Scholes
Fair value of the option (Rs.)	Tranche 1 - 118.09 Tranche 2 - 138.24 Tranche 3 - 155.03 Tranche 4 - 171.35 Tranche 5 - 184.83

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

III Reconciliation of options

Particulars	ESOP 2016 I (a)	ESOP 2016 I (b)	ESOP 2016 II	ESOP 2016 III
Financial Year 2017-18				
Options outstanding at April 1, 2017	980,118	-	3,445,610	719,084
Granted during the year	-	424,687	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	1,222,551	-
Expired / lapsed during the year	116,904	-	-	-
Outstanding at March 31, 2018	863,214	424,687	2,223,059	719,084
Exercisable at March 31, 2018	154,608	-	2,223,059	71,908
Weighted average remaining contractual life (in years)	5.38	6.82	2.52	6.30
Weighted average share price at the time of exercise*	-	-	328.00	-

* Disclosure of weighted average share price at the time of exercise is applicable only for plans where there has been an exercise of options in current financial year.

24 Hedging activities and derivatives

Derivatives not designated as hedging instruments

The Company uses foreign currency denominated borrowings and Cross Currency Swaps to manage some of its transaction exposures. The Cross Currency Swaps are not designated as cash flow hedges and are entered into for periods of generally 34 to 36 months.

25 First-time adoption of Ind AS

(i) The Company's management had previously issued its audited financial statements for the year ended March 31, 2018 on April 27, 2018 that 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 ('the Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 ('Indian GAAP').

(ii) With effect from April 1, 2018, the Company is required to prepare its financial statements under the Indian Accounting Standards ('Ind AS') prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS Rules').

(iii) The Company's management has now prepared these Special Purpose Standalone Financial Statements which comprise the Balance Sheets as at March 31, 2018 and opening Balance sheet as at April 1, 2017 ('transition date Balance sheet'), the Statement of Profit and Loss, the Statement of Cash Flows and the Statement of changes in equity for the year ended March 31, 2018 and a summary of the significant accounting policies and other explanatory information (together hereinafter referred to as "Special Purpose Standalone Financial Statements").

(iv) These Special Purpose Standalone Financial Statements have been prepared solely in connection with the Company's conversion to the Ind AS framework for inclusion in the offer document, prepared by the Company in connection with its proposed Initial Public Offer of equity shares of face value of Rs.10 each.

(v) These Special Purpose Standalone Financial Statements have been prepared in accordance with the recognition and measurement principles of the Ind AS framework. However, all disclosures as required under Ind AS have not been furnished in these Special Purpose Standalone Financial Statements. Accordingly, the relevant comparative financial information as at and for the year ended March 31, 2017 (comprising the balance sheet as at March 31, 2017 and the statement of profit and loss, the cash flow statement and the statement for changes in equity for the year ended March 31, 2017) has not been presented in these Special Purpose Standalone Financial Statements. Only a complete set of financial statements together with comparative financial information can provide a fair presentation of a Company's state of affairs (financial position), profit (financial performance including other comprehensive income), cash flows and the changes in equity.

(vi) The Company will prepare and issue its first complete Ind AS financial statements as at and for the year ending March 31, 2019. Until the first complete Ind AS financial statements are issued, the balances in these Special Purpose Standalone Financial Statements are preliminary and may require adjustments if (a) there are any new Ind AS standards issued through March 31, 2019; (b) there are any amendments/modifications made to existing Ind AS standards or interpretations thereof through March 31, 2019 effecting the balances in these financial statements; and (c) if the Company makes any changes in the elections and/or exemptions selected on adoption of Ind AS at its transition date of April 1, 2017.

Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions/exceptions:

Use of Estimates

The estimates at April 1, 2017 and at March 31, 2018 are consistent with those made for the same dates in accordance with Indian GAAP apart from the following adjustments, where application of Indian GAAP did not require estimation:

- Fair valuation of financials instruments carried at FVTPL
- Impairment of financial assets based on Expected Credit Loss (ECL) model
- Determination of discounted value for financial instruments carried at amortized cost

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at April 1, 2017 the date of transition to Ind AS, and as of March 31, 2018.

Mandatory exemptions

Classification and measurement of financial assets

The Company has classified the financial assets in accordance with Ind AS 109 on the basis of facts and circumstances that exist at the date of transition to Ind AS.

Impairment of financial assets

The Company has applied the exception related impairment of financial assets given in Ind AS 101. It has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial assets were initially recognized and compared that to the credit risk as at April 1, 2017.

De-recognition of financial assets and liabilities

The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS, except for securitisation deals since the information needed to apply Ind AS 109 was available at the time of initially accounting for these securitisation deals.

Optional exemptions

Deemed cost-Previous GAAP carrying amount: (PPE and Intangible Assets)

Since there is no change in the functional currency, the Company has elected to continue with the carrying value for all of its PPE, Intangible assets and Investment Properties as recognized in its Indian GAAP financial as deemed cost at the transition date.

Arrangements containing a lease:

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. However, the Company has used Ind AS 101 exemption and assessed all arrangements based for embedded leases based on conditions in place as at the date of transition

Fair value measurement of financial assets or financial liabilities

The Company has elected to apply Ind AS 109 to day one gain or loss provisions prospectively to transactions occurring on or after the date of transition to Ind AS.

25a Reconciliation of Equity as at 1 April 2017

(Rs. in Millions)

	Note	Indian GAAP	Ind AS Adjustments	Ind AS
ASSETS				
Non-current assets				
Property, plant and equipment		86.93	-	86.93
Intangible assets		14.77	-	14.77
Intangible assets under development		1.35	-	1.35
Investments		7.54	(7.54)	-
Financial assets				
Loans	i	20,472.30	702.98	21,175.28
Other financial assets	ii	8.28	432.49	440.77
Other non-current assets		0.51	-	0.51
		20,591.68	**1,127.93**	**21,719.61**
Current assets				
Financial assets				
Cash and cash equivalents		2,686.01	-	2,686.01
Bank balances other than above		71.66	-	71.66
Investments		0.26	(0.26)	-
Loans		957.01	(38.12)	918.89
Other financial assets		2.67	235.74	238.41
Other current assets		71.22	(7.96)	63.26
		3,788.83	**189.40**	**3,978.23**
TOTAL ASSETS		**24,380.51**	**1,317.33**	**25,697.84**
EQUITY AND LIABILITIES				
Equity				
Equity share capital		581.64	-	581.64
Other equity		5,081.62	472.04	5,553.66
		5,663.26	**472.04**	**6,135.30**
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings	iv	15,096.85	710.96	15,807.81
Other financial liabilities		1.18	14.24	15.42
Provisions		14.87	-	14.87
Deferred tax liabilities (net)	vi	61.68	91.13	152.81
		15,174.58	**816.33**	**15,990.91**
Current liabilities				
Financial liabilities				
Borrowings	iv	3,030.82	12.54	3,043.36
Payables		75.89	-	75.89
Other financial liabilities	v	398.65	10.84	409.49
Other current liabilities		34.34	-	34.34
Provisions		1.31	5.58	6.89
Current tax liabilities (net)		1.66	-	1.66
		3,542.67	**28.96**	**3,571.63**
TOTAL EQUITY AND LIABILITIES		**24,380.51**	**1,317.33**	**25,697.84**

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25b Reconciliation of Equity as at March 31, 2018 **(Rs. in Millions)**

	Note	Indian GAAP	Ind AS Adjustments	Ind AS
ASSETS				
Non-current assets				
Property, plant and equipment		154.54	-	154.54
Intangible assets		29.71	-	29.71
Intangible assets under development		0.33	-	0.33
Investments		137.91	(92.91)	45.00
Financial assets				
Loans	i	30,560.64	1,414.43	31,975.07
Other financial assets	ii	12.44	671.38	683.82
Other non-current assets		2.53	-	2.53
		30,898.10	**1,992.90**	**32,891.00**
Current assets				
Financial assets				
Investments		2.66	(2.66)	-
Cash and cash equivalents		3,584.87	-	3,584.87
Bank balances other than above		2,064.74	-	2,064.74
Loans		1,387.73	(28.62)	1,359.11
Other financial assets		7.77	396.58	404.35
Other current assets		105.37	(8.41)	96.96
		7,153.14	**356.89**	**7,510.03**
TOTAL ASSETS		**38,051.24**	**2,349.79**	**40,401.03**
EQUITY AND LIABILITIES				
Equity				
Equity share capital		691.73	-	691.73
Other equity		10,292.98	914.35	11,207.33
		10,984.71	**914.35**	**11,899.06**
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings	iv	22,324.81	1,371.11	23,695.92
Other financial liabilities		2.56	6.32	8.88
Provisions		29.12	(4.12)	25.00
Deferred tax liabilities (net)	vi	117.59	(4.07)	113.52
		22,474.08	**1,369.24**	**23,843.32**
Current liabilities				
Financial liabilities				
Borrowings	iv	3,807.90	46.67	3,854.57
Payables		91.28	-	91.28
Other financial liabilities	v	621.92	14.58	636.50
Other current liabilities		64.06	(4.22)	59.84
Provisions		2.12	9.17	11.29
Current tax liabilities (net)		5.17	-	5.17
		4,592.45	**66.20**	**4,658.65**
TOTAL EQUITY AND LIABILITIES		**38,051.24**	**2,349.79**	**40,401.03**

25c Reconciliation of profit or loss for the year ended March 31, 2018 **(Rs. in Millions)**

	Notes	Indian GAAP	Ind AS Adjustments	Ind AS
Income				
Revenue from operations		4,563.39	373.80	4,937.19
Other Income		9.06	-	9.06
Total income (I+II)		**4,572.45**	**373.80**	**4,946.25**
Expenses				
Finance Costs		1,890.53	71.22	1,961.75
Employee Benefits Expense	iii	733.59	381.83	1,115.42
Other expenses		455.48	(11.61)	443.87
Depreciation, amortization and impairment		56.27	-	56.27
Provision for Expected Credit Loss and write offs	i	19.05	6.84	25.89
Total expenses (IV)		**3,154.92**	**448.28**	**3,603.20**
Profit before tax (III-IV)		**1,417.53**	**(74.48)**	**1,343.05**
Tax Expense:				
(1) Current Tax		432.29	19.50	451.79
(2) Deferred Tax		55.91	(95.58)	(39.67)
Total tax expense		**488.20**	**(76.08)**	**412.12**
Profit for the year (V-VI)		**929.33**	**1.60**	**930.93**
Other Comprehensive Income	viii			
a) Items that will not be reclassified to profit or loss				
Remeasurements of defined benefit liability	vii	-	1.08	1.08
Income Tax Effect			(0.37)	(0.37)
b) Items that will be reclassified to profit or loss		-	-	-
Other Comprehensive Income , net of income tax		-	**0.71**	**0.71**
Total Comprehensive Income for the period (VII+VIII)		**929.33**	**2.31**	**931.64**

(Rs. in Millions)

25d Notes to the reconciliation of equity as at April 01, 2017 and March 31, 2018 and profit or loss for the year ended March 31, 2018.

i **Loans and advances**

(i) Under Indian GAAP, the Company has created provision for loans and advances based on the Guidelines on prudential norms issued by National Housing Bank. Under Ind AS, impairment allowance has been determined based on Expected Loss model (ECL). Due to ECL model, the Company impaired its loans and advances by INR 75.44 millions on 1 April 2017 (INR 81.73 millions as on March 31, 2018) as against Provision made under Indian GAAP by INR 126.15 millions as on 1 April 2017 (INR 123.26 millions as on March 31, 2018). In addition, ECL on off balance sheet has also been determined as per Ind AS for INR 3.40 millions as on 1 April 2017 (INR 4.74 millions as on March 31, 2018). The differential impact has been adjusted in Retained earnings/ Profit and loss during the year.

(ii) Under Indian GAAP, transaction costs incurred in connection with loans and advances are amortised upfront and charged to profit or loss for the period. Under Ind AS, transaction costs are included in the initial recognition amount of financial asset measured at amortised cost and charged to profit or loss using the effective interest method.

(iii) The Company has securtised certain assets and under Indian GAAP, it has derecognised those assets in the books. However, as per Ind AS, the Company has not transferred substantially all the risks and rewards, the asset has been re-recognised, and the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

(iv) Under Indian GAAP, the Company has transferred certain assets to asset reconstruction company which has been de-recognised from the loan portfolio of the Company. Under Ind AS, , the the Company has re-recognised the asser and also recognised an associated liability to the extent of the rights and obligations retained by the Company

ii **Other financial assets**

Under Ind AS, with respect to Assignment deals, Company has created an Interest only strip receivable amounting to INR 668.22 millions as on 1 April 2017 (INR 1,067.96 millions as on March 31, 2018) , with corresponding credit to Retained earning/ Proft and loss for the year, which has been computed by discounting Excess Interest Spread (EIS) to present value. Necessary adjustment with respect to credit risk has also been made.

iii **Share-based payments**

Under Indian GAAP, the Company recognised only the intrinsic value for the share based payments plans as an expense. Ind AS requires the fair value of the share options to be determined using an appropriate pricing model recognised over the vesting period. An additional expense of INR 420.51 millions has been recognised in profit or loss for the year ended March 31, 2018. Share options totalling INR 19.44 millions which were granted before and still not vested at 1 April 2017, have been recognised as a separate component of equity in SBP reserve against retained earnings at 1 April 2017.

iv **Borrowings**

Under Indian GAAP, transaction costs incurred in connection with borrowings are amortised upfront and charged to profit or loss for the period. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss using the effective interest method.

v **Cross Currency Swaps (CCS) not designated as hedging instruments**

Under the previous GAAP, the company has considered the critical terms of the CCS and those of the principal term loan are same, based on the internal assessment carried out by the management, the net impact of the marked to market valuation of the CCS, net of gain/loss on the underlying loan, is not expected to be material and accordingly no adjustment has been made in the financial statements.

Under Ind AS, derivative which are not designated as hedging instruments are fair valued with resulting changes being recognised in Retained earnings/profit or loss.

vi **Deferred tax**

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Group has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity. On the date of transition, the net impact on deferred tax liabilities is of INR 91.14 millions (March 31, 2018: negative 4.06 millions).

Ind AS does not require the creation of DTL on the amount transferred to the Special Reserve. Accordingly, DTL created on special reserve as at March 31, 2017 is reversed and the charge through the Statement of Profit and Loss Account in current year is also reversed.

vii **Remeasurements of post employement benefit plans**

Under Ind AS, remeasurements i.e. actuarial gain and losses on the net defined liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these measurements were forming part of the profit or loss for the year. Though there is no imapct on the total equity as at March 31, 2018.

viii **Other comprehensive income**

Under Indian GAAP, the Company has not presented other comprehensive income (OCI) separately. Hence, it has reconciled Indian GAAP profit or loss to profit or loss as per Ind AS. Further, Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

ix **Statement of cash flows**

The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows.

x **Figures under previous GAAP have been regrouped/ reclassified for Ind AS purpose wherever applicable.**

26 Segment information

The Company has only one reportable business segment, i.e. lending to borrowers, which have similar nature of products and services, type/class of customers and the nature of the regulatory environment (which is banking), risks and returns for the purpose of Ind AS 108 on 'Segment Reporting' specified under section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts] Rules, 2014 . Accordingly, the amounts appearing in the financial statements relate to the Company's single business segment.

27 Related party

a. Names of related parties identified in accordance with IND AS -24 "Related Party Disclosures" (with whom there were transactions during the year)

1. Entities where control exists:
Ultimate Holding Company
Kedaara Capital I Limited - (From 23rd June 2016)
Holding Company
Lake District Holdings Limited - (From 23rd June 2016)
Au Small Finance Bank Limited (Formerly known as"Au Financiers(INDIA) Limited")-(upto 22nd June 2016)
Shareholders having Substantial interest
Partners Group ESCL Limited - (From 23rd June 2016)
Wholly owned Subsidiary company
Aavas Finserv Limited - (From 30th November 2017)

2. Key management personnel

Mr. Sushil Kumar Agarwal	Whole Time Director and Chief Executive Officer
Mr. Ghanshyam Rawat	Chief Financial Officer
Mr. Sharad Pathak	Company Secretary

3. Enterprises under significant influence of the key management personnel
None

4. Relatives of key managerial personnel
None

b. The nature and volume of transactions carried out with the above related parties in the ordinary course of business are as follows :

(Rs. in Millions)

1. Remuneration to Key Managerial personnel

Particulars	March 31, 2018
Mr. Sushil Kumar Agarwal, Whole Time Director and Chief Executive Officer	20.29
Mr. Ghanshyam Rawat, Chief Financial Officer	15.11
Mr. Sharad Pathak, Company Secretary	1.22
Total	**36.62**

Notes:
(a) 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.
(b) Value of perquisite arising on account of exercise of stock options by the key management personnel has not been considered as a related party transaction.

2. Other Transactions **(Rs. in Millions)**

Name of related party	Nature of transactions	March 31, 2018		
		Amount received	Amount paid	Outstanding balance
Lake District Holdings Limited	Issue of Equity shares	2,103.12	-	-
Partners Group ESCL Limited	Issue of Equity shares	1,021.55	-	-
Aavas Finserv Limited	Reimbursement of expenses	0.74	-	0.74
Aavas Finserv Limited	Issue of Equity shares	-	45.00	-
Mr. Sushil Kumar Agarwal	Issue of Equity shares	26.56	-	-
Mr. Ghanshyam Rawat	Issue of Equity shares	8.92	-	-
Sharad pathak	Issue of Equity shares	0.87	-	-

Notes:
(a) During the year ended March 31, 2018 the Company has received Rs. 1.59 millions and 0.46 millions against share warrants' premium from Sushil Kumar Agarwal and Ghanshyam Rawat respectively, which is not included in above disclosure.

28 CSR expenses

Operating expenses include 6.43 Millions for the year ended March 31, 2018 towards Corporate Social Responsibility (CSR), in accordance with Companies Act, 2013. Gross Amount required to be spent by the company during the year is Rs. 10.02 Millions.

The details of amount spent during the respective year towards CSR are as under: **(Rs. in Millions)**

Sr No.	Particulars	March 31, 2018		
		Amount Spent	Amount unpaid/Provision	Total
1	Construction/acquisition of any asset	Nil	Nil	Nil
2	On purposes other than above	6.43	Nil	6.43

29 Capital management:

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is safety and security of share capital and maximize the shareholder value.

The Company manages its capital structure in light of changes in economic conditions and the requirements of the financial covenants. The company monitors capital using a gearing ratio, which is total debt divided by net worth. The Company's policy is to keep the gearing ratio at reasonable level of 6-8 times in imminent period while the Housing Finance Companies (National Housing Bank) Directions, 2010 (the "**NHB Directions**") currently permits HFCs to borrow up to 16 times of their net owned funds ("**NOF**"). The Company includes with in debt, its all interest bearing loans and borrowings.

Debt to net to net worth ratio

(Rs. in Millions)

Particulars	**As at March 31, 2018**	**As at April 01, 2018**
Debts	27,550.49	18,851.17
Net worth	11,899.06	6,135.30
Debt to Net woth	**2.32**	**3.07**

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

30 Financial risk management objectives and policies

The Company's Principal financial liabilities comprise loans and borrowings. The main purpose of these financial liabilities is to finance the company's operations. At the other hand company's Principal financial assets include loans and cash and cash equivalents that derive directly from its operations.

As a lending institution, Company is exposed to various risks that are related to lending business and operating environment. **The Principal Objective** in Company 's risk management processes is to measure and monitor the various risks that Company is subject to and to follow policies and procedures to address such risks. Company 's risk management framework is driven by Board and its subcommittees including the Audit Committee, the Asset Liability Management Committee and the Risk Management Committee. Company gives due importance to prudent lending practices and have implemented suitable measures for risk mitigation, which include verification of credit history from credit information bureaus, personal verification of a customer's business and residence, technical and legal verifications, conservative loan to value, and required term cover for insurance. The major types of risk Company face in businesses are liquidity risk, credit risk, interest rate risk.

(A) Liquidity risk

Liquidity Risk refers to the risk that the company can not meet its financial obligations. The objective of Liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirement. The unavailability of adequate amount of funds at optimum cost and co-terminus tenure to repay the financial liabilities and further growth of business resultantly may face an Asset Liability Management (ALM) mismatch caused by a difference in the maturity profile of Company assets and liabilities. This risk may arise from the unexpected increase in the cost of funding an asset portfolio at the appropriate maturity and the risk of being unable to liquidate a position in a timely manner and at a reasonable price. The Company manages liquidity risk by maintaining adequate cash reserves and undrwan credit facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(Rs. in Millions)

Maturity profile of Financial liabilities as on March 31, 2018			
Particulars	**Borrowings**	**Payables**	**Other Financial liabilities**
1 Day to 31 Days / One month	420.86	91.28	395.05
Over 1 month to 2 month	336.09	-	91.40
Over 2 month to 3 month	485.83	-	150.05
Over 3 month to 6 month	1,113.96	-	-
Over 6 month to 1 year	3,479.56	-	-
Over 1 year to 3 years	11,120.60	-	8.88
Over 3 year to 5 years	7,887.82	-	-
Over 5 year to 7 years	5,821.56	-	-
Over 7 year to 10 years	3,520.27	-	-
Over 10 years	1,192.13	-	-
Total	**35,378.68**	**91.28**	**645.38**

(B) Credit risk

Credit Risk arises from the risk of loss that may occur from the default of Company's customers under loan agreements. Customer defaults and inadequate collateral may lead to higher NPAs. Company address credit risks by using a set of credit norms and policies, which are approved by Board and backed by analytics and technology. Company has implemented a structured and standardized credit approval process, including customer selection criteria, comprehensive credit risk assessment and cash flow analysis, which encompasses analysis of relevant quantitative and qualitative information to ascertain the credit worthiness of a potential customer. Actual credit exposures, credit limits and asset quality are regularly monitored and analysied at various levels. Company has created a robust credit assessment and underwriting practice that enables to fairly price credit risks.

The company has created more than 60 templates of customer profiles through its experience over the years, with risk assessment measures for each geography in which it operates. The company continuously seek to develop and update such profiles in order to identify and source reliable customers and improve efficiencies. The company also conduct an analysis of the existing cash flow of customer's business to assess their repayment abilities. The company has implemented a four prong system of credit assessment comprising underwriting, legal assessments, technical assessments and a risk containment unit.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was Rs. 33,415.91 Millions and Rs. 22.169.61 Millions as of March 31, 2018 and April 1, 2017 respectively, being the total of the carrying amount of balances with customers.

(C) Analysis of risk concentration

The Company's concentrations of risk are managed based on Loan to value (LTV) segregation as well as geographical spread. The following tables stratify credit exposures from housing and other loans to customers by ranges of loan-to-value (LTV) ratio and state wise. LTV is calculated as the ratio of gross amount of the loan - or the amount committed for loan commitments - to the value of the collateral. The value of the collateral for housing and other loans is based on collateral value at origination.

Loans to customers:

(Rs. in Millions)

LTV wise bifurcation:

LTV bucket	Stage 1	Stage 2	Stage 3	Total
0-40%	10,006.81	223.22	32.72	10,262.75
41-60%	11,702.16	245.15	43.53	11,990.84
61-80%	9,862.29	335.24	75.17	10,272.70
More than 80%	879.68	6.50	3.44	889.62
Total	**32,450.94**	**810.11**	**154.86**	**33,415.91**

Customer profile: **(Rs. in Millions)**

Customer type	Stage 1	Stage 2	Stage 3	Total
Salaried	11,805.68	185.34	47.59	12,038.61
Self Employeed	20,645.26	624.77	107.27	21,377.30
Total	**32,450.94**	**810.11**	**154.86**	**33,415.91**

Loan Commitments:

LTV wise bifurcation: **(Rs. in Millions)**

LTV bucket	Stage 1	Stage 2	Stage 3	Total
0-40%	898.34	2.11	0.47	900.92
41-60%	1,217.73	5.52	-	1,223.25
61-80%	653.58	6.95	-	660.53
More than 80%	87.80	0.10	-	87.90
Total	**2,857.45**	**14.68**	**0.47**	**2,872.60**

Customer profile: **(Rs. in Millions)**

Customer type	Stage 1	Stage 2	Stage 3	Total
Salaried	986.57	3.10	0.00	989.67
Self Employeed	1,870.88	11.58	0.47	1,882.93
Total	**2,857.45**	**14.68**	**0.47**	**2,872.60**

(D) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market factors. Such changes in the values of financial instruments may result from changes in the interest rates, credit, liquidity and other market changes. The Company's exposure to market risk is primarily on account of interest rate risk.

(a) Interest Rate Risk:-

The company is subject to interest rate risk, primarily since it lends to customers at rates and for maturity periods that may differ from funding sources. Interest rates are highly sensitive to many factors beyond control, including the monetary policies of the Reserve Bank of India, deregulation of the financial sector in India, domestic and international economic and political conditions, inflation and other factors. In order to manage interest rate risk, the company seek to optimize borrowing profile between short-term and long-term loans. The company adopts funding strategies to ensure diversified resource-raising options to minimize cost and maximize stability of funds. Assets and liabilities are categorized into various time buckets based on their maturities and Asset Liability Management Committee supervise an interest rate sensitivity report periodically for assessment of interest rate risks.

Due to the very nature of housing finance, the company is exposed to moderate to higher Interest Rate Risk. This risk has a major impact on the balance sheet as well as the income statement of the company. Interest Rate Risk arises due to:

i) Changes in Regulatory or Market Conditions affecting the interest rates
ii) Short term volatility
iii) Prepayment risk translating into a reinvestment risk
iv) Real interest rate risk.

In short run, change in interest rate affects Company's earnings (measured by NII or NIM) and in long run it affects Market Value of Equity (MVE) or net worth. It is essential for the company to not only quantify the interest rate risk but also to manage it proactively. The company mitigates its interest rate risk by keeping a balanced portfolio of fixed and variable rate loans and borrowings. Further company carries out Earnings at risk analysis and maturity gap analysis at quarterly intervals to quantify the risk.

Interest Rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates (all other variables being constant) of the Company's statement of profit and loss:

(Rs. in Millions)

Particulars	Basis Points	Effect on Profit before tax
Increase in basis points	50	39.20
Decrease in basis points	-50	(38.91)

(b) Foreign currency risk

"Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign currency rates. The Company's exposure to the risk of changes in foreign exchange rates relates primary to the foreign currency borrowings taken from bank.

31 Significant accounting judgements, estimates and assumptions

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

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

i. Business Model Assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The company considers the frequency, volume and timing of sales in prior periods, the reason for such sales, and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an holistic assessment of how company's stated objective for managing the financial assets is achieved and how cash flows are realised. Therefore, the company considers information about past sales in the context of the reasons for those sales, and the conditions that existed at that time as compared to current conditions.

Based on this assessment and future business plans of the Company, the management has measured its financial assets at amortised cost as the asset is held within a business model whose objective is to collect contractual cash flows, and the contractual terms of the financial asset give rise to cash flows that are solely payments of principle and interest ('the 'SPPI criterion').

ii. Defined employee benefit assets and liabilities

The cost of the defined benefit gratuity plan and other post-employment benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

iii. Impairment losses on financial assets

The measurement of impairment losses across all categories of financial assets except assets valued at FVTPL, equires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Company's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

• The Company's model, which assigns PDs

• The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis

• The segmentation of financial assets when their ECL is assessed on a collective basis

• Development of ECL models, including the various formulas and the choice of inputs

• Determination of associations between macroeconomic scenarios and, economic inputs, and the effect on PDs, EADs and LGDs

• Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models

iv. Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

v. Fair value measurement:

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

vi Effective Interest rate method

The Company's EIR methodology, recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans and recognises the effect of potentially different interest rates charged at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges). This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes to the company's base rate and other fee income/expense that are integral parts of the instrument.

32 Standards issued but not yet effective

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and Companies (Indian Accounting Standards) Amendment Rules, 2018 amending the following standard:

Ind AS 115- Revenue from Contracts with Customers

Ind AS 115 'Revenue from Contracts with Customers' was notified on March 28, 2018 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under Ind AS. This new standard requires revenue to be recognized when promised goods or services are transferred to customers in amounts that reflect the consideration to which the Company expects to be entitled in exchange for those goods or services. Adoption of the new rules could affect the timing of revenue recognition for certain transactions of the Company. Ind AS 115 is effective for the Company for the annual period beginning on or after April 1, 2018 and permits two possible methods of transition:

(i) Retrospectively to each prior reporting period presented in accordance with Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors, with the option to elect certain practical expedients as defined within Ind AS 115 (the full retrospective method); or

(ii) Retrospectively with the cumulative effect of initially applying Ind AS 115 recognized at the date of initial application (April 1, 2018) and providing certain additional disclosures as defined in Ind AS 115 (the modified retrospective method).

The Company continues to evaluate the available transition methods and its contractual arrangements. The ultimate impact on revenue resulting from the application of Ind AS 115 will be subject to assessments that are dependent on many variables, including, but not limited to, the terms of the contractual arrangements and the mix of business. The Company's considerations also include, but are not limited to, the comparability of its financial statements and the comparability within its industry from application of the new standard to its contractual arrangements. The Company is evaluating the requirements of Ind AS 115 and its effect on the financial statements .

Amendments to Ind AS 12 - Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments are effective for annual periods beginning on or after April 1, 2018. These amendments are not expected to have any major impact on the company as the company has no major deductible temporary differences or assets that are in the scope of the amendments.

Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Consideration

The Appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration.

Entities may apply the Appendix requirements on a fully retrospective basis. Alternatively, an entity may apply these requirements prospectively to all assets, expenses and income in its scope that are initially recognised on or after:

(i) The beginning of the reporting period in which the entity first applies the Appendix, or
(ii) The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the Appendix.

The Appendix is effective for annual periods beginning on or after April 1, 2018. However, since the Company's current practice is in line with the Interpretation, the Company does not expect any effect on its financial statements.

For and on behalf of the Board of Directors of
AAVAS FINANCIERS LIMITED
(Formerly known as "Au Housing Finance Limited")

Manas Tandon
(Nominee Director)

Sushil Kumar Agarwal
(Whole Time Director & CEO)

Ghanshyam Rawat
(Chief Financial Officer)

Sharad Pathak
(Company Secretary)

Place: Mumbai
Date: August 30, 2018

SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN INDIAN GAAP AND IND AS

The Restated Financial Information included in this Red Herring Prospectus are based on the audited financial statements of the Company which are prepared in accordance with Indian GAAP, and restated in accordance with the SEBI ICDR Regulations. Many differences exist between Indian GAAP and Ind AS that might be material to our financial information. The matters described below summarize certain key differences between Indian GAAP and Ind AS. Our Company has not prepared a complete reconciliation of its financial statements and related footnote disclosures between Indian GAAP and Ind AS and has not quantified such differences. Accordingly, no assurance is provided that the following summary is complete.

In making an investment decision, investors must rely upon their own examination of the Company, the terms of the offering and the financial information. Potential investors should consult their own professional advisors for an understanding of the differences between Indian GAAP and Ind AS, and how those differences might affect the financial information included in this Red Herring Prospectus.

This is not an exhaustive list of differences between Indian GAAP and Ind AS; rather, it indicates only those key differences which are considered to be more relevant to the financial position and results of operations of the Company and does not cover all differences regarding presentation, classification and disclosure requirement applicable under Indian GAAP and IndAS.

Ind AS No.	Particulars	Indian GAAP	Ind AS
Ind AS 1	Presentation of Financial Statements	**<u>Other Comprehensive Income</u>**: There is no concept of 'Other Comprehensive Income' under Indian GAAP.	**<u>Other Comprehensive Income:</u>** Ind AS 1 introduces the concept of Other Comprehensive Income ("**OCI**"). Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognized in the statement of profit or loss as required or permitted by other Ind AS.
		<u>Extraordinary items:</u> Under Indian GAAP, extraordinary items are disclosed separately in the statement of profit and loss and are included in the determination of net profit or loss for the period. Items of income or expense to be disclosed as extraordinary should be distinct from the ordinary activities and are determined by the nature of the event or transaction in relation to the business ordinarily carried out by an entity.	**<u>Extraordinary items</u>**: Under Ind AS, presentation of any items of income or expense as extraordinary is prohibited.
Ind AS 8	Accounting Policies and Errors	**<u>Change in Accounting Policies:</u>** Indian GAAP requires changes in accounting policies to be presented in the financial statements on a prospective basis (unless transitional provisions, if any, of an accounting standard require otherwise) together with a disclosure of the impact of the same, if material. If a change in the accounting policy has no material effect on the financial statements for the current period, but is expected to have a material effect in the later periods, the same should be appropriately disclosed.	**<u>Change in Accounting Policies</u>**: Ind AS requires retrospective application of changes in accounting policies by adjusting the opening balance of each affected component of equity for the earliest prior period presented and the other comparative amounts for each period presented as if the new accounting policy had always been applied, unless transitional provisions of an accounting standard require otherwise.

Ind AS No.	Particulars	Indian GAAP	Ind AS
		<u>Errors:</u> Prior period items are included in determination of net profit or loss of the period in which the error pertaining to a prior period is discovered and are separately disclosed in the statement of profit and loss in a manner that the impact on current profit or loss can be perceived.	**<u>Errors:</u>** Material prior period errors are corrected retrospectively by restating the comparative amounts for prior periods presented in which the error occurred or if the error occurred before the earliest period presented, by restating the opening balance sheet.
Ind AS 12	Deferred Taxes	Under Indian GAAP, the Company determines deferred tax to be recognized in the financial statements with reference to the income statement approach i.e. with reference to the timing differences between profit offered for income taxes and profit as per the financial statements.	As per Ind AS 12 Income Taxes, deferred tax is determined with reference to the balance sheet approach i.e. based on the differences between carrying value of the assets/ liabilities and their respective tax base. Using the balance sheet approach, there could be additional deferred tax charge/ income on account of all Ind AS opening balance sheet Adjustments.
Ind AS 16	Property, plant and equipment – reviewing depreciation and residual value	Under Indian GAAP, the Company currently provides depreciation on written down value method over the useful lives of the assets as prescribed under Schedule II of the Companies Act, 2013.	Ind AS 16 mandates reviewing the method of depreciation, estimated useful life and estimated residual value of an asset at least once in a year. The effect of any change in the estimated useful and residual value shall be taken prospectively. Ind AS 101 allows current carrying value under Indian GAAP for items of property, plant and equipment to be carried forward as the cost under Ind AS.
Ind AS 17	Leases	Under Indian GAAP, inception of lease and commencement of lease are used at same places, these terms have not been defined and distinguished. Lease payments under an operating lease should be recognized as an expense in the statement of profit and loss on a straight line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit. Interests in leasehold land are recorded and classified as a fixed asset.	Ind AS 17 distinguishes between the inception of the lease and the commencement of the lease term. At lease inception date, the lease is classified as finance or operating lease. At lease commencement date, recognition of lease takes place. In case of operating lease, where escalation of lease rentals is in line with the expected general inflation so as to compensate the lessor for expected inflationary cost increases shall not be straight lined. Interests in leasehold land are recorded and classified as operating leases or finance leases as per set definition and classification criteria. An important consideration is that the land has an indefinite economic life.
Ind AS 19	Accounting for Employee Benefits	Currently, under Indian GAAP the Company recognizes all short term and long term employee benefits in the profit and loss account as the services are received. For long term employee benefit, the Company applies actuarial valuation techniques to determine the liability.	Under Ind AS 19, the change in liability is split into changes arising out of service, interest cost and re-measurements and the change in asset is split between interest income and re- measurements. Changes due to service cost and net interest cost/ income need to be recognized in the income statement and the changes arising out of re- measurements are to be recognized directly in OCI.
Ind AS 24	Related Parties	Under Indian GAAP, the scope of related parties is limited.	Under Ind AS, the scope of related party relationships is materially different from Indian GAAP.

Ind AS No.	Particulars	Indian GAAP	Ind AS
Ind AS 37	Provisions, contingent liabilities and contingent assets	Under Indian GAAP, provisions are recognised only under a legal obligation. Also, discounting of provisions to present value is not permitted.	Under IND AS, provisions are recognised for legal as well as constructive obligations. IND AS requires discounting the provisions to present value, if the effect of time value of money is material.
Ind AS 102	Share based payments	Under Indian GAAP, company has an option to account for share based payments on the basis of intrinsic value or fair value. The company followed the intrinsic value method and gave a proforma disclosure for the fair valuation.	Under Ind AS, the share based payments have to be mandatorily accounted basis the fair value and the same has to be recorded in the Statement of Profit or Loss over the vesting period. The fair valuation of the unvested options as on the transition date has to be adjusted against retained earnings.
Ind AS 32/ 107/ 109	Presentation Classification and Initial measurements of Financial Instruments	Currently, under Indian GAAP, the financial assets and financial liabilities are recognised at the transaction value. The Company classifies all its financial assets and liabilities as short term or long term. Long term investments are carried at cost less any permanent diminution in the value of such investments determined on a specific identification basis. Current investments are carried at lower of cost or realisable value. Under Indian GAAP, disclosures are limited. Borrowings through hybrid instruments like compulsorily convertible debentures are presented as debt / equity based on their status at each reporting date.	Ind AS 109 requires all financial instrument which inter alia includes financial guarantees to be recognised on initial recognition at fair value. Financial assets has to be either classified as measured at amortized cost or measured at fair value. Where assets are measured at fair value, gains and losses are either recognised entirely in profit or loss, (FVTPL), or recognised in other comprehensive income (FVOCI). Financial assets include equity and debts investments, interest free deposits, loans, trade receivables etc. There are two measurement categories for financial liabilities – FVTPL and amortized cost. Disclosures under Ind AS are materially different from those prescribed under Indian GAAP. Under Ind AS 32, a financial liability shall be classified as debt or equity at the inception based on the underlying substance of the contractual arrangement. For Compound financial instrument (i.e., a non-derivative financial instrument that, from issuers perspective, contains both the liability and an equity component), 'split accounting' needs to be followed.
Ind AS 32/ 107/ 109	Subsequent Measurement of financial instruments	Currently under Indian GAAP, income from processing fees is recognised entirely at the time of disbursement of loan in the Statement of Profit and Loss. Similarly, expense incurred towards processing fees and other charges is recognised entirely at the time of availing the borrowing. All costs incurred for origination of loan portfolio are recognised in the Statement of Profit and Loss in the period in which they are incurred. In accordance with the HFC Master Directions issued by the National Housing Bank, income on non-performing assets is recognized only	Financial instruments classified at amortized cost and FVOCI and the related revenue (including processing fees and fees of similar nature) net of related costs has to be measured using the Effective Interest Rate (EIR) method. There are two measurement categories for financial liabilities – FVTPL and amortized cost. According to Ind AS 109, interest income on financial assets is recognised in accordance with EIR method on the gross carrying value depending on the stage in which the asset is categorised.

Ind AS No.	Particulars	Indian GAAP	Ind AS
		on realisation basis.	
Ind AS 32/ 107/ 109	Financial Instruments – Impairment	Under Indian GAAP, the Company assesses the provision for doubtful debts at each reporting period based on relevant information like creditworthiness of the borrower/ ability of the group to repay the dues / exceptional events like demonetisation / provisioning norms stipulated by the National Housing Bank.	The impairment methodology in Ind AS is based on expected credit losses with reference to credit risk of each financial instrument for all financial assets measured at amortized cost or FVOCI.
Ind AS 32/ 107/ 109	Securitization/ Assignment deals	De-recognition of loans assigned in the books of the Company is based on the principle of surrender of control over the loans resulting in a "true sale" of loans, as per guidelines on securitization of standard assets issued by RBI. Gains arising on securitisation of assets is recognised over the tenure of securities issued by SPV. Income from excess interest spread is accounted for net of losses when redeemed in cash. Expenditure in respect of securitisation is recognised upfront. Income arising on direct assignment is recognised over the tenure of agreement on accrual basis.	De-recognition Test : Ind AS provides de-recognition test based on risk and reward: When de-recognition criteria is not met: The loans & advances so transferred should not be derecognized and the amount received against purchase consideration from the assignment should be disclosed as "Borrowing". When de-recognition criteria is met: The loans & advances transferred though assignment will be derecognized and the profit / loss on such transfer will be recognised upfront in the Profit & Loss Account. Once an entity has determined that the asset has been transferred, it would need to evaluate the extent to which it retains the risks and rewards of ownership of the financial asset. If substantially all the risks and rewards have been retained, de-recognition of the asset is precluded. If risks and rewards have neither been substantially transferred nor retained, an assessment is made whether control has been retained by the transferor. If the entity does not control the asset then de-recognition is appropriate; however if the entity has retained control of the asset, then the assets continue to be recognised to the extent of continuing involvement. The entity also needs to create an Interest only strip receivable (with corresponding credit to P&L A/c) which would be computed by discounting Excess Interest Spread (EIS) to present value. Necessary adjustment with respect to credit risk would also be made. In case the entity also act as a servicing agent for the assigned loan portfolio, then servicing asset and servicing liability will be recognised upfront at its fair value for the right retained for servicing the financial asset for the service contract. Ind AS 101 requires a first-time adopter to apply derecognition requirements in Ind AS 109 prospectively to transactions occurring on or after the date of transition to Ind AS. For example, if a first-time adopter derecognized non-derivative

Ind AS No.	Particulars	Indian GAAP	Ind AS
			financial assets or non-derivative financial liabilities under its previous GAAP as a result of a transaction that occurred before the date of transition to Ind AS, the entity does not recognize those assets or liabilities under Ind AS unless they qualify for recognition as a result of a later transaction or event. However, a first-time adopter may apply derecognition requirements retrospectively from a date of the entity's choosing provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognized as a result of past transactions was obtained at the time of initially accounting for those transactions

Note:-

According to NHB (ND)/DRS/Policy Circular No. 89/2017-18 dated June 14, 2018, Housing Finance Companies (HFCs) are required to comply with the provisions of Ind AS, as notified by the Ministry of Corporate Affairs(MCA), Government of India from time to time, including the date of implementation notified by the MCA vide the notification no. G.5.R. 365(E) dated March 30, 2016. HFCs are expected to adopt sound methodologies, systems/procedures commensurate with the size, complexity, risk profile etc., specific to them while implementing Ind AS.

However, for regulatory & supervisory purposes, including various kinds of reporting to the National Housing Bank (NHB), HFCs shall continue to follow the extant provisions of National Housing Bank Act 1987 and Housing Finance Companies (NHB) Directions 2010 including framework on Prudential Norms, and other related Circulars etc., issued in this regard by the NHB from time to time. HFCs are required to provide adequate disclosures/ statements for furnishing compliance in the aforesaid matter in the notes forming part of the financial statements of the HFC.

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 three months ended June 30, 2018 and Fiscals ended March 31, 2018, 2017, 2016, 2015 and 2014, including the related annexures. These restated standalone financial statements are prepared in accordance with Indian GAAP and restated as per the SEBI ICDR Regulations. Indian GAAP differs in certain material respects with Ind AS, IFRS and U.S. GAAP.

Our financial statements for the three months ended June 30, 2018 and Fiscal 2018 consolidate the results of our wholly owned subsidiary, Aavas Finserv Limited with effect from November 30, 2017, which results reflected total assets of ₹ 45.42 million, or 0.11% of our total assets as of June 30, 2018 and revenue of ₹ 0.27 million and ₹ 0.17 million or 0.01% and 0.01% of our total revenue for the period ending March 31, 2018 and the three months ended June 30, 2018, respectively. During prior fiscals, we did not have any subsidiary and hence our financial statements for Fiscals 2017, 2016, 2015 and 2014 are standalone financial statements.

Our fiscal year ends on March 31 of each year. Accordingly, all references to a particular fiscal year are to the 12-month period ended March 31 of that year.

*This discussion contains forward-looking statements that involve risks and uncertainties and reflects our current view with respect to future events and financial performance. Actual results may differ from those anticipated in these forward-looking statements as a result of factors such as those set forth under "**Forward-looking Statements**" and "**Risk Factors**" on pages 15 and 17, respectively.*

The industry-related information contained in this section is derived from the ICRA Report. We commissioned the ICRA Report for the purposes of confirming our understanding of the industry in connection with the Offer. Neither our Company, nor any other person connected with the Offer, including the BRLMs, has independently verified the information in the ICRA Report or other publicly available information cited in this section.

Overview

We are a retail, affordable housing finance company, primarily serving low and middle income self employed customers in semi-urban and rural areas in India. A majority of our customers have limited access to formal banking credit. According to ICRA Report, our Company had the lowest Gross NPAs as of March 31, 2018 and the second highest growth rate of assets under management for the last three financial years, among affordable housing finance companies that had assets under management between ₹ 25 billion and ₹ 200 billion.

We offer customers home loans for the purchase or construction of residential properties, and for the extension and repair of existing housing units. As of June 30, 2018, a majority of the home loans that we disbursed were for single-unit properties, almost all of which were to be occupied by the borrowers themselves. In addition to home loans, we offer our customers other mortgage loans including loans against property, which accounted for 24.18% of our Gross Loan Assets as of June 30, 2018. As of June 30, 2018, 61.22% of our Gross Loan Assets were from customers who belonged to the economically weaker section and low income group, earning less than ₹ 50,000 per month and 36.27% of our Gross Loan Assets were from customers who were new to credit. As of June 30, 2018, 64.21% of Gross Loan Assets were from self-employed customers. The average sanctioned amount of our home loans and other mortgage loans was ₹ 0.87 million and ₹ 0.80 million, respectively, on our Gross Loan Assets, as of June 30, 2018. As of June 30, 2018, our Gross Loan Assets had an average loan-to-value of 50.33% at the time of the sanctioning of the loan. Since the commencement of our operations in March 2012, we have served more than 62,500 customers.

We have adopted a strategy of contiguous on-ground expansion across regions and as of June 30, 2018, we conducted our operations through 166 branches covering 95 districts in eight states of which, we have a significant presence in the four states of Rajasthan, Gujarat, Maharashtra and Madhya Pradesh. Almost all our customers are sourced directly by us, and as of June 30, 2018, we employed 1,996 personnel and had 57,049 loan accounts including securitized and assigned cases.

We are a technology driven company and we leverage information technology and data analytics for onboarding customers, underwriting analysis, loan monitoring, risk management and collection functions. Between Fiscals 2014 and 2018, we invested ₹ 150.45 million in our information technology systems.

The following table sets forth certain key financial and operational information, as of and for the periods indicated:

Metric	As of and for the Year ended March 31, 2014	Year ended March 31, 2015	Year ended March 31, 2016	Year ended March 31, 2017	Year ended March 31, 2018	Three months ended June 30, 2018
Gross Loan Assets[1] *(₹ in million)*	4,062.24	8,428.90	16,798.65	26,935.22	40,730.20	43,590.87
Growth of Gross Loan Assets (%)	128.85	107.49	99.30	60.34	51.22	-
Gross Advances[2] *(₹ in million)*	4,062.24	8,282.67	14,545.01	21,328.15	31,723.64	34,715.16
Disbursements *(₹ in million)*	2,799.42	5,369.05	10,504.30	13,916.02	20,511.56	5,468.95
Disbursements Growth (%)	51.79	91.79	95.65	32.48	47.40	-
Total Revenue *(₹ in million)*	543.22	1,037.55	1,908.99	3,054.92	4,572.45	1,438.70
Net Interest Income[3] *(₹ in million)*	202.89	429.27	781.65	1,375.51	2,270.72	786.06
Profit After Tax (as restated) *(₹ in million)*	63.37	190.81	327.80	571.37	929.33	289.96
Growth of Profit After Tax (as restated) from prior year (%)	236.20	201.10	71.79	74.30	62.65	-
Net Worth[4] *(₹ in million)*	554.13	1,014.41	2,038.18	5,663.26	10,984.71	11,776.91
Gross NPA[5] *(₹ in million)*	8.93	43.27	80.42	169.21	106.91	172.39
Gross NPA to Gross Advances (%)	0.22	0.52	0.55	0.79	0.34	0.50
Net NPA[6] *(₹ in million)*	7.54	35.30	61.71	128.64	82.51	133.14
Net NPA to Net Advances[7] (%)	0.19	0.43	0.42	0.60	0.26	0.38
Average Yield on Gross Loan Assets[8] (%)	18.13	16.49	15.12	14.72	13.99	13.86
Average cost of borrowings[9] (%)	12.28	11.43	10.53	9.62	8.65	8.57
Net Interest Margin[10] (%)	6.71	6.76	6.10	6.61	7.25	2.03*
Operating Expenses[11] to Average Total Assets[12] (%)	4.55	3.10	3.16	3.24	3.97	1.05*
Operating Expenses to Net Total Income Ratio[13] (%)	57.01	38.64	43.06	41.40	46.43	46.71
CRAR (%)	24.64	21.24	27.46	46.85	61.55	60.53
Number of Branches	35	42	44	94	165	166

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

**Figures not annualized.*

[1]Gross Loan Assets 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 year or 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 year or period.

[2]Gross Advances represents the sum of current and non-current receivables under financing activities as of the last day of the relevant year or period.

[3]Net Interest Income, or "NII" represents total interest income on loan portfolio and securitization, profit on redemption of liquid mutual fund units, dividend income from mutual funds and other interest income less total interest expenses (including resource mobilization expenses, bank charges and commission).

[4]Net Worth is the aggregate of the paid-up share capital, reserves and surplus (excluding revaluation reserve) and money received against share warrants 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]Gross NPA represents closing balance of Gross NPA as of the last day of the relevant year or period.

[6]Net NPA represents closing balance of Net NPA as of the last day of the relevant year or period.

[7]Net Advances represents the sum of current and non-current receivables under financing activities as reduced by closing balance of provision for NPA as of the last day of the relevant year or period.

[8]Average Yield on Gross Loan Assets represents weighted average yield on Gross Loan Assets, weights being principal of each loan outstanding as of the last day of the relevant year or period.

[9]Average cost of borrowings represents weighted average interest cost of borrowings, weights being borrowings of each loan outstanding as of the last day of the relevant year or period. Borrowings include term loans, Refinance from NHB, NCDs, commercial paper and subordinate debt.

[10]Net Interest Margin or "NIM" for any given year or period represents the ratio of NII to the average of total assets, expressed as a percentage where, "NII" represents total interest income on loan portfolio and securitization, Profit on redemption of liquid mutual fund, Dividend income from mutual funds and Other interest income less total interest expenses (including resource mobilization expenses, bank charges and commission).

[11]Operating Expense represents employee benefit expenses, depreciation and amortization expense and other expenses for the relevant year

or period.
[12]Average Total Assets represent the simple average of total assets outstanding as of the last day of the relevant year or period and total assets outstanding as of the last day of the previous year or period.
[13]Operating Expense to Net Total Income ratio represents operating expenses as a percentage of total revenue after reducing finance cost.

We secure financing from a variety of sources including term loans and working capital facilities; proceeds from loans assigned and securitized; proceeds from the issuance of non-convertible debentures ("**NCDs**"); refinancing from the National Housing Bank ("**NHB**"); and subordinated debt borrowings from banks, mutual funds, insurance companies and other domestic, foreign and multi-lateral financial institutions to meet our capital requirements. As of June 30, 2018 and March 31, 2018, our Total Borrowings were ₹ 27,217.61 million and ₹ 25,957.82 million, respectively, and our average cost of borrowings has reduced from 12.28% as of March 31, 2014 to 8.57% as of June 30, 2018. Meanwhile, our long-term credit ratings have improved from CRISIL BBB+/Stable in August 2012 to CRISIL A+/Stable currently. As of June 30, 2018, the weighted average duration of our outstanding borrowings and securitization and assignment was 134.15 months and our long term-rating from CARE was A+/Positive and short-term rating was A1+.

Our Company is registered with the NHB as an HFC and we commenced our operations in Jaipur, Rajasthan in March 2012. Our Company was initially promoted by Au Financiers (India) Limited, (now known as AU Small Finance Bank Limited ("**AuSFB**")), which sold 90.10% of the outstanding equity interest of our Company in connection with its conversion to a small finance bank, to Lake District Holdings Limited (a subsidiary of Kedaara Capital I Limited) ("**Lake District**"), Kedaara Capital Alternative Investment Fund - Kedaara Capital AIF 1 ("**Kedaara AIF-1**"), Partners Group ESCL Limited ("**ESCL**") and Partners Group Private Equity Master Fund LLC ("**Master Fund**") in June, 2016. The name of our Company was changed from 'AU Housing Finance Limited' to 'Aavas Financiers Limited' in March 2017. We are led by a professional management team and our Key Managerial Personnel held 7.19% of the outstanding equity interest of our Company, as of the date of this Red Herring Prospectus.

Significant Factors Affecting our Results of Operations

Our results of operations and financial condition are affected by a number of important factors including:

Availability of Cost Effective Funding Sources

The availability of cost-effective funding sources could affect our results of operations. We rely on our revenue from operations, equity in the form of shareholder funds, and debt, in the form of term loans and working capital facilities; proceeds from the issuance of NCDs and commercial paper; refinancing from the NHB; and subordinated debt borrowings from banks, mutual funds, insurance companies and other domestic, and foreign and multi-lateral financial institutions to meet our capital requirements. We securitize and assign loans through securitization or direct assignment to banks and financial institutions. As of June 30, 2018 and March 31, 2018, 2017 and 2016, our average cost of borrowings was 8.57%, 8.65%, 9.62% and 10.53%, respectively.

Our ability to continue to meet customer demand for new loans will depend primarily on our ability to borrow from various external sources on suitable terms and in a timely manner. 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. 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 and available credit limits. For details of our current credit ratings, see "***Business - Credit Ratings***" on page 159. Also see *"**Risk Factors – Internal Risk Factors - Our business requires substantial capital and any disruption in our sources of capital could have an adverse effect on our business, results of operations, financial condition and cash flows**"* on page 17.

As of June 30, 2018 and March 31, 2018, 2017 and 2016, our aggregate Total Borrowings were ₹ 27,217.61 million, ₹ 25,957.82 million, ₹ 17,933.88 million and ₹ 14,467.68 million, respectively. Any increase in our cost of funds may require us to increase interest rates on new loans originated to customers in the future to maintain our net interest margins, which may, in turn, decrease the competitiveness of our products and affect our results of operations and prospects.

Volatility in Borrowing and Lending Rates

Our results of operations depend substantially on our net interest spread, which is the difference between the interest rates on our interest-earning assets and interest-bearing liabilities. Any change in interest rates would affect the interest rates we pay on our floating interest-bearing liabilities as well as the net interest margins over our fixed rate interest-earning assets.

For the three months ended June 30, 2018 and Fiscals 2018, 2017 and 2016, interest income on loan portfolio and securitization, represented 87.26%, 86.22%, 88.58% and 90.35%, respectively, of our total revenue from operations. Finance cost, which primarily include interest on term loans, cash credit facilities, commercial paper, inter corporate deposits and non-convertible debentures that we have issued and other borrowing costs, comprising resource mobilization expenses and bank charges and commission, represented 56.24%, 59.92%, 65.53% and 68.74%, respectively, of our total expenses. We try to balance our interest-bearing liabilities against our interest-earning assets. As of June 30, 2018, 47.05% of our Gross Loan Assets were at fixed rates of interest with a weighted average yield of 15.73%, while 52.95% were at variable rates with a weighted average yield of 12.20%. Further, as of June 30, 2018, 30.82% of our Total Borrowings and including securitization and assignment were at fixed rates of interest, while 69.18% were at floating rates.

Any adverse change to our net interest income and net interest margins will affect 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. See *"**Risk Factors – Internal Risk Factors - We are affected by changes in interest rates for our lending and treasury operations, which could cause our net interest income to decline and adversely affect our business and results of operations**"* on page 18 and "- ***Quantitative and Qualitative Disclosures about Market Risks - Interest Rate Risks***" on page 417.

Credit Quality and Provisioning

Our ability to manage the credit quality of our loans, which we measure in part through non-performing assets, is a key driver of our results of operations. We are required to classify our home and other mortgage loans into performing and non-performing assets in accordance with the NHB Directions. Defaults by our customers for a period of more than 90 days result in such loans being classified as "non-performing". Further, non-performing assets are classified into sub-standard, doubtful and loss assets and provisions are made based on criteria stipulated by the NHB Directions.

We rely on our credit assessment and risk management framework to maintain a high-quality loan portfolio and we make provisions over and above the provisions stated in the NHB Directions against all non-performing assets, if in the opinion of our management such provisions are necessary. As of June 30, 2018, 64.21% of Gross Loan Assets were from self-employed customers. Self-employed customers are often considered to be higher credit risk customers due to their increased exposure to fluctuations in cash flows and to adverse economic conditions generally. In addition, on account of our recent growth, a significant portion of our loan portfolio is relatively new and was disbursed during the last 36 months. We believe that the risk of delinquency in home loans typically emerges 36 to 48 months from disbursement. As the number of our loans that become non-performing assets increases, the credit quality of our loan portfolio decreases. As of June 30, 2018 and March 31, 2018, 2017 and 2016, our Gross NPA were ₹ 172.39 million, ₹ 106.91 million, ₹ 169.21 million and ₹ 80.42 million respectively, while our Gross NPA to Gross Advances was 0.50%, 0.34%, 0.79% and 0.55%, respectively. As of June 30, 2018 and March 31, 2018, 2017 and 2016, our Net NPA were ₹ 133.14 million, ₹ 82.51 million, ₹ 128.64 million and ₹ 61.71 million, respectively, while our Net NPA to Net Advances was 0.38%, 0.26%, 0.60% and 0.42%, respectively.

The following table sets forth our provisioning policies for the year indicated:

Asset Category (overdue period in days)	**Provision percentage on outstanding amount**			
	Three months ended June 30, 2018	**For the Year ended March 31, 2018**	**Year ended March 31, 2017**	**Year ended March 31, 2016**
Standard assets	0.30%	0.31%	0.40%	0.40%
Sub-standard assets (91-455)	21.00%	21.00%	21.00%*	15.00%
Doubtful Assets Category-I (456-820)	37.50%	37.50%	37.50%*	25.00%
Doubtful Assets Category-II (821-1550)	64.00%	64.00%	64.00%*	40.00%
Doubtful Assets Category-III (Above 1550)	100.00%	100.00%	100.00%	100.00%
Loss Assets	100.00% (Write off)	100.00% (Write off)	100.00% (Write off)	100.00% (Write off)

From Fiscal 2017, we commenced making provisions in excess of those prescribed by the NHB by 40% for Sub-standard assets, 50% for Doubtful Assets Category-I and 60% for Doubtful Assets Category-II.

In addition, since the underlying security on our loans is a mortgage over the customers' property, our loan portfolio is exposed to events affecting the real estate sector. A decline in real estate prices, and in turn in the value of the collateral could affect our ability to recover amounts owed to us upon foreclosure. See *"**Risk Factors – Internal Risk Factors - Our inability to recover the full value of collateral, or amounts outstanding under defaulted loans in a timely manner, or at all, could adversely affect our results of operations**"* on page 20.

General Economic Conditions in India

Our financial condition and results of operation are influenced by the general economic conditions prevalent in India, particularly in the rural and semi-urban areas in which we operate. Overall economic growth and an increase in GDP are likely to result in an increase in incomes and spending on housing in India, which may lead to an increase in demand for home loans. Conversely, a slowdown in the Indian economy could adversely affect our business and our borrowers, especially if such a slowdown were to be continued and prolonged. Various factors beyond our control, such as domestic employment levels, conditions in the world economy, fluctuations in interest rates, developments in the Indian economy, movements in global commodity markets and exchange rates and changes in Indian laws, regulations and policies could have either a positive or adverse impact on the quality of our Gross Loan Assets. The demand for home loans is also affected by real estate prices and other developments in the real estate sector. Typically, higher real estate prices are likely to result in lower affordability for buyers. 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.

Government Policy and Regulation

Our results of operations and continued growth also depend on stable government policies and regulations. The NHB Directions currently require HFCs to comply with a CRAR, consisting of Tier I and Tier II capital. Under these requirements, an HFC's Tier I and Tier II capital may not be less than 12.0% of the sum of the HFC's risk-weighted assets and the risk adjusted value of off-balance sheet items, as applicable, with a minimum requirement of Tier I capital of 6.0% on risk weighted assets. Further, the NHB Directions require that the Tier II capital may not exceed the Tier I capital. As of June 30, 2018, our CRAR was 60.53%, with Tier I capital comprising 55.33% and Tier II capital comprising 5.20%. In addition, the NHB Directions currently permit HFCs to borrow up to 16 times their NOF. As of June 30, 2018, we had Total Borrowings of ₹ 27,217.61 million, or 2.32 times our NOF of ₹ 11,745.76 million.

We are required to comply with, among others, limits on borrowings, investments and interest rates, prudential norms for income recognition, asset classification and provisioning for standard and non-standard assets, norms for creation of special reserves as well as minimum capital adequacy requirements. The regulations applicable to us also address issues such as our conduct with customers and recovery practices, market conduct and foreign investment. Any significant change by the Government, the NHB or the RBI in their various policy initiatives facilitating the provision of housing or housing finance may affect the demand for our products and services.

Increasing Competition

The Indian housing finance industry is highly competitive and the factors on which we compete include product range, ability to customize products, rate of approving loans, interest rates charges for loans, reputation and maintaining customer relationships. Our primary competitors have been banks, HFCs and NBFCs as well as private unorganized lenders who typically operate in rural and semi-urban markets. In addition, many of our potential customers in economically weaker segments do not have access to any form of organized institutional lending, and rely on loans from informal sources, including moneylenders and local businessmen at higher rates of interest.

In the organized sector, many of our competitors may have better access to, and lower costs of, funding than we do. In certain geographies, they may also have better brand recognition and a larger customer base than ours. If we are unable to access funds at an effective cost that is comparable to, or lower than our competitors, or expand our reach and build our brand among our target customers, we may lose existing as well as potential customers to competition, resulting in a decline in our market share.

In addition, customers have increased accessibility to housing finance products and services due to technological advances and increased penetration of internet based lending platforms, which has facilitated an increase in demand for home loans and competition to meet that demand. With relatively lesser barriers to entry in the housing finance sector, competition is likely to intensify further as a result of regulatory changes and liberalization.

Statement of Certain Significant Accounting Policies

Basis of preparation

Our Restated Standalone Financial Statements have been compiled by our management from our audited standalone financial statements, which were originally approved by our Board. Our standalone financial statements, which form the basis of preparation of our Restated Standalone Financial Statements were prepared by us 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, as amended read with rule 7 of the Companies (Accounts) Rules, 2014, Companies (Accounting Standards) Amendment Rules, 2016, the provisions of the NHB as applicable to a housing finance company and other accounting principles generally accepted in India. 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).

Our Restated Standalone Financial Statements have been prepared by us to comply in all material respects with the requirements of Section 26 of Chapter III of the Companies Act, 2013, as amended, read with rule 4 to 6 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 and SEBI ICDR Regulations. The accounting policies have been consistently applied by us in preparation of the Restated Standalone Financial Statements and are consistent with those adopted in the preparation of financial statement for the period ended June 30, 2018.

Change in useful lives of assets

In accordance with the requirements of schedule II to the Companies Act, 2013, we have reassessed the useful lives of the fixed assets. An amount of ₹ 1.89 million has been charged to our financial results for the period 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.

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.

Cash and cash equivalent

Cash and cash equivalent comprise of cash in hand, demand deposits and time deposits with original maturity of less than three months held with bank, debit balance in cash credit account and stamping/franking balance.

Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to us and the revenue can be measured reliably.

Interest on loans

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 is recognized only when realized and any such income recognized before the assets became non-performing and remaining unrealized is reversed.

Income from assignment/securitization

Gains arising on securitization of assets is recognized over the tenure of securities issued by the special purpose vehicle 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 is recognized upfront. Income arising on direct assignment is recognized over the tenure of agreement on accrual basis.

Fees, other charges and other interest

- Overdue interest in respect of loans is recognized on receipt basis.
- Administrative fees and processing fees is recognized in the year in which the loan is disbursed.
- Revenue from interest on bank deposits and investments are recognized on accrual basis.
- Income from cheque bouncing charges is recognized on receipt basis.

Commission on Insurance Policies

Commission on insurance policies sold is recognized on accrual basis when we, under our agency code, sell the insurance policies.

Income from investments

Dividend income is accounted for when the right to receive the dividend is established by the date of balance sheet.

Borrowing cost

Borrowing cost includes interest and 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.

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.

Investment

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 of purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

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.

Property, plant and equipment/Intangible Fixed Assets, Depreciation/Amortization and Impairment

Property, plant and equipment

Property, plant and equipment are stated at cost net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises of the purchase price and any attributable cost of bringing the assets to its working condition for its intended use. Depreciation on fixed assets is calculated on a written down value basis using the useful lives those prescribed under the Schedule II to the Act. We have used the following useful lives to provide depreciation on its fixed assets:

Fixed Assets	Useful Life (written down value) (in years)
Freehold Land	Nil
Building	60
Furniture and fixtures	10
Office Equipment	5
Motor Vehicles	8
Servers	6
Computers and printers	3

For the period prior to April 1, 2014, depreciation was provided on written down value method as per the rates and manner prescribed under Schedule XIV to the Companies Act, 1956.

All fixed assets individually costing ₹ 5,000 or less are fully depreciated in the year of installation/purchase. Depreciation on assets acquired/sold during the year is recognized on a pro-rata basis to the statement of profit and loss from/up to the date of acquisition/sale. Gain or loss arising from sale of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the assets disposed, and are recognized in the statement of profit and loss in the period when the asset is sold.

Intangible assets

Intangible assets are amortized on a straight line basis over the estimated useful economic life. We use a rebuttable presumption that the useful life of an intangible asset will not exceed four years 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 four years, we amortize the intangible asset over the best estimate of its useful life.

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. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

Provision and contingencies

A provision is recognized when we have 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 nonoccurrence of one or more uncertain future events beyond our control 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. We do not recognize a contingent liability but discloses its existence in the financial statements.

Provision for Standard Assets and Non-Performing Assets (NPAs) / Write off

Housing loans and other loans are classified as per the NHB Directions into performing and non-performing assets. Further, non-performing assets are classified into sub-standard, doubtful and loss assets and provision made based on criteria stipulated by the NHB Directions. Additional provisions are made against all non-performing assets over and above the provisions stated in the NHB Directions, if in the opinion of the management higher provision is necessary.

Loans with principal and/or interest overdue have been classified as non-performing assets, in accordance with the extant NHB prudential norms/master directions applicable to a housing finance company, and have been provided for at the following rates:

Asset Category (overdue period in days)	Provision percentage on outstanding amount			
		For the		
	Three months ended June 30, 2018	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2016
Sub-standard assets (91-455)	21.00%	21.00%	21.00%*	15.00%
Doubtful Assets Category-I (456-820)	37.50%	37.50%	37.50%*	25.00%
Doubtful Assets Category-II (821-1550)	64.00%	64.00%	64.00%*	40.00%
Doubtful Assets Category-III (Above 1550)	100.00%	100.00%	100.00%	100.00%
Loss Assets	100.00% (Write off)	100.00% (Write off)	100.00% (Write off)	100.00% (Write off)

We maintain standard provision to cover potential credit losses, which are inherent in any loan portfolio but not identified. Provision on standard assets is made in accordance with the extant NHB prudential norms/ master directions applicable to a housing finance company.

We review stressed cases periodically and if we consider that recovery in such assets is not probable, then we can classify such assets as "loss assets" and write off the same in the profit and loss account.

Properties acquired under Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002

Upon a property being acquired under SARFAESI, the outstanding loan is settled and the acquired property is valued at realizable value or principal outstanding, whichever is less. Stock of such acquired properties is shown under other current assets.

Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. We have no obligation, other than the contribution payable to the provident fund. We recognize contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

We provide gratuity benefits which is a defined benefit scheme. The cost of providing gratuity benefits is determined on the basis of actuarial valuation at each period or year-end. Separate actuarial valuation is carried out for each plan using the projected unit credit method. Actuarial gains and losses are recognized in full in the period in which they occur in the statement of profit and loss.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. We measure the expected cost of such absence as the additional amount that we expect to pay as a result of the unused entitlement that has accumulated at the reporting date. We treat accumulated leave expected to be carried forward beyond twelve months, as long term employee benefit for measurement purposes. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

Provision for taxation

Tax expense comprises of current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961, enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

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 we have 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.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

At each reporting date, we re-assess unrecognized deferred tax assets. We recognize unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Capital issue expenses

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 (net of tax) to the securities premium account in accordance with section 52 of the Companies Act, 2013, to the extent of balance available in such premium account.

Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

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 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 of 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

Revenue. Total revenue consists of revenue from operations and other income.

Revenue from operations. Revenue from operations comprises interest income on loan portfolio and securitization; and other operating income primarily comprising (i) fees and other charges from customers, (ii) profit on redemption of liquid mutual fund units, (iii) insurance commission and (iv) other interest income.

Revenue from interest income on loan portfolio comprises interest income from home loans and other mortgage loans and loans that are transferred through direct assignment to banks and financial institutions.

Revenue from interest income on securitization comprises loans that are transferred through securitization to banks.

Fees and other charges from customers comprises service charges, document charges, stamp charges and other fees relating to loan origination and servicing a loan throughout its life cycle.

Profit on redemption of liquid mutual fund units relates to the profit that we make on the sale of mutual fund units that we have previously purchased.

Other interest income comprises interest income on fixed deposits, inter corporate deposits and commercial paper.

Insurance commission comprises income from the sale of third-party non-life products.

Other Income. Other income comprises non-operating income received from sundry balances written off and profit on sale of fixed assets.

Expenses

Expenses comprise employee benefit expenses, finance cost, depreciation and amortization expense, other expenses and provisions and write-offs.

Employee benefit expenses. Employee benefit expenses comprise salaries and other benefits, contribution to provident and other funds and staff welfare expenses.

Finance cost. Finance cost comprises of interest expense on unsecured debt, term loans, cash credit facilities, commercial paper, inter-corporate deposit, non-convertible debentures and others as well as other borrowing costs of resource mobilization expenses and bank charges and commission.

Depreciation and amortization expense. Depreciation and amortization expenses are incurred on account of depreciation of furniture and fixtures, computers and printers, motor vehicles, office equipment and building and premises and amortization of software.

Other expenses. Other expenses primarily comprise manpower and management cost incurred towards engaging contract labour, legal and professional charges, rent, advertisement and publicity expenses and traveling and conveyance.

Provisions and write-offs. Provisions and write-offs primarily comprise provision for non-performing assets, provision for standard assets as per NHB norms and provision for investments.

For a discussion of our results of operations for the three months ended June 30, 2018 and Fiscals 2018, 2017 and 2016, see "***- Our Results of Operations***" below.

We witnessed a considerable increase in total revenue from ₹ 543.22 million for Fiscal 2014 to ₹ 1,037.55 million for Fiscal 2015, primarily due to an increase in interest income on loan portfolio from ₹ 504.64 million for Fiscal 2014 to ₹ 956.29 million for Fiscal 2015. The increase in interest income on loan portfolio was consistent with the increase in our Company's loan portfolio. Our Company disbursed loans aggregating to ₹ 2,799.42 million during Fiscal 2014 as compared to loans aggregating to ₹ 5,369.05 million for Fiscal 2015. Details of our Company's Gross Loan Assets and Disbursements for such periods have been included in the section "***Our Business***" on page 147.

The reason for considerable increase in profit before tax from ₹ 93.87 million for Fiscal 2014 to ₹ 289.55 million for Fiscal 2015 was primarily due to the increase in operations resulting in increase in total revenue from ₹ 543.22 million for Fiscal 2014 to ₹ 1,037.55 million for Fiscal 2015. In addition, our Company's total expenses expressed as a percentage of its total revenue decreased from 82.7% for Fiscal 2014 to 72.1% for Fiscal 2015.

In addition, we witnessed a considerable increase in total revenue from ₹ 1,037.55 million for Fiscal 2015 to ₹ 1,908.99 million for Fiscal 2016 primarily due to an increase in interest income on loan portfolio from ₹ 956.29 million for Fiscal 2015 to ₹ 1,724.58 million for Fiscal 2016. The increase in interest income on loan portfolio was consistent with the increase in our Company's loan portfolio. Our Company disbursed loans aggregating to ₹ 5,369.05 million during Fiscal 2015 as compared to loans aggregating to ₹ 10,504.30 million for Fiscal 2016. Details of our Company's Gross Loan Assets and Disbursements for such periods have been included in the section "***Our Business***" on page 147.

The reason for considerable increase in profit before tax from ₹ 289.55 million for Fiscal 2015 to ₹ 499.52 million for Fiscal 2016 was primarily due to the increase in operations resulting in increase in total revenue from ₹ 1,037.55 million for Fiscal 2015 to ₹ 1,908.99 million for Fiscal 2016.

Our Results of Operations

The following table sets forth select financial data from our restated standalone statement of profit and loss for the three months ended June 30, 2018 and Fiscals 2018, 2017 and 2016, the components of which are also expressed as a percentage of total revenue for such periods:

	For the three months ended June 30, 2018		**Fiscal**					
			2018		**2017**		**2016**	
	(₹ in million)	***(% of Total Revenue)***	***(₹ in million)***	***(% of Total Revenue)***	***(₹ in million)***	***(% of Total Revenue)***	***(₹ in million)***	***(% of Total Revenue)***
Revenue:								
Revenue from operations	1,438.53	99.99	4,563.39	99.80	3,051.28	99.88	1,908.79	99.99
Other income	0.17	0.01	9.06	0.20	3.64	0.12	0.20	0.01
Total Revenue	**1,438.70**	**100.00**	**4,572.45**	**100.00**	**3,054.92**	**100.00**	**1,908.99**	**100.00**
Expenses:								
Employee benefit expenses	259.29	18.02	733.59	16.04	430.52	14.09	294.25	15.41
Finance cost	559.04	38.86	1,890.53	41.35	1,428.20	46.75	968.81	50.75
Depreciation and amortization expense	16.83	1.17	56.27	1.23	27.70	0.91	12.83	0.67
Other expenses	134.79	9.37	455.48	9.96	215.18	7.04	97.75	5.12
Provisions and write offs	24.03	1.67	19.05	0.42	77.73	2.54	35.83	1.88
Total expenses	**993.98**	69.09	**3,154.92**	**69.00**	**2,179.33**	**71.34**	**1,409.47**	**73.83**
Profit before tax	**444.72**	30.91	**1,417.53**	**31.00**	**875.59**	**28.66**	**499.52**	**26.17**
Tax expenses:								
Current tax	137.46	9.56	432.29	9.45	265.41	8.69	159.29	8.34
Deferred tax	17.30	1.20	55.91	1.22	38.81	1.27	12.43	0.65
Total tax expenses	**154.76**	10.76	**488.20**	**10.68**	**304.22**	**9.96**	**171.72**	**9.00**
Profit after tax	**289.96**	20.15	**929.33**	**20.32**	**571.37**	**18.70**	**327.80**	**17.17**

Three months ended June 30, 2018

Total Revenue

Our total revenue was ₹ 1,438.70 million for the three months ended June 30, 2018.

Revenue from Operations. Our revenue from operations was ₹ 1,438.53 million for the three months ended June 30, 2018, primarily comprising interest income on loan portfolio of ₹ 1,231.60 million, other interest income of ₹ 89.83 million and fees and other charges from customers of ₹ 81.54 million. We disbursed loans aggregating to ₹ 5,468.95 million for the three months ended June 30, 2018.

Other income. Our other income, comprising of other non-operating income was ₹ 0.17 million for the three months ended June 30, 2018.

Expenses

Employee benefit expenses. Our employee benefit expenses was ₹ 259.29 million for the three months ended June 30, 2018, primarily comprising salaries and other benefits of ₹ 243.91 million.

Finance cost. Our finance cost was ₹ 559.04 million for the three months ended June 30, 2018, comprising interest expense of ₹ 552.92 million and other borrowing costs of ₹ 6.12 million. Our interest expense primarily comprises term loans/cash credit facilities/CP/ICD of ₹ 437.27 million and non-convertible debentures of ₹ 91.37 million.

Depreciation and amortization expense. Our depreciation and amortization expense was ₹ 16.83 million for the three months ended June 30, 2018.

Other expenses. Our other expenses were ₹ 134.79 million for the three months ended June 30, 2018, primarily comprising manpower management cost of ₹ 59.73 million, rent of ₹ 16.21 million and legal and professional charges of ₹ 14.03 million.

Provisions and write offs. Our provisions and write offs were ₹ 24.03 million for the three months ended June 30, 2018, comprising net provisions made during the period of ₹ 19.30 million and a write off during the period of ₹ 4.73 million.

Total tax expenses. Our total tax expense was ₹ 154.76 million for the three months ended June 30, 2018 comprising a current tax expense of ₹ 137.46 million and a deferred tax expense of ₹ 17.30 million. Our effective tax rate (which represents the ratio of total tax expenses to profit before tax during the relevant period, expressed as a percentage) was 34.80 for the three months ended June 30, 2018.

Profit after tax. Our profit after tax was ₹ 289.96 million for the three months ended June 30, 2018.

Fiscal 2018 compared to Fiscal 2017

Our results of operations for Fiscal 2018 were particularly affected by the following factors:

- an increase in interest income on our loan portfolio due to the overall growth of our business; and
- an increase in our employee benefit expenses and other expenses on account of an increase in the number of our branches and our employee base.

Total Revenue

Our total revenue increased by 49.67% to ₹ 4,572.45 million for Fiscal 2018 from ₹ 3,054.92 million for Fiscal 2017, primarily due to an increase in revenue from operations.

Revenue from Operations. Our revenue from operations increased by 49.56% to ₹ 4,563.39 million for Fiscal 2018 from ₹ 3,051.28 million for Fiscal 2017, primarily due to an increase in interest income on loan portfolio to ₹ 3,863.28 million for Fiscal 2018 from ₹ 2,697.49 million for Fiscal 2017, an increase in income from fees and other charges from customers to ₹ 400.06 million for Fiscal 2018 from ₹ 247.57 million for Fiscal 2017 and an increase in profit on redemption of liquid mutual fund units to ₹ 211.72 million for Fiscal 2018 from ₹ 91.29 million for Fiscal 2017. The increase in interest income on loan portfolio was consistent with the increase in our customer base; we disbursed loans aggregating to ₹ 20,511.56 million during Fiscal 2018 as compared to loans aggregating to ₹ 13,916.02 million for Fiscal 2017.

Other income. Our other income, comprising other non-operating income, increased to ₹ 9.06 million for Fiscal 2018 from ₹ 3.64 million for Fiscal 2017, primarily due to outstanding balances written off.

Expenses

Employee benefit expenses. Employee benefit expenses increased by 70.39% to ₹ 733.59 million for Fiscal 2018 from ₹ 430.52 million for Fiscal 2017, primarily due to an increase in salaries and other benefits to ₹ 685.06 million for Fiscal 2018 from ₹ 406.03 million for Fiscal 2017. The increase in salaries and other benefits was due to an increase in our number of employees as a result of growth in our business and compensation increments given to our employees. Our number of employees increased to 1,862 employees as of March 31, 2018 from 940 employees as of March 31, 2017.

Finance cost. Our finance cost increased by 32.37% to ₹ 1,890.53 million for Fiscal 2018 from ₹ 1,428.20 million for Fiscal 2017, primarily due to an increase in interest expense to ₹ 1,844.29 million for Fiscal 2018 from ₹ 1,397.33 million for Fiscal 2017, primarily due to an increase in interest on term loans/ cash credit facilities/ commercial paper/inter-corporate deposit to ₹ 1,420.56 million for Fiscal 2018 from ₹ 1,079.65 million for Fiscal 2017, and an increase in interest on non-convertible debentures to ₹ 395.85 million for Fiscal 2018 from ₹ 281.12 million for Fiscal 2017. However, such increase was partially offset by a reduction in the average cost of our borrowings during Fiscal 2018.

Depreciation and amortization expense. Our depreciation and amortization expense increased by 103.14% to ₹ 56.27 million for Fiscal 2018 from ₹ 27.70 million for Fiscal 2017, primarily due to an increase in our intangible assets of software, as well as our gross block of computers and printers and furniture and fixtures.

Other expenses. Our other expenses increased to ₹ 455.48 million for Fiscal 2018 from ₹ 215.18 million for Fiscal 2017, primarily due to an increase in manpower management cost to ₹ 154.28 million for Fiscal 2018 from ₹ 60.21 million for Fiscal 2017, an increase in rent to ₹ 53.46 million for Fiscal 2018 from ₹ 24.60 million for Fiscal 2017, and an increase in advertisement and publicity expenses to ₹ 44.81 million for Fiscal 2018 from ₹ 12.34 million for Fiscal 2017.

Provisions and write offs. Our provisions and write offs decreased by 75.49% to ₹ 19.05 million for Fiscal 2018, comprising net provisions made during the year of ₹ 1.24 million and a write off of ₹ 17.81 million, from ₹ 77.73 million for Fiscal 2017, comprising net provisions made during the year of ₹ 49.11 million and a write off of ₹ 28.62 million.

Total tax expenses. Our total tax expenses increased by 60.48% to ₹ 488.20 million for Fiscal 2018 from ₹ 304.22 million for Fiscal 2017, as a result of an increase in profit before tax. For Fiscal 2018, we had a current tax expense of ₹ 432.29 million and a deferred tax expense of ₹ 55.91 million. For Fiscal 2017, we had a current tax expense of ₹ 265.41 million and a deferred tax expense of ₹ 38.81 million. Our effective tax rate (which represents the ratio of total tax expenses to profit before tax during the relevant period, expressed as a percentage) was 34.44% and 34.74% for Fiscals 2018 and 2017, respectively.

Profit after tax. Our profit after tax increased by 62.65% to ₹ 929.33 million for Fiscal 2018 from ₹ 571.37 million for Fiscal 2017.

Fiscal 2017 compared to Fiscal 2016

Our results of operations for Fiscal 2017 were particularly affected by the following factors:

- an increase in interest income on our loan portfolio due to the overall growth of our business; and
- a reduction in our average cost of borrowings.

Total Revenue

Our total revenue increased by 60.03% to ₹ 3,054.92 million for Fiscal 2017 from ₹ 1,908.99 million for Fiscal 2016, primarily due to an increase in revenue from operations.

Revenue from Operations. Our revenue from operations increased by 59.85% to ₹ 3,051.28 million for Fiscal 2017 from ₹ 1,908.79 million for Fiscal 2016, primarily due to an increase in interest income on loan portfolio to ₹ 2,697.49 million for Fiscal 2017 from ₹ 1,724.58 million for Fiscal 2016 and an increase in fees and other charges from customers to ₹ 247.57 million for Fiscal 2017 from ₹ 158.33 million for Fiscal 2016. The increase in interest income on loan portfolio was consistent with the increase in our customer base; we disbursed loans aggregating to ₹ 13,916.02 million during Fiscal 2017 as compared to loans aggregating to ₹ 10,504.30 million for Fiscal 2016.

Other income. Our other income, comprising other non-operating income, increased to ₹ 3.64 million for Fiscal 2017 from ₹ 0.20 million for Fiscal 2016.

Expenses

Employee benefit expenses. Employee benefit expenses increased by 46.31% to ₹ 430.52 million for Fiscal 2017 from ₹ 294.25 million for Fiscal 2016, primarily due to an increase in salaries and other benefits to ₹ 406.03 million for Fiscal 2017 from ₹ 280.40 million for Fiscal 2016. The increase in salaries and other benefits was due to an increase in our number of employees as a result of growth in our business and compensation increments given to our employees. Our number of employees increased to 940 employees as of March 31, 2017 from 704 employees as of March 31, 2016.

Finance cost. Our finance cost increased by 47.42% to ₹ 1,428.20 million for Fiscal 2017 from ₹ 968.81 million for Fiscal 2016, primarily due to an increase in interest expense to ₹ 1,397.33 million for Fiscal 2017 from ₹ 932.79 million for Fiscal 2016, primarily due to an increase in interest on term loans/ cash credit facilities/ commercial paper/inter-corporate deposit to ₹ 1,079.65 million for Fiscal 2017 from ₹ 665.67 million for Fiscal 2016, and an increase in interest on non-convertible debentures to ₹ 281.12 million for Fiscal 2017 from ₹ 229.29 million for Fiscal 2016. However, such increase was partially offset by a reduction in the average cost of our borrowings during Fiscal 2017.

Depreciation and amortization expense. Our depreciation and amortization expense increased to ₹ 27.70 million for Fiscal 2017 from ₹ 12.83 million for Fiscal 2016, primarily due to an increase in our intangible assets of software, as well as our gross block of computers and printers and furniture and fixtures.

Other expenses. Our other expenses increased to ₹ 215.18 million for Fiscal 2017 from ₹ 97.75 million for Fiscal 2016, primarily due to an increase in manpower management cost to ₹ 60.21 million for Fiscal 2017 from ₹ 27.87 million for Fiscal 2016 and an increase in legal and professional charges to ₹ 30.19 million for Fiscal 2017 from ₹ 10.71 million for Fiscal 2016.

Provisions and write offs. Our provisions and write offs increased to ₹ 77.73 million for Fiscal 2017, comprising net provisions made during the year of ₹ 49.11 million and a write off of ₹ 28.62 million, from ₹ 35.83 million for Fiscal 2016, comprising wholly of net provisions made during the year, primarily since we commenced making provisions in excess of those prescribed by the NHB from Fiscal 2017.

Total tax expenses. Our total tax expenses increased by 77.16% to ₹ 304.22 million for Fiscal 2017 from ₹ 171.72 million for Fiscal 2016, as a result of an increase in profit before tax. For Fiscal 2017, we had a current tax expense of ₹ 265.41 million and a deferred tax expense of ₹ 38.81 million. For Fiscal 2016, we had a current tax expense of ₹ 159.29 million and a deferred tax expense of ₹ 12.43 million. Our effective tax rate (which represents the ratio of total tax expenses to profit before tax during the relevant period, expressed as a percentage) was 34.74% and 34.38% for Fiscals 2017 and 2016, respectively.

Profit after tax. Our profit after tax increased 74.30% to ₹ 571.37 million for Fiscal 2017 from ₹ 327.80 million for Fiscal 2016.

Financial Position

Our net worth (as restated) was ₹ 11,776.91 million as of June 30, 2018. Our net worth (as restated) increased by 93.96% to ₹ 10,984.71 million as of March 31, 2018 from ₹ 5,663.26 million as of March 31, 2017. Our net worth (as restated) increased to ₹ 5,663.26 million as of March 31, 2017 from ₹ 2,038.18 million as of March 31, 2016.

Assets

The following table sets forth the principal components of our assets as of June 30, 2018 and March 31, 2018, 2017 and 2016:

(₹ in million)

Assets	**As of June 30, 2018**	**As of March 31, 2018**	**2017**	**2016**
Non-Current Assets:				
Fixed assets:				
Property, plant and equipment	165.39	154.54	86.93	56.21
Intangible assets	30.56	29.71	14.77	0.22
Intangible assets under development	0.59	0.33	1.35	-
Non-current investments	134.31	137.91	7.54	-
Loans and advances:				
Receivables under financing activities	33,528.10	30,679.60	20,594.60	14,017.96
Others	16.69	14.98	8.79	3.63
Total Non-Current Assets	**33,875.64**	**31,017.07**	**20,713.98**	**14,078.02**
Current Assets:				
Current investments	2.65	2.66	0.26	-

Cash & bank balances	4,413.26	5,649.61	2,757.67	2,349.00
Loans and advances:				
Receivables under financing activities	1,187.06	1,044.04	733.55	527.05
Others	83.75	30.24	10.03	14.53
Other current assets	539.12	430.90	291.17	139.19
Total Current Assets	**6,225.84**	**7,157.45**	**3,792.68**	**3,029.77**
Total Assets	**40,101.48**	**38,174.52**	**24,506.66**	**17,107.79**

As of June 30, 2018, we had total assets of ₹ 40,101.48 million, compared to ₹ 38,174.52 million as of March 31, 2018, compared to ₹ 24,506.66 million as of March 31, 2017 and ₹ 17,107.79 million as of March 31, 2016. 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.

Non-Current Assets

Property, Plant and Equipment

As of June 30, 2018, we had property, plant and equipment of ₹ 165.39 million, compared to ₹ 154.54 million as of March 31, 2018, compared to ₹ 86.93 million as of March 31, 2017 and ₹ 56.21 million as of March 31, 2016. The increase in property, plant and equipment was primarily due to the purchase of computer and printers, furniture and fixtures and motor vehicles.

Non-Current Investments

As of June 30, 2018, we had non-current investments of ₹ 134.31 million, compared to ₹ 137.91 million as of March 31, 2018, compared to ₹ 7.54 million as of March 31, 2017 and nil as of March 31, 2016. The increase in non-current investments was due to investments in pass through certificate, investments in our subsidiary Aavas Finserv Limited and investments in security receipts.

Receivables under financing activities (Non-Current)

As of June 30, 2018, we had non-current receivables under financing activities of ₹ 33,528.10 million, compared to ₹ 30,679.60 million as of March 31, 2018, compared to ₹ 20,594.60 million as of March 31, 2017 and ₹ 14,017.96 million as of March 31, 2016. This increase was primarily on account of a growth in our operations and branch network resulting in a higher disbursement of loans.

Current Assets

Cash & Bank Balances

As of June 30, 2018, we had cash and bank balances of ₹ 4,413.26 million, compared to ₹ 5,649.61 million as of March 31, 2018, compared to ₹ 2,757.67 million as of March 31, 2017 and ₹ 2,349.00 million as of March 31, 2016. The increase in cash and bank balances between March 31, 2017 and March 31, 2018, was primarily due to the infusion of equity capital made in our Company in March 2018, which was deposited with banks in fixed deposits.

Receivables under financing activities (Current)

As of June 30, 2018, we had current receivables under financing activities of ₹ 1,187.06 million, compared to ₹ 1,044.04 million as of March 31, 2018, compared to ₹ 733.55 million as of March 31, 2017 and ₹ 527.05 million as of March 31, 2016. This increase was primarily on account of a growth in our operations and branch network resulting in a higher disbursement of loans.

Other Current Assets

As of June 30, 2018, we had other current assets of ₹ 539.12 million, compared to ₹ 430.90 million as of March 31, 2018, compared to ₹ 291.17 million as of March 31, 2017 and ₹ 139.19 million as of March 31, 2016. 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 June 30, 2018 and March 31, 2018, 2017 and 2016:

(₹ in million)

Liabilities	As of June 30, 2018	As of March 31, 2018	2017	2016
Non-Current Liabilities:				
Long term borrowings	23,475.74	22,324.81	15,096.85	11,963.66
Deferred tax liabilities (net)	134.89	117.59	61.68	22.87
Other long term liabilities	2.77	2.56	1.18	103.96
Long term provisions	168.99	148.08	137.18	83.91
Total Non-Current Liabilities	**23,782.39**	**22,593.04**	**15,296.89**	**12,174.40**
Current Liabilities:				
Short term borrowings	372.07	325.13	790.35	1,127.53
Other current liabilities	4,120.50	4,260.05	2,749.35	1,764.29
Short term provisions	49.61	11.59	6.81	3.39
Total Current Liabilities	**4,542.18**	**4,596.77**	**3,546.51**	**2,895.21**

Non-Current Liabilities

Long Term Borrowings

As of June 30, 2018, we had long-term borrowings of ₹ 23,475.74 million, compared to ₹ 22,324.81 million as of March 31, 2018, compared to ₹ 15,096.85 million as of March 31, 2017 and ₹ 11,963.66 million as of March 31, 2016. The increase in long-term borrowings was to satisfy the credit requirements of our growing customer base for our home loans business.

Current Liabilities

Short Term Borrowings

As of June 30, 2018, we had short-term borrowings of ₹ 372.07 million, compared to ₹ 325.13 million as of March 31, 2018, compared to ₹ 790.35 million as of March 31, 2017 and ₹ 1,127.53 million as of March 31, 2016. The decrease in short-term borrowings was due to lower average outstanding borrowings from banks.

Other Current Liabilities

As of June 30, 2018, we had other current liabilities of ₹ 4,120.50 million, compared to ₹ 4,260.05 million as of March 31, 2018, compared to ₹ 2,749.35 million as of March 31, 2017 and ₹ 1,764.29 million as of March 31, 2016. The increase in other current liabilities between March 31, 2018 and March 31, 2017, was primarily due to an increase in current maturities of long-term debts from bank-term loans and from non-convertible debentures.

Shareholders' Funds

As of June 30, 2018, our Shareholders' Funds was ₹ 11,776.91 million, representing 29.37% of our total assets. As of March 31, 2018, our Shareholders' Funds was ₹ 10,984.71 million, representing 28.77% of our total assets. As of March 31, 2017, our Shareholders' Funds was ₹ 5,663.26 million, representing 23.11% of our total assets. The increase in our Shareholders' Funds between March 31, 2017 and March 31, 2018, was primarily due to an increase in reserves and surplus to ₹ 10,290.58 million as of March 31, 2018 from ₹ 5,081.62 million as of March 31, 2017.

As of March 31, 2016, our Shareholders' Funds was ₹ 2,038.18 million, representing 11.91% of our total assets. The increase in our Shareholders' Funds between March 31, 2016 and March 31, 2017, was primarily due to an increase in reserves and surplus to ₹ 5,081.62 million as of March 31, 2017 from ₹ 1,654.35 million as of March 31, 2016.

Liquidity and Capital Resources

In the past, we have funded our liquidity and capital requirements primarily through shareholder capital and funds generated from operations, and indebtedness, including term loans from banks, non-convertible debentures, commercial paper, cash credit, subordinated debt, refinancing from NHB and short-term loans from banks and financial institutions. We also undertake the securitization and assignment of loan receivables to generate additional funds. For the three months ended June 30, 2018 and Fiscals 2018, 2017 and 2016, the proceeds from long term and short term borrowings were of ₹ 2,638.46 million, ₹ 12,767.35 million, ₹ 7,070.85 million and ₹

8,447.17 million, respectively.

We actively manage our liquidity and capital position by raising funds periodically. We regularly monitor our funding levels to ensure that we are able to satisfy the requirements for loan disbursements and maturity of our liabilities. All our loan agreements and debentures contain a number of covenants including financial covenants. For details, see "***Financial Indebtedness***" and "***Risk Factors – Internal Risk Factors – Our inability to meet our obligations, including financial and other covenants under our debt financing arrangements could adversely affect our business, results of operations and financial condition***" on pages 438 and 23, respectively.

The following table sets for the maturity pattern of certain items of assets and liabilities as of June 30, 2018*:

(₹ in million)

Particulars	1 Day to 31 Days / One month	Over 1 month to 2 month	Over 2 month to 3 month	Over 3 month to 6 month	Over 6 month to 1 year	Over 1 year to 3 years	Over 3 year to 5 years	Over 5 year to 7 years	Over 7 year to 10 years	Over 10 years	Total
Liabilities											
Borrowings from banks	108.96	100.49	258.94	741.54	2,031.30	6,159.13	4,951.12	4,248.87	2,827.55	886.93	**22,314.83**
Market borrowings	0.05	0.05	0.05	500.16	0.33	2,001.47	1,400.67	1,000.00	-	-	**4,902.78**
Foreign currency Liability	-	-	-	-	-	-	-	-	-	-	-
Assets											
Advance	470.49	469.14	463.92	1,412.16	2,686.31	9,083.13	6,841.40	4,994.03	4,753.18	3,541.40	**34,715.16**
Investments	0.21	0.21	0.21	0.65	1.37	39.34	7.57	9.01	13.01	65.38	**136.96**
Fixed Deposit**	2,950.00	0.01	500.00	-	-	-	-	-	-	-	**3,450.01**
Foreign currency Assets	-	-	-	-	-	-	-	-	-	-	-

**Classification of assets and liabilities under different maturity buckets is based on the same estimates and assumptions used by us for compiling the returns submitted to NHB.*

***Fixed deposits included in cash and bank balance other than those pledged towards first loss guarantee have been disclosed in the above table as these are considered as investment of surplus funds held by the Company for the purpose of this disclosure.*

Cash Flows

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

(₹ in million)

	For the three months ended June 30, 2018	Fiscal 2018	2017	2016
Net cash flow used in Operating Activities	(2,973.04)	(9,241.33)	(5,906.49)	(5,908.00)
Net cash flow (used in)/from Investing Activities	(1,025.19)	(2,263.65)	(153.78)	(9.97)
Net cash flow from Financing Activities	1,761.88	12,403.84	6,397.28	8,160.76
Net (decrease)/ increase in Cash and Cash Equivalents	(2,236.35)	898.86	337.01	2,242.79

Operating Activities

Net cash used in operating activities was ₹ 2,973.04 million for the three months ended June 30, 2018. While our net profit before tax was ₹ 444.72 million for the three months ended June 30, 2018, we had an operating profit before working capital changes of ₹ 482.69 million, primarily due to provision for standard and NPA assets of ₹ 19.30 million and depreciation and amortization of ₹ 16.83 million. Our changes in working capital for the three months ended June 30, 2018 primarily consisted of an increase in non-current loans and advances of ₹ 2,850.21 million, a decrease in other current liabilities of ₹ 201.46 million and an increase in current loans and advances of ₹ 196.54 million.

Net cash used in operating activities was ₹ 9,241.33 million for Fiscal 2018. While our net profit before tax was

₹ 1,417.53 million for Fiscal 2018, we had an operating profit before working capital changes of ₹ 1,487.87 million, primarily due to depreciation and amortization of ₹ 56.27 million and provision for employee benefits of ₹ 10.93 million. Our changes in working capital for Fiscal 2018 primarily consisted of an increase in non-current loans and advances of ₹ 10,091.19 million, direct taxes paid of ₹ 418.46 million, and an increase in current loans and advances of ₹ 330.70 million, which were partially offset by an increase in other current liabilities of ₹ 249.50 million.

Net cash used in operating activities was ₹ 5,906.49 million for Fiscal 2017. While our net profit before tax was ₹ 875.59 million for Fiscal 2017, we had an operating profit before working capital changes of ₹ 960.69 million, primarily due to depreciation and amortization of ₹ 27.70 million and provision for standard and NPA assets of ₹ 49.11 million. Our changes in working capital for Fiscal 2017 primarily consisted of an increase in non-current loans and advances of ₹ 6,581.80 million, direct taxes paid of ₹ 246.67 million, an increase in current loans and advances of ₹ 201.99 million and an increase in other current assets of ₹ 151.98 million, which were partially offset by an increase in other current liabilities of ₹ 314.86 million.

Net cash used in operating activities was ₹ 5,908.00 million for Fiscal 2016. While our net profit before tax was ₹ 499.52 million for Fiscal 2016, we had an operating profit before working capital changes of ₹ 552.93 million, primarily due to provision for standard NPA and assets of ₹ 35.82 million and depreciation and amortization of ₹ 12.83 million. Our changes in working capital for Fiscal 2016 primarily consisted of an increase in non-current loans and advances of ₹ 6,120.57 million, an increase in current loans and advances of ₹ 153.73 million and direct taxes paid of ₹ 138.51 million.

Investing Activities

Net cash used in investing activities was ₹ 1,025.19 million for the three months ended June 30, 2018, primarily comprising investment in fixed deposits of ₹ 1,000.00 million.

Net cash used in investing activities was ₹ 2,263.65 million for Fiscal 2018, primarily comprising investment in fixed deposits of ₹ 1,993.08 million and purchase of property, plant and equipment (including capital work-in-progress)/ intangible assets of ₹ 137.82 million.

Net cash used in investing activities was ₹ 153.78 million for Fiscal 2017, primarily comprising purchase of property, plant and equipment (including capital work-in-progress)/ intangible assets of ₹ 74.33 million and investment in fixed deposits of ₹ 71.66 million.

Net cash used in investing activities was ₹ 9.97 million for Fiscal 2016, comprising purchase of property, plant and equipment (including capital work-in-progress)/ intangible assets of ₹ 14.97 million, which was partially offset by inflow from investment in fixed deposits of ₹ 5.00 million.

Financing Activities

Net cash generated from financing activities was ₹ 1,761.88 million for the three months ended June 30, 2018, primarily comprising of proceeds from long term and short term borrowings of ₹ 2,638.46 million and issue of equity shares (including share premium) of ₹ 511.59 million, partially offset by repayment of long term and short term borrowings of ₹ 1,378.67 million.

Net cash generated from financing activities was ₹ 12,403.84 million for Fiscal 2018, primarily comprising of proceeds from long term and short term borrowing of ₹ 12,767.35 million and issue of equity shares (including share premium) of ₹ 4,411.73 million, which was partially offset by repayment of long term and short term borrowings of ₹ 4,743.41 million.

Net cash generated from financing activities was ₹ 6,397.28 million for Fiscal 2017, primarily comprising of proceeds from long term and short term borrowing of ₹ 7,070.85 million and issue of equity shares (including share premium) of ₹ 3,086.30 million, which was partially offset by repayment of long term and short term borrowings of ₹ 3,707.83 million.

Net cash generated from financing activities was ₹ 8,160.76 million for Fiscal 2016, primarily comprising of proceeds from long term and short term borrowing of ₹ 8,447.17 million and issue of equity shares (including share premium) of ₹ 740.00 million which was partially offset by repayment of long term and short term borrowings of ₹ 1,021.93 million.

Financial Indebtedness

As of June 30, 2018, 2018, we had long term borrowings of ₹ 23,475.74 million, short term borrowings of ₹ 372.07 million and current maturities of long term debt of ₹ 3,369.80 million. For details, see "***Financial Indebtedness***" on page 438. The following table sets forth certain information relating to outstanding indebtedness as of June 30, 2018, and our repayment obligations in the periods indicated:

(₹ in million)

		As of June 30, 2018 Payment due by period			
	Total	**Less than 1 year**	**1-3 years**	**3-5 years**	**More than 5 years**
Long term Borrowings					
Secured	22,475.74		8,160.60	6,351.79	7,963.35
Unsecured	1,000.00				1,000.00
Total long term borrowings	**23,475.74**		**8,160.60**	**6,351.79**	**8,963.35**
Current maturities of long term debt					
From bank- term loan	2,869.15	2,869.15	-	-	-
From financial institution- term loan	0.65	0.65	-	-	-
From non-convertible debentures	500.00	500.00	-	-	-
Total current maturities of long term debt	**3,369.80**	**3,369.80**	-	-	-
Short term borrowings:					
Secured	372.07	372.07	-	-	-
Unsecured					
Total Short Term Borrowings	**372.07**	372.07	-	-	-
Total Borrowings	**27,217.61**	**3,741,87**	**8,160.60**	**6,351.79**	**8,963.35**

Capital and Other Commitments

As of June 30, 2018, our capital and other commitments were towards property, plant and equipment comprising: estimated project cost of ₹ 13.38 million, paid during the year ₹ 6.34 million and balance payable of ₹ 7.04 million.

In addition, as of June 30, 2018, we had loans sanctions but un-disbursed of ₹ 2,293.39 million, which payments were due in less than one year.

Securitization and Assignment Arrangements

During the three months ended June 30, 2018 and Fiscals 2018, 2017 and 2016, we had securitized and assigned assets worth ₹ 555.55 million, ₹ 5,935.14 million, ₹ 4,575.20 million and ₹ 2,454.38 million, respectively.

Contingent Liabilities

As of June 30, 2018 and March 31, 2018 and 2017, our contingent liabilities that have not been provided for, as per AS-29 issued by ICAI, are as set out in the table below:

(₹ in million)

Particulars	**As of June 30, 2018**	**As of March 31, 2018**	**2017**
Credit enhancements provided by the company towards Asset Assignment / Securitization (including cash collaterals, principal and interest subordination)	114.73	114.73	71.66

Off-Balance Sheet Commitments and Arrangements

Except as disclosed above in "***Securitization and Assignment Arrangements***", we do not have any off-balance sheet arrangements, derivative instruments, swap transactions or relationships with affiliates or other unconsolidated entities or financial partnerships that would have been established for the purpose of facilitating off-balance sheet arrangements.

Capital Expenditure

For the three months ended June 30, 2018, we added fixed assets of property, plant and equipment of ₹ 25.37

million, primarily for computers and printers and office equipment. For Fiscal 2018, we added fixed assets of property, plant and equipment of ₹ 116.73 million, primarily for computers and printers, furniture and fixtures, motor vehicles and office equipment. For Fiscal 2017, we added fixed assets of property, plant and equipment of ₹ 56.19 million, primarily for computers and printers, furniture and fixtures and office equipment. For Fiscal 2016, we added fixed assets of property, plant and equipment of ₹ 14.96 million, primarily for computers and printers, furniture and fixtures, motor vehicles and office equipment. For Fiscal 2019, we expect our capital expenditures to be incurred for the purposes of developing branch infrastructure, including furniture and fixtures, office equipment and towards information technology systems. We have budgeted capital expenditures of approximately ₹ 110.00 million in Fiscal 2019.

Capital to Risk-Weighted Assets Ratios

The following table sets forth our capital to risk-weighted assets ratios for the periods indicated:

	As of June 30, 2018	As of March 31,		
		2018	2017	2016
CRAR (%)	60.53%	61.55%	46.85%	27.46%
CRAR - Tier I capital (%)	55.33%	55.94%	46.15%	26.70%
CRAR - Tier II capital (%)	5.20%	5.61%	0.70%	0.76%
Amount of subordinated debt raised as Tier – II capital (₹ in million)	1,000.00	1,000.00	0.00	0.00

Credit Ratings

The following table sets forth our credit ratings as of the date of this Red Herring Prospectus:

Rating Agency	Instrument	Rating
CARE Ratings	Long term	A+/Positive
	Short term	A1+
ICRA	Long term	A+/Positive
	Short term	A1+
CRISIL Ratings	Long term	A+/Stable

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 202.

Quantitative and Qualitative Disclosures about Market Risk

We are exposed to various types of market risks during the normal course of business such as liquidity risk, credit risk, operation risk, interest rate risk, cash management risk, asset risk and inflation risk.

Liquidity Risk

Liquidity risk arises due to the unavailability of adequate amount of funds at an appropriate cost and tenure. We may face an asset-liability mismatch caused by a difference in the maturity profile of our assets and liabilities. This risk may arise from the unexpected increase in the cost of funding an asset portfolio at the appropriate maturity and the risk of being unable to liquidate a position in a timely manner and at a reasonable price. We monitor liquidity risk through our Asset Liability Management Committee. Monitoring liquidity risk involves categorizing all assets and liabilities into different maturity profiles and evaluating them for any mismatches in any particular maturities, particularly in the short-term. We actively monitor our liquidity position to ensure that we can meet all borrower and lender-related funding requirements.

Our treasury department secures funds from multiple sources, including banks, financial institutions and capital markets and is responsible for diversifying our capital sources, managing interest rate risks and maintaining strong relationships with banks, financial institutions, mutual funds, insurance companies, the NHB, other domestic and foreign financial institutions and rating agencies. We continuously seek to diversify our sources of funding to facilitate flexibility in meeting our funding requirements. Due to the composition of our loan portfolio, which also qualifies for priority sector lending, we also engage in securitization and assignment transactions. For further details, see "***Risk Factors – Internal Risk Factors – We may face asset-liability mismatches, which could affect our liquidity and adversely affect our business and results of operations***" on page 19.

Credit Risk

Credit risk is the risk of loss that may occur from the default by our customers under our loan agreements. Customer defaults and inadequate collateral may lead to higher NPAs. We manage credit risks by using a set of credit norms and policies, which are approved by our Board and backed by our technology platform. We have implemented a structured and standardized credit approval process, including customer selection criteria, comprehensive credit risk assessment and cash flow analysis, which encompasses analysis of relevant quantitative and qualitative information to ascertain the credit worthiness of a potential customer. Actual credit exposures, credit limits and asset quality are regularly monitored at various levels. We have created a robust credit assessment and underwriting practice that enables us to fairly price our credit risks. For further details, see "***Risk Factors – Internal Risk Factors – 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***" on page 21.

Operational Risk

Operational risks arise from a variety of factors, including failure to obtain proper internal authorizations, improperly documented transactions, failure of operational and information security procedures, failure of computer systems, software or equipment, fraud, inadequate training or employee errors. As one of the features of our lending operations, we offer a speedy loan approval process and therefore have adopted de-centralized loan approval systems. In order to control our operational risks, we have adopted clearly defined loan approval processes and procedures. We also attempt to mitigate operational risk by maintaining a comprehensive system of internal controls, establishing systems and procedures to monitor transactions, maintaining key back-up procedures and undertaking contingency planning. In addition, we have appointed audit firms to conduct internal and process audits at a number of our offices to assess adequacy of and compliance with our internal controls, procedures and processes. Reports of the internal auditors as well as the action taken on the matters reported upon are discussed and reviewed at the Audit Committee meetings.

Interest Rate Risk

We are subject to interest rate risk, primarily since we lend to customers at rates and for maturity periods that may differ from our funding sources. 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, inflation and other factors.

In order to manage interest rate risk, we seek to optimize our borrowing profile between short-term and long-term loans. We adopt funding strategies to ensure diversified resource-raising options to minimize cost and maximize stability of funds. Assets and liabilities are categorized into various time buckets based on their maturities and our Asset Liability Management Committee prepares an interest rate sensitivity report periodically for assessment of interest rate risks. For further details, see "***Risk Factors – Internal Risk Factors – We are affected by changes in interest rates for our lending and treasury operations, which could cause our net interest income to decline and adversely affect our business and results of operations***" on page 18.

Cash Management Risk

Our branches collect cash from customers for amounts that are overdue and deposit it in our bank accounts and we have also engaged certain agencies for their cash management services. 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 further details, see "***Risk Factors – Internal Risk Factors – A portion of our collections from customers is in cash, exposing us to certain operational risks***" on page 29.

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 work with local authorities to repossess such assets and take appropriate care in dealing with customers while seizing assets. For further details, see "***Risk Factors – Internal Risk Factors – Our inability to recover the full***

value of collateral, or amounts outstanding under defaulted loans in a timely manner, or at all, could adversely affect our results of operations" on page 20.

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 home 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.

Known Trends or Uncertainties

Our business has been subject, and we expect it to continue to be subject, to significant economic changes arising from the trends identified above in "***Significant Factors Affecting our Results of Operations***" above and the uncertainties described in "***Risk Factors***" on page 17 . To our knowledge, except as disclosed in this Prospectus, there are no known factors which we expect to have a material adverse effect on our income.

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 17, 147 and 397, 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 147, 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 147, 116 and 17, respectively for further information on our industry and competition.

Recent Accounting Pronouncements

We have been preparing our annual and interim financial statements under Indian GAAP. However, all HFCs having a net worth of more than ₹ 5,000.00 million are required to mandatorily adopt Ind AS for the accounting period beginning from April 1, 2018, with comparatives for the period ending on March 31, 2018. For further details, see "***Special Purpose Financial Information Management Discussion***" on page 421.

For details on the significant differences between Indian GAAP and Ind AS, see "***Summary of Significant Differences between Indian GAAP and Ind AS***" beginning on page 392.

Significant developments subsequent to June 30, 2018

Except as disclosed above, and in this Red Herring Prospectus, to our knowledge no circumstances have arisen since the date of the last financial statements disclosed in this Red Herring Prospectus which materially and adversely affect or are likely to affect, our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next 12 months.

SPECIAL PURPOSE FINANCIAL INFORMATION MANAGEMENT DISCUSSION

*The following discussion is based on our Special Purpose Interim Standalone Financial Statements and Special Purpose Standalone Financial Statements (together, "**Special Purpose Financial Statements**") included in this Red Herring Prospectus. With effect from April 1, 2018, we are required to prepare our financial statements under Ind AS prescribed under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. Given that Ind AS is different in many respects from Indian GAAP, our financial statements for the period commencing from April 1, 2018 may not be comparable to our Indian GAAP financial statements. See "**Summary of Significant Differences between Indian GAAP and Ind AS**" on page 392 of this Red Herring Prospectus.*

We will prepare and issue our first complete Ind AS financial statements as at and for the year ending March 31, 2019. Until the first complete Ind AS financial statements are issued, the balances in the Special Purpose Interim Standalone Financial Statements are preliminary and may require adjustments if (a) there are any new Ind AS standards issued through March 31, 2019, (b) there are any amendments or modifications made to existing Ind AS standards or interpretations thereof through March 31, 2019 effecting the Ind AS balances in these financial statements and (c) if we make any changes in the elections or exemptions selected on adoption of Ind AS at its transition date of April 1, 2017.

*These Special Purpose Interim Standalone Financial Statements have been prepared in accordance with the recognition and measurement principles prescribed under section 133 of the Companies Act, 2013 read with the Ind AS Rules. However, all disclosures as required under Ind AS have not been furnished in these Special Purpose Interim Standalone Financial Statements. Accordingly, the relevant comparative financial information under Ind AS for the three months period ended June 30, 2017 (comprising the statement of profit and loss, the cash flow statement and the statement for changes in equity for the three months period ended June 30, 2017) has not been presented in these Special Purpose Interim Standalone Financial Statements. Similarly, while preparing the Special Purpose Standalone Financial Statements for the year ended March 31, 2018, the relevant comparative financial information under Ind AS for the year ended March 31, 2017 has not been presented. Only a complete set of financial statements together with comparative financial information can provide a fair presentation of our state of affairs (financial position), profit (financial performance including other comprehensive income), cash flows and the changes in equity. In addition, we have presented our Special Purpose Financial Statements on a standalone basis and have not prepared and included special purpose consolidated financial statements prepared using recognition and measurement principles of Ind AS. Our Company has only one subsidiary, Aavas Finserv Limited, with effect from November 30, 2017. For further details, see "**Risk Factors – External Risk Factors - We have included our Special Purpose Financial Statements in this Red Herring Prospectus, which are subject to change and investors should read the related disclosure in this context**" on page 36.*

Our Results of Operations

The following table sets forth select financial data from the statement of profit and loss for the three months ended June 30, 2018, the components of which are also expressed as a percentage of total revenue for such period:

	For the three months ended June 30, 2018	
	(₹ in million)	***(% of Total Income)***
Revenue:		
Revenue from operations	1,491.76	99.99
Other income	0.17	0.01
Total Income	**1,491.93**	**100.00**
Expenses:		
Finance costs	586.25	39.29
Employee benefits expense	284.06	19.04
Other expenses	153.13	10.26
Depreciation, amortization and impairment	16.83	1.13
Provision for expected credit loss and write-offs	24.53	1.64
Total expenses	**1,064.80**	**71.36**
Profit before tax	**427.13**	**28.63**
Tax expenses:		
Current tax	137.73	9.23
Deferred tax	(11.27)	(0.76)
Total tax expenses	**126.46**	**8.47**
Profit for the period	**300.67**	**20.15**

Three months ended June 30, 2018

Our total income was ₹ 1,491.93 million for the three months ended June 30, 2018.

Revenue from Operations. Our revenue from operations was ₹ 1,491.76 million for the three months ended June 30, 2018, primarily comprising interest on loans of ₹ 1,335.66 million and interest on deposits with banks of ₹ 89.83 million. We disbursed loans aggregating to ₹ 5,468.95 million for the three months ended June 30, 2018.

Other income. Our other income was ₹ 0.17 million for the three months ended June 30, 2018.

Expenses

Finance costs. Our finance costs was ₹ 586.25 million for the three months ended June 30, 2018, primarily comprising interest on borrowings ₹ 550.82 million and interest on securitized pool of ₹ 26.66 million.

Employee benefit expense. Our employee benefit expense was ₹ 284.06 million for the three months ended June 30, 2018, primarily comprising salaries and wages of ₹ 233.16 million and share based payments to employees of ₹ 35.52 million.

Other expenses. Our other expenses were ₹ 153.13 million for the three months ended June 30, 2018, primarily comprising manpower management cost of ₹ 54.13 million, net loss on foreign currency transaction and translation of ₹ 20.86 million, rent of ₹ 15.65 million and legal and professional charges of ₹ 14.04 million.

Depreciation, amortization and impairment expense. Our depreciation, amortization and impairment expense was ₹ 16.83 million for the three months ended June 30, 2018.

Provision for expected credit loss and write-offs. Our provision for expected credit loss and write-offs were ₹ 24.53 million for the three months ended June 30, 2018, comprising impairment on loans during the period of ₹ 16.37 million and write offs during the period of ₹ 8.16 million.

Total tax expenses. Our total tax expenses was ₹ 126.46 million for the three months ended June 30, 2018 comprising a current tax expense of ₹ 137.73 million and a deferred tax credit of ₹ 11.27 million.

Profit for the period. Our profit for the period was ₹ 300.67 million for the three months ended June 30, 2018.

Cash Flows

The following table sets forth our cash flows for the three months ended June 30, 2018:

(₹ in million)

	For the three months ended June 30, 2018
Net cash flow from/(used in) operating activities	(2,969.43)
Net cash flow from/(used in) investing activities	(1,028.80)
Net cash flow from/(used in) financing activities	1,761.88
Net increase/(decrease) in cash and cash equivalents	(2,236.35)

Operating Activities

Net cash used in operating activities was ₹ 2,969.43 million for the three months ended June 30, 2018. While our profit before tax was ₹ 427.13 million for the three months ended June 30, 2018, we had an operating profit before working capital changes of ₹ 480.39 million, primarily due to share based payments of ₹ 35.52 million, depreciation and amortization of ₹ 16.83 million and provision for expected credit loss (ECL) of ₹ 16.37 million, partially offset by derivative mark to market gain of ₹ 23.41 million. Our changes in working capital for the three months ended June 30, 2018 primarily consisted of an increase in financial and other assets of ₹ 3,169.92 million.

Investing Activities

Net cash used in investing activities was ₹ 1,028.80 million for the three months ended June 30, 2018, primarily comprising investment in fixed deposits of ₹ 1,000.00 million.

Financing Activities

Net cash generated from financing activities was ₹ 1,761.88 million for the three months ended June 30, 2018, primarily comprising of proceeds from long term and short term borrowings of ₹ 2,638.46 million and issue of equity shares (including share premium) of ₹ 511.59 million, partially offset by repayment of long term and short term borrowings of ₹ 1,378.67 million.

Contingent Liabilities

The following table sets forth our contingent liabilities that have not been provided for as of June 30, 2018:

Particulars	As of June 30, 2018
Credit enhancements provided by the Company towards Asset Securitization (including cash collaterals, principal and interest subordination)	114.73

Our Critical Accounting Policies

Use of estimates

The preparation of the financial statements 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.

Cash and cash equivalents

Cash and cash equivalent comprises cash in hand, demand deposits and time deposits with original maturity of less than three months held with bank, debit balance in cash credit account and balance in franking machine.

Revenue recognition

Interest and similar income

Interest income, for all financial instruments measured either at amortized cost or at fair value through other comprehensive income, is recorded using the effective interest rate ("**EIR**"). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable and are an integral part of the EIR, but not future credit losses.

We calculate interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', we calculate interest income by applying the effective interest rate to the net amortized cost of the financial asset. If the financial assets cures and is no longer credit-impaired, we revert to calculating interest income on a gross basis.

Other charges and other interest

Overdue interest in respect of loans is recognized upon realization. Other ancillary charges are recognized upon realization.

Commission on Insurance Policies

Commission on insurance policies sold is recognized on accrual basis when we under our agency code sell the insurance policies.

Dividend Income

Dividend income is recognized when our right to receive the payment is established, which is generally when shareholders approve the dividend.

Foreign currency

Our financial statements are presented in Indian rupees which is also our functional currency. Transactions in foreign currencies are initially recorded by us at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Income and expenses in foreign currencies are initially recorded by us at the exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are translated at the functional currency spot rates of exchange at the reporting date and exchange gains and losses arising on settlement and restatement are recognized in the statement of profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in other comprehensive income ("**OCI**") or profit or loss are also recognized in OCI or profit or loss, respectively).

Operating Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognized as operating leases. We have ascertained that the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases and therefore, the lease payments are recognized as per terms of the lease agreement in the statement of profit and loss.

Property, plant and equipment and Intangible assets

On transition to Ind AS, we have elected to continue with the carrying value of all of our property, plant and equipment and intangible assets as at March 31, 2017, measured as per Indian GAAP and use that carrying value as the deemed cost of the property, plant and equipment and intangible assets as on April 1, 2017.

Property, plant and equipment

Property, plant and equipment ("**PPE**") are stated at cost (including incidental expenses directly attributable to bringing the asset to its working condition for its intended use) less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditure related to PPE is capitalized only when it is probable that future economic benefits associated with these will flow to us and the cost of item can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

An item of property, plant and equipment and any significant part initially recognized is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is de-recognized.

Intangible fixed assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Depreciation and amortization

Depreciation

Depreciation is provided over the useful life of the asset as per Schedule-II of Companies Act, 2013, and depreciation rates have been worked out by applying written down value method. We have used the following useful lives to provide depreciation on our PPE:

PPE	Useful Life (WDV) (in years)
Freehold Land	NIL
Building	60
Furniture and fixtures	10
Office equipment	5
Motor Vehicles	8

Servers	6
Computers and printers	3

All fixed assets individually costing ₹ 5,000 or less are fully depreciated in the year of installation/purchase.

Amortization

Intangible assets are amortized on a straight line basis over the estimated useful economic life. We consider that the useful life of an intangible asset will not exceed four years 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 four years, we amortize the intangible asset over the best estimate of its useful life.

Impairment of non-financial assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

Provisions

Provisions are recognized when we have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent liabilities and assets

We do not recognize a contingent liability but discloses its existence in the financial statements contingent liability is disclosed in the case of:

- a present obligation arising from past events, when it is not probable that an outflow of resources will not be required to settle the obligation
- a present obligation arising from past events, when no reliable estimate is possible
- a possible obligation arising from past events, unless the probability of outflow of resources is remote

Contingent liabilities are reviewed at each balance sheet date. Contingent assets are not recognized. A contingent asset is disclosed, as required by Ind AS 37, where an inflow of economic benefits is probable.

Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. We have no obligation, other than the contribution payable to the provident fund. We recognize contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

We provide gratuity benefits which is a defined benefit scheme. The cost of providing gratuity benefits is determined on the basis of actuarial valuation at each year end. Separate actuarial valuation is carried out for each plan using the projected unit credit method.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that we recognize related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. We recognize the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. We measure the expected cost of such absence as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. We treat accumulated leave expected to be carried forward beyond twelve months, as long term employee benefit for measurement purposes.

Taxes

Tax expense comprises current and deferred tax.

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities in accordance with Income tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Earning per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

Share based payments

Equity-settled share based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight line basis over the vesting period, based on our estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, we revise our estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in the statement of profit and loss such that the cumulative expenses reflects the revised estimate, with a corresponding adjustment to the share based payments reserve.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Initial recognition and measurement

Financial assets, with the exception of loans and advances to customers, are initially recognized on the trade date, i.e., the date that we become a party to the contractual provisions of the instrument. Loans and advances to customers are recognized when funds are disbursed to the customers. The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention when acquiring them. All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Classification and subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortized cost
- Debt instruments at fair value through other comprehensive income ("**FVTOCI**")
- Debt instruments and equity instruments at fair value through profit or loss ("**FVTPL**")
- Equity instruments measured at FVTOCI

Debt instruments at amortized costs

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest ("**SPPI**") on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the EIR method less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in interest income in the statement of profit or loss. The losses arising from impairment are recognized in the statement of profit and loss.

Debt instruments at FVOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the OCI. However, we recognize interest income, impairment losses and reversals and foreign exchange gain or loss in the profit and loss. On derecognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instruments at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, we may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

Equity Investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading classified as at FVTPL. For all other equity instruments, we may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. We make such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If we decide to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to profit and loss, even on sale of investment. However, we may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified and measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for trading or it is designated as on initial recognition. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. Our financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

Classification and Subsequent measurement - Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by us that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to the statement of profit and loss. However, we may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the statement of profit and loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss. This category generally applies to borrowings.

Derivative financial instruments

We hold derivative to mitigate the risk of changes in exchange rates on foreign currency exposures as well as interest fluctuations. The counterparty for these contracts is generally a bank.

Financial assets or financial liabilities, at fair value through profit or loss

This category has derivative financial assets or liabilities which are not designated as hedges. Any derivative that is not designated a hedge is categorized as a financial asset or financial liability, at fair value through profit or loss.

Derivatives not designated as hedges are recognized initially at fair value and attributable transaction costs are recognized in net profit in the statement of profit and loss when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting exchange gains or losses are included in statement of profit and loss. Assets/liabilities in this category are presented as current assets/current liabilities if they are either held for trading or are expected to be realized within 12 months after the balance sheet date.

Reclassification of financial assets and liabilities

We do not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which we acquire, dispose of, or terminate a business line. Financial liabilities are never reclassified.

Derecognition of financial assets and liabilities

Financial Assets

Financial Assets: A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when the rights to receive cash flows from the financial asset have expired. We also derecognizes the financial asset if we have transferred the financial asset and the transfer qualifies for derecognition.

We have transferred the financial asset if, and only if, either:

- it has transferred its contractual rights to receive cash flows from the financial asset
- or it retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement.

Pass-through arrangements are transactions whereby we retain the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- We have no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates.
- We cannot sell or pledge the original asset other than as security to the eventual recipients.
- We have to remit any cash flows it collects on behalf of the eventual recipients without material delay.

In addition, we are not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either we have transferred substantially all the risks and rewards of the asset or we have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

We consider control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When we have neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognized only to the extent of our continuing involvement, in which case, we also recognize an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that we have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration we could be required to pay.

If continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the continuing involvement is measured at the value we would be required to pay upon repurchase. In the case of a written put option on an asset that is measured at fair value, the extent of the entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial Liabilities

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

Impairment of financial assets

Overview of the ECL principles

We are recording the allowance for expected credit losses for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under IND AS 109.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or "**LTECL**"), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss ("**12mECL**").

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on collective basis, depending on the nature of the underlying portfolio of financial instruments.

We have established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition.

Based on the above process, we group our loans into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1: When loans are first recognized, we recognize an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2 or Stage 3.

Stage 2: When a loan has shown a significant increase in credit risk since origination, we record an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.

Stage 3: Loans considered credit-impaired. We record an allowance for the LTECLs.

For financial assets for which we have no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

The calculation of ECLs

We calculate ECLs based on a probability-weighted scenarios and historical data to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- Probability of Default ("**PD**") - The PD is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognized and is still in the portfolio.

- Exposure at Default ("**EAD**") - The EAD is an exposure at a default date.

- Loss Given Default ("**LGD**") - The LGD is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

The maximum period for which the credit losses are determined is the expected life of a financial instrument.

The mechanics of the ECL method are summarized below:

Stage 1: The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. We calculate the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to an EAD and multiplied by the expected LGD.

Stage 2: When a loan has shown a significant increase in credit risk since origination, we record an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument.

Stage 3: For loans considered credit-impaired, we recognize the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

Loan commitments: When estimating LTECLs for undrawn loan commitments, we estimate the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan. For loan commitments, the ECL is recognized within provisions.

Forward looking information

The housing market has a significant macroeconomic impact. Home building is an important portion of GDP growth. Housing activity has a direct impact on the level of employment and income of people in an economy in view of its large potential for employment. It is, therefore, identified as a key contributor for the growth and development of an economy. Interest rate, income, GDP growth and house prices are inseparable in their relationship with each other.

- Unemployment rates: With increased migration of population into semi urban and urban areas and traction for construction giving a positive move to employment into housing segment. Our majority of clients are self-employed has higher employability and salaried class are contributor to the allied services in the segment we cater. Unemployment would thinner the housing sector and the markets with higher ticket sizes demand will be impacted more, where we tend not to have an adverse effect in imminent period.
- GDP growth: GDP growth would however increase overall demand in the market which will lead to

higher investment in the housing sector which will also be further pushed by the increasing Government focus on this segment. However, a slower growth on GDP is not expected to affect us as a majority of our clients are just above the bottom of the pyramid, they are mostly into cash and carry business so macro level changes do not impact much.

- Interest rate: Interest rate increase has an adverse effect on investment on housing. Periodically we study and analyze the affect to have a sense over business. As our significant client base are new to credit and located into unserved and unreached markets, it allows us to risk the price accordingly and not have impact much. Low income and end used customer base gives us further leaver as demand fluctuates due to hike in interest rates.

Collateral repossessed

In its normal course of business, we do not physically repossess properties or other assets in its retail portfolio, but generally engages external agents to recover funds generally at auctions to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, the residential properties under legal repossession processes are not recorded on the balance sheet and are treated as current assets held for sale at (i) fair value less cost to sell or (ii) principle outstanding, whichever is less, at the repossession date.

Write-offs

Financial assets are written off either partially or in their entirety only when we have stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to profit and loss account.

Fair value measurement

We measure financial instruments, such as, derivatives at fair value at each balance sheet date using valuation techniques.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by us.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

We use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Dividend

We recognize a liability to make cash distributions to equity holders when the distribution is authorized and the distribution is no longer at our discretion. Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Board.

Transition from Indian GAAP to Ind AS

The following table sets forth the reconciliation of equity as previously reported under Indian GAAP to Ind AS as at March 31, 2018:

(₹ in million)

Assets	Note	Indian GAAP	Ind AS Adjustments	Ind AS
Non-current assets:				
Property, plant and equipment		154.54	-	154.54
Intangible assets		29.71	-	29.71
Intangible assets under development		0.33	-	0.33
Investments		137.91	(92.91)	45.00
Financial assets:				
Loans	1	30,560.64	1,414.43	31,975.07
Other financial assets	2	12.44	671.38	683.82
Other non-current assets		2.53	-	2.53
		30,898.10	**1,992.90**	**32,891.00**
Current assets:				
Investments		2.66	(2.66)	-
Financial assets:				
Cash and cash equivalents		3,584.87	-	3,584.87
Bank balances other than above		2,064.74	-	2,064.74
Loans		1,387.73	(28.62)	1,359.11
Other financial assets		7.77	396.58	404.35
Other current assets		105.37	(8.41)	96.96
		7,153.14	**356.89**	**7,510.03**
Total Assets		**38,051.24**	**2,349.79**	**40,401.03**
Equity And Liabilities:				
Equity:				
Equity share capital		691.73	-	691.73
Other equity		10,292.98	914.35	11,207.33
		10,984.71	**914.35**	**11,899.06**
Liabilities:				
Non-current liabilities:				
Financial liabilities:				
Borrowings	4	22,324.81	1,371.11	23,695.92
Other financial liabilities		2.56	6.32	8.88
Provisions		29.12	(4.12)	25.00
Deferred tax liabilities (net)	6	117.59	(4.07)	113.52
		22,474.08	**1,369.24**	**23,843.32**
Current liabilities:				
Financial liabilities:				
Borrowings	4	3,807.90	46.67	3,854.57
Payables		91.28	-	91.28
Other financial liabilities	5	621.92	14.58	636.50
Other current liabilities		64.06	(4.22)	59.84
Provisions		2.12	9.17	11.29
Current tax liabilities (net)		5.17	-	5.17
		4,592.45	**66.20**	**4,658.65**
Total Equity and liabilities		**38,051.24**	**2,349.79**	**40,401.03**

The following table sets forth the reconciliation of equity as previously reported under Indian GAAP to Ind AS as at June 30, 2018:

(₹ in million)

Assets	Note	Indian GAAP	Ind AS Adjustments	Ind AS
Non-current assets:				

Property, plant and equipment		165.39	-	165.39
Intangible assets		30.56	-	30.56
Intangible assets under development		0.59	-	0.59
Investments		134.31	(89.31)	45.00
Financial assets:				
Loans	1	33,390.18	1333.24	34723.42
Other financial assets	2	14.21	671.53	685.74
Other non-current assets		2.48	-	2.48
		33,737.72	**1915.46**	**35653.18**
Current assets:				
Investments		2.65	(2.65)	-
Financial assets:				
Cash and cash equivalents		1,348.52	-	1,348.52
Bank balances other than above		3,064.74	-	3,064.74
Loans		1,560.29	(28.72)	1531.57
Other financial assets		58.21	417.37	475.58
Other current assets		186.81	(11.85)	174.96
		6,221.22	**374.15**	**6595.37**
Total Assets		**39,958.94**	**2,289.61**	**42,248.55**
Equity And Liabilities:				
Equity:				
Equity share capital		707.51	-	707.51
Other equity		11,069.40	962.44	12,031.84
		11,776.91	**962.44**	**12,739.35**
Liabilities:				
Non-current liabilities:				
Financial liabilities:				
Borrowings	4	23,475.74	1,282.58	24,758.32
Other financial liabilities		2.77	-	2.77
Provisions		31.07	(4.13)	26.94
Deferred tax liabilities (net)	6	134.89	(31.77)	103.12
		23,644.47	**1,246.68**	**24,891.15**
Current liabilities:				
Financial liabilities:				
Borrowings		3,963.41	68.11	4,031.52
Payables	4	56.54	-	56.54
Other financial liabilities		411.51	4.37	415.88
Other current liabilities	5	61.12	(4.79)	56.33
Provisions		2.01	12.80	14.81
Current tax liabilities (net)		42.97	-	42.97
		4,537.56	**80.49**	**4,618.05**
Total Equity and liability		**39,958.94**	**2,289.61**	**42,248.55**

The following table sets forth the reconciliation of our statement of profit and loss as previously reported under Indian GAAP to Ind AS for Fiscal 2018:

(*₹ in million*)

	Note	Indian IGAAP	Ind AS Adjustments	Ind AS
Revenue:				
Revenue from operations		4,563.39	373.80	4,937.19
Other income		9.06	-	9.06
Total Income		**4,572.45**	**373.80**	**4,946.25**
Expenses:				
Finance costs		1,890.53	71.22	1,961.75

Employee benefits expense	3	733.59	381.83	1,115.42
Other expenses		455.48	(11.61)	443.87
Depreciation, amortization and impairment		56.27	-	56.27
Provision for expected credit loss and write-offs	1	19.05	6.84	25.89
Total expenses		**3,154.92**	**448.28**	**3,603.20**
Profit before tax		**1,417.53**	**(74.48)**	**1,343.05**
Tax expense:				
Current tax		432.29	19.50	451.79
Deferred tax		55.91	(95.58)	(39.67)
Total tax expenses		**488.20**	**(76.08)**	**412.12**
Profit for the year		**929.33**	**1.60**	**930.93**
Other Comprehensive Income:	8			
a) Items that will not be reclassified to profit or loss				
Remeasurements of defined benefit liability	7	-	1.08	1.08
Income Tax Effect		-	(0.37)	(0.37)
b) Items that will be reclassified to profit or loss		-	-	-
Other Comprehensive Income , net of income tax		-	**0.71**	**0.71**
Total Comprehensive Income for the period		**929.33**	**2.31**	**931.64**

The following table sets forth the reconciliation of our Statement of Profit and Loss as previously reported under Indian GAAP to Ind AS for the three months ended June 30, 2018:

(₹ in million)

	Note	Indian GAAP	Ind AS Adjustments	Ind AS
Revenue:				
Revenue from operations		1,438.53	53.23	1,491.76
Other income		0.17	-	0.17
Total Income		**1,438.70**	**53.23**	**1,491.93**
Expenses:				
Finance costs		559.04	27.21	586.25
Employee benefits expense	3	259.29	24.77	284.06
Other expenses		134.79	18.34	153.13
Depreciation, amortization and impairment		16.83	-	16.83
Provision for expected credit loss and write-offs	1	24.03	0.50	24.53
Total expenses		**993.98**	**70.82**	**1,064.80**
Profit for the period		**444.72**	**(17.59)**	**427.13**
Tax expense:				
Current tax		137.46	0.27	137.73
Deferred tax		17.30	(28.57)	(11.27)
Total tax expenses		**154.76**	**(28.30)**	**126.46**
Profit for the period		**289.96**	**10.71**	**300.67**
Other Comprehensive Income:	8			
a) Items that will not be reclassified to profit or loss				
Remeasurements of defined benefit	7	-	2.48	2.48

liability			
Income Tax Effect	-	(0.87)	(0.87)
b) Items that will be reclassified to profit or loss	-	-	-
Other Comprehensive Income , net of income tax	**-**	**1.61**	**1.61**
Total Comprehensive Income for the period	**289.96**	**12.32**	**302.28**

Notes to reconciliation of equity and profit or loss

Notes to the reconciliation of equity as at March 31, 2018 and June 30, 2018 and profit or loss for Fiscal 2018 and the three months ended June 30, 2018.

1. *Loans and advances*

   (i) Under Indian GAAP, we have created provision for loans and advances based on the guidelines on prudential norms issued by the National Housing Bank. Under Ind AS, impairment allowance has been determined based on expected loss model ("**ECL**"). Due to ECL model, we impaired our loans and advances by ₹ 81.73 million on March 31, 2018 (₹ 98.47 million as on June 30, 2018) as against provision made under Indian GAAP by ₹ 123.26 million as on March 31, 2018 (₹ 142.55 million as on June 30, 2018). In addition, ECL on off balance sheet has also been determined as per Ind AS for ₹ 4.74 million as on March 31, 2018 (₹ 4.37 million as on June 30, 2018). The differential impact has been adjusted in retained earnings/ profit and loss during the year.

   (ii) Under Indian GAAP, transaction costs incurred in connection with loans and advances are amortized upfront and charged to profit or loss for the period. Under Ind AS, transaction costs are included in the initial recognition amount of financial asset measured at amortized cost and charged to profit or loss using the effective interest method.

   (iii) We have securitized certain assets and under Indian GAAP, have derecognized those assets in the books. However, as per Ind AS, we have not transferred substantially all the risks and rewards, the asset has been re-recognized, and we also recognize an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that we have retained.

   (iv) Under Indian GAAP, we have transferred certain assets to asset reconstruction company, which has been de-recognized from our loan portfolio. Under Ind AS, we have re-recognized the asset and also recognized an associated liability to the extent of the rights and obligations retained by us.

2. *Other financial assets*. Under Ind AS, with respect to assignment deals, we have created an interest only strip receivable amounting to ₹ 1,067.96 million as on March 31, 2018 (₹ 1,081.66 million as on June 30, 2018) , with corresponding credit to retained earnings/ profit and loss for the year, which has been computed by discounting excess interest spread ("**EIS**") to present value. Necessary adjustment with respect to credit risk has also been made.

3. *Share-based payments*. Under Indian GAAP, we recognized only the intrinsic value for the share based payments plans as an expense. Ind AS requires the fair value of the share options to be determined using an appropriate pricing model recognized over the vesting period. An additional expense of ₹ 35.52 million has been recognized in profit or loss for the period ended June 30, 2018. Share options totaling ₹ 19.44 million which were granted before and still not vested at April 1, 2017, have been recognized as a separate component of equity in SBP reserve against retained earnings at April 1, 2017.

4. *Borrowings*. Under Indian GAAP, transaction costs incurred in connection with borrowings are amortized upfront and charged to profit or loss for the period. Under Ind AS, transaction costs are

included in the initial recognition amount of financial liability and charged to profit or loss using the effective interest method.

5. *Cross Currency Swaps ("CCS") not designated as hedging instruments*. Under Indian GAAP, we have considered the critical terms of the CCS and those of the principal term loan are same, based on the internal assessment carried out by the management, the net impact of the marked to market valuation of the CCS, net of gain/loss on the underlying loan, is not expected to be material and accordingly no adjustment has been made in the financial statements. Under Ind AS, derivative which are not designated as hedging instruments are fair valued with resulting changes being recognized in retained earnings/profit or loss.

6. *Deferred tax*. Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP. In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, we have to account for such differences. Deferred tax adjustments are recognized in correlation to the underlying transaction either in retained earnings or a separate component of equity. On the date of transition, the net impact on deferred tax liabilities is of negative ₹ 4.07 million (June 30, 2018: negative ₹ 31.77 million).

   Ind AS does not require the creation of DTL on the amount transferred to the special reserve. Accordingly, DTL created on special reserve as at March 31, 2017 is reversed and the charge through the statement of profit and loss account in earlier years is also reversed.

7. *Remeasurements of post employment benefit plans*. Under Ind AS, remeasurements i.e. actuarial gain and losses on the net defined liability are recognized in other comprehensive income instead of profit or loss. Under the Indian GAAP, these measurements were forming part of the profit or loss for the year. Though there is no impact on the total equity as at June 30, 2018.

8. *Other comprehensive income*. Under Indian GAAP, we have not presented OCI separately. Hence, it has reconciled Indian GAAP profit or loss to profit or loss as per Ind AS. Further, Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

9. *Statement of cash flows*. The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows.

10. Figures under Indian GAAP have been regrouped/ reclassified for Ind AS purpose wherever applicable.

FINANCIAL INDEBTEDNESS

Pursuant to a resolution passed by our shareholders on May 30, 2018 the Board (including the executive committee of the Board) has been authorised 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 ₹ 70,000 million in excess of the aggregate of the paid-up share capital and free reserves of our Company.

A. Borrowings of our Company

As on June 30, 2018, the Company had fund based secured and unsecured sanctioned facilities totaling to ₹ 35,648 million and ₹ 1,000 million respectively. Total outstanding against such facilities was ₹ 26,217.61 million and ₹. 1,000 million respectively. Further, our Subsidiary had not availed of any loan facilities as of June 30, 2018. Set forth below is a brief summary of aggregate borrowings as on June 30, 2018:

Category of borrowing	Sanctioned amount (₹ million)	Outstanding amount as on June 30, 2018 (₹ million)
Fund based borrowings		
A. Secured borrowings		
Cash credit	2,406.93	372.07
NCDs*	3,900.00	3,900.00
Refinance from NHB	6,620.00	4,506.46
Term Loans	22,721.07	17,439.08
B. Unsecured borrowings		
NCDs – subordinate debt	1,000.00	1,000.00
Total (A+B)	**36,648.00**	**27,217.61**
Non-fund based borrowings		
Secured borrowings		
Bank guarantee	43.07	43.07
Total borrowings (fund based and non-fund based)	36,691.07	27,260.68

**Our NCDs are listed on BSE.*

I. Principal terms of the borrowings availed of by our Company:

1. ***Interest:*** In respect of the term loans availed of by us, the interest rate is typically on a floating rate basis The interest rates typically ranges from 9.10% to 10.00% in case of term loans used for onward lending with fixed rates of interest. Additionally, there are certain loans availed of by us which have a fixed rate of interest for a certain period and thereafter, these rates of interest will be converted to floating rates of interest. We also have certain financing arrangements which are subject to a reset clause, wherein our Company and our lenders mutually agree to reset the interest spread typically on an annual basis.

   In terms of the cash credit facilities availed of by us, the interest rate is typically on a floating rate basis, while most of the refinancing facilities that we have received from the NHB, are on a fixed rate basis with rates ranging from 4.61% to 9.30%. There are certain refinancing facilities which are on a floating rate basis.

   Our Company has also issued NCDs to various subscribers. For such borrowings, we enter into debenture trust deeds ("**DTDs**") and, in terms of such DTDs, a specified interest or coupon rate is to be paid *half yearly/ per annum*. The interest rate for the NCDs issued by our Company ranges from 8.28% to 10.21%.

2. ***Tenor:*** The tenor of the term loans availed of by us, typically ranges from 60 months to 180 months.

   In respect of the cash credit facilities availed of by us, the tenor is typically for a period of 12 months. The tenor of the refinance that we have received from the NHB, typically range from 84 months to 183 months.

   The tenor of the NCDs typically ranges from 36 months to 60 months.

3. ***Security:*** The facilities availed of from our lenders are typically secured by way of hypothecation of specified book debts of our Company and, in certain cases, by way of hypothecation of our present and future receivables and certain moveable properties of our Company.

4. ***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:

   a) formulating any scheme of amalgamation, compromise, reconstruction, consolidation, demerger or merger;

   b) change in ownership or control of our Company whereby effective beneficial ownership or control of our Company changes;

   c) effecting any material change in the constitution or management of our Company;

   d) changing the capital structure of our Company or dilution of shareholding of the promoters of the Company;

   e) amending the Memorandum of Association and Articles of Association;

   f) change in management control of our Company;

   g) declaration of dividends or distribution of 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; and

   h) breach of any covenant, undertaking or conditions set out in the facility documents or breach of agreement, representation or warranty which in the opinion of the bank is prejudicial to their interests.

5. ***Events of Default:*** As per the terms of our borrowings, the following, among others, constitute events of default:

   a) non-payment of installment/ interest within the stipulated time;

   b) representations or warranties found to be untrue or misleading when made;

   c) our Company ceasing or threatening to cease or carrying on its business;

   d) utilisation of a loan for purposes other than the sanctioned purpose;

   e) cross-default under other borrowings of our Company; and

   f) breach of any covenant, undertaking or conditions set out in the facility documents or breach of agreement, representation or warranty which in the opinion of the bank is prejudicial to their interests.

6. ***Consequences of events of default:*** Upon the occurrence of an event of default under the terms of our borrowings, our lenders are entitled to, *inter-alia*:

   a) appoint nominee directors or observers on our Board;

   b) cancel our facility;

   c) declare all parts of the loan together with accrued interest outstanding as immediately due and payable;

   d) enforce security interest, and enter upon or taking possession of the assets;

   e) convert the entire loan and the unpaid interest into fully paid-up equity shares; and

f) take any legal action for the recovery of the outstanding amounts in accordance with the transaction documents.

This is an indicative list and there may be additional terms that may require the consent of the relevant lender or the trustee that may amount to an event of default under the various borrowing arrangements entered into by us.

SECTION VI – LEGAL AND OTHER INFORMATION
OUTSTANDING LITIGATION AND OTHER MATERIAL DEVELOPMENTS

The details of the outstanding litigation or proceedings involving the Company, its Directors Promoters and Subsidiary are described in the section in the manner as detailed below:

Except as stated in this section, as on the date of this RHP, there are no (i) outstanding criminal proceedings involving our Company, its Directors, Promoters or Subsidiary; (ii) actions taken by statutory or regulatory authorities against our Company, its Directors, Promoters or Subsidiary; and (iii) outstanding claims involving our Company, its Directors, Promoters or Subsidiary; for any direct and indirect tax liabilities; (iv) outstanding material civil litigation involving our Company, its Directors, Promoters or Subsidiary pursuant to the Materiality Policy in accordance with the SEBI ICDR Regulations; (v) pending defaults or non-payment of statutory dues by our Company; (vi) outstanding dues to creditors of our Company as determined to be material by our Board of Directors as per the Materiality Policy in accordance with the SEBI ICDR Regulations; (vii) outstanding dues to small scale undertakings and other creditors of our Company as determined to be material by our Board of Directors in accordance with the SEBI ICDR Regulations and the Materiality Policy; (viii) pending inquiry, inspection or investigation initiated or conducted under the Companies Act against our Company and its Subsidiary (ix) proceedings initiated against our Company for economic offences; and (x) violations of securities laws.

Pursuant to the SEBI ICDR Regulations and the Materiality Policy adopted by our Board of Directors pursuant to a resolution dated June 8, 2018, for the purposes of disclosure, (i) all pending litigations involving our Company, its Directors, Promoters or Subsidiary, other than criminal proceedings, statutory or regulatory actions and taxation proceedings, would be considered 'material': (a) if the amount involved in such litigation individually is in excess of 2 % of the profit after tax as per the Restated Consolidated Financial Statements for the Fiscal 2018 amounting to ₹ 18.58 million, individually; (b) the decision in one case is likely to affect the decision in similar cases, even though the amount involved in an individual litigation may not exceed the threshold specified in (a) above; and (c) all other outstanding litigation which may not meet the specific threshold and parameters as set out in (a) and (b) above, but where an adverse outcome would materially and adversely affect the business, operations or financial position or reputation of the Company.

It is further clarified that notices received by our Company, its Directors, Promoters or Subsidiary, 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, its Directors, Promoters or Subsidiary, are impleaded as defendants in litigation proceedings before any judicial forum.

I. Litigation involving our Company

A. Outstanding criminal litigation involving our Company

(i) Criminal proceedings against our Company[1]

One FIR was filed by Rajeshwari Santosh Satupute against one employee of our Company, alleging cheating and criminal conspiracy with respect to loan facilities availed from our Company. This matter is currently pending for evidence before the Judicial Magistrate, First Class, Shivaji Nagar, Pune.

(ii) Criminal proceedings by our Company

1. Our Company has filed 1,669 complaints, against various persons, under the Negotiable Instruments Act, 1881 and the Payment and Settlement Systems Act, 2007 in relation to dishonour of cheques and recovery of dues. The matters are pending at different stages of

[1] *These proceedings do not include one proceeding for which the loan account has been sold off by the Company and the liability to act as a collection agent has ceased to exist upon the Company.*

adjudication before various courts. The aggregate amount involved in the matters is approximately ₹ 106.65 million.[2]

2. Our Company has filed three FIRs, two criminal complaints and one revision petition, against various persons, typically in relation to amongst others cheating, fraudulent execution of documents and forgery. These matters are currently pending for investigation before Tis Hazari Court, Delhi, Court of Judicial Magistrate First Class, Pune, Court of Chief Judicial Magistrate, Jaipur and various police stations in Delhi, Mumbai and Rajasthan.[3]

B. ***Outstanding material civil litigation involving our Company***

(i) *Material civil proceedings against our Company*

Nil

(ii) *Material civil proceedings by our Company*

1. Our Company has issued a notice against Jayantbhai Kalubhai Sagar and Madhu Jayant Sagar, under the Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002 for recovery of dues aggregating to ₹ 29.85 million, pursuant to failure to repay a loan facility availed by the respondents from our Company. This matter is pending at the stage of settlement of assets by our Company.

2. Our Company has issued a notice against Shrenik Kirtilal Sheth, Jyotiben Shrenik Sheth and Dhyandev Enterprises Private Limited, under the Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002 for recovery of dues aggregating to ₹ 24.68 million, pursuant to failure to repay a loan facility availed by the respondents from our Company. This matter is pending at the stage of settlement of assets by our Company.

C. Pending action by statutory or regulatory authorities against our Company

Nil

D. Tax proceedings against our Company

(i) *Direct tax proceedings*

Nil

(ii) *Indirect Tax Proceedings*

Nil

E. Proceedings initiated against our Company for economic offences

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[2] *These proceedings do not include 695 proceedings for which loan accounts have been sold off by the Company. In such proceedings, for which the liability has ceased to exist, the Company only acts as a collection agent.*
[3] *These proceedings do not include nine proceeding for which the loan accounts have been sold off by the Company and the liability to act as a collection agent has ceased to exist upon the Company.*

Nil

F. ***Pending inquiry, inspection or investigation initiated or conducted under the Companies Act against our Company***

Nil

G. Other outstanding litigation involving our Company

(i) By the Company [4]

Our Company has initiated 380 proceedings, against various persons, under the Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002 for recovery of dues. The matters are pending at different stages of adjudication before various courts. The aggregate amount involved in the matters is approximately ₹ 410.27 million.

Apart from the direct proceeding, our Company has filed an application against Ashok Echaram Patil before the Debt Recovery Tribunal, Mumbai, under the Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002 for recovery of dues. This matter is currently pending before the Debt Recovery Tribunal, Mumbai.

(ii) Against the Company [5]

Five applications were filed by various persons against our Company under the Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002 for recovery of dues. The matters are pending at different stages of adjudication before various courts.

H. Outstanding dues to small scale undertakings or any other creditors

As of June 30, 2018 we have 86 creditors to whom we owe an aggregate amount of ₹ 10.28 million.

Based on information available with our Company, there is no micro, small and medium enterprise as defined under the Micro, Small and Medium Enterprises Development Act, 2006, to whom our Company owes any amount as of June 30, 2018.

As per the Materiality Policy, creditors of our Company to whom an amount exceeding 2% of our total consolidated trade payables for the period ending March 31, 2018 was outstanding, were considered 'material' creditors. Based on the above, there are no material creditors of our Company as on June 30, 2018.

Further details pertaining to amounts due towards our creditors are available on the website of our Company at the following link: https://www.aavas.in/

Information provided on the website of our Company is not a part of this Red Herring Prospectus and should not be deemed to be incorporated by reference. Anyone placing reliance on any other source of information, including our Company's website, https://www.aavas.in/ would be doing so at their own risk.

I. Regulatory Matters involving NHB and RoC

[4] *These proceedings do not include 241 proceedings for which loan accounts have been sold off by the Company. In such proceedings, for which the liability has ceased to exist, the Company only acts as a collection agent.*
[5] *These proceedings do not include nine proceeding for which the loan accounts have been sold off by the Company and the liability to act as a collection agent has ceased to exist upon the Company.*

1. The NHB issued a show cause notice under the NHB Act, on December 20, 2013, addressing Sushil Kumar Agarwal, in his capacity as Director and CEO of our Company, alleging violation of certain provisions of the NHB Act and NHB circular dated April 7, 2011, which require a company registered under the NHB Act to submit half yearly returns in the form prescribed under the Housing Finance Companies (NHB) Directions, 2010. Our Company replied to this notice on December 26, 2013, providing certain clarifications and requesting the NHB not to take further action. The NHB, by its letter dated January 6, 2014, accepted our request and advised us to ensure compliance with the provisions of Housing Finance Companies (NHB) Directions, 2010 in the future.

2. The RoC had issued a show cause notice under Sections 149(1), 149(2) read with Section 433 of the Companies Act 1956 on March 1, 2016 to our Company, AuSFB, our Directors, Sushil Kumar Agarwal, Krishan Kant Rathi, certain former directors of our Company, Company Secretary and Chief Financial Officer of our Company, alleging violation of certain provisions of the Companies Act 1956, which mandate that when a company with share capital issues a prospectus inviting the public to subscribe to its shares, there are certain conditions which are required to be fulfilled by the company before it can commence its business. The RoC stated that due to these alleged violations, the Company, including its officers in default, are liable to penal action under the Companies Act 1956. Our Company replied to this notice on March 25, 2016, stating that since it was incorporated as a private company, it was exempt from the conditions specified under Sections 149(1) and 149(2) of Companies Act, 1956 and submitted the relevant documents to the RoC. There has been no further communication from the RoC in relation to this notice.

II. Litigation involving our Subsidiary

Outstanding litigation involving Aavas Finserv

A. Outstanding criminal proceedings involving Aavas Finserv

Criminal proceedings against Aavas Finserv

Nil

Criminal proceedings by Aavas Finserv

Nil

B. Outstanding material civil litigation involving Aavas Finserv

Nil

C. Action by statutory or regulatory authorities against Aavas Finserv

Nil

D. Tax proceedings against Aavas Finserv

Nil

E. Other material outstanding litigation involving Aavas Finserv

Nil

F. ***Pending inquiry, inspection or investigation initiated or conducted under the Companies Act against Aavas Finserv***

Nil

III. Litigation involving our Directors

A. ***Outstanding criminal proceedings involving Directors***

Criminal proceedings against our Directors

Nil

Criminal proceedings by our Directors

Nil

B. ***Outstanding material civil litigation involving Directors***

Nil

C. ***Action by statutory or regulatory authorities against Directors***

1. The NHB issued a show cause notice under the NHB Act, on December 20, 2013, addressing Sushil Kumar Agarwal, in his capacity as Director and CEO of our Company, alleging violation of certain provisions of the NHB Act and NHB circular dated April 7, 2011, which require a company registered under the NHB Act to submit half yearly returns in the form prescribed under the Housing Finance Companies (NHB) Directions, 2010. Our Company replied to this notice on December 26, 2013, providing certain clarifications and requesting the NHB not to take further action. The NHB, by its letter dated January 6, 2014, accepted our request and advised us to ensure compliance with the provisions of Housing Finance Companies (NHB) Directions, 2010 in the future.

2. The RoC had issued a show cause notice under Sections 149(1), 149(2) read with Section 433 of the Companies Act 1956 on March 1, 2016 to our Company, AuSFB, our Directors, Sushil Kumar Agarwal, Krishan Kant Rathi, certain former directors of our Company, Company Secretary and Chief Financial Officer of our Company, alleging violation of certain provisions of the Companies Act 1956, which mandate that when a company with share capital issues a prospectus inviting the public to subscribe to its shares, there are certain conditions which are required to be fulfilled by the company before it can commence its business. The RoC stated that due to these alleged violations, the Company, including its officers in default, are liable to penal action under the Companies Act 1956. Our Company replied to this notice on March 25, 2016, stating that since it was incorporated as a private company, it was exempt from the conditions specified under Sections 149(1) and 149(2) of Companies Act, 1956 and submitted the relevant documents to the RoC. There has been no further communication from the RoC in relation to this notice.

3. The Assistant Director, Directorate of Enforcement, Ministry of Finance, Government of India ("**ED**") issued summons under the Foreign Exchange Management Act, 1999, on June 11, 2018 to our Director, Sandeep Tandon, in his personal capacity, in relation to an investigation concerning his purchase of certain number of equity shares in Accelyst Pte. Limited (a company incorporated in Singapore) and the subsequent sale of these equity shares. Sandeep Tandon was directed to personally appear before the ED on June 21, 2018 and furnish certain documents to

the ED. Sandeep Tandon has personally appeared before the ED on two occasions and has also provided the information requested by the ED. The matter is currently pending at the stage of investigation.

D. Tax proceedings against Directors

Nil

E. Other material outstanding litigation involving Directors

Nil

IV. Litigation involving our Promoters

Outstanding litigation involving Lake District

A. Outstanding criminal litigation involving Lake District

Criminal proceedings against Lake District

Nil

Criminal proceedings by Lake District

Nil

B. Outstanding material civil litigation involving Lake District

Nil

C. Action by statutory or regulatory authorities against Lake District

Nil

D. Tax proceedings against Lake District

Nil

E. Other material outstanding litigation involving Lake District

Nil

F. Litigation or legal action by the Government of India or any statutory authority in last five years against Lake District

Nil

Outstanding litigation involving ESCL

A. Outstanding criminal litigation involving ESCL

Criminal proceedings against ESCL

Nil

Criminal proceedings by ESCL

Nil

B. Outstanding material civil litigation involving ESCL

Nil

C. Pending action by statutory or regulatory authorities against ESCL

Nil

D. Tax proceedings against ESCL

Nil

E. Other material outstanding litigation involving ESCL

Nil

F. Litigation or legal action by the Government of India or any statutory authority in last five years against ESCL

Nil

Material developments since the last balance sheet date

Except as stated in "***Management's Discussion and Analysis of Financial Condition and Results of Operation – Significant Developments after June 30, 2018***" on page 419, no circumstances have arisen since June 30, 2018, the date of the last restated financial statements disclosed in this Red Herring Prospectus, which materially and adversely affect or are likely to affect, our operations or profitability, the value of our consolidated assets or our ability to pay our material liabilities within the next 12 months.

Except as stated in "***Management's Discussion and Analysis of Financial Condition and Results of Operation – Significant Developments after June 30, 2018***" on page 419, there is no development subsequent to June 30, 2018, that is expected to have a material impact on our reserves, profits, earnings per share and book value.

GOVERNMENT AND OTHER APPROVALS

Our business requires various approvals, licenses, registrations and permits issued by relevant Central and State authorities under various rules and regulations. We have set out below an indicative list of such material approvals, licenses, registrations and permits obtained by our Company, and our Subsidiary, as applicable, for the purposes of undertaking their respective business. In view of such approvals, our Company can undertake the Offer and its current business activities. Additionally, unless otherwise stated, these approvals, licenses, registrations and permits are valid as on the date of this Red Herring Prospectus. Certain approvals, licenses, registrations and permits may expire periodically in the ordinary course and applications for renewal of such expired approvals are submitted in accordance with applicable requirements and procedures.

*We have also set forth below (i) approvals or renewals applied for but not received by our Company and Subsidiary; (ii) approvals expired and renewal yet to be applied for by our Company and Subsidiary; and (iii) approvals required however yet to be obtained or applied for by our Company and Subsidiary. For further details in connection with the applicable regulatory and legal framework, see "**Key Regulations and Policies in India**" on page 164.*

I. APPROVALS IN RELATION TO THE OFFER

A. Approvals from Regulatory Authorities

Our Company has received a letter dated June 15, 2018 from NHB granting no-objection in relation to the Offer.

For further details of corporate and other approvals in relation to the Offer, see "***Other Regulatory and Statutory Disclosures – Authority for the Offer***" on page 451.

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 February 23, 2011 issued to our Company by the RoC, Ministry of Corporate Affairs, Government of India, in the name of 'Au Housing Finance Private Limited'.

(ii) Fresh certification dated January 11, 2013, granted by the RoC, Ministry of Corporate Affairs, Government of India, upon change of name consequent to conversion from private to public company.

(iii) Fresh certification dated March 29, 2017, granted by the RoC, Ministry of Corporate Affairs, Government of India, upon change of name from 'AU Housing Finance Limited' to 'Aavas Financiers Limited'.

(iv) Our Company was allotted a corporate identification number U65922RJ2011PLC034297

b. Sectoral/Business Approvals

(i) Certificate No. 08.0095.11 dated August 4, 2011 issued by NHB on name of Au Housing Finance Private Limited allowing our Company to carry on the business of a 'housing finance institution without accepting public deposits'.

(ii) Certificate No. 02.0104.13 dated February 8, 2013 issued by NHB on name of AU Housing Finance Limited allowing our Company to carry on the business of a 'housing finance institution without accepting public deposits'.

(iii) Certificate No. 04.0151.17 dated April 19, 2017 issued by NHB on name of Aavas Financiers Limited allowing our Company to carry on the business of a 'housing finance institution without accepting public deposits'.

(iv) Certificate of registration dated December 8, 2017, issued to our Company by the IRDAI to act as a corporate agent (composite) under the Insurance Act and the Corporate Agents Regulation, 2015.

(v) Recognition as a 'financial institution' by the Ministry of Finance, by notification dated December 18, 2015 for the purpose of sub-clause (iv) of clause (m) of sub-section (1) of Section 2 of the SARFAESI Act.

(vi) Company has obtained LEI registration number 335800TMNAGA7MPDP384 on February 19, 2018, from Legal Entity Identifier India Ltd.(LEIIL).

(vii) Registration dated July 19, 2018 with the National e-Governance Services Limited for information utility services.

c. Labour and Commercial Approvals

(i) We are required to obtain a certificate of establishment issued by the labour departments of the respective state governments where the corporate office and branch offices of our Company are located under the provisions of the relevant state specific legislations on shops and establishments. We have obtained the relevant shops and establishment registrations under the applicable provisions of the shops and establishments legislations of the relevant state for our corporate office and branch offices in India.

(ii) Registration no. RJRAJ0028714000 from the Employee Provident Fund, Regional Office, Jaipur, under the provisions of the EPF Act.

(iii) We require registration under the Employee State Insurance Act and our Company has been allotted the ESI registrations for various states.

d. Approvals from Tax Authorities

Our Company is required to register itself under various tax laws such as the IT Act and GST Act. Our Company is also required to pay state specific professional tax. Our Company has obtained the necessary licenses and approvals from the appropriate regulatory and governing authorities in relation to such tax laws.

III. APPROVALS FOR OUR SUBSIDIARY:

Aavas Finserv:

(i) Certificate of incorporation dated November 30, 2017 issued to our Company by the RoC, Ministry of Corporate Affairs, Government of India in the name of 'Aavas Finserv Limited'.

IV. PENDING APPROVALS

A. Material approvals or renewals applied for but not received by our Company and Subsidiary

As on the date of this Red Herring Prospectus, out of 186 branches operated by our Company, we currently hold all aforementioned key approvals, as required except the following approvals for which application are currently pending before the relevant authorities:

Company/Subsidiary	Registration/Renewal	Authority	Date of Application
Company	Registration as an Authentication User Agency ("**AUA**")/e - Know Your Customer User Agency ("**KUA**")	Unique Identification Authority of India	January 1, 2018 read with January 8, 2018

B. Material licenses and approvals expired and renewal yet to be applied for by our Company and Subsidiary

Nil

C. Material licenses and approvals required however yet to be obtained or applied for by our Company and Subsidiary

Nil

Certain other approvals / licenses may have lapsed in their normal course and we have either made an application to appropriate authorities for renewal of such registrations or are in the process of making such applications.

V. TRADEMARK REGISTRATIONS

For details in relation to our intellectual property, see "***Our Business – Intellectual Property***" on page 162.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Offer

Corporate Approvals

Our Board has, pursuant to its resolution dated May 7, 2018 authorised the Offer, subject to the approval of our equity shareholders under Section 62(1)(c) of the Companies Act 2013. Our equity shareholders have, pursuant to a resolution dated June 11, 2018 under Section 62(1)(c) of the Companies Act, authorised the Fresh Issue.

The Draft Red Herring Prospectus has been approved by the Board on June 8, 2018 and the IPO Committee on June 20, 2018.

This Red Herring Prospectus has been approved by the Board on September 12, 2018.

The Selling Shareholders, severally and not jointly, confirm that their respective proportion of the Equity Shares offered by them in the Offer for Sale, have been held by them for a period of at least one year prior to the filing of the Draft Red Herring Prospectus with SEBI or have been issued or received in accordance with Regulation 26(6) of the 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.

In-principle Listing Approvals

Our Company has received in-principle approvals from BSE and NSE for the listing of our Equity Shares pursuant to letters dated July 17, 2018 and July 25, 2018 respectively.

Other Approvals

Our Company has received a letter dated June 15, 2018 from NHB granting no-objection in relation to the Offer.

Approvals from the Selling Shareholders

The Selling Shareholders have approved the transfer of their respective Equity Shares pursuant to the Offer for Sale as set out below:

S. No.	Name of the Selling Shareholder	Date of Consent Letter/Corporate Authorisation Letter	Date of Board Resolution/ Partners' Approval	Maximum number of Equity Shares offered for sale
1.	Lake District	June 19, 2018	June 11, 2018	8,815,439
2.	ESCL	June 19, 2018	June 13, 2018	4,281,907
3.	Master Fund	June 15, 2018/ June 19, 2018	N.A.	1,879,110
4.	Kedaara AIF-1	June 19, 2018	May 21, 2018 and June 14, 2018	236,339
5.	Sushil Kumar Agarwal	June 19, 2018	N.A.	911,564
6.	Vivek Vig	June 19, 2018	N.A.	125,000

Prohibition by the SEBI, the RBI or Governmental Authorities

None of our Company, our Promoters, our Promoter Group, the Selling Shareholders and our Directors, persons in control of our Company and directors of the Promoters are or have ever been prohibited from accessing or operating in the capital market under any order or direction passed by the SEBI or any other governmental authorities.

Neither our Promoters nor any of our Directors or persons in control of our Company were or are a promoter, director or person in control of any other company which is debarred from accessing the capital market under any order or directions made by the SEBI or any other governmental authorities.

Except as stated below none of our Directors are in any manner associated with the securities market:

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 Category II Alternative Investment Fund. Further Krishan Kant Rathi, is a director in Indianivesh First Bridge Fund Managers Private Limited, which is the fund manager for IndiaNivesh Renaissance Trust, which is a SEBI registered domestic venture capital fund. Further, SEBI has not initiated any action against Indianivesh Fund Managers Private Limited, Indianivesh Venture Capital Fund or Indianivesh First Bridge Fund Managers Private Limited or IndiaNivesh Renaissance Trust as on date.

Ramachandra Kasargod Kamath is a director of Centrum Capital Limited, which is a Category I Merchant Banker registered with SEBI. SEBI initiated enquiry proceedings against Centrum Capital Limited, vide show cause notice dated August 19, 2013, for alleged violation of the provisions of Regulation 24 (1) of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997. Subsequently, a settlement order was passed by SEBI on July 15, 2015, by way of which the enquiry proceedings were dismissed and Centrum Capital Limited made payment of settlement charges of ₹ 1.98 million.

Kartikeya Dhruv Kaji is associated with Kedaara Capital Fund II LLP, Kedaara Capital Alternative Investment Fund – Kedaara Capital AIF 1 and Kedaara Capital Alternative Investment Fund II, which are SEBI registered entities. SEBI has not initiated any action against these entities, as on date.

Nishant Sharma is associated with Kedaara Capital Fund II LLP, Kedaara Capital Alternative Investment Fund – Kedaara Capital AIF 1 and Kedaara Capital Alternative Investment Fund II, which are SEBI registered entities. SEBI has not initiated any action against these entities, as on date.

Neither our Company, nor our Promoters, nor our Directors, are or have been declared 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 Regulation 26(1) of the SEBI ICDR Regulations, as set forth below:

- our Company has net tangible assets of at least ₹ 30 million in each of the preceding three full years (of 12 months each), of which not more that 50% of the net tangible assets are held in monetary assets;
- our Company has a minimum average pre-tax operating profit of ₹ 150 million, calculated on a restated basis during the three most profitable years out of the immediately preceding five years;
- our Company has a net worth of at least ₹ 10 million in each of the three preceding full years (of 12 months each);
- the aggregate size of the proposed Offer and all previous issues made in the same financial year, in terms of the Offer Size, is not expected to exceed five times the pre-Offer net worth of our Company as per the audited balance sheet of the preceding financial year; and
- our Company has not changed its name during the last one year.

Our Company's pre-tax operating profit, net worth, net tangible assets and monetary assets derived from the Restated Standalone Financial Statements included in this Red Herring Prospectus as at, and for the last three years ended, March 31 are set forth below:

(*₹ in million, except as indicated*)

Particulars	Fiscal 2018	Fiscal 2017	Fiscal 2016
Net Tangible assets(1)	38,144.48	24,490.54	17,107.57
Monetary assets(2)	5,649.61	2,757.67	2,349.00
Monetary assets as a % of Net Tangible assets	14.81%	11.26%	13.73%
Net worth(3)	10,984.71	5,663.26	2,038.18

Particulars	Fiscal 2018	Fiscal 2017	Fiscal 2016
Pre-tax operating profits(4)	1,417.53	875.59	499.52

(1) 'Net tangible assets' means the sum of all net assets of our Company excluding deferred tax assets if any and intangible assets as defined in Accounting Standard 26 issued by Institute of Chartered Accountants of India.
(2) 'Monetary Assets' comprise cash on hand, balances with banks, and other bank balances.
(3) 'Net worth' means the aggregate of the paid up share capital, reserves and surplus (excluding revaluation reserve) and money received against share warrants 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.
(4) 'Pre-tax operating profits' comprise profit before tax

Fiscals 2018, 2017 and 2016 are the three most profitable years out of the immediately preceding five Fiscals in terms of our Restated Financial Information and our average pre-tax operating profit calculated on a restated basis during such period which is ₹ 930.88 million.

Our Company's pre-tax operating profit, net worth and net tangible assets and monetary assets derived from the Restated Consolidated Financial Statements included in this Red Herring Prospectus as at, and for the last three year ended, March 31 are set forth below:

(*₹ in million, except as indicated*)

Particulars	Fiscal 2018	Fiscal 2017*	Fiscal 2016*
Net Tangible assets(1)	38,143.97	24,490.54	17,107.57
Monetary assets(2)	5,694.61	2,757.67	2,349.00
Monetary assets as a % of Net Tangible assets	14.93%	11.26%	13.73%
Net worth(3)	10,984.13	5,663.26	2,038.18
Pre-tax operating profits(4)	1,416.95	875.59	499.52

(1) 'Net tangible assets' means the sum of all net assets of our Company excluding deferred tax assets if any and intangible assets as defined in Accounting Standard 26 issued by Institute of Chartered Accountants of India.
(2) 'Monetary Assets' cash on hand, balances with banks, and other bank balances..
(3) 'Net worth' means the aggregate of the paid up share capital, reserves and surplus (excluding revaluation reserve) and money received against share warrants 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
(4) 'Pre-tax operating profits' comprise profit before tax..
** Figures for years ended March 31, 2017 and March 31, 2016 are based on restated standalone summary statements as the Company was required to present consolidated financial statements for the first time in respect of financial year ended March 31, 2018.*

Fiscals 2018, 2017 and 2016 are the three most profitable years out of the immediately preceding five Fiscals in terms of our Restated Financial Information and our average pre-tax operating profit calculated on a restated basis during such period which is ₹ 930.69 million.

Hence, we are eligible for the Offer as per Rule 19(2)(b) of the SCRR read with Regulation 26(1) of the SEBI ICDR Regulations wherein not more than 50% of the Offer shall be allocated to Qualified Institutional Buyers provided that the Company and the Selling Shareholders may, in consultation with the GCBRLMs and BRLM, allocate up to 60% of the QIB Category to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations 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 Allocation Price. In the event of under-subscription, or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the QIB Category. 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 However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining Net QIB Portion for proportionate allocation to QIBs. Further, not less than 15% of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Investors and not less than 35% of the Offer shall be available for allocation to Retail Individual Investors, in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. Further, in accordance with Regulation 26(4) of the SEBI ICDR Regulations, we shall ensure that the number of prospective Allottees to whom the Equity Shares will be Allotted shall not be less than 1,000, failing which the entire application monies shall be refunded forthwith. If pursuant to the Offer, Equity Shares are not Allotted by our Company within six Working Days from the Bid/Offer Closing Date or within such timeline as prescribed by the SEBI, all monies received from Bidders shall be repaid without interest, failing which, interest shall be due to be paid to the applicants at the rate of 15% *per annum* for the delayed period.

Our Company is in compliance with conditions specified in Regulation 4(2) of the SEBI ICDR Regulations to the extent applicable.

DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE GLOBAL CO-ORDINATOR AND THE BOOK RUNNING LEAD MANAGERS, BEING ICICI SECURITIES LIMITED, CITIGROUP GLOBAL MARKETS INDIA PRIVATE LIMITED, EDELWEISS FINANCIAL SERVICES LIMITED AND SPARK CAPITAL ADVISORS (INDIA) PRIVATE LIMITED AND THE BOOK RUNNING LEAD MANAGER BEING HDFC BANK LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED OFFER.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, 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 RESPECTIVE PORTION OF THE EQUITY SHARES OFFERED BY IT IN THE OFFER FOR SALE, THE GLOBAL CO-ORDINATORS AND BOOK RUNNING LEAD MANAGERS AND THE BOOK RUNNING LEAD MANAGER ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY AND SELLING SHAREHOLDERS DISCHARGE THEIR RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE GLOBAL CO-ORDINATORS AND BOOK RUNNING LEAD MANAGERS, BEING ICICI SECURITIES LIMITED, CITIGROUP GLOBAL MARKETS INDIA PRIVATE LIMITED, EDELWEISS FINANCIAL SERVICES LIMITED AND SPARK CAPITAL ADVISORS (INDIA) PRIVATE LIMITED AND THE BOOK RUNNING LEAD MANAGER BEING HDFC BANK LIMITED HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED JUNE 20, 2018 WHICH READS AS FOLLOWS:

WE, THE GLOBAL CO-ORDINATORS AND BOOK RUNNING LEAD MANAGERS AND THE BOOK RUNNING LEAD MANAGER TO THE OFFER, STATE AND CONFIRM AS FOLLOWS:

1. **WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION SUCH AS COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL DOCUMENTS IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID OFFER;**

2. **ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS, CHIEF FINANCIAL OFFICER 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 INVESTMENT IN THE PROPOSED OFFER AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 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 UNTIL DATE SUCH REGISTRATIONS ARE VALID.**

4. **WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS. – <u>NOTED FOR COMPLIANCE</u>.**

5. **WE CERTIFY THAT WRITTEN CONSENTS FROM THE PROMOTERS HAVE BEEN OBTAINED FOR INCLUSION OF THEIR EQUITY SHARES AS PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE EQUITY SHARES PROPOSED TO FORM PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED/ SOLD/ TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF THE DRAFT RED HERRING PROSPECTUS WITH SEBI UNTIL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS. – COMPLIED WITH AND NOTED FOR COMPLIANCE.**

6. **WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO 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. - <u>COMPLIED WITH AND NOTED FOR COMPLIANCE.</u>**

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 THE AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE PROMOTERS' CONTRIBUTION WILL 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. – <u>NOT APPLICABLE</u>.**

8. **WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT OFFER FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION. - <u>COMPLIED WITH TO THE EXTENT APPLICABLE.</u>**

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 SUB-SECTION (3) OF SECTION 40 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 AND THE COMPANY AND THE SELLING SHAREHOLDERS SPECIFICALLY CONTAINS THIS CONDITION – <u>NOTED FOR COMPLIANCE. ALL MONIES RECEIVED FROM THE OFFER SHALL BE CREDITED/ TRANSFERRED TO A SEPARATE BANK ACCOUNT AS PER SECTION 40(3) OF THE COMPANIES ACT 2013.</u>

10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE. – <u>NOT APPLICABLE. UNDER SECTION 29 OF THE COMPANIES ACT 2013, EQUITY SHARES IN THE OFFER WILL BE ISSUED IN DEMATERIALISED FORM ONLY</u>.

11. WE CERTIFY THAT ALL 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 INVESTORS TO MAKE A WELL INFORMED DECISION. – <u>COMPLIED WITH</u>

12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS: <u>COMPLIED WITH</u>

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 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 - <u>COMPLIED WITH AND NOTED FOR COMPLIANCE</u>.

14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE COMPANY, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS' EXPERIENCE, ETC. - <u>COMPLIED WITH.</u>

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 - <u>COMPLIED WITH.</u>

16. WE ENCLOSE A STATEMENT ON 'PRICE INFORMATION OF PAST ISSUES HANDLED BY THE GLOBAL CO-ORDINATORS AND THE BOOK RUNNING LEAD MANAGERS AND THE BOOK RUNNING LEAD MANAGER (WHO ARE RESPONSIBLE FOR PRICING THIS OFFER)', AS PER FORMAT SPECIFIED BY SEBI THROUGH CIRCULAR. - <u>COMPLIED WITH.</u>

17. WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS. – <u>COMPLIED WITH TO THE EXTENT OF THE RELATED PARTY TRANSACTIONS REPORTED IN ACCORDANCE WITH ACCOUNTING STANDARD 18 AND AS CERTIFIED BY G.M. KAPADIA & CO., CHARTERED ACCOUNTANTS (ICAI FIRM REGISTRATION NO: 104767W) BY WAY OF ITS CERTIFICATE DATED JUNE 19, 2018</u>.

18. WE CERTIFY THAT THE ENTITY IS ELIGIBLE UNDER 106Y (1) (A) OR (B) (AS THE CASE MAY BE) TO LIST ON THE INSTITUTIONAL TRADING PLATFORM, UNDER CHAPTER XC OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 (IF APPLICABLE). – NOT APPLICABLE.

The filing of this Red Herring Prospectus does not, however, absolve our Company and any person who has authorised the issue of this Red Herring Prospectus 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 proposed Offer. SEBI further reserves the right to take up at any point of time, with the GCBRLMs and BRLM, any irregularities or lapses in this Red Herring Prospectus.

The filing of this Red Herring Prospectus does not absolve the Selling Shareholders from any liability to the extent of the statements specifically confirmed or undertaken by each Selling Shareholder in respect of their respective portion of the Equity Shares offered by it in the Offee for Sale, under Sections 28, 34 or Section 36 of Companies Act 2013.

All legal requirements pertaining to this 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. All legal requirements pertaining to the Offer will be complied with at the time of registration of the Prospectus with the RoC in terms of Sections 26 and 30 of the Companies Act 2013.

Price Information of Past Offers handled by the GCBRLMs and BRLM

1. Price information of past issues (during the current financial year and two financial years preceding the current financial year) handled by ICICI Securities Limited

Sr. No.	Issue Name	Issue Size (Rs. Mn.)	Issue Price (Rs.)	Listing Date	Opening Price on Listing Date	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1	Security and Intelligence Services (India) Limited	7,795.80	815.00	10-Aug-17	879.80	-3.29%, [+1.17%]	+3.14%, [+5.40%]	+39.12%,[+8.62%]
2	Matrimony.Com Limited	4,974.79	985.00 (1)	21-Sep-17	985.00	-12.28%, [+0.62%]	-7.64%,[+3.37%]	-16.55%,[-0.27%]
3	ICICI Lombard General Insurance Company Limited	57,009.39	661.00	27-Sep-17	651.10	+3.62%, [+6.25%]	+18.97%,[+8.17%]	+15.36%,[4.06%]
4	SBI Life Insurance Company Limited	83,887.29	700.00 (2)	03-Oct-17	735.00	-7.56%, [+5.89%]	-0.07%,[+5.84%]	-2.30%,[3.57%]
5	Newgen Software Technologies Limited	4,246.20	245.00	29-Jan-18	254.10	-0.20%, [-5.18%]	+2.51%[-3.51%]	-2.00%,[1.33%]
6	Galaxy Surfactants Limited	9,370.90	1,480.00	8-Feb-18	1,525.00	+1.14%, [-3.31%]	-0.85%[+1.33%]	-14.68%,[7.66%]
7	Aster DM Healthcare Limited	9,801.40	190.00	26-Feb-18	183.00	-13.66%,[-3.77%]	-5.39%,[+1.00%]	-8.16%,[9.21%]
8	Sandhar Technologies Limited	5,124.80	332.00	02-Apr-18	346.10	+19.59%[+4.96%]	+15.41%,[+4.36%]	-
9	HDFC Asset Management Company Limited	28,003.31	1,100.00	06-Aug-18	1,726.25	+58.04%,[+1.17%]	-	-
10	Creditaccess Grameen Limited	11,311.88	422.00	23-Aug-18	390.00	-	-	-

(1) Discount of Rs. 98 per equity share offered to retail investors and to Eligible Employees. All calculations are based on Issue Price of Rs. 985.00 per equity share.
(2) Discount of Rs. 68 per equity share offered to Eligible Employees. All calculations are based on Issue Price of Rs. 700.00 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

Financial Year	Total no. of IPOs	Total amount of funds raised (Rs. Mn.)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2018-19	3	44,439.99	-	-	-	1	-	1	-	-	-	-	-	-
2017-18	9	208,306.61	-	-	5	1	-	3	-	-	**5**	**1**	**2**	**1**
2016-17	12	160,855.45	-	-	3	4	4	1	-	1	1	7	2	1

2. Price information of past issues handled by Citigroup Global Markets India Private Limited

Sr. No.	Issue Name	Issue size (in Rs. Mn)	Issue price (Rs.)	Listing date	Opening price on listing date	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1.	HDFC Asset Management Company Limited	28,003.3	1,100.00	August 6, 2018	1,726.25	(+)58.04% [+1.17%]	NA	NA
2.	TCNS Clothing Co. Limited	11,251.3	716.00	July 30, 2018	716.00	(-)9.29% [+3.70%]	NA	NA
3.	Varroc Engineering Limited	19,549.6	967.00	July 6, 2018	1,015.00	+1.62% [+5.46%]	NA	NA
4.	ICICI Securities Limited	35,148.5	520.00	April 4, 2018	435.00	(-)27.93% [+5.44%]	(-)38.63% [+5.64%]	NA
5.	General Insurance Corporation of India	112,568.3	912.00	October 25, 2017	850.00	(-)12.92% [+0.52%]	(-)13.95% [+6.52%]	(-)20.78% [+2.61%]
6.	SBI Life Insurance Company Limited	83,887.3	700.00	October 3, 2017	735.00	(-)7.56% [+5.89%]	(-)0.66% [+6.81%]	(-)3.11% [2.58%]
7.	AU Small Finance Bank Limited	19,125.1	358.00	July 10, 2017	530.00	+58.76% [+2.12%]	+71.80% [+2.14%]	+95.38% [+8.06%]

Sr. No.	Issue Name	Issue size (in Rs. Mn)	Issue price (Rs.)	Listing date	Opening price on listing date	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
8.	Eris Lifesciences Limited	17,404.9	603.00	June 29, 2017	611.00	+0.87% [+5.37%]	(-)5.69% [+3.87%]	+27.19% [+10.40%]
9.	Tejas Networks Limited	7,766.9	257.00	June 27, 2017	257.00	+28.04% [+5.35%]	+23.27% [+4.76%]	+51.65% [+10.32%]
10.	India Grid Trust	22,499.6	100.00	June 6, 2017	99.70	(-)7.66% [+0.00%]	(-)3.50% [+3.50%]	(-)5.15% [+5.03%]

Source: www.nseindia.com

Notes:

1. Nifty is considered as the benchmark index.

2. Since the listing date of ICICI Securities Limited was April 4, 2018, information relating to closing prices and benchmark index as on 180th calendar day from listing date is not available.

3. Since the listing date of Varroc Engineering Limited was July 6, 2018, information relating to closing prices and benchmark index as on 90th / 180th calendar day from listing date is not available.

4. Since the listing date of TCNS Clothing Co. Limited was July 30, 2018, information relating to closing prices and benchmark index as on 90th / 180th calendar day from listing date is not available.

5. Since the listing date of HDFC Asset Management Company Limited was August 06, 2018, information relating to closing prices and benchmark index as on 90th / 180th calendar day from listing date is not available.

6. % of change in closing price on 30th / 90th / 180th calendar day from listing day is calculated vs Issue price. % change in closing benchmark index is calculated based on closing index on listing day vs closing index on 30th/ 90th / 180th calendar day from listing day.

7. 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 closing price on the NSE of a trading day immediately prior to the 30th/ 90th/180th day, is considered.

Summary statement of price information of past issues handled by Citigroup Global Markets India Private Limited

Fiscal Year	Total No. of IPOs	Total Funds Raised (₹in Mn.)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2018-19	4	54,700.3	-	1	1	1	-	1	-	-	-	-	-	-
2017-18	6	263,252.1	-	-	3	1	1	1	-	-	3	2	1	-
2016-17	5	59,804.8	-	-	1	-	1	3	-	-	1	3	1	-

Notes:

1. Since the listing date of ICICI Securities Limited was April 4, 2018, 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 Varroc Engineering Limited was July 6, 2018, information relating to closing prices and benchmark index as on 90th / 180th calendar day from listing date is not available.

3. Since the listing date of TCNS Clothing Co. Limited was July 30, 2018, information relating to closing prices and benchmark index as on 90th / 180th calendar day from listing date is not available.

4. Since the listing date of HDFC Asset Management Company Limited was August 06, 2018, information relating to closing prices and benchmark index as on 90th / 180th calendar day from listing date is not available.

3. Price information of past issues handled by Edelweiss Financial Services Limited

S. No.	Issue Name	Issue Size (₹ million)	Issue price (₹)	Listing Date	Opening Price on Listing Date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1.	Fine Organic Industries Limited	6,001.69	783.00	July 2, 2018	815.00	5.72% [6.56%]	Not Applicable	Not Applicable
2.	ICICI Securities Limited	34,801.16	520.00	April 4, 2018	435.00	-27.93% [5.44%]	-37.26% [5.22%]	Not Applicable
3.	Galaxy Surfactants Limited	9,370.88	1480.00	February 8, 2018	1,525.00	1.14% [-3.31%]	-0.85% [1.33%]	Not Applicable
4.	Amber Enterprises India Limited	6,000.00	859.00^^^	January 30, 2018	1,175.00	27.15% [-5.04%]	32.56% [-2.81%]	Not Applicable
5.	Future Supply Chain Solutions Limited	6,496.95	664.00	December 18, 2017	664.00	3.50% [3.00%]	6.27% [-2.83%]	-5.20% [4.13%]
6.	Shalby Limited	5,048.00	248.00	December 15, 2017	239.70	-3.57% [3.95%]	-11.51% [0.75%]	-28.51 [4.93%]
7.	HDFC Standard Life Insurance Company Limited	86,950.07	290.00	November 17, 2017	310.00	30.16% [1.02%]	48.93% [2.11%]	74.66% [5.04%]

S. No.	Issue Name	Issue Size (₹ million)	Issue price (₹)	Listing Date	Opening Price on Listing Date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
8.	Reliance Nippon Life Asset Management Limited	15,422.40	252.00	November 6, 2017	295.90	3.61% [-3.19%]	8.12% [2.05%]	-4.21% [1.59%]
9.	Prataap Snacks Limited	4,815.98	938.00^^	October 5, 2017	1,270.00	25.12% [5.70%]	31.82% [5.60%]	40.99% [3.27%]
10.	ICICI Lombard General Insurance Company Limited	57,009.39	661.00	September 27, 2017	651.10	3.62% [6.25%]	18.97% [8.17%]	15.36% [4.06%]

Source: www.nseindia.com

^^^ Amber Enterprises India Limited - Employee Discount of ₹ 85 per Equity Share to the Offer Price was offered to the Eligible Employees Bidding in the Employee Reservation Portion. All calculations are based on the Offer Price of Rs. 859 per equity share

^^Prataap Snacks Limited - Employee Discount of ₹ 90 per Equity Share to the Issue Price was offered to the Eligible Employees Bidding in the Employee Reservation Portion. All calculations are based on the issue price of Rs. 938 per equity share

Notes

1. *Based on date of listing.*
2. *% of change in closing price on 30th / 90th / 180th calendar day from listing day is calculated vs Issue price. % change in closing benchmark index is calculated based on closing index on listing day vs closing index on 30th/ 90th / 180th calendar day from listing day.*
3. *Wherever 30th/ 90th / 180th calendar day from listing day is a holiday, the closing data of the next trading day has been considered.*
4. *The Nifty 50 index is considered as the Benchmark Index*
5. *Not Applicable. – Period not completed*
   Disclosure in Table-1 restricted to 10 issues.

Summary statement of price information of past issues handled by Edelweiss Financial Services Limited

Fiscal Year	Total no. of IPOs	Total amount of funds raised (₹ Mn.)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2018-19*	1	34,801.16	-	1	-	-	-	-	-	-	-	-	-	-
2017-18	11	218,549.76	-	-	1	1	5	4	-	1	2	3	1	2
2016 – 17	6	123,361.22	-	-	1	1	3	1	-	-	-	3	2	1

**The information is as on the date of the document*
1. *Based on date of listing.*
2. *Wherever 30th and 180th calendar day from listing day is a holiday, the closing data of the next trading day has been considered.*
3. *The Nifty 50 index is considered as the Benchmark Index.*

For the financial year 2018-19 – 1 issue has been completed.
For the financial year 2017-18 – 11 issues have been completed. All the 11 issues have completed 90 days and only 9 issues have completed 180 days yet.

4. *Price information of past issues handled by Spark Capital Advisors (India) Private Limited*

Sr. NO	Issue Name	Issue size	Issue Price	Listing date	Opening price on listing date	% change in closing price/ % change in closing benchmark (30 days from listing)	% change in closing price/ % change in closing benchmark (90 days from listing)	% change in closing price/ % change in closing benchmark (180 days from listing)
1.	BSE	12,434.30	806	February 3, 2017	1,065	+17.52%, [+2.55%]	+24.41%, [+6.53%]	+34.43%,[+15.72%]
2	Prataap Snacks	4,815.63	938	October 5, 2017	1,250	+25.12%, [+5.70%]	+31.82%, [+5.60%]	+40.99%,[+3.27%]

a. *All data sourced from Bloomberg*
b. *Benchmark index considered is NIFTY*
c. *30th day, 90th day, 180th calendar day from listed day have been taken as listing day plus 29,89,179 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 Spark Capital Advisors (India) Private Limited

Financial year	# of issues	Total funds raised	Number of IPOs trading at a discount - 30 days from IPO			Number of IPOs trading at a premium - 30 days from IPO			Number of IPOs trading at a discount - 180 days from IPO			Number of IPOs trading at a premium - 180 days from IPO		
			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%
2018-19*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2017-18	1	4,815.63	-	-	-	-	1	-	-	-	-	-	1	-
2016-17	1	12,434.30	-	-	-	-	-	1	-	-	-	-	1	-

**As on the date of the document*

5. *Price information of past issues (during the current financial year and two financial years preceding the*

current financial year) handled by HDFC Bank Limited

S. No.	Issue name	Issue size (Rs. million)	Issue price (Rs.)	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.	HDFC Asset Management Company Limited	28,003.31	1,100	August 6, 2018	1,726.25	+58.04% [+1.17%]	-	-
2.	H.G. Infra Engineering Limited	4,620	270	March 9, 2018	270.00	+22.96% [+1.49%]	+8.35% [+4.48%]	-12.81% [+12.65%]
3.	HDFC Standard Life Insurance Company Limited	86,950.07	290	November 17, 2017	310.00	+30.16% [+1.02%]	+48.93% [+2.11%]	+74.66% [+5.04%]
4.	AU Small Finance Bank Limited	19,125.14	358	July 10, 2017	525.00	+58.76% [+2.12%]	+65.20% [+2.23%]	+95.38% [+8.06%]
5.	Shankara Building Products Limited	3,450.01	460	April 5, 2017	555.05	+51.04% [+1.02%]	+80.91% [+3.78%]	+214.86% [+6.41%]
6.	Avenue Supermarts Limited	18,700.00	299	March 21, 2017	600.00	+145.08% [-0.20%]	+166.35% [+5.88%]	+264.38% [+11.31%]
7.	RBL Bank Limited	12,129.67	225	August 31, 2016	274.20	+27.07% [-2.22%]	+56.98% [-7.50%]	+107.91% [+1.26%]

Source: www.nseindia.com for price information and prospectus for issue details

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 (during the current financial year and two financial years preceding the current financial year) handled by HDFC Bank Limited

Financial Year	Total no. of IPOs	Total amount of funds raised (Rs. million)	No. Of IPOs trading at discount - 30th calendar day from listing			No. Of IPOs trading at premium - 30th calendar day from listing			No. Of IPOs trading at discount - 180th calendar day from listing			No. Of IPOs trading at premium - 180th calendar day 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%
2018 - 19*	1	28,003.31	-	-	-	1	-	-	-	-	-	-	-	-
2017 - 18	4	114,145.22	-	-	-	2	1	1	-	-	1	3	-	-
2016 - 2017	2	30,829.67	-	-	-	1	1	-	-	-	-	2	-	-

* *The information is as on the date of this Red Herring Prospectus*

Track record of past issues handled by the GCBRLMs and BRLM

For details regarding the track record of the GCBRLMs and BRLM, as specified under circular reference CIR/MIRSD/1/2012 dated January 10, 2012 issued by the SEBI, please refer to the websites of the GCBRLMs and BRLM mentioned below.

GCBRLMs/BRLM	Website link
I-Sec	http:// www.icicisecurities.com
Citi	http:// www.online.citibank.co.in/rhtm/citigroupglobalscreen1.htm
Edelweiss	http:// www.edelweissfin.com
Spark Capital	http:// www.sparkcapital.in
HDFC	https://www.hdfcbank.com/

Caution – Disclaimer from our Company, the Selling Shareholders, our Directors and the GCBRLMs and BRLM

Our Company, our Directors and the GCBRLMs and BRLM accept no responsibility for statements made otherwise than in this Red Herring Prospectus or in the advertisements or any other material issued by or at the instance of the Company and anyone placing reliance on any other source of information, including our website https://www.aavas.in/, would be doing so at his or her own risk. Each Selling Shareholder, their respective directors, affiliates, associates and officers accept no responsibility for any statements made or undertakings provided other than those made by the respective Selling Shareholders, and only in relation to them and/or to the Equity Shares offered by such Selling Shareholder through the Offer for Sale and included in this Red Herring Prospectus.

The GCBRLMs and BRLM accept no responsibility, save to the limited extent as provided in the Offer Agreement and the Underwriting Agreement.

All information shall be made available by our Company, the Selling Shareholders and the GCBRLMs and BRLM to the Bidders and public at large and no selective or additional information would be available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at bidding centres or elsewhere.

Neither our Company, the Selling Shareholders nor any member of the Syndicate shall be liable to the Bidders for any failure in uploading the Bids, due to faults in any software or hardware system or otherwise.

The GCBRLMs and BRLM 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.

Bidders that bid in the Offer will be required to confirm, and will be deemed to have represented to our Company, the Selling Shareholders, the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares, and will not issue, sell, pledge or transfer the Equity Shares to any person who is not eligible under 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.

Disclaimer in respect of Jurisdiction

This Offer is being made in India to persons resident in India (including Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872), HUFs, companies, other corporate bodies and societies registered under the applicable laws in India and authorised to invest in equity shares, Indian Mutual Funds registered with the SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to permission from the RBI), or trusts under the applicable trust laws, and who are authorised under their constitution to hold and invest in equity shares, public financial institutions as specified under Section 2(72) of the Companies Act 2013, venture capital funds, permitted insurance companies and pension funds and, to permitted non-residents including Eligible Non Resident Indians ("**NRIs**"), Alternative Investment Funds ("**AIFs**"), Foreign Portfolio Investors registered with SEBI ("**FPIs**") and QIBs. This Red Herring Prospectus does not, however, constitute an invitation to subscribe to 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. Any dispute arising out of this Offer will be subject to the jurisdiction of appropriate court(s) at Jaipur, Rajasthan, India only.

No action has been, or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that 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 issue hereunder, shall, under any circumstances, create any implication that there has been no change in our affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares offered in the Offer have not been and will not be registered under the U.S. Securities Act of 1933, as amended ("U.S. Securities Act") or any state securities laws in the United States, and unless so registered may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, such Equity Shares are being offered and sold (i) outside of the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales occur; and (ii) to "qualified institutional buyers" (as

defined in Rule 144A under the U.S. Securities Act), pursuant to the private placement exemption set out in Section 4(a) of the U.S. Securities Act.

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

Bidders are advised to ensure that any single bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

Disclaimer clause of BSE

"BSE Limited ("the Exchange") has given vide its letter dated July 17, 2018 permission to this Company to use the Exchange's name in this offer document as one of the stock exchanges on which this Company's securities are proposed to be listed. The Exchange has scrutinized this offer document for its limited internal purposes of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner: -

(a) warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
(b) warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or
(c) take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this offer document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever."

Disclaimer clause of NSE

"As required, a copy of this Offer Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter Ref.: NSE/LIST/224 dated July 25, 2018 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 NHB

"The company is having a valid Certificate of Registration dated 19-04-2017 issued by the National Housing Bank (NHB) under Section 29A of the National Housing Bank Act, 1987. However, the NHB does not accept any responsibility or guarantee about the present position as to the financial soundness of the company or for the correctness of any of the statements or representations made or opinion expressed by the company and for repayment of deposits/discharge of liabilities by the company."

Filing

A copy of the Draft Red Herring Prospectus has been filed with the SEBI at Mumbai, Maharashtra, India

A copy of this Red Herring Prospectus, along with the documents required to be filed, will be delivered for registration to the RoC in accordance with Section 32 of the Companies Act 2013, and a copy of the Prospectus required to be filed under Section 26 of the Companies Act 2013 will be delivered for registration to the RoC situated at the address mentioned below.

The Registrar of Companies, Rajasthan
C/6-7, 1st Floor
Residency Area, Civil Lines
Jaipur 302 001
Rajasthan, India

Listing

In-principle listing approvals dated July 17, 2018 and July 25, 2018 have been received from BSE and NSE, respectively.

Application has been made to the Stock Exchanges for obtaining permission for listing and trading of the Equity Shares being offered and sold in the Offer and NSE is the Designated Stock Exchange, with which the Basis of Allotment will be finalised for the Offer.

If the permissions to deal in and for an official quotation of the Equity Shares are not granted by the Stock Exchanges, all monies received from the Bidders in reliance of this Red Herring Prospectus, shall be repaid, without interest. It shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges are taken within six Working Days of the Bid/Offer Closing Date. 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 Allotment of Equity Shares pursuant to the Offer, does not occur, within six Working Days from the Bid/Offer Closing Date or within such timeline as prescribed by the SEBI, all monies received from bidders, shall be repaid without interest, failing which interest shall be due to be paid to the applicants at the rate of 15% *per annum* for the delayed period.

Impersonation

Attention of the Bidders is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act 2013, which is reproduced below:

"Any person who –

(a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities, or

(b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or

(c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,

shall be liable for action under section 447."

The liability prescribed under Section 447 of the Companies Act 2013 includes imprisonment for a term of not less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

Consents

Consents in writing of (a) our Directors, our Company Secretary and Compliance Officer, Chief Financial Officer, Selling Shareholders, the legal counsels, the Bankers to our Company, the Bankers to the Offer, lenders (where such consent is required), industry sources, customers/other third parties (where names of such customers/third parties have been disclosed); and (b) the GCBRLMs, BRLM, the Syndicate Members, Underwriters and the Registrar to the Offer to act in their respective capacities, will be obtained and filed along with a copy of the Draft

Red Herring Prospectus with SEBI, this Red Herring Prospectus with the RoC and such consents shall not be withdrawn up to the time of delivery of this Red Herring Prospectus and the Prospectus with the RoC.

Expert Opinion

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

Our Company has received written consent dated September 12, 2018, from the Statutory Auditors namely, S. R. Batliboi & Associates LLP, to include their name as required under Section 26(1) of the Companies Act 2013, read with SEBI ICDR Regulations in this Red Herring Prospectus and as an "expert" as defined under section 2(38) of the Companies Act, 2013 to the extent and in their capacity as a Statutory Auditor and in respect of their (i) examination reports, each dated August 30, 2018 on our Restated Consolidated Financial Statements and our Restated Standalone Financial Statements; (ii) reports, each dated August 30, 2018 on our Special Purpose Interim Standalone Financial Statements and Special Purpose Standalone Financial Statements; and (iii) their report dated August 31, 2018 on the statement of tax benefits included in this Red Herring Prospectus and such consent has not been withdrawn as on the date of this Red Herring Prospectus.

The term "expert" shall not be construed to mean an "expert" as defined under the U.S. Securities Act.

Offer Related Expenses

The expenses of the Offer include, among others, underwriting and management fees, brokerage and selling commission, bidding charges, printing and distribution expenses, legal fees, advertising and marketing expenses, registrar and depository fees. For further details of Offer expenses, see "***Objects of the Offer***" on page 105.

Fees, Brokerage and Selling Commission

The total fees payable to the GCBRLMs and BRLM and Syndicate Members (including underwriting and selling commissions), and reimbursement of their out of pocket expenses, will be as stated in the respective fee letters entered into with the GCBRLMs and BRLM and the Syndicate Agreement, copies of which shall be available for inspection at our Registered and Corporate Office, from 10.00 am to 4.00 p.m. on Working Days from the date of this Red Herring Prospectus until the Bid/Offer Closing Date.

Fees Payable to the Registrar to the Offer

The fees payable to the Registrar to the Offer, including fees for processing of Bid cum Application Forms, data entry, printing of Allotment Advice, refund order, preparation of refund data on magnetic tape and printing of bulk mailing register, will be as per the Registrar Agreement, a copy of which shall be made available for inspection at our Registered and Corporate Office.

Particulars regarding Public or Rights Offers during the Last Five Years

There have been no public including any rights issues undertaken by our Company during the five years immediately preceding the date of this Red Herring Prospectus.

Commission or Brokerage on Previous Offers

Since this is the initial public offering of the Equity Shares of our Company, 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 our Equity Shares, since the incorporation of our Company.

Previous Issue of Securities Otherwise than for Cash

As on the date of this Red Herring Prospectus, our Company has not issued any Equity Shares for consideration otherwise than for cash.

Capital Offers in the Preceding Three Years

Our Company has not made any capital issues during the three years immediately preceding the date of this Red Herring Prospectus.

Performance vis-à-vis Objects

Our Company has not undertaken any public or rights issue in the 10 years immediately preceding the date of this Red Herring Prospectus.

Performance vis- à-vis Objects: Last Offer of our Subsidiary

Our Subsidiary is not listed and has not made any public or rights issues in the 10 years immediately preceding the date of this Red Herring Prospectus. Our Company does not have any Group Company as on date of this Red Herring Prospectus.

Outstanding Debentures, Bonds or Redeemable Preference Shares

Except as disclosed in "***Financial Indebtedness***" on page 438, our Company does not have any outstanding debentures, bonds or redeemable preference shares, as on the date of this Red Herring Prospectus.

Partly Paid-Up Shares

As on the date of this Red Herring Prospectus, there are no partly paid-up Equity Shares of our Company.

Stock Market Data of the Equity Shares

This being the initial public offering of the Equity Shares of our Company, the Equity Shares are not listed on any stock exchange as on the date of this Red Herring Prospectus and, accordingly, no stock market data is available for the Equity Shares.

Mechanism for Redressal of Investor Grievances by our Company

The Registrar Agreement provides for retention of records with the Registrar to the Offer for a minimum period of three years from the date of listing and commencement of trading of the Equity Shares on the Stock Exchanges, in order to enable the investors to approach the Registrar to the Offer for redressal of their grievances.

Investors may contact the GCBRLMs and BRLM for any complaint pertaining to the Offer. All grievances other than Anchor Investors may be addressed to the Registrar to the Offer, with a copy to the relevant Designated Intermediary(ies) with whom the ASBA Form was submitted, quoting the full name of the sole or first Bidder, Bid cum Application Form number, Bidders' DP ID, Client ID, PAN, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the relevant Designated Intermediary, where the Bid was submitted and ASBA Account number in which the amount equivalent to the Bid Amount was blocked. Further, the Bidder shall enclose the Acknowledgment Slip or the application number from the Designated Intermediaries in addition to the documents or information mentioned hereinabove.

All grievances of the Anchor Investors may be addressed to the Registrar to the Offer or the Designated Intermediaries, giving full details such as the name of the sole or first Bidder, Bid cum Application Form number, Bidders' DP ID, Client ID, PAN, date of the Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for, Bid Amount paid on submission of the Bid cum Application Form and the name and address of the Global Co-ordinators and Book Running Lead Managers and Book Running Lead Manager where the Bid cum Application Form was submitted by the Anchor Investor.

Disposal of Investor Grievances by our Company

We estimate that the average time required by our Company and/or the Registrar to the Offer for the redressal of routine investor grievances shall be ten days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible. Our Company has not received investor complaints, during the period of three years preceeding the date of this Red Herring Prospectus.
Our Company has appointed Sharad Pathak, Company Secretary, as the Compliance Officer and he may be contacted in case of any pre- Offer or post- Offer related problems, at the address set forth hereunder:

Sharad Pathak
201-202, 2nd Floor, South End Square,

Mansarover Industrial Area,
Jaipur 302 020, Rajasthan, India
Tel: +91 141 6618839
Fax: +91 141 6618861
E-mail: ipo@aavas.in

Further, our Board has constituted a Stakeholders' Relationship Committee, comprising our Directors, Sandeep Tandon, Sushil Kumar Agarwal, Nishant Sharma and Manas Tandon, which is responsible for redressal of grievances of the security holders of our Company. For more information, see "***Our Management***" on page 181.

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

Changes in Auditors

There have been no changes in the auditors of our Company during the three years preceding the date of this Red Herring prospectus:

Capitalisation of Reserves or Profits

Our Company has not capitalised its reserves or profits at any time during the five years immediately preceding the date of this Red Herring Prospectus.

Revaluation of Assets

Our Company has not revalued its assets since its incorporation.

SECTION VII – OFFER RELATED INFORMATION

OFFER STRUCTURE

The Offer is of up to [●] Equity Shares of face value ₹ 10 each of our Company, for cash at a price of ₹ [●] per Equity Share (including a share premium of ₹ [●] per Equity Share) aggregating up to ₹ [●] million, consisting of a Fresh Issue of up to [●] Equity Shares by our Company aggregating up to ₹ 4,000 million and an Offer for Sale by the Selling Shareholders of up to 16,249,359 Equity Shares aggregating up to ₹ [●] million. The Offer shall constitute [●]% of the post-Offer paid-up Equity Share capital of our Company. The Offer is being made in terms of Rule 19(2)(b) of the SCRR, through the Book Building Process and in compliance with Regulation 26(1) of SEBI ICDR Regulations.

The Offer is being made through the Book Building Process.

Particulars	QIBs(1)	Non-Institutional Investors	Retail Individual Investors
Number of Equity Shares available for allocation**	Not more than [●] Equity Shares	Not less than [●] Equity Shares or the Offer less allocation to QIB Bidders and Retail Individual Investors	Not less than [●] Equity Shares or the Offer less allocation to QIB Bidders and Non Institutional Investors
Percentage of Offer size available for allocation	Not more than 50% of the Offer size. However 5% of the QIB Category, net of the Anchor Investor Portion shall be available for allocation proportionately to Mutual Funds only subject to valid Bids being received at or above the Offer Price. Mutual Funds participating in the 5% reservation portion will also be eligible for allocation in the remaining QIB category. Unsubscribed portion in the Mutual Fund Portion, if any, will be added to the QIB Category	Not less than 15% of the Offer or Offer less allocation to QIB Bidders and Retail Individual Investors	Not less than 35% of the Offer or Offer less allocation to QIB Bidders and Non Institutional Investors
Basis of Allotment if respective category is oversubscribed***	Proportionate as follows (excluding the Anchor Investor Portion): (a) [●] Equity Shares shall be allocated on a proportionate basis to Mutual Funds only subject to valid Bids being received at or above the Offer Price and (b) [●] Equity Shares shall be Allotted on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above. Up to [●] Equity shares have been allocated on a discretionary basis to Anchor Investors	Proportionate	Proportionate, subject to minimum Bid Lot. For details, see "***Offer Procedure***" on page 476
Mode of Bidding	Through ASBA process only (except Anchor Investors)		
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds ₹ 200,000 and in multiples of [●] Equity Shares thereafter	Such number of Equity Shares that the Bid Amount exceeds ₹ 200,000 and in multiples of [●] Equity Shares thereafter	[●] Equity Shares and in multiples of [●] Equity Shares thereafter

Particulars	QIBs(1)	Non-Institutional Investors	Retail Individual Investors
Maximum Bid	Such number of Equity Shares in multiples of [●] Equity Shares not exceeding the size Offer subject to applicable limits to the Bidder	Such number of Equity Shares in multiples of [●] Equity Shares not exceeding the size of the Offer subject to applicable limits to the Bidder	Such number of Equity Shares in multiples of [●] Equity Shares such that the Bid Amount.
Mode of Allotment	Compulsorily in dematerialized form		
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter		
Allotment Lot	[●] Equity Shares and in multiples of one Equity Share thereafter		[●] Equity Shares and in multiples of one Equity Share thereafter subject to availability in the Retail Category
Trading Lot	One Equity Share		
Who can Apply****	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, FVCIs, 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, insurance funds set up and managed by the Department of Posts, India and systemically important non-banking financial company having a net-worth of more than five hundred crore rupees as per the last audited financial statements.	Resident Indian individuals, Eligible NRIs, HUFs (in the name of Karta), companies, corporate bodies, scientific institutions societies and trusts, Category III Foreign Portfolio Investors sub-accounts of FIIs which are foreign corporate or foreign individuals such that the Bid Amount exceeds ₹ 200,000 in value.	Resident Indian Individuals, Eligible NRIs, HUFs (in the name of *Karta*) applying for Equity Shares such that the Bid Amount does not exceed ₹ 2,00,000 in value.
Terms of Payment	***In case of Anchor Investors:*** Full Bid Amount shall be payable by the Anchor Investors at the time of submission of their bids. ***In case of all other Bidders:*** Full Bid Amount shall be blocked by the SCSBs in the bank account of the ASBA Bidder (other than Anchor Investors) that is specified in the ASBA Form at the time of submission of the ASBA Form.		

** Our Company, in consultation with the GCBRLMs and BRLM, may allocate up to 60% of the QIB Category to Anchor Investors at the Anchor Investor Offer Price, on a discretionary basis, subject to there being (i) a maximum of two Anchor Investors, where allocation in the Anchor Investor Portion is up to ₹ 100 million, (ii) minimum of two and maximum of 15 Anchor Investors, where the allocation under the Anchor Investor Portion is more than ₹ 100 million but up to ₹ 2,500 million, subject to a minimum Allotment of ₹ 50 million per Anchor Investor, and (iii) in case of allocation above ₹ 2,500 million, a minimum of five and a maximum of 15 Anchor Investors are allowed for allocation of up to ₹ 2,500 million and an additional 10 such investors for every additional ₹ 2,500 million or part thereof will be permitted, subject to a minimum allotment of ₹ 50 million per Anchor Investor. An Anchor Investor will make a minimum Bid of such number of Equity Shares, that the Bid Amount is at least ₹ 100 million. One-third of the Anchor Investor Portion will be reserved for domestic Mutual Funds, subject to valid Bids being received at or above Anchor Investor Offer Price.*

*** In terms of Rule 19(2)(b) of the SCRR, the 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, in compliance with Regulation 26(1) of the SEBI ICDR Regulations, where 50% of the Offer will be available for allocation to QIBs on a proportionate basis, provided that our Company, in consultation with the GCBRLMs and BRLM, may allocate up to 60% of the QIB Category to Anchor Investors on a discretionary basis, in accordance with the*

SEBI ICDR Regulations, of which at least one-third will be available for allocation to domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds. Further, 5% of the QIB Category (excluding the Anchor Investor Portion) will be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the QIB Category will be available for allocation on a proportionate basis to all QIBs (other than Anchor Investors) including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Offer will be available for allocation on a proportionate basis to Non-Institutional Investors subject to valid Bids being received at or above the Offer Price. Further, not less than 35% of the Offer will be available for allocation to Retail Individual Investors in accordance with SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price.

****If the Bid is submitted in joint names, 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 depository account held in joint names. The signature of only the 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.*

*****Bid Amount shall be payable by the Anchor Investors at the time of submission of the Anchor Investor Application Forms.*

Under subscription, if any, in any category, except the QIB Category, would be met with spill-over from the other categories at the discretion of our Company, in consultation with the GCBRLMs and BRLM and the Designated Stock Exchange.

Bidders will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholders, the Underwriters, their respective directors, officers, agents, affiliates and representatives that they are eligible under applicable law, rules, regulations, guidelines and approvals to acquire the Equity Shares.

TERMS OF THE OFFER

The Equity Shares offered and Allotted in the Offer will be subject to the provisions of the Companies Act, the SEBI ICDR Regulations, the SCRR, the Memorandum of Association, the Articles of Association, the SEBI Listing Regulations, the terms of this Red Herring Prospectus and the Prospectus, the Bid cum Application Form, the Revision Form, the CAN, the abridged prospectus and other terms and conditions as may be incorporated in the Allotment Advice and other documents and certificates that may be executed in respect of the Offer. The Equity Shares will also be subject to all applicable laws, guidelines, rules, notifications and regulations relating to the issue and sale of capital and listing and trading of securities, issued from time to time, by the SEBI, GoI, Stock Exchanges, the RoC, the RBI and/or other authorities to the extent applicable or such other conditions as may be prescribed by SEBI, RBI and/or other regulatory authority while granting approval for the Offer.

The Offer comprises of Fresh Issue of Equity Shares by the Company, and an Offer for Sale by the Selling Shareholders. For details in relation to Offer expenses, see "***Objects of the Offer***" and "***Other Regulatory and Statutory Disclosures***" beginning on pages 105 and 451, respectively.

Ranking of Equity Shares

The Equity Shares being issued and allotted in the Offer will be subject to the provisions of the Companies Act, the Memorandum of Association and the Articles of Association and will rank *pari passu* with the existing Equity Shares of our Company, including in respect of dividends and other corporate benefits, if any, declared by our Company after the date of Allotment. For more information, see "***Main Provisions of the Articles of Association***" on page 522.

Mode of Payment of Dividend

Our Company will pay dividend, if declared, to our equity shareholders, as per the provisions of the Companies Act, the SEBI Listing Regulations, our Memorandum of Association and Articles of Association, and any guidelines or directives that may be issued by the GoI in this respect. For more information, see "***Dividend Policy***" and "***Main Provisions of the Articles of Association***" on page 203 and 522, respectively.

Face Value and Price Band

The face value of each Equity Share is ₹ 10 and the Offer Price at the lower end of the Price Band is ₹ [●] per Equity Share and at the higher end of the Price Band is ₹ [●] per Equity Share is [●]. The Anchor Investor Offer Price is [●]. At any given point of time there will be only one denomination for the Equity Shares.

The Price Band and the minimum Bid lot, will be decided by our Company and the Selling Shareholders in consultation with the GCBRLMs and BRLM, and published by our Company at least five Working Days prior to the Bid/Offer Opening Date, in all editions of Financial Express (a widely circulated English national daily newspaper), all editions of Jansatta (a widely circulated Hindi national daily newspaper) and all editions of Pratahkal (a widely circulated Hindi daily newspaper in Jaipur, Hindi also being the regional language of Jaipur, where our Registered and Corporate Office is located), and shall be made available to the Stock Exchanges for the purpose of uploading on their websites. The Price Band, along with the relevant financial ratios calculated at the floor Price and at the Cap Price shall be pre-filled in the Bid-cum-Application Forms available at the website of the Stock Exchanges.

Compliance with the SEBI ICDR Regulations

Our Company shall comply with all disclosure and accounting norms as specified by the SEBI from time to time.

Rights of the Equity Shareholder

Subject to applicable law and our Articles of Association, the equity shareholders will have the following rights:

- right to receive dividend, if declared;
- right to attend general meetings and exercise voting powers, unless prohibited by law;
- right to vote on a poll either in person or by proxy or e-voting;

- right to receive offers for rights shares and be allotted bonus shares, if announced;
- right to receive any surplus on liquidation subject to any statutory and preferential claims being satisfied;
- right of free transferability of their Equity Shares, subject to applicable foreign exchange regulations and other applicable law; and
- such other rights as may be available to a shareholder of a listed public company under the Companies Act, the terms of the SEBI Listing Regulations and our Memorandum of Association and Articles of Association.

For a detailed description of the main provisions of our Articles of Association relating to voting rights, dividend, forfeiture, lien, transfer, transmission, consolidation and splitting, see "***Main Provisions of the Articles of Association***" on page 522.

Market Lot and Trading Lot

In terms of Section 29 of the Companies Act 2013, the Equity Shares will be Allotted only in dematerialised form. As per the SEBI ICDR Regulations, the trading of our Equity Shares will only be in dematerialised form. In this context, agreements have been signed among our Company, the respective Depositories and the Registrar to the Offer:

- Agreement dated February 18, 2016 among NSDL, our Company and the Registrar to the Offer.
- Agreement dated September 8, 2016 among CDSL, our Company and the Registrar to the Offer.

Since trading of our Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in the Offer will be only in electronic form in multiples of one Equity Share, subject to a minimum Allotment of [●] Equity Shares. For the method of Basis of Allotment, see "***Offer Procedure***" on page 476.

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

In accordance with Section 72 of the Companies Act 2013, read with Companies (Share Capital and Debentures) Rules, 2014, the sole Bidder, or in the case of joint Bidders, the joint Bidders jointly 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.

Further, any person who becomes a nominee by virtue of Section 72 of the Companies Act 2013, will, on the production of such evidence as may be required by our Board, elect either:

- to register himself or herself as holder of Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, our Board may thereafter withhold payment of all dividend, interests, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Offer will be made only in dematerialised form, there is no need to make a separate nomination with our Company. Nominations registered with the respective Depository Participant of the Bidder will prevail. If Bidders want to change their nomination, they are advised to inform their respective Depository Participant.

Withdrawal of the Offer

Our Company and the Selling Shareholders, in consultation with the GCBRLMs and BRLM, reserve the right not to proceed with the Offer at any time after the Bid/Offer Opening Date but before Allotment. If the Offer is withdrawn, our Company will issue a public notice within two days from the Bid/Offer Closing Date or such time as may be prescribed by SEBI, providing reasons for not proceeding with the Offer. The GCBRLMs and BRLM, through the Registrar to the Offer, will instruct the SCSBs to unblock the ASBA Accounts within one Working Day from the day of receipt of such instruction. The notice of withdrawal will be issued in the same newspapers where the pre- Offer advertisements have appeared and the Stock Exchanges will also be informed promptly.

If the Offer is withdrawn after the Bid/Offer Closing Date and we thereafter determine that we will proceed with a public offering of Equity Shares, we will file a fresh draft red herring prospectus with SEBI and the Stock Exchanges.

Notwithstanding the foregoing, the Offer is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company will apply for only after Allotment and within six Working Days of the Bid Closing Date; and (ii) the final RoC approval of the Prospectus.

Bid/Offer Period

BID/OFFER OPENS ON*	Tuesday, September 25, 2018
BID/OFFER CLOSES ON	Thursday, September 27, 2018
FINALISATION OF BASIS OF ALLOTMENT	On or about Wednesday, October 3, 2018
INITIATION OF REFUNDS (IF ANY, FOR ANCHOR INVESTORS) /UNBLOCKING OF FUNDS FROM ASBA ACCOUNT	On or about Thursday, October 4, 2018
CREDIT OF EQUITY SHARES TO DEPOSITORY ACCOUNTS	On or about Friday, October 5, 2018
COMMENCEMENT OF TRADING OF THE EQUITY SHARES ON THE STOCK EXCHANGE	On or about Monday, October 8, 2018

* *Our Company and the Selling Shareholders, in consultation with the GCBRLMs and BRLM, may consider participation by Anchor Investors. The Anchor Investor Bidding Date shall be one Working Day prior to the Bid/Offer Opening Date i.e., Monday, September 24, 2018.*

This timetable, other than Bid/Offer Opening and Closing Dates, is indicative in nature and does not constitute any obligation or liability on our Company or the members of the Syndicate. While we will use best efforts to ensure that listing and trading of our Equity Shares on the Stock Exchanges commences within six Working Days of the Bid/Offer Closing Date, with such reasonable support and co-operation of the Selling Shareholders, as may be required the timetable may be subject to change for various reasons, including any delays in receipt of final listing and trading approvals from the Stock Exchanges, delay in receipt of final certificates from SCSBs, etc. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges in accordance with applicable laws.

Except in relation to the Bids received from Anchor Investors, Bids and any revision in Bids will be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) during the Bid/ Offer Period at the Bidding Centres, except that on the Bid/ Offer Closing Date (which for QIBs may be a day prior to the Bid/ Offer Closing Date for non-QIBs), Bids and any recession in Bids will be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) and uploaded until (i) 4.00 p.m. (Indian Standard Time) by QIBs and Non-Institutional Investors; and (ii) 5.00 p.m. (Indian Standard Time) or such extended time permitted by the Stock Exchanges, in case of Bids by Retail Individual Investors. On the Bid/ Offer Closing Date, extension of time may be granted by the Stock Exchanges only for uploading Bids received from Retail Individual Investors, after taking into account the total number of Bids received up to closure of timings for acceptance of Bid cum Application Forms as stated herein and reported by the GCBRLMs and BRLM to the Stock Exchanges. Due to limitation of time available for uploading Bids on the Bid/ Offer Closing Date, Bidders are advised to submit Bids one day prior to the Bid/ Offer Closing Date and, in any case, no later than 1.00 p.m. (Indian Standard Time) on the Bid/ Offer Closing Date. If a large number of Bids are received on the Bid/ Offer Closing Date, as is typically experienced in public issues, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded on the electronic bidding system will not be considered for allocation in the Offer. Our Company and the members of the Syndicate will not be responsible for any failure in uploading Bids due to faults in any hardware/software system or otherwise. Bids will be accepted only on Working Days.

It is clarified that ASBA Bids not uploaded on the electronic bidding system would be rejected.

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.

Our Company and the Selling Shareholders, in consultation with the GCBRLMs and BRLM reserves the right to revise the Price Band during the Bid/Offer Period. The revision in the Price Band shall not exceed 20% on either side, i.e. the Floor Price can move up or down to the extent of 20% of the Floor Price and the Cap Price will be revised accordingly.

In case of revision in the Price Band, the Bid/Offer Period will be extended for at least three additional Working Days after revision of 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 by indicating the change on the websites and terminals of the Designated Intermediaries.

Minimum Subscription

If our Company does not receive (i) the minimum subscription of 90% of the Fresh Issue; and (ii) subscription in the Offer equivalent to at least 10% post-Offer paid up Equity Share capital of our Company (the minimum number of securities as specified under Rule 19(2)(b) of the SCRR), including devolvement of Underwriters, if any, within 60 days from the date of Bid/Offer Closing Date, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond the prescribed time, the interest amount prescribed under the Companies Act 2013, the SEBI ICDR Regulations and other applicable law, shall be paid by our Company. The requirement for minimum subscription is not applicable to the Offer for Sale. In case of undersubscription in the Offer, the Equity Shares up to 90% of the Fresh Issue will be issued prior to the sale of the Equity Shares in the Offer for Sale, provided that post satisfaction of the minimum subscription of up to 90% of the Fresh Issue, Equity Shares will be Allotted under the Offer for Sale in proportion to the Equity Shares being offered by the Selling Shareholders in the Offer for Sale, or in any other manner as maybe mutually agreed among the Selling Shareholders. For avoidance of doubt, it is hereby clarified that balance Equity Shares of the Fresh Issue (i.e. 10% of the Fresh Issue) will be offered only once the entire portion of the Equity Shares being offered by the Selling Shareholders in the Offer for Sale are Allotted in the Offer.

Further, 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.

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 to our Company in proportion to the Equity Shares being offered for sale by the Selling Shareholders in the Offer, to the extent that the delay is solely attributable to such Selling Shareholder**.**

Arrangement for Disposal of Odd Lots

Since the Equity Shares will be traded in dematerialised form only and the market lot for our Equity Shares is one, there are no arrangements for disposal of odd lots.

Restriction on Transfer and Transmission of Shares

Except for lock-in of pre-Offer equity shareholding, minimum Promoters' contribution and Anchor Investor lock-in in the Offer, as detailed in *"**Capital Structure – Details of Promoters' contribution and lock-in for three years**"* on page 88, and as provided in our Articles as detailed in "***Main Provisions of the Articles of Association***" on page 522, there are no restrictions on transfers and transmission of shares/debentures and on their consolidation/splitting.

Option to receive Equity Shares in Dematerialised Form

Allotment of Equity Shares to successful Bidders will only be in the dematerialised 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 dematerialised segment of the Stock Exchanges.

OFFER PROCEDURE

*All Bidders should review the General Information Document for Investing in Public Offers 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, SEBI circular (CIR/CFD/DIL/1/2016) dated January 1, 2016, SEBI circular bearing number SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016 and SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2018/22 dated February 15, 2018 notified by SEBI ("**General Information Document**") included below under 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 is also available on the websites of the Stock Exchanges and the GCBRLMs and BRLM. 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. Please refer to the relevant provisions of the General Information Document which are applicable to the Offer. All Designated Intermediaries in relation to the Offer should ensure compliance with the SEBI circular (CIR/CFD/POLICYCELL/11/2015) dated November 10, 2015 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, Selling Shareholders and the Syndicate 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, notification, or change in the applicable law which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids 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 and the Prospectus.

PART A

Book Building Procedure

The Offer is being made through the Book Building Process wherein 50% of the Offer will be available for allocation to QIBs on a proportionate basis, provided that our Company, in consultation with the GCBRLMs and BRLM, may allocate up to 60% of the QIB Category to Anchor Investors on a discretionary basis, of which at least one-third will be available for allocation to domestic Mutual Funds subject to valid Bids being received from them at or above the Anchor Investor Allocation Price. Further, 5% of the QIB Category (excluding the Anchor Investor Portion) will be available for allocation on a proportionate basis to Mutual Funds only. The remainder will be available for allocation on a proportionate basis to all QIBs including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Offer will be available for allocation on a proportionate basis to Non-Institutional Investors subject to valid Bids being received at or above the Offer Price. Further, not less than 35% of the Offer will be available for allocation to Retail Individual Investors in accordance with SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price.

Under-subscription, if any, in any category, except in the QIB Portion, would be allowed to be met with spill over from any other category or combination of categories of Bidders at the discretion of our Company, in consultation with the GCBRLMs and BRLM and the Designated Stock Exchange subject to receipt of valid Bids received at or above the Offer Price. Under-subscription, if any, in the QIB Portion, would not be allowed to be met with spill-over from any other category or a combination of categories.

The Equity Shares, on Allotment, shall be traded only in the 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 Bid cum Application Form and the abridged prospectus will be available with the members of the Syndicate, the Designated Intermediaries at relevant Bidding Centres and at our Registered and Corporate Office. The Bid cum Application Forms will also be available for download on the websites of the Stock Exchanges, the

Syndicate Members and SCSBs and at the terminals of the Registered Brokers, the RTAs and the CDPs at least one day prior to the Bid/Offer Opening Date.

Bidders (other than Bids by Anchor Investors) must provide bank account details and authorisation to block funds in the relevant space provided in the Bid cum Application Form and the Bid cum Application Form that does not contain such details will be rejected. Further, such Bidders shall ensure that the Bids are submitted at the Bidding centres only on Bid cum Application Forms bearing the stamp of a Designated Intermediary(ies) (except in case of electronic Bid-cum-Application Forms) and Bid cum Application Forms not bearing such specified stamp may be liable for rejection. Bidders must ensure that the ASBA Account has sufficient credit balance such that an amount equivalent to the full Bid Amount can be blocked by the SCSB at the time of submitting the Bid.

For Anchor Investors, the Anchor Investor Application Form will be available at the office of the GCBRLMs and BRLM.

The prescribed colour of the Bid cum Application Forms for various categories is as follows:

Category	**Colour of Bid cum Application Form***
Resident Indians including resident QIBs, Non-Institutional Investors, Retail Individual Investors and Eligible NRIs applying on a non-repatriation basis	White
Non-Residents including FPIs, Eligible NRIs, FVCIs and registered bilateral and multilateral institutions applying on a repatriation basis	Blue
Anchor Investors	White

* *Excluding electronic Bid cum Application Forms*

Who can Bid?

The following persons are eligible to invest in the Equity Shares under all applicable laws, regulations and guidelines:

(i) Mutual Funds registered with SEBI. Bids by asset management companies or custodians of Mutual Funds should clearly indicate the name of the concerned scheme for which the Bid is submitted;

(ii) Venture Capital Funds and AIFs registered with SEBI;

(iii) Foreign Venture Capital Investors registered with SEBI;

(iv) FPIs registered with SEBI, provided that any Foreign Institutional Investor ("**FII**") who holds a valid certificate of registration shall be deemed to be an FPI until the expiry of the block of three years for which fees have been paid as per the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995;

(v) public financial institutions as defined under Section 2(72) of the Companies Act 2013;

(vi) Indian financial institutions, regional rural banks, co-operative banks (subject to RBI regulations and the SEBI and the SEBI ICDR Regulations and other laws as applicable);

(vii) scheduled commercial banks;

(viii) State Industrial Development Corporations;

(ix) scientific and/or industrial research organisations in India, authorised to invest in equity shares;

(x) insurance companies registered with IRDA;

(xi) provident funds and pension funds with a minimum corpus of ₹ 250 million and who are authorised under their constitutional documents to hold and invest in equity shares;

(xii) National Investment Fund set up by resolution no. F. No. 2/3/2005-DD-II dated November 23, 2005 of the GoI published in the Gazette of India;

(xiii) insurance funds set up and managed by the army, navy or air force of the Union of India or by the Department of Posts, India;

(xiv) NRIs on a repatriation basis or on a non-repatriation basis, subject to the applicable laws;

(xv) companies, corporate bodies and trust/societies registered under the Societies Registration Act, 1860, or under any other law relating to trusts/societies and who are authorised under the respective constitutions to hold and invest in equity shares;

(xvi) 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);

(xvii) Bids/Applications belonging to an account for the benefit of a minor (under guardianship);

(xviii) Hindu Undivided Families or HUFs, in the individual name of the Karta;

(xix) limited liability partnerships registered under the Limited Liability Partnership Act, 2008;

(xx) multilateral and bilateral development financial institutions; and

(xxi) any other person eligible to Bid in the Offer under applicable laws.

Also see "- ***General Information Document for Investing in Public Offers - Category of Investors Eligible to Participate in an Offer***" on page 490.

The Equity Shares offered in the Offer have not been and will not be registered under the U.S. Securities Act of 1933, as amended ("U.S. Securities Act") or any state securities laws in the United States, and unless so registered may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, such Equity Shares are being offered and sold (i) outside of the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales occur; and (ii) to "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act), pursuant to the private placement exemption set out in Section 4(a) of the U.S. Securities Act.

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

Participation by the promoter, promoter group, associates and affiliates of the GCBRLMs and BRLM and the Syndicate Members

The GCBRLMs, BRLM and the Syndicate Members shall not be allowed to purchase Equity Shares in the Offer in any manner, except towards fulfilling their underwriting obligations. However, the associates and affiliates of the GCBRLMs, BRLM and the Syndicate Members may Bid for Equity Shares in the 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 GCBRLMs and BRLM and Syndicate Members, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

Except for Mutual Funds sponsored by entities related to the GCBRLMs and BRLM and any persons related to the GCBRLMs and BRLM, promoters and promoter group of the GCBRLMs and BRLM 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 with the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid without assigning any reason therefor. Bids made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Bids are made.

In case of a Mutual Fund, a separate Bid may be made in respect of each scheme of a Mutual Fund registered with the SEBI and such Bids in respect of more than one scheme of a Mutual Fund will not be treated as multiple Bids, provided that such Bids clearly indicate the scheme for which the Bid is submitted.

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 scheme. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

Bids by Eligible NRIs

Eligible NRIs may obtain copies of Bid cum Application Form from the Designated Intermediaries. Eligible NRIs applying on a repatriation basis should authorise their SCSBs to block their Non-Resident External ("**NRE**") accounts, or Foreign Currency Non-Resident ("**FCNR**") accounts, and Eligible NRIs bidding on a non-repatriation basis should authorise their SCSBs to block their Non-Resident Ordinary ("**NRO**") accounts for the full Bid amount, at the time of submission of the Bid cum Application Form.

Bids by FPIs (including FIIs)

In terms of the Securities and Exchange Board of India (Foreign Portfolio Investor) Regulations 2014 (the "**SEBI FPI Regulations**"), investment in the Equity Shares by a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) shall be below 10% of our post-Offer equity share capital.

Any FII who holds a valid certificate of registration shall be deemed to be an FPI until the expiry of the block of three years for which fees have been paid as per the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995. An FII or a sub-account may, subject to payment of conversion fees under the SEBI FPI Regulations, participate in this Offer, until the expiry of its registration with SEBI as an FII or a sub-account, or if it has obtained a certificate of registration as an FPI, whichever is earlier.

In case of Bids made by FPIs, a certified copy of the certificate of registration issued under the FPI Regulations is required to be attached to the Bid cum Application Form, failing which our Company reserves the right to reject any Bid without assigning any reason. An FII or sub-account may, subject to payment of conversion fees under the SEBI FPI Regulations, participate in the Offer, until the expiry of its registration as a FII or sub-account, or until it obtains a certificate of registration as FPI, whichever is earlier. Further, in case of Bids made by SEBI-registered FIIs or sub-accounts, which are not registered as FPIs, a certified copy of the certificate of registration as an FII issued by SEBI is required to be attached to the Bid cum Application Form, failing which our Company reserves the right to reject any Bid without assigning any reason.

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 or 10% of the paid-up value in respect of each series of instruments and the total holdings of all FPIs put together shall not exceed 100% of the paid-up Equity Share capital of our Company. In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included. Increase of the aggregate limit of 24% to 100% is subject to prior intimation to RBI, which our Company will file in due course.

Further, pursuant to the master directions on foreign investments in India, issued by RBI dated January 4, 2018, as last amended on April 6, 2018, the investments made by a SEBI registered FPI in a listed Indian company will be re-classified as FDI, if the total shareholding increases to more than 10% of the total paid-up equity capital on a fully diluted basis or 10% or more of the paid-up value of each series of debentures or preference shares or warrants.

FPIs who wish to participate in the Offer are advised to use the Bid cum Application Form for Non-Residents (blue in colour).

Bids by SEBI registered Venture Capital Funds, AIFs and Foreign Venture Capital Investors

The Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 (the "**SEBI VCF Regulations**") and the Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000, among other things prescribe the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 (the "**SEBI AIF Regulations**") prescribe, amongst others, the investment restrictions on AIFs.

Accordingly, 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 and FVCIs 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 corpus in one investee company. A venture capital fund registered as a category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than 1/3rd of its corpus by way of subscription to an initial public offering of a venture capital undertaking. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the SEBI VCF Regulations.

All non-resident investors should note that refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and commission.

Bids by limited liability partnerships

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Company and Selling Shareholder reserves the right to reject any Bid without assigning any reason therefor.

Bids by banking companies

In case of Bids made by banking companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the Bid cum Application Form, failing which our Company and Selling Shareholders reserves the right to reject any Bid without assigning any reason therefor.

The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, 1949 (the "**Banking Regulation Act**"), and Master Direction – Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, is 10% of the paid-up share capital of the investee company or 10% of the banks' own paid-up share capital and reserves, whichever is less. 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. A banking company may hold up to 30% of the paid-up share capital of the investee company with the prior approval of the RBI provided that the investee company is engaged in non-financial activities in which banking companies are permitted to engage under the Banking Regulation Act.

Bids by SCSBs

SCSBs participating in the Offer are required to comply with the terms of the circulars dated September 13, 2012 and January 2, 2013 issued by the SEBI. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for such applications.

Bids by insurance companies

In case of Bids made by insurance companies registered with the IRDAI, a certified copy of certificate of registration issued by IRDAI must be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholders reserve the right to reject any Bid without assigning any reason thereof.

The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2016 are broadly set forth below:

i. equity shares of a company: the lower of 10% of the investee company's outstanding equity shares or 10% of the respective fund in case of life insurer or 10% of investment assets in case of general insurer or reinsurer;

ii. 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

iii. the industry sector in which the investee company operates: 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 Systemically Important Non-Banking Financial Companies

In case of Bids made by systemically important non-banking financial companies, a certified copy of the certificate of registration issued by the RBI, a certified copy of its last audited financial statements on a standalone basis and a net worth certificate from its statutory auditor(s), 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. Systemically important non-banking financial companies participating in the Offer shall comply with all applicable regulations, guidelines and circulars issued by RBI from time to time.

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 (including FIIs), Mutual Funds, insurance companies, insurance funds set up by the army, navy or air force of the India, insurance funds set up by the Department of Posts, India or the National Investment Fund and provident funds with a minimum corpus of ₹ 250 million (subject to applicable laws) and pension funds with a minimum corpus of ₹ 250 million, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Our Company and the Selling Shareholders in consultation with the GCBRLMs and BRLM in their absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form, subject to such terms and conditions that our Company and the Selling Shareholders in consultation with the GCBRLMs and BRLM may deem fit.

Bids by Anchor Investors

For details in relation to Bids by Anchor Investors, see the section entitled "***Offer Procedure – Part B – General Information Document for Investing in Public Offers***" on page 487.

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 this, our Company reserves the right to reject any Bid, without assigning any reason therefor.

The above information is given for the benefit of the Bidders. Our Company and the GCBRLMs and BRLM 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 laws or regulation or as specified in this Red Herring Prospectus.

In accordance with RBI regulations, OCBs cannot participate in the Offer.

The above information is given for the benefit of the Bidders. Our Company and the GCBRLMs and BRLM 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.

Pre-Offer Advertisement

Subject to Section 30 of the Companies Act 2013, our Company will, 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 all editions of Financial Express (a widely circulated English national daily newspaper), all editions of Jansatta (a widely circulated Hindi national daily newspaper) and all editions of Pratahkal (a widely circulated Hindi daily newspaper in Jaipur, Hindi also being the regional language of Jaipur, where our Registered and Corporate Office is located).

General Instructions

***Do's*:**

1. check if you are eligible to apply as per the terms of this Red Herring Prospectus and under applicable law, 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;

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 dematerialised 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 Centre 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 the SCSB in the Bid cum Application Form;

8. ensure that the signature of the First Bidder in case of joint Bids, is included in the Bid cum Application Forms;

9. ensure that the name(s) given in the Bid cum Application Form is/are exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case of joint Bids, the Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names;

10. ensure that you request for and receive a stamped acknowledgement of the Bid cum Application Form for all your Bid options;

11. ensure that you have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB before submitting the Bid cum Application Form under the ASBA process to the respective member of the Syndicate (at the Specified Locations), the SCSBs (at the Designated Branches), the Registered Broker (at the Broker Centres), the RTAs (at the Designated RTA Locations) or CDPs (at the Designated CDP Locations);

12. submit revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised acknowledgment;

13. 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 the 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;

14. ensure that the Demographic Details are updated, true and correct in all respects;

15. 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;

16. ensure that the category and the investor status is indicated;

17. ensure that in case of Bids under power of attorney or by limited companies, corporates, trust etc., relevant documents are submitted;

18. ensure that Bids submitted by any person outside India is in compliance with applicable foreign and Indian laws;

19. 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;

20. 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;

21. ensure that you have correctly signed the authorisation/undertaking box in the Bid cum Application Form, or have otherwise provided an authorisation to the SCSB 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; and

22. ensure that you receive an acknowledgement from the concerned Designated Intermediary, for the submission of your Bid cum Application Form.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

Don'ts:

1. do not Bid for lower than the minimum Bid size;

2. do not send the Bid cum Application Form by post, instead submit the same to the Designated Intermediary only;

3. do not Bid/revise Bid Amount to less than the Floor Price or higher than the Cap Price;

4. do not pay the Bid Amount in cash, by money order, cheques or demand drafts or by postal order or by stock invest;

5. do not send Bid cum Application Forms by post; instead submit it to the Designated Intermediaries only;

6. do not submit the Bid cum Application Forms to any non-SCSB bank or our Company;

7. do not Bid on a Bid cum Application Form that does not have the stamp of the relevant Designated Intermediary(ies);

8. do not Bid at Cut-off Price (for Bids by QIBs and Non-Institutional Bidders);

9. do not instruct your respective banks to release the funds blocked in the ASBA Account under the ASBA process;

10. do not Bid for a Bid Amount exceeding ₹ 200,000 (for Bids by Retail Individual Investors);

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; and

18. Anchor Investors should not bid through the ASBA process.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

Payment into Escrow Account by Anchor Investors

Our Company, in consultation with the GCBRLMs and BRLM, in their absolute discretion, will decide the list of Anchor Investors to whom the Allotment Advice 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. The payment instruments for payment into the Escrow Account for Anchor Investors should be drawn in favor of:

(i) in case of resident Anchor Investors: "Aavas Financiers Limited - IPO - Anchor R Account"

(ii) in case of non-resident Anchor Investors: "Aavas Financiers Limited - IPO - Anchor NR Account"

Undertakings by our Company

Our Company undertakes the following:

(i) complaints received in respect of the Offer shall be attended to by our Company expeditiously and satisfactorily;

(ii) all steps will be taken for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within six Working Days of the Bid/Offer Closing Date or such other timeline as prescribed by SEBI;

(iii) 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, or such time period as specified by SEBI, giving details of the bank where refunds shall be credited along with the amount and expected date of electronic credit of refund;

(iv) no further issue of Equity Shares shall be made until the Equity Shares offered through this Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.;

(v) 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;

(vi) 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 within two days of the Bid/Offer Closing Date. The public notice shall be issued in the same newspapers where the pre-Offer advertisements were published. The Stock exchanges on which the Equity Shares are proposed to be listed shall also be informed promptly;

(vii) 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 SEBI, in the event our Company or the Selling Shareholders subsequently decides to proceed with the Offer;

(viii) allotment of Equity Shares shall be made/refund confirmation to Eligible NRIs shall be dispatched within specified time;

(ix) adequate arrangements shall be made to collect all Bid cum Application Forms submitted by Bidders;

(x) our Company shall not have recourse to the Net Proceeds until the final approval for listing and trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received; and

(xi) Allotment Advice will be issued or the application money will be refunded/unblocked within such time as specified by the SEBI, failing which interest will be paid to the Bidders at the rate prescribed under applicable law for the delayed period.

Undertakings by the Selling Shareholders

Each Selling Shareholder severally undertakes and/ or confirms and undertakes the following in respect of itself and the Equity Shares being offered by it pursuant to the Offer for Sale:

(i) Equity Shares offered pursuant to the Offer for Sale have been held by the Selling Shareholders for a period of at least one year prior to the date of the Draft Red Herring Prospectus, and are free and clear of any liens or encumbrances and, to the extent that the Equity Shares being offered have resulted from a bonus issue, the bonus issue has been on equity shares held for a period of at least one year prior to the Draft Red Herring Prospectus.

(ii) Selling Shareholders are the legal and beneficial owners of and has full title to their respective Equity Shares being offered through the Offer for Sale.

The Selling Shareholders have authorised the Compliance Officer of our Company and the Registrar to the Offer to redress any complaints received from Bidders in respect of the Offer for Sale.

Utilisation of Net Proceeds

Our Board certifies that:

(i) details of all monies utilised out of the Offer referred to in sub item (i) shall be disclosed and continue to be disclosed until the time any part of the Net Proceeds remains unutilised, under an appropriate separate head in the balance-sheet of our Company, indicating the purpose for which such monies had been utilised; and

(ii) details of all unutilised monies out of the Offer referred to in sub-item (i) shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilised monies have been invested.

Our Company declares that all monies received from the Offer shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act 2013.

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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 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 Offers. The purpose of the "General Information Document for Investing in Public Issues" is to provide general guidance to potential Bidders/Applicants in IPOs and FPOs, and on the processes and procedures governing IPOs and FPOs, undertaken in accordance with the provisions of the SEBI ICDR Regulations.

Bidders/Applicants should note that investment in equity and equity related securities involves risk and Bidder/Applicant should not invest any funds in the Offer unless they can afford to take the risk of losing their investment. The specific terms relating to securities and/or for subscribing to securities in an Offer and the relevant information about the Issuer undertaking the Offer are set out in this Red Herring Prospectus ("**RHP**")/ Prospectus filed by the Issuer with the RoC. 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 GCBRLM(s) and BRLM to the Offer and on the website of Securities and Exchange Board of India ("**SEBI**") at www.sebi.gov.in.

For the definitions of capitalized terms and abbreviations used herein Bidders/Applicants may refer to the section "Glossary and Abbreviations".

SECTION 2: BRIEF INTRODUCTION TO IPOs/FPOs

2.1 Initial public offer (IPO)

An IPO means an offer of specified securities by an unlisted Issuer to the public for subscription and may include an Offer for Sale of specified securities to the public by any existing holder of such securities in an unlisted Issuer.

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. 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 26/27 of 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, the Companies Act 2013 (to the extent notified and in effect), the Companies Act 1956 (to the extent applicable), 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 Offer ("**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-offer 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 the 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 BRLM(s), and the advertisement in the newspaper(s) issued in this regard.

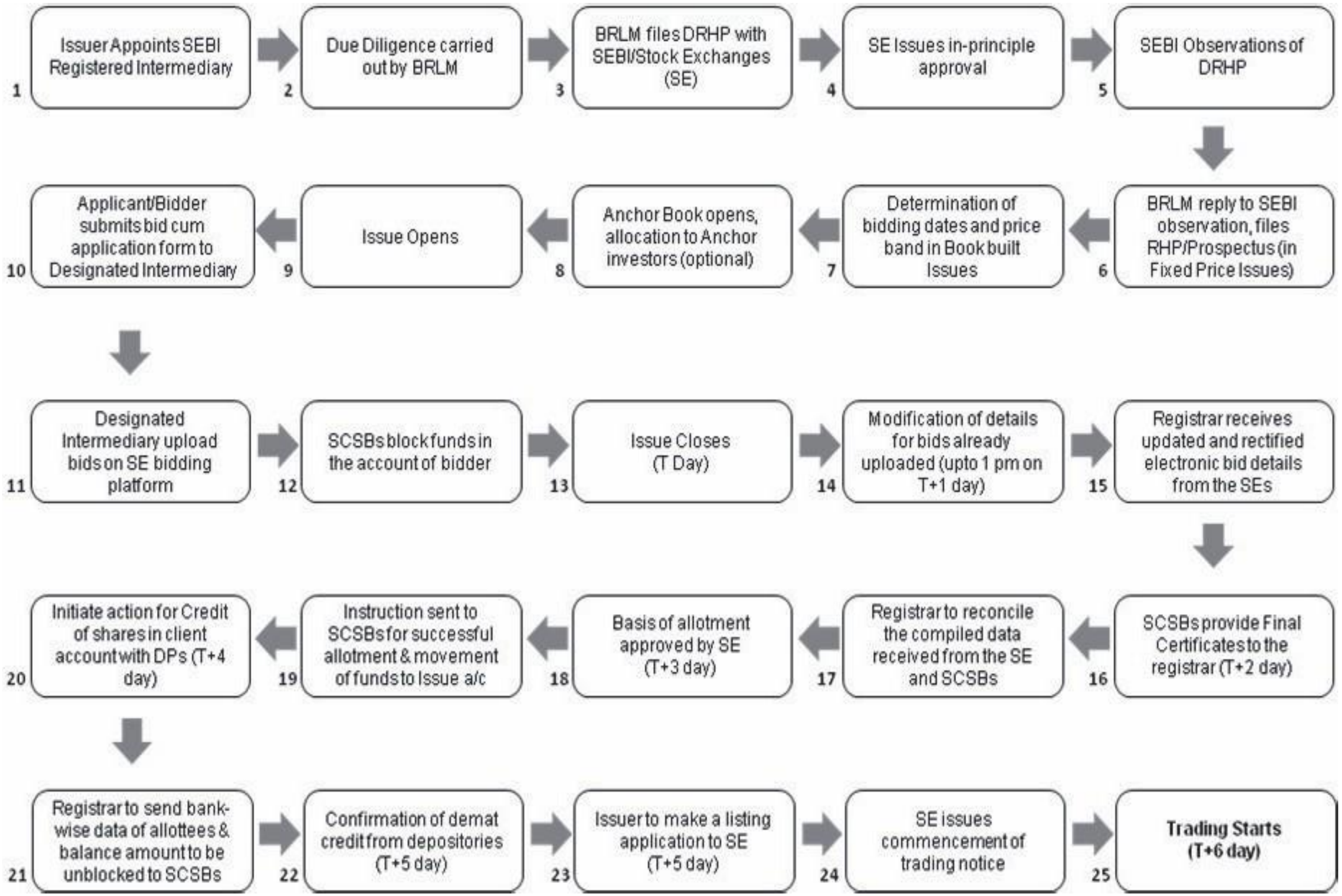
2.6 FLOWCHART OF TIMELINES

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.:

- In case of Offer 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 Bid cum Application Form with Designated Intermediaries.


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 Fixed Price Issues)
7 Determination of bidding dates and price band in Book built Issues
8 Anchor Book opens, allocation to Anchor investors (optional)
9 Issue Opens
10 Applicant/Bidder submits bid cum application form to Designated Intermediary
11 Designated Intermediary upload bids on SE bidding platform
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 and SCSBs
18 Basis of allotment approved by SE (T+3 day)
19 Instruction sent to SCSBs for successful allotment & movement of funds to Issue a/c
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 unblocked to SCSBs
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, FPIs and FVCIs 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/Applicants is as follows:

- 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);
- Bids/Applications belonging to an account for the benefit of a minor (under guardianship);
- Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Bidder/Applicant should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form/Application Form as follows: "Name of sole or first Bidder/Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Bids/Applications by HUFs may be considered at par with Bids/Applications from individuals;
- Companies, corporate bodies and societies registered under applicable law in India and authorised to hold and invest in equity shares;
- QIBs;
- NRIs on a repatriation basis or on a non-repatriation basis subject to applicable law;
- Indian Financial Institutions, regional rural banks, co-operative banks (subject to RBI regulations and the SEBI ICDR Regulations and other laws, as applicable);
- FPIs other than Category III foreign portfolio investors Bidding under the QIBs category;
- FPIs which are Category III foreign portfolio investors, Bidding under the NIIs category;
- 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; Scientific and/or industrial research organisations in India, authorised to invest in equity shares;
- National Investment Fund set up by resolution no. F. No. 2/3/2005-DD-II dated November 23, 2005 of the GoI published in the Gazette of India;
- Limited liability partnerships registered under the Limited Liability Partnership Act, 2008;
- Any other person eligible to Bid/Apply in the Issue, under the laws, rules, regulations, guidelines and policies applicable to them and under Indian laws; and
- As per the existing regulations, OCBs are not allowed to participate in an Offer.

SECTION 4: APPLYING IN THE ISSUE

Book Built Issue: Bidders should only use the specified ASBA Form (or in case of Anchor Investors, the Anchor Investor Application Form) either bearing stamp of a Designated Intermediary as available or downloaded from the websites of the Stock Exchanges.

Bid cum Application Forms are available with the BRLM, the Designated Intermediaries at the Bidding Centres and at the registered office of the Issuer. Electronic Bid cum Application Forms will be available on the websites of the Stock Exchanges at least one day prior to the Bid/Offer Opening Date. For further details regarding availability of Bid cum Application Forms, Bidders may refer to the RHP/Prospectus. For Anchor Investors, Bid cum Application Forms shall be available at the offices of the BRLM.

Fixed Price Issue: Applicants should only use the specified Bid cum Application Form bearing the stamp of the Designated Intermediary as available or downloaded from the websites of the Stock Exchanges. Application Forms are available with the Designated Branches of the SCSBs and at the registered office of the Issuer. For further details regarding availability of Application Forms, Applicants may refer to the Prospectus.

Bidders/Applicants should ensure that they apply in the appropriate category. The prescribed 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, FVCIs, FPIs on a repatriation basis	Blue
Anchor Investors (where applicable) & Bidders/Applicants Bidding/applying in the reserved category	As specified by the Issuer

Securities issued in an IPO can only be in dematerialized form in accordance with Section 29 of the Companies Act 2013. Bidders/Applicants will not have the option of getting the Allotment of specified securities in physical form. However, they may get the 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

TEAR HERE

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	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

☐ Individual(s) - IND
☐ Hindu Undivided Family* - HUF
☐ Bodies Corporate - CO
☐ 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)

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 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

Name of Sole / First Bidder

Acknowledgement Slip for Bidder

ASBA Bank A/c No.

Bank & Branch

Bid cum Application Form No.

PLEASE FILL IN BLOCK LETTERS

TEAR HERE

Application Form – For Non – Residents

TEAR HERE

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 THE BID CUM APPLICATION FORM GIVEN OVERLEAF.

8A. SIGNATURE OF SOLE/ FIRST BIDDER	8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS)	BROKER / SCSB / DP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system)
	I/We authorize the SCSB to do all acts as are necessary to make the Application in the Issue	
	1)	
	2)	
Date : ________	3)	

PLEASE FILL IN BLOCK LETTERS

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	Stamp & Signature of SCSB Branch
ASBA Bank A/c No.		
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

ASBA Bank A/c No.
Bank & Branch

Name of Sole / First Bidder

Acknowledgement Slip for Bidder

Bid cum Application Form No.

TEAR HERE

4.1.1 **FIELD NUMBER 1: NAME AND CONTACT DETAILS OF THE SOLE/FIRST BIDDER/APPLICANT**

(a) Bidders/Applicants should ensure that the name provided in this field is exactly the same as the name in which the Depository Account is held.

(b) **Mandatory Fields**: Bidders/Applicants should note that the name and address fields are compulsory and e-mail and/or telephone number/mobile number fields are optional. Bidders/Applicants should note that the contact details mentioned in the Bid-cum Application Form/Application Form may be used to dispatch communications(including letters notifying the unblocking of the bank accounts of Bidders (other than Anchor Investors) in case the communication sent to the address available with the Depositories are returned undelivered or are not available. The contact details provided in the Bid cum Application Form may be used by the Issuer, Designated Intermediaries and the Registrar to the Offer only for correspondence(s) related to an Offer and for no other purposes.

(c) **Joint Bids/Applications**: In the case of Joint Bids/Applications, the Bids /Applications should be made in the name of the Bidder/Applicant whose name appears first in the Depository account. The name so entered should be the same as it appears in the Depository records. The signature of only such first Bidder/Applicant would be required in the Bid cum Application Form/Application Form and such first Bidder/Applicant would be deemed to have signed on behalf of the joint holders. All communications may be addressed to such Bidder/Applicant and may be dispatched to his or her address as per the Demographic Details received from the Depositories.

(d) **Impersonation**: Attention of the Bidders/Applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act 2013 which is reproduced below:

"*Any person who:*

(a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or

(b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or

(c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,

shall be liable for action under Section 447."

The liability prescribed under Section 447 of the Companies Act 2013 includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

(e) **Nomination Facility to Bidder/Applicant:** Nomination facility is available in accordance with the provisions of Section 72 of the Companies Act 2013. In case of Allotment of the Equity Shares in dematerialized 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 name 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. A Bid cum Application Form/Application Form without PAN, except in case of Exempted Bidders/Applicants, is liable to be rejected. Bids/Applications by the Bidders/Applicants whose PAN is not available as per the Demographic Details available in their Depository records, are liable to be rejected.

(c) The exemption for the PAN Exempted Bidders/Applicants is subject to (a) the Demographic Details received from the respective Depositories confirming the exemption granted to the 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/Application Forms which provide the General Index Register Number instead of PAN may be rejected.

(e) Bids/Applications by Bidders whose demat accounts have been 'suspended for credit' are liable to be rejected pursuant to the circular issued by SEBI on July 29, 2010, bearing number CIR/MRD/DP/22/2010. Such accounts are classified as "Inactive demat accounts" and Demographic Details are not provided by depositories.

4.1.3 **FIELD NUMBER 3: BIDDERS/APPLICANTS DEPOSITORY ACCOUNT DETAILS**

(a) Bidders/Applicants should ensure that DP ID and the Client ID are correctly filled in the Bid cum Application Form/Application Form. The DP ID and Client ID provided in the Bid cum Application Form/Application Form should match with the DP ID and Client ID available in the Depository database, **otherwise, the Bid cum Application Form/Application Form is liable to be rejected.**

(b) Bidders/Applicants should ensure that the beneficiary account provided in the Bid cum Application Form/Application Form is active.

(c) Bidders/Applicants should note that on the basis of the PAN, DP ID and Client ID as provided in the Bid cum Application Form/Application Form, the Bidder/Applicant may be deemed to have authorised the Depositories to provide to the Registrar to the Offer, any requested Demographic Details of the Bidder/Applicant as available on the records of the depositories. These Demographic Details may be used, among other things, for sending allocation advice or unblocking of ASBA Account or for any 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 Investors 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 NIIs and such Bids from QIBs and NIIs may be rejected.

(d) **Minimum Application Value and Bid Lot**: The Issuer in consultation with the BRLM 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 RII shall not be less than the minimum Bid Lot, subject to availability of shares in the RII category, and the remaining available shares, if any, shall be Allotted on a proportionate basis. For details of the Bid Lot, Bidders may to the RHP/Prospectus or the advertisement regarding the Price Band published by the Issuer.

4.1.4.1 **Maximum and Minimum Bid Size**

(a) The Bidder may Bid for the desired number of Equity Shares at a specific price. Bids by Retail Individual Investors and Retail Individual Shareholders must be for such number of shares so as to ensure that the Bid Amount less Discount (as applicable), payable by the Bidder does not exceed ₹ 200,000.

(b) Bids by Employees must be for such number of shares so as to ensure that the Bid Amount less Discount (as applicable), payable by such Bidder does not exceed ₹ 500,000. However, Allotment to the Employees under 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 Employees Bidding in the employee reservation portion, for a value in excess of ₹ 200,000, subject to total Allotment to an Employee not exceeding ₹ 500,000 (which will be less the employee discount).

(c) 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.

(d) Bids by QIBs and NIIs must be for such minimum number of shares such that the Bid Amount exceeds ₹ 200,000 and in multiples of such number of Equity Shares thereafter, as may be disclosed in the Bid cum Application Form and the RHP/Prospectus, or as advertised by the Issuer, as the case may be. Non-Institutional Bidders and QIBs are not allowed to Bid at 'Cut-off Price'.

(e) RII may revise or withdraw their bids until Bid/Offer Closing Date. QIBs and NII's cannot withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after bidding and are required to pay the Bid Amount upon submission of the Bid.

(f) In case the Bid Amount reduces to ₹ 200,000 or less due to a revision of the Price Band, Bids by the Non-Institutional Bidders who are eligible for allocation in the Retail Category would be considered for allocation under the Retail Category.

(g) For Anchor Investors, if applicable, the Bid Amount shall be least ₹ 10 crores. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors. Bids by various schemes of a Mutual Fund shall be aggregated to determine the Bid Amount. A Bid cannot be submitted for more than 60% of the QIB Category under the Anchor Investor Portion. Anchor Investors cannot withdraw their Bids or lower the size of their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after the Anchor Investor Bid/Offer Period and are required to pay the Bid Amount at the time of submission of the Bid. In case the Anchor Investor Offer Price is lower than the Offer Price, the balance amount shall be payable as per the pay-in-date mentioned in the revised CAN. In case the Offer Price is lower than the Anchor Investor Offer Price, the amount in excess of the Offer Price paid by the Anchor Investors shall not be refunded to them.

(h) A Bid cannot be submitted for more than the Offer size.

(i) The maximum Bid by any Bidder including QIB Bidder should not exceed the investment limits prescribed for them under the applicable laws.

(j) The price and quantity options submitted by the Bidder in the Bid cum Application Form may be treated as optional bids from the Bidder and may not be cumulated. After determination of the Offer Price, the number of Equity Shares Bid for by a Bidder at or above the Offer Price may be considered for Allotment and the rest of the Bid(s), irrespective of the Bid Amount may automatically become invalid. This is not applicable in case of FPOs undertaken through Alternate Book Building Process (For details of Bidders may refer to (Section 5.6 (e)).

4.1.4.2 **Multiple Bids**

(a) Bidder should submit only one Bid cum Application Form. Bidder shall have the option to make a maximum of Bids at three different price levels in the Bid cum Application Form and such options are not considered as multiple Bids.

Submission of a second Bid cum Application Form to either the same or to another Designated Intermediary and duplicate copies of Bid cum Application Forms bearing the same application number shall be treated as multiple Bids and are liable to be rejected.

(b) Bidders are requested to note the following procedures may be followed by the Registrar to the Offer to detect multiple Bids:

i. All Bids may be checked for common PAN as per the records of the Depository. For Bidders other than Mutual Funds, Bids bearing the same PAN may be treated as multiple Bids by a Bidder and may be rejected.

ii. For Bids from Mutual Funds, submitted under the same PAN, as well as Bids on behalf of the PAN Exempted Bidders, the Bid cum Application Forms may be checked for common DP ID and Client ID. Such Bids which have the same DP ID and Client ID may be treated as multiple Bids and are liable to be rejected.

(c) The following Bids may not be treated as multiple Bids:

i. Bids by Reserved Categories Bidding in their respective Reservation Portion as well as bids made by them in the Net Offer portion in public category.

ii. Separate Bids by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Bids clearly indicate the scheme for which the Bid has been made.

iii. Bids by Mutual Funds, submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.

iv. Bids by Anchor Investors under the Anchor Investor Portion and the QIB Category.

4.1.5 **FIELD NUMBER 5 : CATEGORY OF BIDDERS**

(a) The categories of Bidders identified as per the SEBI ICDR Regulations for the purpose of Bidding, allocation and allotment in the Offer are RIIs, NIIs and QIBs.

(b) Up to 60% of the QIB Category can be allocated by the Issuer, on a discretionary basis subject to the criteria of minimum and maximum number of Anchor Investors based on allocation size, to the Anchor Investors, in accordance with SEBI ICDR Regulations, with one-third of the Anchor Investor Portion reserved for domestic Mutual Funds subject to valid

Bids being received at or above the Offer Price. For details regarding allocation to Anchor Investors, Bidders may refer to the RHP/Prospectus.

(c) An Issuer can make reservation for certain categories of Bidders/Applicants as permitted under the SEBI ICDR Regulations. For details of any reservations made in the Offer, Bidders/Applicants may refer to the RHP/Prospectus.

(d) The SEBI ICDR Regulations, specify the allocation or Allotment that may be made to various categories of Bidders in an Offer depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For Offer specific details in relation to allocation Bidder/Applicant may refer to the RHP/Prospectus.

4.1.6 **FIELD NUMBER 6: 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, FPIs and FVCIs may not be allowed to Bid/Apply in the Offer or hold Equity Shares exceeding certain limits specified under applicable law. Bidders/Applicants are requested to refer to the RHP/Prospectus for more details.

(c) Bidders/Applicants should check whether they are eligible to apply on non-repatriation basis or repatriation basis and should accordingly provide the investor status. Details regarding investor status are different in the Resident Bid cum Application Form and Non-Resident Bid cum Application Form.

(d) Bidders/Applicants should ensure that their investor status is updated in the Depository records.

4.1.7 **FIELD NUMBER 7: PAYMENT DETAILS**

(a) The full Bid Amount (net of any Discount, as applicable) shall be blocked based on the authorisation provided in the Bid cum Application Form. If the Discount is applicable in the Offer, the RIIs should indicate the full Bid Amount in the Bid cum Application Form and the payment shall be blocked for the Bid Amount net of Discount. Only in cases where the RHP/Prospectus indicates that part payment may be made, such an option can be exercised by the Bidder. In case of Bidders specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e. Bid price less Discount offered, if any.

(b) Bid Amount for Bidders who Bid at Cut-off price shall be blocked on the Cap Price.

(c) All Bidders (except Anchor Investors) can participate in the Offer only through the ASBA mechanism.

(d) Bid Amount cannot be paid in cash, cheque, demand draft, through money order or through postal order.

4.1.7.1. **Instructions for Anchor Investors:**

(a) Anchor Investors may submit their Bids with a Book Running Lead Manager.

(b) Payments should be made either by RTGS, NACH or NEFT.

(c) The Escrow Bank(s) 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 Bidders (other than Anchor Investors)**

(a) Bidders may submit the Bid cum Application Form either

i. in electronic mode through the internet banking facility offered by an SCSB authorising blocking of funds that are available in the ASBA account specified in the Bid cum Application Form, or

ii. in physical mode to any Designated Intermediary(ies).

(b) Bidders must specify the Bank Account number in the Bid cum Application Form. The Bid cum Application Form submitted by a Bidder and which is accompanied by cash, demand draft, cheque, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account maintained with an SCSB, may not be accepted.

(c) Bidders 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;

(d) Bidders shall note that for the purpose of blocking funds under ASBA facility clearly demarcated funds shall be available in the account.

(e) From one ASBA Account, a maximum of five Bids cum Application Forms can be submitted.

(f) **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).

(g) **Bidders bidding through Designated Intermediaries** other than a SCSB, should note that ASBA Forms submitted to such Designated Intermediary may not be accepted, if the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has not named at least one branch at that location for such Designated Intermediary, to deposit ASBA Forms.

(h) **Bidders bidding directly through the SCSBs** should ensure that the Bid cum Application Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained.

(i) Upon receipt of the Bid cum Application Form, the Designated Branch of the SCSB may verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the Bid cum Application Form.

(j) If sufficient funds are available in the ASBA Account, the SCSB may block an amount equivalent to the Bid Amount mentioned in the Bid cum Application Form and for application directly submitted to SCSB by investor, may enter each Bid option into the electronic bidding system as a separate Bid.

(k) If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB may not upload such Bids on the Stock Exchange platform and such bids are liable to be rejected.

(l) Upon submission of a completed Bid cum Application Form each Bidder 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 Bid cum Application Form in the ASBA Account maintained with the SCSBs.

(m) The Bid Amount may remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the Bid Amount against the Allotted

Equity Shares to the Public Offer Account, or until withdrawal or failure of the Issue, or until withdrawal or rejection of the Bid, as the case may be.

(n) SCSBs bidding in the Offer must apply through an Account maintained with any other SCSB; else their Bids are liable to be rejected.

4.1.7.1.1 **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, (iv) the amount to be unblocked, if any in case of partial allotments and (v) details of rejected ASBA Bids, if any, along with reasons for rejection and details of withdrawn or unsuccessful Bids, if any, to enable the SCSBs to unblock the respective bank accounts.

(b) On the basis of instructions from the Registrar to the Issue, the SCSBs may transfer the requisite amount against each successful Bidder to the Public Offer Account and may unblock the excess amount, if any, in the ASBA Account.

(c) In the event of withdrawal or rejection of the Bid cum Application Form and for unsuccessful Bids, the Registrar to the Offer may give instructions to the SCSB to unblock the Bid Amount in the relevant ASBA Account within six Working Days of the Bid/Offer Closing Date.

4.1.7.2 **Discount** (if applicable)

(a) The Discount is stated in absolute rupee terms.

(b) Bidders applying under RII category, Retail Individual Shareholder and employees are only eligible for discount. For Discounts offered in the Issue, Bidders may refer to the RHP/Prospectus.

(c) The Bidders entitled to the applicable Discount in the Offer may block for an amount i.e. the Bid Amount less Discount (if applicable).

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 RII category.

4.1.8 **FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS**

(a) Only the First Bidder/Applicant is required to sign the Bid cum Application Form/Application Form. Bidders/Applicants should ensure that signatures are in one of the languages specified in the Eighth Schedule to the Constitution of India.

(b) If the ASBA Account is held by a person or persons other than the Bidder/Applicant, 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 Bid cum Application Form/Application 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 Bid cum Application Form/Application 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 should ensure that they receive the Acknowledgment slip or the acknowledgement number duly signed and stamped by a Designated Intermediary, as applicable, for submission of the Bid cum Application Form.

(b) All communications in connection with Bids/Applications made in the Offer should be addressed as under:

i. In case of queries related to Allotment, non-receipt of Allotment Advice, credit of Allotted Equity Shares, unblocking of funds, the Bidders/Applicants should contact the Registrar to the Issue.

ii. In case of Bids submitted to the Designated Branches of the SCSBs, the Bidders/Applicants should contact the relevant Designated Branch of the SCSB.

iii. In case of queries relating to uploading of Syndicate ASBA Bids, the Bidders/Applicants should contact the relevant Syndicate Member.

iv. In case of queries relating to uploading of Bids by a Designated Intermediary, the Bidders/Applicants should contact the relevant Designated Intermediary.

v. Bidder/Applicant may contact the Company Secretary and compliance officer or BRLM(s) in case of any other complaints in relation to the Issue.

(c) The following details (as applicable) should be quoted while making any queries –

i. full name of the sole or First Bidder/Applicant, Bid cum Application Form number, Applicants'/Bidders' DP ID, Client ID, PAN, number of Equity Shares applied for, amount paid on application;

ii. name and address of the Designated Intermediary, where the Bid was submitted;

iii. in case of Bids other than from Anchor Investors, ASBA Account number in which the amount equivalent to the Bid Amount was blocked; or

iv. in case of Anchor Investor Bids, the unique transaction reference number and the name of the relevant bank thereof.

For further details, Bidder/Applicant may refer to the RHP/Prospectus and the Bid cum Application Form.

4.2 INSTRUCTIONS FOR FILING THE REVISION FORM

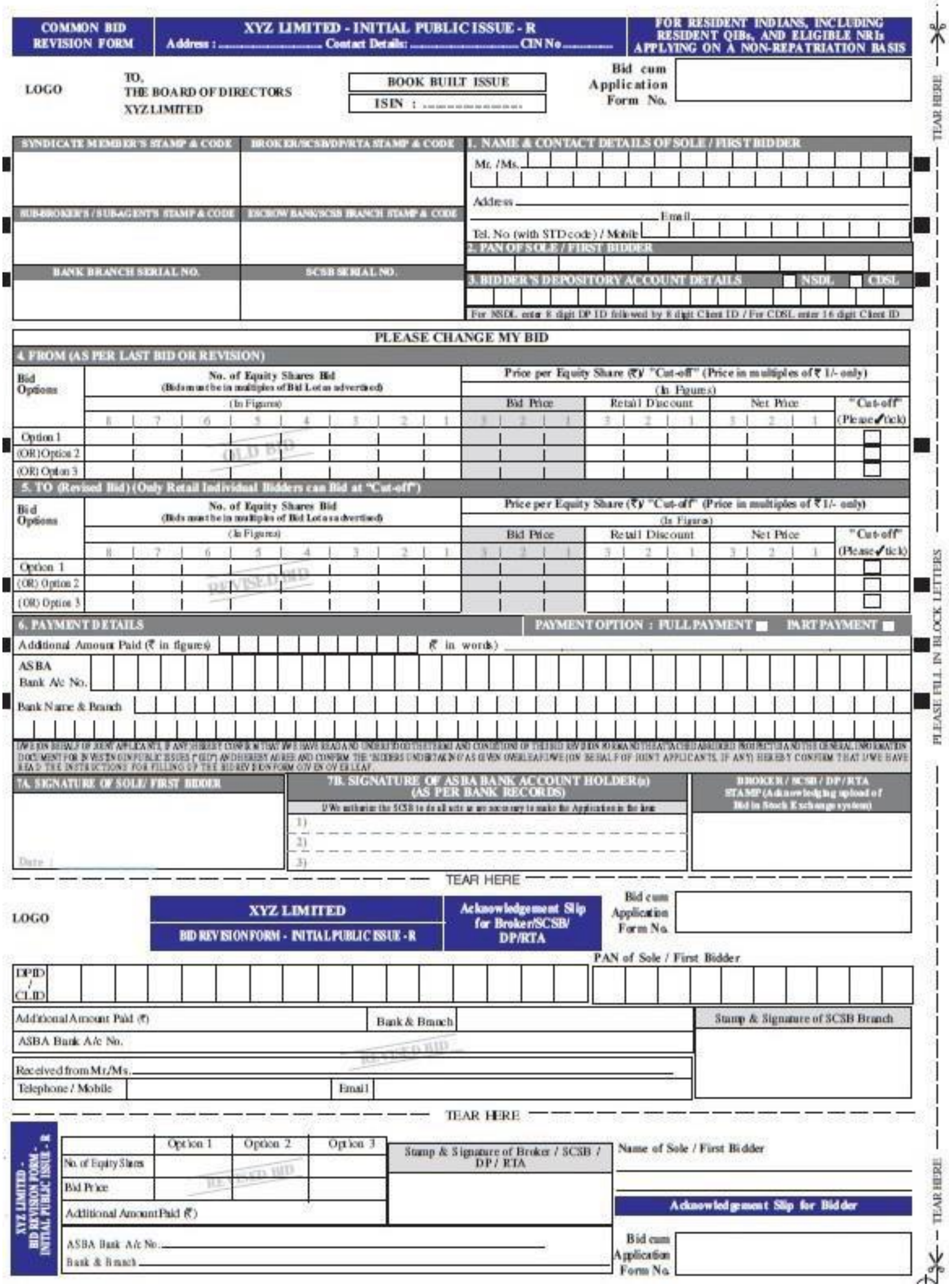
(a) During the Bid/Offer Period, any Bidder/Applicant (other than QIBs and NIIs, who can only revise their bid upwards) who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the Revision Form, which is a part of the Bid cum Application Form.

(b) RII may revise their Bids or withdraw their bids until Bid/Offer Closing date.

(c) Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form.

(d) The Bidder/Applicant can make this revision any number of times during the Bid/ Offer Period. However, for any revision(s) in the Bid, the Bidders/Applicants will have to use the services of the same Designated Intermediary through which such Bidder/Applicant had placed the original Bid. Bidders/Applicants are advised to retain copies of the blank Revision Form and the Bid(s) must be made only in such Revision Form or copies thereof.

A sample revision form is reproduced below:


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 / 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

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)			
	8 7 6 5 4 3 2 1	Bid Price 3 2 1	Retail Discount 3 2 1	Net Price 3 2 1	"Cut-off" (Please ✓ tick)
Option 1					
(OR) Option 2	OLD BID				
(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)			
	8 7 6 5 4 3 2 1	Bid Price 3 2 1	Retail Discount 3 2 1	Net Price 3 2 1	"Cut-off" (Please ✓ tick)
Option 1					
(OR) Option 2	REVISED BID				
(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 (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID REVISION FORM AND THE ATTACHED ABRIDGED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES ("GID") AND HEREBY AGREE AND CONFIRM THE "BIDDERS UNDERTAKING" AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT 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

Date :

7B. 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

BID REVISION FORM - INITIAL PUBLIC ISSUE - R

Acknowledgement Slip for Broker/SCSB/ DP/RTA

Bid cum Application Form No.

PAN of Sole / First Bidder

DPID / CLID

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.

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/APPLICANT, PAN OF SOLE/FIRST BIDDER/APPLICANT & DEPOSITORY ACCOUNT DETAILS OF THE BIDDER/APPLICANT**

Bidders/Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

4.2.2 **FIELD 4 & 5: BID OPTIONS REVISION 'FROM' AND 'TO'**

(a) Apart from mentioning the revised options in the Revision Form, the Bidder/Applicant must also mention the details of all the bid options given in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder/Applicant has Bid for three options in the Bid cum Application Form and such Bidder/Applicant is changing only one of the options in the Revision Form, the Bidder/Applicant must still fill the details of the other two options that are not being revised, in the Revision Form. The Designated Intermediaries may not accept incomplete or inaccurate Revision Forms.

(b) In case of revision, Bid options should be provided by Bidders/Applicants in the same order as provided in the Bid cum Application Form.

(c) In case of revision of Bids by RIIs, Employees and Retail Individual Shareholders, such Bidders/Applicants should ensure that the Bid Amount, subsequent to revision, does not exceed ₹ 200,000. In case the Bid Amount exceeds ₹ 200,000 due to revision of the Bid or for any other reason, the Bid may be considered, subject to eligibility, for allocation under the Non-Institutional Category, not being eligible for Discount (if applicable) and such Bid may be rejected if it is at the Cut-off Price. The Cut-off Price option is given only to the RIIs, Employees and Retail Individual Shareholders indicating their agreement to Bid for and purchase the Equity Shares at the Offer Price as determined at the end of the Book Building Process.

(d) In case 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 Portion in terms of the RHP/Prospectus. If, however, the RII 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 RII and the RII is deemed to have approved such revised Bid at Cut-off Price.

(e) In case of a downward revision in the Price Band, RIIs and Bids by Employees under the Reservation Portion, who have bid at the Cut-off Price could either revise their Bid or the excess amount paid at the time of Bidding will be unblocked after the allotment is finalized.

4.2.3 **FIELD 6: PAYMENT DETAILS**

(a) All Bidders/Applicants are required to authorise blocking of the full Bid Amount (less Discount (if applicable) at the time of submitting the Bid Revision Form. In case of Bidders/Applicants specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e. Bid price less discount offered, if any.

(b) Bidder/Applicant, Bidder/Applicant may Offer 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 may be adjusted downwards for the purpose of Allotment, such that no additional amount is required for blocking Bidder/Applicant 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, RIIs, Employees and Retail Individual Shareholders, who have bid at the Cut-off Price, could either revise their Bid or the excess amount paid at the time of Bidding may be unblocked.

4.2.4 **FIELDS 7 : SIGNATURES AND ACKNOWLEDGEMENTS**

Bidders/Applicants may refer to instructions contained at paragraphs 4.1.8 and 4.1.9 for this purpose.

4.3 INSTRUCTIONS FOR FILING APPLICATION FORM IN ISSUES MADE OTHER THAN THROUGH THE BOOK BUILDING PROCESS (FIXED PRICE ISSUE)

4.3.1 **FIELDS 1, 2, 3 NAME AND CONTACT DETAILS OF SOLE/FIRST BIDDER/APPLICANT, PAN OF SOLE/FIRST BIDDER/APPLICANT & DEPOSITORY ACCOUNT DETAILS OF THE BIDDER/APPLICANT**

Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

4.3.2 **FIELD 4: PRICE, APPLICATION QUANTITY & AMOUNT**

(a) The Issuer may mention Price or Price Band in the draft Prospectus. However a prospectus registered with RoC contains one price or coupon rate (as applicable).

(b) **Minimum Application Value and Bid Lot**: The Issuer in consultation with the Lead Manager to the Offer (LM) may decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹ 10,000 to ₹ 15,000. The minimum Lot size is accordingly determined by an Issuer on basis of such minimum application value.

(c) Applications by RIIs**,** Employees 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.

(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, Bids bearing the same PAN may be treated as multiple applications by a Bidder/Applicant and may be rejected.

ii. For applications from Mutual Funds, submitted under the same PAN, as well as Bids 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 Net 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 for the purpose of Bidding, allocation and Allotment in the Offer are RIIs, individual applicants other than RII's and other investors (including corporate bodies or institutions, irrespective of the number of specified securities applied for).

(b) An Issuer can make reservation for certain categories of Applicants permitted under the SEBI ICDR Regulations. For details of any reservations made in the Offer, applicants may refer to the Prospectus.

(c) The SEBI ICDR Regulations specify the allocation or Allotment that may be made to various categories of applicants in an Offer depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For Offer specific details in relation to allocation applicant may refer to the Prospectus.

4.3.4 **FIELD NUMBER 6: INVESTOR STATUS**

Applicants should refer to instructions contained in paragraphs 4.1.6.

4.3.5 **FIELD 7: PAYMENT DETAILS**

(a) All Applicants (other than Anchor Investors) are required to make use ASBA for applying in the Offer

(b) Application Amount cannot be paid in cash, cheques or demand drafts through money order or through postal order or through stock invest.

4.3.5.1 **Payment instructions for Applicants**

Applicants should refer to the payment instructions included in paragraph 4.1.7.2.

4.3.5.2 **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 Application, (ii) the amount to be transferred from the relevant bank account to the Public Offer Account, for each Application, (iii) the date by which funds referred to in (ii) above may be transferred to the Public Offer Account, and (iv) details of rejected Applications, if any, along with reasons for rejection and details of withdrawn or unsuccessful Applications, 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 Application to the Public Offer Account and may unblock the excess amount, if any, in the ASBA Account.

(c) In the event of withdrawal or rejection of the Application Form and for unsuccessful Applications, the Registrar to the Offer may give instructions to the SCSB to unblock the Application Amount in the relevant ASBA Account within six Working Days of the Offer Closing Date.

4.3.5.3 **Discount** (if applicable)

(a) The Discount is stated in absolute rupee terms.

(b) RIIs, Employees and Retail Individual Shareholders are only eligible for discount. For Discounts offered in the Issue, applicants may refer to the Prospectus.

(c) The Applicants entitled to the applicable Discount in the Offer may make payment for an amount i.e. the Application Amount less Discount (if applicable).

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 SUBMISSION OF BID CUM APPLICATION FORM/ REVISION FORM/APPLICATION FORM

4.4.1 **Bidders/Applicants may submit completed Bid-cum-application form / Revision Form in the following manner:-**

Mode of Application	Submission of Bid cum Application Form
Anchor Investors Application Form	To the Book Running Lead Managers at the Specified Locations mentioned in the Bid cum Application Form
All Applications (other than Anchor Investors)	(a) To members of the Syndicate in the Specified Locations or Registered Brokers at the Broker Centres or the Collecting RTAs at the Designated RTA Locations or the CDPs at the Designated CDP Locations (b) To the Designated Branches of the SCSBs where the ASBA Account is maintained

(a) Bidders/Applicants should submit the Revision Form to the same Designated Intermediary through which such Bidder/Applicant had placed the original Bid.

(b) Upon submission of the Bid-cum-Application Form, the Bidder/Applicant 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 Registrar of Companies (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 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 Issue, subject to applicable regulations and other terms and conditions.

5.1 SUBMISSION OF BIDS

(a) During the Bid/Offer Period, ASBA Bidders/Applicants may approach any of the

Designated Intermediary to register their Bids. Anchor Investors who are interested in subscribing for the Equity Shares should approach the Book Running Lead Manager to register their Bid.

(b) In case of Bidders/Applicants (excluding NIIs and QIBs) bidding at Cut-off Price, the Bidders/Applicants 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/Applicants are requested to refer to the RHP.

5.2 ELECTRONIC REGISTRATION OF BIDS

(a) The Designated Intermediary may register the Bids using the on-line facilities of the Stock Exchanges. The Designated Intermediaries can also set up facilities for off-line electronic registration of Bids, subject to the condition that they may subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis before the closure of the issue.

(b) On the Bid/Offer Closing Date, the Designated Intermediaries may upload the Bids till such time as may be permitted by the Stock Exchanges.

(c) Only Bids that are uploaded on the Stock Exchanges Platform are considered for allocation/ Allotment. The Designated Intermediaries are given till 1:00 pm on the day following the Bid/Offer Closing Date to modify select fields uploaded in the Stock Exchange Platform during the Bid/Offer Period after which the Stock Exchange(s) send the bid information to the Registrar to the Offer for further processing.

5.3 BUILD UP OF THE BOOK

(a) Bids received from various Bidders/Applicants through the Designated Intermediaries may be electronically uploaded on the Bidding Platform of the Stock Exchanges' on a regular basis. The book gets built up at various price levels. This information may be available with the BRLM at the end of the Bid/Offer Period.

(b) Based on the aggregate demand and price for Bids registered on the Stock Exchanges Platform, a graphical representation of consolidated demand and price as available on the websites of the Stock Exchanges may be made available at the Bidding centres during the Bid/Offer Period.

5.4 WITHDRAWAL OF BIDS

(a) RIIs can withdraw their Bids until Bid/Offer Closing Date. In case a RII wishes to withdraw the Bid, the same can be done by submitting a request for the same to the concerned Designated Intermediary, who shall do the requisite, including providing instructions for 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 upon or after the finalization of basis of Allotment. QIBs and NIIs can neither withdraw nor lower the size of their Bids at any stage.

5.5 REJECTION & RESPONSIBILITY FOR UPLOAD OF BIDS

(a) The Designated Intermediaries are individually responsible for the acts, mistakes or errors or omission in relation to

i. the Bids accepted by the Designated Intermediary;

ii. the Bids uploaded by the Designated Intermediary; and

iii. the Bid cum application forms accepted but not uploaded by the Designated Intermediaries.

(b) The BRLM 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) BRLM 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, NIIs & RIIs Bids can be rejected on technical grounds listed herein.

5.5.1 **GROUNDS FOR TECHNICAL REJECTIONS**

Bid cum Application Forms/Application Form can be rejected on the below mentioned technical grounds either at the time of their submission to any of the Designated Intermediaries, or at the time of finalisation of the Basis of Allotment. Bidders/Applicants are advised to note that the Bids/Applications are liable to be rejected, inter-alia, on the following grounds, which have been detailed at various placed in this GID:-

(a) Bid/Application by persons not competent to contract under the Indian Contract Act, 1872, (other than minors having valid Depository Account as per Demographic Details provided by Depositories);

(b) Bids/Applications of Bidders (other than Anchor Investors) accompanied by cash, draft, cheques, money order or any other mode of payment other than amounts blocked in the Bidders' ASBA Account maintained with an SCSB;

(c) Bids/Applications by OCBs;

(d) In case of partnership firms, Bid/Application for Equity Shares made in the name of the firm. However, a limited liability partnership can apply in its own name;

(e) In case of Bids/Applications under power of attorney or by limited companies, corporate, trust etc., relevant documents are not being submitted along with the Bid cum application form/Application Form;

(f) Bids/Applications by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;

(g) Bids/Applications by any person outside India if not in compliance with applicable foreign and Indian laws;

(h) Bids/Applications by persons in the United States;

(i) DP ID and Client ID not mentioned in the Bid cum Application Form/Application Form;

(j) PAN not mentioned in the Bid cum Application Form/Application Form except for Bids/Applications by or on behalf of the Central or State Government and officials appointed by the court and by the investors residing in the State of Sikkim, provided such claims have been verified by the Depository Participant;

(k) In case no corresponding record is available with the Depositories that matches the DP ID, the Client ID and the PAN;

(l) Bids/Applications for lower number of Equity Shares than the minimum specified for that category of investors;

(m) Bids/Applications at a price less than the Floor Price & Bids/Applications at a price more than the Cap Price;

(n) Bids/Applications at Cut-off Price by NIIs and QIBs;

(o) The amounts mentioned in the Bid cum Application Form/Application Form does not tally with the amount payable for the value of the Equity Shares Bid/Applied for;

(p) Bids/Applications for amounts greater than the maximum permissible amounts prescribed by the regulations;

(q) Submission of more than five Bid cum Application Forms/Application Form as per ASBA Account;

(r) Bids/Applications for number of Equity Shares which are not in multiples Equity Shares which are not in multiples as specified in the RHP;

(s) Multiple Bids/Applications as defined in this GID and the RHP/Prospectus;

(t) Bid cum Application Forms/Application Forms are not delivered by the Bidders/Applicants within the time prescribed as per the Bid cum Application Forms/Application Form, Bid/Offer Opening Date advertisement and as per the instructions in the RHP and the Bid cum Application Forms;

(u) Bank account mentioned in the Bid cum Application Form may not be an account maintained by SCSB. Inadequate funds in the bank account to block the Bid/Application Amount specified in the Bid cum Application Form/ Application Form at the time of blocking such Bid/Application Amount in the bank account;

(v) In case of Anchor Investors, Bids/Applications where sufficient funds are not available in Escrow Accounts as per final certificate from the Escrow Bank;

(w) Where no confirmation is received from SCSB for blocking of funds;

(x) Bids/Applications by Bidders (other than Anchor Investors) not submitted through ASBA process;

(y) Bid cum Application Form submitted to Designated Intermediaries at locations other than the Bidding Centers or to the Escrow Bank (assuming that such bank is not a SCSB where the ASBA Account is maintained), to the issuer or the Registrar to the Offer;

(z) Bids/Applications not uploaded on the terminals of the Stock Exchanges;

(aa) Bids/Applications by SCSBs wherein a separate account in its own name held with any other SCSB is not mentioned as the ASBA Account in the Bid cum Application Form/Application Form.

5.6 BASIS OF ALLOCATION

(a) The SEBI ICDR Regulations specify the allocation or Allotment that may be made to various categories of Bidders/Applicants in an Offer depending on compliance with the eligibility conditions. Certain details pertaining to the percentage of Offer size available for allocation to each category is disclosed overleaf of the Bid cum Application Form and in the RHP / Prospectus. For details in relation to allocation, the Bidder/Applicant may refer to the RHP / Prospectus.

(b) Under-subscription in any category (except QIB category) is allowed to be met with spill-over from any other category or combination of categories at the discretion of the Issuer and in consultation with the BRLM and the Designated Stock Exchange and in accordance with the SEBI ICDR Regulations. Unsubscribed portion in QIB Category is not available for subscription to other categories.

(c) In case of under subscription in the Net Issue, spill-over to the extent of such under-subscription may be permitted from the Reserved Portion to the Net Issue. 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 Issue; it also excludes Bidding by Anchor Investors.*

Bidders can bid at any price within the price band. For instance, assume a price band of ₹ 20 to ₹ 24 per share, issue size of 3,000 equity shares and receipt of five bids from bidders, details of which are shown in the table below. The illustrative book given below shows the demand for the equity shares of the issuer at various prices and is collated from bids received from various investors.

Bid Quantity	Bid Amount (₹)	Cumulative Quantity	Subscription
500	24	500	16.67%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the Issuer is able to Offer the desired number of equity shares is the price at which the book cuts off, i.e., ₹ 22.00 in the above example. The issuer, in consultation with the book running lead managers, may finalise the Offer Price at or below such cut-off price, i.e., at or below ₹ 22.00. All bids at or above this Offer Price and cut-off bids are valid bids and are considered for allocation in the respective categories.

(e) **Alternate Method of Book Building**

In case of FPOs, Issuers may opt for an alternate method of Book Building in which only the Floor Price is specified for the purposes of Bidding (**"Alternate Book Building Process"**).

The Issuer may specify the Floor Price in the RHP or advertise the Floor Price at least one Working Day prior to the Bid/Offer Opening Date. QIBs may Bid at a price higher than the Floor Price and the Allotment to the QIBs is made on a price priority basis. The Bidder with the highest Bid Amount is allotted the number of Equity Shares Bid for and then the second highest Bidder is Allotted Equity Shares and this process continues until all the Equity Shares have been allotted. RIIs, NIIs and Employees are Allotted Equity Shares at the Floor Price and allotment to these categories of Bidders is made proportionately. If the number of Equity Shares Bid for at a price is more than available quantity then the Allotment may be done on a proportionate basis. Further, the Issuer may place a cap either in terms of number of specified securities or percentage of issued capital of the Issuer that may be Allotted to a single Bidder, decide whether a Bidder be allowed to revise the bid upwards or downwards in terms of price and/or quantity and also decide whether a Bidder be allowed single or multiple bids.

SECTION 6: OFFER PROCEDURE IN FIXED PRICE 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.

ASBA Applicants may submit an Application Form either in physical form to the Designated Intermediaries or in the electronic form to the SCSB or the Designated Branches of the SCSBs authorising blocking of funds that are available in the 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 per cent to Retail Individual Investors; and remaining to (i) individual investors other than Retail Individual Investors; and (ii) other Applicants including corporate bodies or institutions, irrespective of the number of specified securities applied for. The unsubscribed portion in either of the categories specified above may be allocated to the Applicants in the other category.

For details of instructions in relation to the Application Form, Bidders/Applicants may refer to the relevant section of the GID.

SECTION 7: ALLOTMENT PROCEDURE AND BASIS OF ALLOTMENT

The Allotment of Equity Shares to Bidders/Applicants other than Retail Individual Investors and Anchor Investors may be on proportionate basis. For Basis of Allotment to Anchor Investors, Bidders/Applicants may refer to RHP/Prospectus. No Retail Individual Investor will be Allotted less than the minimum Bid Lot subject to availability of shares in Retail Individual Investor Category and the remaining available shares, if any will be Allotted on a proportionate basis. The Issuer is required to receive a minimum subscription of 90% of the 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 RIIs

Bids received from the RIIs 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 RIIs 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 RIIs who can be Allotted the minimum Bid Lot will be computed by dividing the total number of Equity Shares available for Allotment to RIIs by the minimum Bid Lot **("Maximum RII Allottees")**. The Allotment to the RIIs will then be made in the following manner:

(a) In the event the number of RIIs who have submitted valid Bids in the Offer is equal to or less than Maximum RII Allottees, (i) all such RIIs 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 RIIs who have received Allotment as per (i) above for the balance demand of the Equity Shares Bid by them (i.e. who have Bid for more than the minimum Bid Lot).

(b) In the event the number of RIIs who have submitted valid Bids in the Offer is more than Maximum RII Allottees, the RIIs (in that category) who will then be Allotted minimum Bid Lot shall be determined on the basis of draw of lots.

7.2 ALLOTMENT TO NIIs

Bids received from NIIs at or above the Offer Price may be grouped together to determine the total demand under this category. The Allotment to all successful NIIs may be made at or above the Offer Price. If the aggregate demand in this category is less than or equal to the Non-Institutional Category at or above the Offer Price, full Allotment may be made to NIIs to the extent of their demand. In case the aggregate demand in this category is greater than the Non-Institutional Category at or above the Offer Price, Allotment may be made on a proportionate basis up to a minimum of the Non-Institutional Category.

7.3 ALLOTMENT TO QIBs

For the Basis of Allotment to Anchor Investors, Bidders/Applicants may refer to the SEBI ICDR Regulations or RHP / Prospectus. Bids received from QIBs Bidding in the QIB Category (net of Anchor Portion) at or above the Offer Price may be grouped together to determine the total demand under this category. The QIB Category may be available for Allotment to QIBs who have Bid at a price that is equal to or greater than the Offer Price. Allotment may be undertaken in the following manner:

(a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Category may be determined as follows: (i) In the event that Bids by Mutual Fund exceeds 5% of the QIB

Category, allocation to Mutual Funds may be done on a proportionate basis for up to 5% of the QIB Category; (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Category then all Mutual Funds may get full allotment to the extent of valid Bids received above the Offer Price; and (iii) Equity Shares remaining unsubscribed, if any and not allocated to Mutual Funds may be available for allotment to all QIBs as set out at paragraph 7.4(b) below;

(b) In the second instance, allotment to all QIBs may be determined as follows: (i) In the event of oversubscription in the QIB Category, all QIBs who have submitted Bids above the Offer Price may be Allotted Equity Shares on a proportionate basis for up to 95% of the QIB Category; (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIBs; and (iii) Under-subscription below 5% of the QIB Category, if any, from Mutual Funds, may be included for allocation to the remaining QIBs on a proportionate basis.

7.4 ALLOTMENT TO ANCHOR INVESTOR (IF APPLICABLE)

(a) Allocation of Equity Shares to Anchor Investors at the Anchor Investor Offer Price will be at the discretion of the issuer subject to compliance with the following requirements:

i. not more than 60% of the QIB Category will be allocated to Anchor Investors;

ii. one-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors; and

iii. allocation to Anchor Investors shall be on a discretionary basis and subject to:

- a maximum number of two Anchor Investors for allocation up to ₹10 crores;
- a minimum number of two Anchor Investors and maximum number of 15 Anchor Investors for allocation of more than ₹ 10 crores and up to ₹ 250 crores subject to minimum allotment of ₹ 5 crores per such Anchor Investor; and
- a minimum number of five Anchor Investors and maximum number of 25 Anchor Investors for allocation of more than ₹ 250 crores subject to minimum allotment of ₹ 5 crores per such Anchor Investor.

(b) A physical book is prepared by the Registrar on the basis of the Bid cum Application Forms received from Anchor Investors. Based on the physical book and at the discretion of the issuer in consultation with the BRLM, selected Anchor Investors will be sent a CAN and if required, a revised CAN.

(c) **In the event that the Offer Price is higher than the Anchor Investor Offer Price**: Anchor Investors will be sent a revised CAN within one day of the Pricing Date indicating the number of Equity Shares allocated to such Anchor Investor and the pay-in date for payment of the balance amount. Anchor Investors are then required to pay any additional amounts, being the difference between the Offer Price and the Anchor Investor Offer Price, as indicated in the revised CAN within the pay-in date referred to in the revised CAN. Thereafter, the Allotment Advice will be issued to such Anchor Investors.

(d) **In the event the Offer Price is lower than the Anchor Investor Offer Price:** Anchor Investors who have been Allotted Equity Shares will directly receive Allotment Advice.

7.5 BASIS OF ALLOTMENT FOR QIBs (OTHER THAN ANCHOR INVESTORS), NIIs AND RESERVED CATEGORY IN CASE OF OVER-SUBSCRIBED 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 Bank shall transfer the funds represented by allocation of Equity Shares to Anchor Investors from the Escrow Accounts, as per the terms of the Cash Escrow Agreement, into the Public Offer Account with the Bankers to the Offer. The balance amount after transfer to the Public Offer Account shall be transferred to the Refund Account. Payments of refund to the Bidders applying in the Anchor Investor Portion shall be made from the Refund Account as per the terms of the Cash Escrow Agreement and the RHP. On the Designated Date, the Registrar to the Offer shall instruct the SCSBs 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/Applicants **are advised to instruct their Depository Participant to accept the Equity Shares that may be allotted to them pursuant to the Offer.**

Pursuant to confirmation of such corporate actions, the Registrar will dispatch Allotment Advice to the Bidders/Applicants who have been Allotted Equity Shares in the Offer.

(c) The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract.

(d) Issuer will ensure that: (i) the Allotment of Equity Shares; and (ii) credit of shares to the successful Bidders/Applicants Depository Account will be completed within six Working Days of the Bid/ Offer Closing Date. The Issuer also ensures the credit of shares to the successful Applicant's depository account is completed within five Working Days from the

Bid/Offer Closing Date.

SECTION 8: INTEREST AND REFUNDS

8.1 COMPLETION OF FORMALITIES FOR LISTING & COMMENCEMENT OF TRADING

The Issuer may ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges are taken within six Working Days of the Bid/Offer Closing Date. The Registrar to the Offer may give instructions for credit to Equity Shares the beneficiary account with DPs, and dispatch the Allotment Advice 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) and obtain permission for listing of the Equity Shares, in accordance with the provisions of Section 40 of the Companies Act 2013, the Issuer may be punishable with a fine which shall not be less than ₹ 5 lakhs but which may extend to ₹ 50 lakhs and every officer of the Issuer who is in default shall be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than ₹ 50,000 but which may extend to ₹ 3 lakhs, or with both.

If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchange(s), the Issuer may forthwith may take steps to refund, without interest, all moneys received from the Bidders/Applicants in pursuance of the RHP/Prospectus.

If such money is not refunded to Bidders within the prescribed time after the Issuer becomes liable to repay it, then the Issuer and every director of the Issuer who is an officer in default may, on and from such expiry of such period, be liable to repay the money, with interest at such rate, as disclosed in the RHP/Prospectus.

8.2.2 NON RECEIPT OF MINIMUM SUBSCIPTION

If the Issuer does not receive a minimum subscription of 90% of the Net Offer (excluding any offer for sale of specified securities), including devolvement to the Underwriters, as applicable, the Issuer may forthwith, take steps to unblock the entire subscription amount received within six Working Days of the Bid/ Offer Closing Date and repay, without interest, all moneys received from Anchor Investors. This is further subject to the compliance with Regulation 19(2)(b) of the SCRR. In case the Offer is in the nature of Offer for Sale only, then minimum subscription may not be applicable. In case of under-subscription in the Offer, the Equity Shares in the Fresh Issue will be issued prior to the sale of Equity Shares in the Offer for Sale.

If there is a delay beyond the prescribed time after the Issuer becomes liable to pay or unblock the amount received from Bidders, then the Issuer and every director of the Issuer who is an officer in default may on and from expiry of prescribed time period under applicable laws, be jointly and severally liable to repay the money, with interest at the rate of 15% *per annum* in accordance with the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended.

8.2.3 MINIMUM NUMBER OF ALLOTTEES

The Issuer may ensure that the number of prospective Allottees to whom Equity Shares may be allotted may not be less than 1,000 failing which the entire application monies may be refunded forthwith.

8.2.4 IN CASE OF ISSUES MADE UNDER COMPULSORY BOOK BUILDING

In case an Issuer not eligible under Regulation 26(1) of the SEBI ICDR Regulations comes for an Offer under Regulation 26(2) of SEBI (ICDR) Regulations but fails to Allot at least 75% of the Net Offer to QIBs, in such case full subscription money is to be refunded.

8.3 MODE OF REFUND

1. **In case of ASBA Bids:** Within six Working Days of the Bid/Offer Closing Date, the Registrar to the Offer may give instructions to SCSBs for unblocking the amount in ASBA Accounts for unsuccessful Bids or for any excess amount blocked on Bidding.

2. **In case of Anchor Investors:** Within six Working Days of the Bid/Offer Closing Date, the Registrar to the Offer may dispatch the refund orders for all amounts payable to unsuccessful Anchor Investors.

3. In case of Anchor Investors, the Registrar to the Offer may obtain from the depositories the Bidders' bank account details, including the MICR code, on the basis of the DP ID, Client ID and PAN provided by the Anchor Investors in their Bid cum Application Forms for refunds. Accordingly, Anchor Investors are advised to immediately update their details as appearing on the records of their depositories. Failure to do so may result in delays in dispatch of refund orders or refunds through electronic transfer of funds, as applicable, and any such delay may be at the Anchor Investors' sole risk and neither the Issuer, the Registrar to the Offer, the Escrow Collection Banks, or the Syndicate, may be liable to compensate the Anchor Investors for any losses caused to them due to any such delay, or liable to pay any interest for such delay. Please note that refunds shall be credited only to the bank account from which the Bid Amount was remitted to the Escrow Bank

8.3.1 Electronic mode of making refunds for Anchor Investors

The payment of refund, if any, may be done through various electronic modes as mentioned below:

i. **NACH** — National Automated Clearing House is a consolidated system of ECS. Payment of refunds would be done through NACH for Anchor Investors 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 refunds through NACH is mandatory for Anchor Investors having a bank account at any of the centres where NACH facility has been made available by the RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS;

ii. **NEFT**—Payment of refund may be undertaken through NEFT wherever the branch of the Anchor Investors' bank is NEFT enabled and has been assigned the Indian Financial System Code ("**IFSC**"), which can be linked to the MICR of that particular branch. The IFSC may be obtained from the website of RBI as at a date prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Anchor Investors have registered their nine-digit MICR number and their bank account number while opening and operating the demat account, the same may be duly mapped with the IFSC of that particular bank branch and the payment of refund may be made to the Anchor Investors through this method. In the event NEFT is not operationally feasible, the payment of refunds may be made through any one of the other modes as discussed in this section;

iii. **Direct Credit**—Anchor Investors having their bank account with the Refund Banker may be eligible to receive refunds, if any, through direct credit to such bank account; and

iv. **RTGS**—Anchor Investors having a bank account with a bank branch which is RTGS enabled as per the information available on the website of RBI and whose refund amount exceeds ₹ 0.2 million, shall be eligible to receive refund through RTGS, provided the Demographic Details downloaded from the Depositories contain the nine digit MICR code of the Anchor Investor's bank which can be mapped with the RBI data to obtain the corresponding IFSC. Charges, if any, levied by the Escrow Bank for the same would be borne by our Company. Charges, if any, levied by the Anchor Investor's bank receiving the credit would be borne by the Anchor Investor.

Please note that refunds through the abovementioned modes shall be credited only to the bank account from which the Bid Amount was remitted to the Escrow Bank.

For details of levy of charges, if any, for any of the above methods, Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers etc. Bidders/Applicants may refer to RHP/Prospectus.

8.4 INTEREST IN CASE OF DELAY IN ALLOTMENT OR REFUND

The Issuer may pay interest at the rate of 15% *per annum* if refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to Bidders/Applicants or instructions for unblocking of funds in the ASBA Account are not dispatched within the six Working Days of the Bid/Offer Closing Date.

The Issuer may pay interest at 15% *per annum* for any delay beyond 15 days from the Bid/ Offer Closing Date, if Allotment is not made.

SECTION 9: GLOSSARY AND ABBREVIATIONS

Unless the context otherwise indicates or implies, certain definitions and abbreviations used in this document may have the meaning as provided below. References to any legislation, act or regulation may be to such legislation, act or regulation as amended from time to time.In case of any inconsistency between the definitions given in "Definitions and Abbreviations" on page 1, and the definitions contained below the definitions given in "Definitions and Abbreviations" shall prevail.

Term	Description
Allotment/Allot/Allotted	The allotment of Equity Shares pursuant to the Offer to successful Bidders/Applicants
Allotment Advice	Note or advice or intimation of Allotment sent to the Bidders/Applicants who have been Allotted Equity Shares after the Basis of Allotment has been approved by the designated Stock Exchanges
Allottee	Bidder/Applicant 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 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 in consultation with and 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/Applicants, other than Anchor Investors, to make a Bid and authorising an SCSB to block the Bid Amount in the specified bank account maintained with such SCSB
ASBA Account	Account maintained with an SCSB which may be blocked by such SCSB to the extent of the Bid Amount of the Bidder/Applicant
Banker(s) to the	The banks which are clearing members and registered with SEBI as Banker to

Term	Description
Offer/Escrow Bank(s)/Collecting Banker	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	The basis on which the Equity Shares may be Allotted to successful Bidders/Applicants under the Issue
Bid	An indication to make an offer during the Bid/Offer Period by a prospective Bidder pursuant to submission of Bid cum Application Form or during the Anchor Investor Bid/ Offer Date by the Anchor Investors, to subscribe for or purchase the Equity Shares of the Issuer at a price within the Price Band, including all revisions and modifications thereto. In case of issues undertaken through the fixed price process, all references to a Bid should be construed to mean an Application
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder/Applicant upon submission of the Bid (except for Anchor Investors), less discounts (if applicable). In case of issues undertaken through the fixed price process, all references to the Bid Amount should be construed to mean the Application Amount
Bid/Offer Closing Date	Except in the case of Anchor Investors (if applicable), the date after which the Designated Intermediaries may not accept any Bids for the Offer, which may be notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Applicants/Bidders may refer to the 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 Issue, which may be the date notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Applicants/Bidders may refer to the RHP/Prospectus for the Bid/Offer Opening Date
Bid/Offer Period	Except in the case of Anchor Investors (if applicable), the period between the Bid/ Offer Opening Date and the Bid/Offer Closing Date inclusive of both days and during which prospective Bidders/Applicants (other than Anchor Investors) can submit their Bids, inclusive of any revisions thereof. 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
Bid cum Application Form	An application form, whether physical or electronic, used by Bidders, other than Anchor Investors, to make a Bid and which will be considered as the application for Allotment in terms of this Red Herring Prospectus and the Prospectus
Bidder/Applicant	Any prospective investor who makes a Bid/Application pursuant to the terms of the RHP/Prospectus and the Bid cum Application Form. In case of issues undertaken through the fixed price process, all references to a Bidder/Applicant should be construed to mean an Bidder/Applicant
Book Built Process/Book Building Process/Book Building Method	The book building process as provided under SEBI ICDR Regulations, in terms of which the Offer is being made
Broker Centres	Broker centres notified by the Stock Exchanges, where Bidders/Applicants can submit the Bid cum Application Forms to a Registered Broker. The details of such broker centres, along with the names and contact details of the Registered Brokers are available on the websites of the Stock Exchanges
BRLM(s)/Book Running Lead Manager(s)/Lead Manager/LM	The Book Running Lead Manager to the Offer as disclosed in the RHP/Prospectus and the Bid cum Application Form of the Issuer. In case of issues undertaken through the fixed price process, all references to the Book Running Lead Manager should be construed to mean the Lead Manager or LM
Business Day	Monday to Saturday (except 2nd and 4th Saturday of a month and public holidays)
CAN/Confirmation of Allotment Note	The note or advice or intimation sent to each successful Bidder/Applicant indicating the Equity Shares which may be Allotted, after approval of Basis of

Term	Description
	Allotment by the Designated Stock Exchange
Cap Price	The higher end of the Price Band, above which the Offer Price and the Anchor Investor Offer Price may not be finalised and above which no Bids may be accepted
Client ID	Client Identification Number maintained with one of the Depositories in relation to demat account
Collecting Depository Participant or CDPs	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
Collecting Registrar and Share Transfer Agents or Collecting 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
Cut-off Price	Offer Price, finalised by the Issuer in consultation with the Book Running Lead Manager(s), which can be any price within the Price Band. Only RIIs, Retail Individual Shareholders and employees are entitled to Bid at the Cut-off Price. No other category of Bidders/Applicants are entitled to Bid at the Cut-off Price
DP	Depository Participant
DP ID	Depository Participant's Identification Number
Depositories	National Securities Depository Limited and Central Depository Services (India) Limited
Demographic Details	Details of the Bidders/Applicants including the Bidder/Applicant's address, name of the Applicant's father/husband, investor status, occupation and bank account details
Designated Branches	Such branches of the SCSBs which may collect the Bid cum Application Forms used by Bidders/Applicants (excluding Anchor Investors) and a list of which is available on http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries
Designated CDP Locations	Such locations of the CDPs where Bidders can submit the Bid cum Application Forms to Collecting Depository Participants. The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept Bid cum Application Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)
Designated Date	The date on which funds are transferred by the Escrow Bank 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 board of directors may Allot Equity Shares to successful Bidders/Applicants in the Fresh Issue may give delivery instructions for the transfer of the Equity Shares constituting the Offer for Sale
Designated Intermediaries /Collecting Agent	Syndicate Members, sub-syndicate/Agents, SCSBs, Registered Brokers, Brokers, the CDPs and Collecting RTAs, who are authorised to collect Bid cum Application Forms from the Bidders, in relation to the Offer
Designated RTA Locations	Such locations of the Collecting RTAs where Bidders can submit the Bid cum Application Forms to Collecting RTAs. The details of such Designated RTA Locations, along with names and contact details of the Collecting RTAs eligible to accept Bid cum Application Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)
Designated Stock Exchange	The designated stock exchange as disclosed in the RHP/Prospectus of the Issuer
Discount	Discount to the Offer Price that may be provided to Bidders/Applicants in accordance with the SEBI ICDR Regulations.

Term	Description
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 SEBI ICDR Regulations and including, in case of a new company, persons in the permanent and full time employment of the promoting companies excluding the promoters and immediate relatives of the promoters. For further details, Bidder/Applicant may refer to the RHP/Prospectus
Equity Shares	Equity Shares of the Issuer
Escrow Account	Account opened with the Anchor Collection Bankand in whose favour the Anchor Investors may transfer money through NEFT/RTGS/direct credit 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 Book Running Lead Manager(s), the Escrow Bank and the Refund Bank(s) for collection of the Bid Amounts from Anchor Investors and where applicable, remitting refunds of the amounts collected to the Anchor Investors on the terms and conditions thereof
Escrow Bank	Refer to definition of Banker(s) to the Offer
FCNR Account	Foreign Currency Non-Resident Account
First Bidder/Applicant	The Bidder/Applicant whose name appears first in the Bid cum Application Form or Revision Form
Fixed Price Issue/Fixed Price Process/Fixed Price Method	The Fixed Price process as provided under SEBI ICDR Regulations, in terms of which the Offer is being made
Floor Price	The lower end of the Price Band, at or above which the Offer Price and the Anchor Investor Offer Price may be finalised and below which no Bids may be accepted, subject to any revision thereto
FPIs	Foreign Portfolio Investors as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
FPO	Further public offering
Foreign Venture Capital Investors or FVCIs	Foreign Venture Capital Investors as defined and registered with SEBI under the SEBI (Foreign Venture Capital Investors) Regulations, 2000
IPO	Initial public offering
Issuer/Company	The Issuer proposing the initial public offering/further public offering as applicable
Maximum RII Allottees	The maximum number of RIIs who can be Allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIIs by the minimum Bid Lot.
MICR	Magnetic Ink Character Recognition - nine-digit code as appearing on a cheque leaf
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
Mutual Funds Portion	5% of the QIB Category (excluding the Anchor Investor Portion) available for allocation to Mutual Funds only, being such number of equity shares as disclosed in the RHP/Prospectus and Bid cum Application Form
NACH	National Automated Clearing House
NEFT	National Electronics Fund Transfer
NRE Account	Non-Resident External Account
NRI	NRIs from such jurisdictions outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the RHP/Prospectus constitutes an invitation to subscribe to or purchase the Equity Shares
NRO Account	Non-Resident Ordinary Account
Net Offer	The Offer less reservation portion
Non-Institutional Investors or NIIs	All Bidders/Applicants, 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 NIIs on a proportionate basis and as disclosed in the

Term	Description
	RHP/Prospectus and the Bid cum Application Form
Non-Resident	A person resident outside India, as defined under FEMA and includes Eligible NRIs, FPIs and FVCIs registered with SEBI
OCB/Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA
Offer	Public issue of Equity Shares of the Issuer including the Offer for Sale if applicable
Offer for Sale	Public offer of such number of Equity Shares as disclosed in the RHP/Prospectus through an offer for sale by the Selling Shareholder
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 Offer Price The Offer Price may be decided by the Issuer in consultation with the Book Running Lead Manager(s)
Other Investors	Investors other than Retail Individual Investors in a Fixed Price Issue. These include individual applicants other than retail individual investors and other investors including corporate bodies or institutions irrespective of the number of specified securities applied for
PAN	Permanent Account Number allotted under the Income Tax Act, 1961
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 in consultation with the Book Running Lead Manager(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 in consultation with the Book Running Lead Manager(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 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 Issue. 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
Refunds through electronic transfer of funds	Refunds through Direct Credit, NEFT, RTGS or ASBA, as applicable
Registered Broker	Stock Brokers registered with the Stock Exchanges having nationwide terminals, other than the members of the Syndicate

Term	Description
Registrar to the Offer/RTO	The Registrar to the Offer as disclosed in the RHP/Prospectus and Bid cum Application Form
Reserved Category/Categories	Categories of persons eligible for making application/Bidding under reservation portion
Reservation Portion	The portion of the Offer reserved for such category of eligible Bidders/Applicants as provided under the SEBI ICDR Regulations
Retail Individual Investors/RIIs	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 RIIs which shall not be less than the minimum Bid Lot, subject to availability in RII category and the remaining shares to be Allotted on proportionate basis.
Revision Form	The form used by the Bidders in an issue through Book Building Process to modify the quantity of Equity Shares and/or bid price indicated therein in any of their Bid cum Application Forms or any previous Revision Form(s)
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	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended
Self Certified Syndicate Bank(s) or SCSB(s)	The banks registered with the SEBI which offers the facility of ASBA and the list of which is available on the website of the http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries
Specified Locations	Bidding centres where the Syndicate shall accept Bid cum Application Forms, a list of which is included in the Bid cum Application Form
Stock Exchanges	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 Book Running Lead Manager(s) and the Syndicate Members
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)	The Syndicate Member(s) as disclosed in the RHP/Prospectus
Underwriters	The Book Running Lead Manager(s) and the Syndicate Members
Underwriting Agreement	The agreement amongst the Issuer, and the Underwriters to be entered into on or after the Pricing Date
Working Day	Any day, other than Saturdays or Sundays, on which commercial banks in India are open for business, provided however, for the purpose of the time period between the Bid/Offer Opening Date and listing of the Equity Shares on the Stock Exchanges, "Working Days" shall mean all trading days excluding Sundays and bank holidays in India in accordance with the SEBI circular no. SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016.

SECTION VIII – MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

The Articles of Association of the Company comprise two parts, Part I and Part II, which parts shall, unless the context otherwise requires, co-exist with each other. However, upon the listing of the equity shares of the Company on any recognised stock exchanges in India pursuant to an initial public offering of the equity shares of the Company, Part II shall automatically stand deleted, not have any force and be deemed to be removed from the Articles of Association of the Company without any further corporate or other action by the Company or its shareholders and Part I shall continue to be in effect. Until such time, in the event of any inconsistency between Part I and Part II of the Articles of Association, the provisions of Part II shall prevail over Part I.

PART I

1. **INTERPRETATION**

1.1 In these Articles, except where the context otherwise requires, capitalised terms defined by inclusion in quotations and/or parenthesis have the meanings so ascribed and the following words and expressions have the following meanings:

"**Amendment Date**" means the date on which these Articles are adopted by the Company in place of the existing articles;

"**Applicable Laws**" includes (but is not limited to) all applicable:

(a) statutes, enactments, acts of legislature or parliament, laws, ordinances, rules, bye-laws, regulations, listing agreements, notifications, guidelines, circulars or policies of any applicable country and/or jurisdiction including the countries and jurisdictions in which the Company is incorporated and/or carries on any business or activities;

(b) administrative interpretation, writ, injunction, directions, directives, judgment, arbitral award, decree, orders or governmental approvals of, or agreements with, any Governmental Authority or recognized stock exchange; and

(c) international treaties, conventions and protocols;

as may be in force from time to time.

"**Board**" means the duly constituted board of directors of the Company at the applicable time.

"**Company**" refers to AAVAS FINANCIERS LIMITED (Formerly "Au HOUSING FINANCE LIMITED"), a company incorporated under the laws of India, having its registered office at 201-202, 2nd Floor, Southend Square, Mansarovar Industrial Area, Jaipur-302020, Rajasthan.

"**Control**" (including the terms "**Controlled by**" and "**under common Control with**") means, in relation to a body corporate, the right to exercise, or control the exercise of, whether directly or indirectly, acting alone or together with another Person, more than 50% (Fifty Per Cent) of the total voting rights at a general meeting of that body corporate, or the right or power to direct, whether directly or indirectly, acting alone or together with another Person, the policy decisions or management of that body corporate, including right to appoint majority of the board of Directors of that body corporate; and in relation to any Person which is not a body corporate or an individual, the right or power to direct, whether directly or indirectly, acting alone or together with another Person, the policy decisions or management of that Person.

"**Director(s)**" means the director(s) of the Company appointed on the Board from time to time.

"**Encumbrance**" means: (i) any charge (whether fixed or floating), pledge, lien (including negative lien), hypothecation, assignment, deed of trust, defect in title, title retention, non-disposal or similar undertaking, or other charge of any kind securing, or conferring any priority of payment in respect of, any obligation of any Person including without limitation, any right granted by a transaction which, in legal terms, is not the granting of security but which has an economic or financial effect similar to the granting of security under Applicable Laws, (ii) any voting agreement, interest, option, right of first offer, commitment, preferential arrangement, right, restriction or limitation of any nature whatsoever, including restriction on use, any rights, receipt of income or exercise of any other attribute of ownership, right of set-off, preemptive rights or any other security interest of any kind whatsoever or any other restriction on transfer of securities or refusal or transfer restriction in favour of any Person, and (iii) any adverse claim as to title, possession or use, in each case, any other agreement, whether conditional or otherwise, to create any of the same. The terms "**Encumber**" and "**Encumbered**" will be construed accordingly;.

"**Equity Shares**" means the equity shares of face value of INR 10 (Rupees Ten Only) each in the share capital of the Company.

"**Equity Securities**" means, in relation to the Company, any Equity Shares or other equity shares of the Company, any options (whether or not granted, vested or exercised), warrants, convertible debentures, convertible preference shares, equity linked instruments, loans or other securities or ownership interests that are directly or indirectly convertible into, or exercisable or exchangeable for, any such shares of equity capital or other ownership interests of the Company (whether or not such securities are then currently convertible, exercisable or exchangeable and whether with or without payment of additional consideration).

"**Fully Diluted Basis**" means that the calculation is to be made assuming that all Equity Securities are converted (or exchanged or exercised) into Equity Shares of the Company (whether or not by their terms then currently convertible, exercisable or exchangeable), including without limitation stock options (including employee stock options), warrants and any outstanding commitments to issue Equity Shares at a future date, whether or not due to the occurrence of an event or otherwise.

"**Investor**" refers to Kedaara (along with its co-investors and limited partners) and Partners Group, individually, and collectively referred to as "**Investors**".

"**INR**" means Indian Rupees, the lawful currency of India.

"**Lake District**" refers to **Lake District 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.

"**Capital AIF 1**" refers to **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 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.

"**Kedaara**" refers to Lake District, Capital AIF 1, and its co-investors and limited partners holding any Equity Security in the Company.

"**Master Fund**" refers to **Partners Group Private Equity Master Fund LLC**, a company incorporated under the laws of Delaware, having its principal place of business at c/o Partners Group (USA) Inc., 1114 Avenue of the Americas, 37th Floor, New York, NY 10036, USA.

"**ESCL**" refers to **Partners Group ESCL Limited**, a company incorporated under the laws of Mauritius having its registered office at C/o Citco (Mauritius) Limited, 4th Floor, Tower A, 1 Cybercity, Ebene, Mauritius.

"**Partners Group**" refers to Master Fund and ESCL, collectively.

"**Share Capital**" means the issued and fully paid up equity and preference share capital of the Company on a Fully Diluted Basis, which is paid up in relation to the Equity Shares and the preference shares, where applicable.

"**Shareholder**" means any Person/s who holds any Equity Securities of the Company.

"**the Act**" means the Companies Act, 2013 (to the extent that such enactment is in force and applicable to the context in which such term is used herein), and shall include all amendments, modifications and re-enactments of the foregoing.

"**these Articles**" or "**the Articles**" means this Articles of Association of the Company.

"**the seal**" means the common seal of the Company.

"**Section**" means section under the Companies Act, 2013.

"**Transfer**" (including the terms "**transferred**", "**transferring**" and "**transferability**") means, whether directly or indirectly, any transfer, sale, assignment, pledge, hypothecation, creation of security interest in or lien or Encumbrance on, placing in trust (voting or otherwise), exchange, gift or transfer by operation of law or in any other way, whether or not voluntarily.

1.2 Unless the context otherwise requires:

(a) Words or expressions contained in these Articles shall bear the same meaning as in the Act or any statutory modification thereof in force at the date at which these Articles become binding on the Company.

(b) The terms "hereof", "herein", "hereby", "hereto" and derivative or similar words refer to these entire Articles or specified articles of these Articles, as the case may be.

(c) Words denoting the singular shall include the plural and words denoting any gender shall include all genders.

(d) Reference to days, months and years are to calendar days, calendar months and calendar years, respectively, unless defined otherwise or inconsistent with the context or meaning thereof.

(e) Any reference to "writing" shall include printing, typing, lithography and other means of reproducing words in visible form (including emails).

(f) Any reference to the word "include/including" shall be construed without limitation, and shall be construed as meaning "including, but not limited to".

2. SHARE CAPITAL AND VARIATION OF RIGHTS

2.1 Subject to the provisions of the Act and these Articles, the shares in the capital of the Company shall be under the control of the Directors 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 discount (subject to compliance with Section 53 of the Act) and at such time as they may from time to time think fit and with the sanction of the Company in general meeting give to any person the option to call for any shares either at par or at a premium during such time and for such consideration as the Directors think fit.

2.2

(a) Subject to the provisions of the Act, every person whose name is entered as a member in the register of members shall be entitled to receive within two months after incorporation, in case of subscribers to the memorandum or after allotment or within 1 (one) month after the application for the registration of transfer or transmission, sub division, consolidation or renewal of any its shares or within such other period as the conditions of issue shall be provided:

(i) 1 (one) or more certificates in marketable lots for all the shares of each class or denomination registered in his name without payment of any charges; or

(ii) several certificates, each for one or more of his shares, upon payment of twenty rupees for each certificate after the first.

(b) Every certificate shall specify the shares to which it relates and the amount paid-up thereon and shall be signed by two directors or by a director and the company secretary, wherever the company has appointed a company secretary, provided that in case the Company has a common seal it shall be affixed in the presence of the persons required to sign the certificate.

(c) In respect of any 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 for a share to 1 (one) of several joint holders shall be sufficient delivery to all such holders.

2.3

(a) 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 adequate, a new certificate in lieu thereof shall be given. Every certificate under this Article shall be issued on payment of INR 20 (Indian Rupees Twenty) for each certificate or such reasonable amount as may be revised by the Board from time to time. 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 or in case of sub-division or consolidation of Shares. 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 the rules made under Securities Contracts (Regulation) Act, 1956 or any other act or rules applicable in this behalf.

(b) The provisions of Articles 2.2 and 2.3 shall *mutatis mutandis* apply to debentures of the Company.

2.4 Except as required by law, no person shall be recognised 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 recognise (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 law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.

2.5

(a) The Company may exercise the powers of paying commissions conferred by sub-section (6) of Section 40, provided that the rate per cent. or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by that section and rules made thereunder.

(b) The rate or amount of the commission shall not exceed the rate or amount prescribed in rules made under sub-section (6) of Section 40.

(c) The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in the one way and partly in the other.

2.6

(a) If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of Section 48, and whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.

(b) To every such separate meeting, the provisions of these Articles relating to general meetings shall *mutatis mutandis* apply, but so that the necessary quorum shall be at least two persons holding at least one-third of the issued shares of the class in question.

2.7 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, be deemed to be varied by the creation or issue of further shares ranking *paripassu* therewith.

2.8 Subject to the provisions of Section 55, any preference shares may, with the sanction of an ordinary resolution, be issued on the terms that they are to be redeemed on such terms and in such manner as the Company before the issue of the shares may, by special resolution, determine.

2.9 The Board may issue, allot or otherwise dispose of shares in the capital of the Company as per the provisions of Section 62, on payment or part payment for any property or assets of any kind whatsoever sold or transferred, goods or machinery supplied or for 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 or partly paid-up and may be for a consideration otherwise than for cash, and if so issued, shall be deemed to be fully paid-up or partly paid-up shares, as the case may be, provided that the option or right to call of shares shall not be given to any person or persons without the sanction of the Company in the general meeting. However, a holder of debentures allotted by the Company may be permitted to enter into a contract for purchase or sale of debentures pursuant to exercise of an option contained therein to buy or sell the debentures.

2.10 Where at any time, the Company proposes to increase its subscribed capital by issue of further shares, either out of the unissued capital or the increased share capital, such shares shall be offered:

(a) to persons who, at the date of offer, are holders of Equity Shares of the Company, in proportion as near as circumstances admit, to the share capital paid up on those shares by sending a letter of offer on the following conditions: -

(i) the aforesaid offer shall be made by a notice specifying the number of shares offered and limiting a time prescribed under the Act from the date of the offer within which the offer, if not accepted, will be deemed to have been declined;

(ii) the aforementioned offer 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 mentioned in sub-Article (i), above shall contain a statement of this right; and

(iii) after the expiry of the time specified in the aforesaid notice 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; or

(b) to employees under any scheme of employees' stock option, subject to a special resolution passed by the Company and subject to the conditions as specified under the Act and rules thereunder; or

(c) to any persons, if it is authorized 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) or clause (b) above, either for cash or for consideration other than cash, subject to applicable provisions of the Act and rules thereunder.

2.11 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.

2.12 The Board or a committee thereof have the power to consolidation or reissue securities including debentures, bonds or any debt instrument issued and/or to be issued from time to time, upon such terms and conditions and in such manner and for such consideration as the Board of a committee thereof shall consider beneficial for the Company.

3. **DEMATERIALISATION OF SECURITIES**

3.1 Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer its Securities in a dematerialised form pursuant to the Depositories Act.

3.2 Every person subscribing to securities offered by the Company shall have the option to receive Security certificates or to hold the Securities with a Depository. Such a person who is the beneficial owner of the Securities can at any time opt out of a Depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificate for such Securities. If a person opts to hold his Security with a Depository, the Company shall intimate such Depository the details of allotment of the Security, and on receipt of the information, the Depository shall enter in its record the name of the allottee as the beneficial owner of the Security.

3.3 All securities held by a depository shall be dematerialized and be in fungible form. Nothing contained in Sections 89 and 186 of the Act shall apply to a Depository in respect of the Securities held by it on behalf of the beneficial owners.

3.4

(a) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of Security on behalf of the beneficial owner.

(b) Save as otherwise provided above, the Depository as the registered owner of the Securities shall not have any voting rights or any other rights in respect of the Securities held by it.

(c) Every person holding Securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of Securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.

3.5 Notwithstanding anything to the contrary contained in the Act or these Articles, where securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs.

3.6 Nothing contained in Section 56 of the Act or these Articles shall apply to a transfer of Securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.

3.7 Notwithstanding anything to the contrary contained in the Act or these Articles, where securities are dealt with by a Depository, the Company shall intimate the details thereof to the Depository immediately on allotment of such securities.

3.8 Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository.

3.9 The Register and Index of beneficial owners maintained by a Depository under Depositories Act and any other amendments made thereto from time to time shall be deemed to be Register and Index of Members and Security holders for the purposes of these Articles.

4. **LIEN**

4.1

(a) The Company shall have a first and paramount lien:

4.1.2 on every share (not being a fully paid share), for all money (whether presently payable or not) called, or payable at a fixed time, in respect of that share;

4.1.3 on all shares (not being fully paid shares) standing registered in the name of a single person, for all money (whether presently payable by him or not) called or payable at a fixed time in respect of such shares and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect.

4.2 Unless otherwise agreed the registration of a transfer of shares / debentures shall operate as a waiver of the Company's lien, if any, on such shares / debentures. The fully paid up shares shall be free from all lien and that in case of partly paid shares, the Company's lien shall be restricted to money called or payable at a fixed price in respect of such shares.

Provided that the Board may at any time declare any share to be wholly or in part exempt from the provisions of this clause.

Provided further that the Company shall not have any lien on fully paid up shares.

(a) 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.

4.3 The Company may sell, in such manner as the Board thinks fit, any shares on which the Company has a lien:

Provided that no sale shall be made:

(a) unless a sum in respect of which the lien exists is presently payable; or

(b) until the expiration of fourteen 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.

4.4

(a) To give effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof.

(b) The purchaser shall be registered as the holder of the shares comprised in any such transfer.

(c) 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.

4.5

(a) 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.

(b) 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.

The provisions of these Articles shall mutatis mutandis apply to debentures of the Company.

5. CALLS ON SHARES

5.1

(a) The Board may, from time to time, make calls upon the members in respect of any monies unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times:

(b) Provided that no call shall exceed 80% of the nominal value of the share or be payable at less than 1 (one) month from the date fixed for the payment of the last preceding call.

(c) Each member shall, subject to receiving at least fourteen days' notice specifying the time or times and place of payment, pay to the Company, at the time or times and place so specified, the amount called on his shares.

(d) A call may be revoked or postponed at the discretion of the Board.

5.2 A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed and may be required to be paid by instalments.

5.3 The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

5.4

(a) If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at 10 % (ten per cent) per annum or at such lower rate, if any, as the Board may determine.

(b) The Board shall be at liberty to waive payment of any such interest wholly or in part.

5.5

(a) Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these Articles, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.

(b) In case of non-payment of such sum, all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

5.6 The Board:

(a) may, if it thinks fit, receive from any member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him; and

(b) upon all or any of the monies so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate not exceeding, unless the Company in general meeting shall otherwise direct, 12% (twelve per cent) per annum, as may be agreed upon between the Board and the member paying the sum in advance.

Nothing contained in this clause shall confer on the member:

(a) any right to participate in profits or dividends or

(b) any voting rights in respect of the moneys so paid by him until the same would, but for such payment, become presently payable by him.

The provisions of these Articles shall *mutatis mutandis* apply to any calls on debentures of the Company.

5.7

(a) The common instrument of transfer of any share in the Company shall be executed by or on behalf of both the transferor and transferee.

(b) The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.

5.8 The Board may, subject to the right of appeal conferred by Section 58 decline to register:

(a) the transfer of a share, not being a fully paid share, to a person of whom they do not approve; or

(b) any transfer of shares on which the Company has a lien.

5.9 The Board may decline to recognise any instrument of transfer unless:

(a) the instrument of transfer is in the form as prescribed in rules made under sub-section (1) of Section 56;

(b) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and

(c) the instrument of transfer is in respect of only 1 (one) class of shares.

Provided that the registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever.

5.10 On giving not less than 7 (seven) days' previous notice in accordance with Section 91 and rules made thereunder, the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine:

Provided that such registration shall not be suspended for more than thirty days at any one time or for more than 45 (forty-five) days in the aggregate in any year.

6. **TRANSMISSION OF SHARES**

6.1

(a) On the death of a member, the survivor or survivors where the member was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only persons recognised by the Company as having any title to his interest in the shares.

(b) Nothing in clause (i) shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.

6.2

(a) Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either:

(i) to be registered himself as holder of the share; or

(ii) to make such transfer of the share as the deceased or insolvent member could have made.

(b) The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.

6.3

(a) If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.

(b) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.

(c) All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member.

6.4 A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company:

Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within 90 (ninety) days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share, until the requirements of the notice have been complied with.

6.5 No fee shall be charged for registration of transfer, transmission, probate, succession, certificate and letter of administration, certificate of death or marriage, power of attorney or similar other documents.

7. **FORFEITURE OF SHARES**

7.1 If a member fails to pay any call, or instalment of a call, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued.

7.2 The notice aforesaid shall:

(a) name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and

(b) state that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made shall be liable to be forfeited.

7.3 If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.

7.4

(a) A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.

(b) At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.

7.5

(a) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the Company all monies which, at the date of forfeiture, were presently payable by him to the Company in respect of the shares.

(b) The liability of such person shall cease if and when the Company shall have received payment in full of all such monies in respect of the shares.

7.6

(a) A duly verified declaration in writing that the declarant is a Director, the manager or the secretary, of the Company, and that a share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share;

(b) The Company may receive the consideration, if any, given for the share on any sale or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of;

(c) The transferee shall thereupon be registered as the holder of the share; and

(d) The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.

7.7 The provisions of these Articles as to forfeiture shall apply in the case of non- payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

8. **ALTERATION OF CAPITAL**

8.1 The Company may, from time to time, by ordinary resolution increase the share capital by such sum, to be divided into shares of such amount, as may be specified in the resolution.

8.2 Subject to the provisions of Section 61, the Company may, by ordinary resolution:

(a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

(b) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;

(c) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum;

(d) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.

8.3 Where shares are converted into stock:

(a) the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit:

Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

(b) the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

(c) such of the regulations of the Company as are applicable to paid-up shares shall apply to stock and the words "share" and "shareholder" in those regulations shall include "stock" and "stock-holder" respectively.

8.4 The Company may, by special resolution, reduce in any manner and with, and subject to, any incident authorised and consent required by law:

(a) its share capital;

(b) any capital redemption reserve account; or

(c) any share premium account.

9. **CAPITALISATION OF PROFITS**

9.1

(a) The Company in general meeting may, upon the recommendation of the Board, resolve:

(i) that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Company's reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and

(ii) that such sum be accordingly set free for distribution in the manner specified in Article 9.1(b) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.

(b) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in Article 9.1, either in or towards:

(i) paying up any amounts for the time being unpaid on any shares held by such members respectively;

(ii) 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;

(iii) partly in the way specified in sub-clause (ii) and partly in that specified in sub-clause (iii);

(iv) A securities premium account and a capital redemption reserve 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;

(v) The Board shall give effect to the resolution passed by the Company in pursuance of this regulation.

9.2

(a) Whenever such a resolution as aforesaid shall have been passed, the Board shall:

(i) make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares if any; and

(ii) generally do all acts and things required to give effect thereto.

(b) The Board shall have power:

(i) 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

(ii) 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;

(c) Any agreement made under such authority shall be effective and binding on such members.

10. **BUY-BACK OF SHARES**

Notwithstanding anything contained in these articles but subject to the provisions of Sections 68 to 70 and any other applicable provision of the Act or any other law for the time being in force, the Company may purchase its own shares or other specified securities.

11. **GENERAL MEETINGS**

11.1 All general meetings other than annual general meeting shall be called extra- ordinary general meeting.

11.2

(a) The Board may, whenever it thinks fit, call an extraordinary general meeting.

(b) All meetings of Shareholders shall be held at such place as the Board may determine from time to time. The Board may convene any meeting of the Shareholders whenever it may deem fit.

(c) **Notice**. Subject to the Act, a minimum 21 (twenty one) days' prior written notice shall be given to all the Shareholders of any Shareholders' Meeting, accompanied by the agenda for such meeting. Subject to Applicable Law, notice may be waived for an annual general meeting or an annual general meeting may be called by giving shorter notice with at least 95% of the members providing their written consent or consent by electronic mode to such annual general meeting shorter notice. Further, subject to Applicable Law, notice may be waived for an extraordinary general meeting or an extraordinary general meeting may be called by giving shorter notice with approval of majority in number of members representing not less than 95% of the paid up share capital of the Company providing their written consent or consent by electronic mode to such extraordinary general meeting shorter notice. The notice of each general meeting shall include an agenda setting out the business proposed to be transacted at the meeting, together with copies of all relevant papers connected therewith and/or proposed to be placed before or tabled at the general meeting.

(d) **Quorum**. Subject to the Act, the quorum for any general meeting shall be at least 5 (Five) Shareholders present in person or by proxy or attorney, at the beginning of the meeting and throughout the meeting. If the quorum is not present within 30 (Thirty) minutes from the time when the meeting should have begun or if during the meeting there is no longer a quorum, the meeting shall be adjourned and reconvened at the same place and time 7 (Seven) days later, or at such time as may be agreed to by the majority of the Shareholders, with the same agenda. If at 2 (two) consecutively adjourned Shareholder Meetings, the quorum is not present within 30 (Thirty) minutes of the time appointed for the Shareholders' Meeting, then subject to Applicable Law, the Shareholders present at such meeting shall constitute the quorum, provided that at least 5 (Five) Shareholders are present and the Shareholders' Meeting shall proceed with respect to the business stated in the agenda for the Shareholders' Meeting as if the quorum was duly present at such adjourned Shareholders' Meeting. Each Shareholder shall use all reasonable efforts to ensure the existence of quorum at any Shareholders' Meeting.

(e) **Voting**. Subject to Applicable Law, voting on all matters to be considered at a Shareholders' Meeting shall be by way of a poll unless otherwise unanimously agreed upon in writing by the Shareholders.

12. PROCEEDINGS AT GENERAL MEETINGS

12.1

(a) No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business.

(b) Save as otherwise provided herein, the quorum for the general meetings shall be as provided in Section 103.

12.2 The chairperson, if any, of the Board shall preside as Chairperson at every general meeting of the Company.

12.3 If there is no such Chairperson, or if he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as chairperson of the meeting, the Directors present shall elect one of their members to be Chairperson of the meeting.

12.4 If at any meeting no Director is willing to act as Chairperson or if no Director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their members to be Chairperson of the meeting.

13. ADJOURNMENT OF MEETING

13.1

(a) The Chairperson may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place.

(b) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

(c) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.

(d) Save as aforesaid, and as provided in Section 103, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

14. VOTING RIGHTS

14.1 Subject to any rights or restrictions for the time being attached to any class or classes of shares:

(a) on a show of hands, every member present in person shall have 1 (one) vote; and

(b) on a poll, the voting rights of members shall be in proportion to his share in the paid-up equity share capital of the Company.

14.2 Subject to the provisions of Section 47, every member of the Company and holding any preference shares therein shall in respect of such shares have a right to vote only on resolutions placed before the Company which directly affects the rights attached to the preference shares.

14.3 A member may exercise his vote at a meeting by electronic means in accordance with Section 108 and shall vote only once.

14.4

(a) 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.

(b) For this purpose, seniority shall be determined by the order in which the names stand in the register of members.

14.5 A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by / through his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.

14.6 Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.

14.7

(a) 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.

(b) Any such objection made in due time shall be referred to the Chairperson of the meeting, whose decision shall be final and conclusive.

15. **PROXY**

15.1 A member may appoint a proxy to attend and vote on its behalf at any general meeting. The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office of the Company not less than 48 (forty-eight) hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid.

15.2 An instrument appointing a proxy shall be in the form as prescribed in the rules made under Section 105.

15.3 A proxy shall not be entitled to speak at a meeting and subject to the provisions of the Act, shall not be entitled to vote, except on a poll.

15.4 A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given:

Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

16. **BOARD OF DIRECTORS**

16.1 The number of the Directors shall be determined in writing by the subscribers of the memorandum or a majority of them, and the following shall be the first Directors of the Company:

Mr. Sanjay Agarwal

Mr. Uttam Tibrewal

Mr. Sushil Kumar Agarwal

16.2

(a) The remuneration of the Directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day-to-day.

(b) In addition to the remuneration payable to them in pursuance of the Act, the Directors may be paid all travelling, hotel and other expenses properly incurred by them:

(i) in attending and returning from meetings of the Board or any committee thereof or general meetings of the Company; or

(ii) in connection with the business of the Company.

16.3 The Board may pay all expenses incurred in getting up and registering the Company.

16.4 The Company may exercise the powers conferred on it by Section 88 with regard to the keeping of a foreign register; and the Board may (subject to the provisions of that section) make and vary such regulations as it may thinks fit respecting the keeping of any such register.

16.5 All cheques, promissory notes, drafts, hundis, bills of exchange and other negotiable instruments, and all receipts for monies paid to the Company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such person and in such manner as the Board shall from time to time by resolution determine.

16.6 Every Director present at any meeting of the Board or of a committee thereof shall sign his name in a book to be kept for that purpose.

16.7

(a) Subject to the provisions of Section 149, the Board shall have power at any time, and from time to time, to appoint a person as an additional Director, provided the number of the Directors and additional Directors together shall not at any time exceed the maximum strength fixed for the Board by the articles.

(b) Such person shall hold office only up to the date of the next 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.

16.8 The Directors need not hold any qualification shares in the Company.

16.9 Subject to the provisions of these Articles and the Act, the Board shall be responsible for the management, supervision, direction and control of the Company. The Board shall be entitled to delegate powers to such persons and such committees that the Board may create to assist it in its business strategy and objectives.

16.10 **Authority of the Board and Management**: Subject to the provisions of these Articles and the Act, the Board shall be responsible for the management, supervision, direction and control of the Company. The Board shall be entitled to delegate powers to such persons and such committees that the Board may create to assist it in its business strategy and objectives.

16.11 **Composition of the Board**: The Shareholders shall take all actions, including exercising their votes in relation to the Equity Securities held by them, as may be required to cause any Director nominated by the Lake District and ESCL ("**Promoters**") in accordance with this Article 16 to be duly elected, appointed, removed or replaced, as the case may be, such that the composition of the Board is in accordance with this Article 16.11.

(a) The Board shall comprise up to 9 (Nine) Directors.

(b) On and from the date hereof and until either Lake District or ESCL retains 10% or more of the Share Capital, then such Shareholder shall be entitled to appoint only 1 (One) nominee as a Director to the Board (the "**Shareholder Nominee Director**", and along with Lake District Nominee Directors and ESCL Nominee Directors, the "**Nominee Directors**").

(c) Notwithstanding Clause 16.11 (b) above, on and from the date hereof and until such time that Lake District and ESCL continue to remain 'promoters' of the Company (i) Lake District shall have the right to nominate 3 (Three) Directors to the Board (collectively, the "**Lake District Nominee Directors**"); (ii) ESCL shall have the right to nominate 2 (Two) Directors to the Board (together, the "**ESCL Nominee Directors**"); and (iii) the Chief Executive Officer of the Company shall be appointed and hold office as a whole time Director. 3 (Three) independent Directors shall be appointed to the Board in accordance with Applicable Laws (the "**Independent Directors**").

16.12 **Alternate Directors**: Each Shareholder and Director shall be entitled to nominate an alternate Director to act in accordance with the Act. Each Shareholder and Director shall also have a right to withdraw the nominated alternate Director, and nominate another in his or her place. The alternate Director shall (except as regards the power to appoint an alternate Director pursuant to this Article 16.13) be subject in all respects to the terms and conditions existing with reference to the other Directors of the Company and each alternate Director, whilst acting as such, shall exercise and discharge all the functions, powers and duties of the Director he or she represents. Every person acting as alternate Director shall have one vote for each Director for whom he or she acts as alternate (in addition to his or her own vote if he or she is also a Director). Any person appointed as an alternate Director shall vacate his or her office as such alternate Director if and when: (i) the Board removes him or her in accordance with this Article 16.13; or (ii) the Director for whom he or she was an alternate vacates office as Director. A Director shall not be liable for the acts or defaults of any alternate Director appointed by him.

16.13 **Chairman of the Board**: The Chairman of the Board shall be appointed by the Board from amongst the Independent Directors.

16.14 **Removal / Replacement of Directors**:

(a) Each Shareholder shall be entitled to seek removal of its Nominee Director by a written notice to such Director and the Company, following which the Company undertakes to do such things as required under Applicable Laws to facilitate such removal.

(b) In the event of any vacancy occurring with respect to the position of a Nominee Director, by reason of death, disqualification, resignation, removal or inability to act, the Shareholder who had nominated such Director shall be entitled, subject to Article 16.11, to nominate another person to fill the vacancy.

16.15 **Retirement of Directors**: Subject to Applicable Laws, 1 (One) Lake District Nominee Director and 1 (One) ESCL Nominee Directors shall not be required to retire by rotation. In the event that the other Nominee Directors retire by rotation in accordance with the provisions of the Act, subject to Article 16.11, the Shareholders shall ensure and perform all acts including the exercise of the voting rights as may be necessary to ensure that such Nominee Directors are reappointed to the Board.

16.16 **Board Meetings**:

(a) All meetings of the Board shall be convened and conducted in accordance with the provisions of the Act and the Charter Documents ("**Board Meetings**").

(b) Frequency and Location: The Board will meet such that a period of not more than 120 (One Hundred and Twenty) days shall intervene between 2 (Two) consecutive Board Meetings, at such place and in such manner as majority of the Board may from time to time reasonably determine as convenient for the Directors.

(c) Notice: A Board Meeting may be called by the Chairman of the Board or any 1 (one) other Director giving notice in writing to the company secretary, or any other Person nominated in this regard by the Board, specifying the date, time and agenda for such meeting. The company secretary (or such nominated person) shall upon receipt of such notice give a copy of such notice to all Directors of such meeting, accompanied by a written agenda specifying the business of such meeting and copies of papers relevant for such meeting. The Company shall ensure that sufficient information is included with such notice to the Directors to enable each Director to make a decision on the issue in question at such meeting. Not less than a minimum 7 (seven) days' prior written notice shall be given to each Director, of any Board Meeting, accompanied by the agenda for the Board Meeting; provided that subject to Applicable Laws, a Board Meeting may be convened at a shorter notice in the event more than 75% of the Directors provide consent in relation to the same and at least one independent director of the Company shall be present at such Board Meeting.

(d) Voting: Each Director is entitled to cast 1 (One) vote at any Board Meeting.

16.17 **Resolutions in Writing/Circulation**: Subject to Applicable Laws, a resolution in writing of the Board shall be as valid and effectual as if it had been a resolution passed at a meeting of the Board duly convened and held if the resolution is signed in support thereof by all of the Directors for the time being. Any such resolution bearing the signature of any Director dispatched by facsimile transmission or electronic mail shall constitute a document for this purpose.

16.18 **Video Participation**: Subject to the other terms of these Articles, the Directors may participate and vote in Board Meetings by video conferencing or other audio visual means or any other means of contemporaneous communication, in the manner permitted under Applicable Laws and by the Ministry of Corporate Affairs, from time to time.

16.19 **Directors' Access**: Any Director shall be entitled to examine the books, accounts and records of the Company and shall have, during normal business hours of the Company and with prior reasonable written notice, the right to reasonably inspect the properties and facilities of the Company. The Company shall provide such information relating to its business affairs and financial position may be decided by the Board and as any Director may reasonably require. Subject to Applicable Laws, any Director may provide such information to the Shareholder who has nominated such Director. The relevant Director and Shareholders would be bound by the confidentiality obligations under the Shareholders' Agreement in relation to such information received.

16.20 **Committees of the Board**: Subject to Applicable Laws, each of the Lake District Nominee Directors and the ESCL Nominee Directors shall have the right (but not an obligation) to be appointed as a member of any committee or sub-committee of the Board, *pro rata* to the board representation of each Promoter, subject to a minimum of at least 1 (one) member on the committee. The Shareholders of the Company shall take such actions as may be necessary to enable the relevant Lake District Nominee Directors and the relevant ESCL Nominee Directors to exercise such right.

17. PROCEEDINGS OF THE BOARD

17.1

(a) The Board 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.

17.2

(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.

17.3 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 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.

17.4

(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 5 (five) minutes after the time appointed for holding the meeting, the Directors present may choose one of their number to be Chairperson of the meeting.

17.5

(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.

17.6

(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.

17.7

(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.

17.8 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 1 (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.

17.9 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.

18. CHIEF EXECUTIVE OFFICER, MANAGER, COMPANY SECRETARY OR CHIEF FINANCIAL OFFICER

18.1 Subject to the provisions of the Act:

(a) A chief executive officer, manager, Company secretary or chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any chief executive officer, manager, Company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board;

(b) A Director may be appointed as chief executive officer, manager, Company secretary or chief financial officer.

18.2 A provision of the Act or these Articles requiring or authorising a thing to be done by or to a Director and chief executive officer, manager, Company secretary or chief financial officer shall not be satisfied by its being done by or to the same person acting both as Director and as, or in place of, chief executive officer, manager, Company secretary or chief financial officer.

19. BORROWING POWERS

19.1 The Board may, from time to time, subject to the provisions of Sections 73 and 179 and rules therein, raise or borrow any sums of money for and on behalf of the Company from the members or from other persons, companies or banks. Directors may also advance monies to the Company on such terms and conditions as may be approved by the Board.

19.2 The Board may, from time to time, secure the payment of such money in such manner and upon such terms and conditions in all respects as they think fit.

20. **THE SEAL**

20.1

(a) The Board shall provide for the safe custody of the seal.

(b) The seal of the Company shall never be affixed except by the authority of a resolution of the Board or of a committee of the Board authorized by it in that behalf and one of the Directors of the Company or any other person authorized by a resolution of the Board or committee of the Board, shall sign every document to which the seal of the Company is so affixed.

21. **DIVIDENDS AND RESERVE.**

21.1 The Company may, subject to the Act, in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.

21.2 Subject to the provisions of Section 123, the Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the Company.

21.3

(a) The Board may, before recommending any dividend, set aside out of the profits of the Company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied, including provision for meeting contingencies or for equalizing dividends; and pending such application, may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Board may, from time to time, thinks fit.

(b) The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.

21.4

(a) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the Company, dividends may be declared and paid according to the amounts of the shares.

(b) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share.

(c) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.

21.5 The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company.

21.6

(a) Any dividend, interest or other monies payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct.

(b) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.

21.7 Any one of 2 (two) or more joint holders of a share may give effective receipts for any dividends, bonuses or other monies payable in respect of such share.

21.8 Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act.

21.9 No dividend shall bear interest against the Company.

21.10 Where the Company has declared a dividend but which has not been paid or claimed within thirty days from the date of declaration, the Company shall, within seven days from the date of expiry of the said period of thirty days, transfer the total amount of dividend which remains unpaid or unclaimed, to a special account to be opened by the Company in that behalf in any scheduled bank.

21.11 Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the Investor Education and Protection Fund (IEPF) established under section 125 of the Act.

21.12 The Company shall ensure that as per the provisions of Section 124(6) of the Act, All shares in respect of which dividend has not been paid or claimed for seven consecutive years or more shall be transferred by the company in the name of Investor Education and Protection Fund.

21.13 Any person claiming to be entitled to an amount or shares so transferred to Investor Education and Protection Fund, may apply to the company and/or the authority constituted by the Central Government for the payment of the money claimed or shares so transferred.

22. ACCOUNTS

22.1

(a) The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the Company, or any of them, shall be open to the inspection of members not being Directors.

(b) No member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by law or authorised by the Board or by the Company in general meeting.

23. WINDING UP

23.1 If and when the Company is to be wound up, the same shall be governed by the Act.

23.2 Subject to the provisions of Chapter XX of the Act and rules made thereunder:

(a) If the Company shall be wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not.

(b) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.

(c) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

24. **INDEMNITY**

Every officer of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in which relief is granted to him by the court or the Tribunal.

25. **MISCELLANEOUS**

25.1 At any point of time from the date of adoption of these Articles, if the Articles are or become contrary to the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "**Regulations**"), the provisions of the Regulations shall prevail over the Articles to such extent and the Company shall discharge all of its obligations as prescribed under the Regulations, from time to time.

25.2 Notwithstanding anything aforesaid, upon listing of the Equity Shares of the Company on any recognized stock exchange, the rights of the Investors under the Shareholders' Agreement including but not limited to, clauses 9.4 (*Right of First Offer*), 9.5 (*Tag Along Right*), 9.7 and 10 (*Pre-Emptive Rights / Future Funding*), shall terminate as required under Applicable Laws, and shall no longer be binding upon the Company, except as expressly provided under these Articles, as approved and adopted by the Shareholders by way of a special resolution in the first general meeting convened after the listing of the Equity Shares.

PART II

26. **INTERPRETATION**

26.1 In these Articles, except where the context otherwise requires, capitalised terms defined by inclusion in quotations and/or parenthesis have the meanings so ascribed and the following words and expressions have the following meanings:

"**Affiliate**" of a Party means: (i) in case of any Party other than a natural person, any other Person that, either directly or indirectly through one or more intermediate Persons, Controls, is Controlled by or is under common Control with such Party; (ii) in case of any Party that is a natural person, any other Person who is a Relative of such Party or is a Person Controlled by such Party or a Relative of such Party. Without limiting the generality of the foregoing, Affiliate in relation to the Investors includes: (a) any fund, collective investment scheme, trust, partnership (including, any co-investment partnership), special purpose or other vehicle, in which either Investor is a general or limited partner, significant shareholder, investment manager or advisor, settlor, member of a management or investment committee or trustee but shall not include any portfolio companies of the relevant Investor; (b) any general partner of either Investor; and (c) any fund, collective investment scheme, trust, partnership (including, any co-investment partnership), special purpose or other vehicle (i) in which any general partner of either Investor is a general partner, significant shareholder, investment manager or advisor, settlor, member of a management or investment committee or trustee; or (ii) which is managed or advised by the same investment manager/advisors as the Investor.

"**Accelerated Tag Along Scenario**" means a proposed, direct or indirect, sale of Equity Securities by the Selling Investor to a third party pursuant to the process under Article 32.4 and Article 32.5 that triggers a Change of Control in the Company (taking into account any securities offered pursuant to the Tag Along Right).

"**Affirmative Vote Items**" have the meaning ascribed to it under Article 29 read with **ANNEXURE 2** of these Articles.

"**Amendment Date**" means the date on which these Articles are adopted by the Company in place of the existing articles;

"**Applicable Laws**" includes (but is not limited to) all applicable:

(a) statutes, enactments, acts of legislature or parliament, laws, ordinances, rules, bye-laws, regulations, listing agreements, notifications, guidelines, circulars or policies of any applicable country and/or jurisdiction including the countries and jurisdictions in which the Company is incorporated and/or carries on any business or activities;

(b) administrative interpretation, writ, injunction, directions, directives, judgment, arbitral award, decree, orders or governmental approvals of, or agreements with, any Governmental Authority or recognized stock exchange; and

(c) international treaties, conventions and protocols;

as may be in force from time to time.

"AU SFB" refers to AU Small Finance Bank Limited (formerly known as Au Financiers (India) Limited), a company incorporated under the laws of India, having its registered office at 19-A, Dhuleshwar Garden, Ajmer Road, Jaipur - 302001, Rajasthan.

"**Board**" means the duly constituted board of directors of the Company at the applicable time.

"**Business**" refers to the business of providing housing loans to customers.

"**Business Days**" means a day on which banks are open for normal banking business in India, Mauritius and New York (excluding Saturdays, Sundays and public holidays).

"**Business Head Agreement**" refers to the agreement executed between the Company and Mr. Ram Naresh, the business head of the Company on February 05, 2016.

"**Business Plan**" means the business plan of the Company as mutually agreed between the Parties pursuant to the Affirmative Vote Items.

"**Charter Documents**" means the memorandum of association and these Articles of the Company for the time being in force.

"**Change of Control**" means any, direct or indirect, sale of Equity Securities whereby a third party acquirer (along with any Affiliates) holds more than 50% percent of the Equity Securities of the Company.

"**CEO Agreement**' refers to the agreement executed between the Company and Mr. Sushil Kumar Agarwal, the founder and chief executive officer and whole-time director of the Company on February 05, 2016, as amended from time to time.

"**CFO Agreement**" refers to the agreement executed between the Company and Mr. Ghanshyam Rawat, the Chief Financial Officer of the Company on February 05, 2016.

"**Company**" refers to AAVAS FINANCIERS LIMITED (Formerly "Au HOUSING FINANCE LIMITED"), a company incorporated under the laws of India, having its registered office at 201-202, 2nd Floor, Southend Square, Mansarovar Industrial Area, Jaipur-302020, Rajasthan.

"**Competitor**" means any Person who directly or indirectly carries out any lending business, and any Affiliate of such Person.

"**Control**" (including the terms "**Controlled by**" and "**under common Control with**") means, in relation to a body corporate, the right to exercise, or control the exercise of, whether directly or indirectly, acting alone or together with another Person, more than 50% (Fifty Per Cent) of the total voting rights at a general meeting of that body corporate, or the right or power to direct, whether directly or indirectly, acting alone or together with another Person, the policy decisions or management of that body corporate, including right to appoint majority of the board of Directors of that body corporate; and in relation to any Person which is not a body corporate or an individual, the right or power to direct, whether directly or indirectly, acting alone or together with another Person, the policy decisions or management of that Person.

"**Director(s)**" means the director(s) of the Company appointed on the Board from time to time.

"**Encumbrance**" means: (i) any charge (whether fixed or floating), pledge, lien (including negative lien), hypothecation, assignment, deed of trust, defect in title, title retention, non-disposal or similar undertaking, or other charge of any kind securing, or conferring any priority of payment in respect of, any obligation of any Person including without limitation, any right granted by a transaction which, in legal terms, is not the granting of security but which has an economic or financial effect similar to the granting of security under Applicable Laws, (ii) any voting agreement, interest, option, right of first offer, commitment, preferential arrangement, right, restriction or limitation of any nature whatsoever, including restriction on use, any rights, receipt of income or exercise of any other attribute of ownership, right of set-off, preemptive rights or any other security interest of any kind whatsoever or any other restriction on transfer of securities or refusal or transfer restriction in favour of any Person, and (iii) any adverse claim as to title, possession or use, in each case, any other agreement, whether conditional or otherwise, to create any of the same. The terms "**Encumber**" and "**Encumbered**" will be construed accordingly;.

"**Equity Shares**" means the equity shares of face value of INR 10 (Rupees Ten Only) each in the share capital of the Company.

"**Equity Securities**" means, in relation to the Company, any Equity Shares or other equity shares of the Company, any options (whether or not granted, vested or exercised), warrants, convertible debentures, convertible preference shares, equity linked instruments, loans or other securities or ownership interests that are directly or indirectly convertible into, or exercisable or exchangeable for, any such shares of equity capital or other ownership interests of the Company (whether or not such securities are then currently convertible, exercisable or exchangeable and whether with or without payment of additional consideration).

"**FCPA**" shall mean the Foreign Corrupt Practices Act, 1977.

"**FMV Price**" means, with respect to the relevant Equity Securities, the fair market value of such Equity Securities as determined in accordance with the terms of the Shareholders' Agreement.

"**Fully Diluted Basis**" means that the calculation is to be made assuming that all Equity Securities are converted (or exchanged or exercised) into Equity Shares of the Company (whether or not by their terms then currently convertible, exercisable or exchangeable), including without limitation stock options (including employee stock options), warrants and any outstanding commitments to issue Equity Shares at a future date, whether or not due to the occurrence of an event or otherwise.

"**Head of Credit Agreement**" refers to the agreement executed between the Company and Mr. Ashutosh Atre, the head of credit of the Company on February 05, 2016.

"**Indian GAAP**" means generally accepted accounting principles in India.

"**Investor**" refers to Kedaara (along with its co-investors and limited partners) and Partners Group, individually, and collectively referred to as "**Investors**".

"**INR**" means Indian Rupees, the lawful currency of India.

"**IRR**" means the internal rate of return as determined using the Microsoft Excel XIRR function.

"**Governmental Authority**" means any governmental or statutory authority, governmental department, agency, commission, board, tribunal or court or other entity authorised to make laws, rules or regulations or pass directions having jurisdiction, or any state or other subdivision thereof or any municipality, district or other subdivision thereof having jurisdiction in respect of the subject matter pursuant to Applicable Laws.

"**Intellectual Property**" means patents, trademarks, service marks, trade names, domain names, database rights, registrations, copyrights, know-how, product licenses and any and all intellectual property rights of any nature anywhere in the world and any licenses and permissions in connection with any of the above rights or information (in each case, in any part of the world whether or not registered or capable of being registered and if registered for their full period of registration with all extensions and renewals, and including all applications for registration).

"**Lake District**" refers to **Lake District 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.

"**Capital AIF 1**" refers to **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 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.

"**Kedaara**" refers to Lake District, Capital AIF 1, and its co-investors and limited partners holding any Equity Security in the Company.

"**Liquidation Event**" means the commencement of any dissolution, liquidation, winding up, or insolvency, by way of a binding order of a court or tribunal or adjudicating body of competent jurisdiction, which has not been set aside for 120 days.

"**Management Agreement**" refers to the CEO Agreement, CFO Agreement, the Business Head and Head of Credit Agreement, individually, and collectively referred to as "**Management Agreements**".

"**Party**" refers to each of the Investors, AU SFB and the Company individually, and collectively referred to as "**Parties**".

"**Master Fund**" refers to **Partners Group Private Equity Master Fund LLC**, a company incorporated under the laws of Delaware, having its principal place of business at c/o Partners Group (USA) Inc., 1114 Avenue of the Americas, 37th Floor, New York, NY 10036, USA.

"**ESCL**" refers to **Partners Group ESCL Limited**, a company incorporated under the laws of Mauritius having its registered office at C/o Citco (Mauritius) Limited, 4th Floor, Tower A, 1 Cybercity, Ebene, Mauritius.

"**Partners Group**" refers to Master Fund and ESCL, collectively.

"**PCA**" shall mean the Prevention of Corruption Act, 1988.

"**Person**" means and includes an individual, a sole proprietorship, an association, syndicate, a corporation, a firm, a partnership, a limited liability partnership, a joint venture, a trust, an unincorporated organization, a joint stock Company or other entity or organization, body corporate, corporation, Governmental Authority, judicial authority, a natural person in his capacity as trustee, executor, administrator, or other legal representative and any other entity including a government or political subdivision, or an agency or instrumentality thereof and/or any other legal entity.

"**Proportionate Shareholding**" means the proportionate shareholding of a Shareholder in the Company, which shall be calculated in accordance with the terms of the Shareholders' Agreement.

"**Pro Rata Shareholding**" for the Investor or AU SFB (as the case maybe), means the number of Equity Securities collectively held by, each Investor and its Affiliates, or AU SFB and its Affiliates (as the case maybe), multiplied by a fraction, the numerator of which is the number of Equity Securities proposed to be transferred by Selling Investor or AU SFB and the denominator of which is the total number of Equity Securities held by Selling Investor or AU SFB, in each case on a Fully Diluted Basis.

"**Related Party**" means (i) any Shareholder, Director or officer of the Company, (ii) any Affiliate of the Company, (iii) any Affiliate of a Shareholder or Director described in (i) above, (iv) any other Person in which any of the Persons described in (i) to (iii) above has any direct or indirect interest (other than a passive shareholding of less than 1% (One Per Cent) in such other Person, provided that the Persons described in (i) to (iv) above have no specific rights in relation to the management or the conduct of business or affairs of such other Person) and (v) any other Persons as are defined as "related party" for the Company and the Shareholders under the Act or under Indian generally accepted accounting principles.

"**Related Party Transaction**" means any agreement, contract, engagement or other arrangement, of any nature whatsoever entered into between the Company and any Related Party.

"**Relative**" of a natural person has the meaning ascribed to it in the Companies Act, 2013.

"**Key Managerial Personnel**" means to include: (i) Mr. Sushil Kumar Agarwal, (ii) Mr. Ghanshyam Rawat, (iii) Mr. Ram Naresh, and (iv) Mr. Ashutosh Atre.

"**Share Capital**" means the issued and fully paid up equity and preference share capital of the Company on a Fully Diluted Basis, which is paid up in relation to the Equity Shares and the preference shares, where applicable.

"**Shareholder**" means any Person/s who holds any Equity Securities of the Company.

"**Shareholders' Agreement**" refers to the shareholders' agreement executed between the Parties on February 05, 2016 as amended by an amendment agreement dated May 31, 2016.

"**the Act**" means the Companies Act, 1956 (to the extent that such enactment is in force and applicable to the context in which such term is used herein), and the Companies Act, 2013 (to the extent that such enactment is in force and applicable to the context in which such term is used herein), and shall include all amendments, modifications and re-enactments of the foregoing.

"**these Articles**" means this Articles of Association of the Company.

"**the seal**" means the common seal of the Company.

"**Section**" means section under the Companies Act, 2013.

"**Transfer**" (including the terms "**transferred**", "**transferring**" and "**transferability**") means, whether directly or indirectly, any transfer, sale, assignment, pledge, hypothecation, creation of security interest in or lien or Encumbrance on, placing in trust (voting or otherwise), exchange, gift or transfer by operation of law or in any other way, whether or not voluntarily.

"**UKBA**" means the U. K. Bribery Act, 2010.

The following terms have the meaning as set out in the corresponding Articles:

Term	Article No.
Acceptance Notice	32.4
Acceptance Period	32.4
Accelerated Tag	Paragraph 9 of Annexure 4
AU SFBAcceptance Notice	32.8
AU SFB Acceptance Period	32.8
AU SFB Offer Notice	32.8
AU SFB Offer Period	32.8
AU SFB ROFO Securities	32.8
AU Transferee	32.8
AU Transferee Nominee Director	32.8
Board Meeting	27.7
Business	Recital A
Conforming of Rights	32.9
CEO	30.1
Defaulting Party	34.1
Default Buyout Notice	34.2
Default Notice	34.2
Default Shares	34.3
Dispute	39.2
Drag Along Notice	32.7
Drag Along Purchaser	32.7
Drag Along Right	32.7
Drag Price	32.7
Drag Sale	32.7
Dragging Investor	32.7
Dragged Shareholders	32.7
Event of Default	34.1

Term	Article No.
Extended Period	33.3
Information	37.1
Investor Observer	28.1
Investors Right of First Offer	32.8 (a)
Investors ROFO Notice	32.8 (b)
Investor ROFO Price	32.8 (b)
Kedaara Nominee Directors	27.1 (b) (i)
Key Managerial Personnel Buyback	Paragraph 5 of Annexure 4
Key Managerial Personnel Call Option	Paragraph 5 of Annexure 4
Key Managerial Personnel Exit Price	Paragraph 5 of Annexure 4
Key Managerial Personnel Put Option	Paragraph 5 of Annexure 4
Liquidation Party	34.4
Non-Defaulting Party	34.2
Non-Default Shares	34.3 (a) (ii)
Offer Notice	32.4 (b)
Offer Period	32.4 (c)
Other Investor	32.4 (a)
Partners Group Nominee Directors	27.1 (b) (ii)
Primary Period	32.4
Proposed Issuance	33.1
Proposed Transfer	32.4 (b)
Proposed Transferee	32.4 (d) / 32.8 (c)
Right of First Offer	32.4 (b)
ROFO Notice	32.4 (c)
ROFO Price	32.4 (c)
ROFO Securities	32.4 (b)
Secondary Period	32.6
Selling Investor	32.4 (b)
Tag Along Response(s)	32.5 (b)
Tag Along Right	32.5 (a)
Tag Along Shares	32.5 (b)
Tag Offer Notice	32.5 (a)
Tag Offer Period	32.5 (b)
Tag Parties	32.5 (a)

26.2 Unless the context otherwise requires:

(a) Words or expressions contained in these Articles shall bear the same meaning as in the Act or any statutory modification thereof in force at the date at which these Articles become binding on the Company.

(b) The terms “hereof”, “herein”, “hereby”, “hereto” and derivative or similar words refer to these entire Articles or specified articles of these Articles, as the case may be.

(c) Words denoting the singular shall include the plural and words denoting any gender shall include all genders.

(d) Reference to days, months and years are to calendar days, calendar months and calendar years, respectively, unless defined otherwise or inconsistent with the context or meaning thereof.

(e) Any reference to “writing” shall include printing, typing, lithography and other means of reproducing words in visible form (including emails).

(f) Any reference to the word “include/including” shall be construed without limitation, and shall be construed as meaning “including, but not limited to”.

(g) References to any document in the "agreed form" means that the form of such document shall have been agreed to in writing or by exchange of letters or email amongst Partners Group and Kedaara.

27. **BOARD COMPOSITION & BOARD MEETINGS**

27.1 **Authority of the Board and Management**: Subject to the provisions of these Articles and the Act, the Board shall be responsible for the management, supervision, direction and control of the Company. The Board shall be entitled to delegate powers to such persons and such committees that the Board may create to assist it in its business strategy and objectives.

27.2 **Composition of the Board**: The Shareholders shall take all actions, including exercising their votes in relation to the Equity Securities held by them, as may be required to cause any Director nominated by the Lake District and ESCL ("**Promoters**") in accordance with this Article 27 to be duly elected, appointed, removed or replaced, as the case may be, such that the composition of the Board is in accordance with this Article 27.2.

(a) The Board shall comprise up to 9 (Nine) Directors.

(b) On and from the date hereof and until either Lake District or ESCL retains 10% or more of the Share Capital, then such Shareholder shall be entitled to appoint only 1 (One) nominee as a Director to the Board (the "**Shareholder Nominee Director**", and along with Lake District Nominee Directors and ESCL Nominee Directors, the "**Nominee Directors**").

(c) Notwithstanding Article 27.2 (b) above, on and from the date hereof and until such time that Lake District and ESCL continue to remain 'promoters' of the Company (i) Lake District shall have the right to nominate 3 (Three) Directors to the Board (collectively, the "**Lake District Nominee Directors**"); (ii) ESCL shall have the right to nominate 2 (Two) Directors to the Board (together, the "**ESCL Nominee Directors**"); and (iii) the Chief Executive Officer of the Company shall be appointed and hold office as a whole time Director. 3 (Three) independent Directors shall be appointed to the Board in accordance with Applicable Laws (the "**Independent Directors**").

27.3 **Alternate Directors**: Each Shareholder and Director shall be entitled to nominate an alternate Director to act in accordance with the Act. Each Shareholder and Director shall also have a right to withdraw the nominated alternate Director, and nominate another in his or her place. The alternate Director shall (except as regards the power to appoint an alternate Director pursuant to this Article 27.3) be subject in all respects to the terms and conditions existing with reference to the other Directors of the Company and each alternate Director, whilst acting as such, shall exercise and discharge all the functions, powers and duties of the Director he or she represents. Every person acting as alternate Director shall have one vote for each Director for whom he or she acts as alternate (in addition to his or her own vote if he or she is also a Director). Any person appointed as an alternate Director shall vacate his or her office as such alternate Director if and when: (i) the Board removes him or her in accordance with this Article 27.3; or (ii) the Director for whom he or she was an alternate vacates office as Director. A Director shall not be liable for the acts or defaults of any alternate Director appointed by him.

27.4 **Chairman of the Board**: The Chairman of the Board shall be appointed by the Board from amongst the Independent Directors.

27.5 **Removal / Replacement of Directors**:

(a) Each Shareholder shall be entitled to seek removal of its Nominee Director by a written notice to such Director and the Company, following which the Company undertakes to do such things as required under Applicable Laws to facilitate such removal.

(b) In the event of any vacancy occurring with respect to the position of a Nominee Director, by reason of death, disqualification, resignation, removal or inability to act, the Shareholder who had nominated such Director shall be entitled, subject to Article 27.2, to nominate another person to fill the vacancy.

27.6 **Retirement of Directors**: Subject to Applicable Laws, 1 (One) Lake District Nominee Director and 1 (One) ESCL Nominee Directors shall not be required to retire by rotation. In the event that the other

Nominee Directors retire by rotation in accordance with the provisions of the Act, subject to Article 27.2, the Shareholders shall ensure and perform all acts including the exercise of the voting rights as may be necessary to ensure that such Nominee Directors are reappointed to the Board.

27.7 **Board Meetings**:

(a) All meetings of the Board shall be convened and conducted in accordance with the provisions of the Act and the Charter Documents ("**Board Meetings**").

(b) Frequency and Location: The Board will meet such that a period of not more than 120 (One Hundred and Twenty) days shall intervene between 2 (Two) consecutive Board Meetings, at such place and in such manner as majority of the Board may from time to time reasonably determine as convenient for the Directors.

(c) Notice: A Board Meeting may be called by the Chairman of the Board or any 1 (one) other Director giving notice in writing to the company secretary, or any other Person nominated in this regard by the Board, specifying the date, time and agenda for such meeting. The company secretary (or such nominated person) shall upon receipt of such notice give a copy of such notice to all Directors of such meeting, accompanied by a written agenda specifying the business of such meeting and copies of papers relevant for such meeting. The Company shall ensure that sufficient information is included with such notice to the Directors to enable each Director to make a decision on the issue in question at such meeting. Not less than a minimum 7 (seven) days' prior written notice shall be given to each Director, of any Board Meeting, accompanied by the agenda for the Board Meeting; provided that subject to Applicable Laws, a Board Meeting may be convened at a shorter notice in the event more than 75% of the Directors provide consent in relation to the same and at least one independent director of the Company shall be present at such Board Meeting.

(d) Voting: Each Director is entitled to cast 1 (One) vote at any Board Meeting.

27.8 **Resolutions in Writing/Circulation**: Subject to Applicable Laws, a resolution in writing of the Board shall be as valid and effectual as if it had been a resolution passed at a meeting of the Board duly convened and held if the resolution is signed in support thereof by all of the Directors for the time being. Any such resolution bearing the signature of any Director dispatched by facsimile transmission or electronic mail shall constitute a document for this purpose.

27.9 **Video Participation**: Subject to the other terms of these Articles, the Directors may participate and vote in Board Meetings by video conferencing or other audio visual means or any other means of contemporaneous communication, in the manner permitted under Applicable Laws and by the Ministry of Corporate Affairs, from time to time.

27.10 **Directors' Access**: Any Director shall be entitled to examine the books, accounts and records of the Company and shall have, during normal business hours of the Company and with prior reasonable written notice, the right to reasonably inspect the properties and facilities of the Company. The Company shall provide such information relating to its business affairs and financial position may be decided by the Board and as any Director may reasonably require. Subject to Applicable Laws, any Director may provide such information to the Shareholder who has nominated such Director. The relevant Director and Shareholders would be bound by the confidentiality obligations under this Shareholders' Agreement in relation to such information received.

27.11 **Committees of the Board**: Subject to Applicable Laws, each of the Lake District Nominee Directors and the ESCL Nominee Directors shall have the right (but not an obligation) to be appointed as a member of any committee or sub-committee of the Board, *pro rata* to the board representation of each Promoter, subject to a minimum of at least 1 (one) member on the committee. The Shareholders of the Company shall take such actions as may be necessary to enable the relevant Lake District Nominee Directors and the relevant ESCL Nominee Directors to exercise such right.

27.12 **Investor Observer on the Board**. Subject to Article 35.1, each of the Investors shall have the right to appoint and replace 1 (one) observer (the "**Investor Observer**") to attend the Board Meetings and all meetings of all committees and sub-committees of the Board. The Investor Observers shall have the right to receive all notices, documents and information provided to the Board members and be entitled to attend and speak at all meetings of the Board or committees thereof. The Investor Observers shall not be Directors of the Company and shall not be entitled to a separate vote at any such meetings and shall not be considered for quorum purposes. It is clarified that the Observers shall keep confidential all matters in relation to the Company and the Business that they become aware of. In the event that any Investor holds less than a certain threshold agreed by the Parties under the Shareholders' Agreement, such Investor shall not be entitled to appoint any Investor Observer.

28. **SHAREHOLDERS' MEETINGS.**

28.1 **Requirements for General Meetings**.

(a) All meetings of Shareholders shall be held at such place as the Board may determine from time to time. The Board may convene any meeting of the Shareholders whenever it may deem fit.

(b) **Notice**. Subject to the Act, a minimum 21 (twenty one) days' prior written notice shall be given to all the Shareholders of any Shareholders' Meeting, accompanied by the agenda for such meeting. Subject to Applicable Law, notice may be waived for an annual general meeting or an annual general meeting may be called by giving shorter notice with at least 95% of the members providing their written consent or consent by electronic mode to such annual general meeting shorter notice. Further, subject to Applicable Law, notice may be waived for an extraordinary general meeting or an extraordinary general meeting may be called by giving shorter notice with approval of majority in number of members representing not less than 95% of the paid up share capital of the Company providing their written consent or consent by electronic mode to such extraordinary general meeting shorter notice. The notice of each general meeting shall include an agenda setting out the business proposed to be transacted at the meeting, together with copies of all relevant papers connected therewith and/or proposed to be placed before or tabled at the general meeting.

(c) **Quorum**. Subject to Article 35.1 and the Act, the quorum for any general meeting shall be at least 5 (Five) Shareholders present in person or by proxy or attorney, 1 (One) of which shall be Partners Group and the other of which shall be Kedaara, at the beginning of the meeting and throughout the meeting. If the quorum is not present within 30 (Thirty) minutes from the time when the meeting should have begun or if during the meeting there is no longer a quorum, the meeting shall be adjourned and reconvened at the same place and time 7 (Seven) days later, or at such time as may be agreed to by the majority of the Shareholders including at least Partners Group and Kedaara, with the same agenda. If at 2 (two) consecutively adjourned Shareholder Meetings, the quorum is not present within 30 (Thirty) minutes of the time appointed for the Shareholders' Meeting, then subject to Applicable Law, the Shareholders present at such meeting shall constitute the quorum, provided that at least 5 (Five) Shareholders are present and the Shareholders' Meeting shall proceed with respect to the business stated in the agenda for the Shareholders' Meeting (other than on any Affirmative Vote Item) as if the quorum was duly present at such adjourned Shareholders' Meeting. Each Shareholder shall use all reasonable efforts to ensure the existence of quorum at any Shareholders' Meeting.

(d) **Voting**. Subject to Applicable Law, voting on all matters to be considered at a Shareholders' Meeting shall be by way of a poll unless otherwise unanimously agreed upon in writing by the Shareholders.

(e) **Voting Arrangements**. Each of the Key Managerial Personnel agree and undertake to ensure that they, or their representatives or proxies representing them at any shareholders' meetings, shall, only in relation to any matters which require the affirmative vote of a majority in number of the shareholders of the Company, act and exercise their voting rights in relation to any Equity Securities held by them along with the Investors. Such right shall be construed *inter alia* as a voting arrangement amongst each of the Key Managerial Personnel and the Investors.

28.2 **Video Participation**. The Shareholders may participate and vote in the Shareholders' Meeting by video conferencing or other audio visual means or any other means of contemporaneous communication, subject to Applicable Laws. Notwithstanding the aforesaid, it is clarified that in relation to any Affirmative Vote Item, the written confirmation of each of the Investors approving the proposal with respect to the Affirmative Vote Item shall always be required.

29. **VOTING AND AFFIRMATIVE VOTE ITEMS.**

29.1 Unless otherwise provided in the Act, or these Articles:

(a) at a duly called and held Board Meeting with requisite quorum, all decisions shall be taken by a simple majority (the affirmative vote of more than 50% (Fifty per cent) of the Directors participating in such Board Meeting; and

(b) at a duly called and held Shareholders' Meeting with requisite quorum, all decisions shall be approved if passed only with the affirmative vote of Shareholders participating at the meeting and representing more than 50% (Fifty per cent) of the Equity Securities held by all the Shareholders participating at the meeting.

29.2 Notwithstanding anything to the contrary in these Articles and subject only to Article 35.1, each Party agrees that no action or decision shall be taken or resolution passed by the Company, the Board, any Director(s) or any Shareholder(s) in respect of any Affirmative Vote Item set out at ANNEXURE 2, except with the prior written consent of at least 1 (One) Partners Group Nominee Director and 1 (One) Kedaara Nominee Director, or the prior written consent of both Partners Group and Kedaara.

29.3 Notwithstanding anything to the contrary in these Articles and subject only to Article 35.1, each Party agrees that no action or decision shall be taken or resolution passed by the any Shareholders in respect of any Reserved Matters set out at ANNEXURE 3, except with the prior written consent of the AU SFB.

29.4

(a) For the purpose of voting (including for Affirmative Vote Items), the entire group of Kedaara entities (i.e. Kedaara, its Affiliates and co-investors which hold Equity Securities as the case maybe) would be treated as one block and shall at all times vote consistent with one another. Any nominations of Kedaara under these Articles shall be the joint nominations of all the Kedaara entities which hold Equity Securities.

(b) Similarly, the entire group of Partners Group entities (i.e. Partners Group, its Affiliates and co-investors which hold Equity Securities as the case maybe) would be treated as one block and shall at all times vote consistent with one another (including for Affirmative Vote Items). Any nominations of Partners Group under these Articles shall be the joint nominations of all the Partners Group entities which hold Equity Securities.

30. **MANAGEMENT – DAY TO DAY CONTROL.**

30.1 Subject to the supervision of the Board, the Business shall be managed on a day to day basis by the Chief Executive Officer ("**CEO**"), and the other senior management personnel of the Company (who will report to and be responsible to the CEO and the Board for the operations of the Business).The CEO shall be nominated jointly by both Investors, and the senior management personnel shall be persons whose appointment has been approved in writing by both Investors. It is clarified that as on the Amendment Date, Mr. Sushil Agarwal shall continue as the CEO, subject to the terms of the employment agreement dated 5^{th} February, 2016 entered into between the Company and him.

30.2 The Parties agree that any cheque/banking instruction for an amount of (i) INR 20,000,000 (Rupees Twenty Million only) or more per transaction in the ordinary course of business, or (ii) INR 10,000,000 (Rupees Ten Million Only) or more per transaction other than in the ordinary course of business, can be issued by the Company pursuant to the prior written approval of Kedaara and Partners Group. PROVIDED THAT, no prior written approval shall be required for (i) intra-bank transactions undertaken by the Company in ordinary course of business, and (ii) transactions approved by the Board or any of the committees or sub-committees of the Board, or in terms of the policies approved by the Board or any of the committees or sub-committees of the Board.

31. **COVENANTS OF THE COMPANY AND THE INVESTORS.**

31.1 The Company hereby undertakes and covenants to the Investors as follows:

(a) **Accounting Policies**. The Company shall adopt the Indian GAAP.

(b) **Information and Reports**. The Company shall provide to the Investors such information and reports as may be agreed to between the Investors(in such manner and within such duration as may be agreed between the Investors), including but not limited to:

(i) Monthly accounts within 20 (twenty) days from month end, including a profit and loss statement, balance sheet and cash flow statement for the period;

(ii) Quarterly unaudited financials within 30 (thirty) days from the end of the quarter;

(iii) Audited financial statements within 90 (Ninety) days from end of the financial year; and

(iv) Any other information reasonably requested by one or more of the Investors or their relevant nominee Directors.

(c) **Directors' and Officers' Insurance**. The Company will procure suitable Directors' and Officers' liability insurance for all Directors, and such other officers of the Company as determined by the Board.

(d) **Anti-Corruption**.

(i) The Company covenants, undertakes and represents that on and from the Amendment Date, it shall not and shall not permit any of its Affiliates to or any of its Directors, officers, managers, employees, independent contractors, representatives or agents to promise, authorize or make any payment to, or otherwise contribute any item of value to, directly or indirectly, any non-US official, in each case, in violation of the FCPA or PCA or the UKBA or of any other applicable anti-bribery or anti-corruption laws.

(ii) The Company further covenants, undertakes and represents that on and from the Amendment Date, it shall ensure that each of its Affiliates shall cease all of its or their respective activities, as well as remediate any actions taken by the Company or its Affiliates, or any of its respective Directors, officers, managers, employees, independent contractors, representatives or agents in violation of the FCPA or PCA or the UKBA or any other applicable anti-bribery or anti-corruption laws. The Company further covenants, undertakes and represents that it shall cause itself and each of its Affiliates to maintain systems of internal controls acceptable to the Investors (including, but not limited to, accounting systems, purchasing systems and billing systems) to ensure compliance with the FCPA or PCA or the UKBA or any other applicable anti-bribery or anti-corruption laws.

31.2 The Company shall provide AU SFB with the following information till it holds any Equity Shares:

(a) Quarterly unaudited financials within 30 (thirty) days from the end of the quarter; and

(b) Audited financial statements within 90 (Ninety) days from end of the financial year.

31.3 **Non Solicitation and No Competition**. The Parties who are Shareholders hereby undertake and covenant to the Company and to each other that they (including any of their Affiliates) will not directly or indirectly:

(a) engage with or invest in an entity engaged in a Business directly competing with the Company;

(b) solicit, entice or induce any business connection or customer of the Company to undertake any business or transactions with any other Person, instead of with the Company; or

(c) solicit, entice or induce any individual or Person that is an employee or consultant of the Company, to become an employee or consultant of any other Person.

Provided that each of the Investors shall be permitted to invest in, directly or indirectly, in any Company that has competing business similar to that of the Company, but only up to 25% of the equity share capital of such Company on a fully diluted basis. Provided further that AU SFB shall not be subject to provisions of this Article 31.3 above, but shall be bound by the non-compete, non-solicitation and other corresponding provisions as set out in any other agreement.

32. Transfer of Equity Securities.

32.1 **Restrictions on Transfer**.

(a) Any direct or indirect Transfer of any Equity Securities or any legal or beneficial interest therein by one or more of Kedaara, Partners Group or AU SFB, shall be made only in compliance with Articles 32 and 34. The Company hereby agrees and confirms that it shall not record any such Transfer on its books, or any agreement or arrangement to Transfer and shall not recognize or register any equitable or other claim to, or any interest in, such Equity Securities which have been Transferred in any manner other than as permitted under Articles 32 and34.

(b) Kedaara, Partners Group or AU SFB shall not Transfer any or all of its Equity Securities, except for a Transfer of Equity Securities in accordance with Articles 32 and34.

(c) The transfer provisions as set out in Annexure 4 shall apply in relation to the transfer of any Equity Securities held by each of the Key Managerial Personnel. Further, in the event that the Company undertakes a rights issue, each of the Key Managerial Personnel shall be entitled to participate in such rights issue to the extent of his entitlement with respect to his fully paid-up Equity Shares.

32.2 **Exceptions to Restrictions**. The restrictions of Article 32.1 shall not apply to any Transfer of Equity Securities from Kedaara, Partners Group or AU SFB to their respective Affiliate(s) or from Kedaara or Partners Group to any investment vehicles advised and/or managed by Kedaara or Partners Group or their Affiliates respectively, PROVIDED THAT the transferring member:

(a) shall, if the transferring member is Kedaara or Partners Group, give written notice of such Transfer to the other Investor; or shall, if the transferring member is AU SFB, give written notice of such Transfer to Partners Group and Kedaara;

(b) ensures that the proposed transferee Affiliate(s) executes the Deed of Adherence as set out in ANNEXURE 1 so as to comply with the provisions of these Articles;

(c) procures the transfer to the proposed transferee of all loans (if any) made by it to the Company at the same time as the Transfer of the Equity Securities; and

(d) ensures that in the event such transferee ceases to be an Affiliate of the respective transferring member, the Equity Securities held by such Affiliate shall be immediately transferred back to the respective transferring member.

32.3 **Improper Transfer**. Any attempt to Transfer one or more Equity Securities by Kedaara, Partners Group or AU SFB not in accordance with these Articles shall be null and void, and the Company shall not give any effect to such attempted Transfer in its records.

32.4 **Right of First Offer**. From the Amendment Date up to the 3rd anniversary of the Amendment Date ("**Primary Period**"), any, direct or indirect, sale of Equity Securities by either of the Investors shall be subject to:

(a) Receipt of the prior written consent of the other Investor ("**Other Investor**").

(b) Where any of the Investors (the "**Selling Investor**") intends to sell, directly or indirectly,any or all of its Equity Securities ("**Proposed Transfer**"), the Selling Investor is required to provide a right of first offer to the Other Investor ("**Right of First Offer**"), pursuant to which the Selling Investor shall give a written notice ("**Offer Notice**") to the Other Investor, stating (i) the number and class of Equity Securities the Selling Investor then owns (on a Fully Diluted Basis); and (ii) the number and class of Equity Securities proposed to be sold by the Selling Investor ("**ROFO Securities**").

(c) Within a period of 15 (Fifteen) days of receipt of the Offer Notice from the Selling Investor ("**Offer Period**"), the Other Investor shall have the right to make an offer in writing to purchase all (and not less than all) of the ROFO Securities, at a price ("**ROFO Price**") to be specified by the Other Investor ("**ROFO Notice**").

(d) Upon receipt of the ROFO Notice in accordance with Article32.4(c) above, the Selling Investor shall have the right, but not the obligation, to either:

(i) accept such offer by issuing a written notice to the Other Investor ("**Acceptance Notice**") at any time within 45(Forty-five) days from the receipt of such ROFO Notice ("**Acceptance Period**"), such acceptance thereby creating a binding agreement between the Selling Investor and such Other Investorfor the purchase and sale of the ROFO Securities at the ROFO Price and upon the terms stated in the ROFO Notice; or

(ii) to reject the offer (either expressly, or by failing to deliver the Acceptance Notice within the Acceptance Period).

In the event of sale of the ROFO Securities to the Other Investor pursuant to an Acceptance Notice, the Tag Along Right specified in Article 32.5 shall not apply.In the event that the Selling Investor rejects the offer as aforesaid (either expressly, or by failing to deliver the Acceptance Notice within the Acceptance Period), then the Selling Investor shall be entitled to sell the ROFO Securities to any Person ("**Proposed Transferee**") within a period of 60 (sixty) days from the earlier of the date of the rejection of the offer or the last date of the Acceptance Period (if there is a failure to deliver the Acceptance Notice within the Acceptance Period), at (i) a price that is higher than the ROFO Price in the event that the Other Investor has issued the ROFO Notice, or (ii) any price, in any other event.

(e) Upon receipt of the Acceptance Notice, the Other Investor shall be bound to purchase, and the Selling Investor shall be bound to sell, the ROFO Securities, and such sale shall be completed within a period of 60 (sixty) days from the Acceptance Period (except the time taken to obtain requisite Governmental Approvals (if any) required for such sale). If the Other Investor does not issue the ROFO Notice within the Offer Period, the Selling Investor shall be free to sell the ROFO Securities to any Person at any price, subject to the provisions of Article 32.5.In the event that within 60 (sixty) days(except the time taken to obtain requisite Governmental Approvals (if any) required for such sale)from the earlier of the date of the rejection of the offer or the last date of the Acceptance Period (if there is a failure to deliver the Acceptance Notice within the Acceptance Period), either (i) the sale of the ROFO Securities is not completed in accordance with Article 32.4, or (ii) the Tag Offer Notice is not issued, the process for sale of Equity Securities under Article 32.4 and 32.5 shall once again apply.

32.5 **Tag Along Right**.

(a) Without prejudice to the applicability of the provisions ofArticles32.4(a) to 32.4(e), if the Other Investor or its Affiliates do not exercise the Right of First Offer or the Selling Investor does not accept the ROFO Notice, in relation to any Proposed Transfer, the Other Investor and AU SFB shall, at their sole discretion and option, have a right, but not an obligation to sell ("**Tag Along Right**"):

(i) their respective Pro Rata Shareholding; or

(ii) in an Accelerated Tag Along Scenario, all of the Equity Securities held by the Other Investor and AU SFB;

PROVIDED THAT in relation to AU SFB, if AU SFB is desirous of selling any additional Equity Securities (i.e. in addition to its Pro Rata Shareholding) and the Proposed

Transferee is desirous of purchasing such any additional Equity Securities, then subject to the prior written consent of the Investors, AU SFB shall be entitled to exercise its Tag Along Right in relation to such additional Equity Securities as well ("**Additional Tag Along Right**").It is clarified that in the event of transfer of Equity Securities by AU SFB pursuant to this Article 32.5 shall not require compliance with the provisions of Investors' Right for First Offer.

(b) If no ROFO Notice has been issued, or if a ROFO Notice is rejected, the Selling Investor shall (if it seeks to sell the ROFO Securities to a Proposed Transferee) within 30 (thirty) days of such non-issuance or rejection, issue a notice ("**Tag Offer Notice**") to the Other Investor and AU SFB ("**Tag Parties**") specifying: (i) the name of the Proposed Transferee; (ii) the per Equity Security price offered by the Proposed Transferee; and (iii) the quantum of ROFO Securities proposed to be acquired by the Proposed Transferee. In the event that either or both of the Tag Parties elect to exercise the Tag Along Right, such Tag Party(ies) shall deliver individual written notices of such election to the Selling Investor(s) (the "**Tag Along Response(s)**") within 15 (Fifteen) days from receipt of the Tag Offer Notice ("**Tag Offer Period**") specifying the number of Equity Securities with respect to which such Tag Party(ies) elect to exercise the Tag Along Right or Additional Tag Along Right in case of AU SFB, if applicable, (the "**Tag Along Shares**"). If, pursuant to the Tag Along Response(s), it is determined that the provisions of Article 32.5 (a) (ii) apply, then the Tag Party(ies) shall have the right to withdraw their Tag Along Response(s) and/or issue an amended Tag Along Response, within 7 (Seven) days from the date of such determination. A copy of the Tag Along Responses shall also be provided to the Company.

(c) In the event that any of the Tag Parties decide to exercise the Tag Along Right and/or the Additional Tag Along Right, if applicable, the Selling Investor shall cause the Proposed Transferee to purchase from the Tag Party(ies) the Tag Along Shares at the same Per Share Consideration and on the same terms as are mentioned in the Tag Offer Notice. The Selling Investor and the Tag Party(ies) exercising the Tag Along Right and/or the Additional Tag Along Right, if applicable, shall mutually cooperate in good faith to determine the extent of representations, warranties and indemnities being provided by each of such Parties to the third party acquirer.

(d) Upon exercise of the Tag Along Right and/or the Additional Tag Along Right, if applicable, the Selling Investor shall not be entitled to sell any of the ROFO Securities to any Proposed Transferee unless the Proposed Transferee simultaneously purchases and pays for the Tag Along Shares in accordance with the provisions of this Article 32.5. If the Tag Party (ies) have elected to exercise the Tag Along Right and/or the Additional Tag Along Right, if applicable, and the Proposed Transferee fails to purchase the Tag Along Shares, the Selling Investor shall not make the Proposed Transfer, and if purported to be made, such sale shall be void and shall not be binding on the Company and shall be deemed to be a breach of the terms of these Articles.

(e) The closing of any saleof the ROFO Securities and the Tag Along Shares by the Proposed Transferee shall be held simultaneously, at such time and place as the parties to the transaction may agree. In the event that the purchase of the ROFO Securities and the Tag Along Shares is not completed within a period of 15 (fifteen) days from the issuance of the Tag Along Response(s), the entire process under Articles 32.4 and 32.5 shall once again apply other than a delay due to requirement of any Approvals, in which event the period for completion of the purchase shall be reasonably extended for an additional period necessary to obtain any Approvals required for such purchase and payment.

32.6 After the completion of the Primary Period and up to the 6^{th} anniversary of the Amendment Date ("**Secondary Period**"), the provisions of Articles 32.4 (b) to (e) and Article 32.5 shall apply **in** relation to any sale of Equity Securities proposed to be made by any of the Investors. For avoidance of doubt it is clarified that the provisions of Article132 (a) shall not apply during and after the Secondary Period begins.

32.7 After the completion of the Secondary Period, the provisions of Article 32.4(b) to 32.4(e) and Article 32.5 shall apply in relation to any sale of Equity Securities proposed to be made by any of the Investors.For avoidance of doubt it is clarified that the provisions of Article 32.4(a) shall not apply during and after the Secondary Period begins. In addition to above, after completion of the Secondary Period, the Investors shall also have the drag along right as specified below:

(a) **Drag Along Right**.

(i) Subject to the provisions of Article 32.4, if any of the Investors propose to divest all (but not less than all) of their Equity Securities in the Company ("**Dragging Investor**") to a third party buyer ("**Drag Along Purchaser**"), then the Dragging Investor shall have a right but not an obligation to and as part of such sale, require the other Shareholders ("**Dragged Shareholders**") to sell all of the Equity Securities held by them, to the Drag Along Purchaser, in accordance with the terms that maybe specified in the Drag Along Notice (defined below).This right of the Dragging Investor to require the Dragged Shareholders to sell their Equity Securities to the Drag Along Purchaser shall be referred to as the "**Drag Along Right**" and shall be exercised in the manner set forth hereinafter.

(ii) To exercise the Drag Along Right, the Dragging Investor shall provide a written notice to each of the Dragged Shareholders ("**Drag Along Notice**") requiring them to sellthe Equity Securities held by the Dragged Shareholders, on the date specified therein to the Drag Along Purchaser, free and clear of all Encumbrances. The Drag Along Notice shall specify (a) the price per share at which each Equity Security of the Dragged Shareholders shall be sold to the Drag Along Purchaser, which price shall provide an agreed IRR in accordance with the terms of the Shareholders' Agreement, in each case as at the time of the investment/payment or the Drag Sale, as applicable) ("**Drag Price**") and (b) the date on which the Equity Securities shall be sold.The Dragged Shareholders shall, upon receipt of the Drag Along Notice, be bound and obligated to sellthe Equity Securities held by the Dragged Shareholders as specified in the Drag Along Notice to the Drag Along Purchaser ("**Drag Sale**").

(iii) The Parties hereby covenant to take all steps necessary to give effect to the provisions of this Article 32.7 including the passing of all necessary resolutions and obtaining all necessary consents to give effect to the Drag Along Right. At the time of the exercise of the Drag Along Right, the Dragged Shareholders may be required to enter into any arrangements/agreements and/or take any other actions for compliance with the legal formalities for the sale of the Equity Securities held by the Dragged Shareholders under this Article 32.7 as maybe required to effectuate fully such transaction.The Dragging Investor shall have the right to withdraw the Drag Along Notice at any time prior to the sale without any liability arising from such withdrawal or revocation save and except any reasonable costs incurred by the Dragged Shareholders to give effect to such transaction which shall be borne by the Dragging Investor. Further, any withdrawal of revocation of the Drag Along Notice shall not preclude the right of the Dragging Investor to exercise a Drag Along Right at a future date, subject to compliance of the conditions of these Articles.

32.8 **Transfer provisions pertaining to AU SFB**: Any sale of Equity Securities by AU SFB, other than a sale of Equity Securities by AU SFB under Article 32.5 or a sale of Equity Securities by AU SFB to any new Shareholder to whom the Company has issued any Equity Securities (provided that such sale occurs simultaneously with the issuance), shall be subject to granting the Investors a *pro rata* right of first offer in the following manner:

(a) Where AU SFB intends to sell any or all of its Equity Securities, AU SFB is required to provide a right of first offer to the Investors *pro rata* to their shareholding in the Company at the time of such offer, and ("**Investors Right of First Offer**"), pursuant to which AU SFB shall give a written notice ("**AU SFB Offer Notice**") to the Investors, stating (i) the number and class of Equity Securities which AU SFB then own (on a Fully Diluted Basis); and (ii) the number and class of Equity Securities proposed to be soldby AU SFB ("**AU SFB ROFO Securities**").

(b) Within a period of 15 (Fifteen) days of receipt of the AU SFB Offer Notice from AU SFB ("**AU SFB Offer Period**"), the Investors shall have the right to make an offer in writing to purchase their *pro rata* proportion of the of the ROFO Securities, at a price ("**Investor**

ROFO Price") to be specified by the Investors ("**Investors ROFO Notice**"). In the event of surplus AU SFB ROFO Securities, the Investors have the right to inform AU SFB of their intention to purchase such surplus AU SFB ROFO Securities which are not proposed to be purchased by the other Investor.

(c) Upon receipt of the Investor ROFO Notice in accordance with Article 32.8(b) above, AU SFB shall have the right, but not the obligation, to either:

(i) accept such offer by issuing a written notice to the Investors ("**AU SFB Acceptance Notice**") at any time within 45 (Forty-Five) days from the receipt of such Investor ROFO Notice ("**AU SFB Acceptance Period**"), such acceptance thereby creating a binding agreement between AU SFB and such relevant Investors for the purchase and sale of the AU SFB ROFO Securities at the Investor ROFO Price and upon the terms stated in the Investor ROFO Notice; or

(ii) to reject the offer (either expressly, or by failing to deliver the AU SFB Acceptance Notice within the AU SFB Acceptance Period).

In the event that AU SFB rejects the offer as aforesaid (either expressly, or by failing to deliver the AU SFB Acceptance Notice within the AU SFB Acceptance Period), then AU SFB shall be entitled to sell the AU SFB ROFO Securities to any Person ("**Proposed Transferee**") within a period of 60 (sixty) daysfrom the earlier of the date of the rejection of the offer or the last date of the AU SFB Acceptance Period (if there is a failure to deliver the AU SFB Acceptance Notice within the AU SFB Acceptance Period), at a price that is (i) higher than the Investor ROFO Price in the event that at least one of the Investors have issued the Investors ROFO Notice*(*it is clarified that in the event that there is more than one Investor ROFO Price, the higher price shall be deemed as the Investor ROFO Price for this paragraph), or (ii) a price equal to or higher than the FMV Price of the Equity Securities in any other event.

(d) Upon receipt of the AU SFB Acceptance Notice, the relevant Investors shall be bound to purchase, and AU SFB shall be bound to sell, the AU SFB ROFO Securities, and such sale shall be completed within a period of 60 (sixty) days from the AU SFB Acceptance Period (except the time taken to obtain requisite Governmental Approvals (if any) required for the sale).If any of the Investorsdo not issue the Investor ROFO Notice within the AU SFB Offer Period, AU SFB shall be free to sell the ROFO Securities to any Person at a price calculated in accordance with the provisions of Article 32.8 (c) above.

(e) In the event that both the Investors propose to sell their Equity Securities, which would result in a Change of Control, in addition to the Tag Along Rights and the Additional Tag Along Right of AU SFB under Article 32.5, AU SFB shall be entitled to sell all its Equity Securities at a price per Equity Security not less than the price per Equity Security at which the Investors propose to sell their Equity Securities. For avoidance of doubt it is clarified that in the event of any other sale of securities by the Investors to any Person, AU SFB shall have a tag along right in the manner set out in Article 32.5.

(f) Subject to the terms of these Articles, in the event that AU SFB transfers its Equity Securities to any third party ("**AU Transferee**"), such AU Transferee shall execute the Deed of Adherence. Subject to the AU Transferee acquiring more than 5% of the Share Capital from AU SFB, and provided that the AU Transferee has not acquired the Equity Securities pursuant to Article 32.5, such AU Transferee shall additionally be entitled to the following rights until it continues to hold at least 5% of the Share Capital:

(i) The AU Transferee shall be bound by the Transfer provisions of this Article 32.8, as applicable to AU SFB, other than the Additional Tag Along Right which shall not transfer to the AU Transferee;

(ii) The AU Transferee shall have the right to nominate and appoint 1 (One) Director to the Board ("**AU Transferee Nominee Director**");

(iii) The Company shall provide to the AU Transferee the information and reports listed in Article 31.1(b) (i) to Article 31.1 (b) (iii); and

(iv) Subject only to Article 35.1, each Party agrees that no action or decision shall be taken or resolution passed by the Company, the Board, any Director(s) or any Shareholder(s) in respect of any Reserved Matters set out at ANNEXURE 3, except with the prior written consent of the AU Transferee Nominee Director, or the prior written consent of the AU Transferee.

For avoidance of doubt, it is hereby clarified that pursuant to a transfer of Equity Securities to the AU Transferee where the shareholding of AU SFB falls below a certain threshold agreed by the Parties under the Shareholders' Agreement, AU SFB shall cease to have any rights under these Articles, other than the rights under Article 31.2 and Article 32.5, and the rights of AU SFB under these Articles shall transfer to such AU Transferee, PROVIDED HOWEVER THAT the obligations of AU SFB under these Articles shall continue to apply to AU SFB and the AU Transferee.

32.9 **IPO**.

(a) The Company may conduct an initial public offering subject to the consent of both the Investors.In the event of an initial public offering, both Investors and AU SFB shall have a pro-rata right to participate in any offer for sale. The Investors and AU SFB shall be entitled, at their sole discretion to sell the Equity Securities held by them in the IPO to the maximum extent permissible under Applicable Laws.

(b) Notwithstanding anything to the contrary, on the successful completion of an IPO, the provisions of these Articles shall subject to Applicable Law continueto apply to the Shareholders.

(c) **Reinstatement of Rights**. Notwithstanding anything contained herein, in the event that a red herring prospectus or equivalent document, by whatever name called is filed with the competent authority in connection with an IPO which, prior to such filing or at any such stipulated time, under Applicable Law, has necessitated the alteration of the class of any of the Equity Securities and/or the rights attached thereto and/or the rights available to the Investors and AU SFB under the Transaction Documents (such alterations being, collectively, the "**Conforming of Rights**") and within 6 (six) months of the filing of such prospectus, the IPO is not completed such that the entire Share Capital of the Company is not admitted to trading on a recognized stock exchange, then, the Company shall undertake all necessary actions as may be required to ensure that the Investors are placed in the same position, and possesses the same preferential and other rights, they had the benefit of, immediately prior to the Conforming of Rights.

32.10 The Investor shall not be permitted to sell any of its shareholding to a Competitor until the completion of the Secondary Period. Subject to a transfer pursuant to the exercise of rights under Article 32.5 (*Tag Along Right*) and Article 32.7 (a) (*Drag Along Right*), AU SFB shall in no event be permitted to sell any Equity Securities to a Competitor.

32.11 In the event of a sale of Equity Securities under this Article, the Investors and AU SFB shall not (unless otherwise agreed) be obligated to provide representations and warranties other than in relation to the title to the Equity Securities proposed to be sold.

33. **PRE-EMPTIVE RIGHTS/ FUTURE FUNDING.**

33.1 Subject to the terms of these Articles, in the event the Company is desirous of issuing any new Equity Securities (including by way of a preferential issue or a rights issue) ("**Proposed Issuance**") to meet any future funding requirements, the Investors and AU SFB shall have the right, but not the obligation, to purchase, in priority, such portion of such shares / Equity Securities so as to maintain its Proportionate Shareholding, calculated on a Fully Diluted Basis. If the Investors and AU SFB seek to subscribe to a Proposed Issuance, such Proposed Issuance shall unless agreed by the Investors in writing, shall be undertaken on a rights basis.

33.2 For this purpose, the Company shall deliver to the Investors and AU SFB a written notice of the Proposed Issuance setting forth: (i) the number, type and terms of the Equity Securities to be issued, and (ii) the consideration payable to the Company in connection with the Proposed Issuance, i.e., is the price per Equity Security.

33.3 In the event, both the Investors and AU SFB select to exercise their rights under this Article 33.1 (*Pre-emptive Right/ Future Funding*), the Investorsand AU SFB shall: (i) within 30 (Thirty) Business Days following delivery of the notice referred to in Article 10.2 above, give written notice to the Company specifying the number of Equity Securities proposed to be subscribed to by the individual Investor and/or its Affiliate(s) and AU SFB (as applicable); and (ii) within 45 (Forty Five) Business Days following delivery of the notice referred to in Article 33.2 above, settle the payment of the consideration to the Company simultaneously with the issuance of such number of Equity Securities as are being subscribed to by Investors and/or its Affiliate(s) and AU SFB, which shall be determined based on the principles set forth in this Article 33.1 (*Pre-emptive Right*). The said 45 (Forty Five) Business Days period shall be extended for an additional period necessary to obtain any corporate, regulatory and contractual approvals required for such purchase and payment by the Investors and/or its Affiliates ("**Extended Period**").

33.4 Except as otherwise provided in this Article, failure by any Investor or any Affiliate of the Investor, or by AU SFB, to either: (a) give such notice within 30 (Thirty) Business Days' period referred to in Article 33.3 above; or (b) settle the payment of such consideration to the Company within 45 (Forty Five) days' period (subject to the conditions contained in Article 33.3 above) or the Extended Period referred to in Article 33.3 above, as the case may be, shall be deemed a waiver by the Investor and/or AU SFB (as applicable) of its rights to be issued further Equity Securities under this Article with respect to such Proposed Issuance.

33.5 If one of the Investors waives its right to participate in the Proposed Issuance under Article 33.3, and the other Investor indicates it intends to subscribe to such additional/surplus Equity Securities (or in case AU SFB waives its right to participate in the Proposed Issuance, both Investors may indicate it intends to subscribe to such additional/surplus Equity Securities pro rata to their shareholding), such Investor shall subscribe to additional Equity Securities through a preferential allotment which shall be completed at the FMV Price.

33.6 If neither of the Investors intend to subscribe under the Proposed Issuance, then the Company may allot Equity Securities to a third party, acceptable to both Investors at the FMV Price.

34. **DEFAULT**.

34.1 **Events of Default**. An event of default ("**Event of Default**") occurs in relation to any Shareholder who is a Party hereto (the "**Defaulting Party**") if there is, on part of the Defaulting Party:

(a) Material breach or failure to observe or comply with any material term, covenant or obligation contained in these Articles; or

(b) Material breach of any of the representations or warranties contained in these Articles.

34.2 **Default Notice**.Upon the occurrence of an Event of Default with respect to a Defaulting Party, the other Party (a "**Non-Defaulting Party**") may serve a written notice ("**Default Notice**") on the Defaulting Party as soon as it may be reasonably practicable and within 90 (ninety) days of becoming aware of the Event of Default. A Default Notice may not be served more than once on a Defaulting Party in respect of the same Event of Default.

34.3 **Default Transfer**.The provisions of this Article shall apply to an Event of Default under Article34.1 above:

(a) If a Default Notice is given by a Non-Defaulting Party to a Defaulting Party pursuant to Article 34.2, the Non-Defaulting Party may, subject to Applicable Law, within 30 (Thirty) Business Days after serving the Default Notice, elect by written notice (the "**Default Buyout Notice**") to call upon the Defaulting Party to, subject to Applicable Law, either:

(i) transfer all Equity Securities held by it and its Related Transferees(the "**Default Shares**") to the Non-Defaulting Party at a discount of 10% (Ten Per Cent) of FMV Price; or

(ii) acquire all of the Equity Securities held by the Non-Defaulting Party and its Related Transferee (the "**Non-Default Shares**") at a premium of 10% (Ten Per Cent) of FMV Price,

and in each case of (i) and (ii), the Defaulting Party shall be bound to transfer the Default Shares or acquire the Non-Default Shares (as the case may be).

(b) Subject to Applicable Law and receipt of material regulatory approvals, if any, the completion of the transfer of the Default Shares or the Non-Default Shares, as the case may be, pursuant to this Article shall be effected within 30 (Thirty) Business Days of the receipt of the Default Buyout Notice.

34.4 In the event of a Liquidation Event for one of the Parties ("**Liquidation Party**"), subject to Applicable Law, the other Parties shall have the right to acquire all of the Equity Securities held by the Liquidation Party at the FMV Price, pro rata to their shareholding and in the event one of the Parties does not desire to purchase such Equity Securities, the other Party shall have the right to purchase the surplus Equity Securities of the Liquidation Party.

35. FALL AWAY OF RIGHTS.

35.1 Notwithstanding anything to the contrary in these Articles, in the event an Investor's shareholding in the Company falls below a certain threshold agreed by the Parties under the Shareholders' Agreement, then such Investor shall ceaseto have any rights under Article 27.1 (*Composition of the Board*), Article 27.7 (*Board Meetings*), Article 27.11 (*Committees of the Board*), Article 27.12 (*Investor Observer on the Board*), Article 28.1 (c) (*Shareholder Quorum*), Article 29.2, Article 32.7 (a) being the right to exercise a Drag Sale and Article 33.1 (*Pre-Emptive Rights/Future Funding*) (collectively, the "**Specified Rights**"); and such Specified Rights shall cease to be in force qua such Investor, and all other rights and obligations of such Investor shall continue with full force and effect.

35.2 Notwithstanding anything to the contrary in these Articles, in the event that the AU Transferee's shareholding in the Company falls below a certain threshold agreed by the Parties under the Shareholders' Agreement, then AU Transferee shall cease to have any rights under Article 29.3, Articles 32.8 (f) (i) to (iv) and Article 33.1 (*Pre-Emptive Rights/Future Funding*), and all other rights and obligations of such AU Transferee (including the rights and obligations on account of the AU Transferee being a transferee of AU SFB) shall continue with full force and effect.

35.3 Notwithstanding anything to the contrary in these Articles, in the event that AU SFB's shareholding in the Company falls below a certain threshold agreed by the Parties under the Shareholders' Agreement, then AU SFB's shall cease to have any rights under Article 29.3 and Article 33 (*Pre-Emptive Rights/Future Funding*), and all other rights and obligations of such AU SFB's shall continue with full force and effect.

36. INTELLECTUAL PROPERTY.

36.1 The Parties acknowledge and agree that from and after the AmendmentDate, no Party shall have rights in any Intellectual Property rights of the other Party(ies) or any of their Affiliates either by itself or in combination with any other names, marks, trade names and trademarks. It is hereby clarified that rights in any Intellectual Property developed by the Company shall at all times remain the exclusive property of the Company.

36.2 The Company shall take all steps promptly to protect its Intellectual Property rights, including without limitation registering all its patents, trademarks, brand names and copyrights.

36.3 The Company and the Investors shall cause the employees, officers and the Directors of the Company to enter into such agreements or undertakings from time to time for protecting its Intellectual Property Rights. For the sake of clarity, it is averred that the Company shall be the owner of all intellectual property, free and clear of any encumbrances.

37. **CONFIDENTIALITY**.

37.1 Each of the Parties hereto (including their nominees, representatives, agents, employees, and the like) shall keep all information relating to the each of the other Parties (including business, affairs, customers, clients, suppliers and/or members of the group of companies to which such Party belongs), information relating to the transaction, these Articles, or provided pursuant to these Articles (collectively, referred to as the "**Information**") confidential. None of the Parties shall issue any public release or public announcement or otherwise make any disclosure concerning these Articles and/or the transactions contemplated thereby, without the prior approval of the other Party.

37.2 Nothing in these Articles shall restrict any Party from disclosing Information:

(a) to the extent that such Information is required to be disclosed by any Applicable Law, in which case (i) prompt notice of such requirement will be provided to the other Party, and (ii) the disclosure will be limited to the applicable requirement;

(b) in so far as it is required to be disclosed to Affiliates, the employees, Directors or professional advisers of any Party, provided that any such disclosure is on a need-to-know basis and the disclosing Party shall procure that such Persons to whom it is disclosed in terms of this provision treat such Information as confidential;

(c) in so far as such information is disclosed to existing and potential investors;

(d) if the Information has come into the public domain through no fault of the Party disclosing such Information; or

(e) if and to the extent the other Party has given prior written consent to the disclosure.

37.3 In the event that for any reason these Articles is terminated or shall lapse and the transactions contemplated hereby shall not be implemented, each Party shall on written demand of the Company immediately return the Information together with any copies in its possession.

37.4 Notwithstanding anything above from the Amendment Date, each of the Company, AU SFB, and the Investors agrees that they shall make no written or other public disclosures regarding the transaction as contemplated under the Transaction Documentsor regarding the Parties hereto to any person without the prior written consent of the other Party, provided that disclosures to the Investors' partners/investors/financing sources, affiliates, Directors and employees, professional advisors of the Parties and, with prior notice to the Investors, regulatory authorities or as otherwise required by law, shall be permitted.

38. **NOTICES**.

38.1 All notices, demands or other communications required or permitted to be given or made hereunder shall be in writing and delivered by hand, by courier or prepaid registered post with recorded delivery, or by email addressed to the intended recipient thereof at its address or at its email address, and marked for the attention of such person (if any), designated by it to the other Party for the purposes of these Articles or to such other address or email address, and marked for the attention of such person, as a Party may from time to time duly notify the other in writing. The initial address, email address and details of the identified person (if any) so designated by the Parties are set out below:

(a) In the case of notices to the Company:

Address: AAVAS FINANCEIRS LIMITED, 201-202, 2nd Floor, Southend Square, Mansarovar Industrial Area, Jaipur-302020, Rajasthan.

Fax No.: +91 141 6618861

E-mail: sharad.pathak@aavas.in

Attention: Company Secretary

(b) In the case of notices to Master Fund:

Address: Partners Group Private Equity Master Fund LLC, c/o Partners Group (USA) Inc., 1114 Avenue of the Americas, 37th Floor, New York, NY 10036, USA

Email: pgadmin@partnersgroup.com and murali.nair@partnersgroup.com (email of all notices to be sent to both email addresses)

Attention: Mr. Daniel Stopher / Mr. Murali Nair

With a carbon copy to:

Address: Partners Group Private Equity Master Fund LLC,C/o Citco (Mauritius) Limited, 4th Floor, Tower A, 1 Cybercity, Ebene, Mauritius Email: pgadmin@partnersgroup.com and murali.nair@partnersgroup.com (email of all notices to be sent to both email addresses)

Attn: Mr. Murali Nair

(c) In the case of notices to ESCL:

Address: Partners Group ESCL Limited, C/o Citco (Mauritius) Limited, 4th Floor, Tower A, 1 Cybercity, Ebene, Mauritius

Email: pgadmin@partnersgroup.com and murali.nair@partnersgroup.com (email of all notices to be sent to both email addresses)

Attention: Mr. Santosh Guzadhur / Mr. Murali Nair

With a carbon copy to:

Address: Partners Group ESCL Limited, c/o Partners Group AG Product Services Zugerstrasse 57 CH-6341 Baar-Zug Switzerland

Email: pgadmin@partnersgroup.com and murali.nair@partnersgroup.com (email of notice to be sent to both email addresses)

Fax: +41 41 784 65 64

Attn: Ms. Andrea Cagnati / Mr. Murali Nair

(d) In the case of notices to Lake District:

Address: Suite 11, 1st Floor, Plot 42, Hotel Street, Cybercity 72201, Ebene, Mauritius

Email: santosh@gfingroup.com

Fax: +230 454 6824

Attention: Mr. [Santosh Gujadhur]

(e) In the case of notices to Capital AIF 1:

Address: Sunshine Tower, 38th Floor, Senapati Bapat Marg, Parel, Mumbai – 400 013

Email: Devadatta.rajadhyakshya@kedaara.com

Fax: +91 22 6155 8001

Attention: Mr. Devadatta Rajadhyakshya

(f) In the case of notices to AU SFB:

Address: AU Small Finance Bank Limited (formerly known as Au Financiers (India) Limited), 19-A, Dhuleshwar Garden, Ajmer Road, Jaipur - 302 001

E-mail: deepak.jain@aubank.in

Fax No.: +91 141 2368815

Attention: Mr. Deepak Jain

38.2 Any notice, demand or communication so served by hand, courier with recorded delivery, email or post shall be deemed to have been duly given:

(a) in the case of delivery by hand or by courier, when delivered;

(b) in the case of email, at the time of transmission;

(c) in the case of post, on the second Business Day after the date of posting (if sent by local mail) and on the seventh Business Day after the date of posting (if sent by air mail),

provided that in each case where delivery by hand, by courier or by email occurs on a day which is not a Business Day or after 5p.m.on a Business Day, service shall be deemed to occur at 9a.m. on the next following Business Day.

38.3 References to time in this Article are to local time in the country of the addressee.

38.4 Any Party may, from time to time, change its name, address or representative for receipt of notices provided for in these Articles by giving to the other Parties prompt written notice, and in any case within 10 (Ten) Business Days' of such change.

39. Governing Law and Dispute Resolution.

39.1 These Articles shall be governed by and construed in accordance with the laws of India and, subject to Articles 39.2 to 39.6, the Parties shall be free to approach any appropriate courts of New Delhi for relief.

39.2 The Parties agree to use all reasonable efforts to resolve any dispute, controversy, claim or disagreement of any kind whatsoever between or among the Parties in connection with or arising out of these Articles, including any question regarding its existence, validity or termination ("**Dispute**"), expediently and amicably to achieve timely and full performance of the terms of these Articles. If the Parties are unable to resolve the Dispute, within 30 (Thirty) days from the date on which such Dispute arises, the provisions of Articles 39.3 to 39.6 shall apply.

39.3 Any Dispute shall be referred to and finally resolved by arbitration which shall be conducted in accordance with the Arbitration Rules of the Singapore International Arbitration Centre.

39.4 The arbitration shall be by a panel of 3 (three) arbitrators, of which 1 (one) arbitrator shall be appointed by one disputing party and 1 (one) arbitrator shall be appointed by the other disputing Party, and the 3rd (third) arbitrator shall be appointed by the two arbitrators so nominated by the two disputing parties.

39.5 The seat of arbitration shall be India and any award shall be treated as an award made at the seat of the arbitration. The language to be used in the arbitral proceedings shall be English.

39.6 Any arbitral award rendered in accordance with this Articles hall be enforceable by any court of competent jurisdiction, including (if and to the extent determined by the arbitral tribunal) by injunctive relief or order for specific performance.

40. **ENTRENCHMENT PROVISIONS**.

These articles contain entrenchment provisions as permitted by Section 5(3) read with Rule 10 of the Companies (Incorporation) Rules, 2014. If required, a notice may be given by the Company to the Registrar of Companies in such manner, as prescribed in the said Rule 10.

ANNEXURE 1
DEED OF ADHERENCE

This **DEED OF ADHERENCE** dated [●] (this "**Deed**") is made and entered into among:

Partners Group Private Equity Master Fund LLC, a Company incorporated under of the laws of the Delaware, having its principal place of business at c/o Partners Group (USA) Inc., 1114 Avenue of the Americas, 37th Floor, New York, NY 10036, USA(hereinafter referred to as "**Master Fund**", which expression shall, unless it be repugnant to the context or meaning thereof, be deemed to mean and include its successors and permitted assigns) of the **FIRST PART**;

Partners Group ESCL Limited, a Company incorporated under the laws of Mauritius having its registered office at C/o Citco (Mauritius) Limited, 4th Floor, Tower A, 1 Cybercity, Ebene, Mauritius (hereinafter referred to as "**ESCL**" and together with Master Fund, hereinafter collectively referred to as, "**Partners Group**", which expression shall unless it be repugnant to the context or meaning thereof, be deemed to mean and include its successors and permitted assigns)of the **SECOND PART**;

Lake District 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 (hereinafter referred to as "**Lake District**", which expression shall unless it be repugnant to the context or meaning thereof, be deemed to mean and include its successors and permitted assigns);

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 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, (together with Lake District, hereinafter referred to as, "**Kedaara**" which expression shall unless it be repugnant to the context or meaning thereof, be deemed to mean and include its successors and permitted assigns);

AU Small Finance Bank Limited (formerly known as Au Financiers (India) Limited), a Company incorporated under the laws of India, having its registered office at 19-A, Dhuleshwar Garden, Ajmer Road, Jaipur-302001, Rajasthan (hereinafter referred to as the "**AU SFB**", which expression shall, unless repugnant to the context or meaning thereof, be deemed to include its successors and permitted assigns);

Aavas Financiers Limited, a Company incorporated under the laws of India, having its registered office at 201-202, 2nd Floor, Southend Square, Mansarovar Industrial Area, Jaipur-302020, Rajasthan (hereinafter referred to as the "**Company**", which expression shall, unless repugnant to the context or meaning thereof, be deemed to include its successors and permitted assigns); and

AND

[*NAME OF TRANSFEREE*], a Company incorporated and existing under the laws of [●], having its registered office at [●] (hereinafter referred to as the "**Transferee**", which expression shall, unless repugnant to the context or meaning thereof, be deemed to include its successors and permitted assigns).
Partners Group, Kedaara and AU SFB are hereinafter referred to individually as an "**Original Shareholder**" and collectively as the "**Original Shareholders**". The Original Shareholders and the Company are hereinafter referred to individually as an "**Original Party**" and collectively as the "**Original Parties**".

WHEREAS

(A) This Deed is supplemental to the shareholders agreement dated 5th February, 2016 between the Original Parties (the "**Agreement**"). The Original Shareholders are permitted to transfer the Equity Securities to the Transferee, subject to the provisions of the Agreement, including the execution of a Deed of Adherence.

(B) [*insert name of Transferor*] ("**Transferring Party**") intends to transfer the Equity Securities to the Transferee in accordance with the Agreement and the Transferee is now executing this Deed as required under the Agreement.

NOW, THEREFORE THIS DEED WITNESSETH AS FOLLOWS:

1. **CONSENT TO THE TERMS OF THE AGREEMENT**.

1.1. The Transferee covenants, undertakes and agrees with the Original Parties that by executing this Deed it shall be bound by the terms of the Agreement and the Charter Documents in respect of the Equity Securities it acquires.

1.2. The Transferee hereby confirms to the Original Parties that it has received a certified copy of the Agreement and the Charter Documents.

1.3. The Transferring Party and the Transferee covenant, undertake and agree with the other Original Parties that they shall continue to be bound by all the duties and obligations of any nature whatsoever cast upon the Transferring Party and/or its Affiliates under the Agreement and the Charter Documents in respect of the Equity Securities being transferred to the Transferee.

2. **REPRESENTATIONS AND WARRANTIES**.

The Transferee confirms and represents and warrants to the Original Parties that each of representations and warranties set out in Clause 3 (*Representations and Warranties*) of the Agreement, is true and correct in respect of itself as of the date hereof.

3. **DEFINITIONS**.

Capitalized terms used in this Deed but not defined herein shall have the meanings ascribed to them in the Agreement.

4. **GOVERNING LAW AND DISPUTE RESOLUTION**.

The Parties hereby agree and confirm that the provisions of Clause 18 (*Governing Law and Dispute Resolution*) of the Agreement shall apply *mutatis mutandis* to this Deed, as if set out specifically herein are incorporated into this Deed.

5. **NOTICES**.

The Transferee furnishes the following details for purpose of Article 38.1 (*Notices*):

To The Transferee : Address:[●]
Email Address: [●]

Attn.: [●]

ANNEXURE 2
AFFIRMATIVE VOTE ITEMS

1. Any amendment of the Shareholders' Agreement or Memorandum and Articles of Association, or change in rights of Company securities;

2. Liquidation or winding up of the Company;

3. Consolidation, merger, amalgamation and acquisitions, divestments, de-merger, re-organization and disposition of any assets over a net asset value of INR 50,000,000(Rupees Fifty Million only);

4. Any change in capital structure including buy-back of any equity or equity-linked securities or any issuance/ allotment of shares;

5. Creation of subsidiaries of the Company and joint ventures;

6. Any appointment/removal of any CXO level employee or senior level employees or other key management personnel of the Company as identified in the definitive documents;

7. The adoption and/or any modification of the business plan or annual financial statements or the budget of the Company; it being clarified that the Company shall prepare the business plan / budget in advance on an annual basis for each financial year of the Company which shall be subject to the specific approval of the Investors;

8. Capital Expenditure, Borrowings/raising of any debt or the creation of any charge, mortgage, pledge, lien over the assets of the Company or the provision of any other security (including guarantees) by the Company, otherwise than as reflected in the Business Plan and/or any deviations in excess of 5% over items approved under the Business Plan;

9. Entering into contracts (of a value exceeding (i) INR 10,000,000 (Rupees Ten Million only) or more per transaction in the ordinary course of business and (ii) INR 20,000,000 (Rupees Twenty Million only) or more per transaction other than in the ordinary course of business) of any nature whatsoever or making any changes / amendments to existing contracts, which are outside of the approved amounts in the Business Plan;

10. Entering into or modification of any Related Party Transactions, contracts, agreements, arrangements or understandings between any of the shareholders and/or its affiliates, and the Company other than as specifically agreed in the definitive documents;

11. Change in Business of the Company;

12. Investments either by loans, credit or equity instruments other than as per the parameters agreed in the definitive documentation;

13. Write offs of any receivables, loans and advances, investments or inventories over and above the limits permitted in the Budget;

14. Declaration of dividends or any other form of distribution to the shareholders other than as agreed in the definitive documents;

15. Change in Company Auditors and any material change in the accounting methods or policies of the Company;

16. Commencing or settling of any litigation, arbitration or other proceedings or proceedings against any regulator or authority;

17. Any matters not stated hereinabove, requiring an ordinary or special resolution of shareholders under the provisions of the Act; and

18. Any of the above matters, as applicable to any subsidiary of the Company.

ANNEXURE 3
RESERVED MATTERS

1. Any amendment of the Shareholders' Agreement or Memorandum and Articles of Association, or any change in the rights of Company securities;

2. Liquidation or winding up of the Company;

3. Change in Business of the Company; and

4. Entering into or modification of any contracts, agreements, arrangements or understandings between any of the Affiliates of Kedaara or Partners Group, on the one hand, and the Company, on the other hand, other for any actions as are specifically contemplated or agreed in any of the Transaction Documents.

ANNEXURE 4
TRANSFER OF EQUITY SECURITIES

1. **Restrictions on Transfer**: The Key Managerial Personnel shall not Transfer any or all of the Equity Securities held by them, except for a Transfer of Equity Securities in accordance with Annexure 4, and the Company shall not record any Transfer that is in contravention of the provisions hereof, in its books and records. The Transfer restrictions under this Annexure 4 shall apply till such time that any of the Investors holds any Equity Securities in the Company. The Key Managerial Personnel shall in no event Transfer any or all of the Equity Securities held by each of them to a Competitor, except pursuant to the exercise of a tag along right granted hereunder.

2. **Lock-In**: Notwithstanding anything to the contrary in this Annexure 4 or the Articles of Association, any Transfer of one or more Equity Securities by the Key Managerial Personnel, shall be subject to the prior written consent of each of the Investors who holds any Equity Securities in the Company; PROVIDED THAT if the Key Managerial Personnel is Transferring his fully paid-up Equity Shares to an 'immediate relative' (i.e. his parent, spouse or child) or to an entity created for estate planning purposes of which the 100% legal and beneficial owners are the Key Managerial Personnel and his immediate relatives, then such Key Managerial Personnel may undertake such Transfer with prior written intimation to the Investors (along with providing full details in writing relating to the transferee), and without having to comply with paragraph 3 below. After a period of 3 years from the Closing Date, the Key Managerial Personnel shall be entitled to transfer up to 15% (fifteen percent) of the fully paid up Equity Shares held by him, subject to paragraph 3 below, and provided that the transferee is not a Competitor.

3. **Right of First Offer**: Where any of the Key Managerial Personnel intend to Transfer any or all of their Equity Securities, such Key Managerial Personnel is required to provide a right of first offer to the Investors pro rata to their shareholding in the Company at the time of such offer, and the process of the Investors Right of First Offer (i.e. the right of first offer provided by AU SFB) as set out in these Articles shall mutatis mutandis apply to this right of first offer, and for this purpose, the said provisions of these Articles shall be deemed to be incorporated herein, and the term "AU SFB" in such provisions shall be deemed to be replaced with the relevant Key Managerial Personnel as the case maybe.

4. In the event of any sale of Equity Shares by any of the Investor(s), the Key Managerial Personnelshall be entitled to sell the same proportion of the fully paid-up Equity Shares held by him, as is equal to the proportion that the Equity Shares being sold by the relevant Investor(s) bears to the total Equity Shares held by the relevant Investor(s). Such sale shall be undertaken at the same price, terms and timing as that of the sale by the Investor(s).

5. Upon the termination of any of the Management Agreements for any reason other than a health disability or a termination by the Company for Cause, (i) the Key Managerial Personnel shall be entitled to require that the Investors purchase (pro rata to their inter se shareholding in the Company) all the fully paid-up Equity Shares of such Key Managerial Personnel ("**Key Managerial Personnel Put Option**") at a value that is equal to 85% of the FMV Price ("**Key Managerial Personnel Exit Price**"), and (ii) the Investors shall be entitled to require that such Key Managerial Personnel sells all his fully paid-up Equity Shares to them (pro rata to their inter se shareholding in the Company) at a value that is equal the Key Managerial Personnel Exit Price ("**Key Managerial Personnel Call Option**"). At the option of the Investors, in either scenario above, the Investors shall be entitled to cause the Company to buy-back all the aforesaid Equity Shares at the Key Managerial Personnel Exit Price ("**Key Managerial Personnel Buyback**"), instead of completing the Key Managerial Personnel Put Option or the Key Managerial Personnel Call Option. In the event that any of the Equity Shares are acquired by the Key Managerial Personnel after the termination of this Agreement, on account of the exercise of the Specified ESOPs, the rights pertaining to the Key Managerial Personnel Put Option, Key Managerial Personnel Call Option and the Key Managerial Personnel Buyback shall be immediately available upon the issuance of such Equity Shares.

6. Further, upon the termination of any of the Management Agreements for any reason whatsoever, all partly paid Key Managerial Personnel Shares of the relevant Key Managerial Personnel shall stand extinguished / bought back, in consideration for which the amounts paid up on the Key Managerial Personnel Shares shall be returned to such Key Managerial Personnel.

7. In the event that (i) any of the Management Agreements is extended upon the completion of the Term, the relevant Key Managerial Personnel shall be entitled to require the Investors to purchase (pro rata to his inter se shareholding in the Company) up to 15% (fifteen percent) of the fully paid up Equity Shares held by him, at the FMV Price; or (ii) any of the Management Agreements is terminated on account of any health disability of the Key Managerial Personnel, the Key Managerial Personnel Put Option, Key Managerial Personnel Call Option and the Key Managerial Personnel Buyback shall apply with respect to all of the fully paid-up Equity Shares then held by the Key Managerial Personnelor acquired later by the Key Managerial Personnelon account of the exercise of any Specified ESOPs, with the exception that the share transfer to the Investors (pro rata to their inter se shareholding in the Company) will take place at the FMV Price instead of the Key Managerial Personnel Exit Price; or (iii) any of the Management Agreement is terminated for Cause, then the Investors shall be entitled to such Key Managerial Personnel Call Option or the Key Managerial Personnel Buyback with respect to all of the Equity Shares held by such Key Managerial Personnel, with the exception that the share transfer to the Investors (pro rata to their inter se shareholding in the Company) will take place at 75% of the FMV Price instead of the Key Managerial Personnel Exit Price. At the option of the Investors, the Investors shall be entitled to cause the Company to buy-back the aforesaid Equity Shares in any of the aforesaid scenarios (instead of such Equity Shares being purchased by the Investors).

8. In the event that both the Investors propose to Transfer their Equity Securities, which would result in a Change of Control, the Investors shall also have a drag along right with respect to all of the fully paid-up Equity Shares of the Key Managerial Personnel, and the process of the drag along right as set out in these Articles shall mutatis mutandis apply to the drag along right provided under this paragraph; and for this purpose, the said provisions of these Articles shall be deemed to be incorporated herein, and the term "**Dragged Shareholders**" in such provisions shall be deemed to include the Key Managerial Personnel.

9. In the event that both the Investors divest their Equity Securities in the Company to a third party buyer, which results in a Change of Control, the Investors will ensure that at the time of their divestment, the Key Managerial Personnel is provided the opportunity to transfer all (and not less than all) of the fully paid-up Equity Shares held by the Key Managerial Personnel in the Company on the date of the final divestment by the Investors, at a price not less than the price at which the Investors divest their Equity Securities ("**Accelerated Tag**").

10. With respect to an IPO of the Company, (i) the Key Managerial Personnel shall be required to pay up all outstanding amounts on their partly-paid shares prior to the date of filing of the Draft Red Herring Prospectus as determined by the Board of the Company; (ii) post the occurrence of the IPO, there shall be no transfer restrictions on the Equity Shares held by the Key Managerial Personnel after the statutory lock-in; and (iii) the terms of the Specified ESOPs and the related ESOP scheme shall be modified to ensure that the same is in compliance with the requirements of all applicable laws.

We, the several persons, whose names and addresses are subscribed, are desirous of being formed into a Company in pursuance of these Articles:

<table>
<tr><th>Sl. No.</th><th>Names, addresses, descriptions subscribers</th><th>Witnesses (along with names, addresses, and occupations of descriptions and occupations)</th></tr>
<tr><td>1</td><td>Sanjay Agarwal
S/o of Mr. Chiranjilal Agarwal
R/o D-111, Yashoda Path,
Shyam Nagar, Sodala
Jaipur 302019
(Rajasthan)
Occupation Business</td><td rowspan="2">I witness the signatures of all subscribers
Rakesh Agarwal
S/o Shri B.L. Agarwal, E-76, Chitranjan Marg, C-Scheme, Jaipur, Chartered Accountants
Membership no. 410965</td></tr>
<tr><td>2</td><td>AU Small Finance Bank Limited (formerly known as Au Financiers (India) Limited)
Through its Managing Director, Mr. Sanjay Agarwal
Registered office: 19-A, Dhuleshwar Garden, Ajmer Road, Jaipur 302001
Occupation: Finance Business</td></tr>
</table>

Dated this 21st day of Feb, 2011
Place: Jaipur

SECTION IX – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of the Draft Red Herring Prospectus) which are or may be deemed material have been entered or are to be entered into by our Company. These contracts, copies of which will be attached to the copy of this Red Herring Prospectus delivered to the RoC for registration, and also the documents for inspection referred to hereunder, except the contracts entered into after the Bid/Offer Closing Date, may be inspected at our Registered and Corporate Office, from 10.00 am to 4.00 pm on Working Days from the date of this Red Herring Prospectus until the Bid/Offer Closing Date.

Material Contracts to the Offer

1. Offer Agreement dated June 20, 2018, entered into among our Company, Selling Shareholders and the BRLMs.

2. Registrar Agreement dated June 20, 2018, entered into among our Company, Selling Shareholders and the Registrar to the Offer.

3. Tripartite Agreement dated February 18, 2016 entered into among our Company, NSDL and the Registrar to the Offer.

4. Tripartite Agreement dated September 8, 2016 entered into among our Company, CDSL and the Registrar to the Offer.

5. Cash Escrow Agreement dated September 11, 2018 entered into among our Company, Selling Shareholders, the GCBRLMs and BRLM, Escrow Bank(s), Public Offer Account Bank, Refund Bank and the Registrar to the Offer.

6. Share Escrow and Transit Agreement dated September 11, 2018 entered into among our Company, Selling Shareholders and the Share Escrow Agent.

7. Syndicate Agreement September 11, 2018 entered into among our Company, Selling Shareholders, the GCBRLMs and BRLM and the Syndicate Members.

8. Underwriting Agreement dated [●] entered into among our Company, Selling Shareholders, the GCBRLMs and BRLM and the Syndicate Members.

9. Monitoring Agency Agreement dated September 11, 2018 entered into between our Company and Axis Bank.

Material Documents

1. Certified copies of the Memorandum of Association and Articles of Association of our Company, as amended.

2. Certificate of incorporation dated February 23, 2011 issued to our Company by the RoC in the name of 'Au Housing Finance Private Limited'.

3. Fresh certificate of incorporation dated January 11, 2013, granted by the RoC upon change of name consequent to conversion from private to public company.

4. Fresh certificate of incorporation dated March 29, 2017, granted by the RoC upon change of name from 'AU Housing Finance Limited' to 'Aavas Financiers Limited'

5. Resolutions of the Board of Directors of our Company and shareholders of our Company dated May 7, 2018 and June 11, 2018, respectively, authorising the Offer and other related matters.

6. Resolution of the Board of Directors of our Company dated June 8, 2018 approving the Draft Red Herring Prospectus.

7. Resolution of the Board of Directors of our Company dated September 12, 2018, 2018 approving this Red Herring Prospectus.

8. Copies of the annual reports of our Company for the five Fiscals immediately preceding the date of this Red Herring Prospectus.

9. Shareholders' agreement dated February 5, 2016 entered into among Lake District, Kedaara AIF-1, Master Fund, ESCL, AuSFB and our Company amended by amendment agreement dated May 31, 2016 and further amended by second amendment agreement dated June 8, 2018.

10. Share purchase agreement dated February 5, 2016 entered into among Lake District, Kedaara AIF-1, Master Fund, ESCL and AuSFB.

11. Deed of Assignment dated February 5, 2016 entered into between AU Small Finance Bank Limited and our Company.

12. The reports dated August 30, 2018 on the Special Purpose Financial Statements and the examination reports dated August 30, 2018 on our Restated Financial Information, along with the statement of tax benefits dated August 31, 2018, each of the Auditor, S. R. Batliboi & Associates LLP, included in this Red Herring Prospectus.

13. Consent of the Auditor, S. R. Batliboi & Associates LLP, to include their name as required under Section 26(1) of the Companies Act 2013, read with SEBI ICDR Regulations and as an expert, as defined under Section 2(38) of the Companies Act 2013, in relation to their reports dated August 30, 2018 on our Special Purpose Financial Statements; examination reports dated August 30, 2018 on our Restated Financial Information; and the statement of tax benefits, in the form and context in which it appears in this Red Herring Prospectus.

14. No objection letter dated June 15, 2018 from NHB granting no-objection in relation to the Offer.

15. Consents of Bankers to our Company, the lenders to our Company (where such consent is required), Monitoring Agency, the BRLMs, Syndicate Members, Registrar to the Offer, Bankers to the Offer /Escrow Bank, legal counsels, Directors of our Company, Chief Financial Officer, Company Secretary and Compliance Officer, in their respective capacities.

16. Corporate authorisation letter dated June 15, 2018 issued by Master Fund consenting to include its portion of the Equity Shares in the Offer.

17. Consent letter dated June 19, 2018 issued by Master Fund consenting to include its portion of the Equity Shares in the Offer.

18. Consent letter dated June 19, 2018 issued by Lake District consenting to include its portion of the Equity Shares in the Offer.

19. Consent letter dated June 19, 2018 issued by ESCL consenting to include its portion of the Equity Shares in the Offer.

20. Consent letter dated June 19, 2018 issued by Kedaara AIF-1 consenting to include its portion of the Equity Shares in the Offer.

21. Consent letter dated June 19, 2018 issued by Sushil Kumar Agarwal consenting to include its portion of the Equity Shares in the Offer.

22. Consent letter dated June 19, 2018 issued by Vivek Vig consenting to include its portion of the Equity Shares in the Offer.

23. Resolution/ Partners' approvals dated May 21, 2018 and June 14, 2018 of Kedaara AIF-1 authorising its portion of the Equity Shares in the Offer.

24. Board resolution dated June 11, 2018 of Lake District authorising its portion of the Equity Shares in the Offer.

25. Board resolution dated June 13, 2018 of ESCL authorising its portion in the Offer.

26. ICRA Affordable Housing Finance Industry Report dated June 7, 2018.

27. Consent from ICRA Limited dated June 7, 2018 in relation to the report titled "ICRA Affordable Housing Finance Industry Report".

28. ESOP-2016 as approved by our shareholders on February 23, 2017 and amended by our shareholders on June 11, 2018.

29. Board resolution dated January 22, 2016 and shareholders' resolution dated March 7, 2016, pursuant to which Sushil Kumar Agarwal has been re-appointed as as a whole-time Director and CEO with effect from January 10, 2016.

30. In-principle listing approvals dated July 17, 2018 and July 25, 2018 from BSE and NSE, respectively.

31. Due diligence certificate to SEBI from the BRLMs, dated June 20, 2018.

32. SEBI final observation letter dated September 7, 2018.

Any of the contracts or documents mentioned in this Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders, subject to compliance with the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

We hereby certify and declare that all relevant provisions of the Companies Act and the rules, regulations and guidelines issued by the Government of India, or the regulations or guidelines issued by 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 Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992, as amended or the rules, regulations or guidelines issued thereunder, as the case may be. We further certify that all the disclosures in this Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTORS OF OUR COMPANY

Sushil Kumar Agarwal **(Whole-time Director and CEO)**	**Krishan Kant Rathi** **(Independent Director and Chairman)**
Kalpana Iyer **(Independent Director**)	**Sandeep Tandon** **(Independent Director**)
Ramachandra Kasargod Kamath **(Non-Executive Nominee Director)**	**Vivek Vig** **(Non-Executive Nominee Director)**
Nishant Sharma (**Non-Executive Nominee Director**)	**Manas Tandon** (**Non-Executive Nominee Director**)
Kartikeya Dhruv Kaji (**Non-Executive Nominee Director**)	

SIGNED BY THE CHIEF FINANCIAL OFFICER OF OUR COMPANY

Ghanshyam Rawat
(Chief Financial Officer)

Place: September 12, 2018
Date: Mumbai

DECLARATION

The undersigned Selling Shareholder hereby certifies that all statements, disclosures and undertakings made by it in this Red Herring Prospectus, in relation to itself as a Selling Shareholder and the Equity Shares being offered by it in the Offer for Sale are true and correct, provided however, the undersigned Selling Shareholder assumes no responsibility for any other statements made by the Company or any other person(s) in this Red Herring Prospectus.

For Lake District Holdings Limited

(Authorised Signatory)

Name: Santosh K. Gujadhur
Designation: Director
Date: September 12, 2018

DECLARATION

The undersigned Selling Shareholder hereby certifies that all statements, disclosures and undertakings made by it in this Red Herring Prospectus, in relation to itself as a Selling Shareholder and the Equity Shares being offered by it in the Offer for Sale are true and correct, provided however, the undersigned Selling Shareholder assumes no responsibility for any other statements made by the Company or any other person(s) in this Red Herring Prospectus.

For and on behalf of Kedaara Capital Alternative Investment Fund – Kedaara Capital AIF 1 (acting through its trustee, IDBI Trusteeship Services Limited)

____

(Authorised Signatory)

Name: Rishiraj Khajanchi
Designation: Authorised signatory, investment manager, Kedaara Capital Advisors LLP
Date: September 12, 2018

DECLARATION

The undersigned Selling Shareholder hereby certifies that all statements, disclosures and undertakings made by it in this Red Herring Prospectus, in relation to itself as a Selling Shareholder and the Equity Shares being offered by it in the Offer for Sale are true and correct, provided however, the undersigned Selling Shareholder assumes no responsibility for any other statements made by the Company or any other person(s) in this Red Herring Prospectus.

For Partners Group ESCL Limited

(Authorised Signatory)

Name: Andreas Baumann
Designation: Director
Date: September 12, 2018

(Authorised Signatory)

Name: Ramanand Guzadhur
Designation: Director
Date: September 12, 2018

DECLARATION

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For Partners Group Private Equity Master Fund LLC
By: Partners Group (USA) Inc., as investment manager
By: Partners Group (Guernsey) Limited, under power of attorney

_________________________	_________________________
(Authorised Signatory)	**(Authorised Signatory)**
Name: Angela Fauci	**Name:** Laine Shorto
Designation: Authorised Signatory	**Designation:** Authorised Signatory
Date: September 12, 2018	**Date**: September 12, 2018

DECLARATION

The undersigned Selling Shareholder hereby certifies that all statements, disclosures and undertakings made by it in this Red Herring Prospectus, in relation to itself as a Selling Shareholder and the Equity Shares being offered by it in the Offer for Sale are true and correct, provided however, the undersigned Selling Shareholder assumes no responsibility for any other statements made by the Company or any other person(s) in this Red Herring Prospectus.

Name: Sushil Kumar Agarwal
Date: September 12, 2018

DECLARATION

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Name: Vivek Vig
Date: September 12, 2018