PROSPECTUS
Dated: August 13, 2018
Please read Section 32 of the Companies Act, 2013
100% Book Built Offer

CREDITACCESS GRAMEEN LIMITED

Our Company was incorporated as Sanni Collection Private Limited ("**SCPL**") on June 12, 1991 at Calcutta, West Bengal, India as a private limited company under the Companies Act, 1956. In February 2007, the entire shareholding of SCPL was acquired by Vinatha M. Reddy, Vijitha Subbaiah and Suresh K. Krishna, in their respective individual capacity. At the time of the acquisition, SCPL also held a certificate of registration as a non-deposit taking NBFC dated March 30, 1998. Subsequently, in October 2007, the microfinance business being operated under T. Muniswamappa Trust ("**TMT**"), a public charitable trust engaged in the business of providing micro loans in Karnataka (including all associated assets, liabilities, goodwill, receivables, loan assets and intellectual property, including the brand name "**Grameen Koota**") was transferred to SCPL. The microfinance business being operated under TMT was established as a programme under the name "Grameen Koota" in 1999. Subsequent to the acquisition of SCPL and the transfer of the microfinance business of TMT to SCPL, SCPL was rebranded under the "Grameen" name, and pursuant to a resolution of the shareholders of SCPL, its name was changed from SCPL to Grameen Financial Services Private Limited ("**GFSPL**"). A fresh certificate of incorporation consequent upon change of name by the Registrar of Companies, West Bengal on March 14, 2008, post which the Reserve Bank of India ("**RBI**") granted a certificate of registration dated July 28, 2009 reflecting the change of name. Subsequently, the RBI granted a fresh certificate of registration dated February 6, 2012 for registration as an NBFC under Section 45 IA of the Reserve Bank of India Act, 1934. Our Company was granted NBFC-Microfinance Institution ("**NBFC-MFI**") status by the RBI with effect from September 5, 2013. Subsequently, pursuant to a resolution passed by the shareholders of our Company, the name of our Company was changed to Grameen Koota Financial Services Private Limited, and a fresh certificate of incorporation consequent upon change of name was issued by the RoC on November 13, 2014. Further, a fresh certificate of registration consequent upon change of name was issued to our Company by the RBI on December 16, 2014. Subsequently, our Company was converted into a public limited company pursuant to a special resolution passed by our Shareholders at the EGM held on November 27, 2017 and the name of our Company was changed to Grameen Koota Financial Services Limited ("**GFSL**"). A fresh certificate of incorporation consequent upon conversion to a public limited company was issued by the RoC on December 18, 2017. Subsequently, pursuant to a resolution passed by the shareholders of our Company at the EGM held on January 2, 2018, the name of our Company was changed to CreditAccess Grameen Limited, and a fresh certificate of incorporation consequent upon change of name was issued by the RoC on January 12, 2018. Subsequently, the RBI granted a fresh certificate of registration dated January 19, 2018, bearing registration number B – 02.00252 for registration as an NBFC under Section 45 IA of the Reserve Bank of India Act, 1934 under the name "CreditAccess Grameen Limited". For further details, see "*History and Certain Corporate Matters*" on page 153.

Registered and Corporate Office: New No. 49 (Old No. 725), 46th Cross, 8th Block, Jayanagar, Next to Rajalakshmi Kalyan Mantap, Bangalore 560 071, Karnataka, India
Tel: +91 80 2263 7300; **Fax**: +91 80 2664 3433
Contact Person: Syam Kumar Ravindran Nair, Company Secretary and Compliance Officer; **E-mail**: csinvestors@grameenkoota.org; **Website**: www.grameenkoota.org
Corporate Identity Number: U51216KA1991PLC053425

OUR PROMOTER: CREDITACCESS ASIA N.V.

INITIAL PUBLIC OFFER OF 26,805,394* EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH ("EQUITY SHARES") OF CREDITACCESS GRAMEEN LIMITED ("COMPANY" OR "ISSUER") FOR CASH AT A PRICE OF ₹ 422.00 PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ 412 PER EQUITY SHARE) AGGREGATING TO ₹ 11,311.88 MILLION* ("OFFER") COMPRISING A FRESH ISSUE OF 14,928,909* EQUITY SHARES AGGREGATING TO ₹ 6,300 MILLION BY OUR COMPANY ("FRESH ISSUE") AND AN OFFER FOR SALE OF 11,876,485* EQUITY SHARES BY OUR PROMOTER, CREDITACCESS ASIA N.V. ("PROMOTER SELLING SHAREHOLDER" AND SUCH OFFERED SHARES, THE "OFFERED SHARES") AGGREGATING TO ₹ 5,011.88 MILLION* ("OFFER FOR SALE"). THE OFFER CONSTITUTES 18.70%* OF OUR POST-OFFER PAID-UP EQUITY SHARE CAPITAL.

THE FACE VALUE OF EQUITY SHARES IS ₹ 10 EACH AND THE OFFER PRICE IS ₹ 422.00 AND IS 42.20TIMES THE FACE VALUE OF THE EQUITY SHARES.

***Subject to finalisation of the Basis of Allotment*

The Offer was made in terms of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended ("**SCRR**"). The Offer was made through the Book Building Process, in compliance with Regulation 26(1) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended ("**SEBI ICDR Regulations**"), wherein not more than 50% of the Offer was allocated on a proportionate basis to QIBs ("**QIB Portion**"), provided that our Company and the Promoter Selling Shareholder, in consultation with the BRLMs, allocated up to 60% of the QIB Portion to Anchor Investors on a discretionary basis ("**Anchor Investor Portion**''), at the Anchor Investor Allocation Price. At least one-third of the Anchor Investor Portion was reserved for domestic Mutual Funds, subject to valid Bids received from domestic Mutual Funds at or above Anchor Investor Allocation Price. 5% of the Net QIB Portion was available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the Net QIB Portion was available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids 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 were added to the remaining Net QIB Portion for proportionate allocation to QIBs. Further, not less than 15% of the Offer were available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Offer was available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids received at or above the Offer Price. All Bidders, other than Anchor Investors, mandatorily participated in this Offer through the Application Supported by Blocked Amount ("**ASBA**") process by providing details of their respective bank account which were blocked by the Self Certified Syndicate Banks ("**SCSBs**"). Anchor Investors were not permitted to participate in the Offer through ASBA Process. For details, see "*Offer Procedure*" on page 307.

RISKS IN RELATION TO THE FIRST OFFER

This being the first public offer of our Company, there has been no formal market for the Equity Shares of our Company. The face value of the Equity Shares is ₹ 10 and the Offer Price is ₹ 422.00 per Equity Share and is 42.20 times the face value of the Equity Shares. The Offer Price (determined and justified by our Company and the Promoter Selling Shareholder, in consultation with the BRLMs, on the basis of the assessment of market demand for the Equity Shares by way of the Book Building Process, as stated under "*Basis for Offer Price*" on page 90 should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Offer unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Offer. For taking an investment decision, investors must rely on their own examination of our Company and the Offer, including the risks involved. The Equity Shares in the Offer have not been recommended or approved by the Securities and Exchange Board of India ("**SEBI**"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Prospectus. Specific attention of the investors is invited to "*Risk Factors*" on page 15.

ISSUER'S AND PROMOTER SELLING SHAREHOLDER'S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that the Red Herring Prospectus and this Prospectus contain all information with regard to our Company and the Offer, which is material in the context of the Offer, that the information contained in this Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect. The Promoter Selling Shareholder accepts responsibility for and confirms that the statements specifically made or confirmed by the Promoter Selling Shareholder in this Prospectus to the extent of information specifically pertaining to itself and the Offered Shares, are true and correct in all material aspects and are not misleading in any material respect.

LISTING

The Equity Shares offered through the Red Herring Prospectus are proposed to be listed on BSE and NSE. Our Company has received an 'in-principle' approval from BSE and NSE for the listing of the Equity Shares pursuant to letters dated February 20, 2018 and March 9, 2018, respectively. For the purposes of this Offer, the Designated Stock Exchange shall be BSE. A signed copy of the Red Herring Prospectus has been, and a signed copy of this Prospectus shall be delivered for registration to the RoC in accordance with Section 26(4) of the Companies Act 2013. For details of the material contracts and documents that were made available for inspection from the date of the Red Herring Prospectus up to the Bid/ Offer Closing Date, see "*Material Contracts and Documents for Inspection*" on page 411.

BOOK RUNNING LEAD MANAGERS				REGISTRAR TO THE OFFER
ICICI Securities Limited ICICI Centre H.T. Parekh Marg Churchgate, Mumbai 400 020 Maharashtra, India Tel : +91 22 2288 2460 Fax : +91 22 2282 6580 E-mail: cagrameen.ipo@icicisecurities.com Investor grievance E-mail: customercare@icicisecurities.com Website: www.icicisecurities.com Contact Person: Shekhar Asnani/ Anurag Byas SEBI Registration No.: INM000011179	**Credit Suisse Securities (India) Private Limited** Ceejay House, 9th Floor Plot F, Shivsagar Estate Dr. Annie Besant Road Worli, Mumbai 400 018 Maharashtra, India Tel: +91 22 6777 3885 Fax: +91 22 6777 3820 E-mail:list.grameenkootaipo@credit-suisse.com Investor grievance E-mail: list.igcellmer-bnkg@credit-suisse.com Website: www.credit-suisse.com Contact Person: Abhay Agarwal SEBI Registration No.: MB/ INM000011161	**IIFL Holdings Limited** 10th Floor, IIFL Centre Kamala City, Senapati Bapat Marg Lower Parel (West), Mumbai 400 013 Maharashtra, India Tel: +91 22 4646 4600 Fax: +91 22 2493 1073 E-mail: cagr.ipo@iiflcap.com Investor grievance E-mail: ig.ib@iiflcap.com Website: www.iiflcap.com Contact Person: Vishal Bangard/ Pranay Doshi SEBI Registration No.: INM000010940	**Kotak Mahindra Capital Company Limited** 1st Floor, 27 BKC, Plot No. 27 "G" Block, Bandra Kurla Complex Bandra (East), Mumbai 400 051 Maharashtra, India Tel: +91 22 4336 0000 Fax: +91 22 6713 2447 E-mail: cagl.ipo@kotak.com Investor grievance E-mail: kmccredressal@kotak.com Website: www.investmentbank.kotak.com Contact Person: Ganesh Rane SEBI Registration No.: INM000008704	**Karvy Computershare Private Limited** Karvy Selenium, Tower B Plot 31-32, Gachibowli Financial District, Nanakramguda Hyderabad 500 032 Tel: +91 40 6716 2222 Fax: +91 40 2343 1551 E-mail: einward.ris@karvy.com Investor grievance E-mail: cgl.ipo@karvy.com Website: http:// karisma.karvy.com Contact Person: M. Murali Krishna SEBI Registration No.: INR000000221

BID/ OFFER PROGRAMME

BID/ OFFER OPENED ON	August 8, 2018[(1)]	**BID/ OFFER CLOSED ON**	August 10, 2018

(1) *The Anchor Investor Bidding Date was August 7, 2018, being the date one Working Day prior to the Bid/Offer Opening Date*

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SECTION I: GENERAL

DEFINITIONS AND ABBREVIATIONS

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

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

General Terms

Term	Description
"our Company", "the Company", or "the Issuer"	CreditAccess Grameen Limited, a public limited company incorporated under the Companies Act, 1956 and having its registered office at New No. 49 (Old No. 725), 46th Cross, 8th Block, Jayanagar, Next to Rajalakshmi Kalyan Mantap, Bangalore 560 071, Karnataka, India
"we", "us" or "our"	Unless the context otherwise indicates or implies, refers to our Company

Company and Promoter Selling Shareholder Related Terms

Term	Description
2008 ESPP	The Grameen Financial Services Private Limited 2008 Employee Stock Purchase Plan
Active Customers	Customers that currently have loans outstanding with our Company
ALM Committee	The asset liability management committee of our Company
Articles of Association/ AoA	Articles of Association of our Company, as amended
Audit Committee	The audit committee of our Board as described in "*Our Management*" on page 159
Board/ Board of Directors	Board of Directors of our Company, including a duly constituted committee thereof
BDOs	Business Development Officers
BTA	Business transfer agreement dated October 2, 2007 amongst certain trustees of TMT and SCPL
CAA	CreditAccess Asia N.V.
CCD	Compulsorily convertible debentures of our Company of nominal value ₹ 1,000,000 each
CCPS	Compulsorily convertible cumulative preference shares of our Company of face value of ₹ 10 each
CGT	Compulsory Group Training
CROs	Customer Relationship Officers
CSR Committee	The corporate social responsibility committee of our Board as described in "*Our Management*" on page 159
Customers	Active customers and other customers (i) that have been onboarded by our Company but have not yet been provided a loan; or that have fully repaid their loans but continue to be part of their JLG
DTDs	Debenture Trust Deeds entered into by our Company
Director(s)	Director(s) of our Company
Eligible Employee (s)	An employee of our Company, and Directors, who qualify for issue of options under the ESOP Plan and who fulfill the conditions as decided by the Nomination and Remuneration Committee
Equity Shares	Equity Shares of our Company of face value of ₹ 10 each
ESOP Plan	GKFSPL Employees Stock Option Plan – 2011, as amended
Independent Directors	Independent directors on our Board, and eligible to be appointed as independent directors under the provisions of the Companies Act and the Listing Regulation. For details of the Independent Directors, see "*Our Management"* on page 159
IPO Committee	IPO Committee of our Board constituted pursuant to the resolution of our Board dated October 4, 2017 as described in "*Our Management*" on page 159
Key Management 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 disclosed in "*Our Management*" on page 159
MD & CEO/ Executive Director	The managing director and chief executive officer of our Company, Udaya Kumar Hebbar
Nomination and Remuneration Committee	The nomination and remuneration committee of our Board as described in "*Our Management*" on page 159
Nominee Directors	Directors appointed on our Board by identified Shareholders in accordance with the AoA
Memorandum of Association/ MoA	Memorandum of Association of our Company, as amended
Offered Shares	11,876,485 Equity Shares offered by the Promoter Selling Shareholder in the Offer for Sale as per its board resolution dated January 16, 2018 (as amended by its board resolutions dated January 22, 2018 and July 13, 2018)
Order	Order dated November 22, 2017 issued by the National Company Law Tribunal approving the scheme of amalgamation of MV Microfin Private Limited with our Company
Promoter	The promoter of our Company namely, CAA

Term	Description
Promoter Group	The entities constituting the promoter group of our Company in terms of Regulation 2(1)(zb) of the SEBI ICDR Regulations. For details, see "*Our Promoter and Promoter Group*" on page 175
Promoter Selling Shareholder	Our Promoter, CAA
Registered Office	Registered and corporate office of our Company located at New No. 49 (Old No. 725), 46th Cross, 8th Block, Jayanagar, Next to Rajalakshmi Kalyan Mantap, Bangalore 560 071, Karnataka, India
Registrar Agreement	The agreement dated January 19, 2018, entered into amongst our Company, the Promoter Selling Shareholder and the Registrar to the Offer, in relation to the responsibilities and obligations of the Registrar to the Offer pertaining to the Offer, as amended by an agreement dated July 25, 2018
Registrar of Companies/ RoC	Registrar of Companies, Bangalore situated at Karnataka, India
Restated Financial Statements	The restated financial information of our Company which comprises of the restated summary statement of assets and liabilities, the restated summary statement of profits and losses and the restated summary statement of cash flows as at and for the Financial Years ended March 31, 2018, March 31, 2017, March 31, 2016, March 31, 2015 and March 31, 2014, together with the annexures thereto
SCPL	Sanni Collection Private Limited
Scheme of Amalgamation	Scheme of amalgamation filed pursuant to Section 230-232 of the Companies Act, 2013 before the National Company Law Tribunal for the amalgamation of MV Microfin Private Limited with our Company
Shareholders	Equity shareholders of our Company from time to time
Stakeholders' Relationship Committee	The stakeholders' relationship committee of our Board as described in "*Our Management*" on page 159
Statutory Auditors	Statutory auditors of our Company, namely, S.R. Batliboi & Co. LLP, Chartered Accountants
TMT	T. Muniswamappa Trust

Offer Related Terms

Term	Description
Acknowledgement Slip	The slip or document issued by the Designated Intermediary(ies) to a Bidder as proof of registration of the Bid/ Bid cum Application Form
Allot/ Allotment/ Allotted	Unless the context otherwise requires, allotment of the Equity Shares pursuant to the Fresh Issue and transfer of the Offered Shares by the Promoter Selling Shareholder pursuant to the Offer for Sale to the successful Bidders
Allotment Advice	Note or advice or intimation of Allotment sent to the successful Bidders who have been or are to be Allotted the Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange
Allottee	A successful Bidder to whom the Equity Shares are Allotted
Anchor Investor	A Qualified Institutional Buyer, who applied under the Anchor Investor Portion in accordance with the requirements specified in the SEBI ICDR Regulations and this Prospectus
Anchor Investor Allocation Price	The price at which Equity Shares were allocated to Anchor Investors at the end of the Anchor Investor Bidding Date being ₹ 422.00 per Equity Share
Anchor Investor Bidding Date	The day, one Working Day prior to the Bid/ Offer Opening Date i.e. August 7, 2018, on which Bids by Anchor Investors were submitted and allocation to Anchor Investors was completed
Anchor Investor Form	The form used by an Anchor Investor to Bid in the Anchor Investor Portion in accordance with the requirements specified under the SEBI ICDR Regulations and this Prospectus
Anchor Investor Offer Price	₹ 422.00
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, that is, August 7, 2018
Anchor Investor Portion	60% of the QIB Portion consisting of 8,041,617 Equity Shares allocated by our Company and the Promoter Selling Shareholder, in consultation with the BRLMs, to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations One-third of the Anchor Investor Portion was reserved for domestic Mutual Funds, subject to valid Bids having been received from domestic Mutual Funds at or above the Anchor Investor Allocation Price
Application Supported by Blocked Amount or ASBA	An application, whether physical or electronic, used by Bidders, other than Anchor Investors, to make a Bid authorising an SCSB to block the Bid Amount in the ASBA Account
ASBA Account	An account maintained with an SCSB and specified in the ASBA Form submitted by ASBA Bidders for blocking the Bid Amount mentioned in the Bid cum Application Form
ASBA Bid	A Bid made by an ASBA Bidder
ASBA Bidder(s)	Bidders (other than Anchor Investors) in the Offer who submitted their Bid through the ASBA process
ASBA Form	An application form, whether physical or electronic, used by ASBA Bidders to make Bids which was considered as the application for Allotment in terms of the Red Herring Prospectus and this Prospectus
Banker to the Offer	The Escrow Collection Bank/ Public Offer Account Bank/ Refund Bank
Basis of Allotment	Basis on which Equity Shares will be Allotted to successful Bidders under the Offer and which is described in "*Offer Procedure*" on page 307
Bid	An indication to make an offer during the Bid/ Offer Period by a Bidder (other than Anchor Investor), or on the Anchor Investor Bidding Date by an Anchor Investor pursuant to submission of the Bid cum Application Form to subscribe to or purchase the Equity Shares at a price within the Price Band, including all revisions

Term	Description
	and modifications thereto as permitted under the SEBI ICDR Regulations in accordance with the Red Herring Prospectus and Bid cum Application Form The term "Bidding" shall be construed accordingly
Bidder	Any prospective investor made a Bid pursuant to the terms of this Prospectus and the Bid cum Application Form and unless otherwise stated or implied, includes an ASBA Bidder and Anchor Investor
Bid Amount	The highest value of optional Bids indicated in the Bid cum Application Form and payable by the Bidder or blocked in the ASBA Account of the Bidder as the case may be, upon submission of the Bid
Bid cum Application Form	The Anchor Investor Form or the ASBA Form, as the context may require
Bid Lot	35 Equity Shares in multiples of 35 Equity Shares thereafter
Bid/ Offer Closing Date	Except in relation to any Bids received from the Anchor Investors, August 10, 2018
Bid/ Offer Opening Date	Except in relation to any Bids received from the Anchor Investors, August 8, 2018
Bid/ Offer Period	Except in relation to Anchor Investors, the period between August 8, 2018 and August 10, 2018
Bidding Centres	Centres at which the Designated Intermediaries accepted the ASBA Forms, i.e. Designated Branches for SCSBs, Specified Locations for the Syndicate, Brokers Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs
Book Building Process	Book building process, as provided in Schedule XI of the SEBI ICDR Regulations, in terms of which the Offer is being made
Book Running Lead Managers or BRLMs	The book running lead managers to the Offer namely, ICICI Securities Limited, Credit Suisse Securities (India) Private Limited, IIFL Holdings Limited and Kotak Mahindra Capital Company Limited
Broker Centres	Broker centres of the Registered Brokers where Bidders have submitted the Bid cum Application Forms to Registered Brokers The details of such Broker Centres, along with the names and contact details of the Registered Brokers are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)
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	₹ 422.00 per Equity Share
Client ID	Client identification number maintained with one of the Depositories in relation to demat account
Collecting Depository Participant or CDP	A depository participant as defined under the Depositories Act, 1996 and registered with SEBI, who is eligible to procure Bids at the Designated CDP Locations in terms of circular no. CIR/ CFD/ POLICYCELL/ 11/ 2015 dated November 10, 2015 issued by SEBI
Credit Suisse	Credit Suisse Securities (India) Private Limited
Cut-Off Price	The Offer Price, that is, ₹ 422.00 per Equity Share as finalised by our Company and the Promoter Selling Shareholder in consultation with the BRLMs Only Retail Individual Bidders were entitled to Bid at the Cut-off Price. QIBs and Non-Institutional Bidders were not entitled to Bid at the Cut-off Price
Demographic Details	The demographic details of the Bidders such as their respective addresses, occupation, PAN, name of the Bidder's father/ husband, investor status, MICR Code and bank account details
Designated Branches	Such branches of the SCSBs which shall collect the Bid cum Application Forms used by the ASBA Bidders, a list of which is available on the website of SEBI at http:// www.sebi.gov.in/ sebiweb/ other/ OtherAction.do?doRecognisedFpi=yes&intmId=35, updated from time to time, or at such other website as may be prescribed by SEBI from time to time
Designated CDP Locations	Such locations of the CDPs where ASBA Bidders have submiited the ASBA Forms, a list of which, along with names and contact details of the Collecting Depository Participants eligible to accept ASBA Forms are available on the websites of the respective Stock Exchanges (www.bseindia.com and https:// www.nseindia.com/)
Designated Date	The date on which the Escrow Collection Bank transfers funds from the Escrow Accounts, and the SCSBs transfer funds from the ASBA Accounts, to the Public Offer Account or the Refund Account, as appropriate, in terms of the Red Herring Prospectus and this Prospectus
Designated Intermediaries	Collectively, the members of the Syndicate, Sub-Syndicate/ agents, SCSBs, Registered Brokers, the CDPs and RTAs, who were authorised to collect Bid cum Application Forms from the Bidders, in relation to the Offer
Designated RTA Locations	Such centres of the RTAs where Bidders have submitted the Bid cum Application Forms. The details of such Designated RTA locations, along with names and contact details of the RTAs are available on the respective websites of the Stock Exchanges (www.bseindia.com and https:// www.nseindia.com/)
Designated Stock Exchange	BSE
Draft Red Herring Prospectus or DRHP	The draft red herring prospectus dated January 24, 2018, issued in accordance with the SEBI ICDR Regulations, which did not contain complete particulars of the price at which the Equity Shares will be Allotted and the size of the Offer, including any addenda or corrigenda thereto
Eligible FPIs	FPIs from such jurisdictions outside India where it is not unlawful to make an offer/ invitation under the Offer and in relation to whom the Bid cum Application Form and the Red Herring Prospectus constituted an invitation to subscribe to the Equity Shares
Eligible NRIs	NRIs from such jurisdictions outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the Bid cum Application Form and the Red Herring Prospectus constituted an invitation to purchase the Equity Shares offered there
Escrow Accounts	Accounts opened with the Escrow Collection Bank(s) and in whose favour Anchor Investors transferred money through direct credit or NACH or NEFT or RTGS in respect of the Bid Amount when submitting a Bid

Term	Description
Escrow Agreement	The agreement dated July 25, 2018 amongst our Company, the Promoter Selling Shareholder, the Registrar to the Offer, the BRLMs, the Syndicate Members, the Banker to the Offer for collection of the Bid Amounts and where applicable, remitting refunds (if any) on the terms and conditions thereof
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 ICICI Bank Limited
First/ sole Bidder	The Bidder whose name appears first in the Bid cum Application Form or the Revision Form and in case of joint Bids, whose name appears as the first holder of the beneficiary account held in joint names
Floor Price	₹ 418 per Equity Share
Fresh Issue	The issue of 14,928,909* Equity Shares aggregating to ₹ 6,300 million by our Company pursuant to the terms of the Red Herring Prospectus and this Prospectus **Subject to finalisation of Basis of Allotment*
General Information Document/ GID	The General Information Document for investing in public issues, prepared and issued in accordance with the circular (CIR/ CFD/ DIL/ 12/ 2013) dated October 23, 2013 notified by SEBI, and updated pursuant to the circular (CIR/ CFD/ POLICYCELL/ 11/ 2015) dated November 10, 2015, the circular (CIR/ CFD/ DIL/ 1/ 2016) dated January 1, 2016 and (SEBI/ HO/ CFD/ DIL/ CIR/ P/ 2016/ 26) dated January 21, 2016, notified by SEBI and included in "*Offer Procedure*" on page 307
ICICI Securities	ICICI Securities Limited
IIFL Holdings	IIFL Holdings Limited
Kotak	Kotak Mahindra Capital Company Limited
Monitoring Agency	HDFC Bank Limited
Mutual Fund Portion	5% of the Net QIB Portion or 268,054* Equity Shares which was made available for allocation to Mutual Funds only on a proportionate basis, subject to valid Bids being received at or above the Offer Price **Subject to finalisation of Basis of Allotment*
Mutual Funds	Mutual funds registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
Net Proceeds	Proceeds of the Fresh Issue less our Company's share of the Offer expenses For further information about use of the Offer proceeds and the Offer expenses, see "*Objects of the Offer*" on page 87
Net QIB Portion	The portion of the QIB Portion less the number of Equity Shares Allotted to the Anchor Investors
Non-Institutional Bidders	All Bidders, that are not QIBs or Retail Individual Investors, who have Bid for Equity Shares for an amount of more than ₹ 200,000
Non-Institutional Portion	The portion of the Offer being not less than 15% of the Offer consisting not less than 4,020,810* Equity Shares which was made be available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above the Offer Price **Subject to finalisation of Basis of Allotment*
Non-Resident	A person resident outside India, as defined under FEMA and includes FPIs, NRIs, FVCIs and multilateral and bilateral development financial institutions
Offer	The initial public offer of 26,805,394 Equity Shares for cash at a price of ₹ 422.00, aggregating to ₹ 11,311.88 million* comprising the Fresh Issue and the Offer for Sale ** Subject to finalisation of Basis of Allotment*
Offer Agreement	The agreement dated January 24, 2018 amongst our Company, the Promoter Selling Shareholder and the BRLMs, pursuant to which certain arrangements are agreed to in relation to the Offer, as amended by the agreement dated July 25, 2018
Offer for Sale	The offer for sale of 11,876,485* Equity Shares aggregating to ₹ 5,011.88 million* by the Promoter Selling Shareholder in terms of the Red Herring Prospectus For further details in relation to Promoter Selling Shareholder, see "*The Offer*" on page 60 **Subject to finalisation of Basis of Allotment*
Offer Price	The final price, being ₹ 422.00, at which Equity Shares will be Allotted in terms of the Red Herring Prospectus and this Prospectus The Offer Price was decided by our Company and the Promoter Selling Shareholder in consultation with the BRLMs on the Pricing Date in accordance with the Book-Building Process, the Red Herring and this Prospectus
Price Band	Price band of a minimum price of ₹ 418.00 per Equity Share (Floor Price) and the maximum price of ₹ 422.00 per Equity Share (Cap Price)
Pricing Date	The date, that is August 13, 2018 on which our Company and the Promoter Selling Shareholder in consultation with the BRLMs, finalised the Offer Price, that is, ₹ 422.00
Prospectus	This prospectus dated August 13, 2018 to be filed with the RoC on or after the Pricing Date in accordance with Section 26 of the Companies Act, 2013, and the SEBI ICDR Regulations containing, *inter alia*, the Offer Price, the size of the Offer and certain other information, including any addenda or corrigenda hereto
Public Offer Account	Account to be opened with the Public Offer Account Bank under Section 40(3) of the Companies Act, 2013, to receive monies from the Escrow Account and ASBA Accounts on the Designated Date
Public Offer Account Bank	The bank with whom the Public Offer Account opened for collection of Bid Amounts from the Escrow Accounts and ASBA Accounts on the Designated Date, in this case being ICICI Bank Limited

Term	Description
QIB Portion	The portion of the Offer (including the Anchor Investor Portion) being not more than 50% of the Offer or 13,402,696* Equity Shares to be Allotted to QIBs on a proportionate basis **Subject to finalisation of Basis of Allotment*
Qualified Institutional Buyers or QIBs	Qualified Institutional Buyers as defined under Regulation 2(1)(zd) of the SEBI ICDR Regulations
Red Herring Prospectus or RHP	The Red Herring Prospectus dated July 30, 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 were allotted (including any addenda or corrigenda thereto) and which was be filed with the RoC at least three Working Days before the Bid/ Offer Opening Date and has become this Prospectus which is filed with the RoC on or after the Pricing Date
Refund Account	The account opened with the Refund Bank, from which refunds, if any, of the whole or part of the Bid Amount shall be made
Refund Bank	The Banker to the Offer with whom the Refund Account has been opened, in this case being ICICI Bank Limited
Refunds through electronic transfer of funds	Refunds through NACH, direct credit, NEFT, RTGS or unblocking ASBA Accounts, as applicable
Registered Brokers	Stock brokers registered with SEBI and the stock exchanges having nationwide terminals, other than the Members of the Syndicate and eligible to procure Bids at the Broker Centres in terms of Circular No. CIR/ CFD/ 14/ 2012 dated October 4, 2012 issued by SEBI
Registrar to the Offer/ Registrar	Karvy Computershare Private Limited
Registrar and Share Transfer Agents or RTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of circular no. CIR/ CFD/ POLICYCELL/ 11/ 2015 dated November 10, 2015 issued by SEBI
Retail Individual Bidder(s)/ Retail Individual Investor(s)/ RII(s)/ RIB(s)	Bidders (including HUFs applying through their kartas and Eligible NRIs) whose Bid Amount for Equity Shares in the Offer is not more than ₹ 200,000 in any of the bidding options in the Offer
Retail Portion	The portion of the Offer being not less than 35% of the Offer or 9,381,888* Equity Shares, which was available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations **Subject to finalisation of Basis of Allotment*
Revision Form	Form used by the Bidders, to modify the quantity of the Equity Shares or the Bid Amount in any of their Bid cum Application Forms or any previous Revision Form(s), as applicable QIB Bidders and Non-Institutional Bidders not allowed to modify their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders could revise their Bids during the Bid/ Offer Period and withdraw their Bids until the Bid/ Offer Closing Date
Self-Certified Syndicate Bank(s) or SCSB(s)	The banks registered with SEBI, which offer the facility of ASBA, a list of which is available on the website of SEBI at https:// www.sebi.gov.in/ sebiweb/ other/ OtherAction.do?doRecognised=yes and updated from time to time and at such other websites as may be prescribed by SEBI from time to time
Share Escrow Agent	Share Escrow agent appointed pursuant to the Share Escrow Agreement, in this case being, Karvy Computershare Private Limited
Share Escrow Agreement	The agreement dated July 25, 2018 amongst the Promoter Selling Shareholder, our Company and the Share Escrow Agent in connection with the deposit of the Offered Shares by the Promoter Selling Shareholder in a share escrow account and credit of such Equity Shares to the demat account of the Allottees in accordance with the Basis of Allotment
Specified Locations	Bidding centres where the Syndicate accepted ASBA Forms a list of which is included in the ASBA Form
Stock Exchanges	BSE and the NSE
Sub-Syndicate centres	The sub-syndicate members, if any, appointed by the BRLMs and the Syndicate Members, to collect Bid cum Application Forms and Revision Forms
Syndicate Agreement	The agreement dated July 26, 2018 amongst the BRLMs, the Syndicate Members, our Company and the Promoter Selling Shareholder in relation to the collection of Bid cum Application Forms by the Syndicate
Syndicate Members	Intermediaries registered with SEBI who are permitted to carry out activities as an underwriter, namely, Kotak Securities Limited and IIFL Securities Limited
Syndicate or Members of the Syndicate	The BRLMs and the Syndicate Members
Underwriters	The BRLMs and Syndicate Members
Underwriting Agreement	The agreement dated August 13, 2018 entered into among the Underwriters, our Company and the Promoter Selling Shareholder to be entered into on or after the Pricing Date but prior to filing of Prospectus
Working Day	All days other than second and fourth Saturdays of the month, Sundays or public holidays, on which commercial banks in Mumbai are open for business; provided however, with reference to (a) the time period between the announcement of Price Band the Bid/ Offer Closing Date, 'Working Day' shall mean all days, except Saturday, Sunday and public holidays on which commercial banks in Mumbai are open for business; and (b) the time period between the Bid/ Offer Closing Date and the listing of the Equity Shares on the Stock Exchanges, shall mean all trading days of Stock Exchanges, excluding Sundays and bank holidays, as per the SEBI Circular SEBI/ HO/ CFD/ DIL/ CIR/ P/ 2016/ 26 dated January 21, 2016

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

Term	Description
ALM	Asset Liability Management
ANBC	Adjusted Net Bank Credit
ATM	Automated Teller Machine
AUM	Assets Under Management
CIBIL	Credit Information Bureau (India) Limited
CIC	Credit Information Companies
CBS	Core Banking Solutions
CRAR	Capital-to-risk weighted assets ratio
CRISIL	CRISIL Limited
CRR	Cash Reserve Ratio
CSR	Corporate Social Responsibility
Cost to Income ratio	Operating expense (includes administration expenses, personnel expenses including staff welfare, depreciation & amortization and bank charges) divided by NII and other income
DB Kit	Disbursement Kit
D/ E	Debt/ Equity ratio
ECS	Electronic Clearing System
eKYC	A paperless KYC process, wherein the identity and address of the customer are verified electronically
EMI	Equated Monthly Instalment
FDI Policy	Consolidated FDI Policy Circular of 2017, issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, dated August 28, 2017
Gross Non-Performing Asset or Gross NPA or GNPA	Gross NPA represents the non-performing portfolio loans outstanding (gross) as of the last day of the relevant period
Gross NPA Ratio	Gross NPA Ratio represents Gross NPA as a percentage of the total portfolio loans outstanding (gross) as of the last day of the relevant period
GL	Group Lending
GLP	Gross Loan Portfolio
Gross AUM	It represents receivables under financing activities as well as assets securitized/ assigned as of the end of the relevant period
GRC	Grievance Redressal Cell
GRT	Group Recognition Test
HO	Head Office
IL	Individual Lending
JLG	Joint Liability Group
KRI	Key Risk Indicator
KYC	Know-Your-Customer
MFI	Micro Finance Institution
MFIN	Micro Finance Institution Network
MSE	Micro & Small Enterprises
MSME	Micro, Small and Medium Enterprises
MUDRA	Micro Units Development and Refinance Agency
Master Directions	Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, as amended from time to time
NBFC	Non-Banking Financial Company
NBFC – MFI	Non-Banking Financial Company – Micro Finance Institution
NBFC- ND-SI	Systemically Important Non-Deposit Accepting NBFC
NII	Net Interest Income
NIM	Net Interest Margin
Net AUM	It represents the Gross AUM less assets securitized/ assigned as of the end of the relevant period
Net Asset Value per Equity Share or NAV per Equity Share	Net Asset Value per Equity Share represents net worth as at the end of the year/ number of Equity Shares outstanding at the end of the year. Net Asset Value per Equity Share is a Non-GAAP Financial Measure (see "*Certain Conventions, Presentations Of Financial, Industry and Market Data and Currency Of Presentation – Non-GAAP Financial Measures*" on page 10)
Net Interest Income	Net Interest Income represents revenue from operations for the relevant period reduced by interest expense and other borrowing costs in such period. Net Interest Income is a Non-GAAP Financial Measure (see "*Certain Conventions, Presentations Of Financial, Industry and Market Data and Currency Of Presentation – Non-GAAP Financial Measures*" on page 10)
Net Non-Performing Asset or Net NPA or NNPA	Net NPA represents the non-performing portfolio loans outstanding (net) as of the last day of the relevant period i.e. non-performing portfolio loans outstanding (gross) as reduced by the provision for non-performing assets
Net NPA Ratio	Net NPA represents the Net NPA as a percentage of total portfolio loans outstanding as reduced by the provision for non-performing assets as of the last day of the relevant period
Net Worth	Net Worth represents our restated net worth as of the last day of the relevant year. Net Worth is a Non-GAAP Financial Measure (see "*Certain Conventions, Presentations Of Financial, Industry and Market Data and Currency Of Presentation – Non-GAAP Financial Measures*" on page 10)
NPS	National Pension Scheme
NNPA	Net Non-Performing Asset

Term	Description
NOF	Net Owned Funds
Operating Expense	Operating Expense represents employee benefits expense, depreciation and amortization expense and other expenses for the year. Operating Expense is a Non-GAAP Financial Measure (see "*Certain Conventions, Presentations Of Financial, Industry and Market Data and Currency Of Presentation – Non-GAAP Financial Measures*" on page 10)
Operating expense ratio	Operating expense to annual average Gross AUM ratio
OQC	Operational Quality Control
OSP	Outstanding Portfolio
PAR	Portfolio at Risk
PD	Personal Discussion
PSL	Priority Sector Lending
RM	Risk Manager
RoAA	Return on Average Assets
RoAE	Return on Average Equity
RO	Risk Officer
RPCs	Regional Processing Centres
RRB	Regional Rural Bank
RWA	Risk Weighted Asset
Return on Net Worth	Return on Net Worth represents net profit after tax for the year / net worth at the end of the year. Return on Net Worth is a Non-GAAP Financial Measure (see "*Certain Conventions, Presentations Of Financial, Industry and Market Data and Currency Of Presentation – Non-GAAP Financial Measures*" on page 10)
Rural Area	Areas outside the district headquarters or state capitals
SLR	Statutory Liquidity Ratio
SRO	Self-Regulatory Organisation
Urban Area	District headquarters or state capitals
Wilful Defaulter	A person categorized as a wilful defaulter by any bank or financial institution or consortium, in accordance with the guidelines of willful defaulters issued by the RBI and includes an issuer whose director or promoter is categorized as such

Conventional and General Terms or Abbreviations

Term	Description
₹ / Rs./ Rupees/ INR	Indian Rupees
AGM	Annual general meeting
AIF	Alternative Investment Fund as defined in and registered with SEBI under the Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012
AML	Anti-money laundering
AS/ Accounting Standards	Accounting standards issued by the Institute of Chartered Accountants of India
Banking Regulation Act	Banking Regulation Act, 1949
Bn/ bn	Billion
BSE	BSE Limited
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identity Number
Companies Act	Companies Act, 1956 and Companies Act, 2013, as applicable
Companies Act, 1956	Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon notification of the sections of the Companies Act, 2013) along with the relevant rules made thereunder
Companies Act, 2013	Companies Act, 2013, to the extent in force, along with the relevant rules made thereunder
Depositories	Collectively, the NSDL and the CDSL
Depositories Act	The Depositories Act, 1996
DIN	Director Identification Number
DP ID	Depository Participant’s Identification
DP/ Depository Participant	A depository participant as defined under the Depositories Act
ECB	External Commercial Borrowing
EGM	Extraordinary General Meeting
EPS	Earnings Per Share
Equity Listing Agreement	Listing Agreement to be entered into with the Stock Exchanges on which the Equity Shares are to be listed in the form prescribed under the applicable law
FCNR	Foreign Currency Non-Resident
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999, as amended, read with rules and regulations thereunder
Financial Year/ Fiscal/ Fiscal Year/ FY	Unless stated otherwise, the period of 12 months ending March 31 of that particular year
FIPB	The erstwhile Foreign Investment Promotion Board
FPI(s)	Foreign Portfolio Investors as defined under the SEBI FPI Regulations
FVCI	Foreign Venture Capital Investors as defined and registered under the SEBI FVCI Regulations
GDP	Gross Domestic Product

Term	Description
GIR	General Index Register
GoI/ Government	Government of India
GST	Goods and Services Tax
HUF	Hindu Undivided Family
ICAI	The Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards
IPC	The Indian Penal Code, 1860, as amended
Income Tax Act	The Income Tax Act, 1961
India	Republic of India
Ind (AS)	Indian Accounting Standards (Ind AS)
Indian Accounting Standard Rules	The Companies (Indian Accounting Standards) Rules, 2015
Indian GAAP	Generally Accepted Accounting Principles in India
IPO	Initial public offering
IRDA	Insurance Regulatory and Development Authority of India
IST	Indian Standard Time
IT	Information Technology
MCA	Ministry of Corporate Affairs, Government of India
MoU	Memorandum Of Understanding
Mn/ mn	Million
N.A./ NA	Not Applicable
NABARD	National Bank for Agricultural and Rural Development
NAV	Net Asset Value
NBFC-MFI Directions	Master Circular – 'Non-Banking Financial Company – Micro Finance Institutions' (NBFC-MFI) Directions dated July 1, 2015, updated as on April 20, 2016
NEFT	National Electronic Fund Transfer
NR	Non-Resident
NRE Account	Non-Resident External accounts
NRI	A person resident outside India, who is a citizen of India or a person of Indian origin, and shall have the meaning ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2000
NRO Account	Non-Resident Ordinary accounts
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
OCB/ Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA. OCBs are not allowed to invest in the Offer
p.a.	Per annum
P/ E Ratio	Price/ Earnings Ratio
PAN	Permanent Account Number
PAT	Profit After Tax
RBI	Reserve Bank of India
RBI Act	Reserve Bank of India Act, 1934, as amended
RHP	Red Herring Prospectus
RTGS	Real Time Gross Settlement
SCRA	Securities Contracts (Regulation) Act, 1956, as amended
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended
SEBI	Securities and Exchange Board of India constituted under the SEBI Act, 1992
SEBI Act	Securities and Exchange Board of India Act 1992, as amended
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012, as amended
SEBI ESOP Regulations	Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as amended
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, as amended
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015, as amended
SEBI Mutual Fund Regulations	Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended
SEBI Portfolio Manager Regulations	Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993, as amended
SEBI Stock Broker Regulations	Securities and Exchange Board of India (Stock Brokers and Sub-Brokers) Regulations, 1992, as amended
SEBI VCF Regulations	Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996, as amended
Securities Act	U.S. Securities Act, 1933
SIDBI	Small Industries Development Bank of India
Stamp Act	Indian Stamp Act, 1899

Term	Description
State Government	The government of a state in India
Stock Exchanges	Collectively, the BSE and the NSE
Systemically Important NBFC	A non-banking financial company registered with the Reserve Bank of India and having a net-worth of more than ₹ 5,000 million as per the last audited financial statements
STT	Securities Transaction Tax
Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
TAN	Tax deduction account number
U.S./ USA/ United States	United States of America
USD/ US$	United States Dollars
VCFs	Venture Capital Funds as defined in and registered with SEBI under the SEBI VCF Regulations

Notwithstanding the foregoing, terms in "*Statement of Special Tax Benefits*", "*Objects of the Offer*", "*Financial Statements*", "*Basis for Offer Price*", "*Industry Overview*", "*Regulations and Policies*", "*History and Certain Corporate Matters*", "*Financial Indebtedness*", "*Outstanding Litigation and Material Development*", "*Offer Procedure*" and "*Main Provisions of Articles of Association*" on pages 93, 87, 194, 90, 95, 147, 153, 274, 276, 307 and 344 respectively, shall have the meaning given to such terms in such sections.

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

Certain Conventions

Unless otherwise specified or the context otherwise requires, all references in this Prospectus to "India" are to the Republic of India, all references to "USA", "US" and "United States" are to the United States of America, all references to "Netherlands" are to the Netherlands, all references to "Philippines" are to the Republic of the Philippines, all references to "Vietnam" are to the Socialist Republic of Vietnam, all references to "Thailand" are to the Kingdom of Thailand, all references to "Italy" are to the Italian Republic, all references to "Luxembourg" are to the Grand Duchy of Luxembourg and all references to "Indonesia" are to the Republic of Indonesia.

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

Financial Data

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

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

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

We prepare our financial statements in accordance with Indian GAAP, which differs in some material respects from IFRS and U.S. GAAP. Accordingly, the degree to which our Restated Financial Statements, as included in this Prospectus, will provide meaningful information is entirely dependent on the reader's level of familiarity with the Companies Act, 2013, Indian GAAP and the SEBI ICDR Regulations. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Prospectus should accordingly be limited. We have not made any attempt to quantify or identify the impact of the differences between Indian GAAP and IND (AS) as applied to our Restated Financial Statements and it is urged that you consult your own advisors regarding the impact of difference, if any, on financial data included in this Prospectus. We have only included a summary of qualitative differences of certain items between Indian GAAP and Ind (AS) in this Prospectus. For details in connection with risks, see "*Risk Factors – We may be adversely impacted by the transition to IND (AS) for periods beginning from April 1, 2018*" on page 39.

Indian GAAP also differs in certain material respects from Ind (AS) which have become applicable to our Company from the financial periods commencing April 1, 2018. Given that Ind (AS) differs in many respects from Indian GAAP, our financial statements prepared and presented in accordance with Ind AS relating to any period subsequent to April 1, 2018, may not be comparable to our historical financial statements prepared under Indian GAAP. In the event that any of our historical financial statements, including our financial statements for Fiscal Year 2018 are required to be also prepared in accordance with Ind (AS), such historical Ind (AS) financial statements may vary from our historical Indian GAAP financial statements, and there can be no assurance that such variation will not be material. See "*Summary of Certain Significant differences between Indian GAAP and Ind AS*" and "*Risk Factors - We may be adversely impacted by the transition to IND (AS) for periods beginning from April 1, 2018*" on pages 245 and 39.

Any percentage amounts, as set forth in "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Conditions and Results of Operations*" on pages 15, 124 and 245 respectively, and elsewhere in this Prospectus, to the extent applicable, have been calculated on the basis of our Restated Financial Statements prepared in accordance with the Companies Act and Indian GAAP and restated in accordance with the SEBI ICDR Regulations.

Non-GAAP Financial Measures

We have included certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance (together, "**Non-GAAP Financial Measures**" and each, a "**Non-GAAP Financial Measure**") in this Prospectus, for example, in the chapter "*Selected Statistical Information*" on page 181. These Non-GAAP Financial Measures are not required by or presented in accordance with Indian GAAP.

We compute and disclose such non-GAAP financial measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of financial services businesses, many of which provide such non-GAAP financial measures and other statistical and operational information when reporting their financial results. However, note that these non-GAAP financial measures and other statistical information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other financial services companies. *See also "Risk Factors - In this Prospectus, we have included certain non-GAAP financial measures and certain other selected statistical information related to our operations and financial performance. These non-GAAP measures and statistical information may vary from any standard methodology that is applicable across the financial services industry, and therefore may not be comparable with financial or statistical information of similar nomenclature computed and presented by other financial services companies"* on page 33.

Currency and Units of Presentation

All references to:

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

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

Exchange Rates

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

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

Currency	As on March 31, 2014 (₹)	As on March 31, 2015(1) (₹)	As on March 31, 2016(1) (₹)	As on March 31, 2017(1) (₹)	As on March 31, 2018 (₹)
1 USD	60.10	62.59	66.33	64.84	65.04
1 EUR	82.58	67.51	75.10	69.25	80.62

(Source: RBI website)

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

Industry and Market Data

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

Industry publications generally state that the information contained in such publications has been obtained from publicly available documents from various sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe the industry and market data used in this Prospectus is reliable, it has not been independently verified by us or the BRLMs or any of their affiliates or advisors. The data used in these sources may have been reclassified by us for the purposes of presentation. Data from these sources may also not be comparable. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in "*Risk Factors - Third party industry and industry-related statistical data in this Prospectus may be incomplete, out of date, incorrect or unreliable*" on page 32. Accordingly, investment decisions should not be based solely on such information.

The sections "*Summary of Industry*", "*Summary of our Business*", "*Industry Overview*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Conditions and Results of Operations*" of this Prospectus contain data and statistics from the report titled "CRISIL Research - Industry Report on the Micro Finance Industry, January 2018" prepared by CRISIL Research, which is subject to the following disclaimer:

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

In accordance with the SEBI ICDR Regulations, "*Basis for Offer Price*" on page 90 includes information relating to our peer group companies. Such information has been derived from publicly available sources, and neither we, nor the BRLMs have independently verified such information.

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

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

Time

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

Promoter Selling Shareholder's statements

Only statements and undertakings which are specifically "confirmed" or "undertaken" by the Promoter Selling Shareholder, as the case may be, in this Prospectus shall, severally and not jointly, deemed to be statements and undertakings made by the Promoter Selling Shareholder. All other statements and/ or undertakings in this Prospectus shall be statements and undertakings made by our Company even if the same relates to the Promoter Selling Shareholder.

FORWARD-LOOKING STATEMENTS

This Prospectus contains certain "forward-looking statements". These forward-looking statements generally can be identified by words or phrases such as "aim", "anticipate", "believe", "expect", "estimate", "intend", "objective", "plan", "project", "will", "will continue", "will pursue" or other words or phrases of similar import. Similarly, statements that describe our Company's strategies, objectives, plans or goals are also forward-looking statements.

All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. For the reasons described below, we cannot assure investors that the expectations reflected in these forward-looking statements will prove to be correct. Therefore, investors are cautioned not to place under reliance on such forward-looking statements and not to regard such statements as a guarantee of future performance.

Actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties associated with the expectations with respect to, but not limited to, regulatory changes pertaining to the industry in which our Company has businesses and its ability to respond to them, its ability to successfully implement its strategy, its growth and expansion, technological changes, its exposure to market risks, general economic and political conditions in India and globally which have an impact on its business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in laws, regulations and taxes and changes in competition in its industry. Important factors that could cause actual results to differ materially from our Company's expectations include, but are not limited to, the following:

- our operations being concentrated in Karnataka and Maharashtra;
- our microfinance loans being unsecured and susceptible to certain operation and credit risks;
- ability to manage our growth, financial, accounting, administration and infrastructure effectively;
- our portfolio and management of non-performing assets and/ or our provisions;
- interest rate risk and volatility in interest rates;
- our credit ratings, our borrowing costs and access to capital and loan markets;
- ability to comply with certain financial covenants in our financing documents;
- our ability to access capital at competitive rates for our growth;
- stability of our internal accounting systems and management of operational errors;
- maintenance and expansion of our branch network;
- our ability to compete effectively in our businesses;
- our underwriting and risk management policies; and
- our brand recall.

For further discussion of factors that could cause the actual results to differ from the expectations, see "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 15, 124 and 245, respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual gains or losses could materially differ from those that have been estimated.

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

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

In accordance with regulatory requirements, our Company and the BRLMs will ensure that investors in India are informed of material developments from the date of registration of this Prospectus with the RoC until the receipt of final listing and trading approvals from the Stock Exchanges. The Promoter Selling Shareholder will ensure that it will keep our Company, the BRLMs and investors informed of material developments in relation to statements and undertakings made by the Promoter Selling Shareholder with respect to itself and the Offered Shares in this Prospectus until the time of the grant of final listing and trading approvals by the Stock Exchanges.

SECTION II: RISK FACTORS

An investment in Equity Shares involves a high degree of risk. You should carefully consider each of the following risk factors and all other information set forth in this Prospectus, including the risks and uncertainties described below, before making an investment in the Equity Shares. You should read this section together with "Industry Overview", "Our Business", "Selected Statistical Information", "Regulations and Policies" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 95, 125, 181, 147 *and* 250, *respectively, as well as the financial statements, including the notes thereto, and other financial information included elsewhere in this Prospectus. You should consult your tax, financial and legal advisors about the particular consequences to you of an investment in the Equity Shares.*

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

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

Unless otherwise indicated or the context requires otherwise, the financial information included herein are based on our Restated Financial Statements as of and for the years ended March 31, 2014, 2015, 2016, 2017 and 2018 included in this Prospectus. For further information, see "Financial Statements" on page 194.

INTERNAL RISK FACTORS

Risks Relating to our Business.

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

As of March 31, 2018 we conducted our operations through 516 branches in India, of which 191 branches were located in Karnataka and 144 branches were located in Maharashtra. As of March 31, 2018, 58.08% of our Gross AUM originated in Karnataka and 26.73% of our Gross AUM originated in Maharashtra. In the event of a regional slowdown in the economic activity in these states, or any other developments including political unrest, disruption or sustained economic downturn that make our products in these states less beneficial, we may experience an adverse impact on our financial condition and results of operations, which are largely dependent on the performance and other prevailing conditions affecting the economies of these states. The market for our products in these states may perform differently from, and be subject to, market and regulatory developments that are different from the requirements in other states of India. There can be no assurance that the demand for our products will grow or will not decrease in the future in these states. Further, in the past, there have been instances of irregularities in the functioning of certain NBFCs in the southern states of India, specifically, Andhra Pradesh (for further details, see "*Industry Overview*" on page 95). While NBFC-MFIs are currently regulated by the RBI, the respective state government of these states may pass laws which impact the business of NBFC-MFIs. There can be no assurance that any such actions taken by the state governments in Karnataka or Maharashtra will not impact our business, financial condition and results of operations.

2. Microfinance loans are unsecured and are susceptible to various operational and credit risks which may result in increased levels of NPAs, thereby adversely affecting our business, results of operation and financial condition.

The focus customer segment for our micro-loan is women with an annual household income of ₹160,000 or less in Urban Areas and ₹100,000 or less in Rural Areas (as required under the Master Directions). Our customers typically have limited sources of income, savings and credit histories and as a result, are usually adversely affected by declining economic conditions. Further, our JLG Customers do not provide any collateral or security for their borrowings as the RBI has mandated that loans given by NBFC-MFIs should be collateral free for the purpose of "Qualifying Assets". Such customers generally do not a high level of financial resilience, and, as a result, they can be adversely affected by declining economic conditions and natural calamities such as floods or droughts. Furthermore, as there is typically limited financial information available about our focus customer segment and many of our Customers do not have any credit history supported by tax returns, bank or credit card statements, statements of previous loan exposures, or other related documents, it is difficult to consistently carry out credit risk analyses on our customers.

Further, we rely primarily on non-traditional guarantee mechanisms rather than any tangible assets such as collateral. Our loans typically involve a joint liability mechanism whereby borrowers form an informal joint liability group ("**JLG**") (typically comprising between five to ten members) and provide joint and several guarantees for loans obtained by each member of the group. There can however be no assurance that such joint liability arrangements will ensure repayment by the other members of the JLG in the event of default by any one of them. Such joint liability arrangements are likely to fail if there is no meaningful personal relationship or bond among members of such group, if inadequate risk management procedures have been employed to verify the group members and their ability to repay such loans, or as a result of adverse external factors such as natural calamities or forced migration. Further, while we have our own due diligence and credit analysis procedures, there can be no assurance that we will be able to ensure low delinquency rates. As a result, our customers potentially present a higher risk of loss in case of a credit default compared to that of borrowers in other asset-backed financing products. In addition, the microfinance business is susceptible to various political and social risks, including any adverse publicity or litigation relating to the microfinance sector (such as the public interest litigation filed against all MFIs in Maharashtra (as described in "*Outstanding Litigation and Material Developments*" on page 276)), public criticism of the microfinance sector, the introduction of a stringent regulatory regime, and/ or religious beliefs relating to loans and interest payments, which adversely affect repayment by our customers and may have an adverse effect on our business prospects and future financial performance.

Due to the underlying profile of our Customers, we may, in the future, experience increased levels of non-performing assets and related provisions and write-offs, which would materially and adversely impact our business and results of operations. We cannot assure you that our risk management policies will continue to be sufficient or that additional risk management policies for individual borrowers will not be required. Failure to maintain sufficient credit assessment and risk management policies could adversely affect our credit portfolio, which could have a material and adverse effect on our business, results of operations and financial condition.

3. An increase in our portfolio of non-performing assets and/ or our provisions may materially and adversely affect our business and results of operations.

Our management of credit risk involves having appropriate credit policies, underwriting standards, approval processes, loan portfolio monitoring, collection and remedial management, provisioning policies and an overall architecture for managing credit risk. If the credit quality of our Customers, the growth of our loan portfolio or our provisioning levels deteriorate, it could have an adverse effect on our business, results of operations and financial condition. Further, our credit monitoring and risk management policies and procedures may not be accurate, properly designed, or appropriately implemented or complied with by our Customers, and we could suffer material credit losses. In addition, even if our policies and procedures are accurate and appropriate, we may not be able to anticipate future economic or financial developments or downturns, which could lead to an increase in our NPAs.

Provisions are created by a charge to the statement of profit and loss and are currently subject to minimum provision requirements (for further details of our provisioning policies, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Policies*" on page 255). Pursuant to the RBI guidelines and our accounting policies, we make contingent provisions against standard assets, which are recognised under provisions and write-offs in our restated summary statement of profit and loss. For example, the sharp increase in our contingent provisions against standard assets for the year ended March 31, 2017 impacted our profitability for the period (for details, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Year Ended March 31, 2017 compared to the Year Ended March 31, 2016*" on page 262). In addition to requiring us to make a provision on standard assets, the RBI requires us to classify and, depending on the duration of non-payment of dues, make a provision on loans that become NPAs. As the number of our loans that become NPAs increases, the credit quality of our loan portfolio decreases.

In addition to the relevant minimum regulatory provision, we also consider our internal estimates for loan losses and risks inherent in the loan portfolio when deciding on the appropriate level of provisioning. The determination of an appropriate level of loan losses and provisions involves a degree of subjectivity and requires that we make estimates of current credit risks, all of which may be subject to material changes. Any incorrect estimation of risks may result in our provisions not being adequate to cover any further increase in the amount of NPAs or any further deterioration in our NPA portfolio.

Our Gross NPA Ratio was 0.08% as of March 31, 2017, which increased to 1.97% as of March 31, 2018. The provision for non-performing assets also increased significantly from ₹25.82 million as of March 31, 2017 to ₹980.92 million as of March 31, 2018. Our Net NPA Ratio which was 0.00% as of March 31, 2017 remained unchanged at 0.00% as of March 31, 2018. The following table sets forth the classification of our gross loan portfolio as of the dates indicated herein below:

	As of March, 31				
Asset Classification	**2018**	**2017**	**2016**	**2015**	**2014**
	(₹ in millions)				
Portfolio loans outstanding (Gross)					
Standard	48,765.69	30,728.61	24,633.56	13,390.73	6,684.89
Non-performing	980.92	25.82	19.80	4.94	0.77
Portfolio loans outstanding (Gross)	**49,746.61**	**30,754.43**	**24,653.36**	**13,395.67**	**6,685.66**
Provision for standard and non-performing assets					
Standard	14.00	1,304.18	246.36	129.01	66.08
Non-performing	980.92	25.82	19.80	4.94	0.77
Total provisions	**994.92**	**1,330.00**	**266.16**	**133.95**	**66.85**
Portfolio loans outstanding (Net)					
Standard Assets	48,751.69	29,424.43	24,387.20	13,261.72	6,618.81
Non-performing	—	—	—	—	—
Portfolio loans outstanding (Net)	**48,751.69**	**29,424.43**	**24,387.20**	**13,261.72**	**6,618.81**
Gross NPA Ratio (Gross) (%) (1)	**1.97%**	**0.08%**	**0.08%**	**0.04%**	**0.01%**
Net NPA Ratio (%) (2)	**-**	**-**	**-**	**-**	**-**

(1) Gross NPA Ratio represents Gross NPA (as defined above) as a percentage of the total portfolio loans outstanding (gross) as of the last day of the relevant period.

(2) Net NPA Ratio represents Net NPA (as defined above) as a percentage of total portfolio loans outstanding as reduced by the provision for non-performing assets as of the last day of the relevant period.

A number of factors outside of our control affect our ability to limit and reduce NPAs. These factors include developments in the Indian and global economy, domestic or global turmoil, competition, changes in customer behaviour and demographic patterns, various central and state government decisions (including farm loan waivers), changes in interest rates and exchange rates and changes in regulations, including with respect to regulations requiring us to lend to certain sectors identified by the RBI, or the Government of India. These factors, coupled with other factors such as volatility in commodity markets, decrease in agriculture productivity and decline in business and consumer confidence, could impact our Customers and in turn impact their ability to fulfil their obligations under the loans we extended to them. In addition, the expansion of our business may cause our NPAs to increase and the overall quality of our loan portfolio to deteriorate. If our NPAs increase, we will be required to increase our provisions, which would result in our net profit being less than it otherwise would be and could materially adversely affect our financial condition and results of operations.

Further, consequent to the Government of India's demonetization measures in November 2016 and the withdrawal of the legal tender status of ₹500 and ₹1,000 currency notes, the RBI provided a dispensation on prudential norms in the form of short-term deferment of classification of loan accounts as sub-standard through circular DBR.No.BP.BC.37/ 21.04.048/ 2016-17 dated November 21, 2016 and circular DBR.No.BP.BC.49/ 21.04.048/ 2016-17 dated December 28, 2016. Deferment of classification was applicable in respect of loan accounts which are having dues payable between November 1, 2016 and December 31, 2016. We availed this dispensation whereby loan accounts aggregating to ₹2,445.06.00 million continued to be classified as standard assets as of March 31, 2017. However, we performed a qualitative assessment of such loan accounts and accordingly, revised our estimates of provisioning for standard assets. Had we applied the estimates followed in the previous year, the profit before tax for the year ended March 31, 2017 would have been lower by ₹1,574.83 million. For a discussion of the impact of demonetization on our provisions and write-offs for the year ended March 31, 2018 as compared with the year ended March 31, 2017, please see "*Management's Discussion and Analysis of Financial Condition and Results of Operations - Year Ended March 31, 2018 compared to the Year Ended March 31, 2017*" on page 259.

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

Our business has experienced rapid growth over the past few years. Our network of branches and customers in India has expanded significantly from 238 branches servicing 0.92 million Customers as of March 31, 2015 to 516 branches servicing approximately 2.19 million Customers, as of March 31, 2018. Further, we have also expanded the number of loan categories that we provide to our customers, commencing initially from pure-play income generation loans to additional loan categories such as family welfare, home improvement, emergency loans, individual retail finance and two-wheeler loans.

As part of our growth strategy, we expect the contiguous expansion of our geographic footprint and network of branches to continue, which may further constrain our capital and human resources, and make asset quality management increasingly important. As we move to newer geographies, we may not be able to maintain the level of our NPAs or the quality of our portfolio. We will need to continue to enhance and improve our financial, accounting, information technology, administrative/ risk management and operational infrastructure and internal capabilities in order to manage the future growth of our business effectively. For example, our current core banking application software is a centralized core banking solution that has been purchased from an information technology company. There can be no assurance that the network infrastructure required for communication with the centralized system can be expanded in scale to meet any increase in the volume of our transactions. Further, we may be unable to develop adequate infrastructure or devote sufficient financial resources or develop and attract talent to manage our growth.

We may not be able to implement the necessary improvements in a timely manner, or at all, and we may encounter deficiencies in existing systems and controls. If we are unable to manage our future expansion successfully, our ability to provide products and services to our customers would be adversely affected, and, as a result, our reputation could be damaged, and our business and results of operations materially and adversely impacted.

5. The past performance and growth of our business is not indicative of our future performance and growth.

Notwithstanding the expansion of our business and customer base, there is no guarantee that we will be able to effectively manage or continue the rate of growth and financial performance. Our Gross AUM was ₹49,746.61 million as of March 31, 2018 and our Gross AUM grew at a CAGR of 57.45% from ₹8,095.22 million as of March 31, 2014 to ₹49,746.61 million as of March 31, 2018. Our Disbursements across our financing products for the financial years ended March 31, 2016, 2017 and 2018 were ₹33,488.46 million, ₹34,026.29 million and ₹60,817.22 million. Our net interest income (representing our revenue from operations as reduced by our finance costs) for the financial years ended March 31, 2016, 2017 and 2018 was ₹2,487.04 million, ₹3,852.04 million and ₹5,109.85 million, respectively. Our profit after tax for the financial years ended March 31, 2016, 2017 and 2018 was ₹832.41 million, ₹802.98 million and ₹1,246.41 million, respectively. Our net worth as of March 31, 2018 was ₹14,270.83 million. However, our past growth is not indicative of our future performance or potential growth.

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

Our results of operations depend to a large extent on the level of our net interest income as our primary revenue source is interest income. Net interest income is the difference between our revenue from operations and our finance costs. The differential between the interest rates that we charge on interest-earning assets (i.e. our portfolio loans) and the interest rates that we pay on interest-bearing liabilities, and the volume of such assets and liabilities, tend to have a significant impact on our results of operations. During the year ended March 31, 2017 and the year ended March 31, 2018, interest on portfolio loans represented 92.59% and 90.89% of our total revenues, respectively. Changes in market interest rates affect the interest rates we charge on our interest-earning assets differently from the interest rates we pay on our interest-bearing liabilities. An increase in interest rates could result in an increase in interest expense relative to interest income if we are not able to increase the rates charged on our portfolio loans and advances or if the volume of our interest-bearing liabilities is larger or growing faster than the volume of our interest-earning assets. Further, such increase in interest rates could impact our ability to raise low cost funds as compared to some of our competitors which may have access to lower cost deposits. The differences between repricing maturities of rate sensitive liabilities and rate sensitive assets, called repricing gaps, exposes our business to interest rate risk. As per RBI regulations, the interest rates charged by us on our microfinance loans is required to be the lower of (i) 10% margin above our cost of funds or (ii) 2.75 times the average base rate of the five largest commercial banks by assets (as notified every quarter by the RBI). Our business is also exposed to interest rate risk in the form of non-uniform movement in different interest rate benchmarks that are used for pricing of our assets and liabilities. The following table represents the RBI Benchmark and the maximum interest rates we charge on our disbursements:

	As of/ for the			
	Year ended March 31, 2018	**Year ended March 31, 2017**	**Year ended March 31, 2016**	**Year ended March 31, 2015**
RBI benchmark (%)	24.64	25.88	25.99	27.75
Maximum rate of interest charged on our disbursement (%)	22.00	23.00	26.00	26.00

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

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

We operate a defined benefit gratuity plan in respect of certain eligible employees. The investments of the superannuation funds are made in government securities, financial institutions and other financial products. If interest rates were to fall, our liabilities under defined benefit gratuity plan will increase, which would impact our profits and financial performance.

Moreover, changes in interest rates could affect our fixed income portfolio and treasury income.

Interest rates are highly sensitive, and fluctuations thereof are dependent upon many factors which are beyond our control, including the monetary policies of the RBI, de-regulation of the financial services sector in India, domestic as well as international economic and political conditions, inflation and other factors. Interest rates in India have been volatile in the past. There can be no assurance that we would be able to adequately manage our interest rate risks. If we are unable to effectively manage our interest rate risks, it could have an adverse effect on our net interest income, net interest margin, thereby impacting our business prospects, financial condition and results of operations.

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

The cost and availability of funds is dependent, among other factors, on our short-term and long-term credit ratings. Credit ratings reflect a rating agency's opinion of our financial strength, operating performance, industry position, and ability to meet our obligations. Any future performance issues for our Company or the industry may result in a downgrade of our credit ratings, which may in turn lead to an increase in our borrowing costs and constrain our access to capital and debt markets and, as a result, may adversely affect our net interest income and net interest margin. In addition, any downgrade of our credit ratings could result in additional terms and conditions being included in any additional financing or refinancing arrangements in the future. For details of our credit ratings, see "*Our Business – Competitive Strengths - Diversified sources of borrowings and effective asset-liability management*" on page 130.

During year ended March 31, 2010, credit ratings were reduced for MFIs operating in a particular state as a result of a crisis in the MFI industry, which also impacted our fundraising activities and our business and financial results. Further, in 2016, as a result of a number of factors, including the Government of India's demonetization measures, the credit ratings of a number of MFI companies were downgraded. For further details, see "*Industry Overview*" on page 95. Any such development in the future may adversely affect our business operations, future financial performance and the price of our Equity Shares.

8. We are subject to certain conditions and restrictions in terms of our financing arrangements, which could restrict our ability to conduct our business and operations in the manner we desire. In addition, on certain occasions in the past, we have been unable to comply with certain financial covenants in our financing documents.

As of March 31, 2018, we had total current and non-current borrowings aggregating to ₹36,028.61 million, comprising of non-current long-term borrowings amounting to ₹14,800.02 million and current maturities of long-term borrowings amounting to ₹21,228.59 million. Incurring indebtedness is a direct consequence of the nature of our business, and having large outstanding borrowings portfolio may have significant implications on our business and results of operations, including, *inter alia*:

- low availability of cash flow for working capital, capital expenditures and other general corporate requirements;
- fluctuations in market interest rates may affect the cost of our borrowings, as our indebtedness is at variable interest rates;
- affecting our ability to obtain additional financing in the future at reasonable terms;
- triggering provisions of cross-default across multiple financing arrangements;
- adverse and onerous implications (including limitations to the use of funds in the relevant facility) in the event of inability to comply with financial and other covenants specified in the financing agreements;
- the right to recall loans by our lenders; and
- reduction in the ability to respond to changing business, regulatory and economic conditions.

Some of the financing arrangements entered into by us also include conditions that require us to obtain the respective lender's consent prior to carrying out certain activities. These covenants vary depending on the requirements of the financial institution extending the loan, and may be, *inter alia*, in relation to: (i) any change in capital structure; (ii) approaching capital markets for mobilizing additional sources, either as debt or equity; (iii) change in the nature or scope of business or operations other than in the normal course of business; (iv) investment by way of subscription to share capital of, or lending or advances to or placing deposits with any other concern; (v) formulation of any scheme of amalgamation with any other borrower or reconstruction; (vi) alteration in the management or the charter documents; (vii) change in control or ownership of our Company; (viii) change in the financial year, accounting policies and methods followed by us; (ix) change in directorial remuneration (other than as mandated by law); (x) sale of a substantial portion of our business or assets; (xi) declaration of dividends and other distributions; and (xii) undertaking guarantee obligations.

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

We have, on certain occasions, been unable to comply with such financial covenants. In particular, primarily as a result of the Government of India's demonetization measures and its consequent effect on our Customers (who primarily repay their loans by way of cash), we were unable to comply with certain ratios in various financing agreements (including documents for issuance of non-convertible debentures) as regards the maintenance of PAR levels for over 30 days. While we duly informed the relevant lenders about such non-compliance (and the reasons thereof) and requested for their waivers and the relevant lenders have not declared a default on this account, we cannot assure you that that they will not do so in the future or such instances of non-compliance would not recur in future.

We have received waiver letters from the relevant lenders with respect to the historic breach/ non-compliance of covenants under the financing arrangements. Failure to observe the covenants under our financing arrangements or failure to obtain necessary waivers may lead to the termination of our credit facilities, acceleration of amounts due under such facilities, trigger cross-default provisions and the enforcement of security provided. There can be no assurance that we would be able to persuade our lenders to grant extensions or refrain from exercising such rights which may adversely affect our operations and cash flows. During any period in which we are in default, we may be unable to raise, or face difficulties raising, further financing or generate sufficient cash to fund our liquidity requirements.

Our lenders also have the ability to recall or accelerate all or part of the amounts owed by us, subject to the terms of the financing arrangement. Such recalls may be contingent on happening of an event beyond our control and there can be no assurance that we will be able to persuade our lenders to give us extensions or to refrain from exercising such recalls. A recall notice may also lead to an event of default under an existing financing arrangement. There can be no assurance that we will be able to repay our loans in full, or at all, at the receipt of a recall or acceleration notice, or otherwise. Our inability to comply with the conditions prescribed under the financing arrangements, or repay the loans as per the repayment schedule, may have an adverse impact on our credit rating, business operations and future financial performance. Further, if we are unable to service our existing debt, our ability to raise debt in the future will be adversely affected, which will have a significant adverse effect on our results of operations, financial condition and our business.

9. There can be no assurance that we will be able to access capital as and when we need it for growth.

Our liquidity and profitability are, in large part, dependent upon our timely access to capital and costs associated with raising capital. Our funding requirements have historically been met from a combination of term loans, working capital facilities, assignment or securitization of our portfolio to banks and financial institutions, proceeds from issuance of convertible and non-convertible debentures, subordinated debt as well as equity contributions. Any change in the RBI regulations on priority sector lending, or our inability to maintain relationships with such banks and financing institutions could adversely affect our business, results of operations and financial condition. Our business depends and will continue to depend on our ability to access diversified low-cost funding sources. As a financial services company, we face certain additional regulatory restrictions on our ability to obtain financing from banks. For further information, see "*Regulations and Policies"* on page 147.

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

10. We did not have adequate controls for managing our historical secretarial records and compliances as a result of which there have been certain inaccuracies and non-compliances with respect to certain provisions of the Companies Act, applicable FEMA regulations, regulatory filings and corporate actions taken by our Company. Consequently, we may be subject to regulatory actions and penalties for any past or future non-compliance and our business, financial condition and reputation may be adversely affected.

In the past, our controls and compliances for managing our secretarial records and compliances have been inadequate as a result of which there have been factual inaccuracies, non-compliances with certain provisions of the Companies Act, 1956, Companies Act, 2013 and FEMA regulations, and delays and failures in making certain regulatory filings by our Company. We cannot assure you that there are no other instances of non-compliances or irregularities in regulatory filings/ allotments made by our Company. This may subject us to regulatory actions and/ or penalties which may adversely affect our business, financial condition and reputation.

We have been unable to trace a number of documents, including the form filings, share transfer deeds, corresponding resolutions maintained by our Company from incorporation up to the year 2007. We may be unable to obtain copies of these documents in the future to ascertain details of the relevant transactions.

Except as disclosed below, we maintain all other corporate records and regulatory filings at our Company:

- form filings and corresponding resolutions in relation to amendments made to the MoA of our Company for the period between 1991 and January 31, 2007; and
- form filings and corresponding resolutions in relation to the initial subscription of 20 Equity Shares, preferential allotment of 180 Equity Shares, 229,200 Equity Shares, 470,500 Equity Shares and 3,666,380 Equity Shares made on June 12, 1991, June 28, 1991, December 27, 1996, February 16, 1997 and March 25, 2008, respectively.

We have been unable to trace these documents despite conducting a search at the relevant Registrar of Companies and may be unable to obtain copies of these documents in the future to ascertain details of the relevant transactions. Accordingly, for a period commencing from incorporation until the year 2007, we are unable to confirm details of any corporate actions undertaken by our Company, including acquisitions of any business or undertakings, revaluation of assets, entry into any scheme of amalgamations, public offerings of debt securities, any instances of strikes, lock-outs or cost time/ cost overruns and any default in repayment or rescheduling of borrowings from financial institutions or banks. Further, there have also been instances of our Company making only a post-facto noting of a share transfer (as opposed to granting an in-principle approval), and typographical errors in our register of members and a form FC-TRS filing made in relation to a share transfer.

While no legal proceedings or regulatory action has been initiated against our Company in relation to the unavailable filings as of the date of this Prospectus, we cannot assure you that no legal proceedings or regulatory actions will be initiated against our Company in the future in relation to the missing filings and corporate records.

Further, there have been instances in the past where we have not obtained unique identification numbers and/ or unique registration numbers for the allotment of the Equity Shares of our Company to non-resident shareholders. While we have subsequently addressed these irregularities in respect of allotments made to non-residents by getting the relevant irregularities compounded by the RBI, we cannot assure you that such irregularities will not occur in the future, or that the RBI will condone such future irregularities. In the event that the penalty imposed on us is unreasonable, it may have a material adverse effect on our financial condition, and there can be no assurance that we will be able to pay such amounts within the prescribed timeline or at all. For detils of the compounding including penalty paid by our Company, see "*Outstanding Litigation and Material Developments –Fines imposed or compounding of offences*" on page 279.

11. Our Promoter has invested in Sahayata Microfinance Private Limited, which has been involved in various financial irregularities and discrepancies in the past.

Our Promoter presently holds 31.34% in the issued and paid-up equity share capital of Sahayata Microfinance Private Limited ("**Sahayata**"), a company incorporated in Udaipur, Rajasthan. Sahayata was registered as a non-deposit holding or accepting NBFC with the RBI on December 8, 1998. Around August 2011, various discrepancies and irregularities in the operation and management of Sahayata came to light, including *inter alia*: (a) accounting malpractices, such as reporting fake expenses, fake loans and fictitious transactions and cash generated from fake transactions used to fund delinquent accounts; (b) failure of internal controls, including booking of fictitious loans at head office level to prevent internal auditing of branch operations and branch reviews; (c) poor quality and lack of independence of internal audit; (d) lack of any review over expenditure incurred by Sahayata and verification in relation to purchase of fixed assets; (e) concealing of NPAs including forgery of supporting documents relied upon by the statutory auditors of Sahayata; and (f) poor post-sanction supervision of loans, lack of regular field-visits by independent internal auditors/ staff. In October 2013, the RBI directed Sahayata to surrender its NBFC registration and subsequently, its license was cancelled by an executive order in March 2014. Further, based on publicly available records, Sahayata has also been identified as a defaulter by various lenders for suit-filed accounts of ₹10.00 million and above as on March 31, 2017. These lenders have also named the aforementioned directors of Sahayata in relation to the defaults.

Various steps had been taken by the management of Sahayata at the point of time when such matters came to light to address these issues including identification and suspension of members of the senior management who were involved in these activities and initiation of legal action against them. While CAA continues to hold 31.34% in the issued and paid-up equity share capital of Sahayata, in the recent past, except for a letter dated February 15, 2017 from Sahayata addressed to CAA's Indian counsel with the annual reports and other details of Sahayata as of March 31, 2015, CAA has not been able to communicate with, or obtain any information from Sahayata including in relation to receipt of audited financial statements and other shareholder records, and inquiries on initiation of winding-up proceedings of Sahayata by CAA and in connection with the Offer. CAA and its group companies, viz. MVH S.p.A and MicroVentures Investments SA SICAR have never been a promoter or promoter group member of Sahayata. Further, the nominee director of CAA on the board of directors of Sahayata since 2009, being Paolo Brichetti, resigned from the board of directors of Sahayata on October 22, 2012. However, we cannot assure you that any action taken against Sahayata in relation to the aforementioned issues may not have an impact on the shareholding of CAA in Sahayata, or the reputation of CAA.

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

We are responsible for establishing and maintaining adequate internal measures commensurate with the size and the complexity of our operations. Our internal or concurrent audit functions are equipped to make an independent and objective evaluation of the adequacy and effectiveness of internal controls on an ongoing basis to ensure that business personnel adhere to our policies, compliance requirements and internal circular guidelines. While we periodically test and update our internal control systems as necessary, we are exposed to operational risks arising from the potential inadequacy or failure of internal processes or systems, and our actions may not be sufficient to guarantee effective internal controls in all circumstances. Given our high volume of transactions, it is possible that errors may repeat or compound before they are discovered and rectified. Our management information systems and internal control procedures that are designed to monitor our operations and overall compliance may not identify every instance of non-compliance or every suspicious transaction. If internal control weaknesses are identified, our actions may not be sufficient to fully correct such internal control weakness. We face operational risks in our business and there may be losses due to deficiencies in the credit sanction process, inaccurate financial reporting, fraud and failure of critical systems and processes. In addition, we carry out certain processes manually, which may increase the risk that human error, tampering or manipulation will result in losses that may be difficult to detect. As a result, we may suffer material losses. Such instances may also adversely affect our reputation, thereby adversely impacting our business, results of operations and financial condition.

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

As of March 31, 2018, we operate across the eight states of Karnataka, Maharashtra, Tamil Nadu, Chhattisgarh, Madhya Pradesh, Odisha, Kerala, Goa and one union territory of Puducherry through 516 branches and 4,544 loan officers.

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

- preserving our asset quality and managing our NPAs as our geographical presence increases and our customer profile changes;
- developing and improving our product delivery channels;
- upgrading, expanding and securing our technology platform;
- complying with regulatory requirements such as KYC and AML norms;
- maintaining high levels of customer satisfaction;
- difficulties arising from operating a larger and more complex organisation;
- difficulties arising from coordinating and consolidating corporate and administrative functions;
- delay in the transfer of data amongst various locations;

- higher technology support costs to achieve last mile connectivity;
- operational risks including integration of internal controls and procedures;
- failure to efficiently and optimally allocate management, technology and other resources across our branch network;
- failure to manage third-party service providers in relation to any outsourced services;
- difficulties in the integration of new branches with our existing branch network;
- difficulties in supervising local operations from our centralised locations;
- difficulties in hiring and training skilled personnel in sufficient numbers to operate the new branches locally and management to supervise such operations from centralised locations;
- failure to maintain the level of customer service at all branches; and
- unforeseen legal, regulatory, property, local taxation, labour or other issues.

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

In the past, we have had to discontinue one of our lines of business. In May 2008, we commenced collateral-free micro-lending to individuals and small businesses in nine branch offices in select districts of Karnataka under the trade name "Maarg Financial Services". Our Maarg business was constrained in its growth on account of difficulties faced by our appraisal infrastructure in accurately estimating creditworthiness of small businesses, constraints in funding in light of political developments in the micro-lending industry in Andhra Pradesh and a consequent decrease in disbursements, and certain instances of employee fraud. Disbursements under Maarg were subsequently discontinued in October 2012, and all residual loans were written off in financial year 2014.

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

We face significant competition from other MFIs and banks in India (including SFBs). For details, see "*Our Business – Our Competition*" on page 144. Many of the institutions with which we compete may be larger in terms of business volume or may have greater assets, higher geographical penetration and better access to, and lower cost of, funding than we do. In certain areas, they may also have better brand recognition and larger customer bases than us. We anticipate that we may encounter greater competition as we continue expanding our operations in India, and this may result in an adverse effect on our business, results of operations and financial condition. We consider Bharat Financial Inclusion Limited, Janalakshmi Financial Services Private Limited, Ujjivan Small Finance Bank Limited, Satin Creditcare Network Limited and Equitas Small Finance Bank Limited, as our key competitors.

We believe traditional commercial banks as well as regional rural and cooperative banks, have generally not directly targeted the lower income segments of the population for new customers. However, some banks do participate in microfinance by financing the loan programs of self-help groups often in partnership with NGOs, or through certain state-sponsored social programs. Further, most small finance banks which received approval from the RBI for the commencement of SFB operations are focused on low and middle-income individuals and micro, small and medium enterprises. Banks also indirectly participate in microfinance by giving loans and providing other sources of funding to other MFIs. In addition, of late, some commercial banks are also beginning to directly compete with for-profit MFIs for lower income segment customers in certain geographies.

15. We have allotted shares in lieu of payment of dividend upon the conversion of certain shares and securities in the past in contravention of provisions of the Companies Act and have also made delayed filings with the RBI in relation to such allotment. There can be no assurance that such contraventions may not occur in the future.

During the year 2009, we had issued 2,500,000 compulsorily convertible preference shares of face value of ₹10 each ("**CCPS**") to a non-resident entity. A total amount of ₹937,505 was payable as dividend on such CCPS upon conversion. However, instead of paying the dividend amount in cash, we allotted an aggregate of 28,409 extra Equity Shares on December 9, 2009 when the CCPS were converted to Equity Shares. Subsequently, we were intimated by the Registrar of Companies and the Regional Director of the Ministry of Corporate Affairs, Government of India ("**MCA**"), that the payment of dividend in the form of Equity Shares instead of cash was not in compliance with applicable provisions of the Companies Act, 1956. Subsequently, in October 2011, we filed compounding proceedings with the (erstwhile) Company Law Board ("**CLB**") to compound such non-compliance. The CLB, by an order dated October 26, 2017, compounded these violations upon payment of a penalty of ₹5,000 by our Company and ₹2,000 each by two of our erstwhile directors and our erstwhile company secretary.

Further, we also applied to the (erstwhile) Foreign Investment Promotion Board ("**FIPB**") for post-facto approval of the allotment of 28,409 Equity Shares in lieu of dividends, which was granted by the FIPB, subject to compounding by the RBI. Subsequently, we made an application to the RBI to compound this allotment. In August 2012, the RBI compounded the allotment upon payment of a compounding fee of ₹100,000. In its order, the RBI also noted that there was delayed reporting of the allotment of Equity Shares. We have paid the respective compounding amounts to the RBI and the MCA. However, we cannot assure you that such contraventions may not occur in the future or that the MCA, Registrar of Companies or the RBI will condone these irregularities or that the penalty imposed will be reasonable and that it will not have a material adverse effect on our reputation, business, financial condition or that we will pay such amounts in time or at all.

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

In deciding whether or not to extend credit or enter into other transactions with customers, we rely on information furnished to us by or on behalf of customers. We may also rely on certain representations from our Customers as to the accuracy and completeness of that information. To ascertain the creditworthiness of potential borrowers, we may depend on credit information companies or credit bureaus, and our reliance on any misleading information may affect our judgement of credit worthiness of potential borrowers, which may affect our business, prospects, results of operations and financial condition. We may receive inaccurate or incomplete information as a result of negligence or fraudulent misrepresentation. Our risk management measures may not be adequate to prevent or deter such activities in all cases, which may adversely affect our business prospects, financial condition and results of operations.

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

17. We require various statutory and regulatory approvals, licenses, registrations and permissions to conduct our business and an inability to obtain or maintain such approvals, licenses, registrations and permissions in a timely manner, or at all, may adversely affect our operations.

We require various approvals, licenses, registrations and permissions to operate our business, including a registration for our Company with the RBI as an NBFC-MFI as well as various other corporate actions. We are also required to comply with the prescribed requirements, including classification of NPAs and provisioning, KYC requirements, qualifying assets and other internal control mechanisms. For further information, see "*Regulations and Policies*" on page 147. In future, we will be required to maintain such permits and approvals and obtain new permits and approvals for any proposed expansion strategy or diversification into additional business lines or new financial products. There can be no assurance that the relevant authorities will issue any of such permits or approvals in a timely manner, or at all, and/ or on favourable terms and conditions. Our failure to comply with the terms and conditions of such permits or approvals and/ or to maintain or obtain the required permits or approvals may result in an interruption of our business operations and may have a material adverse effect on our business operations, future financial performance and price of our Equity Shares.

In the event that we are unable to comply with the requirements within the specified time limit, or at all, we may be subject to regulatory actions by the RBI, including the levy of fines or penalties and/ or the cancellation of our license to operate as an NBFC-MFI. Any levy of fines or penalties or the cancellation of our license to operate as an NBFC-MFI due to any breach of applicable norms may adversely affect our business, prospects, results of operations, financial condition and the trading price of our Equity Shares. In addition, we require various registrations to operate our branches in the ordinary course of business. These registrations typically include those required to be obtained or maintained under applicable legislations governing shops and establishments, professional tax, labour related registrations and trade licenses of the particular state in which they operate. Some of these approvals may have expired in the ordinary course, and our Company has either applied, or is in the process of applying for renewals of them. For further information on our key approvals and licenses, see "*Government and Other Approvals*" on page 283. If we fail to obtain or retain any of these approvals or licenses, or renewals thereof, in a timely manner, or at all, our business may be adversely affected. If we fail to comply, or a regulator claims that we have not complied, with any of these conditions, we may be liable to fines and/ or penalties, and our certificates of registration may be suspended or cancelled, and we would no longer be able to carry on such activities required for our business.

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

Our systemic and operational controls may not be adequate to prevent adverse impact from frauds, errors, hacking and system failures. Further, our internet platforms are exposed to being hacked or compromised by third-parties, resulting in thefts and losses to our customers and us. Some of these cyber threats from third-parties include: (i) hacking – wherein attackers seek to hack into our website with the primary intention of causing reputational damage to us by disrupting services; (ii) data theft – wherein cyber criminals may attempt to intrude into our network with the intention of stealing our data or information; and (iii) advanced persistent threat – a network attack in which an unauthorised person gains access to our network and remains undetected for a long period of time with an intention to steal our data or information. The frequency of such cyber threats may increase in the future with the increased digitisation of our services. Not only are we exposed to such risks from our own actions or those of our employees, but from actions of our third-party service providers, whom we do not control. If we become the target of any of such cyber-attacks, it could materially and adversely affect our business, financial condition and results of operations.

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

In June 2017, the RBI issued master directions on information technology frameworks for NBFCs. These directions prescribe measures to be adopted by NBFCs to minimise cyber risk, including adoption of IT strategy policies (overseen by a strategy committee), information and cyber security protocols and policies, and reporting of cyber-security incidents and breaches to the RBI from time to time. Any cyber-security breach could also subject us to additional regulatory scrutiny and expose us to civil litigation and related financial liability.

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

We believe that any damage to our reputation could substantially impair our reputation and our ability to maintain or grow our business, or have a material adverse effect on our overall business, financial condition and results of operations. If we fail to maintain brand recognition with our target customers due to any issues with our product offerings, a deterioration in service quality, or otherwise, or if any premium in value attributed to our business or to the brands under which our services are provided declines, market perception and customer acceptance of our brands may also decline. Any negative news affecting us might also affect our reputation and brand value. In such an event, we may not be able to compete for customers effectively, and our business, financial condition and results of operations may be adversely affected.

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

20. If we are unable to protect our trademarks and tradenames, others may be able to use our trademarks and tradenames to compete more effectively.

We have applied for trademark registration of "Grameen Koota Financial Services" (logo). We have also obtained registration for "Grameen Koota Jagruti" (logo), "GRAMEENKOOTA" (word) and certain domains, including "grameenkoota.org". However, while our current corporate logo and branding (as far as our Customers are concerned) continue to remain as set-forth in our cover page ("Grameen Koota"), we have recently changed our name to "CreditAccess Grameen Limited". We have not registered, or applied for registration of "CreditAccess Grameen" as a trademark. Further, any unauthorised or inappropriate use of our brand, trademarks and domain names by others, in their corporate names or product brands or otherwise could harm our brand image, competitive advantages and business and dilute or harm our reputation and brand recognition. If a dispute arises with respect to any of our intellectual property rights or proprietary information, we will be required to produce evidence to defend or enforce our claims, and we may become party to litigation, which may strain our resources and divert the attention of our management. We cannot assure you that any infringement claims that are material will not arise in the future or that we will be successful in defending any such claims when they arise.

Our efforts to protect our intellectual property or proprietary information and the measures we take to identify potential infringement of our intellectual property may not be adequate to detect or prevent infringement, misappropriation or unauthorised use. For instance, in December 2015, it was discovered that a company named Gramin Financial Corporation was wrongfully using our Company's logo and office address, and was also allegedly involved in some lending and deposit taking activities. Consequently, remedial steps including intimating the RBI, intimating the general public and filing a first information report with the Additional Chief Judicial Magistrate, Bangalore were undertaken. Any such misappropriation or duplication of our name, registered/ official addresses, corporate logos or other intellectual property or proprietary information may disrupt our business, distract management and employees, reduce revenues and increase expenses. In addition, we may also become subject to infringement claims. Even if claims against us are not meritorious, any legal, arbitral or administrative proceedings that we may be required to initiate or defend in this regard may be time-consuming, costly and harmful to our reputation, and there is no assurance that such proceedings will ultimately be determined in our favour. Furthermore, the application of laws governing intellectual property rights in India is continuously evolving and there may be instances of infringement or passing-off of our brand in Indian markets. Our failure to adequately protect our brand, trademarks and other related intellectual property rights may adversely affect our business, financial condition and results of operations.

21. Our promoter, CAA has invested in other companies engaged in similar businesses as our Company in jurisdictions outside India, and may continue to invest in similar businesses. Further, some of our Directors are also directors on the board of directors of companies that are in the same line of business as our Company.

Our Promoter, CAA, currently holds 98.88% of our outstanding Equity Shares. CAA and/ or its affiliates have invested or may invest in other companies globally, engaged in similar businesses thereby giving rise to a conflict of interest. For instance, CAA operates micro-credit businesses similar to our Company through its subsidiaries in Indonesia and Philippines, and has recently incorporated a subsidiary in Vietnam for commencing similar business. Further, three of our directors, being Anal Kumar Jain, R. Prabha and George Joseph are also directors on the board of directors of companies that are in the same line of business as our Company. For details, see "*Our Management*" on page 159. We cannot assure you that our Promoter and our Directors will continue to act in our best interest or continue to support us which could materially and adversely affect our business, financial condition and results of operations.

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

We are highly dependent on the continued services of our management team, including our MD & CEO. We are also dependent on our experienced members of our Board of Directors and Key Management Personnel. Our future performance is dependent on the continued service of these persons. The RBI also mandates NBFCs to have in place supervisory standards to ensure that their directors have appropriate qualifications, technical expertise and a sound track record, and such requirements will make it more difficult for us to replace our directors if and when we have to. We may not be able to replace our Board of Directors with similarly experienced professionals, which could materially and adversely impact the quality of our management and leadership team.

Our appointment agreement with our Managing Director and Chief Executive Officer allows him to terminate the agreement prior to the expiry of his term in case we materially fail to comply with this agreement, and further, do not contain non-compete provisions that extend beyond his employment term. Further, while certain of our other employment agreements contain non-compete clauses that extend beyond their term, there can be no assurances that we will effectively be able to enforce them, or prevent key employees or members of our management team to join competing interests after expiry of employment with us. Further, we do not maintain any "key man" insurance. If one or more of these key personnel are unwilling or unable to continue in their present positions, we may not be able to replace them with persons of comparable skills and expertise.

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

23. Our business is subject to seasonality, which may contribute to fluctuations in our results of operations and financial condition.

Our business is subject to seasonality as we typically see higher borrowings by our customers during the third and fourth quarter of each financial year. We also typically have higher drawdowns under our facilities in the third and fourth quarter of each financial year.

Accordingly, our results of operations in one quarter may not accurately reflect the trends for the entire financial year and may not be comparable with our results of operations for other quarters.

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

As an RBI-registered NBFC-MFI, we are subject to periodic inspections by the RBI to verify the correctness or completeness of our business and operations, internal controls, and any statement, information or particulars furnished to the RBI. We will continue to be subject to inspections by the RBI, in the course of which the RBI may report on divergences (if any) from regulatory requirements applicable to NBFCs. In recent inspection reports, the RBI has, among other things, identified deficiencies in our operations, including (a) review of credit information of only microfinance loans (and not other exposures) of borrowers before granting joint-liability loans; (b) providing insurance coverage higher than the loan amounts to borrowers, (c) collecting insurance premiums up-front, (d) minor variations in the reporting of our net-owned funds than that assessed by the RBI, (e) non-assignment of a risk-weight on deposits placed with SIDBI, (f) non-integration of independent software adopted by our Company, (g) discrepancies in the balancing of the books of accounts, (h) the head of IT not being invited to the ALM Committee (i) placement of borrowed funds in bank deposits for a certain period of time without deploying them towards our operations, (j) insurance premiums of our Customers and spouses being routed through our Company, (k) certain delays in remittance of premiums to the insurers, and delays in settlement of certain insurance claims, (l) the MD & CEO being a permanent invitee to the Audit Committee, and (m) no comprehensive Board-approved ALM Policy. Whilst we have responded to the RBI and addressed such observations, there can be no assurance that the RBI would not make similar or other observations, including divergences, in the future. If we are unable to resolve such deficiencies and other matters to the RBI's satisfaction, we could be exposed to penalties and restrictions, and our ability to conduct our business may be adversely affected.

25. We are subject to macro-economic developments and other market factors, and our results of operations may fluctuate or decline from period to period.

Our business is subject to a number of macro-economic factors that are outside of our control, including GDP growth, inflation, fiscal deficits, international and domestic political and economic conditions, fiscal and monetary policies of governments and central banks, and changes in interest rates, which may adversely impact us from time to time. As a result of the volatility of these macro-economic factors, including interest rates; and provisions we make from period to period for NPAs and other assets, commitments and contingencies (such as for letters of credit and bank guarantees), our results of operations have varied from period to period in the past and may fluctuate or decline in the future due to these and other factors. Such fluctuations may also adversely affect our liquidity. These factors may also make period-to-period comparisons of our operating results less meaningful than they would be for a business that is not as significantly affected by such factors. Any adverse development in India or global macroeconomic conditions could have a material adverse effect on our business, financial condition, results of operations or prospects.

26. We may not be able to recover the expected value from the instruments collected from our Customers and/ or the sale of collateral security, in the case of defaults in our individual retail finance loan portfolio.

Our two-wheeler loans (which are individual retail finance loans) are typically secured by creating a charge over the vehicles purchased by our borrowers. We also collect NACH authorisation letters from our Customers at the time of disbursement of such loans. However, there can be no assurance that these instruments would be honoured when they are submitted to the respective banks for clearance. There can also be no assurance that we would be able to successfully retrieve payments due to us. Further, there can be no assurance that we would be able to sell such vehicles provided as collateral at prices sufficient to cover the amounts under default. Failure to recover or delay in recovering the expected value from sale of collateral security for our retail loans could expose us to potential losses, which could affect our business prospects, financial condition and results of operations.

27. There are outstanding legal proceedings involving our Company and some of our Directors, and adverse outcomes in such proceedings may negatively affect our business and results of operations.

As on the date of this Prospectus, we are involved in certain legal proceedings which are pending at different levels of adjudication before various courts, tribunals and appellate authorities. A summary of outstanding litigation in relation to criminal matters, tax proceedings and certain other material litigation involving our Company has been set out below. Any adverse rulings in these proceedings or consequent levy of penalties by statutory authorities on our Company may have an adverse effect on our cash flows, business, financial condition and results of operations.

Litigation against our Company

Nature of the cases/ claims	No. of cases outstanding	Amount involved (In ₹ million)
Civil proceedings	1*	-
Direct Tax proceedings	1	4.79

* *Public Interest Litigation number 5640 of 2017 filed against various MFIs in Maharashtra*

Litigation by our Company

Nature of the cases/ claims	No. of cases outstanding	Amount involved (In ₹ million)
Criminal proceedings	60	1.28

Litigation against our Directors

Nature of the cases/ claims	No. of cases outstanding	Amount involved (In ₹ million)
Statutory and regulatory actions	3*	0.39

* *Cases pending before CJM, Palakkad against our Independent Director, R. Prabha*

The amounts claimed in these proceedings have been disclosed to the extent ascertainable and include amounts claimed jointly and severally. If any new developments arise, such as a change in Indian law or rulings against us by appellate courts or tribunals, we may need to make provisions in our financial statements that could increase our expenses and current liabilities. For further details of legal proceedings involving our Company and our Directors, see "*Outstanding Litigation and Material Developments*" on page 276. We cannot assure you that these legal proceedings will be decided in our favour. Even if we are successful in defending such cases, we will be subject to legal and other associated costs, which may be substantial.

28. We have allotted preference shares in the past without obtaining the necessary corporate authorisations, or making the requisite corporate filings or amending our Memorandum of Association. We cannot assure you that such contraventions will not occur in the future.

We have made an allotment of compulsorily convertible cumulative preference shares in the past without having the necessary authorisations under our Memorandum of Association. We allotted 920,000 compulsorily convertible cumulative preference shares in 2008 at the face value of ₹100 per compulsorily convertible cumulative preference share, when our Memorandum of Association did not permit issuance of preference share capital. At the time of making this allotment in 2008, while our memorandum and articles empowered us to issue 18,000,000 Equity Shares, our Company allotted 920,000 compulsorily convertible cumulative preference shares without altering the capital clause of the then prevailing memorandum of association. While the compulsorily convertible cumulative preference shares were allotted without re-classifying the authorized share capital of our Company, subsequent to their issuance, the aggregate issued, subscribed and paid-up share capital of our Company was within the overall authorized share capital of ₹180,000,000.

We sought to address these non-compliances with the Companies Act, 1956 by making a compounding application dated January 20, 2018 with the Regional Director, South-East Region, Hyderabad, Ministry of Corporate Affairs ("**Regional Director**") and the relevant corporate filings were made with the RoC. On April 10, 2018, the Regional Director compounded the offences under Section 94 and Section 13(4) of the Companies Act, 1956 upon payment of a compounding fees of ₹5,000 each by the Company and two officers of the Company who were in default under the aforesaid provisions. However, we cannot assure you that such contraventions may not occur in the future or that the MCA or the Registrar of Companies will condone these irregularities or that the penalty imposed will not be material and that it will not have a material adverse effect on our reputation, business, financial condition or that we will pay such amounts in time or at all.

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

As we handle a large amount of cash through a high volume of transactions taking place across our branch network, we are exposed to the risk of fraud or other misconduct by employees or outsiders. This risk is further exacerbated by the high level of autonomy on the part of our loan officers and back-end managers, which our business model requires. For instance, in the past, we have discovered a few cases of theft, robbery and cash embezzlement by either third parties or employees. During the year ended March 31, 2015, there was an instance of misappropriation of cash by one of our employees amounting to ₹0.05 million. Further, during the year ended March 31, 2014, there were instances of cash embezzlement by our employees amounting to ₹0.28 million, and loans given to non-existent borrowers on the basis of fictitious documentation created by our employees aggregating to ₹0.04 million. Fraud and other misconduct can be difficult to detect and deter. Given the high volume of transactions we process on a daily basis, certain instances of fraud and misconduct may go unnoticed or may only be discovered and successfully rectified after substantial delays. Even when we discover such instances of fraud or theft and pursue them to the full extent of the law or with our insurance carriers, there can be no assurance that we will recover any of the amounts involved in these cases. Our reputation could be adversely affected by fraud committed by employees, customers or outsiders, or by our perceived inability to properly manage fraud-related risks. We make a provision in our financial statements for 100.00% of the value of any fraud discovered by us. Further, to the extent that our employees are subject to violent attacks, theft or robbery in the course of their duties in certain areas where we have operations/

branches, our ability to service such areas will be adversely affected and our employee recruiting and retention efforts may be curtailed, which would negatively impact our expansion and growth plans. In addition, if certain areas of India pose a significantly higher risk of crime or political strife and instability, our ability to service such areas will be adversely affected and our expansion and growth may be curtailed. In addition, our dependence upon automated systems to record and process transactions may further increase the risk that technical system flaws or employee tampering or manipulation of those systems will result in losses that are difficult to detect.

30. Our insurance coverage may not be adequate to protect us against all potential losses, which may have a material adverse effect on our business, financial condition and results of operations.

Our operations are subject to various risks inherent to the finance industry, as well as theft, robbery, acts of terrorism and other force majeure events. We currently maintain a money insurance policy that covers burglary, theft and robbery of cash maintained at our properties and branches and cash-in transit, fidelity guarantee insurance against losses sustained as a result of fraud and/ or dishonest conduct, and directors' and officers' liability insurance covering liability pay-outs by our directors and key officers. None of our insurance policies are assigned in favour of any third-party. We may not have identified every risk and further may not be insured against every risk, including operational risk that may occur and the occurrence of an event that causes losses in excess of the limits specified in our policies, or losses arising from events or risks not covered by insurance policies or due to the same being inadequate, could materially harm our financial condition and future results of operations. There can be no assurance that any claims filed will be honoured fully or timely under our insurance policies. Also, our financial condition may be affected to the extent we suffer any loss or damage that is not covered by insurance or which exceeds our insurance coverage. In particular, we do not maintain any direct insurance coverage over our loan portfolio. In addition, we may not be able to renew certain of our insurance policies upon their expiration, either on commercially acceptable terms or at all.

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

We may in the ordinary course of business to obtain improve liquidity and minimize risks, assign or securitize a portion of our receivables from our loan portfolio to banks and NBFCs. Such securitization/ assignment transactions are undertaken by us on the basis of our internal estimates of funding requirements, and may vary from time to time. In the years ended March 31, 2015 and 2016, the book value of loans securitized was ₹1,641.35 million and ₹963.52 million, respectively. The book value of loans securitized was ₹0.00 and ₹0.00 for the year ended March 31, 2017 and March 31, 2018, respectively. Any change in the RBI or other government regulations in relation to assignments securitisations by NBFCs could have an adverse impact on our assignment/ securitisation initiatives.

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

32. We may breach third-party intellectual property rights.

We may be subject to claims by third-parties, both inside and outside India, if we breach their intellectual property rights by using slogans, names, trademarks or other such rights that are of a similar nature to the intellectual property these third-parties may have registered or are using. We might also be in breach of such third-party intellectual property rights due to accidental or purposeful actions by our employees where we may also be subjected to claims by such third-parties.

Any legal proceedings that result in a finding that we have breached third-parties' intellectual property rights, or any settlements concerning such claims, may require us to provide financial compensation to such third-parties or stop using the relevant intellectual property (including by way of temporary or permanent injunction) or make changes to our marketing strategies or to the brand names of our products, any of which may have a material adverse effect on our business, prospects, reputation, results of operations and financial condition.

33. We rely on third-party service providers who may not perform their obligations satisfactorily or in compliance with law.

We enter into arrangements with third-party vendors, separate employees and independent contractors to provide services that include, among others, telecommunications infrastructure services and software services including for core banking and e-KYC solutions. We also enter into agreements with credit bureaus for availing credit assessment and other services. We cannot guarantee that there will be no disruptions in the provision of such services or that these third-parties will adhere to their contractual obligations. If there is a disruption in the third-party services, or if the third-party service providers discontinue their service agreements with us, our business, financial condition and results of operations will be adversely affected. In case of any dispute, we cannot assure you that the terms of such agreements will not be breached, and this may result in litigation or other costs. Further, certain of our agreements, including an agreement with a credit bureau, require us to indemnify our counterparties for certain losses, and limit contractual or other liabilities of our counterparties to fees or other amounts received by them from us for a certain period of time. If such indemnities are invoked, or if our counterparties limit their liabilities to an extent that our losses are not fully recovered, we may incur additional costs. Such additional costs, in addition to the cost of entering into agreements with third-parties in the same industry, may materially and adversely affect our business, financial condition and results of operations.

34. The examination report of our Statutory Auditors on the Restated Financial Statements makes references to certain qualifications.

In their examination report on our Restated Financial Statements, our Statutory Auditors have made references to certain qualifications which were reported in the annexure to the audit reports pursuant to the Companies (Auditor‘s Report) Order, 2003, Companies (Auditor‘s Report) Order, 2015 and Companies (Auditor‘s Report) Order, 2016, as amended, and as applicable and in relation to reporting on specified bank notes pursuant to Rule 11(d) of the Companies (Audit and Auditors) Amendment Rules, 2017. Specifically, in the examination report on our Restated Financial Statements for the year ended March 31, 2017, a note has been made as to our Company holding specified bank notes on November 8, 2016 and December 30, 2016 as well as dealing in specified bank notes during the period from November 9, 2016 and December 30, 2016. We cannot assure you that our Company may not be penalized by the GoI or any other regulatory authority on account of holding or dealing in specified bank notes. For further details of these qualifications, see "*Summary of Financial Information – Reservations, Qualifications and Adverse Remarks in the last five Financial Years*" on page 58. Investors should consider these matters while evaluating our financial position, cash flows and results of operations.

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

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

	For the year ended March 31,			
	2018	**2017**	**2016**	**2015**
	(₹ in million)			
Net cash generated/ (used in) Operating Activities	(17,391.61)	(4,247.85)	(9,310.88)	(6,984.21)
Net cash generated/ (used in) Investing Activities	535.45	(48.92)	(39.46)	(8.71)
Net cash generated/ (used in) Financing Activities	14,835.39	5,791.01	9,343.58	5,974.09
Net increase/ (decrease) in Cash and Cash Equivalents	(2,020.78)	1,494.24	(6.76)	(1,018.83)

For further details, see "*Financial Statements*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 194 and 250, respectively. We cannot assure you that our net cash flows will be positive in the future.

36. We are subject to the risks associated with all our premises being leased.

As of March 31, 2018, our Registered Office and all our branches operate from premises taken on leave and license basis, and some of our agreements have expired and are expected to be renewed. Termination of or failure to renew lease agreements with a fixed term of lease for these premises on terms and conditions favorable to us or at all, may require us to shift the concerned branch offices to new premises, and we may incur substantial rent escalation and relocation costs as a result. This might adversely affect our business operations and make us incur additional expenses. We may also face the risk of being evicted in the event that our landlords allege a breach on our part of the terms of the lease agreements.

Further, certain lease agreements are not duly registered or adequately stamped. Failure to adequately stamp and register a document does not affect the validity of the underlying transaction but renders the document inadmissible in evidence (unless stamped prior to enforcement with payment of requisite penalties, which may be up to ten times the stamp duty payable, and other such fees that may be levied by the authorities). Further, documents which are insufficiently stamped are capable of being impounded by a public officer. Consequently, should any dispute arise in relation to our use of the relevant properties, we may be unable to, or may incur additional expenses to, enforce our rights in relation to such properties.

37. Our contingent liabilities could adversely affect our financial condition.

As of March 31, 2018, 2017 and 2016, we had the following contingent liabilities (as determined in accordance with AS-29 issued by ICAI) which have not been provided for:

Particulars	As at March 31,		
	2018	2017	2016
Credit enhancements provided by our Company towards securitization transactions (₹ in million)	0.00	0.00	82.24
Performance security provided by our Company pursuant to service provider agreement (₹ in million)	2.27	2.49	2.59

There can be no assurance that we will not incur similar or increased levels of contingent liabilities in the future. If the aforementioned contingent liabilities materialize, our profitability and cash flows may be adversely affected. See also "*Financial Statements*" on page 194.

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

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

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

39. Our results of operations could be adversely affected as a result of any disputes with our employees.

Our operations are personnel-driven, and we place a lot of emphasis on the effective training of our personnel in communication and service orientation skills. However, a failure to train and motivate our employees may lead to an increase in our employee attrition rates, erode the quality of customer service, divert management resources and impose significant costs on us which may have an adverse impact on our business and future financial performance. Our attrition rate for the financial year ended March 31, 2018 was 21.38%.

We employ 6,306 full-time employees as of March 31, 2018, and lay significant emphasis on our employees' overall welfare. However, there can be no assurance that there will not be any future disruptions in our operations due to any disputes with our employees, or that such disputes will not adversely affect our business and results of operations. We depend on our branch-level employees for sourcing, disbursements and collections and customer liaison, and significant attrition at any of our branches could adversely impact our operations.

Further, in the event of a labour dispute, protracted negotiations and strike action may impair our ability to carry on our day-to-day operations, which could materially and adversely affect our business, future financial performance and results of operations.

40. The rise of digital platforms and payment solutions may adversely impact our business model and there may be disintermediation in the loan market by fintech companies.

Disruption from digital platforms could have an adverse effect on our business model and the success of our products and services that we offer to our customers. We face threats to our business from newer business models that leverage technology to bring together savers and borrowers. We may not be competitive in facing up to the challenges from such newer entrants. This may, accordingly, have an adverse impact on our business and growth strategy.

41. Our ability to pay dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirements, capital expenditures and lender consents and there can be no assurance that we will be able to pay dividends in the future.

We currently intend to invest our future earnings, if any, to fund our growth. The amount of our future dividend payments, if any, will depend upon our future earnings, financial condition, cash flows, working capital requirements and capital expenditures. In addition, any dividend payments we make are subject to the prior consent of certain of our lenders pursuant to the terms of the agreements we have with them. We have not paid any dividends historically on our Equity Shares and there can be no assurance that we will be able to pay dividends in the future.

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

Our financial statements are prepared in conformity with Indian GAAP. No attempt has been made to reconcile any of the information given in this document to any other principles or to base it on any other standards. Indian GAAP differs in certain significant respects from IFRS, U.S. GAAP and other accounting principles with which prospective investors may be familiar in other countries. If our financial statements were to be prepared in accordance with such other accounting principles, our results of operations, cash flows and financial position may be substantially different. Prospective investors should review the accounting policies applied in the preparation of our restated financial statements, and consult their own professional advisers for an understanding of the differences between these accounting principles and those with which they may be more familiar.

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

We may, depending on our management's view and market conditions, pursue strategic investments or divestments, undertake acquisitions and enter into joint ventures. For example, by an order of the National Company Law Tribunal dated November 22, 2017, MV Microfin Private Limited, an erstwhile subsidiary of our Promoter, amalgamated with us with effect from April 1, 2017. For further details, see "*History and Certain Corporate Matters – Details regarding acquisition of business/ undertakings, mergers, amalgamation, revaluation of assets, if any*" on page 157.

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

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

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

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

44. Third party industry and industry-related statistical data in this Prospectus may be incomplete, out of date, incorrect or unreliable.

Neither we, nor any of the BRLMs have independently verified the data obtained from the official and industry publications and other industry sources referred in this Prospectus and therefore, while we believe them to be true, there can be no assurance that they are complete or reliable. Such data may also be produced on different bases from those used in the industry publications we have referenced. In particular, neither we, nor any of the BRLMs, nor any other person associated with the Offer has verified the information from the report titled "*CRISIL Research - Industry Report on Micro Finance Industry, January 2018*" prepared by CRISIL Limited ("**CRISIL Material**"), which has been prepared pursuant to an engagement between CRISIL Limited and our Company. The CRISIL Material is subject to certain disclaimers set out in "*Certain Conventions, Presentation of Financial Industry and Market Data and Currency of Presentation*" on page 10. Therefore, discussions of matters relating to India, its economy and our industry in this Prospectus are subject to the caveat that the statistical and other data upon which such discussions are based may be incomplete or unreliable. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. For example, the sections titled "*Industry Overview – Demonetization of specified bank notes (2016)*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Significant Factors Affecting our Results of Operations – The performance of the microfinance industry in India*" on pages 102 and 251, respectively, of this Prospectus discuss the impact of demonetization on the microfinance industry and provide a comparison of our performance post demonetization with the industry (based on certain metrics). The latest industry related data presented in these sections is as of September 30, 2017, which may no longer be reflective of the current industry 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 or report and do not take responsibility for any errors or omissions or for the results obtained from using their data or report. Accordingly, investors should not place undue reliance on, or base their investment decision on this information. See "*Industry Overview*" on page 95.

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

Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance have been included in this Prospectus. We compute and disclose such non-GAAP financial measures and other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance. We have also included in this Prospectus financial information including but not limited to our Average Gross AUM, Average Cost of Borrowings and Operating Expenses, that may be different from those followed by other financial services companies. For further information, see "*Selected Statistical Information*" on page 181. These non-GAAP financial measures, and other statistical and other information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the financial services industry. Therefore, such information may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other NBFCs, NBFC-MFIs, SFBs and other financial services companies.

46. Our management will have broad discretion over the use of the Net Proceeds and the Net Proceeds might not be applied in ways that increase the value of your investment.

We intend to use the Net Proceeds for the purposes described in the "*Objects of the Offer*" on page 87 of this Prospectus. We currently intend to use the Net Proceeds from the Fresh Issue towards augmenting our capital to meet future capital requirements. Pending utilization of the Net Proceeds, we intend to deposit such Net Proceeds in one or more scheduled commercial banks included in the Second Schedule of the Reserve Bank of India Act, 1934, as may be approved by our Board. Our management will have broad discretion to use the Net Proceeds (which have not been independently apprised) and you will be relying on the judgment of our management regarding the application of the Net Proceeds.

Expenditure of the Net Proceeds in our business may not lead to an increase in 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 to achieve profitable growth in our business, which may impact our prospects and results of operations.

47. We will not receive any proceeds from the Offer for Sale. Our Promoter, CAA, will receive the entire proceeds from the Offer for Sale.

This Offer includes an Offer for Sale of 11,876,485 Equity Shares by our Promoter, CAA. The entire proceeds from the Offer for Sale will be paid to our Promoter and we will not receive any such proceeds. For further details, see "*Capital Structure*" and "*Objects of the Offer*" on pages 70 and 87, respectively.

48. Our Executive Director and certain Key Management Personnel are interested in our Company and our Promoter by virtue of the shares and/ or ESOPs held by them.

Our Executive Director and certain Key Management Personnel are interested in our Company, in addition to regular remuneration or benefits and reimbursement of expenses, to the extent of their shareholding or stock options held by them in our Company. Further, our MD & CEO and our CFO are also interested in our Promoter to the extent of equity shares held by them in our Promoter.

Our Executive Director and Key Management Personnel may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the Equity Shares and/ or equity shares held in our Promoter. For details of the shareholding of our Directors and Key Management Personnel, see "*Capital Structure – Notes to Capital Structure*" on page 70 and for details of stock options held by our Directors and Key Management Personnel, see "*Capital Structure – Notes to Capital Structure - Employee Stock Option Schemes*" on page 80.

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

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

50. Any future issuance of Equity Shares may dilute your shareholding and sales of our Equity Shares by our Promoter or other major shareholders may adversely affect the trading price of the Equity Shares.

After the completion of the Offer, our Promoter will own, directly and indirectly, approximately 88.27% of our outstanding Equity Shares. Any future equity issuances by us, including in a primary offering, may lead to the dilution of your shareholdings. Any future equity issuances by us or sales of our Equity Shares by our Promoter or other major shareholders may adversely affect the trading price of the Equity Shares. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our Equity Shares. There can be no assurance that our Company will not issue Equity Shares or that our significant shareholders will not dispose of, pledge or encumber their Equity Shares in the future. For instance, in the event that the post-Offer shareholding of our Promoter is greater than 75% of the issued and paid-up Equity Share capital of our Company, then pursuant to the minimum public shareholding requirements prescribed under the SCRR, our Promoter will be required to reduce its shareholding in our Company within a period of three years to such an extent that the public shareholding in our Company is at least 25% of the issued and paid-up Equity Share capital of our Company.

Further, upon completion of the Offer, our Promoter will continue to exercise significant influence over our business policies and affairs and all matters requiring shareholder approval, including the composition of our Board, the adoption of amendments to our articles of association, the approval of mergers, strategic acquisitions and joint ventures and the sale of substantially all of our assets, and the policies for dividends, lending, investments and capital expenditures. For instance, pursuant to the corporate governance policy of our Promoter, any person holding greater than 7.50% of the issued and paid-up capital of our Promoter may request our Promoter to nominate a director on the board of directors of our Promoter or the board of a material subsidiary of our Promoter, including our Company. This concentration of ownership may also delay, defer or even prevent a change in control of our Company and may make some transactions more difficult or impossible without the support of our Promoter. The interests of our Promoter as our controlling shareholder may not be aligned with the interests of other shareholders. See also "- *Our Promoter, CAA has invested in other companies engaged in similar businesses as our Company in jurisdictions outside India, and may continue to invest in similar businesses. Further, some of our Directors are also directors on the board of directors of companies that are in the same line of business as our Company*" on page 26.

Risks Relating to Regulations

1. We operate in a highly regulated environment.

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

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

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

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

For more information, see "- *Changing laws, rules and regulations and legal uncertainties, including adverse application of tax laws and regulations, across the multiple jurisdictions we operate in may materially adversely affect our business and financial performance*" on page 35.

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

As an Indian NBFC ND-SI, we are subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions could constrain our ability to obtain financings on competitive terms and refinance existing indebtedness. In addition, there can be no assurance that any required regulatory approvals for borrowing in foreign currencies will be granted to us without onerous conditions, or at all. Limitations on foreign debt may have an adverse effect on our business growth, financial condition and results of operations.

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

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

The governmental and regulatory bodies in India and other jurisdictions where we operate may notify new regulations and/ or policies, which may require us to obtain approvals and licenses from the government and other regulatory bodies, or impose onerous requirements and conditions on our operations, in addition to those which we are undertaking currently. Any such changes and the related uncertainties with respect to the implementation of new regulations may have a material adverse effect on our business, financial condition and results of operations. See "*Regulations and Policies*" on page 147.

In addition, unfavourable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations including foreign investment laws governing our business, operations and investments in our Company by non-residents, could result in us being deemed to be in contravention of such laws and/ or may require us to apply for additional approvals.

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

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

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

Further, as of March 31, 2018, we had a total of 6,306 full-time employees. Our full-time employees are employed by us and are entitled to statutory employment benefits, such as a defined benefit gratuity plan, among others. In addition to our full-time employees, we empanel agencies for our outsourcing requirements and also engage persons on a contractual basis.

We are subject to various labour laws and regulations governing our relationships with our employees and contractors, including in relation to minimum wages, working hours, overtime, working conditions, hiring and terminating the contracts of employees and contractors, contract labour and work permits.

A change of law that requires us to increase the benefits to the employees from the benefits now being provided may create potentially liability for us. Such benefits could also include provisions which reduce the number of hours an employee may work for or increase in number of mandatory casual leaves, which all can affect the productivity of the employees.

A change of law that requires us to treat and extend benefits to our outsourced personnel, and personnel retained on a contractual basis, similar to our full-time employees may create potential liability for us. If we fail to comply with current and future health and safety and labour laws and regulations at all times, including obtaining relevant statutory and regulatory approvals, this could materially and adversely affect our business, future financial performance and results of operations.

4. In order to support and grow our business, we must maintain a minimum capital to risk weighted assets ratio, and a lack of access to the capital markets may prevent us from maintaining an adequate ratio.

As an NBFC-MFI, the RBI requires us to maintain a minimum capital to risk weighted assets ratio ("**CRAR**") consisting of Tier I and Tier II capital of 15% of our aggregate risk weighted assets. Further, the total of our Tier II capital cannot exceed 100% of our Tier I capital at any point of time. Our ability to support and grow our business would become limited if the CRAR is low. While we may access the capital markets to offset any declines to our CRAR, we may be unable to access the markets at the appropriate time or the terms of any such financing may be unattractive due to various reasons attributable to changes in the general environment, including political, legal and economic conditions.

As we continue to grow our loan portfolio and asset base, we will be required to raise additional Tier I and Tier II capital in order to continue to meet applicable CRAR with respect to our business. There can be no assurance that we will be able to raise adequate additional capital in the future on terms favourable to us, and this may adversely affect the growth of our business. In addition, any changes in the RBI or other government regulations in relation to securitizations and/ or assignments, by NBFCs in general or MFIs specifically could have an adverse impact on our assignment and securitization plans in the future. This may result in non–compliance with applicable capital requirements, which could have a material adverse effect on our business prospects, financial condition and results of operations.

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

5. Any non-compliance with mandatory AML and KYC policies could expose us to additional liability and harm our business and reputation.

In accordance with the requirements applicable to us, we are mandated to comply with applicable AML and KYC regulations in India. These laws and regulations require us, among other things, to adopt and enforce AML and KYC policies and procedures. For further details, see "*Regulations and Policies*" on page 147. While we have adopted policies and procedures aimed at collecting and maintaining all AML and KYC related information from our customers in order to detect and prevent the use of our business networks for illegal money-laundering activities, there may be instances where we may be used by other parties in attempts to engage in money-laundering and other illegal or improper activities.

Although we believe that we have adequate internal policies, processes and controls in place to prevent and detect AML activity and ensure KYC compliance, and have taken necessary corrective measures, there can be no assurance that we will be able to fully control instances of any potential or attempted violation by other parties and may accordingly be subject to regulatory actions including imposition of fines and other penalties by the relevant government agencies to whom we report. Our business and reputation could suffer if any such parties use or attempt to use us for money-laundering or illegal or improper purposes and such attempts are not detected or reported to the appropriate authorities in compliance with applicable regulatory requirements.

See "*Outstanding Litigation and Material Developments*" on page 276.

Risks Relating to India

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

Our results of operations and financial condition depend significantly on global macro-economic conditions and the health of the Indian economy. Various factors may lead to a slowdown in the Indian or world economy which in turn may adversely impact our business, financial performance and operations.

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

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

India's economy could be adversely affected by a general rise in interest rates, adverse weather conditions affecting agriculture, commodity and energy prices as well as various other factors. A slowdown in the Indian economy could adversely affect the policies of the GoI towards our industry, which may in turn adversely affect our financial performance and our ability to implement our business strategy.

The Indian economy is also influenced by economic and market conditions in other countries, particularly emerging market countries in Asia. A decline in India's foreign exchange reserves may also affect liquidity and interest rates in the Indian economy, which could adversely impact our financial condition. A loss of investor confidence in other emerging market economies or any worldwide financial instability may adversely affect the Indian economy, which could materially and adversely affect our business and results of operations and the market price of the Equity Shares.

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

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

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

The Indian market and the Indian economy are influenced by economic and market conditions in other countries, particularly emerging market countries in Asia. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy. Financial disruptions may occur and could harm our business, our future financial performance and the prices of the Equity Shares.

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

Standard and Poor's ("**S&P**") and Fitch Ratings, Inc. ("**Fitch**") currently have stable outlooks on their sovereign rating for India and Moody's Investors Service Limited ("**Moody's**") has a positive outlook on its sovereign rating for India. There is no assurance that these stable/ positive outlooks would continue and they may lower their sovereign ratings for India or the outlook on such ratings, which would also impact the rating of our securities. Any adverse credit rating outlook on India would impact the country's outlook and cascade into interest rate and currency depreciation.

There can be no assurance that these ratings will not be further revised or changed by S&P, Moody's or Fitch or that any of the other global rating agencies will not downgrade India's credit rating. Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing and the interest rates and other commercial terms at which such financing is available. Any of these developments may materially and adversely affect our business, financial condition and results of operations.

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

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

The Indian rupee also faces challenges due to the volatile swings in capital flows. Even though the Indian rupee has been fairly stable since the start of calendar year 2017, it may come back under pressure given the possibility of global fund flows from emerging markets to the U.S. markets over the medium term. Additionally, some anxiety about the prospect of sub-normal monsoons adversely affecting the domestic economy could make investors circumspect of investing in domestic assets. The weak monsoons of fiscal year 2016 and 2015 weakened the purchasing and investing power in India. Further, there remains a possibility of intervention in the foreign exchange market to control volatility of the exchange rate. The need to intervene may result in a decline in India's foreign exchange reserves and subsequently reduce the amount of liquidity in the domestic financial system. This in turn could cause domestic interest rates to rise.

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

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

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

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

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

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

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

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

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

8. A slowdown in economic growth in India could cause us to experience slower growth in our asset portfolio and may lead to deterioration in the quality of our assets.

Our financial performance and the quality and growth of our asset portfolio are necessarily dependent on the health of the overall Indian economy, which in turn is linked to global economic conditions. Below-trend global growth and/ or domestic factors may adversely affect the growth prospects of the Indian economy. This could adversely affect our business, including our ability to grow our asset portfolio, the quality of our assets and our ability to implement our strategy. The Indian economy may be adversely affected by volatile oil prices, given India's dependence on imported oil for its energy needs, inflationary pressures and weather conditions adversely affecting the Indian agricultural market or other factors. This may have a cascading impact on our asset portfolio. In addition, the Indian economy is in a state of transition. The share of the services sector of the economy is rising, while that of the industrial, manufacturing and agricultural sectors is declining. Finally, India faces various challenges in sustaining its growth, which include the need for substantial infrastructure development and improving access to healthcare and education. If the Indian economy deteriorates, our asset base may erode, and our asset quality ratio may deteriorate, which would result in a material decrease in our net profits and total assets.

9. We may be adversely impacted by the transition to IND (AS) for periods beginning from April 1, 2018.

India has decided to adopt the "*Convergence of its existing standards with IFRS*" and not the "International Financial Reporting Standards" ("**IFRS**"). These "IFRS based/ synchronized Accounting Standards" are referred to in India as IND (AS). As per the MCA notification dated February 16, 2015, NBFCs shall be required to apply the IND (AS) for preparation of its financial statements. Such requirement is applicable from April 1, 2018 with comparative IND (AS) numbers for up to March 31, 2018.

Accordingly, we are required to prepare our financial statements in accordance with IND (AS) with effect from April 1, 2018. While we have yet not determined with any degree of certainty the impact that the adoption of IND (AS) will have on our financial statements, we are aware that IND (AS) will impact certain items in our financial statements. For example, IND (AS) requires the application of the 'expected credit loss' method for the calculation of provisioning levels, which differs from our current accounting policy relating to provisions and may lead to an increase in our provisions in future periods.

For a summary of the significant qualitative differences between Indian GAAP and Ind AS as applicable to our Company, see "*Summry of Certain Significant Differences between Indian GAAP and Ind AS*" on page 247. However, this summary may not contain all significant differences between Indian GAAP and Ind AS applicable to our Company and reliance by prospective investors on this summary should be limited. Accordingly, our financial statements for the period commencing from April 1, 2018 will not be comparable to our historical financial statements. Further, our financial statements for fiscal 2018 prepared under Ind AS will not be comparable to our financial statements prepared for such period under Indian GAAP.

Risks Relating to the Equity Shares

1. We have issued Equity Shares during the last 12 months at a price that may be lower than the Offer Price.

During the last 12 months, we have issued Equity Shares at a price that may be lower than the Offer Price, as set out in the table below:

Date of Allotment	No. of Equity Shares	Face Value per Equity Share (₹)	Issue price per Equity Share (₹)	Nature of Consideration	Reason for Allotment
November 1, 2017	8,270,677	10	133	Cash	Preferential allotment
November 29, 2017	151,500	10	39.86	Cash	Allotment for cash pursuant to the exercise of stock options held under the ESOP Plan
	30,750		63.90		
	618,000		27		
December 28, 2017	15,584,415	10	154	Cash	Preferential allotment
December 28, 2017	12,987,012	10	154	Cash	Conversions of CCDs
December 28, 2017	4,890,140	10	-	Other than cash	Allotment pursuant to the amalgamation of MV Microfin Private Limited with our Company
March 1, 2018	93,750	10	27	Cash	Allotment for cash pursuant to the exercise of stock options held under the ESOP Plan
	26,000	10	39.86		
	28,750	10	63.90		
	65,000	10	84.47		

The prices at which Equity Shares have been issued by us in the last one year should not be taken to be indicative of the Price Band, Offer Price and the trading price of our Equity Shares after listing.

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

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

The recent Finance Act 2017 amendments provided that where the shares have been acquired on or after October 1, 2004 and on which STT has not been paid at the time of acquisition, then the exemption of Long Term Capital Gains under section 10(38) of the Income Tax Act 1961 would not be available. This amendment further provides that the Government will notify certain modes of acquisition to which the recent amendment made by Finance Act 2017 would not be applicable and the shares acquired by such modes of acquisition would continue to get the benefit of section 10(38) of the Income Tax Act 1961.

Further, any gain realised on the sale of listed Equity Shares held for a period of 12 months or less will be subject to short-term capital gains tax in India. Capital gains arising from the sale of the Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares. Additionally, in view of the individual nature of the tax consequences and the changing tax laws, each prospective investor is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in this Offer.

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

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

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

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

Prominent Notes

1. Our Company was incorporated as Sanni Collection Private Limited on June 12, 1991 at Calcutta, West Bengal, India as a private limited company under the Companies Act, 1956. In February 2007, the entire shareholding of SCPL was acquired by Vinatha M. Reddy, Vijitha Subbaiah and Suresh K. Krishna, in their respective individual capacity. At the time of the acquisition, SCPL also held a certificate of registration as a non-deposit taking NBFC dated March 30, 1998. Subsequently, in October 2007, the microfinance business being operated under T. Muniswamappa Trust, a public charitable trust engaged in the business of providing micro loans in Karnataka (including all associated assets, liabilities, goodwill, receivables, loan assets and intellectual property, including the brand name "Grameen Koota") was transferred to SCPL. The microfinance business being operated under TMT was established as a programme under the name "Grameen Koota" in 1999. Subsequent to the acquisition of SCPL and the transfer of the microfinance business of TMT to SCPL, SCPL was rebranded under the "Grameen" name, and pursuant to a resolution of the shareholders of SCPL, its name was changed from SCPL to Grameen Financial Services Private Limited ("GFSPL"). A fresh certificate of incorporation consequent upon change of name by the Registrar of Companies, West Bengal on March 14, 2008, post which the Reserve Bank of India granted a certificate of registration dated July 28, 2009 reflecting the change of name. Subsequently, the RBI granted a fresh certificate of registration dated February 6, 2012 for registration as an NBFC under Section 45 IA of the Reserve Bank of India Act, 1934.

2. Our Company was granted NBFC-Microfinance Institution status by the RBI with effect from September 5, 2013. Subsequently, pursuant to a resolution passed by the shareholders of our Company, the name of our Company was changed to Grameen Koota Financial Services Private Limited, and a fresh certificate of incorporation consequent upon change of name was issued by the RoC on November 13, 2014. Further, a fresh certificate of registration consequent upon change of name was issued to our Company by the RBI on December 16, 2014. Subsequently, our Company was converted into a public limited company pursuant to a special resolution passed by our Shareholders at the EGM held on November 27, 2017 and the name of our Company was changed to Grameen Koota Financial Services Limited. A fresh certificate of incorporation consequent upon conversion to a public limited company was issued by the RoC on December 18, 2017. Subsequently, pursuant to a resolution passed by the shareholders of our Company at the EGM held on January 2, 2018, the name of our Company was changed to CreditAccess Grameen Limited, and a fresh certificate of incorporation consequent upon change of name was issued by the RoC on January 12, 2018. Subsequently, the RBI granted a fresh certificate of registration dated January 19, 2018, bearing registration number B – 02.00252 for registration as an NBFC under Section 45 IA of the Reserve Bank of India Act, 1934 under the name "CreditAccess Grameen Limited". For further details, see "*History and Certain Corporate Matters*" on page 153.

3. This Offer is for 26,805,394 Equity Shares for cash at price of ₹422.00 (including a premium of ₹412.00 aggregating to ₹ 11,311.88 million comprising of a Fresh Issue of 14,928,909 Equity Shares aggregating to ₹6,300.00 million by our Company and Offer for Sale of 11,876,485 Equity Shares aggregating to ₹5,011.88 million by the Promoter Selling Shareholder. This Offer is being made under Rule 19(2)(b) of the SCRR.

4. Our net worth was ₹6,904.10 million as at March 31, 2017 and ₹14,270.83 million as at March 31, 2018, as per our Restated Financial Statements.

5. Our net asset value per Equity Share was ₹80.58 as at March 31, 2017 and ₹111.12 as on March 31, 2018, as per our Restated Financial Statements.

6. As certified by Manohar & Venkata, Chartered Accountants pursuant to their certificate dated July 13, 2018 the average cost of acquisition of Equity Shares by our Promoter in respect of their shareholding is ₹102.19 per Equity Share.

7. As of the date of this Prospectus, we do not have any subsidiaries or group companies.

8. For details of related party transactions entered into by our Company during the last Fiscal and the nature of transactions, see "*Related Party Transactions*" on page 179 of this Prospectus.

9. There have been no financing arrangements whereby our Promoter, directors of our Promoter, Promoter Group, our Directors and their relatives have financed the purchase by any other person of securities of our Company other than in the normal course of the business of the financing entity during the period of six months immediately preceding the filing of the Prospectus.

10. Our Company has undergone changes to its name in the past one year prior to filing of the Prospectus by virtue of being converted from a private limited company to a public limited company, and for certain other reasons (see "*History and Certain Corporate Matters*" on page 153). However, there has been no change to the nature of activities carried on by our Company on account of such changes to the name.

11. Investors may contact any of the Book Running Lead Managers, all of who have submitted the due diligence certificate to SEBI for any complaints, information or clarification pertaining to the Offer. For further information regarding grievances in relation to the Offer, see "*General Information*" on page 61 of this Prospectus.

12. Aggregate short-term loan and advances given to related party for last year and its value as a percentage of net worth of our Company for last five years: nil.

12. Aggregate related party revenue from operations and its value as a percentage of revenue of our Company: nil**.**

SECTION III: INTRODUCTION

SUMMARY OF INDUSTRY

*All the information contained in this section is derived from the CRISIL Research report titled "Industry Report on microfinance industry" published in January 2018 (the "**CRISIL 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.*

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 Prospectus, including the information in the sections titled "Risk Factors", "Industry Overview", "Our Business", "Management's Discussion and Analysis of Financial Condition and Results of Operation" and "Financial Information" on pages 15, 95, 125, 250 and 194, respectively. An investment in the Equity Shares involves a high degree of risk. This section contains industry related data and statistics from the report titled "CRISIL Research - Industry Report on the Micro Finance Industry, January 2018" prepared by CRISIL Research, which we have commissioned.

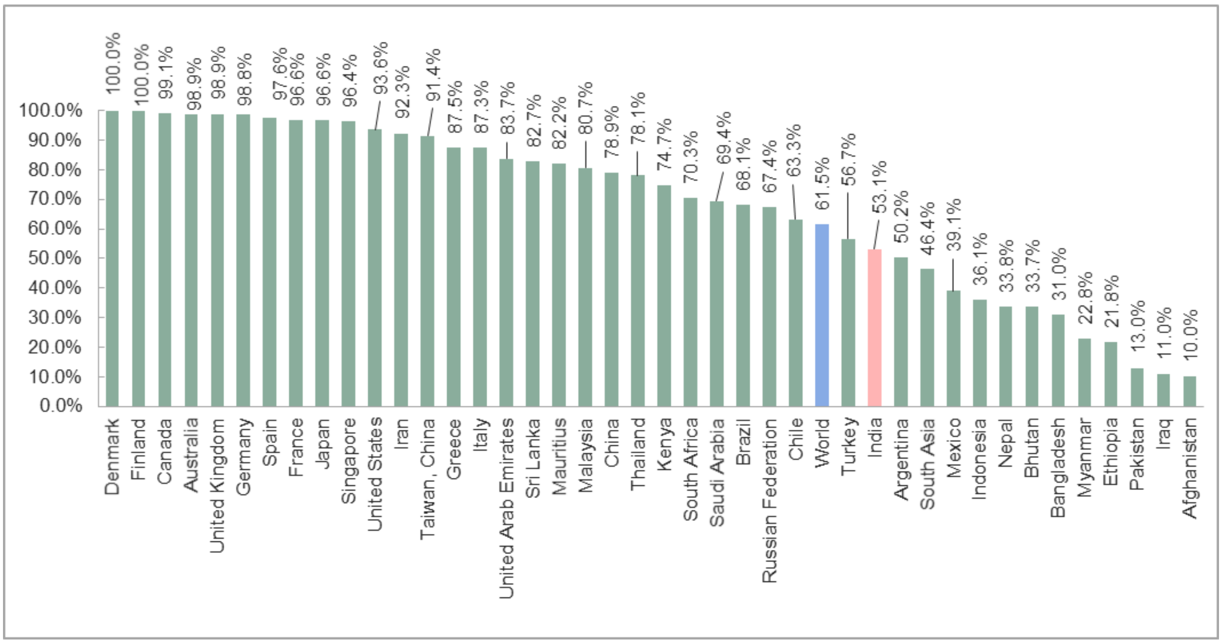
Financial Inclusion

Current scenario and key developments

CRISIL Research notes that financial inclusion is imperative for sustaining equitable growth and participation in India's economy by various socio-economic classes, as financial access correlates to increased economic opportunity. In India, the major reasons for financial exclusion are poverty and low income, financial illiteracy, high transaction costs and lack of infrastructure (primarily IT). Consequently, a significant proportion of India's population today still does not have access to formal banking facilities.

The global average of adult population with an account at a bank, financial institution or other mobile money provider is approximately 62% (*Source: World Bank, 2015*). Approximately 53% of adults in India have an account with a bank, financial institution or other mobile money provider, which is above that of South Asia as a whole (which is around 46%). CRISIL Research notes that as of 2014, 21% of the world's unbanked adults resided in India. Therefore, India has the highest number of unbanked adults in the world, approximately 420 million, which is much higher than China's 240 million unbanked adults, considering the total global unbanked population as 2 billion. While the Pradhan Mantri Jan Dhan Yojana (PMJDY) in India has increased access to bank accounts by India's unbanked population, the availability of credit remains a challenge to large swathes of the Indian population.

Adult population with bank account (percentage): India vis-à-vis other countries

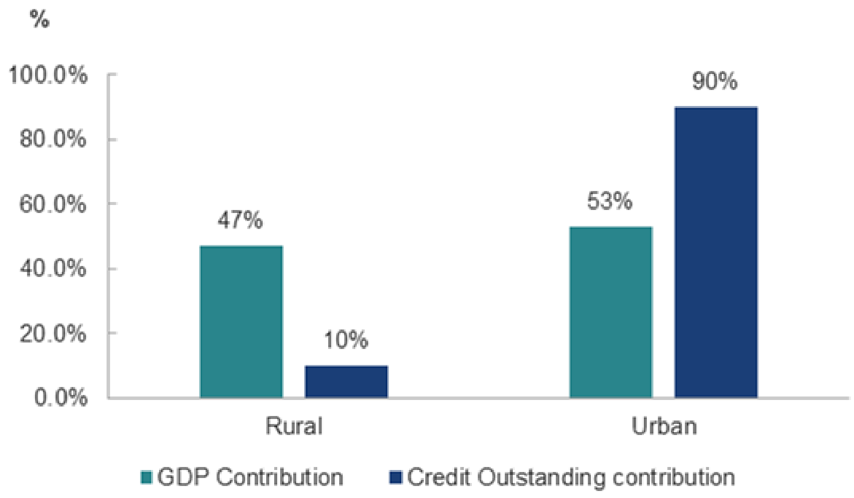


Note: Global Findex data for India excludes northeast states, remote islands and selected districts; account penetration is for the population within the age group of 15+.
Source: World Bank (2015), CRISIL Research

Rural areas account for half of GDP, but less than 10% of banking credit

As of March 31, 2016, there were almost 640,000 villages in rural India inhabited by about 850 million consumers who make up 65-70% of the total population and contribute to nearly half of the country's gross domestic product (GDP). Despite rural India's large contribution towards the country's GDP, it accounts for only about 10% of the country's total credit outstanding in comparison to the 90% for urban India as of March 31, 2016. The divergence between rural India's contributions to the country's GDP and its access to banking credit is indicative of the extremely low financial inclusion in rural India.

Low penetration of banking credit in rural areas (2015-16)



Source: RBI, CRISIL Research estimates

Notwithstanding the Government of India's efforts to bolster financial inclusion, the number of credit and deposit accounts in rural India was almost half that of urban India as of 2015-16.

Large variations in availability of credit across states and districts

CRISIL Research estimates that only 5-7% of India's rural population has a loan account with banks. These figures also vary widely across states and within various districts in the same state, which suggests there are opportunities to reach bank customers that are currently unserved or underserved. In value terms, Maharashtra, West Bengal, Gujarat and Chhattisgarh have less than 10% of total credit outstanding in rural areas as of March 31, 2016. Furthermore, Karnataka, Gujarat and Chhattisgarh have more than 70% of their total credit outstanding concentrated in five districts as of March 31, 2016, indicating wide variations in credit availability across districts in the same state as well. Launched in August 2014, the PMJDY is a prominent force which focuses on ensuring households have affordable access to financial services such as banking, savings and deposit accounts, remittance, credit, insurance and pension.

State-wise rural credit accounts in banks and top 5 districts concentration

State	No. of districts	% of accounts in rural areas (FY16)	% of credit outstanding in rural areas (FY16)	Top 5 districts based on population	Population % of top 5 districts	Concentration of accounts in top 5 districts	Concentration of credit outstanding in top 5 districts
Bihar	38	55%	31%	Patna, Purba Champaran, Muzaffarpur, Madhubani, Gaya	24%	24%	43%
Uttar Pradesh	75	53%	24%	Allahabad, Ghaziabad, Moradabad, Lucknow, Azamgarh	13%	12%	23%
Andhra Pradesh	13	44%	21%	East Godavari, Guntur, Krishna, Visakhapatnam, Chittoor	45%	46%	59%
Rajasthan	33	39%	21%	Jaipur, Jodhpur, Alwar, Nagaur, Udaipur	30%	33%	48%
Madhya Pradesh	51	36%	18%	Indore, Bhopal, Jabalpur, Rewa, Sagar	18%	26%	51%

State	No. of districts	% of accounts in rural areas (FY16)	% of credit outstanding in rural areas (FY16)	Top 5 districts based on population	Population % of top 5 districts	Concentration of accounts in top 5 districts	Concentration of credit outstanding in top 5 districts
Karnataka	30	32%	11%	Bangalore Urban, Belgaum, Mysore, Bellary, Tumkur	39%	48%	74%
Tamil Nadu	32	34%	10%	Chennai, Kancheepuram, Thiruvallur, Vellore, Viluppuram	29%	27%	57%
Chhattisgarh	27	39%	9%	Raipur, Durg, Bilaspur, Surguja, Janjgir - Champa	56%	45%	76%
West Bengal	20	48%	9%	North Twenty-Four Parganas, South Twenty-Four Parganas, Barddhaman, Murshidabad, Paschim Medinipur	43%	34%	14%
Gujarat	33	25%	8%	Ahmedabad, Surat, Vadodara, Rajkot, Banas Kantha	41%	48%	76%
Maharashtra	36	17%	3%	Thane, Pune, Mumbai Suburban, Nashik, Nagpur	37%	42%	23%

Note:
These states account for over 75% of the total population and they are arranged in descending order of percentage of credit outstanding in rural areas
Source: The RBI, Census, CRISIL Research

Key steps taken by government to boost financial inclusion

The Reserve Bank of India ("**RBI**") and the government of India have taken a number of measures to improve access by unbanked areas to India's formal banking system over the past five to seven years. For example, the RBI has endorsed the use of "no-frill" accounts, the business correspondent (BC) model, a liberalisation of branch expansion/ ATM policy, new technology-led products and services, financial literacy programmes, payment banks and small finance banks, the Aadhaar card, the establishment of the PMJDY, and Micro Units Development & Refinance Agency Ltd (MUDRA). Nonetheless, rural India remains an unserved and underserved population in relation to the country's formal banking system.

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

1. **PSL Requirements:** The RBI currently requires 40% of aggregate bank advances to be allocated towards PSL initiatives. The PSL initiatives include medium enterprises, social infrastructure and renewable energy. Compliance with the RBI's PSL requirements are being assessed on quarterly average basis at the end of the respective year from fiscal year 2016-17 onwards. As per the RBI, these sub-divisions include:

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

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

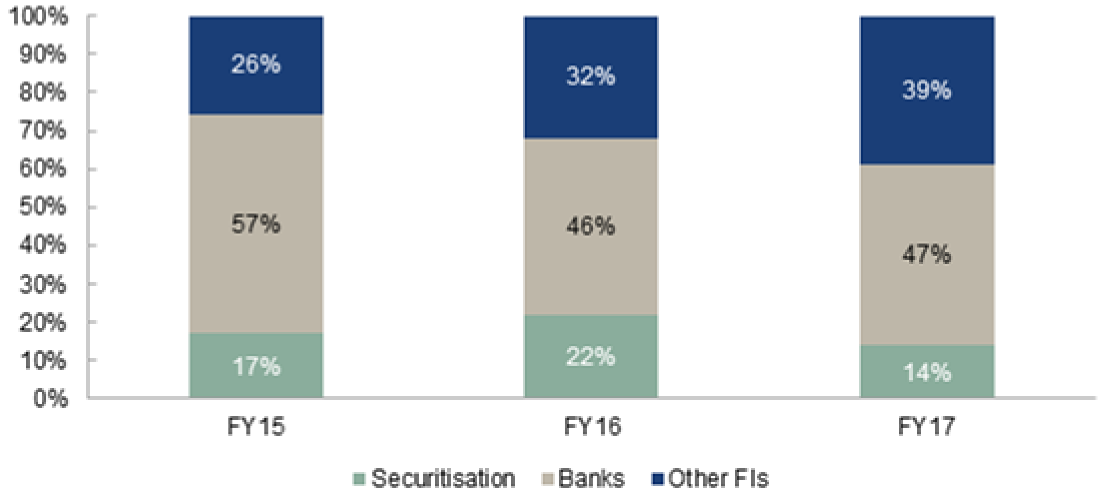
    - **Renewable energy**: Bank loans up to ₹ 150 million per borrower will be provided for purposes such as solar-based power generators, biomass-based power generators, wind mills, micro-hydel plants and for non-conventional energy-based public utilities. For individual households, the loan limit will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

    - **Micro credit:** 7.5% of ANBC or credit equivalent amount of off-balance sheet exposure for all scheduled commercial banks should be given in the form of micro-credit.

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

- **Education loans:** Education loans include loans and advances granted to individuals, only for educational purposes including vocational courses, up to ₹ 1 million. These loans and advances will be considered as eligible for priority sector.

Based on the graph below, bank loans form majority of the MFI funding mix and MFIs are likely to benefit from the banks' PSL requirements because their advances are mostly used for PSL initiatives whereas SFBs are unable to borrow as much from the banks as compared to the past.



Note: Data of 5 SFBs not included
Source: MFIN, CRISIL Research

2. **MFIs**: Microfinance institutions (MFIs) have a significant role to play in furthering financial inclusion. Eight out of the ten players awarded small finance bank (SFB) licences were MFIs prior to being granted licences. There are more than 160 MFIs spanning all legal forms – societies, trusts, Section 25 companies, non-banking finance companies-MFIs (NBFC-MFIs) and co-operatives as of September 2017. The business of NBFC-MFIs (including SFBs) has grown in recent years; their gross loan portfolio grew at a 5 year CAGR of 42% to ₹ 684 billion as of March 2017.

   CRISIL Research notes that the Andhra Pradesh (AP) crisis in 2010 (discussed below) caused an existential crisis for the industry for a brief period, but the industry has come out stronger with the RBI's comprehensive regulatory framework mitigating political and regulatory risks. Moreover, no credible alternative to microfinance has emerged. As per MFIN, MFIs have a borrower base of 39 million clients, which has grown at a CAGR of 31% from FY13 to FY17. As per MFIN, NBFC-MFIs have average ticket size of ₹ 21,971 and employee base of approximately 72,000, providing door-step credit to low income customers as of September 2017.

   Post demonetization of specified bank notes in November 2016, MFIs have started focusing on cashless disbursement. Consequently, 54% of the total disbursement by NBFC-MFIs were cashless - mostly through direct transfer to bank accounts in Q1 FY 2018.

   Going forward, CRISIL Research notes that NBFC-MFIs have growth opportunities by capturing market share from unorganised financiers and getting newer customers into their fold, increasing penetration with existing customers and entering new geographies.

3. **Small Finance Bank:** On September 16, 2015, the RBI awarded SFB licences to ten applicants, of which eight are MFIs. The primary objective of small finance banks is to improve financial inclusion by providing savings vehicles and supplying credit to small business units, small and marginal farmers, micro and small industries and other unorganised sector entities using the latest technology to lower cost of operations. To date, all eight MFIs have begun operations in India.

SUMMARY OF OUR BUSINESS

The following information should be read together with the more detailed financial and other information included in this Prospectus, including the information contained in "Our Business", "Industry Overview", "Risk Factors", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Financial Statements" on pages 125, 95, 15, 250 *and* 194, *respectively.*

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 this entire Prospectus, including the information in the sections titled "Risk Factors", "Industry Overview", "Our Business", "Management's Discussion and Analysis of Financial Condition and Results of Operation" and "Financial Information" on pages 15, 95, 125, 250 and 194, respectively. An investment in the Equity Shares involves a high degree of risk. This section contains industry related data and statistics from the report titled "CRISIL Research - Industry Report on the Micro Finance Industry, January 2018" prepared by CRISIL Research, which we have commissioned.

Overview

We are a leading Indian micro-finance institution headquartered in Bangalore, focused on providing micro-loans to women customers predominantly in Rural Areas in India. According to CRISIL Research, we were the third largest NBFC-MFI in India in terms of gross loan portfolio as of March 31, 2017. Our wide range of lending products addresses the critical needs of our Customers throughout their life cycle and includes income generation, family welfare, home improvement and emergency loans. We believe that our customer-centric business model, wide range of product offerings, as well as our well-designed product delivery and collection systems, have enabled us to achieve high customer retention rates and low credit costs.

We focus predominantly on Customers in Rural Areas in India, who largely lack access to the formal banking sector and present a latent opportunity for offering micro-loans. Our products are built on a deep understanding of the requirements of our Customers (especially Customers from Rural Areas) and the flexibility of our products (in terms of ticket sizes, end-uses and repayment options) and the manner of their delivery differentiates us from our competitors and generates customer loyalty. Our focus customer segment is women having an annual household income of ₹160,000 or less in Urban Areas and ₹100,000 or less in Rural Areas. We provide loans primarily under the joint liability group ("**JLG**") model. Our primary focus is to provide income generation loans to our Customers, which comprised 87.02% of our total JLG loan portfolio, as of March 31, 2018. We also provide other categories of loans such as family welfare loans, home improvement loans and emergency loans to our existing Customers. In 2016, with a view to diversifying our product profile, we introduced individual retail finance loans for customers who had been our Customers for at least three years and fulfil certain other eligibility criteria linked primarily to their credit history with us, income, and business position. We offer these loans to customers to establish a new enterprise or expand an existing business in their individual capacity (for instance, for the purchase of inventories, machinery or two-wheelers).

We have followed a strategy of contiguous district-based expansion across regions and, as of March 31, 2018, we cover 132 districts in the eight states (Karnataka, Maharashtra, Tamil Nadu, Chhattisgarh, Madhya Pradesh, Odisha, Kerala, Goa) and one union territory (Puducherry) in India through 516 branches and 4,544 loan officers. Our operations are well-diversified at the district level, with no single district contributing more than 5% to our Gross AUM (apart from one which contributed less than 6% to our Gross AUM) as of March 31, 2018. Further, out of a total of 132 districts where we had branches as of March 31, 2018, more than 75% of each of these districts individually represents less than 1% of our gross AUM. Our customer base increased from 0.50 million Active Customers as of March 31, 2014 to 1.85 million Active Customers as of March 31, 2018. We are a customer-centric organization and had a high Active Customer Retention Rate of 90% (annualized) for the six months ended September 30, 2017, as shown in the table below, as compared with the median Active Customer Retention Rate of 15 leading micro-finance players which stood at 78% for the six months ended September 30, 2017. *(Source: CRISIL Research)*

	As of				
	September 30, 2017	**March 31, 2017**	**March 31, 2016**	**March 31, 2015**	**March 31, 2014**
Active Customer Retention Rate [(1)]	90%	86%	86%	86%	82%

(1) Active Customer Retention Rate for a period is defined as the ratio of number of customers who were Active Customers at the beginning of the period and remained Active Customers at the end of the period to the Active Customers at the beginning of the period". Annualized for the six months ended September 30, 2017. Our Active Customer Retention Rate for the year ended March 31, 2018 was 84%.

Our Promoter is CreditAccess Asia N.V., a multinational company specializing in MSE financing (micro and small enterprise financing), which is backed by institutional investors and has micro-lending experience through its subsidiaries in four countries in Asia. Our Promoter has provided capital funding to us from time to time and provides us with access to potential fundraising opportunities in the debt capital markets. For further details, see "*Our Promoter and Promoter Group*" on page 175.

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

	(₹ in million, except percentages and number of Total Active Loan Accounts)				
	As of/ for the				
	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**
Gross AUM (1)	49,746.61	30,754.43	25,387.76	14,470.65	8,095.22
Gross AUM Growth (%) (2)	61.75	21.14	75.44	78.76	54.52
Disbursements (3)	60,817.22	34,026.29	33,488.46	18,939.13	10,280.90
Disbursement Growth (4)	78.74%	1.61%	76.82%	84.22%	69.54%
Customers	2,187,174	1,653,611	1,386,588	923,018	568,958
Active Customers	1,851,324	1,450,298	1,196,389	844,585	504,688
Number of Total Active Loan Accounts (5)	3,190,543	2,863,379	2,669,226	1,877,069	1,036,982
Revenue from operations (6)	8,655.53	7,017.45	4,569.50	2,681.60	1,423.36
Interest Expense and Other Borrowing Costs (7)	3,545.68	3,165.41	2,082.46	1,290.54	722.53
Net Interest Income (8)	5,109.85	3,852.04	2,487.04	1,391.06	700.83
Annual Average Gross AUM	40,250.52	28,071.09	19,929.21	11,282.94	6,667.10
Net Interest Margin = Net Interest Income / Annual Average Gross AUM	12.70%	13.72%	12.48%	12.33%	10.51%
Operating Expense (9)	1,996.64	1,598.20	1,149.13	706.18	450.51
Operating Expense / Annual Average Gross AUM	4.96%	5.69%	5.77%	6.26%	6.76%
Credit Cost (10)	1,281.15	1,086.02	140.17	68.38	57.25
Credit Cost / Annual Average Gross AUM	3.18%	3.87% (11)	0.70%	0.61%	0.86%
Profit after tax	1,246.41	802.98	832.41	487.32	166.26
Gross NPA (12)	980.92	25.82	19.80	4.94	0.77
Gross NPA Ratio (13)	1.97%	0.08%	0.08%	0.04%	0.01%
Net NPA (14)	-	-	-	-	-
Net NPA Ratio (15)	-	-	-	-	-
Net Worth (16)	14,270.83	6,904.10	4,592.40	3,754.95	2,061.37

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

(1) Gross AUM represents the aggregate of future principal outstanding and overdue principal outstanding, if any, for all loan assets under management which includes loan assets held by our Company as of the last day of the relevant period as well as loan assets which have been transferred by our Company by way of securitization or assignment and are outstanding as of the last day of the relevant period.
(2) Gross AUM Growth represents percentage growth in Gross AUM for the relevant period over Gross AUM of the previous period.
(3) Disbursements represent the aggregate of all loan amounts extended to our Customers in the relevant period.
(4) Disbursement Growth represents percentage growth in disbursement for the relevant period over disbursement of the previous period.
(5) Total Active Loan Accounts represent the aggregate number of loan accounts outstanding as of the end of the relevant period including loan accounts which have been transferred by our Company by way of securitization or assignment and are outstanding as of the last day of the relevant period.
(6) Revenue from Operations represents our restated revenue from operations for the period.
(7) Interest Expense and Other Borrowing Costs represents our restated finance costs for the period, comprising interest expense on debentures, term loans from banks, term loans from financial institutions, terms loans from non-banking finance companies, term loans from others and loans payable on demand from banks; other borrowing costs; and bank charges.
(8) Net Interest Income represents Revenue from Operations for the relevant period reduced by Interest Expense and Other Borrowing Costs in such period.
(9) Operating Expense represents employee benefits expense, depreciation and amortization expense and other expenses.
(10) Credit Cost represents the aggregate of provisions and write offs.
(11) For a discussion of the increase in credit cost for the year ended March 31, 2017, as compared with the year ended March 31, 2016 and related provisions, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on page 250.
(12) Gross NPA represents the non-performing portfolio loans outstanding (gross) as of the last day of the relevant period.
(13) Gross NPA Ratio represents Gross NPA (as defined above) as a percentage of the total portfolio loans outstanding (gross) as of the last day of the relevant period.
(14) Net NPA represents the non-performing portfolio loans outstanding (net) as of the last day of the relevant period i.e. non-performing portfolio loans outstanding (gross) as reduced by the provision for non-performing assets.
(15) Net NPA Ratio represents Net NPA (as defined above) as a percentage of total portfolio loans outstanding as reduced by the provision for non-performing assets as of the last day of the relevant period.
(16) Net Worth represents our restated net worth as of the last day of the relevant period.

Competitive Strengths

Customer-centric business model resulting in high customer retention

We consider our Customers to be the most significant stakeholders at the core of our operations. As of March 31, 2018, we served over 1.85 million Active Customers out of a total Customer base of 2.19 million. We believe that our customer-centric business model allows us to retain a high proportion of our existing customers and to attract new customers. For the six months ended September 30, 2017, we had an Active Customer Retention Rate of 90% (annualised), as compared with the median Active Customer Retention Rate of 15 leading micro-finance players which stood at 78% as of September 30, 2017 *(Source: CRISIL Research).* Our Active Customer Retention Rate for the year ended March 31, 2018 was 84%. We follow a multi-pronged approach to customer engagement, which comprises the following key elements:

- Our financial products cater to the entire customer life cycle – we provide loans that are relevant for critical needs of our Customers throughout their lifespan. We believe this is a core quality of our customer-centric business model and helps in generating loyalty amongst our existing customers and in attracting new customers.

- Our products are built on a deep understanding of the requirements of our Customers and the flexibility of our products and the manner of their delivery differentiates us from our competitors and allows us to maintain a high level of customer retention. We set borrowing limits for each of our Customers based on their loan cycles and the number of years for which they have been our Customers and provide them the flexibility to borrow within the limit for a number of specified purposes, depending on their individual needs. All the members of a JLG are not required to take on the same type of loan or avail loans on the same disbursement day but may take different loans which are relevant to their respective needs with flexible disbursement days. Further, we provide flexibility in repayment schedules and do not levy penalties for prepayment or late payment of loan installments. Moreover, as the credit history of our Customers improves with the passage of time by moving to subsequent loan cycles, we gradually increase their borrowing limits. This benefits us not only by increasing our revenue base, but also by optimizing our operating expenses, as we do not have to correspondingly incur costs associated with the acquisition of new customers. Our endeavor has been to reduce the dependence of our Customers on traditional forms of unorganized lending for their requirements throughout the year. We believe that the flexibility of our products, in terms of ticket sizes, access to different disbursement and repayment options, closely resembles the nature of lending provided by the unorganized sector in Rural Areas such as moneylenders, but typically at a much lower interest rate, with clearly specified terms and conditions and organized collection practices. Accordingly, our products present a more viable and safer borrowing option for our Customers, as compared to lending sources from the unorganized sector. Our products are tailored to the needs of our Customers and we believe that the structure of our product offerings enables our Customers to borrow less than the standard amounts, at multiple points of time during a year, thereby enabling our Customers to tide over temporary cash flow mismatches on their end, on account of reasons such as seasonality and cyclicality. We believe this keeps our Customers optimally levered.

- High customer engagement – we follow a predominantly weekly collection model, which enables a high degree of customer engagement. Further, CRISIL Research notes that MFIs that follow a weekly collection model tend to perform better in terms of asset quality, as they engage more frequently with borrowers. For further details, see "*Industry Overview*" on page 95. Whilst majority of our Customers are on a weekly collection model, we also offer a fortnightly and four-weekly collection models based on their needs. We believe that the high customer engagement achieved via the frequency of our collections and weekly or fortnightly meetings, and interactions with our Customers is an important factor in ensuring customer repayment and keeping our credit costs at optimal levels.

- Grievance resolution – as part of a continuous development process, we have implemented several methods to obtain feedback from our Customers and further promote customer awareness. For example, a number of our Customers are regularly contacted by our grievance department's tele-calling team to understand their awareness level and to obtain feedback on our processes and services. Our area managers also obtain feedback from our Customers on a periodic basis on satisfaction levels relating to our products and services, Kendra meetings, loan disbursement and recovery process and staff engagement. We aim to provide timely resolution to the grievances that we receive through our grievance redressal cell.

As a testament to the success of our customer-centric model, we were one of the first six institutions globally to be certified by Smart Campaign on Client Protection Principles in 2013 (and the certification was renewed in 2015).

Deep penetration in Rural Areas characterized by low competition and built through contiguous district-based expansion

We believe that our deep penetration in Rural Areas, built through a contiguous district-based expansion strategy provides us with significant scale and diversification advantages. We carry out our contiguous expansion strategy methodically whereby we aim to expand to the next (typically adjoining) district and ensure deep penetration in a particular district within three years of commencement of operations in the district. As of March 31, 2018, we cover 132 districts in the eight states of Karnataka, Maharashtra, Tamil Nadu, Chhattisgarh, Madhya Pradesh, Kerala, Odisha, Goa, and one union territory of Puducherry in India through 516 branches and 4,544 loan officers. 422 out of our 516 branches are categorized as rural branches as they cater to Customers in Rural Areas. Our operations are well-diversified at the district level, with no single district contributing more than 5% to our Gross AUM (apart from one which contributed less than 6% to our Gross AUM), as of March 31, 2018. Further, out of a total of 132 districts where we had branches as of March 31, 2018, more than 75% of each of these districts individually represents less than 1% of our Gross AUM.

A large segment of India's rural and semi-urban population is currently unserved and underserved by formal financial institutions According to CRISIL Research, India is home to 21% of the world's unbanked adults, with approximately 53% of its total population having a loan account with a bank, as of 2014. Further, CRISIL Research notes that rural contribution to India's GDP is almost as large as urban contribution, and, since rural penetration of banks is 1.7% compared to urban penetration of 5.6%, with only 30% of disbursements to rural customers, it indicates that the competitive intensity in rural areas is far lower than that in urban areas. Taking into account the opportunity and lower competitive intensity in rural segments, we have increased our footprint in India's rural areas unlike other industry players over the years, which is depicted in the below table:

		For the year ended March 31,				
	Customers	**2016**	**2015**	**2014**	**2013**	**2012**
Industry*	Rural	38%	33%	56%	67%	69%
	Urban	62%	67%	44%	33%	31%
Our Company**	Rural	73%	68%	64%	62%	62%
	Urban	27%	32%	36%	38%	38%

* *Source: CRISIL Research*

** *For the year ended March 31, 2018, customers from Rural Areas amounted to 81% of our total customers (with customers from urban areas amounting to the remaining 19%.).*

We believe this has placed us in a strategic position to tap into the significant growth opportunities that exist in this financially underserved customer segment in Rural Areas that are characterized by lower competition.

Robust customer selection and risk management policies resulting in healthy asset quality

We follow robust customer selection and risk management policies, which have resulted in healthy asset quality and lower credit costs. We follow a systematic methodology in the selection of new geographies where we open branches, which takes into account factors such as the historic PAR% of the proposed district, competition in the new geographies, potential for micro-lending and socio-economic risk evaluation (for e.g., the risk of communal riots or natural disasters). Further, once we open a branch in a new area and JLGs are formed, our customer due diligence procedures encompass three layers of checks: firstly, our loan officer performs the initial due diligence procedures, collects the KYC documents, and conducts group training typically for five days which might be extended if loan officers deem it necessary (30 minutes each day) on topics such as our Company, products, processes, JLG, group discipline and group responsibilities; on the last day of the group training or at a later date, re-interview is done by the branch manager to determine the Customers' level of understanding of the topics covered during the training; the branch manager then visits the homes of the new customers to verify the potential customers and obtain the consent of their family members for the customers becoming borrowers; lastly, the area manager revalidates the earlier two steps and performs the group recognition tests, which is designed to assess the quality of the proposed group and to confirm that they meet all our specified criteria. For further details, see "*Joint Liability Group Lending Business Processes – Customer Due Diligence Processes*" on page 136. Further, we do not provide incentives to our employees linked to disbursements or collections, which functions as a risk management tool. In addition, we follow a rotation policy whereby the loan officers are rotated every year and the branch managers are rotated bi-annually. We believe that our systematic geography and customer selection methodologies have resulted in healthy asset quality.

Our internal audit department is responsible for monitoring and evaluating internal controls and ensuring statutory and regulatory compliance. Internal audits are carried out at branches on an average of six times a year, at regional offices on a half yearly basis and at the head office on a quarterly basis. Based on extent of compliance and adherence to systems, policies and procedures, the audited branches are assigned compliance scores. While internal audit teams are responsible for branch and field audits, the back-end process audit at the head office is conducted through independent audit firms. The Audit Committee of our Board is also updated every quarter on significant internal audit observations, compliance with statutes, progress of risk management practices and the effectiveness of our control systems.

Our effective credit risk management is reflected in our portfolio quality indicators such as robust repayment rates, stable PAR and low rates of GNPA and NNPA. We have actively managed our portfolio over the past four Financial Years, which has ensured that no single district (apart from one) contributes more than 5% to our Gross AUM, as of March 31, 2018. The following table reflects our key portfolio quality indicators:

	As of/ for the				
	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**
Cumulative Repayment Rate	96.62%	96.54%	99.94%	99.96%	99.99%
Gross NPA Ratio (1)	1.97%	0.08%	0.08 %	0.04%	0.01%
Net NPA Ratio (2)	-	-	-	-	-
PAR 0+ (₹ in million)*	630.99	4,519.84	26.44	9.19	1.50

PAR 30+ (₹ in million)*	496.41	3,658.99	22.92	7.06	1.35
PAR 90+ (₹ in million)*	374.13	2,469.40	19.42	5.32	0.85

(1) *Gross NPA Ratio represents Gross NPA as a percentage of the total portfolio loans outstanding (gross) as of the last day of the relevant period, wherein Gross NPA represents the non-performing portfolio loans outstanding (gross) as of the last day of the relevant period.*

(2) *Net NPA Ratio represents Net NPA as a percentage of total portfolio loans outstanding as reduced by the provision for non-performing assets as of the last day of the relevant period, wherein Net NPA represents the non-performing portfolio loans outstanding (net) as of the last day of the relevant period i.e. non-performing portfolio loans outstanding (gross) as reduced by the provision for non-performing assets.*

* PAR 0+, PAR 30+ and PAR 90+ has been represented for accounts in respect of which principal repayment is overdue for more than 0, 30 and 90 days respectively.

** For details on the impact of the Government of India's demonetization measures on our financial results for the years ended March 31, 2017 and 2018, see "*Management's Discussion and Analysis of Financial Condition*" on page 248.

Strong track record of financial performance and operating efficiency

We have maintained a strong track record of financial performance and operating efficiency over the years through high rates of customer retention, geographical expansion, improved staff productivity, enhancement of individual loan portfolio, lower credit cost and growth in customer base led by branch expansion. Further, we believe that our deep penetration in India's rural markets through our contiguous district-based expansion strategy has helped us achieve one of the lowest operating expense ratios, contributing to economies of scale. According to CRISIL Research, we had the lowest operating expense ratio amongst the top-eight NBFC-MFIs and SFBs for the year ended March 31, 2017, which demonstrates our operating efficiency. This is also reflected in the consistent decline in our Operating Expense to Annual Average Gross AUM ratio, which has declined from 6.76% for the year ended March 31, 2014 to 5.69% for the year ended March 31, 2017, and further to 4.96% for the year ended March 31, 2018.

Our Gross AUM was ₹49,746.61 million as of March 31, 2018 and our Gross AUM grew at a CAGR of 57.45% from ₹8,095.22 million as of March 31, 2014 to ₹49,746.61 million as of March 31, 2018. Our Disbursements across our financing products for the financial years ended March 31, 2016, 2017 and 2018 were ₹33,488.46 million, ₹34,026.29 million and ₹60,817.22 million, respectively. Our net interest income (representing our revenue from operations as reduced by our finance costs) for the financial years ended March 31, 2016, 2017 and 2018 was ₹2,487.04 million, ₹3,852.04 million and ₹5,109.85 million, respectively. Our net interest margin (which is different from the net interest margin prescribed by the RBI for NBFC – MFIs in the Master Directions), which is our net interest income divided by our Annual Average Gross AUM, for the financial years ended March 31, 2016, 2017 and 2018 was 12.48%, 13.72% and 12.70%, respectively. Our net worth as of March 31, 2018 was ₹ 14,270.83 million. Our profit after tax for the financial years ended March 31, 2016, 2017 and 2018 was ₹832.41 million, ₹802.98 million and ₹1,246.41 million, respectively.

Stable management team with extensive domain experience

We are a professionally managed company and our senior management team has an established track record in the financial services industry. Our Key Management Personnel have an average experience of approximately eight years with our Company. Our MD & CEO, Udaya Kumar Hebbar, has over 25 years of experience in the banking industry. He has served as head Commercial and Banking Operations at Barclays Bank PLC, Mumbai, and has also been associated with Corporation Bank and ICICI Bank for over 20 years. Our Chief Financial Officer, Diwakar B.R., has over 20 years' experience in finance. He has been associated with IFMR Capital Finance Private Limited, served as Commercial Supervisor at Accion International and served as Chief Manager (Band I) at ICICI Bank Limited. For further details in relation to our senior management, see "*Our Management*" on page 159.

Our Promoter is CreditAccess Asia N.V., a multinational company specializing in MSE financing (micro and small enterprise financing), which is backed by institutional investors and has micro-lending experience through its subsidiaries in four countries in Asia. Our Promoter has provided capital funding to us from time to time and provides us with access to potential fundraising opportunities in the debt capital markets.

Diversified sources of borrowings and effective asset-liability management

Our funding sources are varied, as we believe that a diversified debt profile ensures that we are not overly dependent on any one type or source for funding. As an NBFC-MFI, we have access to diverse sources of liquidity, such as term loans from banks, financial institutions and non-banking financial companies, proceeds from loan assets assigned and securitized, cash credit, subordinated debt and proceeds from the issuance of NCDs to meet our funding requirements. This enables us to optimize our cost of borrowings, funding and liquidity requirements, capital management and asset liability management. As of March 31, 2018, we had total borrowings (current and non-current) aggregating to ₹36,028.61 million, comprising of non-current long-term borrowings amounting to ₹14,800.02 million, short-term borrowings amounting to ₹0.00 million and current maturities of long-term borrowings (including non-convertible debentures) amounting to ₹21,228.59 million. We also rely on proceeds from loan assets assigned or securitized to scheduled commercial banks.

The table below sets forth our ICRA's credit rating (a rating for a company's credit standing for borrowings) and CRISIL's mfR grading (an organization rating for a company) for the past five years:

	2018*	2017	2016	2015	2014
Credit Rating	A	A	A	A-	BBB+
mfR Grading	mfR1	mfR1	mfR1	mfR1	mfR2

* *On April 27, 2018, ICRA changed our outlook rating from "stable" to "positive".*

In addition, we also have in place effective asset liability management strategies. We primarily borrow on a relatively long-term basis while lending on a short term basis. This allows us to better meet the growing loan demands of our rapidly increasing customer base, even if external borrowings and funding sources face temporary realignment. Further, our Promoter has periodically funded our capital and provides us with access to potential fundraising opportunities in the debt capital markets.

The following table shows the asset-liability mismatch for the periods indicated:

	As of				
	March 31, 2018	**March 31, 2017**	**March 31, 2016**	**March 31, 2015**	**March 31, 2014**
Average Maturity of assets (in months)	16.12	14.12	15.97	13.60	12.72
Average Maturity of Liabilities (in months)	21.50	18.55	19.02	19.43	21.68

We believe that our diversified sources of borrowing, stable credit history, improved credit ratings and effective asset-liability management have allowed us to gain better access to cost-effective debt financing.

Our Strategy

Continued focus on the customers from Rural Areas

According to CRISIL Research, MFIs are increasingly becoming urban focused and have increased their urban footprint. However, we have maintained our focus on growing our rural customer base and intend to continue to do so going forward. According to CRISIL Research, a large segment of India’s rural and semi-urban population is currently unserved and underserved by formal financial institutions, which provides us with the scope to expand in rural markets characterized by low competition. As of March 31, 2016, March 31, 2017 and March 31, 2018, the percentage of our Customers located in Rural Areas was 73%, 77% and 81% respectively. We believe that we will be able to strengthen our position by tapping into this underserved market and are best placed to capitalize on our strategy of having a deep penetration in the Indian rural markets. Further, our products are built on a deep understanding of the life cycle requirements of our Customers from Rural Areas, which we believe will help in the expansion of our rural customer base.

We intend to continue penetrating deeper in the states and districts where we currently have operations and also expand our footprint into other areas that have limited or no access to formal banking and finance channels. We will continue to evaluate the offerings at our branches and customize our products to the needs and demands of our Customers in the region in which our branches are located and correspondingly update existing operations and resources in different territories.

Expansion of branch network

As of March 31, 2018, we operate in 132 districts located in the eight states of Karnataka, Maharashtra, Tamil Nadu, Chhattisgarh, Madhya Pradesh, Odisha, Kerala, Goa, and one union territory of Puducherry through 516 branches and 4,544 loan officers. We intend to continue our strategy of contiguous expansion which will expand our district coverage in these states and also potentially into neighboring states. We assess the below systematic criteria for the opening of branches in new districts/ regions:

- we endeavor to service a maximum of 12,000 households within a 35 km radius of the proposed branch location;
- availability of infrastructure for the day-to-day operations of the branch;
- historic PAR% of the proposed district;
- growth potential based on current penetrations;
- socio-economic risk evaluation in the proposed district;
- competition from other MFIs in the area; and
- product offerings of other MFIs operating in the area.

Our contiguous expansion strategy is premised on expanding to the next (typically adjacent) district and achieving a deep penetration in a district within three years of operations. We believe that our expansion strategy has resulted in mitigation of concentration risk and will continue to lead to mitigation of this risk going forward. Out of a total of 132 districts where we had branches as of March 31, 2018, more than 75% of each of these districts individually represents less than 1% of our Gross AUM.

Leverage existing capabilities and strengths to diversify product and service offerings

We are an NBFC-MFI and intend to continue focusing on our operations in this space with our current business model which comprises extending loans to customers primarily in Rural Areas. To this end, we intend to capitalize on our current strengths including our geographical reach, customer base, robust risk management policies, strong financial track record and extensive domain expertise to diversify our product and service offerings.

Our diversification strategy is driven by the evolving needs of our Customers and we believe this is in line with the strength of our customer-centric business model and our expansion strategy, as it allows us to ensure that our Customers have access to various differentiated products and services which they need quickly and efficiently.

For example, in 2016, we introduced individual retail finance loans on a pilot basis for customers who had been our Customers for at least three years and fulfil certain other eligibility criteria linked primarily to their credit history with us, income, and business position. This loan category targets Customers who are more entrepreneurial and have graduated from the JLG model and are capable of taking larger loans in their individual capacities. We offer these loans to Customers to establish a new enterprise or expand an existing business in their individual capacity. The loans are offered to our Customers for business expansion, or for purchase of inventories, machinery or two-wheelers. Typically, these customers may be capable of obtaining such loans from other financial institutions or banks on the condition that they provide collateral, and with a higher turnaround time, than what we offer and at interest rates which are similar to or higher than our loans, which we believe makes our product offerings more attractive.

Focus on optimizing operating costs and improving operational efficiencies

Controlling our operating expenses is critical in determining our ability to offer loan products at reasonable rates to our Customers and our profitability.

According to CRISIL Research, we had the lowest operating expense amongst the top-eight NBFC-MFIs and SFBs for the year ended March 31, 2017. Our operating expenses as a percentage of our Average Gross AUM has been consistently declining over the past few years, and we continue to identify and implement measures that we believe will enable us to sustain and further lower our operating expenses. Further, given our high customer retention rates, we expect to derive scale and cost benefits as there is no incremental sourcing cost for existing customers, and they are eligible to borrow higher loan amounts from us since they have progressed to higher loan cycles and they have been our Customers for a number of years.

We continue to invest in our technology platform and technology-enabled operating procedures to increase operational and management efficiencies and ensure customer credit quality. We intend to implement mobile based applications to make the loan application process convenient to our Customers and streamline credit approval, administration and monitoring processes. For example, we are in the process of implementing initiatives for moving to paperless transactions using electronic Know Your Client procedures, which allows us to reduce our turnaround times for approval of loan sanctions and disbursements to our Customers. We have also recently implemented our new Core Banking System which has facilitated the smooth and swift flow of information and data enabling us to control our cost of operations and provide improved services to our Customers. Additionally, we have centralized certain in-house back office processes with the formation of our Regional Processing Centers where customer data entry is now carried out centrally. As of March 31, 2018, we have eight Regional Processing Centers located in Bangalore, Belgaum, Davanagere, Erode, Nagpur, Kolhapur, Indore and Aurangabad. Our Regional Processing Centers have not only improved our operational efficiencies allowing our field staff to focus more on actual business workstreams but have also significantly improved the data quality of our Customers' information. We have implemented on a pilot basis an online loan processing platform aimed at providing easier access to our Customers and are in the process of introducing this platform to all our branches. We believe that implementing robust technology infrastructure will enable us to respond swiftly to market opportunities and challenges, improve the quality of services, scale-up our risk management capabilities, optimize our operating costs and improve our operational efficiency.

SUMMARY OF FINANCIAL INFORMATION

The following tables set forth summary financial information derived from our Restated Financial Statements of our Company.

The summary financial information presented below should be read in conjunction with our Restated Financial Statements, the notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 195 and 245, respectively.

Restated Balance Sheet Summary Statement

(Indian Rupees in Millions unless otherwise stated)

Particulars	As at				
	31-Mar-18	**31-Mar-17**	**31-Mar-16**	**31-Mar-15**	**31-Mar-14**
Equity and liabilities					
Shareholders' funds					
Share capital	1,284.27	856.81	729.53	729.53	529.53
Reserves and surplus	12,994.62	6,051.15	3,869.24	3,034.44	1,543.22
	14,278.89	6,907.96	4,598.77	3,763.97	2,072.75
Non-current Liabilities					
Long-term borrowings	14,800.02	11,758.82	11,221.46	5,849.80	3,700.18
Long-term provisions	1,006.19	307.23	107.52	29.84	29.01
	15,806.21	12,066.05	11,328.98	5,879.64	3,729.19
Current liabilities					
Short-term borrowings	-	-	200.00	-	-
Other current liabilities	22,044.36	15,494.17	11,744.57	7,503.99	4,717.35
Short-term provisions	54.02	1,172.54	207.44	120.49	61.51
	22,098.38	16,666.71	12,152.01	7,624.48	4,778.86
TOTAL	52,183.48	**35,640.72**	**28,079.76**	**17,268.09**	**10,580.80**
Assets					
Non-current assets					
-Property, plant and equipment	94.80	59.80	53.18	25.67	24.78
-Intangible assets	66.80	62.82	60.18	11.51	1.50
-Capital work-in-progress	-	7.04	-	-	-
-Intangible assets under development	10.63	23.27	-	24.94	2.31
Non-current investments	2.00	2.00	2.00	2.00	2.02
Deferred tax asset	355.83	484.94	110.31	59.47	32.16
Loans and advances	15,900.28	6,376.15	7,712.25	2,703.02	1,586.89
Other non-current assets	55.50	119.58	392.42	737.31	447.64
	16,485.84	7,135.60	8,330.34	3,563.92	2,097.30
Current assets					
Cash and bank balances	1,381.53	3,636.88	2,549.15	2,797.74	3,250.31
Loan and advances	34,096.94	24,514.53	17,041.64	10,827.49	5,177.17
Other current assets	219.17	353.71	158.63	78.94	56.02
	35,697.64	28,505.12	19,749.42	13,704.17	8,483.50
TOTAL	**52,183.48**	**35,640.72**	**28,079.76**	**17,268.09**	**10,580.80**

Restated Profit and Loss Summary Statement

(Indian Rupees in Millions unless otherwise stated)

Particulars		For the year ended			
	Mar 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Income					
Revenue from operations	8,655.53	7,017.45	4,569.50	2,681.60	1,423.36
Other income	96.52	75.16	97.69	132.68	54.93
Total revenue (I)	**8,752.05**	**7,092.61**	**4,667.19**	**2,814.28**	**1,478.29**
Expenses					
Employee benefits expenses	1,272.10	1,046.85	706.72	436.38	292.46
Finance costs	3,545.68	3,165.41	2,082.46	1,290.54	722.53
Other expenses	672.85	507.02	416.35	250.57	152.78
Depreciation and amortisation expenses	51.69	44.33	26.06	19.23	5.27
Provision and write-offs	1,281.15	1,086.02	140.17	68.38	57.25
Total expenses (II)	**6,823.46**	**5,849.63**	**3,371.76**	**2,065.10**	**1,230.29**
Profit before tax (III)=(I)-(II)	**1,928.58**	**1,242.98**	**1,295.43**	**749.18**	**248.00**
Tax expense					
Current tax	552.67	813.33	513.82	285.95	86.26
Deferred tax	129.11	(374.64)	(50.84)	(27.31)	(5.16)
Short provision of tax relating to earlier years	0.39	1.31	0.04	3.22	0.64
Total tax expense (IV)	**682.17**	**440.00**	**463.02**	**261.86**	**81.74**
Profit for the year (III)-(IV)	**1,246.41**	**802.98**	**832.41**	**487.32**	**166.26**
Earnings per equity share (Nominal value per share Rs.10)					
Basic	12.26	10.01	11.41	9.15	4.18
Diluted	12.11	9.88	11.23	9.01	4.18

Restated Cash Flow Summary Statement

(Indian Rupees in Millions unless otherwise stated)

	Particulars	For the year ended March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
A.	**Cash flow from operating activities**					
	Profit before tax	**1,928.58**	**1,242.98**	**1,295.43**	**749.18**	**248.00**
	Adjustments for :					
	Depreciation and amortisation	51.69	44.33	26.06	19.23	5.27
	Provision for gratuity	17.67	14.38	11.29	3.60	9.87
	Provision for leave benefits	24.24	21.40	10.33	5.17	4.94
	Bad debts written off	1,616.23	22.18	7.97	1.28	44.59
	Loss on sale of property, plant and equipment	-	0.66	0.51	0.02	1.64
	Provision for standard assets	(1,290.19)	1,057.82	117.35	62.94	56.60
	Provision for non-performing assets	955.11	6.02	14.85	4.16	(43.94)
	Stock option expenditure	21.11	6.22	2.40	3.90	0.59
	Payment of processing fee towards borrowings (considered in financing activities)	46.47	58.03	82.95	77.30	61.14
	Amortisation of share issue expenses	(4.20)	2.68	3.94	4.06	0.22
	Profit on sale of current investments	(40.79)	(35.64)	(38.33)	(44.05)	(34.07)
	Dividend income on current investment	(1.70)	-	-	-	-
	Other provisions and write offs	0.01	(3.88)	17.93	(0.72)	0.89
						-
	Loss on foreign exchange	0.34	-	-	-	-
	Operating profit before working capital changes	**3,324.58**	**2,437.18**	**1,552.68**	**886.07**	**355.74**
	Movements in working capital :					
	Increase/ (decrease) in other liabilities	191.01	(280.16)	376.92	67.14	(12.75)
	Decrease / (increase) in loans and advances	(20,684.54)	(6,155.39)	(11,285.27)	(6,753.62)	(2,825.09)
	(Increase) / decrease in margin money deposits	283.35	676.29	570.58	(838.85)	(238.36)
	Decrease / (increase) in trade receivables	5.84	-	-	-	0.20
	Decrease / (increase) in other assets	162.90	(194.53)	(66.19)	(42.38)	117.75
	Cash used in operations	**(16,716.86)**	**3,516.61)**	**(8,851.29)**	**(6,681.64)**	**(2,602.51)**
	Direct taxes paid (net of refunds)	(674.75)	(731.24)	(459.59)	(302.57)	(106.64)
	Net cash used in operating activities (A)	**(17,391.61)**	**(4,247.85)**	**(9,310.88)**	**(6,984.21)**	**(2,709.15)**

B.	**Cash flow from investing activities :**					
	Purchase of property, plant and equipment and intangible assets	(71.18)	(84.96)	(78.10)	(53.25)	(6.82)
	Proceeds from sale of property, plant and equipment	0.19	0.40	0.31	0.46	0.13
	Dividend income from current investment	531.87	-	-	-	-
	Cash and cash equivalents acquired pursuant to	-	-	-	-	-

	Scheme of Arrangement (ref Annexure 28.13) Sale / redemption of non-current investments	-	-	-	0.02	0.02
	Purchase of current investments	(33,504.50)	(23,249.00)	(22,174.90)	(15,654.10)	(10,538.80)
	Sale of current investments	33,579.07	23,284.64	22,213.23	15,698.16	10,575.46
	Net cash used in investing activities (B)	**535.45**	**(48.92)**	**(39.46)**	**(8.71)**	**29.99**
C.	**Cash flow from financing activities :**					
	Long-term borrowings (net)	11,346.27	4,549.20	9,227.83	4,853.08	4,164.56
	Short-term borrowings (net)	-	(200.00)	200.00	-	-
	Payment of processing fee towards borrowings	(46.47)	(58.03)	(82.95)	(77.30)	(61.14)
	Proceeds from issuance of equity share capital including securities premium	3,535.59	1,500.00	-	1,200.00	800.00
	Payment of expense towards issue of share capital	-	(0.16)	(1.30)	(1.69)	(6.40)
	Net cash from financing activities (C)	**14,835.39**	**5,791.01**	**9,343.58**	**5,974.09**	**4,897.02**
	Net increase/(decrease) in cash and cash equivalents (A) + (B) + (C)	**(2,020.78)**	**1,494.24**	**(6.76)**	**(1,018.83)**	**2,217.86**
	Cash and cash equivalents as at the beginning of the period / year	3,321.08	1,826.83	1,833.60	2,852.43	634.57
	Cash and cash equivalents as at end of the period / year (refer Annexure 19)	**1,300.30**	**3,321.07**	**1,826.84**	**1,833.60**	**2,852.43**
	Components of cash and cash equivalents at the period / year end					
	Cash on hand	108.92	83.57	161.96	109.48	49.76
	Balance with banks - on current account	1,171.38	737.51	1,114.88	724.12	1,740.85
	Deposits with original maturity of less than or equal to 3 months	20.00	2,500.00	550.00	1,000.00	1,061.82
	Components of cash and cash equivalents at the period / year end	**1,300.30**	**3,321.08**	**1,826.84**	**1,833.60**	**2,852.43**

RESERVATIONS, QUALIFICATIONS AND ADVERSE REMARKS IN THE LAST FIVE FINANCIAL YEARS

Qualification included in the Auditors' report on the financial statements for the year ended 2017, which does not require any corrective adjustment in the Restated Financial Statements:

Details of the Qualification included in the Auditors' report reproduced below	Impact on the financial statements, and financial position of the Company and the corrective steps taken / proposed to be taken by the Company
"The Company has provided disclosures in Note 35 to these financial statements as to the holding of Specified Bank Notes (SBNs) on November 8, 2016 and December 30, 2016 as well as dealings in SBNs during the period from November 9, 2016 to December 30, 2016. Based on audit procedures and relying on management representations, except for segregation of transactions between SBNs and other denominations, as more fully described in Note 35(1) to these financial statements, which we are unable to comment upon in the absence of sufficient appropriate audit evidence, we report that the amounts disclosed in the said note are in accordance with the books of account maintained by the Company and produced before us for verification. Further, as stated in Note 35(3), read with Note 35(1) to the financial statements and as represented to us by the management, the Company has received an amount aggregating ₹ 126.42 million as repayments from its borrowers in SBNs which were not permitted."	Ensured that there are no other dealings in SBN's except as mentioned in the financial statements for the year ending March 31, 2017.

Audit qualifications included in the Annexures to the Auditors' reports issued under the Companies (Auditor's Report) Order, 2016, 2015 and 2003, as applicable, on the financial statements for the years ended March 31, 2017, 2015 and 2014, which do not require any corrective adjustment in the Restated Financial Statements:

<table>
<tr><th>Fiscal Year ending</th><th>Auditors' Report Point No.</th><th>Details of the Qualification included in the Annexure to the Auditors' report reproduced below</th><th>Impact on the financial statements, and financial position of the Company and the corrective steps taken / proposed to be taken by the Company</th></tr>
<tr><td>March 31, 2017</td><td>Clause vii (a)</td><td>"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 been regularly deposited with the appropriate authorities though there has been a delay in payment of service tax of ₹ 6.11 million, which has been discharged during the year along with appropriate interest."</td><td>Adequate controls have been put in place to prevent these instances</td></tr>
<tr><td>March 31, 2015</td><td>Clause xii</td><td>"We have been informed that during the year there was an instance of misappropriation of cash by an employee of the Company amounting to ₹ 0.05 million. As informed, services of the employee have been terminated and the Company is in the process of taking legal action against the employee. The Company has made a provision of ₹ 0.02 million against the outstanding balance (net of recovery) amounting to ₹ 0.50 million, as at the Balance Sheet date."</td><td>Adequate controls have been put in place to prevent these instances</td></tr>
<tr><td>March 31, 2014</td><td>Clause ix (c)</td><td>"According to the information and explanations given to us, the dues outstanding of income tax, sales-tax, wealth tax, service tax, customs duty, excise duty and cess on account of dispute, are as follows:
<table>
<tr><td>Name of the Statute</td><td>Income Tax Act, 1961</td></tr>
<tr><td>Nature of disputed dues</td><td>Income Tax</td></tr>
<tr><td>Amount under dispute (in Millions)</td><td>72.14</td></tr>
<tr><td>Amount paid* (in Millions)</td><td>20.00 [#]</td></tr>
<tr><td>Period to which its relates</td><td>FY 2010-11</td></tr>
<tr><td>Forum where dispute is pending</td><td>The Commissioner of Income Tax (Appeals)</td></tr>
</table>
*The Company has paid the amount under protest.</td><td>The dispute has been disposed off in favor of Company.</td></tr>
</table>

Fiscal Year ending	Auditors' Report Point No.	Details of the Qualification included in the Annexure to the Auditors' report reproduced below	Impact on the financial statements, and financial position of the Company and the corrective steps taken / proposed to be taken by the Company
		#Stay order received from the Deputy Commissioner of Income Tax for payment of the balance amount of ₹ 52.14 million till September 30, 2014."	
March 31, 2014	Clause xxi	"We have been informed that during the year there were instances of cash embezzlement by employees of the Company amounting to ₹ 0.28 million and loans given to non-existent borrowers on the basis of fictitious documentation created by employees of the Company aggregating ₹ 0.04 million. As informed, investigations are in progress and the services of such employees involved have been terminated and the Company is in the process of taking legal action. The Company is also adequately covered by fidelity insurance cover. The Company has made a provision of ₹ 0.32 million against the outstanding balance (net of recovery) aggregating ₹ 0.32 million, as at the Balance Sheet date."	Adequate controls have been put in place to prevent these instances.

THE OFFER

The following table summarises the Offer details:

Equity Shares Offered	
Offer of Equity Shares	26,805,394* Equity Shares of a face value of ₹ 10 each, aggregating to ₹ 11,311.88 million*
of which	
Fresh Issue(1)	14,928,909* Equity Shares of a face value of ₹ 10 each, aggregating to ₹ 6,300 million*
Offer for Sale(2)	11,876,485* Equity Shares of a face value of ₹ 10 each, aggregating to ₹ 5,011.88 million*
The Offer consists of:	
A) QIB Portion(3)(4)	13,402,696* Equity Shares of a face value of ₹ 10 each
of which:	
Anchor Investor Portion	8,041,617* Equity Shares of a face value of ₹ 10 each
Net QIB Portion (assuming the Anchor Investor Portion is fully subscribed)	5,361,079* Equity Shares of a face value of ₹ 10 each
of which:	
Mutual Fund Portion	268,054* Equity Shares of a face value of ₹ 10 each
Balance for all QIBs including Mutual Funds	5,361,079* Equity Shares of a face value of ₹ 10 each
B) Non-Institutional Portion	Not less than 4,020,810* Equity Shares of a face value of ₹ 10 each
C) Retail Portion	Not less than 9,381,888* Equity Shares of a face value of ₹ 10 each
Pre and post-Offer Equity Shares	
Equity Shares outstanding prior to the Offer	128,427,337 Equity Shares of a face value of ₹ 10 each
Equity Shares outstanding after the Offer	143,356,246* Equity Shares of a face value of ₹ 10 each
Use of Net Proceeds	See "*Objects of the Offer*" on page 87 for information about the use of the proceeds from the Fresh Issue. Our Company will not receive any proceeds from the Offer for Sale.

**Subject to finalisation of Basis of Allotment*

Allocation to all categories, except the Anchor Investor Portion and the Retail Portion, if any, which is made on a proportionate basis. For further details, see "*Offer Procedure - Basis of Allotment*" on page 329.

(1) The Fresh Issue has been authorized by a resolution of our Board of Directors dated January 12, 2018 and a special resolution of our Shareholders at the EGM held on January 13, 2018

(2) The Offer for Sale has been authorised by the Promoter Selling Shareholder pursuant to a resolution of the board of directors of CAA dated January 16, 2018 (as amended byresolutions of the board of directors of CAA dated January 22, 2018 and July 13, 2018). The Promoter Selling Shareholder confirms that the Equity Shares being offered by it in the Offer, have been held by it for a period of at least one year prior to the filing of the Draft Red Herring Prospectus with SEBI, and are eligible for being offered for sale in the Offer as required by Regulation 26(6) of the SEBI ICDR Regulations

(3) Our Company and the Promoter Selling Shareholder, in consultation with the BRLMs, have allocated 60% of the QIB Portion to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion was reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. For details, see "Offer Procedure" on page 307

(4) Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in any category except the Net QIB Portion, would be allowed to be met with spill over from any other category or combination of categories at the discretion of our Company and the Promoter Selling Shareholder, in consultation with the BRLMs and the Designated Stock Exchange. Under-subscription, if any, in the Net QIB Portion would not be allowed to be met with spill-over from other categories or a combination of categories

Notes:

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

2. Allocation to all categories, except Anchor Investors, if any and Retail Individual Bidders, was made on a proportionate basis. For details, see "*Offer Procedure*" on page 307.

For details, including in relation to grounds for rejection of Bids, see "*Offer Structure*" and "*Offer Procedure*" on pages 304 and 307, respectively. For details of the terms of the Offer, see "*Terms of the Offer*" on page 301.

GENERAL INFORMATION

Registered Office

CreditAccess Grameen Limited

New No. 49 (Old No. 725), 46th Cross
8th Block, Jayanagar, Next to Rajalakshmi Kalyan Mantap
Bangalore 560 071
Karnataka, India
Tel: +91 80 2263 7300
Fax: +91 80 2664 3433
E-mail: csinvestors@grameenkoota.org
Website: www.grameenkoota.org
Corporate Identity Number: U51216KA1991PLC053425
RBI Registration Number: NBFC-B-02.00252

For details in relation to changes in the Registered Office, see "*History and Certain Corporate Matters*" on page 153.

Address of the RoC

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

Registrar of Companies
"E" Wing, 2nd Floor
Kendriya Sadana
Koramangala
Bangalore 560 034
Karnataka, India

Board of Directors

Our Board comprises the following:

Name	Designation	DIN	Address
Udaya Kumar Hebbar	MD & CEO	07235226	1001/ C-2, South City Apartments, Arekere Mico Layout, Bannerghatta Road, Bangalore- 560 076, Karnataka, India
Anal Kumar Jain	Independent Director	01239653	12, 3A Cross, Domlur Second Stage, Bangalore – 560 071, Karnataka, India
R. Prabha	Independent Director	01828812	18/ 1065, Thinkal, Thirukannapuram, P.O. Aramada, Trivandrum – 695 032, Kerala, India
George Joseph	Independent Director	00253754	Flat No. 4A – 1, Kent Glass House (Near Mobility Hub), Vytilla, Ernakulam – 682 019, Kerala, India
M.N. Gopinath	Chairman and Independent Director	00396196	503, Heritage Building, Hiranandani Gardens, Powai, Mumbai – 400 079, Maharashtra, India
Sucharita Mukherjee	Independent Director	02569078	No. 5, Flat No. A1, 1st Floor, Anugraha Apartments, 4th Seaward Road, Valmiki Nagar, Thiruvanmiyur, Chennai – 600 041, India
Paolo Brichetti	Nominee Director	01908040	3011 DL Rotterdam, Halvemaanpassage 20, Netherlands
Massimo Vita	Nominee Director	07863194	Apartment 3A, Polo Residence, 20 Soi Polo, Wireless Road, Lumpini, Patumwan, Bangkok 10330, Thailand
Sumit Kumar	Nominee Director	07415525	B-1/ 1501, World Spa, Sector 30, Gurgaon – 122 001, Haryana, India

For further details of our Directors, see "*Our Management*" on page 159.

Company Secretary and Compliance Officer

Syam Kumar Ravindran Nair
New No. 49 (Old No. 725), 46th Cross
8th Block, Jayanagar, Next to Rajalakshmi Kalyan Mantap
Bangalore 560 071
Karnataka, India
Tel: +91 80 2263 7300
Fax: +91 80 2664 3433
E-mail: csinvestors@grameenkoota.org

Chief Financial Officer

Diwakar B.R.
New No. 49 (Old No. 725)
46th Cross, 8th Block
Jayanagar, Next to Rajalakshmi Kalyan Mantap
Bangalore 560 071, Karnataka, India
Tel: +91 80 2263 7300
Fax: +91 80 2664 3433
Email: diwakar@grameenkoota.org

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

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

All grievances relating to the ASBA process may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary with whom the Bid cum Application Form was submitted. In addition to the information indicated above, the ASBA Bidder should also specify the Designated Branch or the collection centre of the SCSB or the address of the centre of the Syndicate Member at the Specified Locations or the Registered Brokers at the Broker Centres or the RTA at the Designated RTA Location or the CDP at the Designated CDP Location where the Bid cum Application Form was submitted by the ASBA Bidder.

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

Book Running Lead Managers

ICICI Securities Limited
ICICI Centre
H.T. Parekh Marg
Churchgate, Mumbai 400 020
Maharashtra, India
Tel : +91 22 2288 2460
Fax : +91 22 2282 6580
E-mail: cagrameen.ipo@icicisecurities.com
Investor grievance E-mail: customercare@icicisecurities.com
Website: www.icicisecurities.com
Contact Person: Shekhar Asnani/ Anurag Byas
SEBI Registration No.: INM000011179

Credit Suisse Securities (India) Private Limited
Ceejay House, 9th Floor
Plot F, Shivsagar Estate
Dr. Annie Besant Road
Worli, Mumbai 400 018
Maharashtra, India
Tel: +91 22 6777 3885
Fax: +91 22 6777 3820
E-mail: list.grameenkootaipo@credit-suisse.com
Investor grievance E-mail: list.igcellmer-bnkg@credit-suisse.com
Website: www.credit-suisse.com
Contact Person: Abhay Agarwal
SEBI Registration No.: MB/ INM000011161

IIFL Holdings Limited
10th Floor, IIFL Centre
Kamala City, Senapati Bapat Marg
Lower Parel (West), Mumbai 400 013
Maharashtra, India
Tel: +91 22 4646 4600
Fax: +91 22 2493 1073
E-mail: cagr.ipo@iiflcap.com
Investor grievance E-mail: ig.ib@iiflcap.com
Website: www.iiflcap.com
Contact Person: Vishal Bangard/ Pranay Doshi
SEBI Registration No.: INM000010940

Kotak Mahindra Capital Company Limited
1st Floor, 27 BKC, Plot No. 27
"G" Block, Bandra Kurla Complex
Bandra (East), Mumbai 400 051
Maharashtra, India
Tel: +91 22 4336 0000
Fax: +91 22 6713 2447
E-mail: cagl.ipo@kotak.com
Investor grievance E-mail: kmccredressal@kotak.com
Website: www.investmentbank.kotak.com
Contact Person: Ganesh Rane
SEBI Registration No.: INM000008704

Syndicate Members

Kotak Securities Limited
12 BKC, Plot No. C-12, G Block

IIFL Securities Limited
6th and 7th Floor, Ackruti Centre Point

Bandra Kurla Complex Bandra (E) Mumbai 400 051 Maharashtra, India Tel: +91 22 6218 5470 Fax: +91 22 6661 7041 Email: umesh.gupta@kotak.com Contact Person: Umesh Gupta	Central Road, MIDC Andheri (E) Mumbai 400 093 Maharashtra, India Tel: +91 22 3929 4000/ 4103 5000 Fax: +91 22 2580 6654 Email: cs@indiainfoline.com Contact Person: Prasad Umarale

Indian Legal Counsel to our Company and the Promoter Selling Shareholder

Cyril Amarchand Mangaldas
201, Midford House, Midford Garden
Off M.G. Road
Bangalore 560 001
Karnataka, India
Tel: +91 80 2558 4870
Fax: +91 80 2558 4266

Legal Counsel to the BRLMs as to Indian Law

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

International Legal Counsel to the BRLMs

Clifford Chance
Clifford Chance Pte Limited
Marina Bay Financial Centre
25th Floor, Tower 3
12 Marina Boulevard
Singapore 018 982
Tel: +65 6410 2200
Fax: +65 6410 2288

Auditors to our Company

S.R. Batliboi & Co. LLP
12th Floor, The Ruby,
29, Senapati Bapat Marg, Dadar
Mumbai – 400 028
E-mail: SRBC@srb.in
Tel: +91 22 6819 8000
Fax no: +91 22 6192 1000
Firm Registration No.: 301003E/ E300005

Registrar to the Offer

Karvy Computershare Private Limited
Karvy Selenium, Tower B
Plot 31-32, Gachibowli
Financial District, Nanakramguda
Hyderabad 500 032
Tel: +91 40 6716 2222
Fax: +91 40 2343 1551
E-mail: einward.ris@karvy.com
Investor grievance E-mail: cgl.ipo@karvy.com
Website: http:/ / karisma.karvy.com
Contact Person: M Murali Krishna
SEBI Registration No.: INR000000221

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

ICICI Bank Limited
Capital Market Division, 1st Floor
122, Mistry Bhavan, Dinshaw Vachha Road

Backbay Reclamation, Churchgate Mumbai 400 020 Tel: +91 22 6681 8932/23/24 Fax: +91 22 2261 1138 Email: shweta.surana@icicibank.com Website: www.icicibank.com Contact Person: Shweta Surana	
Bankers to our Company	
ICICI Bank Limited Corporate Office, ICICI Bank Towers Bandra Kurla Complex Mumbai 400 051 Tel: +91 22 2653 7415 Fax: +91 22 2653 7415 Email: neeraj.biyani@icicibank.com Website: www.icicibank.com Contact Person: Neeraj Biyani	**HDFC Bank** M.No.: 6-3-246 and 6-3-244/ A, Road No 1 6th Floor, Bank House, Roxana Palladium, Banjara Hills Hyderabad 500 034 Tel: +91 40 3009 1353 Email: gavvala.ravinder@hdfcbank.com Website: www.hdfcbank.com Contact Person: Gavvala Ravinder

Self Certified Syndicate Banks

The list of SCSBs for the ASBA process is provided on the website of SEBI at https:/ / www.sebi.gov.in/ sebiweb/ other/ OtherAction.do?doRecognised=yes or such other websites as may be prescribed by SEBI from time to time. For details of the Designated Branches which could collect Bid cum Application Forms from the ASBA Bidders, please refer to the above-mentioned link.

Syndicate SCSB Branches

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

Broker Centres/ Designated CDP Locations/ Designated RTA Locations

In accordance with SEBI Circulars CIR/ CFD/ 14/ 2012 dated October 4, 2012 and CIR/ CFD/ POLICYCELL/ 11/ 2015 dated November 10, 2015, Bidders (other than Anchor Investors) could submit Bid cum Application Forms with the Registered Brokers at the Broker Centres, CDPs at the Designated CDP Locations or the CRTAs 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 was available on the website of the SEBI (www.sebi.gov.in) and updated from time to time.

Experts

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

Our Company has received written consent dated August 13, 2018, from the Statutory Auditors namely, S.R. Batliboi & Co. LLP, to include their name as required under Section 26(1) of the Companies Act, 2013, read with the SEBI ICDR Regulations, in this Prospectus and as an "expert" as defined under Section 2(38) of the Companies Act, 2013 to the extent and in their capacity as a Statutory Auditor and in respect of their (i) examination report dated April 30, 2018 on the Restated Financial Statements; and (ii) their report dated July 12, 2018 on the statement of tax benefits, included in this Prospectus and such consent has not been withdrawn as on the date of this Prospectus. However, the term "expert" shall not be construed to mean an "expert" as defined under the U.S. Securities Act.

Monitoring Agency

Our Company has appointed HDFC Bank Limited as the Monitoring Agency to monitor the utilization of Net Proceeds in terms of Regulation 16 of SEBI ICDR Regulations. The details of the Monitoring Agency are as follows:

HDFC Bank Limited
FIG-OPS Department
Lodha I Think Techno Campus
O-3 Level, Next to Kanjurmarg Railway Station
Kanjurmarg (East)
Mumbai 400 042

Maharashtra, India

Appraising Entity

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

IPO Grading

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

Inter-se allocation of Responsibilities

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

Sr. No.	Activity	Responsibility	Coordinator
1.	Capital structuring, positioning strategy, pre-offer due diligence of our Company including its operations/management/business plans/legal etc., Drafting and design of DRHP, RHP and Prospectus. Ensure compliance and completion of prescribed formalities with the Stock Exchanges, SEBI and RoC including finalisation of RHP, Prospectus and RoC filing	ICICI Securities, Credit Suisse, Kotak and IIFL Holdings	ICICI Securities
2.	Drafting and approval of all statutory advertisements	ICICI Securities, Credit Suisse, Kotak and IIFL Holdings	ICICI Securities
3.	Drafting and approval of all publicity material other than statutory advertisements as mentioned in 3 above, including corporate advertising, brochures, media monitoring, etc.	ICICI Securities, Credit Suisse, Kotak and IIFL Holdings	IIFL
4.	Appointment of Registrar to the Offer, Printers, Banker(s) to the Offer, Advertising agency (including coordinating all agreements to be entered with such parties)	ICICI Securities, Credit Suisse, Kotak and IIFL Holdings	IIFL
5.	Preparation of road show presentation and FAQs for the road show team	ICICI Securities, Credit Suisse, Kotak and IIFL Holdings	CS
6.	International institutional marketing of the Offer, which will cover, *inter alia*: • Institutional marketing strategy • Finalizing the list and division of international investors for one-to-one meetings • Finalizing international road show and investor meeting schedules	ICICI Securities, Credit Suisse, Kotak and IIFL Holdings	CS
7.	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	ICICI Securities, Credit Suisse, Kotak and IIFL Holdings	ICICI Securities
8.	Conduct non-institutional marketing of the Offer • Finalising marketing strategy for non-institutional investors • Finalising media and PR strategy	ICICI Securities, Credit Suisse, Kotak and IIFL Holdings	IIFL Holdings
9.	Conduct 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, RHP/Prospectus and deciding on the quantum of the Offer material	ICICI Securities, Credit Suisse, Kotak and IIFL Holdings	ICICI Securities
10.	Coordination with Stock Exchanges for book building software, bidding terminals and mock trading	ICICI Securities, Credit Suisse, Kotak and IIFL Holdings	Kotak

Sr. No.	Activity	Responsibility	Coordinator
11.	Coordination with Stock Exchanges for deposit of 1% security deposit	ICICI Securities, Credit Suisse, Kotak and IIFL Holdings	Kotak
12.	Managing the book and finalization of pricing in consultation with the Company	ICICI Securities, Credit Suisse, Kotak and IIFL Holdings	CS
13.	Post-Bidding activities – managing Anchor book related activities and submission of letters to regulators post completion of Anchor issue, management of escrow accounts, coordinating underwriting, coordination of non-institutional allocation, finalization of the basis of allotment based on technical rejections, listing of instruments, demat credit and refunds/ unblocking of funds announcement of allocation and dispatch of refunds to Bidders, etc, payment of the applicable STT, coordination with SEBI and Stock Exchanges for refund of 1% security deposit and media compliance report	ICICI Securities, Credit Suisse, Kotak and IIFL Holdings	Kotak

Credit Rating

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

Trustees

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

Book Building Process

Book Building Process, in the context of the Offer, refers to the process of collection of Bids on the basis of the Red Herring Prospectus, the Bid cum Application Forms and the Revision Forms within the Price Band. The Price Band and minimum bid lot size was decided by our Company and the Promoter Selling Shareholder in consultation with the BRLMs, and advertised in all editions of Financial Express, all editions of Jansatta and the Bengaluru edition of Vishwavani, which are widely circulated English, Hindi and Kannada daily newspapers respectively (Kannada being the regional language of Karnataka where our Registered Office is located) at least five Working Days prior to the Bid/ Offer Opening Date and was made available to the Stock Exchanges for the purpose of uploading on their websites. The Offer Price was determined by our Company and the Promoter Selling Shareholder in consultation with the BRLMs after the Bid/ Offer Closing Date. The principal parties involved in the Book Building Process were:

- our Company;
- the Promoter Selling Shareholder;
- the BRLMs;
- the Syndicate Members;
- the SCSBs;
- the Registered Brokers;
- the Registrar to the Offer;
- the Escrow Collection Bank(s);
- the RTAs; and
- the Collecting Depository Participants.

The Offer was made in terms of Rule 19(2)(b) of the SCRR. The Offer was made through the Book Building Process, in compliance with Regulation 26(1) of the SEBI ICDR Regulations, wherein not more than 50% of the Offer was made available for allocation on a proportionate basis to QIBs, provided that our Company and the Promoter Selling Shareholder, in consultation with the BRLMs, allocated 60% of the QIB Portion to Anchor Investors at the Anchor Investor Allocation Price on a discretionary basis. One-third of the Anchor Investor Portion was reserved for domestic Mutual Funds, subject to valid

Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. For further details, see "*Offer Procedure*" on page 307 and *"Offer Structure"* on page 304.

All Bidders (other than Anchor Investors) were mandatorily required to participate in the Offer only through the ASBA process.

In accordance with the SEBI ICDR Regulations, QIBs (other than Anchor Investors) Bidding in the QIB Portion and Non-Institutional Bidders Bidding in the Non-Institutional Portion were not allowed to withdraw or lower the size of their Bids (in terms of the quantity of the Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders could revise their Bids during the Bid/ Offer Period and withdraw their Bids until the Bid/ Offer Closing Date. Further, Anchor Investors could not withdraw their Bids after the Anchor Investor Bidding Date. Allocation to the Anchor Investors was on a discretionary basis. For further details, see "*Offer Procedure*" on page 307.

Our Company confirms that it will comply with the SEBI ICDR Regulations and any other directions issued by SEBI for this Offer. The Promoter Selling Shareholder confirms that it will comply with the SEBI ICDR Regulations and any other directions issued by SEBI, as applicable, to the Offered Shares. In this regard, our Company and the Promoter Selling Shareholder have appointed the BRLMs to manage the Offer and procure Bids for the Offer.

Steps to be taken by Bidders for Bidding:

1. Check eligibility for making a Bid (see "*Offer Procedure – Who Can Bid?*" on page 307);

2. Ensure that you have an active demat account and the demat account details are correctly mentioned in the Bid cum Application Form;

3. Ensure that the Bid cum Application Form is duly completed as per the instructions given in the Red Herring Prospectus and in the respective Bid cum Application Form;

4. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by courts, who, in terms of a SEBI circular dated June 30, 2008, are exempt from specifying their PAN for transacting in the securities market, (ii) Bids by persons resident in the State of Sikkim, who, in terms of the SEBI circular dated July 20, 2006, are exempted from specifying their PAN for transacting in the securities market, and (iii) any other category of Bidders, including without limitation, multilateral/ bilateral institutions, which are exempted from specifying, may be exempted from specifying their PAN for transacting in the securities market for Bids of all values, ensure that you have mentioned your PAN allotted under the Income Tax Act in the Bid cum Application Form. In accordance with the SEBI ICDR Regulations, the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction (see "*Offer Procedure*" on page 307). 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;

5. Ensure correctness of your demographic details such as the address, the bank account details for printing on refund orders and occupation given in the Bid cum Application Form, with the details recorded with your Depository Participant;

6. Ensure correctness of your PAN, DP ID and Client ID and beneficiary account number given in the Bid cum Application Form. Based on these parameters, the Registrar to the Offer will obtain details of the Bidders from the Depositories including the Bidder's name, bank account number etc. and the Stock Exchanges will validate the electronic Bid details with the Depository's records for PAN, DP ID and Client ID;

7. Bids by all Bidders (except Anchor Investors) shall be submitted only through the ASBA process;

Illustration of Book Building Process and Price Discovery Process

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

For further details on the method and procedure for Bidding, see "*Offer Procedure*" on page 307.

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

Underwriting Agreement

Our Company and the Promoter Selling Shareholder have entered into an Underwriting Agreement with the Underwriters for the Equity Shares offered through the Offer. The underwriting shall be to the extent of the Bids uploaded, subject to Regulation 13 of the SEBI ICDR Regulations. The Underwriting Agreement is dated August 13, 2018. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and are subject to certain conditions specified therein.

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

Name, address, telephone number, fax number and e-mail address of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (in ₹ million)
ICICI Securities Limited ICICI Centre H.T. Parekh Marg Churchgate, Mumbai 400 020 Maharashtra, India Tel : +91 22 2288 2460 Fax : +91 22 2282 6580 E-mail: cagrameen.ipo@icicisecurities.com	6,701,348	2,827.97
Credit Suisse Securities (India) Private Limited Ceejay House, 9th Floor Plot F, Shivsagar Estate Dr. Annie Besant Road Worli, Mumbai 400 018 Maharashtra, India Tel: +91 22 6777 3885 Fax: +91 22 6777 3820 E-mail:list.grameenkootaipo@credit-suisse.com	6,701,348	2,827.97
IIFL Holdings Limited 10th Floor, IIFL Centre Kamala City, Senapati Bapat Marg Lower Parel (West), Mumbai 400 013 Maharashtra, India Tel: +91 22 4646 4600 Fax: +91 22 2493 1073 E-mail: cagr.ipo@iiflcap.com	6,701,249	2,827.93
Kotak Mahindra Capital Company Limited 1st Floor, 27 BKC, Plot No. 27 "G" Block, Bandra Kurla Complex Bandra (East), Mumbai 400 051 Maharashtra, India Tel: +91 22 4336 0000 Fax: +91 22 6713 2447 E-mail: cagl.ipo@kotak.com	6,701,249	2,827.93
Kotak Securities Limited 12 BKC, Plot No. C 12, G Block, Bandra Kurla Complex, Bandra (E), Mumbai 4000 051 Maharashtra, India Tel: 022-62185470 Fax: +91 (22) 6661 7041 Email: umesh.gupta@kotak.com	100	0.04
IIFL Securities Limited 6th & 7th Floor, Ackruti Centre Point Central Road, MIDC Andheri (E), Mumbai 400 093 Maharashtra, India Tel: 022 3929 4000/ 4103 5000 Fax: 022 – 2580 6654 Email: cs@indiainfoline.com	100	0.04

The above-mentioned is indicative underwriting and will be finalised after finalisation of the Basis of Allotment and subject to the provisions of the SEBI ICDR Regulations.

In the opinion of our Board (based on representations made by the Underwriters), the resources of the Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchange(s). Our IPO Committee, at its meeting held on August 13, 2018, has accepted and entered into the Underwriting Agreement mentioned above on behalf of our Company.

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

Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to the Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure purchases for or purchase of the Equity Shares to the extent of the defaulted amount in accordance with the Underwriting Agreement. The underwriting arrangements mentioned above shall not apply to the subscriptions by the ASBA Bidders in the Offer, except for ASBA Bids procured by the Syndicate Member(s). The underwriting agreement shall list out the role and obligations of each Syndicate Member, and *inter alia* contain a clause stating that margin collected shall be uniform across all categories indicating the percentage to be paid as margin by the investors at the time of Bidding.

Updates from the Red Herring Prospectus to the Prospectus

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

CAPITAL STRUCTURE

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

(In ₹, except share data)

		Aggregate value at face value	Aggregate value at Offer Price
A	**AUTHORIZED SHARE CAPITAL**(1)		
	160,000,000 Equity Shares	1,600,000,000	-
B	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE OFFER**		
	128,427,337 Equity Shares	1,284,273,370	-
C	**PRESENT OFFER IN TERMS OF THIS PROSPECTUS**		
	Offer of 26,805,394* Equity Shares aggregating to ₹ 11,311.88 million*	268,053,940*	11,311,876,268*
	of which		
	Fresh Issue of 14,928,909* Equity Shares (2)	149,289,090*	6,299,999,598*
	Offer for Sale of 11,876,485* Equity Shares(3)	118,764,850*	5,011,876,670*
D	**SECURITIES PREMIUM ACCOUNT**		
	Before the Offer		8,825,336,893
	After the Offer		14,976,047,401
E	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE OFFER**		
	143,356,246 Equity Shares	1,433,562,460	-

** Subject to finalization of Basis of Allotment*

(1) *For details in relation to the changes in the authorised share capital of our Company, see "History and Certain Corporate Matters – Amendments to our Memorandum of Association" on page* 153.

(2) *The Fresh Issue has been authorized by a resolution of our Board of Directors dated January 12, 2018, and a resolution of our Shareholders at their EGM dated January 13, 2018.*

(3) *The Promoter Selling Shareholder specifically confirms that the Offered Shares are eligible for the Offer in accordance with the SEBI ICDR Regulations. The Offer for Sale has been authorised by the Promoter Selling Shareholder by a resolution dated January 16, 2018 passed by the board of directors of the Promoter Selling Shareholder (as amended by resolutions dated January 22, 2018 and July 13, 2018 passed by the board of directors of the Promoter Selling Shareholder).*

Notes to the Capital Structure

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

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

The history of the equity share capital of our Company is provided in the following table:

Date of allotment	No. of equity shares allotted	Face value per equity share (₹)	Issue price per equity share (₹)	Nature of consideration	Reason/ Nature of allotment	Cumulative number of equity shares	Cumulative paid-up equity share capital (₹)
June 12, 1991*	20	10	10	Cash	Subscription to the Memorandum of Association(1)	20	200
June 28, 1991*	180	10	10	Cash	Preferential allotment(2)	200	2,000
December 27, 1996*	229,200	10	10	Cash	Preferential allotment(3)	229,400	2,294,000
February 16, 1997*	470,500	10	10	Cash	Preferential allotment(4)	699,900	6,999,000
March 22, 2008	1,750,000	10	-	Other than Cash	Preferential allotment of sweat equity shares(5)	2,449,900	24,499,000
March 25, 2008	1,050,933	10	10	Cash	Allotment pursuant to the 2008 ESPP(6)	3,500,833	35,008,330
March 25, 2008	3,666,380	10	10	Cash	Preferential allotment(7)	7,167,213	71,672,130
November 21, 2008	4,500,000	10	10	Cash	Preferential allotment(8)	11,667,213	116,672,130

Date of allotment	No. of equity shares allotted	Face value per equity share (₹)	Issue price per equity share (₹)	Nature of consideration	Reason/ Nature of allotment	Cumulative number of equity shares	Cumulative paid-up equity share capital (₹)
November 22, 2008	4,813,366	10	19.11	Cash	Conversion of compulsorily convertible cumulative preference shares(9)	16,480,579	164,805,790
December 9, 2009	7,575,757	10	33	Cash	Preferential allotment(10)	24,056,336	240,563,360
December 9, 2009	785,985	10	33	Cash	Conversion of CCPS(11)	24,842,321	248,423,210
February 26, 2013	14,777,778	10	33	Cash	Preferential Allotment(12)	39,620,099	396,200,990
March 29, 2014	13,333,334	10	60	Cash	Preferential allotment(13)	52,953,433	529,534,330
March 26, 2015	20,000,000	10	60	Cash	Preferential allotment(14)	72,953,433	729,534,330
May 12, 2016	4,347,826	10	115	Cash	Preferential allotment(15)	77,301,259	773,012,590
June 17, 2016	2,173,913	10	115	Cash	Preferential allotment(16)	79,475,172	794,751,720
June 27, 2016	2,173,913	10	115	Cash	Preferential allotment(17)	81,649,085	816,490,850
March 27, 2017	4,032,258	10	124	Cash	Preferential allotment(18)	85,681,343	856,813,430
November 1, 2017	8,270,677	10	133	Cash	Preferential allotment(19)	93,952,020	939,520,200
November 29, 2017	151,500	10	39.86	Cash	Allotment pursuant to the exercise of stock options held under the ESOP Plan(20)	94,752,270	947,522,700
	30,750	10	63.90				
	618,000	10	27				
December 28, 2017	15,584,415	10	154	Cash	Preferential allotment(21)	110,336,685	1,103,366,850
December 28, 2017	12,987,012	10	154	Cash	Conversion of CCDs(22)	123,323,697	1,233,236,970
December 28, 2017	4,890,140	10	-^	Other than cash	Allotment pursuant to the amalgamation of MV Microfin Private Limited with our Company(23)	128,213,837	1,282,138,370
March 1, 2018	93,750	10	27	Cash	Allotment pursuant to the exercise of stock options held under the ESOP Plan(24)	128,427,337	1,284,273,370
	26,000	10	39.86				
	28,750	10	63.90				
	65,000	10	84.47				
Total	**128,427,337**						

* *Details in relation to all allotments since incorporation until 2007 have been ascertained from various corporate statutory records including the original memorandum of association, share certificates, counterfoils, resolutions of the Board and the register of members of the Company. For details, see "Risk Factors - We did not have adequate controls for managing our historical secretarial records and compliances as a result of which there have been certain inaccuracies and non-compliances with respect to certain provisions of the Companies Act, applicable FEMA regulations, regulatory filings and corporate actions taken by our Company. Consequently, we may be subject to regulatory actions and penalties for any past or future non-compliance and our business, financial condition and reputation may be adversely affected" on page 20*

^ *The equity shares of MV Microfin Private Limited were acquired by CAA at a price of ₹112.14 per equity share*

(1) *10 Equity Shares were allotted to Ram Gopal Soni and 10 Equity Shares were allotted to Babulal Soni pursuant to subscription to the MoA*
(2) *90 Equity Shares were allotted to Ram Gopal Soni and 90 Equity Shares were allotted to Babulal Soni*
(3) *126,000 Equity Shares were allotted to Bahubali Merchants Private Limited, 103,000 Equity Shares were allotted to Shakuntala Dealings Private Limited and 200 Equity Shares were allotted to Mahendra Kumar Soni*
(4) *243,000 Equity Shares were allotted to G.B. India Finance Private Limited, 117,500 Equity Shares were allotted to BRM Holdings Private Limited and 110,000 Equity Shares were allotted to Iccha Mercantiles Private Limited*
(5) *1,225,000 Equity Shares were allotted to Vinatha M. Reddy and 525,000 Equity Shares were allotted to Suresh K. Krishna*
(6) *1,050,933 Equity Shares were allotted to 197 employees of the Company pursuant to the 2008 ESPP*
(7) *686,000 Equity Shares each were allotted to Vinatha M. Reddy, Pratap S. Reddy, Jayaram S. Reddy, Vijitha Subbaiah and S. Venkataram Reddy, respectively, and 236,380 Equity Shares were allotted to Suresh K. Krishna*

(8) *4,500,000 Equity Shares were allotted to T.N. Vimala Reddy as managing trustee of the TMTCT in consideration of the amounts payable to TMT by our Company, the rights of which were assigned in favour of TMTCT by TMT*
(9) *4,813,366 Equity Shares were allotted to Aavishkaar Goodwell India Microfinance Development Company upon conversion of 920,000 compulsorily convertible cumulative preference shares*
(10) *2,272,727 Equity Shares were allotted to MicroVentures S.p.A (later known as MVH S.r.L), 2,272,727 Equity Shares were allotted to MicroVentures Investments SCA SICAR and 3,030,303 Equity Shares were allotted to IIM Impulse 2*
(11) *2,500,000 CCPS of ₹10 each were redeemed, and proceeds thereof along with dividend payable were utilized towards allotment of 785,985 Equity Shares in lieu of payment of dividend to Aavishkaar Goodwell Microfinance Development Company. For details, see "Risk Factors - We have allotted shares in lieu of payment of dividend upon the conversion of certain shares and securities in the past in contravention of provisions of the Companies Act and have also made delayed filings with the RBI in relation to such allotment. There can be no assurance that such contraventions may not occur in the future" on page 23*
(12) *10,416,667 Equity Shares were allotted to Creation Investments Social Ventures Fund II, L.P., 1,111,111 Equity Shares were allotted to IIM Impulse 2 and 3,250,000 Equity Shares were allotted to MicroVentures Investments SCA, SICAR*
(13) *13,333,334 Equity Shares were allotted to MicroVentures Asia B.V. (now known as CreditAccess Asia N.V.)*
(14) *17,954,176 Equity Shares were allotted to CAA and 2,045,824 Equity Shares were allotted to Creation Investments Social Ventures Fund II, L.P.*
(15) *4,347,826 Equity Shares were allotted to CAA*
(16) *2,173,913 Equity Shares were allotted to CAA*
(17) *2,173,913 Equity Shares were allotted to CAA*
(18) *4,032,258 Equity Shares were allotted to CAA*
(19) *8,270,677 Equity Shares were allotted to CAA*
(20) *151,500 Equity Shares were allotted to 37 Eligible Employees at an issue price of ₹39.86, 30,750 Equity Shares were allotted to 11 Eligible Employees at an issue price of ₹63.90 and 618,000 Equity Shares were allotted to 47 Eligible Employees at an issue price of ₹27 in relation to such Eligible Employees exercising employee stock option plans*
(21) *15,584,415 Equity Shares were allotted to CAA*
(22) *12,987,012 Equity Shares were allotted to CAA upon conversion of 2,000 CCDs*
(23) *4,890,127 Equity Shares were allotted to CAA and 13 Equity Shares to Paolo Brichetti pursuant to a scheme of amalgamation between MV Microfin Private Limited and our Company, as per approval from NCLT vide order dated November 22, 2017. The beneficial interest in the 13 Equity Shares so allotted to Paolo Brichetti is presently held by CAA*
(24) *93,750 Equity Shares were allotted to Udaya Kumar Hebbar at an issue price of ₹27 each, 12,000 Equity Shares were allotted to Anshul Sharan and 14,000 Equity Shares were allotted to Gururaj Kumar KS Rao at an issue price of ₹39.86 each, 15,000 Equity Shares were allotted to Diwakar B.R., 7,500 Equity Shares were allotted to Guruaj Kumar KS Rao and 6,250 Equity Shares were allotted to Anshul Sharan at an issue price of ₹63.90 each, and 65,000 Equity Shares were allotted to 14 Eligible Employees at an issue price of ₹84.47 each in relation to such Eligible Employees exercising options under employee stock option plans*

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

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

Date of allotment	No. of preference shares allotted	Face value per preference share (₹)	Issue price per preference share (₹)	Nature of consideration	Nature of allotment	Cumulative number of preference shares*	Cumulative paid-up Preference share capital* (₹)
May 14, 2008	920,000	100	100	Cash	Preferential allotment(1)	920,000	92,000,000
April 6, 2009	2,100,000	10	10	Cash	Preferential allotment(2)	2,100,000	21,000,000
May 25, 2009	400,000	10	10	Cash	Preferential allotment(3)	2,500,000	25,000,000

***** *As of the date of allotment of such preference shares*

(1) *920,000 compulsorily convertible cumulative preference shares were allotted to Aavishkar Goodwell India Microfinance Development Company. These compulsorily convertible cumulative preference shares were subsequently converted into Equity Shares on November 22, 2008. For details in relation to the allotment of Equity Shares pursuant to the conversion, see " – Share Capital History of our Company – Equity Share Capital" on page 70. Further, see "Risk Factors – We have allotted preference shares in the past without obtaining the necessary corporate authorisations, or making the requisite corporate filings or amending our Memorandum of Association. We cannot assure you that such contraventions will not occur in the future" on page 28*
(2) *2,100,000 9% CCPS were allotted to Aavishkar Goodwell India Microfinance Development Company. These CCPS were subsequently converted into Equity Shares on December 9, 2009. For details in relation to the allotment of Equity Shares pursuant to the conversion, see " – Share Capital History of our Company – Equity Share Capital" on page 70*
(3) *400,000 9% CCPS were allotted to Aavishkar Goodwell India Microfinance Development Company. These CCPS were subsequently converted into Equity Shares on December 9, 2009. For details in relation to the allotment of Equity Shares pursuant to the conversion, see " – Share Capital History of our Company – Equity Share Capital" on page 70*

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

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

Date of Allotment	No. of Equity Shares	Face Value per Equity Share (₹)	Issue price per Equity Share (₹)	Nature of Consideration	Reason for Allotment
November 1, 2017	8,270,677	10	133	Cash	Preferential allotment
November 29, 2017	151,500	10	39.86	Cash	Allotment for cash pursuant to the exercise of stock options held under the ESOP Plan
	30,750		63.90		
	618,000		27		
December 28, 2017	15,584,415	10	154	Cash	Preferential allotment
December 28, 2017	12,987,012	10	154	Cash	Conversions of CCDs
December 28, 2017	4,890,140	10	-	Other than cash	Allotment pursuant to the amalgamation of MV Microfin Private Limited with our Company
March 1, 2018	93,750	10	27	Cash	Allotment pursuant to the exercise of stock options held under the ESOP Plan
	26,000		39.86		
	28,750		63.90		
	65,000		84.47		

2. **Issue of Equity Shares for consideration other than cash**

(a) Since 2007, our Company has not issued any Equity Shares out of revaluation of reserves or unrealized profits.

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

Date of Allotment	No. of Equity Shares allotted	Face Value per Equity Share (₹)	Issue price (₹)	Reason for allotment	Benefits accrued to our Company
March 22, 2008	1,750,000	10	N/ A	1,225,000 sweat Equity Shares were allotted to Vinatha M. Reddy and 525,000 Equity Shares were allotted to Suresh K. Krishna	NA
December 28, 2017	4,890,140	10	-	Allotment pursuant to the amalgamation of MV Microfin Private Limited with our Company	The amalgamation was for securing capital and enabling economic expansion

3. **History of the Equity Share Capital held by our Promoter**

As on the date of this Prospectus, our Promoter holds 126,985,513 Equity Shares, constituting 98.88% of the issued, subscribed and paid-up Equity Share capital of our Company.

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

Date of allotment/ transfer	Number of Equity Shares	Face Value per Equity Share (₹)	Issue/ Acquisition / Transfer price per Equity Share (₹)	Nature of Consideration	Nature of Transaction	Percentage (%) of pre-Offer Equity Share Capital	Percentage (%) of post-Offer Equity Share Capital
March 29, 2014	13,333,334	10	60	Cash	Preferential allotment	10.38	9.27
June 20, 2014	2,000,000	10	61.75	Cash	Transfer of 300,000 Equity Shares from Pratap S Reddy, 300,000 Equity Shares from S. Venkataram Reddy, 300,000 Equity Shares from	1.56	1.39

Date of allotment/ transfer	Number of Equity Shares	Face Value per Equity Share (₹)	Issue/ Acquisition / Transfer price per Equity Share (₹)	Nature of Consideration	Nature of Transaction	Percentage (%) of pre-Offer Equity Share Capital	Percentage (%) of post-Offer Equity Share Capital
					Jayaram S. Reddy, 200,000 Equity Shares from Suresh K Krishna, 400,000 Equity Shares from Vijitha Subbaiah and 500,000 Equity Shared form Vinatha M Reddy		
June 20, 2014	4,141,414	10	61.75	Cash	Transfer of 4,141,414 Equity Shares from IIM Impulse 2	3.22	2.88
June 20, 2014	2,999,351	10	61.75	Cash	Transfer of 2,999,351 Equity Shares from Aavishkar Goodwell Microfinance Development Company	2.34	2.08
August 25, 2014	1,000,000	10	100	Cash	Transfer of 200,000 Equity Shares from Suresh K Krishna, 200,000 Equity Shares from Vinatha M Reddy, 150,000 Equity Shares from Vijitha Subbaiah, 150,000 Equity Shares from S. Venkataram Reddy, 150,000 Equity Shares from Pratap S Reddy and 150,000 Equity Shares from Jayaram S. Reddy	0.78	0.70
August 25, 2014	415,115	10	60	Cash	Transfer of 415,115 Equity Shares from 132 Shareholders of our Company	0.32	0.29
November 26, 2014	4,872,727	10	60.66#	Cash	Transfer of 4,872,727 Equity Shares from MVH S.p.A. (later known as MVH S.r.L)	3.79	3.39
November 26, 2014	5,522,727	10	60.66##	Cash	Transfer of 5,522,727 Equity Shares from MicroVentures Investments SA SICAR, Luxembourg	4.30	3.84
December 30, 2014	5,000,000	10	73.50	Cash	Transfer of 5,000,000 Equity Shares from Creation Investments Social Ventures Fund II	3.89	3.48
March 26, 2015	17,954,176	10	60	Cash	Preferential allotment	13.98	12.48
March 31, 2015	1,392,000	10	101	Cash	Transfer of 200,000 Equity Shares from Suresh K Reddy, 925,500 Equity Shares from Vinatha M Reddy and 266,500 Equity Shares from Vijitha Subbaiah	1.08	0.97
April 1, 2015	372,000	10	101	Cash	Transfer of 236,000 Equity Shares from	0.29	0.26

Date of allotment/ transfer	Number of Equity Shares	Face Value per Equity Share (₹)	Issue/ Acquisition / Transfer price per Equity Share (₹)	Nature of Consideration	Nature of Transaction	Percentage (%) of pre-Offer Equity Share Capital	Percentage (%) of post-Offer Equity Share Capital
					Pratap S Reddy and 136,000 Equity Shares from Jayaram S. Reddy		
April 16, 2015	236,000	10	101	Cash	Transfer of 236,000 Equity Shares from S. Venkataram Reddy	0.18	0.16
April 7, 2016	4,500,000	10	134.76	Cash	Transfer of 4,500,000 Equity Shares from TMT Community Trust	3.50	3.13
April 8, 2016	515,600	10	134.76	Cash	Transfer of 515,600 Equity Shares from Vinatha M. Reddy	0.40	0.36
April 11, 2016	100,000	10	134.76	Cash	Transfer of 100,000 Equity Shares from Vijitha Subbaiah	0.08	0.07
April 20, 2016	200,680	10	134.76	Cash	Transfer of 200,680 Equity Shares from Suresh K Krishna	0.16	0.14
April 29, 2016	5,416,667	10	118.54	Cash	Transfer of 5,416,667 Equity Shares from Creation Investments Social Ventures Fund II	4.22	3.77
May 12, 2016	4,347,826	10	115	Cash	Preferential allotment	3.39	3.02
June 17, 2016	2,173,913	10	115	Cash	Preferential allotment	1.69	1.51
June 27, 2016	2,173,913	10	115	Cash	Preferential allotment	1.69	1.51
July 14, 2016	458,007	10	119	Cash	Transfer of 458,007 Equity Shares from 143 Shareholders of the Company	0.36	0.32
July 21, 2016	2,045,824	10	118.50	Cash	Transfer of 2,045,824 Equity Shares from Creation Investments Social Ventures Fund II	1.59	1.42
March 27, 2017	4,032,258	10	124	Cash	Preferential allotment	3.14	2.80
November 1, 2017	8,270,677	10	133	Cash	Preferential allotment	6.44	5.75
December 28, 2017	15,584,415	10	154	Cash	Preferential allotment	12.13	10.83
December 28, 2017	12,987,012	10	154	Cash	CCD* conversion	10.11	9.03
December 28, 2017	4,890,127	10	-^	Other than cash	Amalgamation**	3.81	3.40
March 19, 2018	49,750	10	133	Cash	Transfer of 49,750 Equity Shares from 16 Shareholders of the Company	0.04	0.03
Total	**126,985,513**					**98.88**	**88.27**

* *12,987,012 Equity Shares were allotted to CAA upon conversion of 2,000 CCDs*

** *4,890,127 Equity Shares were allotted to CAA pursuant to a scheme of amalgamation between MV Microfin Private Limited and our Company. Further, 13 Equity Shares were allotted to Paolo Brichetti. The beneficial interest in the 13 Equity Shares so allotted to Paolo Brichetti is presently held by CAA*

^ *The equity shares of MV Microfin Private Limited were acquired by CAA at a price of ₹112.14 per equity share*

\# *Pursuant to a share purchase agreement dated June 23, 2014 between MVH S.p.A (later known as MVH S.r.L. and MicroVentures Asia B.V. (later known as CAA) ("**MVH SPA**"), 4,872,727 Equity Shares ("**MVH Sale Shares**") of our Company were transferred to MicroVentures Asia B.V. The purchase consideration for the Sale Shares as per the MVH SPA was € 3,609,427. The transfer price in ₹ has been calculated at the prevailing conversion rate of € to ₹ on the date of transfer, i.e. June 23, 2014. Accordingly, the aggregate purchase consideration was ₹295,612,071.30*

*Pursuant to a share purchase agreement dated June 23, 2014 between MicroVentures Investments SA SICAR and MicroVentures Asia B.V. (later known as CAA) ("**SICAR SPA**"), 5,522,727 Equity Shares ("**SICAR Sale Shares**") of our Company were transferred to MicroVentures Asia B.V. The purchase consideration for the Sale Shares as per the SICAR SPA was € 4,090,908. The transfer price in ₹ has been calculated at the prevailing conversion rate of € to ₹ on the date of transfer, i.e. June 23, 2014. Accordingly, the aggregate purchase consideration was ₹335,045,365.20*

All the Equity Shares held by our Promoter were fully paid-up on the respective dates of acquisition of such Equity Shares. None of the Equity Shares held by our Promoter are pledged.

(b) Details of Promoter's contribution and lock-in:

Pursuant to Regulations 32 and 36 of the SEBI ICDR Regulations, at least an aggregate of 20% of the fully diluted post-Offer equity share capital of our Company held by our Promoter shall be locked-in for a period of three years from the date of Allotment and our Promoter's shareholding in excess of 20% shall be locked in for a period of one year from date of Allotment.

The Equity Shares that are being locked-in are not and will not be ineligible for computation of minimum Promoter's contribution under Regulation 33 of the SEBI ICDR Regulations. In this regard, our Company confirms that the Equity Shares being locked-in do not consist of:

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

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

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

In this regard, our Promoter specifically confirms that the Equity Shares held by our Promoter that are offered as part of the minimum Promoter's contribution are not subject to any pledge or any other encumbrance.

The details of the Equity Shares held by our Promoter and locked-in as minimum Promoter's contribution are given below:

Name of the Promoter	No. of Equity Shares	Date of allotment/ transfer of Equity Shares and when made fully paid-up	Nature of Transaction	Face Value per Equity Share (₹)	Offer/ Acquisition Price per Equity Share (₹)	Percentage (%) to Pre-Offer Paid-up Capital	Percentage (%) to Post-Offer Paid-up Capital
CAA	2,000,000	June 20, 2014	Acquisition	10	61.75	1.56	1.39
CAA	4,141,414	June 20, 2014	Acquisition	10	61.75	3.22	2.88
CAA	2,999,351	June 20, 2014	Acquisition	10	61.75	2.34	2.09
CAA	1,000,000	August 25, 2014	Acquisition	10	100	0.78	0.70
CAA	415,115	August 25, 2014	Acquisition	10	60	0.32	0.29
CAA	4,872,727	November 26, 2014	Acquisition	10	60.66#	3.79	3.39
CAA	5,522,727	Novemebr 26, 2014	Acquisition	10	60.66##	4.30	3.84
CAA	5,000,000	December 30, 2014	Acquisition	10	73.50	3.89	3.48
CAA	2,822,116	March 26, 2015	Allotment	10	60	2.22	1.96
TOTAL	**28,773,450**					**22.42**	**20.02**

*Pursuant to a share purchase agreement dated June 23, 2014 between MVH S.p.A (later known as MVH S.r.L. and MicroVentures Asia B.V. (later known as CAA) ("**MVH SPA**"), 4,872,727 Equity Shares ("**MVH Sale Shares**") of our Company were transferred to MicroVentures Asia B.V. The purchase consideration for the Sale Shares as per the MVH SPA was € 3,609,427. The transfer price in ₹ has been calculated at the prevailing conversion rate of € to ₹ on the date of transfer, i.e. June 23, 2014. Accordingly, the aggregate purchase consideration was ₹ 295,612,071.30*

*Pursuant to a share purchase agreement dated June 23, 2014 between MicroVentures Investments SA SICAR and MicroVentures Asia B.V. (later known as CAA) ("**SICAR SPA**"), 5,522,727 Equity Shares ("**SICAR Sale Shares**") of our Company were transferred to MicroVentures Asia B.V. The purchase consideration for the Sale Shares as per the SICAR SPA was € 4,090,908. The transfer price in ₹ has been calculated at the prevailing conversion rate of € to ₹ on the date of transfer, i.e. June 23, 2014. Accordingly, the aggregate purchase consideration was ₹ 335,045,365.20*

Our Promoter has confirmed to our Company and the BRLMs that all the Equity Shares held by our Promoter which shall be locked in for three years as minimum Promoter's contribution have been financed from the internal accruals of our Promoter, and no loans or financial assistance from any bank or financial institution has been availed for this purpose.

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

The minimum Promoter's contribution has been brought in to the extent of not less than the specified minimum lot and has been contributed by the person defined as a promoter under the SEBI ICDR Regulations.

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

In terms of the Regulation 37 of the SEBI ICDR Regulations, in addition to the Equity Shares proposed to be locked-in as part of our minimum Promoter's contribution as stated above, the entire pre-Offer equity share capital of our Company will be locked-in for a period of one year from the date of Allotment except the Offered Shares and, any Equity Shares held by the employees of our Company (who continue to be the employees of our Company as on the date of Allotment) which may be allotted to them under the ESOP Plan prior to the Offer.

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

Pursuant to Regulation 39 of the SEBI ICDR Regulations, the locked-in Equity Shares held by our Promoter can be pledged with any scheduled commercial bank or public financial institution as collateral security for loans granted by such scheduled commercial bank or public financial institution, provided that (i) the pledge of Equity Shares is one of the terms of sanction of the loan; and (ii) if the Equity Shares are locked-in as minimum Promoter's contribution for three years under Regulation 36(a) of the SEBI ICDR Regulations, then in addition to the requirement in (i) above, such shares may be pledged only if the loan has been granted by the scheduled commercial bank or public financial institution for the purpose of financing one or more of the objects of the Issue.

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

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

(e) 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.

4. **Details of the equity share capital held by the Promoter, directors of our Promoter and members of the Promoter Group in our Company**

As of the date of this Prospectus, the Promoter holds 126,985,513 Equity Shares, constituting 98.88% of the issued, subscribed and paid-up Equity Share capital of our Company. Further, CAA also holds the beneficial interest in 13 Equity Shares allotted to Paolo Brichetti, who remains the registered owner of such Equity Shares.. As of the date of this Prospectus, none of the members of the Promoter Group hold any Equity Shares in our Company.

5. **Shareholding Pattern of our Company**

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

Category (I)	**Category of Shareholder (II)**	**Number of Shareholders (III)**	**No. of fully paid up equity shares held (IV)**	**No. of Partly paid-up equity shares held (V)**	**No. of shares underlying Depository Receipts (VI)**	**Total nos. shares held (VII) = (IV)+(V)+ (VI)**	**Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B)**	**Number of Voting Rights held in each class of securities (IX)**				**No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)**	**Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B)**	**Number of Locked in shares (XII)**		**Number of Shares pledged or otherwise encumbered (XIII)**		**Number of equity shares held in dematerialized form (XIV)**
								No of Voting Rights			**Total as a % of (A+B)**			**No. (a)**	**As a % of total Shares held (b)**	**No. (a)**	**As a % of total Shares held (b)**	
								Class	**Class**	**Total**								
(A)	**Promoter and Promoter Group**	1	126985513	-	-	126985513	98.88	-	-	-	-	-	98.88	-	-	-	-	126985513
(B)	**Public**	49	1441824*	-	-	1441824*	1.12	-	-	-	-	-	1.12	-	-	-	-	1441824*
	Total (A) + (B)	**50**	**128427337**			**128427337**	**100.00**	**-**	**-**	**-**	**-**	**-**	**100.00**	**-**	**-**	**-**	**-**	**128427337**

* *Including 13 Equity Shares held by Paolo Brichetti, the beneficial ownership in which is held by CAA.*

6. **The list of top 10 Shareholders of our Company and the number of Equity Shares held by them as on the date of this Prospectus, 10 days before the date of filing and two years prior to the date of filing of this Prospectus are set forth below:**

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

Sr. No.	Name of the Shareholder	No. of Equity Shares	Percentage (%)
1.	CAA	126,985,513	98.88
2.	Gopal Reddy A R	152,250	0.12
3.	Udaya Kumar Hebbar	212,500	0.17
4.	Diwakar B.R.	145,000	0.11
5.	Jayaram S. Reddy	100,000	0.08
6.	Vijitha Subbaiah	100,000	0.08
7.	Vinatha M Reddy	100,000	0.08
8.	Srivatsa H N	81,140	0.06
9.	Gururaj Kumar KS Rao	88,500	0.07
10.	Praveen Kumar H I	55,250	0.04
	Total	**128,020,153**	**99.69**

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

Sr. No.	Name of the Shareholder	No. of Equity Shares	Percentage (%)
1.	CAA	126,985,513	98.88
2.	Gopal Reddy A R	152,250	0.12
3.	Udaya Kumar Hebbar	212,500	0.17
4.	Diwakar B.R.	145,000	0.11
5.	Jayaram S. Reddy	100,000	0.08
6.	Vijitha Subbaiah	100,000	0.08
7.	Vinatha M Reddy	100,000	0.08
8.	Srivatsa H N	81,140	0.06
9.	Gururaj Kumar KS Rao	88,500	0.07
10.	Praveen Kumar H I	55,250	0.04
	Total	**128,020,153**	**99.69**

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

Sr. No.	Name of the Shareholder	No. of Equity Shares	Percentage (%)
1.	CAA	59,238,844	81.2
2.	Creation Investments Social Venture Fund II, L.P.	7,462,491	10.23
3.	TMT Community Trust	4,500,000	6.17
4.	Vinatha M Reddy	615,600	0.84
5.	Suresh K Krishna	200,680	0.28
6.	Vijitha Subbaiah	200,000	0.27
7.	Gopal Reddy A R	130,000	0.18
8.	Jayaram S. Reddy	100,000	0.14
9.	Srivatsa H N	81,640	0.11
10.	Nagananda Kumar K N	71,890	0.10
	Total	**72,601,145**	**99.52**

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

Other than as set out below, none of our Directors or Key Management Personnel hold Equity Shares as of the date of this Prospectus.

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

Name	No. of Equity Shares	Pre-Offer (%)	Post-Offer (%)
Udaya Kumar Hebbar	212,500	0.17	0.15
Paolo Brichetti	13**	-*	*

** Negligible*
*** Beneficial interest held by CAA*

(ii) Set out below are details of the Equity Shares held by Key Management Personnel in our Company:

Name	No. of Equity Shares	Pre-Offer (%)	Post-Offer (%)
Udaya Kumar Hebbar	212,500	0.17	0.15
Gopal Reddy A R	152,250	0.12	.011
Diwakar B.R.	145,000	0.11	0.10
Srivatsa H N	81,140	0.06	0.06
Gururaj Kumar K S Rao	88,500	0.07	0.06
Arun Kumar B	44,750	0.03	0.03
Anshul Sharan	37,750	0.03	0.03

8. The BRLMs and their respective associates do not hold any Equity Shares as on the date of this Prospectus. The BRLMs and their respective affiliates 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, for which they may, in the future, receive agreed compensation.

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

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

11. Our Company has allotted 4,890,140 Equity Shares pursuant to the scheme of amalgamation approved under Section 230-232 of the Companies Act, 2013. For further details, see "*History and Certain Corporate Matters – Details regarding acquisition of business/ undertakings, mergers, amalgamation, revaluation of assets, if any*" on page 156.

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

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

14. **Employee Stock Purchase Plan**

Our Company, pursuant to the resolution passed by our Board dated February 6, 2008, adopted the Grameen Financial Services Private Limited 2008 Employee Stock Purchase Plan ("**2008 ESPP**"), to provide employees of our Company with an opportunity to purchase Equity Shares as a compensation scheme. The 2008 ESPP was implemented on March 21, 2008 as a one-time scheme, and Eligible Employees of our Company were required to exercise their option to purchase Equity Shares on or before March 31, 2008 by making an application as provided in the 2008 ESPP. An aggregate of 1,051,000 Equity Shares were to be issued pursuant to the 2008 ESPP. On February 6, 2008, pursuant to the 2008 ESPP, our Company allotted 1,050,933 Equity Shares to certain employees of our Company.

15. **Employee Stock Option Plans**

Our Company, pursuant to the resolution passed by our Board dated October 15, 2011, adopted the ESOP Plan, which came into force on October 1, 2011. Pursuant to the ESOP Plan, options to acquire Equity Shares may be granted to Eligible Employees (as defined in the ESOP Plan). The aggregate number of Equity Shares, which may be issued under ESOP Plan, shall not exceed 3,754,208 Equity Shares. The ESOP Plan was brought in line with the SEBI ESOP Regulations pursuant to resolutions passed by our Board and Shareholders dated October 4, 2017 and October 30, 2017 respectively. The details of the ESOP Plan, as certified by Manohar & Venkata, Chartered Accountants, through a certificate dated July 13, 2018, are as follows:

<table>
<tr><th>Particulars</th><th>Details</th></tr>
<tr><td>Options granted</td><td>A total of 3,714,015 options were granted as on June 30, 2018. Of this the options granted in the last three financial years is furnished hereunder.
<table>
<tr><th>Year/ Period</th><th>No. of Options granted</th></tr>
<tr><td>Financial Year 2016</td><td>431,000</td></tr>
<tr><td>Financial Year 2017</td><td>521,000</td></tr>
<tr><td>Financial Year 2018</td><td>971,000</td></tr>
<tr><td>Period between April 1, 2018 and June 30, 2018</td><td>-</td></tr>
<tr><td>Total</td><td>1,923,000</td></tr>
</table></td></tr>
<tr><td>Pricing formula</td><td>• Grants for the issues for 2014-2015: 1.25 x of BV (to be granted in FY 2016-2017)
• Grants for the issues for 2015-2016: 1.35 x of BV (to be granted in FY 2016-2017)
• Grants for the issues for 2016-2017: 1.50 x of BV (to be granted in FY 2017-2018)
• Grant price will be at 1.5 x BV thereafter</td></tr>
<tr><td>Exercise price of options</td><td>Tranche 1 : 27 per option</td></tr>
</table>

<table>
<tr><th>Particulars</th><th>Details</th></tr>
<tr><td>(in ₹)</td><td>Tranche 2 : 27 per option

Tranche 3 : 39.86 per option

Tranche 4 : 63.90 per option

Tranche 5 : 84.47 per option

Tranche 6: 120.87 per option</td></tr>
<tr><td>Vesting period</td><td>Vesting period will be in four tranches of 25% as below:

• 25% of the options vest after 12 months of granting

• 25% of the options vest after 24 months of granting

• 25% of the options vest after 36 months of granting

• 25% of the options vest after 48 months of granting</td></tr>
<tr><td>Options vested (excluding the options that have been exercised)</td><td>Total of 403,250 options vested (excluding the options that have been exercised) up to June 30, 2018. Of this the options vested during the last three financial years are as follows:

<table><tr><th>Period</th><th>Number of options vested</th></tr><tr><td>Financial Year 2016</td><td>46,250</td></tr><tr><td>Financial Year 2017</td><td>49,500</td></tr><tr><td>Financial Year 2018</td><td>204,250</td></tr><tr><td>Period between April 1, 2018 and June 30, 2018</td><td>103,250</td></tr><tr><td>Total option vested</td><td>403,250</td></tr></table></td></tr>
<tr><td>Options exercised</td><td>Total of 1,013,750 options are exercised up to June 30, 2018. Of this the options exercised during the last three financial years are as follows:

<table><tr><th>Period</th><th>Number of options exercised</th></tr><tr><td>Financial Year 2016</td><td>-</td></tr><tr><td>Financial Year 2017</td><td>-</td></tr><tr><td>Financial Year 2018</td><td>1,013,750</td></tr><tr><td>Period between April 1, 2018 and June 30, 2018</td><td>-</td></tr><tr><td>Total options exercised</td><td>1,013,750</td></tr></table></td></tr>
<tr><td>The total number of Equity Shares arising as a result of exercise of options</td><td>Total of 1,013,750 equity shares are issued pursuant to exercise of stock options, up to June 30, 2018. Of this the Equity Shares issued during the last three financial years are as follows:

<table><tr><th>Period</th><th>Number of Equity Shares issued against options</th></tr><tr><td>Financial Year 2016</td><td>-</td></tr><tr><td>Financial Year 2017</td><td>-</td></tr><tr><td>Financial Year 2018</td><td>1,013,750</td></tr><tr><td>Peirod between April 1, 2018 and June 30, 2018</td><td>-</td></tr><tr><td>Total Equity Shares issued</td><td>1,013,750</td></tr></table></td></tr>
</table>

<table>
<tr><th>Particulars</th><th>Details</th></tr>
<tr><td>Options lapsed/ forfeited/ cancelled</td><td>A total of 227,550 options have lapsed up to June 1, 2018. Of these, the options lapsed during the last three financial years are as follows:
<table>
<tr><th>Year/ Period</th><th>No. of Options lapsed</th></tr>
<tr><td>Financial Year 2016</td><td>22,250</td></tr>
<tr><td>Financial Year 2017</td><td>27,500</td></tr>
<tr><td>Financial Year 2018</td><td>57,650</td></tr>
<tr><td>Period between April 1, 2018 and June 30, 2018</td><td>13,000</td></tr>
<tr><td>Total options lapsed</td><td>120,400</td></tr>
</table>
A total of 412,015 options have been cancelled up to June 30, 2018. Of these, the options cancelled during the last three financial years are as follows:
<table>
<tr><th>Year/ Period</th><th>No. of Options cancelled</th></tr>
<tr><td>Financial Year 2016</td><td>-</td></tr>
<tr><td>Financial Year 2017</td><td>412,015</td></tr>
<tr><td>Financial Year 2018</td><td>-</td></tr>
<tr><td>Period between April 1, 2018 and June 30, 2018</td><td>-</td></tr>
<tr><td>Total options cancelled</td><td>412,015</td></tr>
</table></td></tr>
<tr><td>Variation of terms of options</td><td>Extension of exercise period for first 25% of options granted in April, 2012 by one year</td></tr>
<tr><td>Money realized by exercise of options</td><td>₹ 35,585,002 was realised by exercise of options up to June 30, 2018. Of this, the money realised during the last three financial years are as follows:
<table>
<tr><th>Year/ Period</th><th>Money realised</th></tr>
<tr><td>Financial Year 2016</td><td>-</td></tr>
<tr><td>Financial Year 2017</td><td>-</td></tr>
<tr><td>Financial Year 2018</td><td>35,585,002</td></tr>
<tr><td>Period between April 1, 2018 and June 30, 2018</td><td>-</td></tr>
<tr><td>Total money realised</td><td>₹ 35,585,002</td></tr>
</table></td></tr>
<tr><td>Total number of options in force as on June 30, 2018</td><td>2,054,100 options</td></tr>
<tr><td>Employee-wise detail of options granted to</td><td>-</td></tr>
<tr><td>(i) Senior managerial personnel i.e., Directors and Key Managerial Personnel</td><td>
<table>
<tr><th rowspan="2">Senior Managerial Personnel Name$</th><th colspan="3">No of Options granted</th></tr>
<tr><th>Granted</th><th>Exercised</th><th>Outstanding</th></tr>
<tr><td>Udaya Kumar Hebbar</td><td>755,000</td><td>212,500</td><td>542,500</td></tr>
<tr><td>Diwakar B.R.</td><td>310,000</td><td>145,000</td><td>165,000</td></tr>
<tr><td>Gururaj Kumar KS Rao</td><td>188,000</td><td>88,500</td><td>99,500</td></tr>
<tr><td>Srivatsa HN</td><td>141,000</td><td>49,500</td><td>91,500</td></tr>
<tr><td>Gopal Reddy A R</td><td>133,000</td><td>47,250</td><td>85,750</td></tr>
<tr><td>Anshul Sharan</td><td>105,000</td><td>37,750</td><td>67,250</td></tr>
<tr><td>Arun Kumar B</td><td>112,000</td><td>44,750</td><td>67,250</td></tr>
</table>
$ Senior Managerial Personnel as identified by the Company</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 that year</td><td>For Financial Year 2014:
<table>
<tr><th>S.No.</th><th>Name of the Employees</th><th>Number of Options</th></tr>
<tr><td>1.</td><td>Udaya Kumar Hebbar</td><td>130,000</td></tr>
<tr><td>2.</td><td>Gururaj Kumar KS Rao</td><td>28,000</td></tr>
<tr><td>3.</td><td>Diwakar B.R.</td><td>40,000</td></tr>
<tr><td>4.</td><td>Srivatsa HN</td><td>23,000</td></tr>
</table>
For Financial Year 2015: Nil
For Financial Year 2016:
<table>
<tr><th>S.No.</th><th>Name of the Employees</th><th>Number of Options</th></tr>
<tr><td>1.</td><td>Udaya Kumar Hebbar</td><td>140,000</td></tr>
<tr><td>2.</td><td>Gururaj Kumar KS Rao</td><td>30,000</td></tr>
<tr><td>3.</td><td>Diwakar B.R.</td><td>60,000</td></tr>
</table></td></tr>
</table>

<table>
<tr><th>Particulars</th><th>Details</th></tr>
<tr><td></td><td>
<table>
<tr><td>4.</td><td>Anshul Sharan</td><td>25,000</td></tr>
<tr><td>5.</td><td>Arun Kumar B</td><td>25,000</td></tr>
<tr><td>6.</td><td>Srivatsa HN</td><td>25,000</td></tr>
<tr><td>7.</td><td>Gopal Reddy A R</td><td>25,000</td></tr>
</table>
For Financial Year 2017:
<table>
<tr><th>S.No.</th><th>Name of the Employees</th><th>Number of Options</th></tr>
<tr><td>1.</td><td>Udaya Kumar Hebbar</td><td>150,000</td></tr>
<tr><td>2.</td><td>Gururaj Kumar KS Rao</td><td>40,000</td></tr>
<tr><td>3.</td><td>Diwakar B.R.</td><td>80,000</td></tr>
<tr><td>4.</td><td>Anshul Sharan</td><td>30,000</td></tr>
<tr><td>5.</td><td>Arun Kumar B</td><td>30,000</td></tr>
<tr><td>6.</td><td>Srivatsa HN</td><td>30,000</td></tr>
<tr><td>7.</td><td>Gopal Reddy A R</td><td>30,000</td></tr>
</table>
For Financial Year 2018:
<table>
<tr><th>S.No.</th><th>Name of the Employees</th><th>Number of Options</th></tr>
<tr><td>1.</td><td>Udaya Kumar Hebbar</td><td>90,000</td></tr>
<tr><td>2.</td><td>Diwakar B.R.</td><td>50,000</td></tr>
</table>
</td></tr>
<tr><td>(iii) Identified employees who were granted options during any one year equal to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant</td><td>Nil</td></tr>
<tr><td>Fully diluted EPS on pre-Offer basis pursuant to exercise of options calculated in accordance with the relevant accounting standard in ₹</td><td>For Financial Year 2018: 12.11
For Financial Year 2017: 9.88
For Financial Year 2016: 11.23
For Financial Year 2015: 9.01</td></tr>
<tr><td>Impact on profit and EPS of the last three years if the accounting policies as specified in Regualtion 15 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 had been followed in respect of options granted in the last three Fiscal years</td><td>Nil</td></tr>
<tr><td>Where the Company has calculated the employee compensation cost using the intrinsic value of stock options, difference, if any, between employee compensation cost calculated using the intrinsic value of stock options and the employee compensation cost calculated on the basis of fair value of stock options and the impact of this difference on profits and</td><td>Our Company calculates the employee compensation cost using the Intrinsic value of the stock options as on the date of grant. If the company had followed the fair value of stock options for computing the employee compensation cost, then the impact on profits and EPS are provided in the table below:
<table>
<tr><th rowspan="2">Particulars</th><th colspan="5">Period / Year ended</th></tr>
<tr><th>March 31, 2018</th><th>March 31, 2017</th><th>March 31, 2016</th><th>March 31, 2015</th><th>March 31, 2014</th></tr>
<tr><td>Profit after tax as reported</td><td>1,246.41</td><td>802.98</td><td>832.41</td><td>487.32</td><td>166.26</td></tr>
<tr><td>Add: ESOP cost using intrinsic value method</td><td>21.11</td><td>6.22</td><td>2.40</td><td>3.90</td><td>0.59</td></tr>
<tr><td>Less: ESOP cost using fair value method</td><td>(39.41)</td><td>(8.22)</td><td>(5.56)</td><td>(14.50)</td><td>(6.05)</td></tr>
<tr><td>Profit after tax (adjusted)</td><td>1,228.86</td><td>800.98</td><td>829.24</td><td>476.72</td><td>160.80</td></tr>
<tr><td colspan="6"></td></tr>
<tr><td colspan="6"></td></tr>
</table>
</td></tr>
</table>

<table>
<tr><th>Particulars</th><th>Details</th></tr>
<tr><td>EPS of the Company</td><td><table>
<tr><td>- As reported</td><td>12.26</td><td>10.01</td><td>11.41</td><td>9.15</td><td>4.18</td></tr>
<tr><td>- Adjusted for ESOP cost using fair value method</td><td>12.08</td><td>9.98</td><td>11.37</td><td>8.95</td><td>4.05</td></tr>
<tr><td colspan="6">Diluted</td></tr>
<tr><td>- As reported</td><td>12.11</td><td>9.89</td><td>11.23</td><td>9.01</td><td>4.18</td></tr>
<tr><td>- Adjusted for ESOP cost using fair value method</td><td>11.93</td><td>9.86</td><td>11.18</td><td>8.81</td><td>4.05</td></tr>
</table></td></tr>
<tr><td>Weighted average exercise price and the weighted average fair value of options whose exercise price either equals or exceeds or is less than the market price of the stock</td><td><table>
<tr><th rowspan="2">Basis</th><th colspan="5">Tranche</th></tr>
<tr><th>1</th><th>2</th><th>3</th><th>4</th><th>5</th></tr>
<tr><td>Exercise price (in ₹)</td><td>27.00</td><td>27.00</td><td>39.86</td><td>65.26</td><td>84.47</td></tr>
<tr><td>Fair value of options at the time of grant (in ₹)</td><td>14.13</td><td>16.94</td><td>36.15</td><td>74.23</td><td>60.55</td></tr>
<tr><td>Weighted average share price (in ₹)</td><td>20.63</td><td>30.58</td><td>55.14</td><td>110.23</td><td>110.23</td></tr>
</table></td></tr>
<tr><td>Description of the method and significant assumptions used during the year to estimate the fair value 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>To ascertain the reasonableness of the valuation of options, various quantitative factors of our Company were considered as below:<table>
<tr><th rowspan="2">Basis</th><th colspan="5">Tranche</th></tr>
<tr><th>1</th><th>2</th><th>3</th><th>4</th><th>5</th></tr>
<tr><td>Dividend yield</td><td>0%</td><td>0%</td><td>0%</td><td>0%</td><td>0%</td></tr>
<tr><td>Expected volatility (in %)</td><td>75%</td><td>34.50%</td><td>44.13%</td><td>40.52%</td><td>31.29%</td></tr>
<tr><td>Risk-free interest rate (in %)</td><td>8%</td><td>8.05%</td><td>8.05%</td><td>6.84%</td><td>6.30%</td></tr>
<tr><td>Weighted average share price (in ₹)</td><td>20.63</td><td>30.58</td><td>55.14</td><td>110.23</td><td>110.23</td></tr>
<tr><td>Exercise price (in ₹)</td><td>27.00</td><td>27.00</td><td>39.86</td><td>65.26</td><td>84.47</td></tr>
<tr><td>Expected life of options granted (in years)</td><td>8</td><td>8</td><td>8</td><td>8</td><td>8</td></tr>
</table></td></tr>
<tr><td>Intention of the holders of Equity Shares allotted on exercise of options to sell their shares within three months after the listing of Equity Shares pursuant to the Offer</td><td>None</td></tr>
<tr><td>Intention to sell Equity Shares arising out of the ESOP Plan within three months after the listing of Equity Shares by directors, senior managerial personnel and employees having Equity Shares arising out of ESOP Plan amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions)</td><td>None</td></tr>
</table>

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

or the directors of our Promoter have purchased or sold any securities of our Company during the period of six months immediately preceding the date of filing of the Draft Red Herring Prospectus with the SEBI.

17. As of the date of the filing of this Prospectus, the total number of our Shareholders is 50.

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

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

20. An oversubscription to the extent of 10% of the Offer can be retained for the purposes of rounding off to the nearest multiple of minimum Allotment lot.

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

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

23. The Offer was made in terms of Rule 19(2)(b) of the SCRR. The Offer is being made through the Book Building Process, in compliance with Regulation 26(1) of the SEBI ICDR Regulations, wherein 50% of the Offer was allocated on a proportionate basis to QIBs ("**QIB Portion**"), provided that our Company and the Promoter Selling Shareholder, in consultation with the BRLMs, allocated up to 60% of the QIB Portion to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion was reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above Anchor Investor Allocation Price. 5% of the Net QIB Portion was available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the Net QIB Portion was available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Offer was available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Offer was available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. All potential Bidders, other than Anchor Investors, participated in the Offer through the ASBA process providing details of their respective bank account which were blocked by the SCSBs. QIBs (except Anchor Investors) and Non-Institutional Bidders were mandatorily required to utilise the ASBA process to participate in the Offer. Anchor Investors were not permitted to participate in the Offer through ASBA process. For further details, see "*Offer Procedure*" on page 307.

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

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

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

27. Except for the sale of the Offered Shares in the Offer for Sale, our Promoter or the members of the Promoter Group will not submit Bids or participate in the Offer.

28. Since 2007, our Company has not issued any Equity Shares or preference shares out of revaluation of reserves.

29. Except as disclosed, our Company has neither acquired any entity, business or undertaking nor undertaken any merger, amalgamation or revaluation of assets.

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

31. Except options granted pursuant to ESOP Plan, as on the date of this Prospectus, there are no outstanding convertible securities or any other right which would entitle any person any option to receive Equity Shares.

OBJECTS OF THE OFFER

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

Offer for Sale

The Promoter Selling Shareholder shall be entitled to the proceeds of the Offer for Sale, net of its share of the Offer related expenses. The fees and expenses relating to the Offer shall be shared in the proportion mutually agreed between our Company and the Promoter Selling Shareholder in accordance with applicable law. Our Company will not receive any proceeds from the Offer for Sale.

Fresh Issue

Our Company proposes to utilise the Net Proceeds from the Fresh Issue towards augmenting its capital base to meet future capital requirements.

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

The main objects clause as set out in the Memorandum of Association enables our Company to undertake its existing activities and the activities for which funds are being raised by our Company through the Fresh Issue.

Net Proceeds

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

Particulars	Amount (in ₹ million)
Gross Proceeds of the Fresh Issue	6,300
(Less) Fresh Issue related expenses	274.04
Net Proceeds	**6,025.96**

Utilization of Net Proceeds of the Offer

The Net Proceeds of the Fresh Issue are proposed to be utilised for augmenting our 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.

Schedule of Deployment

The Net Proceeds of the Fresh Issue are proposed to be deployed in the Financial Year 2018-19.

The fund deployment indicated above is based on current circumstances of our business and we may have to revise our estimates from time to time on account of various factors, such as financial and market conditions, competition, interest rate fluctuations and other external factors, which may not be within the control of our management. 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 - Our management will have broad discretion over the use of the Net Proceeds and the Net Proceeds might not be applied in ways that increase the value of your investment*" on page 33.

Subject to applicable laws, in the event of any increase in the actual utilisation of funds earmarked for the objects of the Offer, such additional funds for a particular activity will be met by way of means available to us, including from internal accruals and any additional equity and/ or debt arrangements.

Details of the Objects of the Offer

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

Means of finance

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

Interim use of Net Proceeds

Pending utilization of the Net Proceeds for the purposes described above, our Company will deposit the Net Proceeds in one or more scheduled commercial banks included in the second schedule of Reserve Bank of India Act, 1934 as may be approved by our Board/ IPO Committee. In accordance with section 27 of the Companies Act, 2013, our Company confirms that it shall not use the Net Proceeds for buying, trading or otherwise dealing in shares of any other listed company or for any investment in the equity markets.

Bridge Financing Facilities

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

Offer Expenses

The total Offer related expenses are estimated to be approximately ₹ 492.04 million. The Offer related expenses primarily consist of listing fees, underwriting fees, selling commission, fees payable to the BRLMs, legal counsels, Registrar to the Offer, processing fee to the SCSBs for processing Bid cum Application Forms submitted by ASBA Bidders procured by the members of the Syndicate and submitted to SCSBs, brokerage and selling commission payable to Registered Brokers, printing and stationary expenses, advertising and marketing expenses and all other incidental expenses for listing the Equity Shares on the Stock Exchanges.

The break-up for the estimated Offer expenses are as follows:

Activity	**Amount (₹ in million)**	**As a % of total estimated Offer related expenses**	**As a % of Offer size**
Payment to members of the Syndicate (including underwriting commission, brokerage and selling commission)(1)	308.74	62.75	2.73
Commission and processing fees for SCSBs(2)			
Brokerage and selling commission for Registered Brokers, RTAs and CDPs(3)			
Fees payable to Registrar to the Offer	1.07	0.22	0.01
Others: i. Listing fees, SEBI filing fees, book-building software fees; ii. Printing and stationary expenses; iii. Fees payable to Monitoring Agency; iv. Advertising and marketing for the Offer; and v. Miscellaneous.	182.23	37.04	1.61
Total estimated Offer expenses	**492.04**	**100.00**	**4.35**

(1) *Selling commission on the portion for Retail Individual Bidders and the portion for Non- Institutional Bidders which are procured by members of the Syndicate (including their Sub- Syndicate Members) would be as follows:*

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

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

Bidding Charges: ₹10 per valid Bid cum Application Form (plus applicable GST) bid by the Syndicate (including their sub-Syndicate Members).

In addition to the selling commission referred to above, any additional amount(s) to be paid by the Company and the Promoter Selling Shareholder shall be, as mutually agreed upon by the BRLMs, their affiliate Syndicate Members, the Company and the Promoter Selling Shareholder before the opening of the Offer.

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

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

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

No additional bidding charges shall be payable by the Company and the Promoter Selling Shareholder to the SCSBs on the applications directly procured by them.

Processing fees payable to the SCSBs on the portion for Retail Individual Bidders and Non Institutional Bidders which are procured by the members of the Syndicate/ Sub-Syndicate Members/ Registered Brokers/ RTAs / CDPs and submitted to SCSB for blocking, would be as follows:

Portion for Retail Individual Bidders	*₹₹10 per valid Bid cum Application Form* (plus applicable GST)*
Portion for Non-Institutional Bidders	*₹10 per valid Bid cum Application Form* (plus applicable GST)*

* *For each valid application*

(3) *Selling commission payable to the Registered Brokers, RTAs and CDPs on the portion for Retail Individual Bidders and Non-Institutional Bidders which are directly procured by the Registered Brokers/ RTAs/ CDPs and submitted to SCSB for processing, would be as follows:*

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

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

Processing fees/uploading charges payable to the Registered Brokers, RTAs and CDPs on the portion for Retail Individual Bidders and Non-Institutional Bidders which are directly procured by the Registered Brokers/ RTAs/ CDPs and submitted to SCSB for processing, would be as follows:

Portion for Retail Individual Bidders	*₹10 per valid Bid cum Application Form* (plus applicable GST)*

Portion for Non-Institutional Bidders	*₹ 10 per valid Bid cum Application Form* (plus applicable GST)*

* *For each valid application*

Monitoring Utilization of Funds

Our Company has appointed HDFC Bank Limited as the monitoring agency in relation to the Offer. Our Board and the Monitoring Agency will monitor the utilization of Net Proceeds of the Offer and the Monitoring Agency will submit its report to our Company in the format specified in Schedule IX of the SEBI ICDR Regulations on a quarterly basis, till at least 95% of the Net Proceeds have been utilized. Our Board and our management shall provide their comments on such report of the Monitoring Agency. Our Company shall thereafter, within 45 days from the end of each quarter, publically disseminate the report of the Monitoring Agency by uploading the same on our website as well as submitting the same to the Stock Exchanges.

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

Variation in Objects

In accordance with Sections 13(8) and 27 of the Companies Act, 2013, our Company shall not vary the objects of the Fresh Issue without our Company being authorised to do so by the Shareholders by way of a special resolution through a postal ballot. In addition, the notice issued to the Shareholders in relation to the passing of such special resolution ("**Postal Ballot Notice**") shall specify the prescribed details as required under the Companies Act. The Postal Ballot Notice shall simultaneously be published in the newspapers, one in English and one in Kannada, the regional language of the jurisdiction where our Registered Office is situated.

Other Confirmations

No part of the Net Proceeds will be paid by our Company to our Directors, or Key Management Personnel, except in the normal course of business and in compliance with applicable law.

BASIS FOR OFFER PRICE

The Offer Price was determined by our Company and the Promoter Selling Shareholder, 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 quantitative and qualitative factors as described below. The face value of the Equity Shares is ₹ 10 each and the Offer Price is 42.20 times the face value of the Equity Shares. Investors should also refer to the sections titled "*Our Business*", "*Risk Factors*" and "*Financial Statements*" on pages 125, 15 and 194, respectively, to have an informed view before making an investment decision.

Qualitative Factors

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

- Customer-centric business model resulting in high customer retention;
- Deep penetration in rural areas characterized by law competition and built through contiguous district expansion;
- Robust customer selection and risk management policies resulting in healthy asset quality;
- Strong track record of financial performance and operating efficiency;
- Solid management team with deep domain experience; and
- Diversified lender mix and effective asset-liability management.

For further details, see "*Our Business - Competitive Strengths*" and "*Risk Factors*" on pages 125 and 15, respectively.

Quantitative Factors

Some of the information presented below relating to our Company is based on the Restated Financial Statements prepared in accordance with Indian GAAP and the Companies Act, 2013 and restated in accordance with the SEBI ICDR Regulations. For details, see "*Financial Statements*" on page 194.

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

1. Basic and Diluted Earnings Per Share ("EPS")

Financial Year ended	**Basic**		**Diluted**	
	EPS (in ₹)	**Weight**	**EPS (in ₹)**	**Weight**
March 31, 2016	11.41	1	11.23	1
March 31, 2017	10.01	2	9.88	2
March 31, 2018	12.26	3	12.11	3
Weighted Average	**11.37**	**-**	**11.22**	**-**

Note:

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

2. Price/ Earning ("P/ E") ratio in relation to Price Band of ₹ 418 to ₹ 422 per Equity Share

(a) P/ E based on basic and diluted EPS for the year ended March 31, 2018 at the lower end of the Price Band are 34.09 and 34.52, respectively.

(b) P/ E based on basic and diluted EPS for the year ended March 31, 2018 at the higher end of the Price Band are 34.42 and 34.85, respectively.

(c) Industry P/ E ratio

Particulars	**P/ E**
Highest	627.87

Particulars	P/ E
Lowest	(213.18)
Average	**101.65**

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

3. Return on Net Worth ("RoNW")

Financial Year ended	RoNW (%)	Weight
March 31, 2016	18.13%	1
March 31, 2017	11.63%	2
March 31, 2018	8.73%	3
Weighted Average	**11.26%**	

Note:
RoNW = Net profit after tax, as restated for the year/ period, attributable to equity shareholders/ Net worth (excluding revaluation reserve), as restated, at the end of the year/ period
* *Weighted average = Aggregate of year-wise weighted EPS divided by the aggregate of weights i.e. [(EPS x Weight) for each year] / [Total of weights]*

4. Minimum Return on Increased Net Worth after Offer needed to maintain Pre-Offer EPS for the year ended March 31, 2018

(a) Based on Basic EPS of ₹ 12.26, for the year ended March 31, 2018:

At the Floor Price – 8.55%

At the Cap Price – 8.54%

(b) Based on Diluted EPS of ₹ 12.11, for the year ended March 31, 2018:

At the Floor Price – 8.45%

At the Cap Price – 8.44%

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

(a) Net asset value per Equity Share as per Restated Financial Statements of our Company as on March 31, 2018 was ₹ 111.12.

(b) Offer Price: ₹ 422.00

(c) After the Offer

(i) At the Floor Price: ₹ 143.35
(ii) At the Cap Price: ₹ 143.49

Note:
NAV = Net Asset Value, as restated, at the end of the period/ year/ Number of equity shares outstanding at the end of the year/ period

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

Price / Book (P/ B) Ratio as on March 31, 2017 and March 31, 2018 is 3.80 and 5.24, respectively.

Notes:
Offer Price per Equity Share will be determined on conclusion of the Book Building Process.
Price / Book Ratio = Offer Price/ Net Asset Value per Equity Share

Industry P/ B ratio

Particulars	P/ B
Highest	8.10
Lowest	1.41
Average	3.56

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

7. Comparison with Listed Industry Peers

Name of the company	Face value per equity share (₹)	P/ E	P/ B	Net Profit (in ₹ million)	EPS (Basic) (₹)	Net worth (in ₹ million)	Return on net worth (%)	Net Asset Value/ Share (₹)	Closing Share Price (as on July 12, 2018) (₹)
Bharat Financial Inclusion Limited	10	35.82	5.47	4,554.78	32.89	29,986.94	15.19%	215.24	1178.20
Satin Creditcare Network Limited	10	(213.18)	1.41	(37.45)	(1.51)	10,887.20	-0.34%	228.37	321.90
Au Small Finance Bank Limited	10	63.06	8.10	2,920.40	10.26	22,811.83	12.80%	79.84	647.00
Ujjivan Financial Services Limited	10	627.87	2.63	72.82	0.61	17,613.27	0.41%	145.73	383.00
Equitas Holdings Limited	10	153.15	2.11	313.53	0.92	22,762.91	1.38%	66.87	140.90
Shriram Transport Finance Company Limited	10	17.69	2.19	15,544.60	68.61	125,879.90	12.35%	554.82	1214.00
Mahindra & Mahindra Financial Services Limited	2	27.16	2.98	10,514.34	17.62	99,152.09	10.60%	160.50	478.55

Source: BSE

Note:

1. *All financials are for the financial year ending March 31, 2018*
2. *Net Profit includes Profit after taxes and exceptional items*
3. *P/ E ratio is calculated as closing share price (12th July 2018, NSE) / EPS*
4. *P/ B ratio is calculated as closing share price (12th July 2018, NSE) / NAV*
5. *EPS is as per Net Profit / No. of Equity Shares Outstanding*
6. *Net worth includes Equity Share capital and reserves & surplus as on March 31, 2018*
7. *Return on Net Worth is calculated as Net Profit (as defined above)/ Closing Net Worth (as defined above)*
8. *NAV per share is calculated as Net Worth/ Equity Shares outstanding (both as on March 31, 2018)*

8. The Offer Price is 42.20 times of the face value of the Equity Shares

The Offer Price of ₹ 422.00 has been determined by our Company and the Promoter Selling Shareholder, in consultation with the BRLMs, on the basis of market demand from investors for Equity Shares through the Book Building Process and is justified in view of the above qualitative and quantitative parameters.

Investors should read the above mentioned information along with *"Our Business"*, "*Risk Factors*" and "*Financial Statements*" on pages 125, 15 and 194, respectively, to have a more informed view. The trading price of the Equity Shares could decline due to the factors mentioned in "*Risk Factors*" and you may lose all or part of your investments.

STATEMENT OF SPECIAL TAX BENEFITS

Statement of Possible Special Tax Benefits available to CreditAccess Grameen Limited and its Shareholders under the applicable laws in India

The Board of Directors
CreditAccess Grameen Limited (formerly, "Grameen Koota Financial Services Private Limited")
New no. #49 (Old no.725), 46th Cross Road,
8th Block, Jayanagar (Next to Rajalakshmi Kalyan Mandap)
Bangalore – 560 071

1. We hereby confirm that the enclosed statement, prepared by CreditAccess Grameen Limited (formerly known as "Grameen Koota Financial Services Private Limited") (the "Company"), provides the possible tax benefits available to the Company and to the shareholders of the Company under the Income Tax Act, 1961 (the "Act") as amended by the Finance Act, 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 will be applicable to the Company from financial year 2018-19 onwards.

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

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

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

For **S. R. BATLIBOI & CO. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per Jayesh Gandhi
Partner
Membership No. 037924
Mumbai
July 12, 2018

Statement of Tax Benefits Available to CreditAccess Grameen Limited (formerly known as "Grameen Koota Financial Services Private Limited") (the "Company") and its Shareholders

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

1. SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY UNDER THE ACT

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

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

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

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 OUR COMPANY

INDUSTRY OVERVIEW

*All the information contained in this section is derived from the CRISIL Research report titled "Industry Report on microfinance industry" published in January 2018 (the "**CRISIL 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. This section contains industry related data and statistics from the report titled "CRISIL Research - Industry Report on the Micro Finance Industry, January 2018" prepared by CRISIL Research, which we have commissioned.*

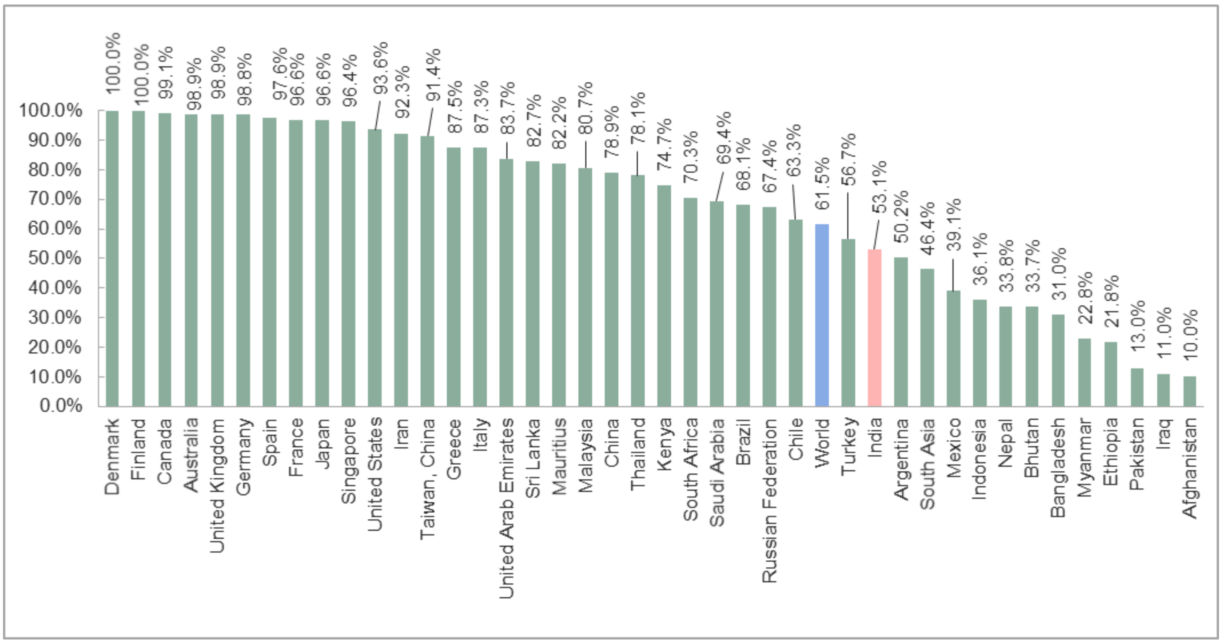
Financial Inclusion

Current scenario and key developments

CRISIL Research notes that financial inclusion is imperative for sustaining equitable growth and participation in India's economy by various socio-economic classes, as financial access correlates to increased economic opportunity. In India, the major reasons for financial exclusion are poverty and low income, financial illiteracy, high transaction costs and lack of infrastructure (primarily IT). Consequently, a significant proportion of India's population today still does not have access to formal banking facilities.

The global average of adult population with an account at a bank, financial institution or other mobile money provider is approximately 62% (*Source: World Bank, 2015*). Approximately 53% of adults in India have an account with a bank, financial institution or other mobile money provider, which is above that of South Asia as a whole (which is around 46%). CRISIL Research notes that as of 2014, 21% of the world's unbanked adults resided in India. Therefore, India has the highest number of unbanked adults in the world, approximately 420 million, which is much higher than China's 240 million unbanked adults, considering the total global unbanked population as 2 billion. While the Pradhan Mantri Jan Dhan Yojana (PMJDY) in India has increased access to bank accounts by India's unbanked population, the availability of credit remains a challenge to large swathes of the Indian population.

Adult population with bank account (percentage): India vis-à-vis other countries

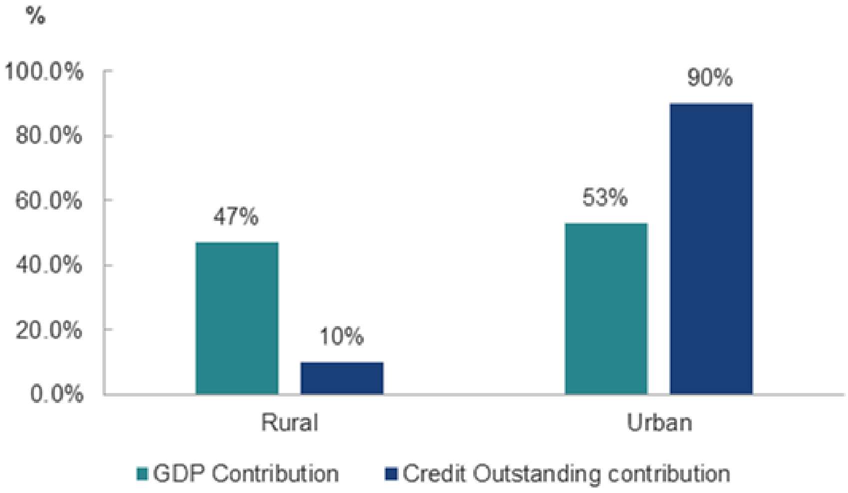


Note: Global Findex data for India excludes northeast states, remote islands and selected districts; account penetration is for the population within the age group of 15+.
Source: World Bank (2015), CRISIL Research

Rural areas account for half of GDP, but less than 10% of banking credit

As of March 31, 2016, there were almost 640,000 villages in rural India inhabited by about 850 million consumers who make up 65-70% of the total population and contribute to nearly half of the country's gross domestic product (GDP). Despite rural India's large contribution towards the country's GDP, it accounts for only about 10% of the country's total credit outstanding in comparison to the 90% for urban India as of March 31, 2016. The divergence between rural India's contributions to the country's GDP and its access to banking credit is indicative of the extremely low financial inclusion in rural India.

Low penetration of banking credit in rural areas (2015-16)



Source: RBI, CRISIL Research estimates

Notwithstanding the Government of India's efforts to bolster financial inclusion, the number of credit and deposit accounts in rural India was almost half that of urban India as of 2015-16.

Large variations in availability of credit across states and districts

CRISIL Research estimates that only 5-7% of India's rural population has a loan account with banks. These figures also vary widely across states and within various districts in the same state, which suggests there are opportunities to reach bank customers that are currently unserved or underserved. In value terms, Maharashtra, West Bengal, Gujarat and Chhattisgarh have less than 10% of total credit outstanding in rural areas as of March 31, 2016. Furthermore, Karnataka, Gujarat and Chhattisgarh have more than 70% of their total credit outstanding concentrated in five districts as of March 31, 2016, indicating wide variations in credit availability across districts in the same state as well. Launched in August 2014, the PMJDY is a prominent force which focuses on ensuring households have affordable access to financial services such as banking, savings and deposit accounts, remittance, credit, insurance and pension.

State-wise rural credit accounts in banks and top 5 districts concentration

State	No. of districts	% of accounts in rural areas (FY16)	% of credit outstanding in rural areas (FY16)	Top 5 districts based on population	Population % of top 5 districts	Concentration of accounts in top 5 districts	Concentration of credit outstanding in top 5 districts
Bihar	38	55%	31%	Patna, Purba Champaran, Muzaffarpur, Madhubani, Gaya	24%	24%	43%
Uttar Pradesh	75	53%	24%	Allahabad, Ghaziabad, Moradabad, Lucknow, Azamgarh	13%	12%	23%
Andhra Pradesh	13	44%	21%	East Godavari, Guntur, Krishna, Visakhapatnam, Chittoor	45%	46%	59%
Rajasthan	33	39%	21%	Jaipur, Jodhpur, Alwar, Nagaur, Udaipur	30%	33%	48%
Madhya Pradesh	51	36%	18%	Indore, Bhopal, Jabalpur, Rewa, Sagar	18%	26%	51%
Karnataka	30	32%	11%	Bangalore Urban, Belgaum, Mysore, Bellary, Tumkur	39%	48%	74%
Tamil Nadu	32	34%	10%	Chennai, Kancheepuram, Thiruvallur, Vellore, Viluppuram	29%	27%	57%
Chhattisgarh	27	39%	9%	Raipur, Durg, Bilaspur, Surguja, Janjgir - Champa	56%	45%	76%
West Bengal	20	48%	9%	North Twenty-Four Parganas, South Twenty-Four Parganas, Barddhaman,	43%	34%	14%

State	No. of districts	% of accounts in rural areas (FY16)	% of credit outstanding in rural areas (FY16)	Top 5 districts based on population	Population % of top 5 districts	Concentration of accounts in top 5 districts	Concentration of credit outstanding in top 5 districts
				Murshidabad, Paschim Medinipur			
Gujarat	33	25%	8%	Ahmedabad, Surat, Vadodara, Rajkot, Banas Kantha	41%	48%	76%
Maharashtra	36	17%	3%	Thane, Pune, Mumbai Suburban, Nashik, Nagpur	37%	42%	23%

Note:
These states account for over 75% of the total population and they are arranged in descending order of percentage of credit outstanding in rural areas
Source: The RBI, Census, CRISIL Research

Key steps taken by government to boost financial inclusion

The Reserve Bank of India ("**RBI**") and the government of India have taken a number of measures to improve access by unbanked areas to India's formal banking system over the past five to seven years. For example, the RBI has endorsed the use of "no-frill" accounts, the business correspondent (BC) model, a liberalisation of branch expansion/ ATM policy, new technology-led products and services, financial literacy programmes, payment banks and small finance banks, the Aadhaar card, the establishment of the PMJDY, and Micro Units Development & Refinance Agency Ltd (MUDRA). Nonetheless, rural India remains an unserved and underserved population in relation to the country's formal banking system.

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

1. **PSL Requirements:** The RBI currently requires 40% of aggregate bank advances to be allocated towards PSL initiatives. The PSL initiatives include medium enterprises, social infrastructure and renewable energy. Compliance with the RBI's PSL requirements are being assessed on quarterly average basis at the end of the respective year from fiscal year 2016-17 onwards. As per the RBI, these sub-divisions include:

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

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

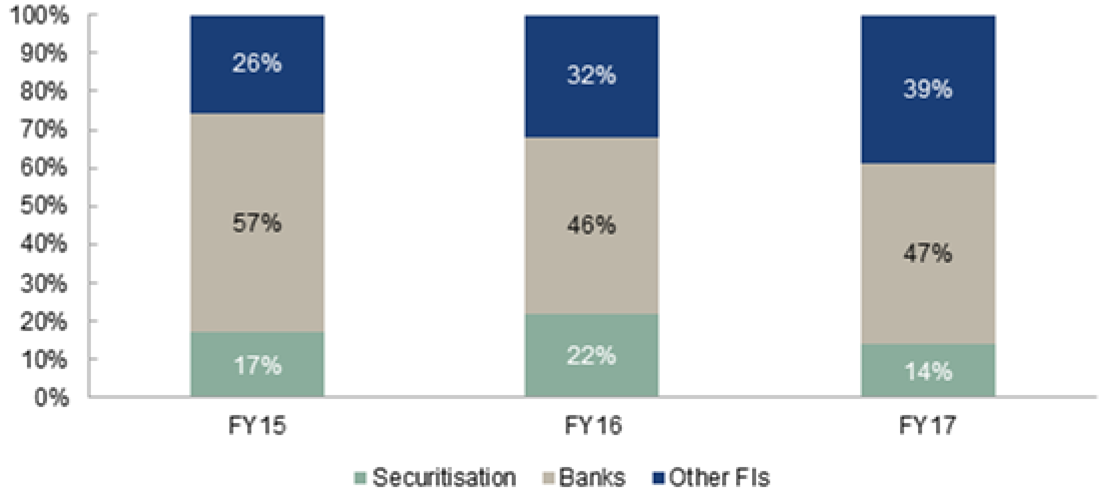
   - **Renewable energy**: Bank loans up to ₹ 150 million per borrower will be provided for purposes such as solar-based power generators, biomass-based power generators, wind mills, micro-hydel plants and for non-conventional energy-based public utilities. For individual households, the loan limit will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

   - **Micro credit:** 7.5% of ANBC or credit equivalent amount of off-balance sheet exposure for all scheduled commercial banks should be given in the form of micro-credit.

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

   - **Education loans:** Education loans include loans and advances granted to individuals, only for educational purposes including vocational courses, up to ₹ 1 million. These loans and advances will be considered as eligible for priority sector.

   Based on the graph below, bank loans form majority of the MFI funding mix and MFIs are likely to benefit from the banks' PSL requirements because their advances are mostly used for PSL initiatives whereas SFBs are unable to borrow as much from the banks as compared to the past.



Note: Data of 5 SFBs not included
Source: MFIN, CRISIL Research

2. MFIs: Microfinance institutions (MFIs) have a significant role to play in furthering financial inclusion. Eight out of the ten players awarded small finance bank (SFB) licences were MFIs prior to being granted licences. There are more than 160 MFIs spanning all legal forms – societies, trusts, Section 25 companies, non-banking finance companies-MFIs (NBFC-MFIs) and co-operatives as of September 2017. The business of NBFC-MFIs (including SFBs) has grown in recent years; their gross loan portfolio grew at a 5 year CAGR of 42% to ₹ 684 billion as of March 2017.

   CRISIL Research notes that the Andhra Pradesh (AP) crisis in 2010 (discussed below) caused an existential crisis for the industry for a brief period, but the industry has come out stronger with the RBI's comprehensive regulatory framework mitigating political and regulatory risks. Moreover, no credible alternative to microfinance has emerged. As per MFIN, MFIs have a borrower base of 39 million clients, which has grown at a CAGR of 31% from FY13 to FY17. As per MFIN, NBFC-MFIs have average ticket size of ₹ 21,971 and employee base of approximately 72,000, providing door-step credit to low income customers as of September 2017.

   Post demonetization of specified bank notes in November 2016, MFIs have started focusing on cashless disbursement. Consequently, 54% of the total disbursement by NBFC-MFIs were cashless - mostly through direct transfer to bank accounts in Q1 FY 2018.

   Going forward, CRISIL Research notes that NBFC-MFIs have growth opportunities by capturing market share from unorganised financiers and getting newer customers into their fold, increasing penetration with existing customers and entering new geographies.

3. **Small Finance Bank:** On September 16, 2015, the RBI awarded SFB licences to ten applicants, of which eight are MFIs. The primary objective of small finance banks is to improve financial inclusion by providing savings vehicles and supplying credit to small business units, small and marginal farmers, micro and small industries and other unorganised sector entities using the latest technology to lower cost of operations. To date, all eight MFIs have begun operations in India.

Global Microfinance Industry

The origin of microfinance can be traced to the 1970s when Grameen bank was founded by Mr. Muhammad Yunus in Bangladesh, who was subsequently awarded the Nobel Peace Prize. The Grameen bank model was adopted by more than 100 countries all over the world with varying degree of success. Various countries have looked at microfinance as a tool to reduce poverty and improve living standards by providing facilities such as loans and savings accounts to poor and low income clients.

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

Top 10 countries based on GLP in fiscal 2015

Country	GLP (US$ million)	Number of borrowers ('000s)
India	**11,641**	**38,098**
Peru	**9,313**	**4,142**
Vietnam	**7,352**	**7,534**
Bolivia	**6,510**	**1,226**
Bangladesh	**5,754**	**23,978**
Colombia	**5,317**	**2,757**
Cambodia	**5,264**	**2,306**

Country	GLP (US$ million)	Number of borrowers ('000s)
Ecuador	**4,761**	**1,412**
Mexico	**4,515**	**6,729**
Kenya	**3,290**	**374**

Source: Global Outreach & Financial Performance Benchmark Report – 2015 MIX Market (www.themix.org), CRISIL Research

The South Asian region is dominated by India, which accounts for approximately 62% share of GLP in the South Asian region as of March 31, 2015. The aggregate GLP of Indian MFIs is the highest in the world. CRISIL Research notes that the average loan per borrower of Indian MFIs is comparable to Bangladesh, Philippines and Pakistan, and much lower than the MFIs in other countries. More importantly, Indian MFIs have managed to lend at much lower interest rates with lower yields on GLPS as compared with global trends.

The Indian MFI industry has emerged much more stronger after disruptive events (such as the AP crisis in 2010), as regulatory clarity has increased, entities started to diversify geographically, and supporting systems, such as self-regulation of the industry and making available data to credit bureaus, were put in place.

India has the lowest operating expense ratio and highest ROE

Country	India	Peru	Bangladesh	Tanzania	Philippines
Year of inception	1992	1990	1976	1995	1989
Ranking in terms of GLP	1	2	5	16	19
GLP (US $ million) (2015)	11,641	9,313	5,754	1,333	998
Number of FSPs1	103	44	34	6	26
Average loan balance per borrower (US$) (2015)	244	2242	240	930	244
Rate of Interest	19.75-26% (declining balance basis)	43-46%	20-22% (declining balance basis)	30-36%	36%
Yield on gross loan portfolio	18%	25.1%	23.5%	25.4%	31.5%
Operating expenses	7.1%	13.2%	10.2%	14.7%	29.2%
ROA	3.4%	2.1%	5.2%	3.1%	3.0%
ROE	20.9%	14.7%	20.2%	20.9%	13.2%

Source: Global Outreach & Financial Performance Benchmark Report – 2015 MIX Market (www.themix.org), CRISIL Research

Historical Growth and Development of the Indian Microfinance industry

GLP has grown at 35% CAGR in the last decade

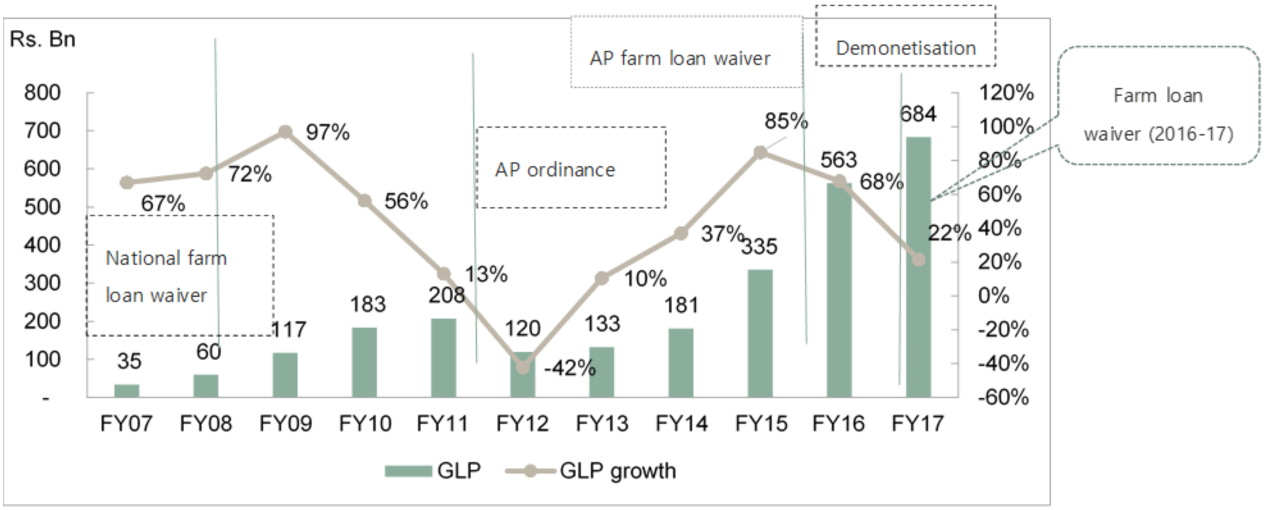
The microfinance industry’s GLP has grown at a CAGR of 35% over the past 10 years to reach ₹ 684 billion as of March 2017 despite some setbacks that have impacted the industry's growth. Further, growth has been far higher than the self-help group (SHG)-bank linkage programme, the outstanding for which has grown at a CAGR of 25% over the same period. As of March 31, 2017, the MFI industry had increased its reach with operations in 32 states/ union territories and catered to 39 million clients across India. The portfolio of the industry is also currently well diversified across regions with the South, North, West and East contributing to 31%, 27%, 24%, and 18%, respectively, thus reducing susceptibility to local events.

MFI industry resilient over the past decade despite some major events

The microfinance industry has been impacted by some critical events in the past decade – the national farm loan waiver (2008), the AP crisis (2010), the AP farm loan waiver (2014), SFB licences issued to eight MFIs (in-principle approval in 2015), demonetization (2016) and farm loan waivers across some states (2017). The AP crisis in 2009-10 had the most lasting impact on the industry as some players had to undertake corporate debt restructuring and found it difficult to sustain business. While demonetization of banknotes of ₹ 500 and ₹ 1,000 announced in November 2016 has negatively impacted the industry, the impact was not as serious or lasting as the AP crisis. Nonetheless, portfolio at risk and collections data since the beginning of the current fiscal year indicates that the microfinance industry is recovering from the crisis in the immediate aftermath of demonetization.

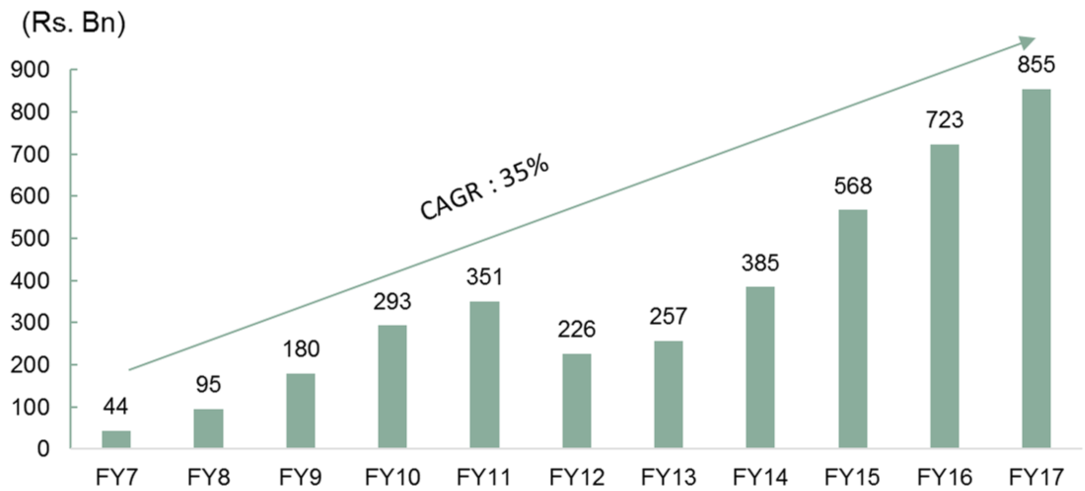
Microfinance industry has shown resilience over the past decade

1 In 2015, MIX collected data from 1033 financial service providers (FSPs) operating in the microfinance sector of 102 developing markets across the world.



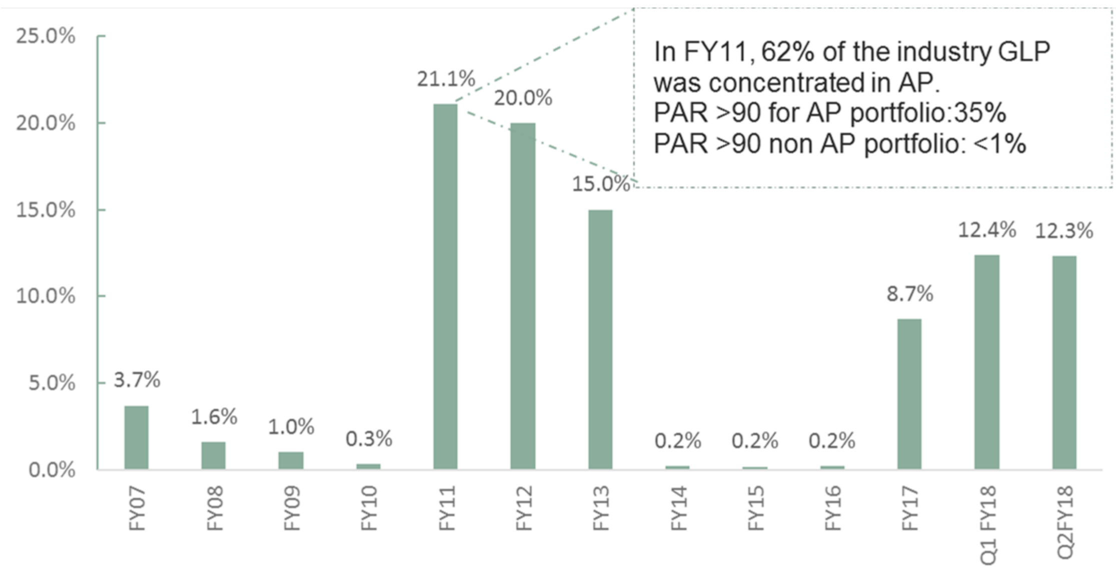
Source: Bharat Microfinance, MFIN, CRISIL Research

Disbursements grew 35% over the past 10 fiscal years



Source: CRISIL Research, MFIN, Bharat Microfinance

Portfolio at risk (PAR)>90 peaked during AP crisis; demonetization was less crippling



Note:
Data excludes asset quality of banks;
Numbers for FY 2013-14 and later years exclude the AP portfolio of AP-based players; data includes NBFCs and SFBs
Source: MFIN, Equifax ,CRISIL Research

National Farm loan waiver (2008)

Under the National Farm Loan Waiver (2008) scheme, loans worth ₹ 525 billion which were disbursed by scheduled commercial banks, cooperative credit institutions, local area banks and regional rural banks between April 1, 1997 and March 31, 2007 to approximately 40 million farmers were waived by the Government of India. The national farm loan waiver in 2008 had a minimal impact on the overall MFI industry as it was in a high growth phase and penetration was low.

Andhra Pradesh (AP) Ordinance (2010)

In October 2010, the AP government passed the AP Microfinance Ordinance to put in place extremely stringent operating guidelines in response to the allegedly coercive collection practices adopted by MFIs in AP. These guidelines include compulsory registration for MFIs; borrower allowed to be a member of only one SHG; MFIs prevented from seeking collateral on loans; cap on maximum amount of interest recoverable on loans prescribed and discharge of loans allowed only in certain cases; prior approval needed for granting subsequent loans to SHGs or their members; adoption of coercive recovery methods to attract penalties; state governments empowered to provide guidance and directions to the microfinance industry and further enacted rules, if needed; and group to make all repayments in tranches only at the Gram Panchayat office.

After the implementation of the AP ordinance, loan collections in AP dropped severely, and with approximately 30% of the industry portfolio concentrated in AP, the industry's asset quality deteriorated sharply with PAR 90 increasing to more than 20%. Some players with large exposure to AP were forced to write off loans. Furthermore, fresh disbursements in AP were also effectively stalled. All this impacted the players in the industry and five MFIs had to resort to corporate debt restructuring.

However, post 2012-13, non-AP based players continued to lead industry growth. The implementation of RBI guidelines following the ordinance helped improve the overall risk perception towards the microfinance sector. A new category of NBFCs, NBFC-MFIs, was created along with a clear framework, in terms of target borrower group, lending norms, collection procedures and the amount of capital to be maintained by these players, to carry out operations in the country. The involvement of credit bureaus also helped improve asset quality in the sector. All this helped arrest the fall in flow of bank credit to the sector.

Andhra Pradesh debt loan waiver (2014)

In 2014, the AP government provided farmer loan waiver of up to 1.5 lakhs for each family, costing the state exchequer about ₹ 430 billion. This loan waiver had little impact as the AP-focused portfolio of the industry had continuously declined and become a small portion after the AP ordinance.

Small finance bank (SFB) licence granted to eight MFIs (2015)

The RBI awarded in-principle SFB licences to 10 applicants on September 16, 2015, of which eight were MFIs. All the MFI applicants have received final approval from the RBI to start operations. These MFIs cumulatively accounted for approximately 42% of the total gross loan portfolio of the industry as of March 31, 2017.

The MFIs that have converted into SFBs are expected to diversify and expand their loan book beyond micro finance loans by focusing on allied segments such as MSME loans, affordable housing finance, and two-wheeler loans. In fact, for SFBs as a whole, micro finance AUM growth was just around 5% as of June 2017, as compared to 26% for the NBFC-MFIs.

Over the next couple of years, SFBs are expected to focus on gradually building up their banking business and complying with tougher regulatory norms. On the other hand, transformation into SFBs will provide access to stable and granular public deposits over the long run, which will bring down their cost of funds. However, SFBs are expected to face near-term challenges in getting deposits amid intense competition and maintaining profitability in the initial few years after transformation, which will provide an opportunity to NBFC-MFIs to capture the market further.

For some large NBFC-MFIs, conversion of large players into SFBs provides a huge opportunity for growth given:

1. better reach related to smaller MFIs;
2. lower cost of funds relative to smaller MFIs;
3. the ability to attract funds from investors looking at a pure play micro finance lending business; and
4. the large MFIs will be the beneficiaries of the PSL credit from banks that were hitherto being lend to NBFC-MFIs which have become SFBs.

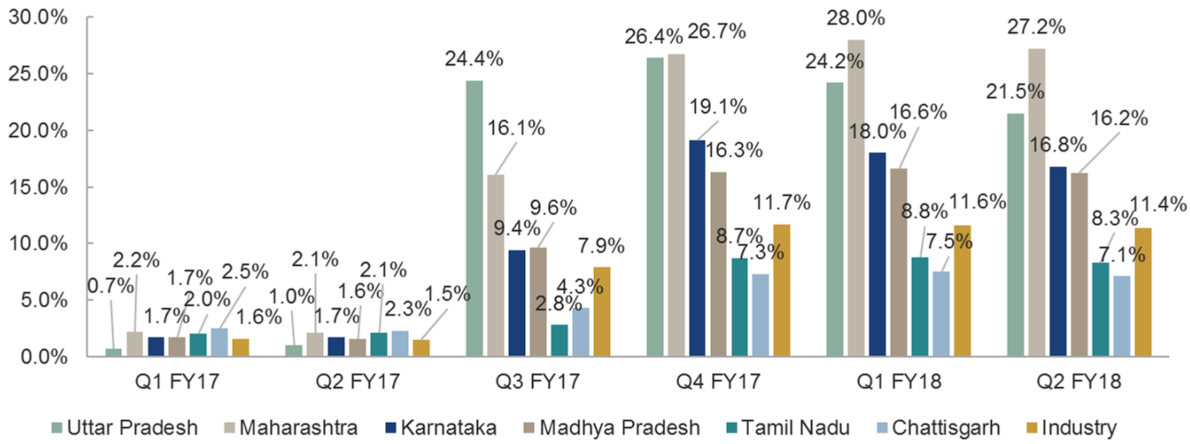
Demonetization of specified bank notes (2016)

On November 8, 2016, the Indian government announced the demonetization of bank notes of ₹ 500 and ₹ 1,000 denominations. Around 86% of the Indian currency in terms of value (₹ 500 and ₹ 1,000 notes) was removed from circulation and replacement of currency (with ₹ 100 and ₹ 2,000 notes) by the RBI was sluggish. Thus, the GLP of the MFI industry, which was growing at approximately 70% in the first half of 2016-17, suddenly slumped to 22% by the end of the year. Disbursements were impacted even more with growth plunging to -29% in the second half of 2016-17 compared to 60% in the first half.

Customers of the microfinance industry typically hold their earnings in cash and are ill-equipped to withstand drastic economic changes. Microfinance clients who rely on daily business faced earnings losses due to decreased demand on account of the non-availability of cash. Therefore, the cash crunch significantly impacted the industry. Moreover, banks in rural areas did not have enough new currency in stock in order to exchange the old notes. States such as Assam and Bihar have more than 3,000 households per bank branch which impacted the exchange of notes in those states. Other states such as Uttar Pradesh, West Bengal, Madhya Pradesh, Jharkhand, Chhattisgarh, Rajasthan have more than 2,000 households per branch. Bihar has the highest number of households serviced per ATM at approximately 2,900, followed by Uttar Pradesh with more than 2,200 households per ATM. Thus, states like Uttar Pradesh suffered severely on account of demonetization.

After demonetization, borrowers are expected to have used all the new currency which could be exchanged for their household needs and delayed payments to MFIs. Recovery in rural areas has taken longer than the urban areas which has further slowed collections in the industry. Also, legislative assembly elections in Uttar Pradesh (February – March 2017), Punjab (February 2017), Goa (February 2017), Uttarakhand (February 2017) and Manipur (March 2017) and civic elections in Maharashtra (February 2017) have had an impact on the industry.

Impact of demonetization on asset quality (PAR >30 days)



Note:
The above data also includes data reported by banks under the microfinance database;
The above 6 states account for 60% of the gross loan portfolio of MFIs;
Industry data excludes AP and Telangana portfolio;
PAR > 30 includes all overdues over 30 days;
Writeoffs done by entities are not considered
Source: Equifax, CRISIL Research

Demonetization has impacted the asset quality but to a lesser extent compared to the AP ordinance as PAR (90) stood at 8.2% as of March 31, 2017 compared to 21.1% in fiscal year 2010-11. Amongst various states, asset quality worsened especially in Uttar Pradesh, Maharashtra, Karnataka, and Madhya Pradesh.

PAR has started to come down since Q1 FY 2018 and collections have improved as political intervention subsided post elections and MFIs reached out aggressively to clients to educate them and improve collections. However, aging of non-performing assets (NPAs) still remains a concern for the industry as recovery becomes more difficult as the NPAs age.

An analysis of roll rate for the industry post demonetization indicates a significant proportion of loans rolled forward from 1-30 days and 31-60 days overdue buckets to 31-60 days and 61-90 days, respectively, in January and February 2017; however, since then, roll forward rates have come down steadily, indicating an improvement in the asset quality scenario.

Roll rate for the industry post-demonetization

	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17
Roll Forward									
Current to 1-30 dpd	5.5%	3.4%	2.6%	2.4%	2.3%	1.6%	2.2%	2.3%	1.9%
1-30 to 31-60 dpd	37.6%	30.9%	16.3%	20.2%	18.0%	14.2%	15.7%	16.4%	16.0%
31-60 to 61-90 dpd	64.9%	64.7%	56.3%	38.9%	47.2%	32.2%	31.6%	35.7%	34.8%
61-90 to 90+ dpd	61.8%	64.2%	74.7%	62.3%	62.8%	62.0%	53.7%	49.9%	47.1%
Roll Backward									
90+ to 61-90 dpd	0.0%	0.1%	0.1%	0.2%	0.4%	0.5%	0.2%	0.3%	0.3%
90+ to 31-60 dpd	0.0%	0.1%	0.0%	0.0%	0.2%	0.1%	0.0%	0.1%	0.0%

	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17
90+ to 1-30 dpd	0.0%	0.1%	0.0%	0.2%	0.1%	0.1%	0.1%	0.1%	0.0%
90+ dpd to current	0.2%	0.5%	0.1%	0.3%	0.3%	0.3%	0.2%	0.2%	0.3%
61-90 to 31-60 dpd	1.5%	2.1%	1.9%	3.0%	7.4%	3.8%	4.1%	5.1%	5.4%
61-90 to 1-30 dpd	0.5%	0.9%	0.8%	1.1%	1.0%	1.2%	0.9%	1.0%	1.3%
61-90 dpd to current	4.1%	1.7%	1.0%	5.2%	1.5%	1.7%	1.6%	3.2%	2.7%
31-60 to 1-30 dpd	4.8%	5.5%	7.7%	7.9%	6.1%	8.1%	6.8%	6.9%	8.0%
31-60 dpd to current	4.8%	3.9%	3.6%	7.1%	3.8%	5.1%	4.9%	4.9%	15.7%
1-30 dpd to current	23.3%	20.7%	21.1%	20.8%	25.1%	25.9%	19.2%	26.3%	26.7%
Stabilize									
Current	93.6%	96.3%	97.1%	97.4%	97.4%	98.0%	97.5%	97.2%	97.9%
1 to 30 dpd	33.9%	43.3%	56.7%	45.6%	49.3%	50.4%	55.0%	49.8%	51.1%
31-60 dpd	22.3%	23.7%	27.7%	38.3%	35.9%	39.3%	43.8%	44.5%	35.6%
61-90 dpd	28.2%	29.4%	20.2%	24.0%	23.6%	25.7%	33.4%	35.8%	39.1%

Source: Equifax, CRISIL Research

Demonetization impact severe in certain districts

As mentioned above, states such as Uttar Pradesh, Maharashtra, Karnataka, and Madhya Pradesh witnessed a deterioration in the asset quality in the immediate aftermath of demonetization. However, even in these states, there was considerable variation in portfolio quality across districts, with the bulk of the portfolio at risk for MFIs emanating from certain pockets within a state. For example, in Maharashtra, portfolio at risk shot up in districts in the Vidarbha region (includes Akola, Amravati, Buldana, Yavatmal, Washim, Bhandara, Gondia, Chandrapur, Gadchiroli, Wardha, Nagpur districts). PAR over 30 days (PAR30) in these districts touched 56.7% of advances as of March 2017, as compared to cumulative PAR of 13.1% for rest of the districts in the state.

A similar trend is evident in Karnataka and Uttar Pradesh as well. As of March 2017, PAR30 in the top 5 districts with higher defaults stood at 37.0% as compared to 11.9% for the remaining districts in Karnataka. Similarly, in Uttar Pradesh, PAR30 in the top 5 districts with higher defaults stood at 50.5% as compared with 22.6% for the remaining districts.

This clearly indicates that defaults post-demonetization was more of a localised phenomenon as opposed to a pan-state or a pan-India phenomenon. Therefore, MFIs with a geographically diversified portfolio with less exposure to the districts which saw higher defaults were able to weather the storm post demonetization better.

Furthermore, even in the top 5 districts with higher default rate, it is observed that the recovery in PAR since Q1 FY 2018 is better in the case of NBFC-MFIs with gross loan portfolio over ₹ 7 billion. For example, PAR30 for the top 5 districts with higher default rates in Karnataka stood at 27.0% as of March 2017 for NBFC-MFIs with a portfolio greater than ₹ 7 billion and the figure improved to 18.7% as of September 2017. The corresponding numbers for SFBs were 42.2% and 53.4% as of March 2017 and September 2017, respectively. A similar trend is evident in Madhya Pradesh as well.

Variation in asset quality of MFI loans, by district, evident

State	PAR >30 as of Mar 2017	PAR >30 as of Sep 2017	Improvement in Par >30 between Apr to Sep 2017	Top 5 Districts based on PAR >30 as of Mar 2017	Share of these districts in GLP	PAR >30 of top 5 districts with higher default as of Mar 2017	PAR >30 in rest of the state as of Mar 2017	PAR >30 in districts with higher default as of Sep 2017	PAR >30 in rest of the state as of Sep 2017
Tamil Nadu	8.7%	8.3%	0.4%	Coimbatore, Krishnagiri, Namakkal, Salem, Tiruvallur	23.4%	16.8%	6.3%	15.5%	6.4%
Karnataka	19.1%	16.8%	2.3%	Bagalkot, Bangalore, Bangalore Rural, Bijapur, Dharwad	28.4%	37.0%	11.9%	38.0%	10.3%
Maharashtra	26.7%	27.2%	-0.5%	Akola, Amravati, Gondia, Parbhani, Wardha	13.0%	76.3%	19.1%	72.0%	20.2%
Madhya Pradesh	16.3%	16.2%	0.1%	Ashok Nagar, Narsinghpur, Raisen, Sagar, Vidisha	12.4%	39.7%	13.0%	36.1%	13.2%

State	PAR >30 as of Mar 2017	PAR >30 as of Sep 2017	Improvement in Par >30 between Apr to Sep 2017	Top 5 Districts based on PAR >30 as of Mar 2017	Share of these districts in GLP	PAR >30 of top 5 districts with higher default as of Mar 2017	PAR >30 in rest of the state as of Mar 2017	PAR >30 in districts with higher default as of Sep 2017	PAR >30 in rest of the state as of Sep 2017
Chhattisgarh	7.3%	7.1%	0.2%	Bijapur, Bilaspur, Durg, Kawardha, Raipur	50.0%	10.9%	3.6%	11.2%	3.5%

Note: Data is arranged in the descending order of GLP of MFIs; PAR >30 includes all overdues over 30 days; writeoffs done by entities are not considered.
Source: Equifax, CRISIL Research

Player group-wise variation in asset quality (Par >30) for top 5 districts with higher default rate as of March 2017

States	Bank	NBFC-MFIs with Portfolio <7.0 billion	NBFC-MFIs with Portfolio >= 7.0 billion	SFB	NBFC
Karnataka	17.24%	22.34%	27.04%	42.18%	46.97%
Tamil Nadu	1.01%	5.07%	16.93%	24.70%	5.57%
Chattisgarh	3.16%	13.84%	6.51%	21.30%	2.66%
Madhya Pradesh	28.76%	42.22%	40.87%	46.24%	42.85%
Maharashtra	67.97%	91.54%	75.75%	71.70%	90.04%

Note: PAR >30 includes all overdues over 30 days; writeoffs done by entities are not considered.
Source: Equifax, CRISIL Research

Player group-wise variation in asset quality (Par >30) for top 5 districts with higher default rate as of September 2017

States	Bank	NBFC-MFIs with Portfolio <7.0 billion	NBFC-MFIs with Portfolio >= 7.0 billion	SFB	NBFC
Karnataka	14.76%	18.01%	18.66%	53.42%	46.43%
Tamil Nadu	1.04%	5.25%	15.47%	27.80%	5.66%
Chhattisgarh	3.42%	12.39%	6.92%	28.02%	1.23%
Madhya Pradesh	33.96%	34.12%	28.21%	61.31%	41.87%
Maharashtra	58.22%	85.36%	53.81%	85.72%	89.14%

Source: Equifax, CRISIL Research

Performance of accounts sourced post-demonetization

CRISIL Research notes that an analysis of loans given post demonetization indicates that collection experience has been good. For example, PAR30 for loans sourced in January 2017 was 1.4% for the industry as a whole as of September 2017 as per the Equifax data. However, CRISIL Research observes that there is a variation in the asset quality experience of SFBs and large NBFC-MFIs. To illustrate, PAR 30 for SFBs loan accounts sourced in March 2017 was 4.9% as of September 2017, whereas for NBFC-MFIs with a portfolio greater than ₹ 7 billion, it was 1.4% as of the same month.

Par >30 for accounts sourced in 2017 for the industry

YEAR 2017	Reporting month					
Sourcing month	April	May	June	July	August	September
January	0.4%	0.5%	0.7%	1.2%	1.2%	1.4%
February	0.1%	0.3%	0.4%	0.9%	1.0%	1.2%
March	0.1%	0.2%	0.5%	1.3%	1.4%	1.7%
April	0.0%	0.1%	0.2%	0.7%	0.9%	1.1%
May		0.0%	0.2%	0.6%	0.9%	1.2%

Source: Equifax, CRISIL Research

Par >30 for accounts sourced in 2017 for NBFC-MFIs with a portfolio greater than ₹7 billion

YEAR 2017	Reporting month					
Sourcing month	April	May	June	July	August	September
January	0.4%	0.4%	0.6%	0.7%	0.9%	1.3%
February	0.2%	0.3%	0.4%	0.6%	0.8%	1.0%
March	0.1%	0.3%	0.4%	0.8%	1.0%	1.4%
April	0.0%	0.1%	0.2%	0.6%	0.9%	1.0%
May		0.0%	0.1%	0.4%	0.9%	1.4%

Source: Equifax, CRISIL Research

Par >30 for accounts sourced in 2017 for SFBs

YEAR 2017	Reporting month					
Sourcing month	April	May	June	July	August	September
January	1.3%	1.4%	2.1%	2.4%	2.6%	2.9%
February	0.1%	0.2%	1.1%	1.4%	1.7%	2.0%
March	0.0%	0.1%	1.9%	3.0%	4.1%	4.9%
April	0.0%	0.0%	0.2%	0.9%	1.5%	2.1%
May		0.0%	0.0%	0.1%	0.5%	0.8%

Source: Equifax, CRISIL Research

Farm loan waiver in 2016-17

Four large states – Uttar Pradesh, Maharashtra, Karnataka, and Punjab- have announced farm loan waivers with varying coverage. These debt waivers announced by some states impacted collections initially, but the efforts put in by MFIs to educate borrowers about the applicability of the scheme led to the gradual pick-up in loan collection. Even the government and industry associations helped the players by making related announcement through media to educate borrowers. Thus, collection has improved post March 2017.

The Indian Microfinance Sector – Key Trends

Rural areas account for less than 30% of MFI disbursements

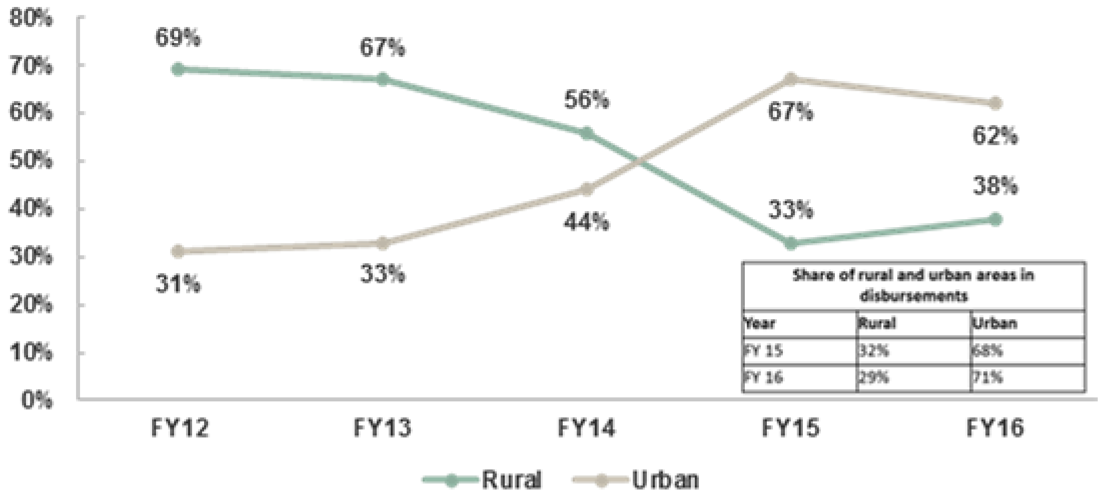
The share of urban areas in microfinance loans has increased, as players increased focus on these areas, partly with a view to maintain profitability while complying with the margin-cap regulation put in place by the RBI. In 2015-16, only around 29% of MFI disbursements (data of 166 MFIs including SFBs from Bharat Microfinance Report 2016) were in the rural areas.

In terms of number of clients too, the picture is not different. Over four years until 2014-15, the share of urban clients of MFIs rose sharply. In 2014-15, 33% of MFI clients were from rural areas, while in 2015-16, there was a slight improvement in the MFIs' share of client base in rural areas to 38%, due to the exclusion of Bandhan Financial Services.

Due to stronger client additions, microfinance penetration in urban areas (calculated by dividing the number of urban MFI clients by the urban population) has increased in the past five years and stood at 5.6% as of March 2016. In contrast, rural penetration has come down and was at around 1.7%, as of the same timeframe. Due to low rural penetration, there is a huge opportunity available for MFIs players to grow their portfolios in rural areas.

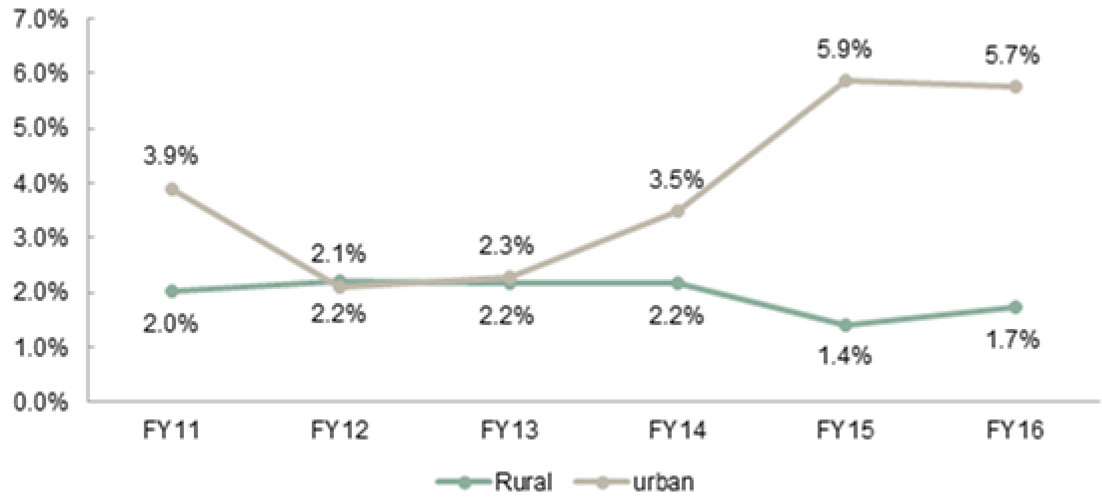
Given that rural contribution of GDP is almost as high as urban contribution and given that rural penetration is 1.7% as compared to urban penetration of 5.6%, CRISIL Research notes that the competitive intensity in rural areas is far lower than that in urban areas as indicated by the fact that only 30% of disbursements are made to customers in rural areas.

Share of rural and urban clients



Source: Bharat Microfinance (2016), CRISIL Research

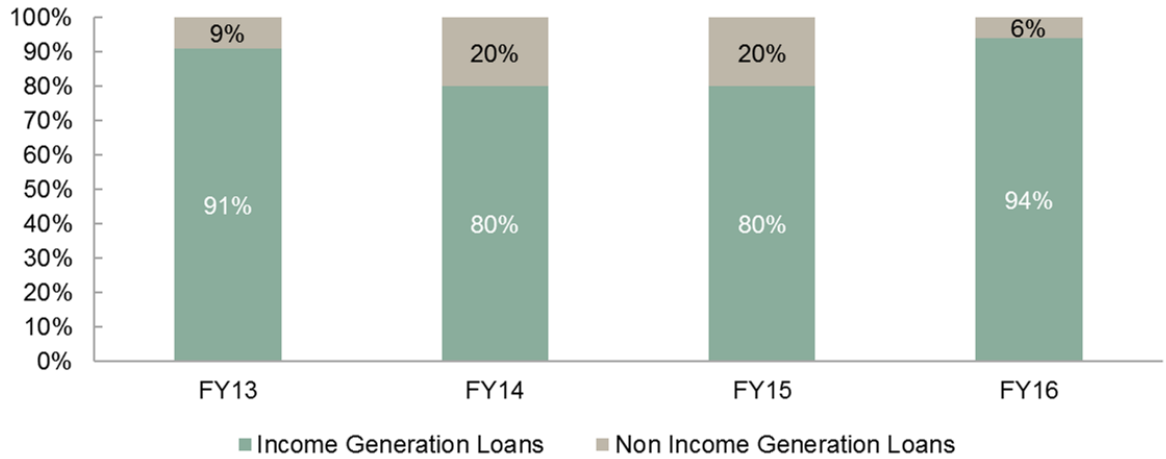
Rural penetration is much lower than urban penetration in the microfinance industry



Source: Bharat Microfinance report, CRISIL Research

Over four years until fiscal year 2014-15, the share of urban clients of MFIs has increased. Microfinance players have gained popularity among urban borrowers, being the only source of non-collateralised loans. High density of population in urban areas presents opportunity for higher growth, which some MFIs have capitalised on, increasing their footprint in urban areas. There is also a slight improvement in MFIs' share of client base in rural areas, to 38% in fiscal year 2015-16 due to the exclusion of Bandhan Financial Services.

Income generation loans account for 94% of loans



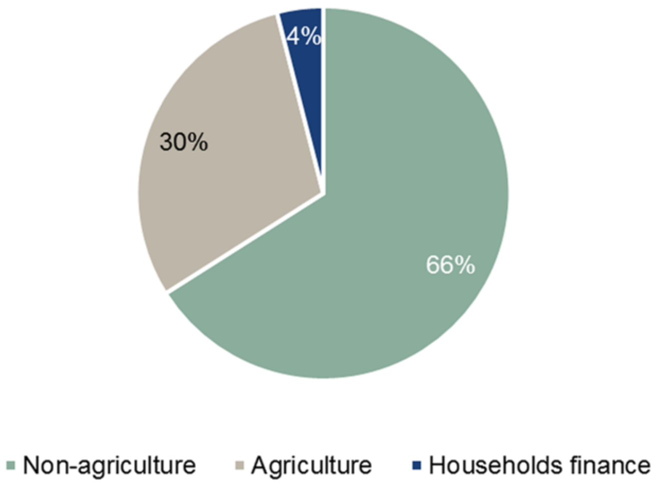
Source: Bharat Microfinance, CRISIL Research

Microfinance companies offer loans to borrowers for both consumption and productive purposes. In 2011, the RBI regulations stipulated that a minimum of 70% of MFI loans had to be deployed for income generating activities, as lending towards non-income generating activities could result in people remaining trapped in a debt cycle. Agriculture and trading are major sub-sectors where income generation loans are deployed. Non-income generation loans are used for consumption, housing, education, water and sanitation, and health.

The 70% floor towards income generation loans changed in 2015. As per the RBI's regulations in April 2015, a portion (i.e. a maximum of 50%) of the aggregate amount of loans may be extended for other purposes such as housing repairs, education, medical and other emergencies. However, the aggregate amount of loans given to a borrower for income generation should constitute at least 50% of the total amount of loans borrowed from the NBFC-MFI.

A majority of loans issued by MFIs are meant for income-generating activities. Share of income-generating loans reduced from 91% in fiscal year 2012-13 to 80% in fiscal year 2013-14 and again increased to 94% in fiscal year 2015-16. Agriculture, animal husbandry and trading are the major income-generating activities for which MFIs grant loans.

MFIs' maximum exposure for trading and services activities (2016-17)



Source: MFIN, CRISIL Research

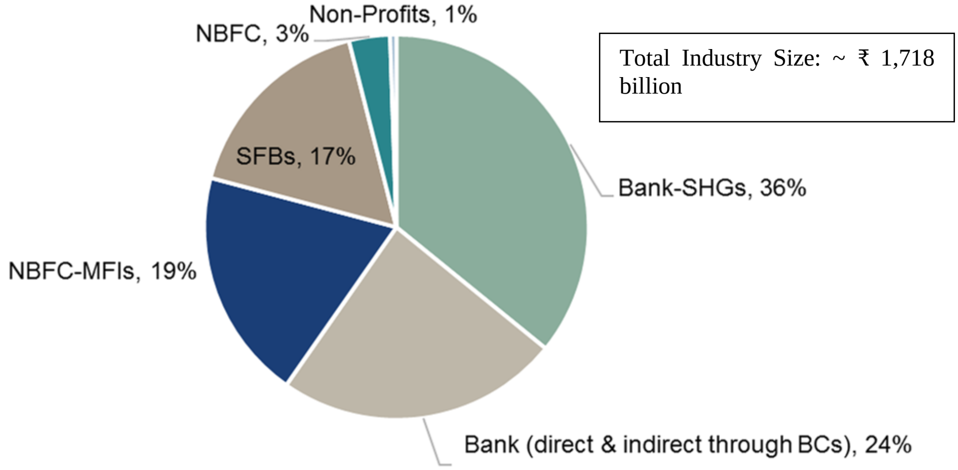
The product-wise exposure of MFIs shows that most of the share of the total loan portfolio is in non-agricultural activities that are a part of income generation loans, and which include trading and manufacturing activities.

Competitive dynamics

NBFC-MFIs have grown the fastest in the MFI industry

There are multiple players in the microfinance industry with varied organizational structure. The loan in the microfinance sector is given by banks, NBFCs-MFIs, other NBFCs, and non-profit organisations. Banks provide loans under the self-help group model, however they also give microfinance loans directly or through the business correspondents in order to meet their priority sector lending targets. As of March 31, 2017, the microfinance Industry has total loan portfolio of ₹ 1,718 billion, of which NBFC-MFIs account for close to 20%.

Banks continued to be the largest lender in the microfinance space (FY 2017E)



Source: MFIN, CRISIL Research

A brief description of key participants in the MFI lending business is as follows:

- Banks-SHGs refer to banks which provide micro credit under self-help groups program.
- Banks (direct & indirect through BCs) include portfolios for direct & indirect lending (through BCs) by banks; private banks are the key constituents in this category.
- NBFC-MFIs include MFIs which are exclusively focused on the microfinance business and are accordingly registered as NBFC-MFIs with the RBI. Major players in this category include BFIL, Satin Credit, and CreditAccess Grameen Limited (formerly known as Grameen Koota Financial Services Limited).

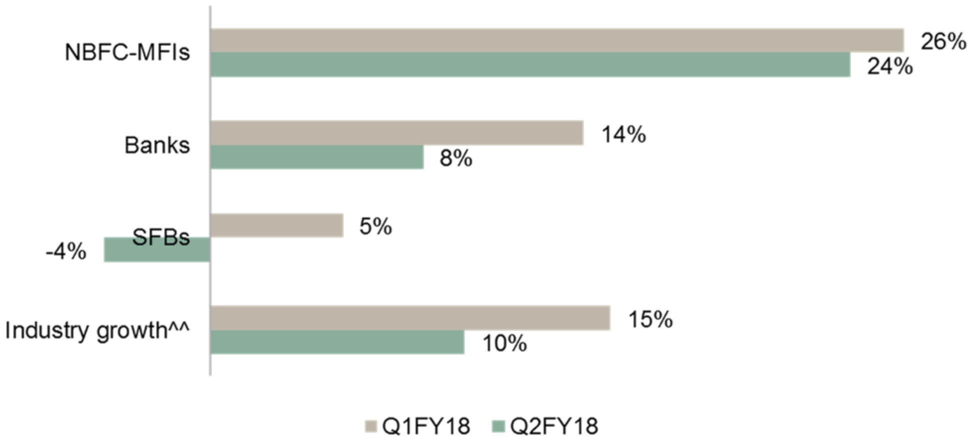
- SFBs: This category includes 8 players (ESAF, Equitas, Fincare, Janalakshmi, RGVN, Suryoday, Ujjivan and Utkarsh) which were formerly NBFC-MFIs but have now converted to small finance banks or are in the process of doing so.

- NBFCs include NBFCs such as ASA, Fullerton, L&T Finance, Reliance Commercial Finance Ltd and Sarvodaya Nano which have micro credit lending businesses along with other lending businesses.

- Non-Profit MFIs refer to MFIs registered as not-for-profit organisations such as Cashpor.

From the above description, NBFC-MFIs and Non-Profit MFIs are the only two player groups which have loan portfolio exclusively focused towards micro credit. The SFBs with MFI lending business have started to look at other asset classes such as affordable housing, SME, and vehicle finance, after receiving the SFB licence. Some of them also witnessed a marked increase in delinquencies post demonetization. Consequently, MFI loans given by SFBs have declined sharply; outstanding loans as of September 30, 2017 were 4% lower as compared to the same period in 2016. On the other hand, NBFC-MFIs continue to grow at a fast clip, with outstanding loans increasing by 26% and 24% as of June 30, 2017 and September 30, 2017 respectively.

Year on year growth of player groups in Q1 and Q2 FY 2018



Note:
Bank data includes direct and indirect through BCs
^^ number includes total number of NBFC-MFIs, Banks (direct and indirect through BCs), SFBs
Source: MFIN, CRISIL Research

Comparison of different business models

	Scheduled Commercial Banks	Small Finance Bank	MFI
Priority sector lending			
Targeted lending to sectors	• 40 percent for priority sector lending of their Adjusted Net Bank Credit (ANBC) or equivalent off-balance sheet exposure (whichever is higher) ○ 18% of ANBC to Agriculture ○ 7.5% of ANBC to micro-enterprises ○ 10% of ANBC to weaker sections	• 75 per cent for priority sector lending of their Adjusted Net Bank Credit (ANBC) ○ 18% of ANBC to Agriculture ○ 7.5% of ANBC to micro-enterprises ○ 10% of ANBC to weaker sections • At least 50 per cent of loan portfolio should constitute loans and advances of up to ₹ 2.5 million.	• 85% of loans should be qualifying micro-finance assets ○ Income generation loans > 50% of total loans
Prudential norms			
Capital adequacy framework	• Minimum Tier 1 capital: 7% • Minimum capital adequacy ratio: 9%	• Minimum Tier 1 capital: 7.5% • Minimum capital adequacy ratio: 15%	• Tier 1 capital > Tier 2 capital • Minimum capital adequacy ratio: 15%
NIM	• No Margin Cap	• No Margin Cap	• Maximum of 10% for MFIs with a loan portfolio above ₹ 1 billion
CRR / SLR	• Maintenance of CRR/ SLR ratio mandatory	• Maintenance of CRR/ SLR ratio mandatory	• No such requirement
Leverage ratio	• Minimum leverage ratio of 4.5%	• Minimum leverage ratio of 4.5%	• No such requirement

	Scheduled Commercial Banks	Small Finance Bank	MFI
LCR / NSFR	• Mandatory requirement to maintain liquidity coverage ratio	• Minimum liquidity coverage ratio of 100% by January 1, 2021 • NSFR will be applicable to SFBs on par with scheduled commercial banks as and when finalized	• No such requirement
Funding			
Deposits	• Primarily rely on deposits for funding requirements	• Primarily rely on deposits for funding requirements • Deposit ramp-up will take time	• Cannot accept deposits
Bank loans / market funding	• Access to broader array of market borrowings	• Access to broader array of market borrowings • No access to bank loans	• Diversified funding sources including bank loans, short term and long term market borrowings
Products			
Products offered	• Full spectrum of banking, savings, investment and insurance products	• Can offer savings and investment products apart from credit products / loans • Can act as Corporate Agent to offer insurance products • Cannot act as Business Correspondent to other banks	• Can act as Business Correspondent to another bank and offer savings, deposits and investment products • Can act as Corporate Agent to offer insurance products

Impact of SFBs converting into banks

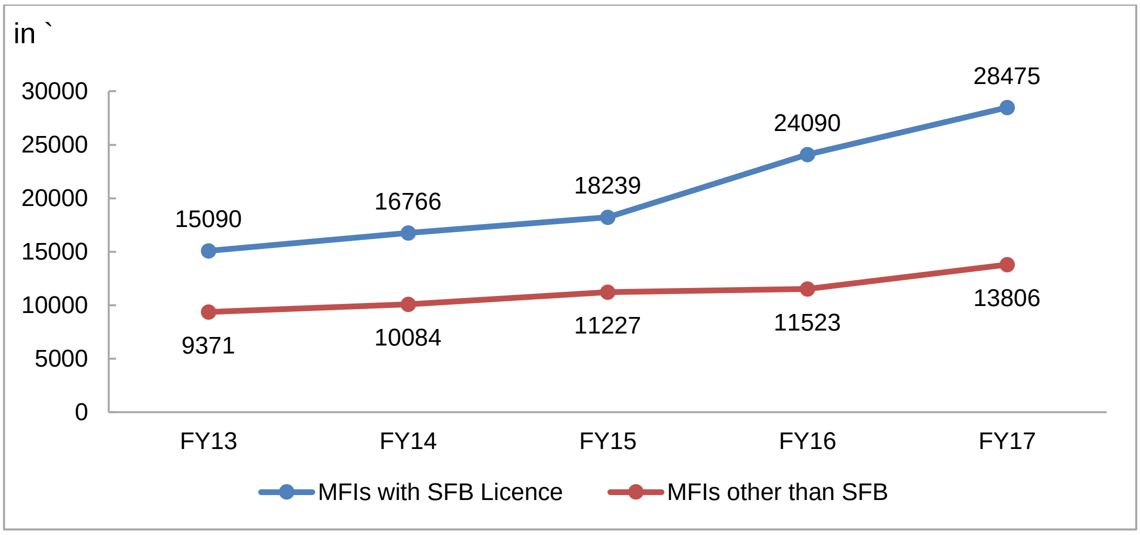
CRISIL Research notes that companies turning into small finance banks (SFBs) will face major challenges in terms of meeting the stringent regulatory norms applicable to banks. Most companies which have acquired SFB licences have high foreign holdings but have to raise a large amount of domestic equity in order to reach the minimum domestic holding requirement applicable to a SFB.

Also, players with SFB licences have to expand their overall reach by opening up new liability branches to garner deposits, hiring new staff and implementing technology to streamline the overall process. Hence, the conversion into a SFB will increase their overall operating costs, even as credit costs remain elevated in the near term due to the adverse impact of demonetization on asset quality. Consequently, return on assets of SFB licensees are likely to stay subdued in the next two years.

In the medium term, as players converting into banks will have to focus on liability side products in addition to diversifying their asset book, their business growth in the microfinance sector is likely to be slower. Consequently, other NBFC-MFI players may have a chance to take advantage of the situation to gain market share.

In FY 2016 and FY 2017, all SFBs increased their average ticket size to focus on urban customers. Overall, the average ticket size grew at a 12% CAGR from FY 2012-13 to FY 2016-17.

Average ticket size of MFI players with a SFB license versus other players



Note: E: Estimates
Source: MFIN, CRISIL Research

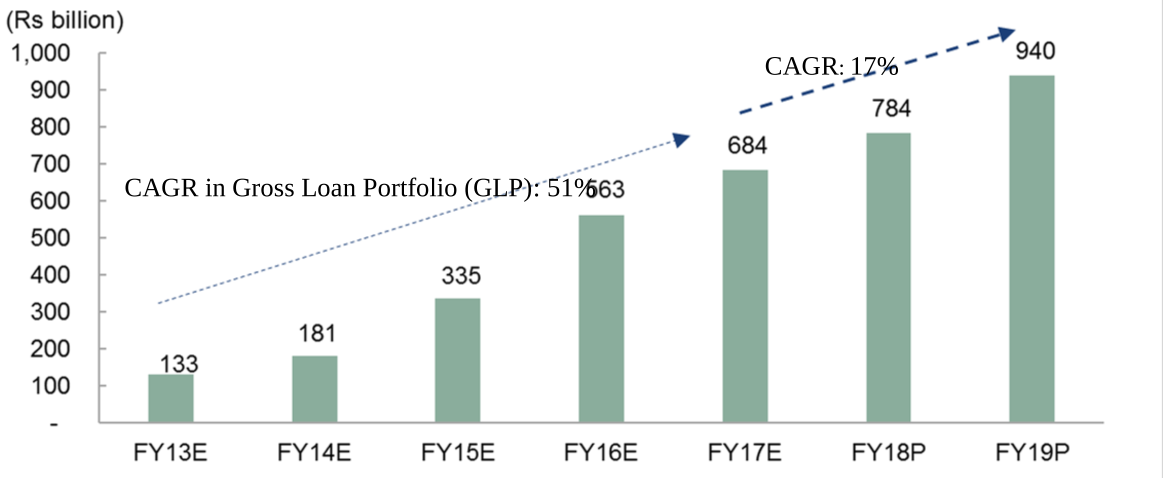
Growth outlook for MFI industry

Industry size to grow at CAGR 16-18% in the next 2 years, driven by rising penetration

The GLP of MFIs grew at 51% CAGR from fiscal year 2012-13 to fiscal year 2016-17. This growth was fuelled by the growth in GLP of some large players, such as Janalakshmi Microfinance, Bharat Financial Inclusion Ltd, Ujjivan Financial Services and CreditAccess Grameen Limited.

CRISIL Research notes that the opportunity to capture market share from unorganized lenders will continue to drive MFI industry growth in the future. MFIs may be able to expand their portfolio by servicing areas that are least penetrated and where unorganised moneylenders are predominantly present.

Growth in client base and average ticket size to drive MFI loan portfolio



Note:
GLP includes NBFC-MFIs and SFBs and excludes, for all years, numbers of Bandhan Financial Services Ltd, which has now become a bank Bharat Financial Inclusion (BFIL) is also included in the analysis
Source: Bharat Microfinance, MFIN, CRISIL Research

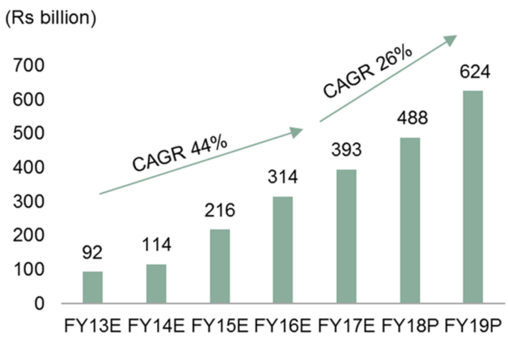
CRISIL Research expects MFI loan portfolio growth to be at around 16-18% annually, in the next two years, much lower compared with the past four years as rural areas in well-penetrated states mature and the focus of some companies converting into SFBs shifts towards selling other banking products.

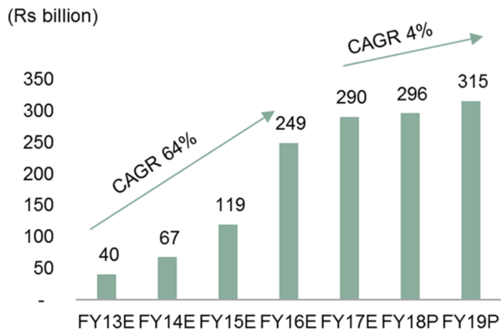
CRISIL Research notes that factors which will define success in future are:

- Ability to attract funds and maintain healthy capital position;
- Strong promoters who have witnessed various business cycles and successfully tackled events;
- Loan recovery and control aging of NPAs;
- Geographic diversification;
- Adoption of technology to improve efficiency and lower costs; and
- Ability to manage local stakeholders.

NBFC-MFI's portfolio to grow at 26% CAGR in the next 2 years; SFB MFI growth to be muted

Growth in GLP of NBFC-MFIs licence ***Growth in GLP of players with SFB***





Note: Projected portfolio for players with SFB licence is only for their microfinance business; E: Estimated; P: Projected
BFIL included in NBFC-MFIs
Source: Bharat Microfinance, MFIN, CRISIL Research

Players not having an SFB licence, constituting almost 58% share in GLP, have grown at 44% CAGR in the last four years relatively slower than 64% (four-year CAGR) growth of players with an SFB licence as SFB players had large presence across states and also disbursed higher ticket size loans. However, NBFC-MFIs' GLP increased by 25% in fiscal year 2016-17 compared with 16% for SFBs as SFBs started focusing on other loan products in an attempt to diversify their book beyond micro finance loans. CRISIL Research expects that players with an SFB licence will continue to grow though at slower rate at approximately 4% CAGR over next two years compared to 26% CAGR for NBFC-MFIs primarily due to their shift in focus to other banking products after conversion into a bank. Also, SFBs licencees are required to adhere to stricter norms and compliance which would impact their growth in the initial years of their conversion. Limited or no expsoure towards managing the liability side of the business would also be a challenge for SFBs licencees.

MFIs continue to gain market share compared to bank-SHG linkage programme

Banks have a strong presence in the microfinance industry, directly as well as indirectly. MFIs focus on the joint lending group (JLG) model while lending to borrowers as it is easier to form such groups, whereas banks have a dominant presence in the self-help group (SHG) model through their self-help group–bank linkage programme (SHG-BLP).

The total credit outstanding under SHG-BLP as of March 31, 2017 was ₹ 615 billion. Although outstanding loans under SHG-BLP have grown significantly, the growth is relatively low compared with that of NBFC-MFIs (including SFBs).

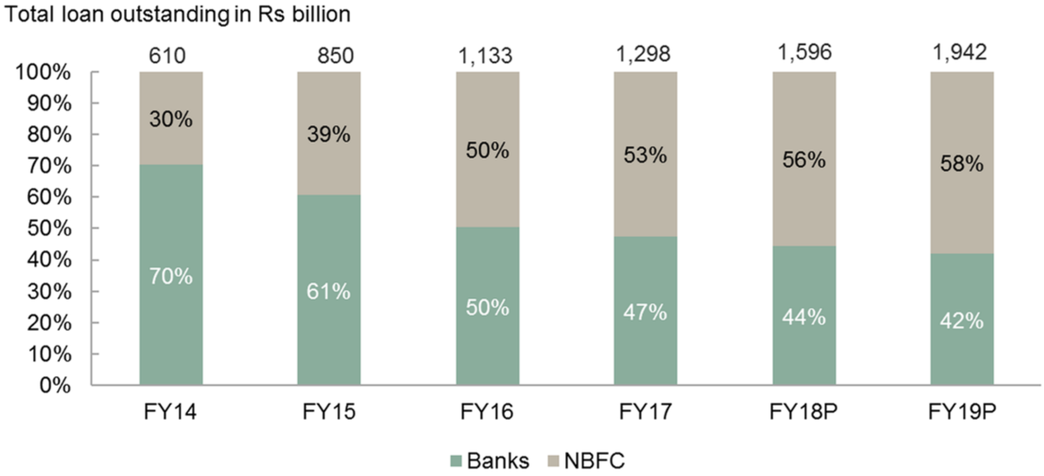
Bank SHG	**FY15**	**FY16**	**FY17**
Loan outstanding to SHGs (₹ billion)	515	571	615
Loan outstanding growth %	20.0%	10.9%	7.7%
Average loan outstanding	115,361	122,242	127,016

MFIs	**FY15**	**FY16**	**FY17E**
Gross loan outstanding (₹ billion)	335	563	684
Gross loan outstanding growth %	84.9%	67.7%	21.5%
Average loan amount outstanding per client	14,733	17,807	18,964

Note: MFI numbers are excluding Bandhan; E: Estimated
Source: National Bank for Agriculture & Rural Development (NABARD), Bharat Microfinance, MFIN, CRISIL Research

Following greater regulatory clarity and demand for loans from states apart from AP, MFIs have increased their market share from 30% in fiscal year 2015-14 to 53% in fiscal year 2016-17. The growth rate of MFIs is expected to be remain relatively high in future, which will help them increase their market share further to 58%.

Share of GLP of NBFCs vis-a-vis banks



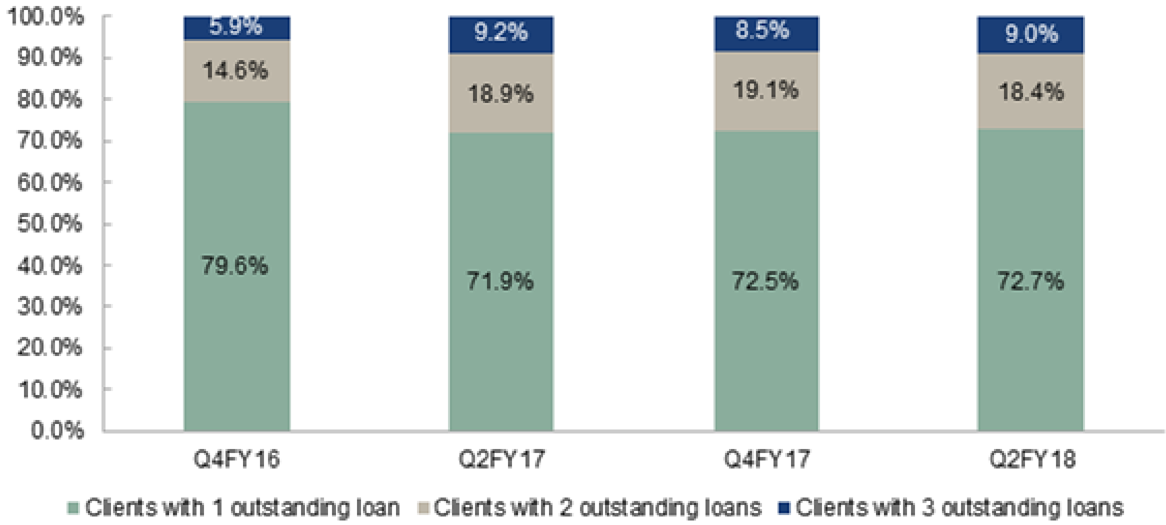
P: Projected (including players with SFB licence)
Source: NABARD, Bharat Microfinance, MFIN, CRISIL Research

Client reach increasing with financial inclusion, industry client base to widen to 52 million

Increased focus on financial inclusion and the shift of borrowers from unorganised to organised sector for loans increased the industry client base from 13 million to 39 million between fiscals 2013 and 2017, recording a 31% CAGR. Of the total borrowers, the share of number of clients with more than one outstanding loans has increased from 20% in March 2016 to 27% as of September 2017.

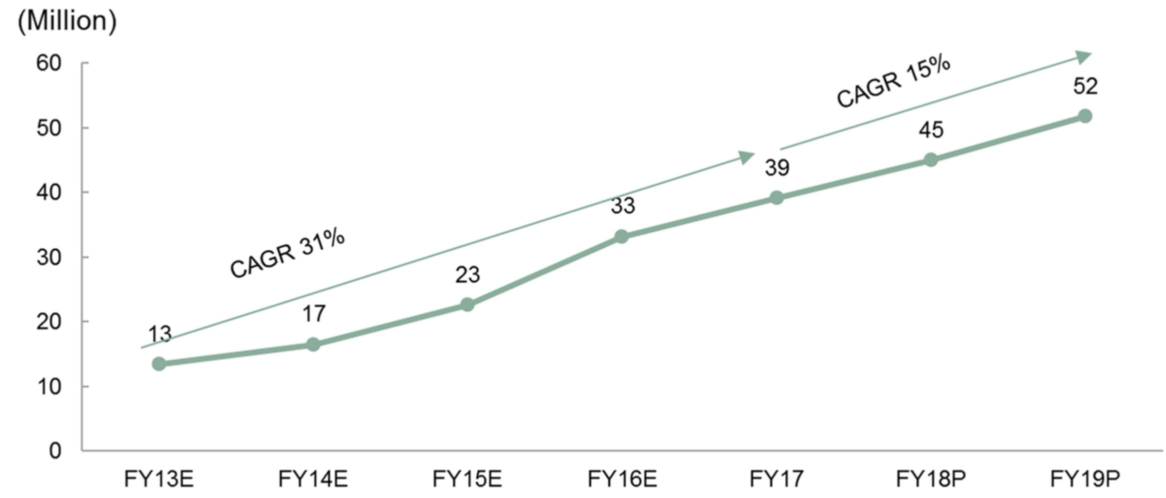
CRISIL Research notes that the number of borrowers are expected to increase at a pace of 15% annually over the next two years on account of increasing penetration of microfinance in some low-penetrated areas where the unorganised segment still plays a major role.

Trend in the share of clients with outstanding loans



Source: Equifax, CRISIL Research

Number of borrowers to increase at 15% CAGR over next two years

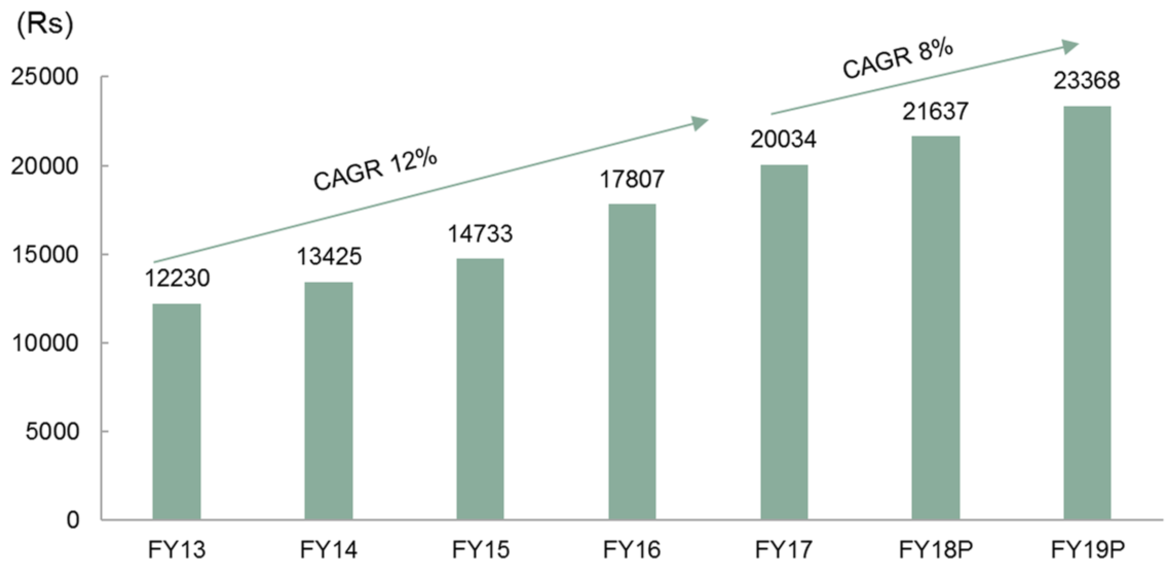


E: Estimated P: Projected
Source: MFIN, CRISIL Research

Average ticket size to grow at 8% CAGR from FY 2017 to FY 2019

The average ticket size of MFIs increased in fiscal year 2016-17 to ₹ 20,034, up 6% compared to fiscal year 2015-16 driven by strong disbursement growth in urban areas, where the loan amount per account is usually higher than in rural areas. The average ticket size grew at an even higher pace of 12% CAGR from fiscal year 2012-13 to fiscal year 2016-17 following the relaxation by the RBI (April 2015) of maximum loan limit (increased to ₹ 100,000 from ₹ 50,000 earlier) and maximum annual household income (not exceeding ₹ 1,000,000 in rural areas and ₹ 1,600,000 in urban and semi-urban areas). Most loans are given to trading and services segment, which require higher loan amounts than agriculture and allied activities. CRISIL Research expects the average ticket size to grow at 8% CAGR in the next two years. The ticket size will increase rapidly in highly penetrated states where MFIs have been present for a long period and credit-worthiness of the client base is established. In newer underpenetrated states, though growth would be higher, the ticket size is expected to be lower.

Average ticket size of MFI players



Note: E: Estimates
Source: MFIN, CRISIL Research

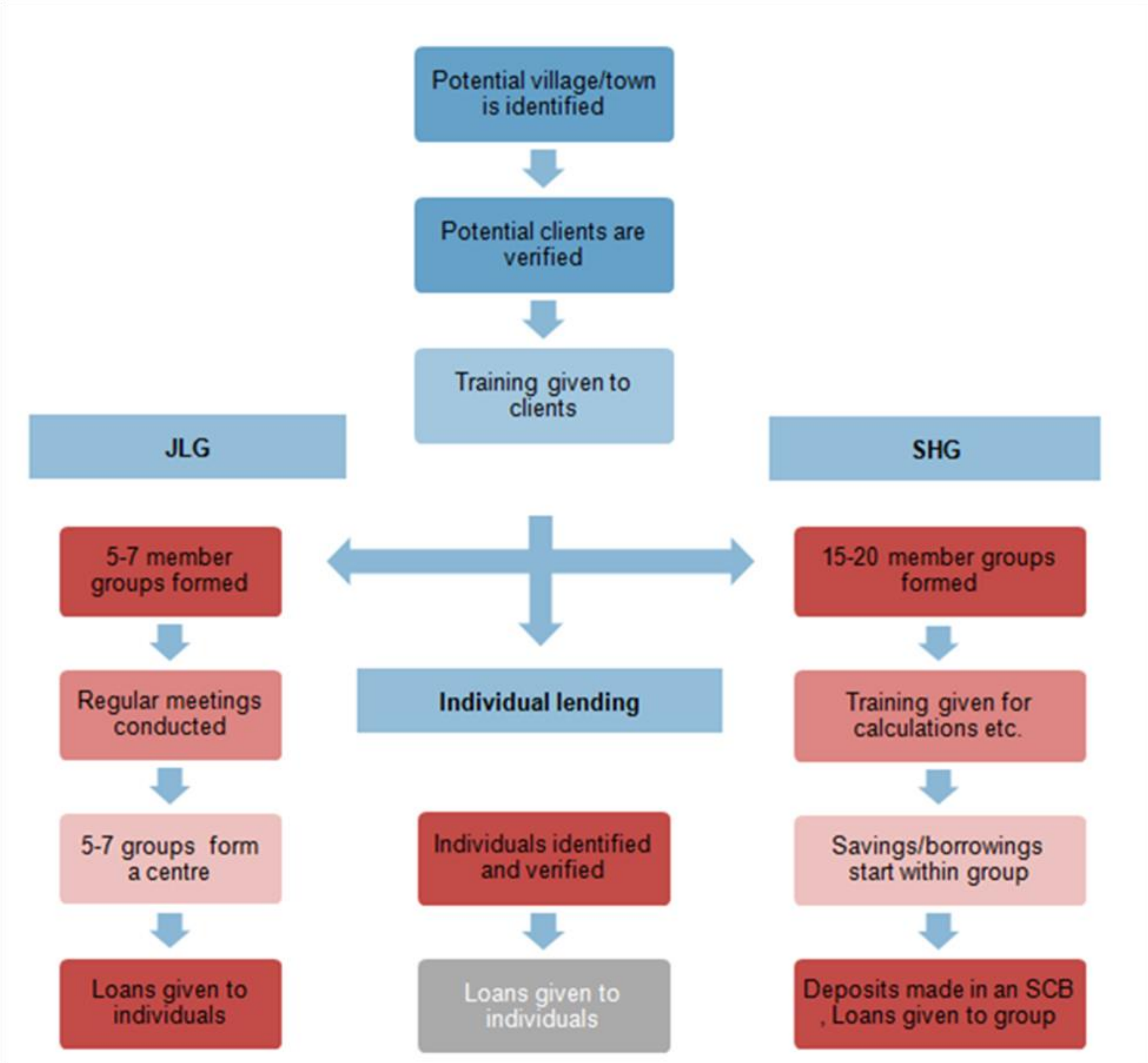
Joint lending group (JLG) model in the MFI space

MFIs focus on the JLG model when lending to borrowers, whereas banks have a dominant presence in the self-help group (SHG) model through their self-help group–bank linkage programme (SHG-BLP).

Under the JLG lending model, the primary task is to identify a prospective village, based on parameters such as total population, total income, and population of poor individuals. Subsequently, potential members (usually women) are identified, based on factors such as the total household income and number of members in the household. These candidates are then organised into groups of 5-7 members each and 3-5 such groups come together to form a center, and the amount is lent to an individual borrower. In the event that an individual borrower defaults on payment, the concept of social collateral comes into play, and the other group members repay the loan amount due. In case of a default, the group is blacklisted and deemed ineligible to receive further loans from any MFI. This model is intended to ensure that the individual borrower is subject to constant peer pressure that urges him or her to make timely repayments. Under the JLF model, at least 90% of group members need to be present during loan disbursal.

MFIs have also started giving individual loans to their borrowers as opposed to JLG loans where the entire group is liable for defaults, albeit in a small way. The moral suasion brought about by the JLG model, where an entire group suffers if a borrower defaults, makes the model relatively less risky for micro lending.

Flowchart – Lending mechanism via different MFI operating models



Source: CRISIL Research, Industry

A SHG is a financial intermediary, formed by 15-20 local members who are mostly women. These members contribute small amounts on a regular basis for a few months to build the base capital in the group and subsequently commence lending activities. Once a firm's credit history is in place, the SHG gets linked to a bank and becomes a channel for microfinance.

The SHG lending model differs from the JLG lending model in the following ways:

- Members are trained to calculate interest rates for lending within the group and maintain books of accounts.
- The loan is disbursed to the group, after which, members decide the method of distribution and interest rates.
- An SHG needs to have a minimum history of six months of savings and borrowings to be eligible for a loan.

Level of portfolio at risk to improve supported by better collection rate and write-offs

PAR, the primary indicator of risk for the sector, equals the percentage of loans overdue. PAR value increased sharply in fiscal year 2016-17 due to non-availability of cash and slowdown in business activities of individuals after demonetization. Due to demonetization, the RBI had given relaxation to NBFC-MFIs in terms of classification of GNPAs, but this was misinterpreted as a waiver given to customers for the same period. According to CRISIL Research, this misinterpretation of the RBI leeway on recognition of GNPAs to financiers as well as loan waiver and political intervention in some states also led to lower collections.

However, MFIs have invested significantly in educating borrowers and helping them exchange their old notes, which has helped improve collection efficiency. PAR ratio has started to move down post March 2017; however, due to lower collections from old loans impacted by demonetization, credit costs are expected to increase significantly in fiscal year 2018.

Over the next 2-3 years, CRISIL Research expects the PAR levels for the industry to improve as the impact of demonetization fades and players write off some of the loans. Therefore, CRISIL Research notes that credit costs are also likely to come down following the fiscal year 2018 provided no major events impacting the industry during this period.

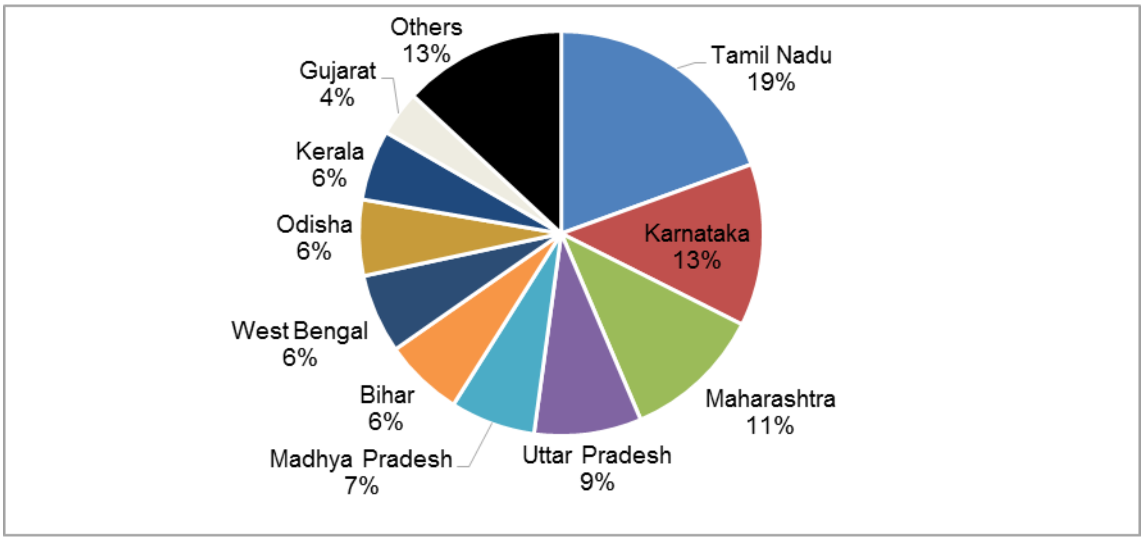
The implementation of the RBI guidelines on lending and greater co-operation amongst MFIs players in sharing data with credit bureaus partly limit the risk of over-leveraging of borrowers. The credit bureau data presently does not capture loans provided to borrowers through the SHG-BLP and on-book lending by banks through business correspondents. Therefore, over-leveraging of borrowers remains a key concern.

Nevertheless, inherent strengths of the operating model such as peer pressure exerted by the JLG and regular engagement with borrowers, and enhanced usage of technology in portfolio monitoring and tracking are expected to ensure that asset quality remains under control despite rapid growth. Also the latest norm under which the customers have to provide their Aadhaar number to avail loans from MFIs will help to address the issue of over-indebtedness and provide a mechanism to reduce the risk of default as customer tracking will be easier. However, it is imperative for MFIs to continuously ramp up investments in people, processes, and systems to manage risks and maintain asset quality.

Top 10 states contribute over 85% of MFI loans

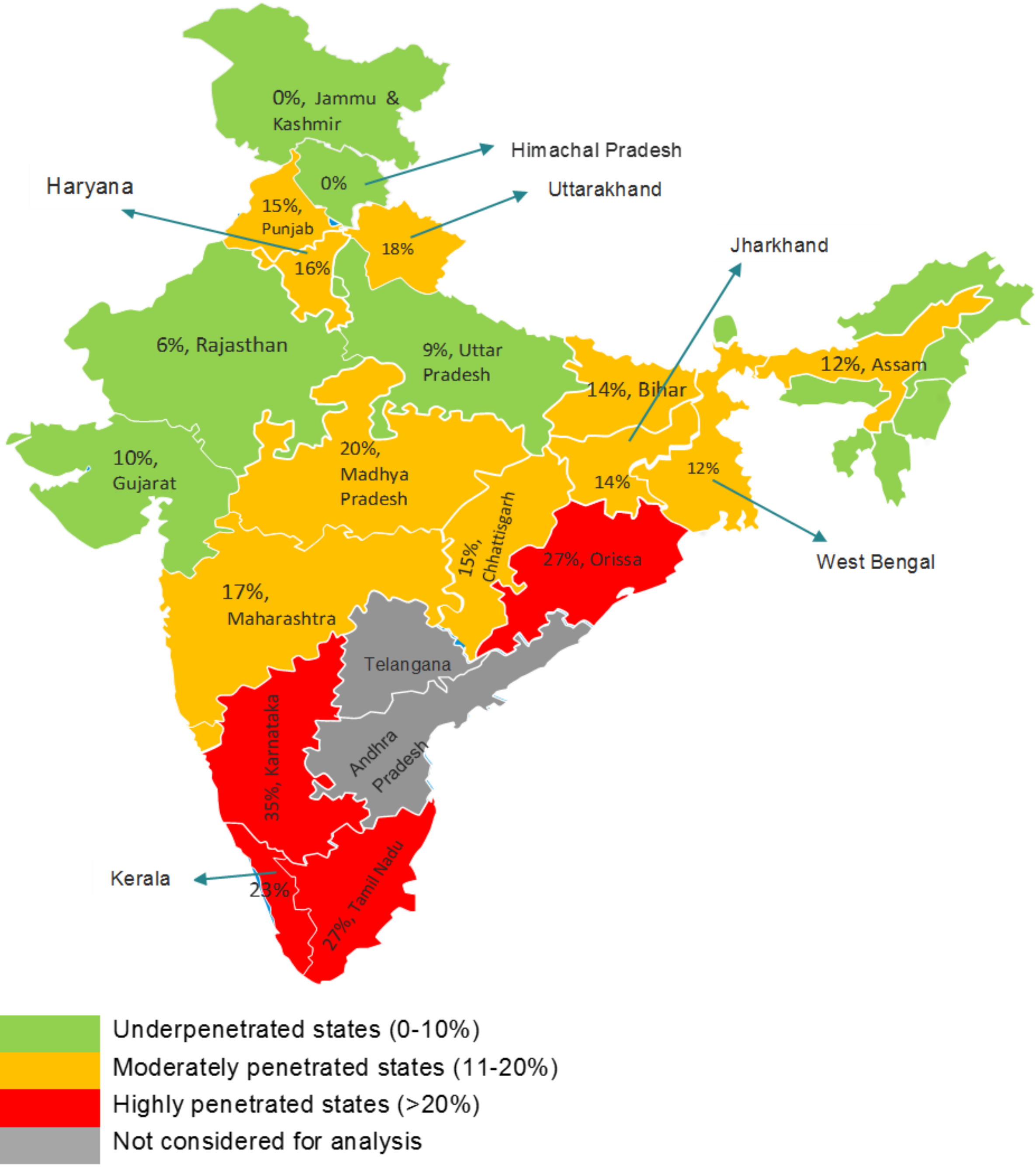
Approximately 87% of the gross loan portfolio is concentrated in top 10 states with Tamil Nadu (19%), Karnataka (13%) and Maharashtra (11%) recording the highest shares. The top 10 states have seen 26% growth from last year due to high presence of MFI players and focus of some top players in these states on increasing penetration and higher ticket sizes.

State-wise distribution of MFI loans (as of March 2017)



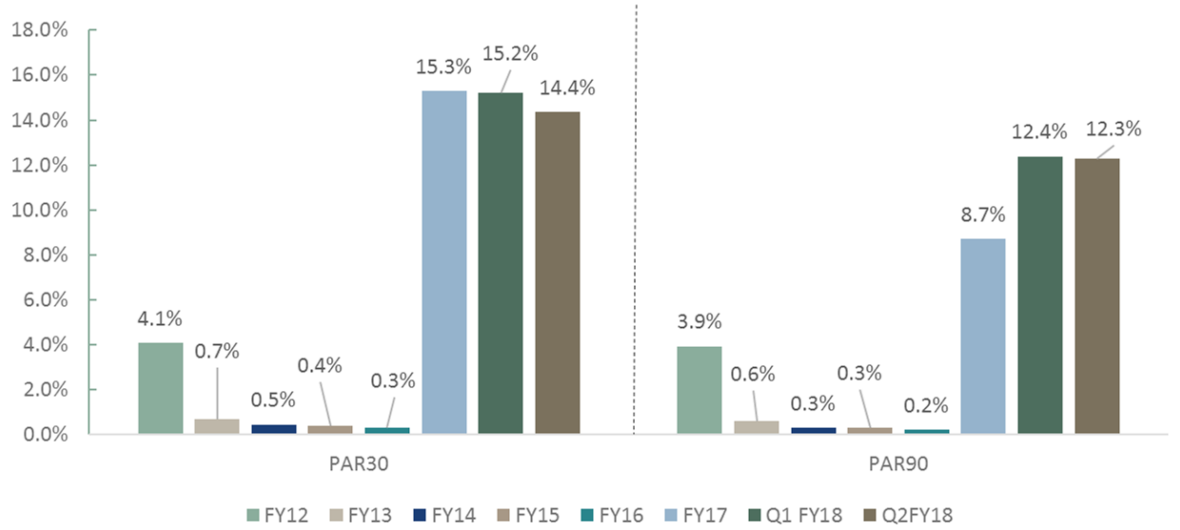
Source: MFIN, CRISIL Research Estimates

Northern and western states are relatively underpenetrated as compared with pan-India average penetration



Notes: AP has not been considered for analysis due to many write-offs after the AP crisis and because some large players are not present in the state; penetration has been computed by dividing number of MFI clients by the estimated number of households in 2017; pan-India penetration has been determined based on the analysis of 20 states.
Source: MFIN, CRISIL Research

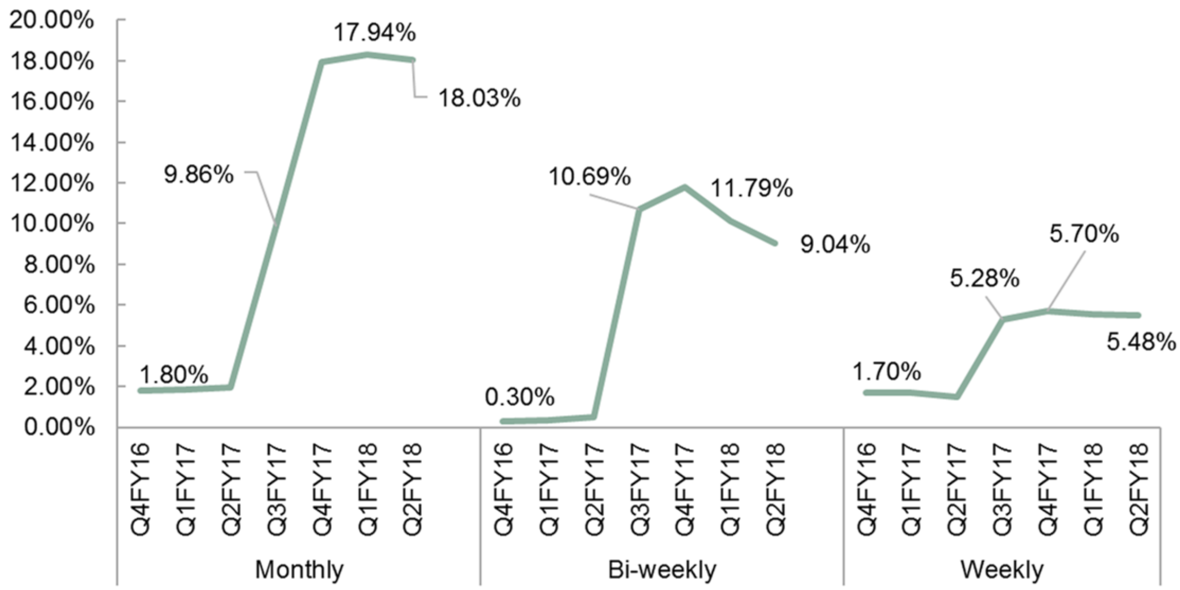
PAR levels of MFIs



Note:
Post FY 2014, PAR levels exclude AP and Telangana portfolio; PAR > 30 includes all overdues over 30 days; writeoffs done by entities are not considered.
Data does not include banks
Source: Equifax, MFIN, CRISIL Research

MFIs following the weekly collection model performing better on asset quality

PAR >30 days much lower for weekly repayment frequency



Note:
Par > 30 days exclude AP and Telangana portfolio; PAR > 30 includes all overdues over 30 days; writeoffs done by entities are not considered.
Source: Equifax, CRISIL Research

As per the Equifax data, close to 40% of micro finance loans are collected on a weekly basis, with the proportion being relatively lower at 3.8% in the case of NBFCs and 9.6% for SFBs. A closer analysis suggests that players following a weekly collection model tend to perform better in terms of asset quality, as they engage more frequently with borrowers. The PAR30 for weekly repayment frequency was the lowest at 5.48% as of September 2017 compared to monthly and bi-weekly repayment frequency model. Even post demonetization, PAR30 for weekly repayment frequency stood at 5.7% as of March 2017, compared to 17.9% for monthly repayment frequency as of the same quarter.

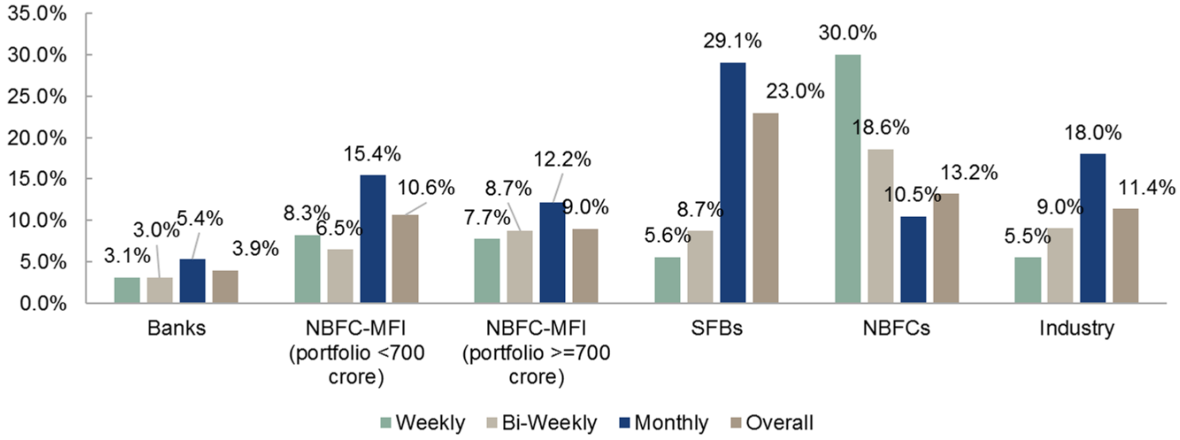
Proportion of portfolio on weekly, bi-weekly, and monthly collections by player group and aggregate for the industry as of September 2017

	Monthly	Bi-weekly	Weekly	Others
Banks	27.6%	2.7%	67.8%	2.0%
NBFC-MFI (Portfolio < ₹ 7 billion)	41.9%	35.6%	15.7%	6.7%
NBFC-MFI (Portfolio >= ₹ 7 billion)	21.6%	20.9%	50.2%	7.4%

	Monthly	Bi-weekly	Weekly	Others
SFB	70.7%	11.4%	9.6%	8.3%
NBFC	73.6%	21.6%	3.8%	1.0%
Industry	40.7%	14.6%	39.1%	5.5%

Source: Equifax, CRISIL Research

Asset quality of various player groups in the microfinance industry as of September 30, 2017 (PAR > 30 days)



Note: Banks' data excludes SHG portfolio; Par > 30 days exclude AP and Telangana portfolio; PAR > 30 includes all overdues over 30 days; writeoffs done by entities are not considered.
Source: Equifax, CRISIL Research

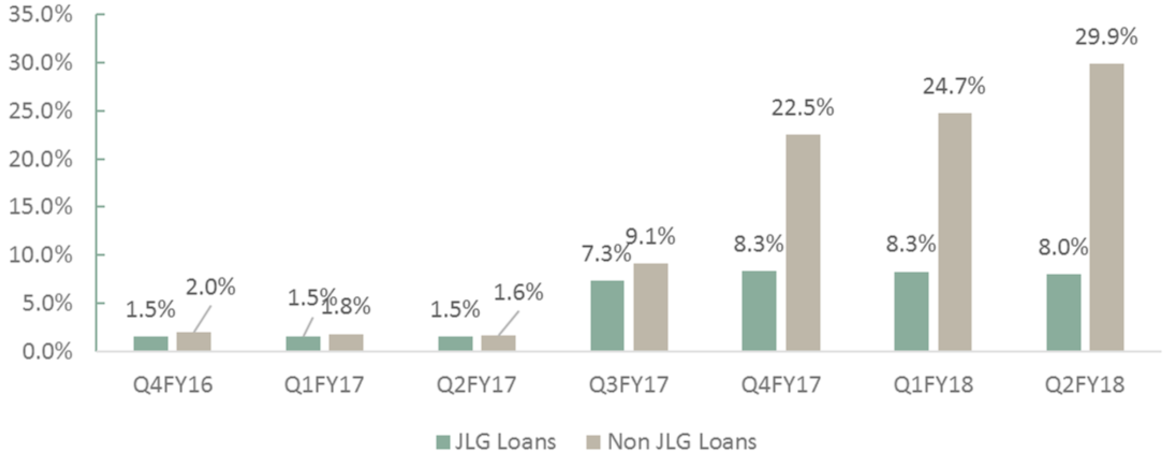
Amongst the various player groups, SFBs have the worst asset quality, with PAR30 of 23.0% as of September 30, 2017 compared to 11.4% for the overall industry. Close of two-thirds of the loans of SFBs are under the monthly repayment frequency model, where the asset quality experience, has been relatively inferior. In contrast, only around 21% of the portfolio of NBFC-MFIs with, portfolio more than or equal to ₹ 7 billion, was under the monthly frequency model, and weekly collections account for 50% of the portfolio for such MFIs. Consequently, their PAR30, at 9.0% as of September 30, 2017, is much lower than the industry.

Superior asset quality in case of JLG loans

JLG loans account for 87% of the outstanding loans of the industry as of September 2017, with the proportion of such loans being relatively lower, at 70%, in the case of SFBs. The moral suasion brought about by the JLG model, wherein the entire group suffers if a borrower defaults, makes the model relatively less risky for micro lending.

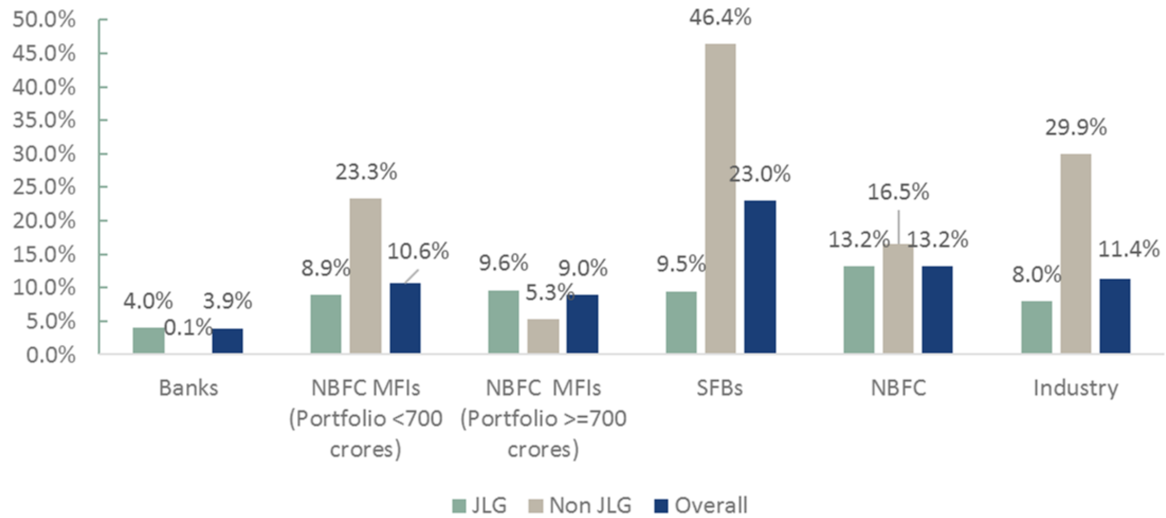
To illustrate, PAR30 for non-JLG lending stood at 22.5% compared to JLG lending model, which had PAR30 of 8.3% as of March 2017. The asset quality has improved in the first half of fiscal 2018 for JLG as well as non-JLG loans, but PAR30 days remains significantly higher for non-JLG loans.

Differences in asset quality of MFI loans (JLG versus non-JLG) PAR > 30 days



Note: Par > 30 days exclude AP and Telangana portfolio; PAR > 30 includes all overdues over 30 days; writeoffs done by entities are not considered.
Source: Equifax, CRISIL Research

Asset quality of various player groups based on loan type as of September 2017 (PAR > 30 days)



Note: Banks' data excludes SHG portfolio; Par > 30 days exclude AP and Telangana portfolio; PAR > 30 includes all overdues over 30 days; writeoffs done by entities are not considered.
Source: Equifax, CRISIL Research

Profitability of MFIs to improve in 2018-19

CRISIL Research notes that though the PAR is expected to improve going forward, it will have a lingering effect on profitability at least for fiscal year 2017-18. Thus, despite some improvement in operating expenses, which were higher in fiscal year 2016-17 on account of demonetization, profitability will plunge further in fiscal year 2017-18 due to higher credit cost. Another reason for operating expenses being higher was that the industry had made investments expecting a very high growth in fiscal year 2016-17, which did not materialise. However, CRISIL Research expects some improvement in profitability in fiscal year 2018-19 as credit costs come down and operating expenses get rationalised. Over the long term, technological investments being made by MFIs should help bring down operating expenses.

Movement in key financial parameters (industry)

All	FY 15	FY 16	FY 17E	FY 18P	FY 19P
Net Interest Income by average assets	8.8%	9.2%	9.4%	8.3%	8.1%
Other Income by average assets	3.0%	3.2%	2.8%	2.9%	3.0%
Operating costs by average assets	7.0%	6.8%	7.3%	6.7%	6.5%
Credit cost by average assets	0.5%	0.9%	2.4%	4.5%	0.7%
Profit Before Tax by average assets	4.4%	4.6%	2.5%	0.0%	3.9%
Tax by average assets	1.1%	1.5%	0.6%	0.0%	1.2%
Post Tax-RoA	3.1%	3.3%	2.1%	0.0%	2.8%

Note: Figures include data of non-AP based players with market share > 65%.
Source: Company reports, CRISIL Research

Movement in key financial parameters (small finance bank licensees)

Small Finance Banks (SFBs)	FY 15	FY 16	FY 17E	FY 18P	FY 19P
Net Interest Income by average assets	9.3%	9.9%	10.3%	9.5%	9.0%
Other Income by average assets	2.2%	2.4%	2.0%	1.9%	2.0%
Operating costs by average assets	6.9%	7.3%	8.1%	8.1%	7.6%
Credit cost by average assets	0.7%	1.1%	1.8%	5.1%	0.6%
Profit Before Tax by average assets	3.9%	3.8%	2.4%	-1.8%	2.8%
Tax by average assets	1.2%	1.4%	1.0%	0%	0.8%
Post Tax-RoA	2.7%	2.4%	1.4%	-1.8%	2.0%

Note: Figures include data of non-AP based players with market share > 80%.
Source: Company reports, CRISIL Research

Movement in key financial parameters (NBFC-MFIs)

NBFC-MFIs	FY 15	FY 16	FY 17E	FY 18P	FY 19P
Net Interest Income by average assets	8.3%	8.3%	8.2%	7.6%	7.7%
Other Income by average assets	3.9%	4.1%	3.8%	3.5%	3.5%
Operating costs by average assets	7.0%	6.2%	6.2%	5.9%	5.9%
Credit cost by average assets	0.2%	0.6%	3.1%	4.1%	0.8%
Profit Before Tax by average assets	5.0%	5.6%	2.7%	1.1%	4.5%

NBFC-MFIs	FY 15	FY 16	FY 17E	FY 18P	FY 19P
Tax by average assets	0.9%	1.6%	0.1%	0.3%	1.4%
Post Tax-RoA	4.1%	4.1%	2.6%	0.8%	3.2%

Note: Figures include data of non-AP based players with market share > 55%.
Source: Company reports, CRISIL Research

CRISIL Research expects profitability to be lower for companies that convert into SFBs. Higher credit cost and higher operating expenditure related to infrastructure, technology and management are expected for MFIs with a SFB licence, as costs related to expansion and alignment of the overall business model with the RBI's regulatory norms related to CRR and SLR requirements will only be partially offset by lower cost of funds. Thus, companies without an SFB licence but with established operations, diversified geographical presence and strong collection mechanisms, are likely to enjoy higher profit margins.

Regulations

Microfinance sector in India governed by RBI guidelines

MFIs were largely operating unregulated until 2010, when the AP ordinance came into effect. This ordinance addressed issues such as alleged coercive recovery practices and absence of a social objective among MFIs to help the poor. Post ordinance, AP saw a sharp decline in MFI activity. In 2011, the RBI released guidelines that defined NBFC-MFIs and provided an operating and regulatory framework for MFIs operating in India. Moving forward, the draft bill on microfinance is likely to provide clarity on certain regulatory aspects.

The RBI guidelines issued in December 2011

In November 2010, the RBI set up a sub-committee under the chairmanship of Mr Y H Malegam to address issues concerning the domestic MFI industry. This was in light of heightened perceived risk towards the sector, after the AP ordinance was enacted. Based on the committee's recommendations, the NBFC-MFI directions issued by the RBI came into effect in December 2011.

The guidelines defined an NBFC-MFI as a non-deposit-taking NBFC with the parameters given below.

NBFC-MFI - regulation guidelines

Parameter	Provision
Minimum net owned funds (NOF)	₹ 50 million*
Qualifying assets***	Not less than 85% of its net assets** in the nature of qualifying assets
Multiple lending	Not more than two MFIs should lend to the same borrower
Capital adequacy	A capital adequacy ratio consisting of Tier I and Tier II capital, which shall not be less than 15% of its aggregate risk weighted assets
Aggregate loan provision	Not less than higher value among the following: a) 1% of outstanding loan portfolio or b) 50% of aggregate loan instalments which are overdue for more than 90 days and less than 180 days c) 100% of aggregate loan instalments which are overdue for 180 days or more
Pricing of credit	Margin cap imposed at 10% for large MFIs (loan portfolios exceeding ₹ 1 billion) and 12% for small MFIs (loan portfolios below ₹ 1 billion)
Interest rate charged	With effect from April 1, 2014, interest rate charged to borrowers: a) The cost of funds plus 10% for large MFIs (size of ₹ 1 billion and above) and cost of funds plus 12% for the others (size less than ₹ 1 billion), or b) The average base rate (as advised by the RBI) of the five largest commercial banks by assets multiplied by 2.75 Maximum variance between minimum and maximum interest rates for individual loans capped at 4%
Processing charge	Not more than 1% of total loan amount

* *For NBFC-MFIs registered in the northeastern region of the country, minimum NOF requirement shall stand at ₹20 million.*

** Net assets are defined as total assets other than cash and bank balances and money market instruments.
*** Refer to the table for 'qualifying asset'

Qualifying asset

Parameter	Provision
Total indebtedness of borrower should not exceed	₹ 1,00,000
Household annual income	Rural – less than ₹ 1,00,000 Urban and semi-urban – less than ₹ 1,60,000
Loan ticket size	1st cycle – ₹ 60,000 Subsequent cycles – ₹ 1,00,000
Collateral	None
Loan for income generation	Not less than 50% of total loans given
Interval for repayment of loans	Weekly, fortnightly or monthly instalments at the choice of the borrower
Tenure of loan	Not less than two years for loan amount exceeding ₹ 30,000 with prepayment without penalty

Peer Comparison of Top 15 Players

CRISIL Research has analysed below the operational performance and key financial indicators of the top 15 players in in the microfinance industry.

Comparison of top 15 players in the microfinance industry

Parameters	Gross loan portfolio (GLP) as of FY17 (₹ billion)	3 year CAGR of GLP (FY14-FY17)	Gross loan portfolio as of Q2FY18 (₹ billion)	Year-on-year GLP growth as of Q2FY18	Loan amount disbursement (₹ billion) FY17	Presence in number of districts
NBFC-MFIs						
Bharat Financial Inclusion*	**91.50**	43%	**105.97**	17.1%	**146.66**	322
Satin	**35.84**	50%	**39.88**	6.3%	**25.27**	225
CreditAccess Grameen Limited^	**30.75**	56%	**39.37**	26.1%	**34.03**	96
Muthoot Microfin	**19.72**	NA	**23.56**	104.7%	**20.29**	133
Asirvad	**17.96**	112%	**19.65**	25.3%	**21.14**	233
Spandana	**12.96**	13%	**22.44**	63.2%	**20.59**	192
Annapurna	**12.35**	93%	**14.87**	38.7%	**11.40**	129
Sonata	**10.35**	44%	**11.20**	-0.4%	**9.19**	112
SFBs						
Janalakshmi	**128.08**	84%	**NA**	NA	**89.93**	233
Ujjivan	**62.24**	57%	**63.83**	-1.6%	**62.91**	209
Equitas	**32.93**	30%	**26.37**	-26.9%	**27.33**	153
ESAF	**25.20**	61%	**NA**	NA	**6.84**	93
Utkarsh	**15.36**	105%	**NA**	NA	**NA**	110
Fincare	**13.14**	99%	**NA**	NA	**11.52**	100
NBFC						
L&T Finance	**35.51**	105%	**44.93**	45.2%	**35.16**	155

* *Merger with Induslnd Bank announced in October 2017*
^ *Formerly known as Grameen Koota Financial Services Limited*
Source: MFIN, Company Reports, CRISIL Research
Note: Data for ESAF, Disha is of Q3 FY 2017 from MFIN; Equitas as of Q1 FY 2017; Fincare formerly known as Disha; NA: not available

CreditAccess Grameen Limited, Bharat Financial Inclusion, Satin Creditcare are the largest NBFC-MFIs

Among the NBFC-MFIs, CreditAccess Grameen Limited was the third largest company based on GLP as of March 31, 2017 and the second largest company based on the loan amount disbursement in fiscal year 2016-17. CreditAccess Grameen Limited was the 3rd fastest growing NBFC-MFI in terms of FY 2014 to FY 2017 CAGR for GLP and the fastest growing amongst NBFC-MFIs with a GLP of over ₹ 30 billion. Although Asirvad and Annapurna registered a growth of 112% and 93% CAGR for GLP respectively over FY 2014 to FY 2017, they started out on a lower base.

Parameters	Number of employees	Number of branches	Loan/ Field officer	Number of borrowers (million)	Number of loans per customer	No. of loans disbursed per loan officer
NBFC-MFIs						
Bharat Financial Inclusion *	14,755	1,399	8,653	5.3	1.5	913

Parameters	Number of employees	Number of branches	Loan/ Field officer	Number of borrowers (million)	Number of loans per customer	No. of loans disbursed per loan officer
Satin	5,702	560	3,711	2.3	0.5	422
CreditAccess Grameen Limited^	4,952	393	3,411	1.5	2.2	909
Muthoot Microfin	4,017	388	2,520	0.8	1.3	397
Asirvad	3,861	697	2,056	1.2	1.1	632
Spandana	3,067	544	2,001	1.1	0.9	500
Annapurna	2,432	246	1,687	0.9	0.6	356
Sonata	2,445	363	1,654	0.7	0.5	242
SFBs						
Janalakshmi	16,788	519	12,704	5.9	0.5	212
Ujjivan	10,167	457	NA	3.6	0.7	499
Equitas	3,297	284	NA	2.7	NA	NA
ESAF	3,499	282	2,009	1.2	0.4	548
Utkarsh	3,845	351	NA	1.2	NA	348
Fincare	2,818	354	1,523	0.9	0.5	328
NBFC						
L&T Finance	2,815	611	2,728	1.9	0.7	403

* *Merger with Induslnd Bank announced in October 2017*

^ *Former known as Grameen Koota Financial Services Limited*

Source: MFIN, Company Reports, CRISIL Research

*Note: Data for ESAF, Disha is of Q3 FY 2017 from MFIN, Fincare formerly known as Disha, NA: not available; *L&T finance number of employees as of Q3 FY 2017; Ujjivan, Utkarsh – number of loan officers and number of loans disbursed per account as of Q3 FY 2017. Number of loans per customer is calculated as amount of disbursement per average ticket size per outstanding customer.*

CreditAccess Grameen Limited has highest number of loans per customer among the top 15 players and the second highest number of loans disbursed per loan officer

Among the top 15 companies, CreditAccess Grameen Limited has the highest number of loans per customer followed by Bharat Financial Inclusion as of March 31, 2017. It also had the second highest number of loans disbursed per loan officer after Bharat Financial Inclusion. From the perspective of a MFI, offering more loans and products to the same customer is beneficial, as it increase the level of engagement with the customer and also allows for more frequent check on the customer's credit worthiness.

CreditAccess Grameen Limited has the lowest average ticket size

CreditAccess Grameen Limited had the lowest average ticket size of ₹ 10,887, which is much below the industry average of ₹ 20,034, as of March 31, 2017. The lower ticket size can be attributed to its high focus on rural areas with 82% of branches being located in rural areas.

CreditAccess Grameen Limited has the highest GLP/ Branch among NBFC-MFIs

Amongst the NBFC-MFIs, CreditAccess Grameen Limited has the highest GLP per branch of ₹ 78 million followed by Bharat Financial Inclusion Limited as of FY 2017.

Operational performance of top 15 players (FY 2017)

Productivity metrics	GLP/ Branch (₹ million)	GLP/ Employee (₹ million)	GLP/ Loan officer (₹ million)	Average ticket size (₹)	Average portfolio outstanding per borrower (₹)
NBFC-MFIs					
Bharat Financial Inclusion (acquired by IndusInd Bank)	65.0	6.0	11.0	18,676	17,199
Satin	64.0	6.0	10.0	23,000	15,789
CreditAccess Grameen Limited^	78.0	6.0	9.0	10,887	21,207
Muthoot Microfin	51.0	4.9	7.8	20,164	25,764
Asirvad	26.0	4.6	8.7	16,693	15,009
Spandana	24.0	4.2	6.5	21,025	12,332
Annapurna	50.0	5.1	7.3	20,674	13,768
Sonata	29.0	4.2	6.3	24,597	14,917
SFBs					
Janalakshmi	247.0	8.0	10.0	33,299	21,745
Ujjivan	136.0	6.0	NA	23,711	17,449
Equitas	116.0	10.0	NA	NA	12,107

Productivity metrics	GLP/ Branch (₹ million)	GLP/ Employee (₹ million)	GLP/ Loan officer (₹ million)	Average ticket size (₹)	Average portfolio outstanding per borrower (₹)
ESAF*	89.0	7.0	13.0	22,639	21,538
Utkarsh*	44.0	4.0	NA	21,382	12,800
Fincare*	37.0	5.0	9.0	24,453	14,600
NBFC					
L&T Finance	58.0	13.0	13.0	26,258	18,989

** Merger with IndusInd Bank announced in October 2017*
^ Formerly known as Grameen Koota Financial Services Limited
Source: MFIN, company reports, CRISIL Research
*Note: *Utkarsh, ESAF, Fincare average ticket size is as of Q3FY17; Fincare formerly known as Disha; NA: not available*

Median customer retention of leading players stood at 78% during April-September 2017

The customer retention ratio, which indicates how many customers an MFI is able to retain over a specified time period, is an important indicator of business stability. As per Equifax, the median customer retention ratio for the top 15 players (four banks, six NBFC-MFIs, four SFBs and 1 NBFC) declined from 84.5% as of March 2017 to 78.0% as of September 2017. Amongst the top 15 players, 3 players had more than a customer retention rate of 90% as of September 2017, based on Equifax data. The top 15 players together constituted approximately 75% of the industry share based on AUM as of September 2017.

Profitability parameters (as of FY 2017)

Ratios	Yields on advances	Cost of borrowing	NIM	Opex ratio	ROA (3 year average)	ROE (3 year average)
NBFC-MFIs						
Bharat Financial Inclusion*	20.1%	10.2%	10.1%	6.3%	4.4%	20.1%
Satin	21.8%	13.2%	7.1%	6.2%	1.4%	12.6%
CreditAccess Grameen Limited^	23.7%	13.2%	11.3%	5.0%	3.1%	16.1%
Muthoot Microfin	19.8%	10.8%	6.0%	10.0%	3.7%***	28.7%***
Asirvad	23.4%	13.1%	10.4%	6.7%	2.7%	14.2%
Spandana	NA	NA	NA	NA	NA	NA
Annapurna	22.6%	14.9%	7.1%	5.4%	1.7%	14.3%
Sonata	NA	NA	NA	NA	NA	NA
SFBs						
Janalakshmi	26.0%	10.4%	12.0%	9.0%	1.6%	11.3%
Ujjivan	22.0%	9.8%	11.4%	6.4%	3.0%	15.4%
Equitas	22.9%	10.7%	9.2%	9.3%	2.6%	15.5%
ESAF	NA	NA	NA	NA	NA	NA
Utkarsh	25.1%	11.3%	9.9%	8.9%	2.3%	14.5%
Fincare	NA	NA	NA	NA	NA	NA
NBFC						
L&T Finance#	19.5%	8.5%	11.7%	3.7%	3.0%	22.9%

Note:
** Merger with IndusInd Bank announced in October 2017*
^ Formerly known as Grameen Koota Financial Services Limited
Data is for FY17 apart from ROA and ROE, which refers to average of 3 years ending FY17; Fincare formerly known as Disha
ESAF, Disha FY17 data not available, NA: not available
 # L&T Finance profitability is for the rural business where microfinance accounts for 47% of the total disbursement; ROE and ROA is for FY17
*** Equitas profitability is for overall business where microfinance accounts for 46% of the portfolio mix*
**** Muthoot Microfin ROE and ROA is of FY17 only*
Source: Company reports, CRISIL Research, MFIN (Micrometer September 2017)

Average interest rates of NBFC-MFIs (as of September 2017)

	Average interest rate
NBFC-MFIs	
Bharat Financial Inclusion*	19.7%
Satin	22.85%
CreditAccess Grameen Limited^	22.0%
Muthoot Microfin	22.8%
Asirvad	22.6%
Spandana	25.4%
Annapurna	23.0%
Sonata	23.4%

Source: MFIN (Micrometer September 2017), CRISIL Research
^ Formerly known as Grameen Koota Financial Services Limited

As per MFIN, CreditAccess Grameen Limited has the second lowest average interest rates next only to Bharat Financial Inclusion Limited among NBFC-MFIs

Based on the data as per MFIN, Bharat Financial Inclusion had the least average interest rates for major portfolio of 19.75% yearly on declining balance basis followed by CreditAccess Grameen Limited with 22% as of Q2FY18 among NBFC-MFIs. Most NBFC-MFIs had high average interest rates of more than 25% yearly on declining balance basis. But, these interest rates are lower than those charged by village moneylenders.

Among NBFC-MFIs, CreditAccess Grameen Limited had the highest yield on advances as of March 2017.

CreditAccess Grameen Limited has the lowest opex ratio amongst top 8 NBFC-MFIs and SFBs

Although L&T Finance had the least operating expense ratio followed by CreditAccess Grameen Limited among the top 15 players in the industry, CreditAccess Grameen Limited's operating expense ratio was the lowest amongst the top 8 NBFC-MFIs and SFBs.

CreditAccess Grameen Limited has the third highest ROA and ROE amongst NBFC-MFIs

Amongst the NBFC-MFIs, CreditAccess Grameen Limited had the third highest ROA of 3.1% after Bharat Financial Inclusion and Muthoot Microfin as of March 2017. Similarly, it had the third highest ROE among NBFC-MFIs.

OUR BUSINESS

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 13 and 15, respectively. This section contains industry related data and statistics from the report titled "CRISIL Research - Industry Report on the Micro Finance Industry, January 2018" prepared by CRISIL Research, which we have commissioned.

Overview

We are a leading Indian micro-finance institution headquartered in Bangalore, focused on providing micro-loans to women customers predominantly in Rural Areas in India. According to CRISIL Research, we were the third largest NBFC-MFI in India in terms of gross loan portfolio as of March 31, 2017. Our wide range of lending products addresses the critical needs of our Customers throughout their life cycle and includes income generation, family welfare, home improvement and emergency loans. We believe that our customer-centric business model, wide range of product offerings, as well as our well-designed product delivery and collection systems, have enabled us to achieve high customer retention rates and low credit costs.

We focus predominantly on Customers in Rural Areas in India, who largely lack access to the formal banking sector and present a latent opportunity for offering micro-loans. Our products are built on a deep understanding of the requirements of our Customers (especially Customers from Rural Areas) and the flexibility of our products (in terms of ticket sizes, end-uses and repayment options) and the manner of their delivery differentiates us from our competitors and generates customer loyalty. Our focus customer segment is women having an annual household income of ₹160,000 or less in Urban Areas and ₹100,000 or less in Rural Areas. We provide loans primarily under the joint liability group ("**JLG**") model. Our primary focus is to provide income generation loans to our Customers, which comprised 87.02% of our total JLG loan portfolio, as of March 31, 2018. We also provide other categories of loans such as family welfare loans, home improvement loans and emergency loans to our existing Customers. In 2016, with a view to diversifying our product profile, we introduced individual retail finance loans for customers who had been our Customers for at least three years and fulfil certain other eligibility criteria linked primarily to their credit history with us, income, and business position. We offer these loans to customers to establish a new enterprise or expand an existing business in their individual capacity (for instance, for the purchase of inventories, machinery or two-wheelers).

We have followed a strategy of contiguous district-based expansion across regions and, as of March 31, 2018, we cover 132 districts in the eight states (Karnataka, Maharashtra, Tamil Nadu, Chhattisgarh, Madhya Pradesh, Odisha, Kerala, Goa) and one union territory (Puducherry) in India through 516 branches and 4,544 loan officers. Our operations are well-diversified at the district level, with no single district contributing more than 5% to our Gross AUM (apart from one which contributed less than 6% to our Gross AUM) as of March 31, 2018. Further, out of a total of 132 districts where we had branches as of March 31, 2018, more than 75% of each of these districts individually represents less than 1% of our gross AUM. Our customer base increased from 0.50 million Active Customers as of March 31, 2014 to 1.85 million Active Customers as of March 31, 2018. We are a customer-centric organization and had a high Active Customer Retention Rate of 90% (annualized) for the six months ended September 30, 2017, as shown in the table below, as compared with the median Active Customer Retention Rate of 15 leading micro-finance players which stood at 78% for the six months ended September 30, 2017. *(Source: CRISIL Research)*

	As of				
	September 30, 2017	**March 31, 2017**	**March 31, 2016**	**March 31, 2015**	**March 31, 2014**
Active Customer Retention Rate (1)	90%	86%	86%	86%	82%

(1) Active Customer Retention Rate for a period is defined as the ratio of number of customers who were Active Customers at the beginning of the period and remained Active Customers at the end of the period to the Active Customers at the beginning of the period". Annualized for the six months ended September 30, 2017. Our Active Customer Retention Rate for the year ended March 31, 2018 was 84%.

Our Promoter is CreditAccess Asia N.V., a multinational company specializing in MSE financing (micro and small enterprise financing), which is backed by institutional investors and has micro-lending experience through its subsidiaries in four countries in Asia. Our Promoter has provided capital funding to us from time to time and provides us with access to potential fundraising opportunities in the debt capital markets. For further details, see "*Our Promoter and Promoter Group*" on page 175.

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

	(₹ in million, except percentages and number of Total Active Loan Accounts)				
	As of/ for the				
	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**
Gross AUM (1)	49,746.61	30,754.43	25,387.76	14,470.65	8,095.22
Gross AUM Growth (%) (2)	61.75	21.14	75.44	78.76	54.52
Disbursements (3)	60,817.22	34,026.29	33,488.46	18,939.13	10,280.90
Disbursement Growth (4)	78.74%	1.61%	76.82%	84.22%	69.54%

	(₹ in million, except percentages and number of Total Active Loan Accounts)				
	As of/ for the				
	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
Customers	2,187,174	1,653,611	1,386,588	923,018	568,958
Active Customers	1,851,324	1,450,298	1,196,389	844,585	504,688
Number of Total Active Loan Accounts (5)	3,190,543	2,863,379	2,669,226	1,877,069	1,036,982
Revenue from operations (6)	8,655.53	7,017.45	4,569.50	2,681.60	1,423.36
Interest Expense and Other Borrowing Costs (7)	3,545.68	3,165.41	2,082.46	1,290.54	722.53
Net Interest Income (8)	5,109.85	3,852.04	2,487.04	1,391.06	700.83
Annual Average Gross AUM	40,250.52	28,071.09	19,929.21	11,282.94	6,667.10
Net Interest Margin = Net Interest Income / Annual Average Gross AUM	12.70%	13.72%	12.48%	12.33%	10.51%
Operating Expense (9)	1,996.64	1,598.20	1,149.13	706.18	450.51
Operating Expense / Annual Average Gross AUM	4.96%	5.69%	5.77%	6.26%	6.76%
Credit Cost (10)	1,281.15	1,086.02	140.17	68.38	57.25
Credit Cost / Annual Average Gross AUM	3.18%	3.87% (11)	0.70%	0.61%	0.86%
Profit after tax	1,246.41	802.98	832.41	487.32	166.26
Gross NPA (12)	980.92	25.82	19.80	4.94	0.77
Gross NPA Ratio (13)	1.97%	0.08%	0.08%	0.04%	0.01%
Net NPA (14)	-	-	-	-	-
Net NPA Ratio (15)	-	-	-	-	-
Net Worth (16)	14,270.83	6,904.10	4,592.40	3,754.95	2,061.37

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

(1) Gross AUM represents the aggregate of future principal outstanding and overdue principal outstanding, if any, for all loan assets under management which includes loan assets held by our Company as of the last day of the relevant period as well as loan assets which have been transferred by our Company by way of securitization or assignment and are outstanding as of the last day of the relevant period.
(2) Gross AUM Growth represents percentage growth in Gross AUM for the relevant period over Gross AUM of the previous period.
(3) Disbursements represent the aggregate of all loan amounts extended to our Customers in the relevant period.
(4) Disbursement Growth represents percentage growth in disbursement for the relevant period over disbursement of the previous period.
(5) Total Active Loan Accounts represent the aggregate number of loan accounts outstanding as of the end of the relevant period including loan accounts which have been transferred by our Company by way of securitization or assignment and are outstanding as of the last day of the relevant period.
(6) Revenue from Operations represents our restated revenue from operations for the period.
(7) Interest Expense and Other Borrowing Costs represents our restated finance costs for the period, comprising interest expense on debentures, term loans from banks, term loans from financial institutions, terms loans from non-banking finance companies, term loans from others and loans payable on demand from banks; other borrowing costs; and bank charges.
(8) Net Interest Income represents Revenue from Operations for the relevant period reduced by Interest Expense and Other Borrowing Costs in such period.
(9) Operating Expense represents employee benefits expense, depreciation and amortization expense and other expenses.
(10) Credit Cost represents the aggregate of provisions and write offs.
(11) For a discussion of the increase in credit cost for the year ended March 31, 2017, as compared with the year ended March 31, 2016 and related provisions, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on page 248.
(12) Gross NPA represents the non-performing portfolio loans outstanding (gross) as of the last day of the relevant period.
(13) Gross NPA Ratio represents Gross NPA (as defined above) as a percentage of the total portfolio loans outstanding (gross) as of the last day of the relevant period.
(14) Net NPA represents the non-performing portfolio loans outstanding (net) as of the last day of the relevant period i.e. non-performing portfolio loans outstanding (gross) as reduced by the provision for non-performing assets.
(15) Net NPA Ratio represents Net NPA (as defined above) as a percentage of total portfolio loans outstanding as reduced by the provision for non-performing assets as of the last day of the relevant period.
(16) Net Worth represents our restated net worth as of the last day of the relevant period.

Competitive Strengths

Customer-centric business model resulting in high customer retention

We consider our Customers to be the most significant stakeholders at the core of our operations. As of March 31, 2018, we served over 1.85 million Active Customers out of a total Customer base of 2.19 million. We believe that our customer-centric business model allows us to retain a high proportion of our existing customers and to attract new customers. For the six months ended September 30, 2017, we had an Active Customer Retention Rate of 90% (annualised), as compared with the median Active Customer Retention Rate of 15 leading micro-finance players which stood at 78% as of September 30, 2017 *(Source: CRISIL Research)*. Our Active Customer Retention Rate for the year ended March 31, 2018 was 84%. We follow a multi-pronged approach to customer engagement, which comprises the following key elements:

- Our financial products cater to the entire customer life cycle – we provide loans that are relevant for critical needs of our Customers throughout their lifespan. We believe this is a core quality of our customer-centric business model and helps in generating loyalty amongst our existing customers and in attracting new customers.

- Our products are built on a deep understanding of the requirements of our Customers and the flexibility of our products and the manner of their delivery differentiates us from our competitors and allows us to maintain a high level of customer retention. We set borrowing limits for each of our Customers based on their loan cycles and the number of years for which they have been our Customers and provide them the flexibility to borrow within the limit for a number of specified purposes, depending on their individual needs. All the members of a JLG are not required to take on the same type of loan or avail loans on the same disbursement day but may take different loans which are relevant to their respective needs with flexible disbursement days. Further, we provide flexibility in repayment schedules and do not levy penalties for prepayment or late payment of loan installments. Moreover, as the credit history of our Customers improves with the passage of time by moving to subsequent loan cycles, we gradually increase their borrowing limits. This benefits us not only by increasing our revenue base, but also by optimizing our operating expenses, as we do not have to correspondingly incur costs associated with the acquisition of new customers. Our endeavor has been to reduce the dependence of our Customers on traditional forms of unorganized lending for their requirements throughout the year. We believe that the flexibility of our products, in terms of ticket sizes, access to different disbursement and repayment options, closely resembles the nature of lending provided by the unorganized sector in Rural Areas such as moneylenders, but typically at a much lower interest rate, with clearly specified terms and conditions and organized collection practices. Accordingly, our products present a more viable and safer borrowing option for our Customers, as compared to lending sources from the unorganized sector. Our products are tailored to the needs of our Customers and we believe that the structure of our product offerings enables our Customers to borrow less than the standard amounts, at multiple points of time during a year, thereby enabling our Customers to tide over temporary cash flow mismatches on their end, on account of reasons such as seasonality and cyclicality. We believe this keeps our Customers optimally levered.

- High customer engagement – we follow a predominantly weekly collection model, which enables a high degree of customer engagement. Further, CRISIL Research notes that MFIs that follow a weekly collection model tend to perform better in terms of asset quality, as they engage more frequently with borrowers. For further details, see "*Industry Overview*" on page 95. Whilst majority of our Customers are on a weekly collection model, we also offer a fortnightly and four-weekly collection models based on their needs. We believe that the high customer engagement achieved via the frequency of our collections and weekly or fortnightly meetings, and interactions with our Customers is an important factor in ensuring customer repayment and keeping our credit costs at optimal levels.

- Grievance resolution – as part of a continuous development process, we have implemented several methods to obtain feedback from our Customers and further promote customer awareness. For example, a number of our Customers are regularly contacted by our grievance department's tele-calling team to understand their awareness level and to obtain feedback on our processes and services. Our area managers also obtain feedback from our Customers on a periodic basis on satisfaction levels relating to our products and services, Kendra meetings, loan disbursement and recovery process and staff engagement. We aim to provide timely resolution to the grievances that we receive through our grievance redressal cell.

As a testament to the success of our customer-centric model, we were one of the first six institutions globally to be certified by Smart Campaign on Client Protection Principles in 2013 (and the certification was renewed in 2015).

Deep penetration in Rural Areas characterized by low competition and built through contiguous district-based expansion

We believe that our deep penetration in Rural Areas, built through a contiguous district-based expansion strategy provides us with significant scale and diversification advantages. We carry out our contiguous expansion strategy methodically whereby we aim to expand to the next (typically adjoining) district and ensure deep penetration in a particular district within three years of commencement of operations in the district. As of March 31, 2018, we cover 132 districts in the eight states of Karnataka, Maharashtra, Tamil Nadu, Chhattisgarh, Madhya Pradesh, Kerala, Odisha, Goa, and one union territory of Puducherry in India through 516 branches and 4,544 loan officers. 422 out of our 516 branches are categorized as rural branches as they cater to Customers in Rural Areas. Our operations are well-diversified at the district level, with no single district contributing more than 5% to our Gross AUM (apart from one which contributed less than 6% to our Gross AUM), as of March 31, 2018. Further, out of a total of 132 districts where we had branches as of March 31, 2018, more than 75% of each of these districts individually represents less than 1% of our Gross AUM.

A large segment of India’s rural and semi-urban population is currently unserved and underserved by formal financial institutions According to CRISIL Research, India is home to 21% of the world’s unbanked adults, with approximately 53% of its total population having a loan account with a bank, as of 2014. Further, CRISIL Research notes that rural contribution to India's GDP is almost as large as urban contribution, and, since rural penetration of banks is 1.7% compared to urban penetration of 5.6%, with only 30% of disbursements to rural customers, it indicates that the competitive intensity in rural areas is far lower than that in urban areas. Taking into account the opportunity and lower competitive intensity in rural segments, we have increased our footprint in India's rural areas unlike other industry players over the years, which is depicted in the below table:

		For the year ended March 31,				
	Customers	**2016**	**2015**	**2014**	**2013**	**2012**
Industry*	Rural	38%	33%	56%	67%	69%
	Urban	62%	67%	44%	33%	31%
Our Company**	Rural	73%	68%	64%	62%	62%
	Urban	27%	32%	36%	38%	38%

* *Source: CRISIL Research*

** *For the year ended March 31, 2018, customers from Rural Areas amounted to 81% of our total customers (with customers from urban areas amounting to the remaining 19%.).*

We believe this has placed us in a strategic position to tap into the significant growth opportunities that exist in this financially underserved customer segment in Rural Areas that are characterized by lower competition.

Robust customer selection and risk management policies resulting in healthy asset quality

We follow robust customer selection and risk management policies, which have resulted in healthy asset quality and lower credit costs. We follow a systematic methodology in the selection of new geographies where we open branches, which takes into account factors such as the historic PAR% of the proposed district, competition in the new geographies, potential for micro-lending and socio-economic risk evaluation (for e.g., the risk of communal riots or natural disasters). Further, once we open a branch in a new area and JLGs are formed, our customer due diligence procedures encompass three layers of checks: firstly, our loan officer performs the initial due diligence procedures, collects the KYC documents, and conducts group training typically for five days which might be extended if loan officers deem it necessary (30 minutes each day) on topics such as our Company, products, processes, JLG, group discipline and group responsibilities; on the last day of the group training or at a later date, re-interview is done by the branch manager to determine the Customers' level of understanding of the topics covered during the training; the branch manager then visits the homes of the new customers to verify the potential customers and obtain the consent of their family members for the customers becoming borrowers; lastly, the area manager revalidates the earlier two steps and performs the group recognition tests, which is designed to assess the quality of the proposed group and to confirm that they meet all our specified criteria. For further details, see "*Joint Liability Group Lending Business Processes – Customer Due Diligence Processes*" on page 136. Further, we do not provide incentives to our employees linked to disbursements or collections, which functions as a risk management tool. In addition, we follow a rotation policy whereby the loan officers are rotated every year and the branch managers are rotated bi-annually. We believe that our systematic geography and customer selection methodologies have resulted in healthy asset quality.

Our internal audit department is responsible for monitoring and evaluating internal controls and ensuring statutory and regulatory compliance. Internal audits are carried out at branches on an average of six times a year, at regional offices on a half yearly basis and at the head office on a quarterly basis. Based on extent of compliance and adherence to systems, policies and procedures, the audited branches are assigned compliance scores. While internal audit teams are responsible for branch and field audits, the back-end process audit at the head office is conducted through independent audit firms. The Audit Committee of our Board is also updated every quarter on significant internal audit observations, compliance with statutes, progress of risk management practices and the effectiveness of our control systems.

Our effective credit risk management is reflected in our portfolio quality indicators such as robust repayment rates, stable PAR and low rates of GNPA and NNPA. We have actively managed our portfolio over the past four Financial Years, which has ensured that no single district (apart from one) contributes more than 5% to our Gross AUM, as of March 31, 2018. The following table reflects our key portfolio quality indicators:

	As of/ for the				
	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**
Cumulative Repayment Rate	96.62%	96.54%	99.94%	99.96%	99.99%
Gross NPA Ratio (1)	1.97%	0.08%	0.08 %	0.04%	0.01%
Net NPA Ratio (2)	-	-	-	-	-
PAR 0+ (₹ in million)*	630.99	4,519.84	26.44	9.19	1.50
PAR 30+ (₹ in million)*	496.41	3,658.99	22.92	7.06	1.35
PAR 90+ (₹ in million)*	374.13	2,469.40	19.42	5.32	0.85

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

(1) *Gross NPA Ratio represents Gross NPA as a percentage of the total portfolio loans outstanding (gross) as of the last day of the relevant period, wherein Gross NPA represents the non-performing portfolio loans outstanding (gross) as of the last day of the relevant period.*

(2) *Net NPA Ratio represents Net NPA as a percentage of total portfolio loans outstanding as reduced by the provision for non-performing assets as of the last day of the relevant period, wherein Net NPA represents the non-performing portfolio loans outstanding (net) as of the last day of the relevant period i.e. non-performing portfolio loans outstanding (gross) as reduced by the provision for non-performing assets.*

* PAR 0+, PAR 30+ and PAR 90+ has been represented for accounts in respect of which principal repayment is overdue for more than 0, 30 and 90 days respectively.

** For details on the impact of the Government of India's demonetization measures on our financial results for the year ended March 31, 2017, see "*Management's Discussion and Analysis of Financial Condition*" on page 250.

Strong track record of financial performance and operating efficiency

We have maintained a strong track record of financial performance and operating efficiency over the years through high rates of customer retention, geographical expansion, improved staff productivity, enhancement of individual loan portfolio, lower credit cost and growth in customer base led by branch expansion. Further, we believe that our deep penetration in India's rural markets through our contiguous district-based expansion strategy has helped us achieve one of the lowest operating expense ratios, contributing to economies of scale. According to CRISIL Research, we had the lowest operating expense ratio amongst the top-eight NBFC-MFIs and SFBs for the year ended March 31, 2017, which demonstrates our operating efficiency. This is also reflected in the consistent decline in our Operating Expense to Annual Average Gross AUM ratio, which has declined from 6.76% for the year ended March 31, 2014 to 5.69% for the year ended March 31, 2017, and further to 4.96% for the year ended March 31, 2018.

Our Gross AUM was ₹49,746.61 million as of March 31, 2018 and our Gross AUM grew at a CAGR of 57.45% from ₹8,095.22 million as of March 31, 2014 to ₹49,746.61 million as of March 31, 2018. Our Disbursements across our financing products for the financial years ended March 31, 2016, 2017 and 2018 were ₹33,488.46 million, ₹34,026.29 million and ₹60,817.22 million, respectively. Our net interest income (representing our revenue from operations as reduced by our finance costs) for the financial years ended March 31, 2016, 2017 and 2018 was ₹1,391.06 million, ₹2,487.04 million, ₹3,852.04 million and ₹5,109.85 million, respectively. Our net interest margin (which is different from the net interest margin prescribed by the RBI for NBFC – MFIs in the Master Directions), which is our net interest income divided by our Annual Average Gross AUM, for the financial years ended March 31, 2016, 2017 and 2018 was 12.48%, 13.72% and 12.70%, respectively. Our net worth as of March 31, 2018 was ₹ 14,270.83 million. Our profit after tax for the financial years ended March 31, 2016, 2017 and 2018 was ₹832.41 million, ₹802.98 million and ₹1,246.41 million, respectively.

Stable management team with extensive domain experience

We are a professionally managed company and our senior management team has an established track record in the financial services industry. Our Key Management Personnel have an average experience of approximately eight years with our Company. Our MD & CEO, Udaya Kumar Hebbar, has over 25 years of experience in the banking industry. He has served as head Commercial and Banking Operations at Barclays Bank PLC, Mumbai, and has also been associated with Corporation Bank and ICICI Bank for over 20 years. Our Chief Financial Officer, Diwakar B.R., has over 20 years' experience in finance. He has been associated with IFMR Capital Finance Private Limited, served as Commercial Supervisor at Accion International and served as Chief Manager (Band I) at ICICI Bank Limited. For further details in relation to our senior management, see "*Our Management*" on page 159.

Our Promoter is CreditAccess Asia N.V., a multinational company specializing in MSE financing (micro and small enterprise financing), which is backed by institutional investors and has micro-lending experience through its subsidiaries in four countries in Asia. Our Promoter has provided capital funding to us from time to time and provides us with access to potential fundraising opportunities in the debt capital markets.

Diversified sources of borrowings and effective asset-liability management

Our funding sources are varied, as we believe that a diversified debt profile ensures that we are not overly dependent on any one type or source for funding. As an NBFC-MFI, we have access to diverse sources of liquidity, such as term loans from banks, financial institutions and non-banking financial companies, proceeds from loan assets assigned and securitized, cash credit, subordinated debt and proceeds from the issuance of NCDs to meet our funding requirements. This enables us to optimize our cost of borrowings, funding and liquidity requirements, capital management and asset liability management. As of March 31, 2018, we had total borrowings (current and non-current) aggregating to ₹36,028.61 million, comprising of non-current long-term borrowings (including non-convertible debentures) amounting to ₹14,800.02 million, short-term borrowings amounting to ₹0.00 million and current maturities of long-term borrowings amounting to ₹21,228.59 million. We also rely on proceeds from loan assets assigned or securitized to scheduled commercial banks.

The table below sets forth our ICRA's credit rating (a rating for a company's credit standing for borrowings) and CRISIL's mfR grading (an organization rating for a company) for the past five years:

	2018*	2017	2016	2015	2014
Credit Rating	A	A	A	A-	BBB+
mfR Grading	mfR1	mfR1	mfR1	mfR1	mfR2

* *On April 27, 2018, ICRA changed our outlook rating from "stable" to "positive".*

In addition, we also have in place effective asset liability management strategies. We primarily borrow on a relatively long-term basis while lending on a short term basis. This allows us to better meet the growing loan demands of our rapidly increasing customer base, even if external borrowings and funding sources face temporary realignment. Further, our Promoter has periodically funded our capital and provides us with access to potential fundraising opportunities in the debt capital markets.

The following table shows the asset-liability mismatch for the periods indicated:

	As of				
	March 31, 2018	**March 31, 2017**	**March 31, 2016**	**March 31, 2015**	**March 31, 2014**
Average Maturity of assets (in months)	16.12	14.12	15.97	13.60	12.72
Average Maturity of Liabilities (in months)	21.50	18.55	19.02	19.43	21.68

We believe that our diversified sources of borrowing, stable credit history, improved credit ratings and effective asset-liability management have allowed us to gain better access to cost-effective debt financing.

Our Strategy

Continued focus on the customers from Rural Areas

According to CRISIL Research, MFIs are increasingly becoming urban focused and have increased their urban footprint. However, we have maintained our focus on growing our rural customer base and intend to continue to do so going forward. According to CRISIL Research, a large segment of India's rural and semi-urban population is currently unserved and underserved by formal financial institutions, which provides us with the scope to expand in rural markets characterized by low competition. As of March 31, 2016, March 31, 2017 and March 31, 2018, the percentage of our Customers located in Rural Areas was 73%, 77% and 81% respectively. We believe that we will be able to strengthen our position by tapping into this underserved market and are best placed to capitalize on our strategy of having a deep penetration in the Indian rural markets. Further, our products are built on a deep understanding of the life cycle requirements of our Customers from Rural Areas, which we believe will help in the expansion of our rural customer base.

We intend to continue penetrating deeper in the states and districts where we currently have operations and also expand our footprint into other areas that have limited or no access to formal banking and finance channels. We will continue to evaluate the offerings at our branches and customize our products to the needs and demands of our Customers in the region in which our branches are located and correspondingly update existing operations and resources in different territories.

Expansion of branch network

As of March 31, 2018, we operate in 132 districts located in the eight states of Karnataka, Maharashtra, Tamil Nadu, Chhattisgarh, Madhya Pradesh, Odisha, Kerala, Goa, and one union territory of Puducherry through 516 branches and 4,544 loan officers. We intend to continue our strategy of contiguous expansion which will expand our district coverage in these states and also potentially into neighboring states. We assess the below systematic criteria for the opening of branches in new districts/ regions:

- we endeavor to service a maximum of 12,000 households within a 35 km radius of the proposed branch location;
- availability of infrastructure for the day-to-day operations of the branch;
- historic PAR% of the proposed district;
- growth potential based on current penetrations;
- socio-economic risk evaluation in the proposed district;
- competition from other MFIs in the area; and
- product offerings of other MFIs operating in the area.

Our contiguous expansion strategy is premised on expanding to the next (typically adjacent) district and achieving a deep penetration in a district within three years of operations. We believe that our expansion strategy has resulted in mitigation of concentration risk and will continue to lead to mitigation of this risk going forward. Out of a total of 132 districts where we had branches as of March 31, 2018, more than 75% of each of these districts individually represents less than 1% of our Gross AUM.

Leverage existing capabilities and strengths to diversify product and service offerings

We are an NBFC-MFI and intend to continue focusing on our operations in this space with our current business model which comprises extending loans to customers primarily in Rural Areas. To this end, we intend to capitalize on our current strengths including our geographical reach, customer base, robust risk management policies, strong financial track record and extensive domain expertise to diversify our product and service offerings.

Our diversification strategy is driven by the evolving needs of our Customers and we believe this is in line with the strength of our customer-centric business model and our expansion strategy, as it allows us to ensure that our Customers have access to various differentiated products and services which they need quickly and efficiently.

For example, in 2016, we introduced individual retail finance loans on a pilot basis for customers who had been our Customers for at least three years and fulfil certain other eligibility criteria linked primarily to their credit history with us, income, and business position. This loan category targets Customers who are more entrepreneurial and have graduated from the JLG model and are capable of taking larger loans in their individual capacities. We offer these loans to Customers to establish a new enterprise or expand an existing business in their individual capacity. The loans are offered to our Customers for business expansion, or for purchase of inventories, machinery or two-wheelers. Typically, these customers may be capable of obtaining such loans from other financial institutions or banks on the condition that they provide collateral, and with a higher turnaround time, than what we offer and at interest rates which are similar to or higher than our loans, which we believe makes our product offerings more attractive.

Focus on optimizing operating costs and improving operational efficiencies

Controlling our operating expenses is critical in determining our ability to offer loan products at reasonable rates to our Customers and our profitability.

According to CRISIL Research, we had the lowest operating expense amongst the top-eight NBFC-MFIs and SFBs for the year ended March 31, 2017. Our operating expenses as a percentage of our Average Gross AUM has been consistently declining over the past few years, and we continue to identify and implement measures that we believe will enable us to sustain and further lower our operating expenses. Further, given our high customer retention rates, we expect to derive scale and cost benefits as there is no incremental sourcing cost for existing customers, and they are eligible to borrow higher loan amounts from us since they have progressed to higher loan cycles and they have been our Customers for a number of years.

We continue to invest in our technology platform and technology-enabled operating procedures to increase operational and management efficiencies and ensure customer credit quality. We intend to implement mobile based applications to make the loan application process convenient to our Customers and streamline credit approval, administration and monitoring processes. For example, we are in the process of implementing initiatives for moving to paperless transactions using electronic Know Your Client procedures, which allows us to reduce our turnaround times for approval of loan sanctions and disbursements to our Customers. We have also recently implemented our new Core Banking System which has facilitated the smooth and swift flow of information and data enabling us to control our cost of operations and provide improved services to our Customers. Additionally, we have centralized certain in-house back office processes with the formation of our Regional Processing Centers where customer data entry is now carried out centrally. As of March 31, 2018, we have eight Regional Processing Centers located in Bangalore, Belgaum, Davanagere, Erode, Nagpur, Kolhapur, Indore and Aurangabad. Our Regional Processing Centers have not only improved our operational efficiencies allowing our field staff to focus more on actual business workstreams but have also significantly improved the data quality of our Customers' information. We have implemented on a pilot basis an online loan processing platform aimed at providing easier access to our Customers and are in the process of introducing this platform to all our branches. We believe that implementing robust technology infrastructure will enable us to respond swiftly to market opportunities and challenges, improve the quality of services, scale-up our risk management capabilities, optimize our operating costs and improve our operational efficiency.

Our Operational Overview

Our operations are focused on low income households engaged in economic activity with limited access to formal financial institutions and our goal is to provide Customers with financial support for all their financial needs throughout their life cycle. Our focus customer segment is women with an annual household income of ₹160,000 or less in Urban Areas and ₹100,000 or less in Rural Areas. We offer collateral free loans to women, who are willing to borrow in a group and are agreeable to accept joint liability for the loans, and this forms the premise of our JLG model.

Accordingly, we provide loans to groups of women, with each group consisting of five to ten women. Two to six of such groups together form a "Kendra" (or centre). Each Kendra has a minimum of ten customers and a maximum of 30 customers. Under the JLG model, loans are provided to individual customers, but the group guarantees the repayment of loans given to individual members of the group.

We believe that the JLG model is advantageous to both us and our Customers. Through this model, our Customers, who typically do not have collateral to take up loans, are able to gain access to credit. The JLG model also provides built-in support for our Customers, in both good and bad financial circumstances. Delivering financial services through groups also benefits us, as it allows us to have better operational control and efficiency, lower transaction costs and increase the number of customers.

For our income generation loans, we presently focus on areas such as agriculture, allied agriculture activities, retail trade, services, manufacturing under small and tiny sectors, water and sanitation, other activities under priority sector and emergent needs. We review and revise these lending areas in relation to our income generation loans and revise them from time to time.

While we have traditionally provided loans under the JLG model, in 2016, we introduced individual retail finance loans on a pilot basis for customers who have been our Customers for at least three years and fulfil certain other eligibility criteria linked primarily to their credit history with us, income, and business position, are more entrepreneurial, and have graduated from the JLG model.

Our Branch Network

As of March 31, 2018, we had 516 branches across 132 districts in the states of Karnataka, Maharashtra, Madhya Pradesh, Chhattisgarh, Tamil Nadu, Odisha, Kerala, Goa, and the union territory of Puducherry.

The following table sets forth the number of our branches in each state as of the dates indicated:

State/Union Territory	**As of**				
	March 31, 2018	**March 31, 2017**	**March 31, 2016**	**March 31, 2015**	**March 31, 2014**
Karnataka	191	165	145	139	117
Maharashtra	144	122	102	84	54
Madhya Pradesh	63	53	29	6	-
Tamil Nadu	80	37	17	7	5
Chhattisgarh	25	16	5	2	-
Odisha	5	-	-	-	-
Kerala	5	-	-	-	-
Goa	2	-	-	-	-
Puducherry	1	-	-	-	-
Total	**516**	**393**	**298**	**238**	**176**

The following table sets forth the number of districts we cover in each state as of March 31, 2018:

State / Union Territory	**Number of districts covered**
Karnataka	30
Maharashtra	30
Madhya Pradesh	24
Tamil Nadu	25
Chhattisgarh	12
Odisha	5
Kerala	3
Goa	2
Puducherry	1
Total	132

The following table sets forth the breakdown of our Customers in each state as of the dates indicated:

State / Union Territory	**As of/ for the**				
	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**
Karnataka	1,074,053	913,573	826,121	622,610	399,417
Maharashtra	645,567	493,172	437,222	275,579	156,265
Madhya Pradesh	215,709	117,316	59,957	-	-
Tamil Nadu	188,134	104,929	55,505	24,829	13,276
Chhattisgarh	63,711	24,621	7,783	-	-
Odisha*	-	-	-	-	-
Kerala*	-	-	-	-	-
Goa*	-	-	-	-	-
Puducherry*	-	-	-	-	-
Total	**2,187,174**	**1,653,611**	**1,386,588**	**923,018**	**568,958**

* *We commenced operations in March 2018 in these states/ union territories and as of March 31, 2018 have no customers in these states/ union territories*

The following table sets forth our Active Customers in each state as of the dates indicated:

State / Union Territory	As of				
	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**
Karnataka	944,262	810,306	719,627	569,902	357,364
Maharashtra	524,315	435,821	371,713	251,671	135,949
Madhya Pradesh	168,450	91,716	51,539	-	-
Tamil Nadu	162,168	90,416	46,685	23,012	11,375
Chhattisgarh	52,129	22,039	6,825	-	-
Odisha*	-	-	-	-	-
Kerala*	-	-	-	-	-
Goa*	-	-	-	-	-
Puducherry*	-	-	-	-	-
Total	**1,851,324**	**1,450,298**	**1,196,389**	**844,585**	**504,688**

* *We commenced operations in March 2018 in these states and as of March 31, 2018 have no Active Customers in these states.*

The following table sets forth our state-wise portfolio distribution (i.e. the ratio of our AUM from the respective state to our Gross AUM, expressed as a percentage) as of the dates indicated:

State / Union Territory	As of/ for the				
	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**
Karnataka	58.08%	59.51%	63.31%	69.57%	70.81%
Maharashtra	26.73%	28.48%	29.70%	27.70%	27.07%
Madhya Pradesh	6.36%	4.55%	2.91%	-	-
Tamil Nadu	6.81%	6.26%	3.65%	2.73%	2.12%
Chhattisgarh	2.02%	1.19%	0.43%	-	-
Odisha*	-	-	-	-	-
Kerala*	-	-	-	-	-
Goa*	-	-	-	-	-
Puducherry*	-	-	-	-	-
Total	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

* *We commenced operations in March 2018 in these states and union territories, and as of March 31, 2018 do not have AUM in these states.*

Our Products

Our wide range of financial products is designed according to various life-cycle needs of our Customers. Our financial products are broadly classified into credit, insurance and pension products as shown in the table below:

Product Category	Name of Loan / Product	Maximum Amount of Loan/ Credit Limit/ Insurance Coverage	Interest Rate (%) (as at March 31, 2018)	Tenure (Months/ weeks)
Income Generation Products	IGL-Pragati	25,000	22	52 weeks
	IGL-Pragati plus	50,000	22	104 weeks
	Pragati Supplement Loan	15,000	22	52 weeks
Family Welfare Products	Festival Loan	2,000	18	24 weeks
	Medical Loan	2,500	18	24 weeks
	Education Loan	15,000	18	52 weeks
	Livelihood Improvement Loan	5,000	18	52 weeks
Home Improvement Products	Grameen Niwas Loan	50,000	18	104/ 156/ 208 weeks
	Water Loan	5,000	18	52 weeks
	Grameen Griha Sudhaar Loan	15,000	18	104 weeks
	Sanitation Loan	15,000	18	104 weeks
Emergency Loan Product	Emergency Loan	1,000	18	11/ 12 weeks
Individual Retail Finance Loan Products	Grameen Udyog Loan	100,000	22	24 months
	Grameen Suvidha Loan	10,000	20	6 months
	Grameen Savaari Loan	60,000	22	24 months
	Grameen Udyog Vikas Loan	5,00,000	22	24-60 months
Micro Insurance Products	Individual Term Life Product	50,000	N/A	N/A
	Joint Term Life Product	100,000	N/A	N/A
Insurance Products	Joint Credit Life	5,00,000	N/A	N/A
Pension Products	Aggregator for National Pension Scheme of the GOI	N/A	N/A	N/A

Income Generation Loans

Income Generation Loans are offered to customers to establish a new enterprise or expand an existing business. For instance, loans may be disbursed to set up a grocery store, buy cattle, install new machinery or purchase raw materials. The loans also meet the additional working capital requirements of a customer's business. We provide three categories of income generation loans to our Customers:

- IGL-Pragati: This is the flagship product offered under the JLG model and is given to Customers for income generation activity;
- IGL-Pragati Plus: This product is given to Customers who require a greater amount of loan for income generation activity and is usually given to existing customers who have completed a few loan cycles, or new customers who have had prior MFI experience; and
- Pragati Supplement Loan: This product is given to IGL-Pragati or IGL-Pragati Plus customers to meet their additional credit needs and is usually given for purchase of inventory or any assets related to their business.

The following table sets forth details of our Gross AUM and disbursements for our income generation loans, for the periods indicated:

	As of/ for the				
	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**
	(₹ in millions)				
Gross AUM	42,840.94	26,971.25	22,429.51	12,564.52	7,163.58
Disbursements	49,534.18	26,630.70	26,775.85	14,918.35	8,011.66

Family Welfare Loans

Family Welfare Loans support all the activities of our Customers that help them in improving their quality of life. These loans fulfil needs such as educational needs of their children, medical expenses and specific occasion expenses such as festivals and livelihood improvement expenses, which may include purchase of liquefied petroleum gas connections for cooking purposes.

The following table sets forth details of our Gross AUM and disbursements of our family welfare loans for the periods indicated:

	As of/ for the				
	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**
	(₹ in millions)				
Gross AUM	1,172.20	1,190.49	663.85	316.03	166.36
Disbursements	5,033.25	4,113.17	3,079.56	1,179.74	681.67

Home Improvement Loans

Home Improvement Loans enable our Customers to avail themselves of water connections, construct toilets, extend and improve and make minor repairs to their existing houses. The loans may be used to repair or replace a roof, wall, floor or door, for monsoon proofing or to add rooms.

The following table sets forth details of our Gross AUM and disbursements for our home improvement loans, for the periods indicated:

		As of/ for the			
	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**
	(₹ in millions)				
Gross AUM	5,197.67	2,470.81	2,118.80	1,375.55	631.79
Disbursements	5,455.36	2,273.97	1,813.93	1,531.66	718.67

Emergency Loans

Emergency Loans are short-term loans that we provide to our Customers to help them address short-term cash flow constraints, such as emergency medical expenses, electricity bill payments and purchases of rations. Timely financial assistance prevents customers from resorting to other informal and expensive sources of money and improves customer retention.

The following table sets forth details of our Gross AUM and disbursements for our emergency loans, for the periods indicated:

	As of/ for the				
	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
	(₹ in millions)				
Gross AUM	22.41	115.72	175.60	214.55	133.49
Disbursements	245.25	1,002.16	1,819.12	1,309.38	868.90

Individual Retail Finance Loans

In 2016, we introduced individual retail finance loans on a pilot basis for customers who had been our Customers for at least three years and fulfil certain other eligibility criteria linked primarily to their credit history with us, income and business position. This loan category targets customers who are more entrepreneurial, have graduated from the JLG model and are capable of taking larger loans in their individual capacity. We offer these loans to customers to establish a new enterprise or expand an existing business in their individual capacity. The loans are offered to our Customers for business expansion, or for purchase of inventories, machinery or two-wheelers.

We currently provide four categories of individual retail finance loans to our Customers:

- Grameen Udyog Loan: This is the flagship product under our Individual Retail Finance Loan Products and is given to customers who require more credit in their individual capacity to expand an existing business;

- Grameen Savaari Loan: This is given to customers to purchase a two-wheeler which will provide support for income generation activity;

- Grameen Udyog Vikas Loan: This is a high-ticket asset backed business loan, given to customers who have high credit requirement for business expansion, inventory purchase and closure of existing borrowings of the customers/ co-applicants; and

- Grameen Suvidha Loan: This is a top-up loan given to customers to meet their additional credit needs and is usually given for the upkeep of assets or inventory related to business.

The following table sets forth details of our Gross AUM and disbursements for our individual retail finance loans, for the periods indicated:

	As of/ for the				
	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
	(₹ in millions)				
Gross AUM	513.39	6.16	-	-	-
Disbursements	549.18	6.29	-	-	-

Insurance and micro-insurance

We have tied up with insurance providers and are acting as master policy holders to cover our Customers and their spouses and, for Grameen Udyog Vikas loan customers, co-borrowers for certain of our loan products under group term life insurance. The insurance coverage ranges from ₹5,000 to ₹500,000, depending on the loan amount. The policies include individual term life, joint term life and joint credit life (based on product policy).

Pension

We are an aggregator of the National Pension Scheme ("**NPS**") of the Government of India, providing pension for our Customers and collecting contributions from their doorstep. The client has to contribute a minimum of ₹1,000 and a maximum of ₹12,000 in a year to become eligible for the Swavalamban benefit of ₹1,000 from the Government of India.

Joint Liability Group Lending Business Processes

Customer Due Diligence Processes

Our branches enroll customers who satisfy the target clientele criteria. The size of the groups is flexible with a minimum of five and a maximum of ten women customers in a group. Two to six groups form a Kendra which typically has ten to 30 customers. Once the interested women customers have formed their groups, we provide further information to them, such as a brief introduction to our Company, criteria for group formation and group responsibilities. Immediately after the formation of the group, the loan officer visits the prospective customers' house to collect the Know-Your-Customer ("**KYC**") documents and basic data of the customers. At each customer’s house, we include all the family members in the conversation during the information gathering session. The customer’s husband and household elders are briefly informed of our rules and regulations, including the compulsory training for women customers.

Once relevant KYC and customers' information is collected, it is sent to our Regional Processing Centers for data entry in our Core Banking System (T24 MCB™) and credit bureau check. Upon receiving a positive credit bureau response, the loan officer will conduct compulsory group training.

We believe that group training is necessary for developing group solidarity and strict credit discipline. Having strong cohesive groups with a commitment to credit discipline is one of the contributing factors to the expansion of microfinance. We take time to teach every group to work together cordially and be responsible for financial transactions, both individually and as a group. The duration of the compulsory group training ("**CGT**") is typically five days, which might be extended if loan officers deem it necessary (30 minutes each day), for new Kendras and new groups in existing Kendras.

Prospective customers undergo at least half an hour of group training each day over a period of five days, covering various topics such as Kendra meeting processes, rules and regulations of our Company, awareness of products and processes, bank accounts, savings, insurance and pension. On the last day of the group training or at a later date, re-interview is done by the branch manager to determine the Customers' level of understanding of the topics covered during the training. The branch manager then visits the homes of the new customers to verify the potential customers and obtain the consent of their family members for the customers becoming borrowers. If the branch manager is satisfied, he recommends the group for the Group Recognition Test ("**GRT**").

The area manager, on the recommendation of the branch manager, conducts the GRT. The GRT is designed to assess the quality of the proposed group and to confirm that they meet all our criteria. All the customers who have cleared the re-interview process are present during the GRT. Based on the results of the GRT, the area manager decides whether or not to approve the group. If approved, the area manager will randomly check the residence of the respective customers to verify the details furnished and also speak to the customer's immediate relatives to verify that the customer has family support in becoming our customer. Through this process, we ensure that there are multiple levels of check before enrolling a new group or customer.

Kendra Meetings

Kendra meetings are conducted weekly or fortnightly at a fixed place and time on a particular day. We typically select a common place large enough to accommodate all members of the Kendra, such as schools or community halls. We try to ensure that the location is in the center of the village and is commonly used by people of the village so as to give visibility and transparency to the Kendra meetings. For urban areas, we typically hold Kendra meetings in the house of any member of the Kendra as agreed by all members if there is no common place to conduct the meeting.

A Kendra meeting is one of the core activities for our field staff and also a matter of great importance to both our Customers and us. Hence, we ensure that Kendra meetings are conducted strictly as set out in our operational guidelines either on a weekly or fortnightly basis. Kendra meetings are vital for us for the following reasons:

- all financial and non-financial transactions with our Customers are conducted at the Kendra meeting.
- the Kendra meeting is our point of contact with our Customers, and this helps in relationship building with the Customer.
- all our important schemes and policies are shared with our Customers at the Kendra meeting.
- the Kendra meeting plays an important role in building our brand image.

The timing of the Kendra meeting is typically fixed by the respective groups. The duration of the meeting may be between 30 to 45 minutes, depending on the location and the volume of transactions.

We continue to adopt primarily a weekly collection model and approximately 56.50% of our Total Active Loan Accounts as of March 31, 2018 are collected on a weekly basis, thereby ensuring that the repayment frequency matches our customer's cash flow frequency to lower the chances of a loan default.

Credit Appraisal, Sanction, Disbursement and Repayment Processes

Receipt of Loan Applications

Loan applications are submitted to the loan officer at the Kendra meetings after ensuring that every group member is willing to take joint responsibility for the loan. The loan officer facilitates discussions amongst group members and the group decides whether or not to approve the loan request from a particular member based on everyone's understanding of the nature of business activity the loan is intended to be used for, and the expected frequency of cash flows, viability and profitability. If the group approves the loan, the loan officer accepts the loan application from the Customer.

Loan Evaluation

After the receipt of the loan application (countersigned by the leader of the group and Kendra), the loan officer makes a compulsory visit to the customer's residence to interview the customer and other members of her household to ascertain the repayment capacity of the customer. During the visit, the loan officer prepares the cash flow statement in the prescribed format if the member has applied for either the IGL-Pragati or the IGL-Pragati Plus loans, both of which are income generating loans. A cash flow statement is not required for other types of loans, but the loan officer has to check the repayment capacity of the customer.

Loan Sanction and Further Processing

On the recommendation of the loan officer and after reviewing the relevant documents, the branch manager will sanction the loan if it falls within his delegated authority. If not, the branch manager will recommend the loan to the appropriate sanctioning authority as per the delegation of powers approved by the board of directors. After the loan is sanctioned, data entry is done in the T24 MCB™ system to facilitate the credit bureau check which is done by the Head Office ("**HO**"). If the credit bureau check is positive, the HO will release the loan for disbursement and if it is negative the loan application will be rejected by changing the status of the loan in the system. The Information Technology department at the HO has been mandated to complete the credit bureau check within two working days of data entry in the T24 MCB™ system. To ensure timely availability of credit to our Customers, we have made it mandatory to convey the outcome of loan applications to our Customers at the next meeting, be it weekly or fortnightly.

Upon sanctioning the loan, the branch manager signs the sanction letter and the loan officer carries the sanction letter to the next Kendra meeting to hand it over to the customer after reconfirming with the other members of the group that they approve the granting of the loan to the particular customer. The sanction of the loan is recorded in the minutes book of the Kendra.

The Customer is required to come to the branch with the sanction letter together with proof of identity to receive disbursement of the loan. While disbursements are primarily in cash, Customers are encouraged to receive disbursements through electronic funds transfers to their respective bank accounts.

On disbursement of the loan, the Customer receives a separate passbook for each loan with the repayment schedule printed in it.

Loan Repayment Process

Before the Kendra meeting, the customers hand over their loan passbooks and installment amounts to the group leader. At the Kendra meeting, the group leader hands over the amount collected and the passbooks to the loan officer. The group leader oversees the group's payment and reports to the loan officer. Once the amount collected is the same as the amount demanded, the loan officer checks and signs each member's loan passbook after verifying it with the collection sheet, which he brings from the branch. Any amounts unpaid are added to the regular installments due in the next collection sheet. The collection sheet generated from the T24 MCB™ system contains the loan details of and the amounts due from each member. Loan installments are collected only at Kendra meetings and not at the Customer's residence.

Segregation of Duties and Responsibilities

We have clearly defined roles and responsibilities for every position in the field and controlling offices. By segregating the duties and responsibilities, we ensure that different staff members are responsible for different functions so that no single employee handles end-to-end functions of a given work chain (for example, the client acquisition, loan disbursement process, collections and accounting are handled by different staff members). The field operations have the following roles and associated responsibilities:

- Loan officer: New customer acquisitions, conduct CGT, conduct Kendra meetings, accept loan applications, Emergency Loan and Festival Loan disbursements, repayment collections and loan utilization checks.
- Data entry operator: Loan application data entry, repayment data entry, Progress out of Poverty Index data entry (data which is regularly updated to measure the effect of micro-credit programs on the economic status of customers) in the T24 MCB™ system.
- Cashier (additional charge): Repayment collection counting, assist in loan disbursements and branch cash management.
- Regional Processing Center: Member Basic Data Form (a form with basic details which the customer fills up before joining us) entry, updating of KYC, updating of bank account details.
- Branch manager: House visits of new customers, re-interview of customers, verify Member Basic Data Form information, verify loan applications, oversees loan disbursements, loan sanctions, monitor visits of Kendra and overall branch management.

- Area manager: Group recognition test, loans sanctioning, monitor branches under his or her authority.

Individual Retail Finance Lending Business Processes

In 2016, our Individual Retail Finance ("**IRF**") division was started to pilot test individual lending for customers who have been with us under our group lending division. The products under retail finance are designed to target our graduated Customers who are more entrepreneurial and have displayed credit worthiness over a period of time.

Target Customers

The loans under IRF are offered to customers in their individual capacity. The purpose of IRF loans includes allowing customers to establish a new enterprise or expand an existing business, and purchase inventories, machinery or two-wheelers.

In order to be eligible for IRF products, customers have to satisfy the following basic criteria, which include:

- be an existing Customer who has at least 36 months of relationship with us;
- displayed good credit history in group loans;
- between 22 to 58 years of age;
- own a house, or own or rent a shop;
- achieved business stability for at least three years; and
- obtained credit bureau clearance.

Structure and Role Segregation

The current structure of IRF has been designed to minimize changes when IRF is introduced to geographies where we currently have operations. The current structure can be divided into following three broad functions:

- *Business team.* The business team is responsible for sourcing and converting the group lending customers as well as repayment collections from customers. As of March 31, 2018, we had thirty IRF branches and each IRF branch is headed by a branch manager who is responsible for the business and operations of the branch, and the branch manager reports to the regional sales manager, who is responsible for the business and administration of all the branches under him. The business team comprises Business Development Officers ("**BDOs**"), who are field staff who source IRF customers, and Customer Relationship Officers ("**CROs**"), who are responsible for maintaining the relationship with our Customers post disbursement, conducting loan utilization checks and post disbursal execution of documents

- *Credit and operations team.* The credit and operations team is responsible for credit assessment, sanctioning or rejecting a loan proposal and maintaining documentation and disbursement for sanctioned cases. A branch operations executive is responsible for data entry and does the first level check of the proposals submitted by our business team. A branch operations manager is responsible for keeping records, cash management, documentation of applications, sanctions and disbursements at the branch. Further, we have telecallers at our central office who are responsible for doing a tele-verification check of all proposals submitted for review. We also have credit underwriters who analyze a proposal based on the information gathered and recommend that a case be sanctioned or rejected to a regional credit manager. To ensure proper documentation, safety of all documents and conduct of disbursement related activities, we have an operations team stationed centrally.

- *Risk team.* The risk team is responsible for identifying fraudulent cases which may affect the appraisal of the proposal and does loan utilization checks on a sample basis. A Risk Officer ("**RO**") is responsible for screening all our Customers and their loan documents, and also visiting doubtful cases at their physical locations for verification. A Risk Manager ("**RM**") is responsible for ensuring that checks and balances are in place for the IRF appraisal process and he also reviews the Loan Utilization Checks.

Customer Due Diligence, Credit Appraisal, Sanction and Disbursement

Currently, only existing Customers who meet the criteria set out above are eligible for IRF loans. Our IRF team works closely with our group lending team to identify and select IRF customers. Eligible customers may be identified for IRF by any of the following three means:

1. Our group lending team passes the lead to a BDO of our IRF team;
2. A Customer directly contacts BDOs or our central team; or

3. A Customer reaches out to our IRF team during a Kendra meeting when the IRF team makes a visit together with our group lending team.

A BDO contacts customers over phone to explain the IRF product details and the documentation requirements, and also conduct the first round of verification. The BDO fixes an appointment only if a customer is interested and the verification obtained is favorable. During such visits, the BDO collects the loan application form and KYC documents. When filling up the application, the BDO verifies that the applicant and the co-applicants satisfy eligibility norms and business criteria norms. The documents collected are then submitted to the branch operations team.

A branch operations executive then checks the documents for completeness, accuracy and fulfilment of policy conditions. Subsequently, the branch operations executive enters the details in our system which is verified and authorized by the branch operations manager, after which the scanned documents are shared with a disbursement operations executive.

At our central office, a credit underwriter reviews the proposals and documents for accuracy, completeness and checks the inputs given by the credit bureau. The credit underwriter may also recommend that a loan be guaranteed by a guarantor if he deems it necessary. The credit underwriter either rejects or recommends proposals for a Personal Discussion ("**PD**"). Proposals which are cleared by the credit underwriter are communicated to the respective branch, and the branch manager will visit the customer premises and conduct a PD and technical evaluation.

After a successful PD, the credit underwriter will initiate a credit verification activity, which includes verification done via a telephone call, a visit by a credit appraiser to carry out the necessary credit appraisal verification and screening of all cases or carrying out field visits on a sample basis by a RO.

The credit underwriter reviews all the inputs received and recommends proposals to a regional credit manager for either approval or rejection. For cases which are approved, our central operations team prepares a Disbursement Kit ("**DB Kit**") which contains the sanction letter, the National Automated Clearing House ("**NACH**") mandate and the nomination form, before sending the DB Kit to our branch operations team for execution by the customer.

Our branch operations team will then fix an appointment with the customer for execution of the documents in the DB Kit and collect all the required documents. After execution, the scanned DB Kit is scanned and sent for review at our central office. After verification by our central office team, disbursements through the national electronic funds transfer are transferred directly to the customer's bank account. After the national electronic funds transfer is successful, the CRO gives the customer a welcome kit along with the repayment schedule. We maintain hard copy versions of all the documents centrally post disbursement.

Loan Repayment Process

A monthly repayment schedule is followed for all IRF loans (installments are typically payable by the fifth day of each month). Loan repayments are collected by triggering the automatic debit mandate which is collected from the customer at the time the documents in the DB Kit are executed and as per the schedule communicated to the customer.

Intimation is sent to the customer two days in advance of the scheduled repayment date so that the customer has notice to maintain sufficient balance in the account. On the scheduled repayment day, debit instructions are sent to the bank and post successful completion of national automated clearing, the necessary information is sent to the branch. For cases where national automated clearing cannot be completed two consecutive times, collections are done in cash by the CRO by visiting the customer physically. An acknowledgment is given to the customer for all cases where the collection is successful.

Loan Utilization Check

A CRO does a loan utilization check of all IRF loans typically before the first installment is due and a RO does the same on a sample basis typically after the first installment has been paid. Review of loan utilization checks is done by the branch manager, and a loan utilization report is submitted to our central office and recorded against a customer. In case of a mismatch, we have a process in place where necessary actions are taken to correct the mismatch.

Internal Audit and Internal Controls

Our Company believes in maintaining a strong internal control framework and views such a framework as an essential prerequisite for the growth of business. We have well documented policies, procedures and authorization guidelines that are commensurate with our size. Further, an efficient independent internal audit system is in place to conduct internal audits of all branches, regional offices and as well as the head office.

Our internal audit function is an independent activity guided by a philosophy to add value to improve and enhance operations of our organization. It assists our Company in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of our internal control, risk management and governance processes.

The internal audit activity is conducted with strict accountability for confidentiality and safeguarding records and information. It has fully authorized, free and unrestricted access to any and all of our Company's records, physical properties and personnel pertinent to carrying out any engagement. The internal audit activity also has free and unrestricted access to our Board. The Audit Committee of our Board is updated on significant internal audit observations, compliance with statutes, progress of risk management practices and effectiveness of our control systems every quarter. Our internal audit function also interacts with our statutory auditors.

Every branch is audited an average of six times in a financial year. Based on the extent of compliance and adherence to systems, policies and procedures, the audited branches are assigned compliance scores. The branch audit is conducted based on a detailed audit program and various checklists updated in accordance with our operational policies and procedures. The audit process involves field visits in the morning, and office related work, verification and checks in the afternoon and evening. The scope of our branch audit covers the following areas of operations:

- Financial, accounting and operating controls i.e. a review of processes and controls.
- Ascertaining the extent of compliance with our established policies and procedures.
- Visits to Kendra meetings to ascertain compliance with our policies and procedures, and customer house visits.
    - Cash & bank transactions, records, reconciliations and balances;
    - Lending process and documentation;
        - Kendra, group formation
        - Enrollment of new customers
        - Client records, loan applications, appraisals and approvals
        - Loan disbursements and repayments
        - Arrears and portfolio at risk
    - Review of internal controls and risk management procedure compliances;
    - Branch expenses;
    - Accounting, vouchers, book keeping and fixed assets;
    - Human resources policies, statutory compliances and housekeeping;
    - Adherence to code of conduct;
    - Follow up on previous audits.

Risk Management

We are continuously making efforts to ensure integration of the best risk management practices into our governance and implementation structure. Conscious effort is put into developing and improving strong risk culture within our organization and having appropriate systems and tools to identify, measure and report risks. Our Risk Management Department works with and across all departments within our Company. Each department typically focuses on its specific area of activity, whereas our Risk Management Department operates in close cooperation with all the other departments, utilizing all significant information sourced by the other departments in order to improve the overall enterprise risk management by following the guidelines approved by our Board. Our Annual Risk Management Plan comprises major risks that have been identified by management as needing particular focus and close monitoring. The Annual Risk Management Plan forms the basis for implementation of detailed risk management practices.

Our Board stands at the apex of the governance, supporting the risk management framework. Our board of directors comprises professional directors with relevant experience to understand the risks specific to our Company and the microfinance sector in general. Our Board oversees the implementation of the Risk Management Plan principally through the Risk Management Committee of our Board ("**RMC**"). Major risks which are reported to the RMC and are monitored closely by management are identified based on the risk profile of our Company. All the strategies to manage these major risks are monitored by our Head – Risk and our Management Level Risk Committee (as described herein below), and the RMC is updated on a quarterly basis in relation to the same. The RMC oversees our risk management practices and strategies by approving our key results expected and reviewing the same on a quarterly basis. The RMC also reviews all actions taken, and all reports in relation to suggestions and recommendations made in previous meetings.

To ensure that all our departments deliver the expected level of support that is instrumental for the execution of risk management activities at an organizational level, a Management Level Risk Committee is formed. The Management Level Risk Committee is chaired by our MD & CEO and Head – Risk. The Management Level Risk Committee meetings are held at least once a month or more frequently if the need arises. The Management Level Risk Committee monitors management of our major risks in general. The Management Level Risk Committee takes an integrated view of the risks we face and issues specific directives to the respective departments, business lines, regions and branches for necessary action in order to mitigate such risks.

Operational Quality Control Team

The Operational Quality Control ("**OQC**") team is a function established within our field operations and OQC staff members report to Business Heads to enhance proactive monitoring of our operations. The OQC team oversees continuous, proactive and comprehensive review of processes, documentation and information in the field. The function also ensures process adherence, complete and accurate documentation in branches and Kendra meetings and adherence to the code of conduct.

Head Office – Infrastructure, Control and Support

To manage our branch and geographic expansion, we have strengthened the infrastructure, support and control functions at our head office. Our head office has adequate infrastructure and manpower to support our branches and field operations. The support functions such as Finance, Treasury, Accounts, Strategy and Planning, IT, Risk, HR, Audit, Grievance and Centralized Operations have been adequately staffed with the necessary personnel who are professionally competent to manage our growth.

Regional Processing Centers

Every new customer data entry takes places at centralized locations known as Regional Processing Centers. Regional Processing Centers help to improve controls in the following manner:

- check data entry of newly enrolled customers;
- improve and maintain integrity in data quality;
- independent data entry of new customers; and
- ensure complete and proper documentation.

As of March 31, 2018, we have eight Regional Processing Centers located in Bangalore, Belgaum, Davanagere, Erode, Nagpur, Kolhapur, Indore and Aurangabad. Each Regional Processing Center caters up to 50 branches.

Proactive Data Analysis

Various portfolio, client monitoring, and branch monitoring reports are generated at defined intervals and analyzed by our Business Intelligence and Analytics team, and Risk Management Department. Proactive actionable alerts are sent to our operations teams regularly.

Employee Due Diligence

For new employees who are recruited, our Risk Management Department conducts due diligence in the form of an internal background verification check. Through this process of background verification check, the credentials of the employees and their family backgrounds are checked before they are confirmed as employees. In addition to the background verification check, the conduct of the employee during the probation period is monitored and the employment is confirmed only if his or her conduct is satisfactory.

Human Resources

As of March 31, 2018, we had 6,306 employees. We primarily recruit loan officers at entry levels. Fresh candidates from rural background are employed and adequately trained. After gaining sufficient experience, loan officers are promoted internally to take up bigger and more important roles. We abide by our values of being committed, reliable, empathetic, accountable, transparent and efficient. We try our best to ensure that our values are genuinely and consistently promulgated in our Company. We have also implemented an ESOP scheme for our employees, along with a range of incentives and employee engagement programs such as gratuity, birthday and wedding gifts, and insurance.

The following table sets a break-up of our employees by function as of the dates indicated:

	As of				
	March 31, 2018	**March 31, 2017**	**March 31, 2016**	**March 31, 2015**	**March 31, 2014**
Loan officers	4,544	3,668	2,736	1,968	1,061
Field supervisors	1,004	753	629	393	275

	As of				
	March 31, 2018	**March 31, 2017**	**March 31, 2016**	**March 31, 2015**	**March 31, 2014**
Field monitoring	280	128	102	70	46
Centralized operations	180	159	133	18	-
Finance	23	24	24	24	23
IT	38	30	25	23	19
Human resources	50	35	39	31	21
Internal audit	88	74	60	44	36
Others	99	81	87	87	82
Total	6,306	**4,952**	**3,835**	**2,658**	**1,563**

Training

We have an effective in-house training facility. It manages, develops and realizes the knowledge and full potential of our employees at an individual, team-based and organization-wide level by providing different types of training to employees of different functions and seniority:

- A 28-day basic training program is conducted for trainees to prepare them for field operations, which includes field training at one of our branches for three weeks.
- A refresher training program is conducted frequently in accordance with our operational requirements.
- An orientation program is conducted for promoted field staff and new employees at our head office
- Induction training is provided for all lateral hires.
- Departmental process training programs are conducted for all new recruits and promoted employees.
- Leadership training programs, which are tailored according to the seniority of our employees, are conducted for our employees.

The above training programs are designed based on objectives, targeted groups of employees, skills and capabilities required for our field operations.

Customer Grievance Redressal Mechanism

Our customer grievance redressal mechanism was established to address issues which arise out of situations when our Customers are either unhappy with the service provided to them or unsatisfied because we fail to meet their expectations, including grievances on overdue balances, Kendra discipline and cohesion issues. The methodology adopted by this department enables customers to reach out to us in an easy and simplistic manner.

Our grievance redressal process addresses the grievances of all our Customers and the general public. We have set up a Grievance Redressal Cell ("**GRC**") to attend to all enquiries and requests of our Customers. Staff members of all levels at the GRC and our head office are duty bound to address all concerns of our Customers.

Finance Department

Our finance department is responsible for fund raising and asset liability management, minimizing the cost of our borrowings, liquidity management and control, diversifying fund-raising sources, managing interest rate risk and investing funds in accordance with the criteria set forth in our investment policy. As we are a non-deposit taking NBFC-MFI, we have not accepted any deposits as defined under the Companies Act 2013. Our sources of liquidity include term loans and working capital facilities; proceeds from loans assigned and securitized; cash credit subordinated debt; proceeds from the issuance of NCDs; and borrowings from banks, NBFCs and other financial institutions.

Our treasury department relies on an integrated treasury and cash management system that operates the complete cash and banking operations, which entail pooling of excess funds from branches and channeling funds to branches which require disbursement, repayment of loan installments and payments to vendors, employees for goods, services, reimbursement, salary and investment of surplus funds, if any.

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. For further details, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Indebtedness*" and "*Selected Statistical Information*" on pages 266 and 181, respectively.

Capital Adequacy Ratios

As reported in our Restated Financial Statements for each of the periods, our CRAR was 28.08%, 21.48%, 29.71% and 28.94% as of March 31, 2015, March 31, 2016, March 31, 2017 and March 31, 2018, respectively, which was computed in accordance with the extant master direction and prudential norms issued by RBI as applicable to an NBFC-MFI. Under the Master Direction – Non-Banking Financial Company –Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016, we are required to maintain a minimum capital adequacy ratio consisting of Tier I and Tier II capital, which shall not be less than 15.00% of our aggregate risk weighted assets.

Compliance with NBFC-MFI Regulations and Guidelines

As of March 31, 2018, we are in compliance with regulations and guidelines relating to qualifying assets ratio, capital adequacy ratio, aggregate loan provision policies, pricing of credit, interest rate on loan products and processing charges. The table below provides a summary of the regulatory requirements with respect to certain parameters and the actual status of our Company as of March 31, 2018 for the relevant parameter:

Parameter	Requirement	Status of our company as of March 31, 2018
Qualifying assets	Not less than 85% of its net assets** in the nature of qualifying assets	96.98%
Capital adequacy (CRAR)	A capital adequacy ratio consisting of Tier I and Tier II capital, which shall not be less than 15% of the aggregate risk weighted assets	28.94%*
Aggregate loan provision	Not less than the higher value among the following: 1. 1% of outstanding loan portfolio; or 2. a. 50% of the aggregate overdue loan installments in respect of loan accounts which are overdue for 90 days or more and less than 180 days, and b. 100% of the aggregate overdue loan installments in respect of loan accounts which are overdue for 180 days or more.	Higher of the following: 1. 2% of outstanding loan portfolio; or 2. a. 50% of the aggregate overdue loan installments in respect of loan accounts which are overdue for 90 days or more and less than 180 days, and b. 100% of the aggregate overdue loan installments in respect of loan accounts which are overdue for 180 days or more.
Pricing of credit	Margin cap imposed at 10% for large MFIs (loan portfolios exceeding ₹1,000 million) and 12% for small MFIs (loan portfolios below ₹1,000 million)	8.97%
Interest rate charged	With effect from April 1, 2014, the interest rate charged to borrowers: a) The cost of funds plus 10% for large MFIs (size of ₹1,000 million and above) and cost of funds plus 12% for the others (size less than ₹1,000 million), or b) The average base rate (as advised by RBI) of the five largest commercial banks by assets multiplied by 2.75 Maximum variance between minimum and maximum interest rates for individual loans capped at 4%	18% to 22%
Processing charge	Not more than 1% of gross loan amount	1% of gross loan amount

* *Based on our restated financial position as of March 31, 2018*

** *Net assets are defined as total assets other than cash and bank balances and money market instruments.*

Competition

We face significant competition from unorganized, small participants in the market across all our business segments in addition to other small finance banks, scheduled commercial banks and NBFCs as well as local moneylenders. Our competitors include Bharat Financial Inclusion Ltd., Satin Creditcare Network Ltd., Annapurna Microfinance Pvt. Ltd., Arohan Financial Services Pvt. Ltd., and Spandana Sphoorty Financial Ltd.

In addition, many of our potential customers in the lower income segments do not have access to any form of organized institutional lending, and rely on loans from informal sources, especially money lenders, landlords, local shopkeepers and traders at much higher interest rates. Therefore, we also face significant competition from these unorganized and unregulated market participants who are prevalent in the semi-urban and rural areas, which are our key areas of focus and whose target customer segment is the same as ours.

Properties

As of March 31, 2018, all the properties used for our operations, including 516 branches, Regional Processing Centers, regional offices and our head office, have been taken on a lease/ leave and license basis.

Intellectual Property

Our Company has filed applications for registering certain trademarks including for our corporate logo as an NBFC-MFI. For details, see "*Government and Other Approvals*" on page 283.

Information Technology

Our IT support systems aid us in performing several processes involved in the life cycle of a loan transaction. We have made significant investments in our IT infrastructure to be able to control our operating costs and provide quality service to our Customers as an NBFC-MFI. For our operations, we have focused on implementing a centralized and consolidated information system to enable a smooth and swift flow of information and data across the system. Our systems have assisted us with data entry 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 will continue to embrace state of the art technology solutions to support our growth and enable more efficient operations to benefit our Customers, as well as to optimize our operating efficiency.

Implementation of a new core banking system ("CBS")

We have recently successfully completed a major technology migration exercise from the MIFOS to the T24 MCB™. The T24 MCB™ is a CBS offered by Temenos. In order to specifically cater to our requirements, the T24 MCB™ was customized for our business operations. The implementation of a modern core structure like the T24 MCB™, which affords higher levels of automation and flexibility, contributes to the realization of our business strategies.

Collaboration with credit bureaus

We work with credit bureaus like Highmark, Equifax and CIBIL. The credit bureaus help identify overlapping microfinance borrowers, their overall loan exposure and incidents of high default. Every loan given by us undergoes a credit check with the credit bureaus and this verification process has been completely integrated into the loan delivery processes and is instrumental in minimizing instances of borrower over-indebtedness.

Infrastructure outsourcing

We have been continuously working in close partnership with IBM on outsourced infrastructure management services, so that our data center and disaster recovery server infrastructure management are entirely managed by them. We had completed a major upgrade on this outsourced infrastructure to fully support the functioning of our new CBS – T24 MCB™.

As we operate mostly in rural parts of India, networking in such areas is a challenge. Other than making extensive use of cellular telephony network and other technologies to establish connectivity with our remote branches, we have been partnering with Telecom Service Providers for network connectivity across all our critical locations (which include rural areas). In addition, we have partnered with Telecom Service Providers to provide a robust network backup in case of any major network failures.

Report generation

We generate various internal and external reports where we utilize specialized software to automatically extract such reports and email them to various stakeholders. This system has enabled us to send the reports to the relevant people with a high degree of accuracy and on a timely basis.

Internal systems

In addition to the systems which provide core business functionality, we have deployed an enterprise resource planning system for our internal finance and accounting processes and other internal systems such as human resource management. We have also continued using the open source online E-learning portal for employee training, which provides a strong platform for delivering effective learning modules to all our employees. The E-learning portal is a powerful tool which reduces training costs and delivers effective training programs to a larger audience.

Technology initiatives

We continue to actively upgrade our technology infrastructure and applications to keep pace with the changing and dynamic environment in the microfinance industry. We will continue to focus on increasing operational efficiency through technology initiatives such as field force automation, robust internal communication and knowledge management systems to ensure greater cooperation between our teams as well as more effective management of operations.

We have made significant investments in maintaining and updating our technology infrastructure, systems applications and business solutions. As the microfinance industry is constantly changing, we expect to continue our trend of investment in various different technology initiatives.

Insurance

We maintain insurance policies that we believe are customary for companies operating in our industry. Our principal types of coverage include insurance for burglary, group personal accident insurance, group life insurance, fidelity policy, and directors' and officers' liability insurance. In addition, we have a money insurance policy pertaining to cash in safes and in transit. Our insurance policies may not be sufficient to cover our economic loss. For details, see "*Risk Factors – Our insurance coverage may not be adequate to protect us against all potential losses, which may have a material adverse effect on our business, financial condition and results of operation*" on page 29.

Certifications and Awards

We have always maintained a focus on integrating social values in the design and delivery at all stages of products and services. The following table shows the numerous awards and certifications in recognition of our socially-focused approach in conducting our business:

Award / Certification	Organization which gave the award / certification	Date awarded	Details of the award / certification
Skoch Resilient India Award 2017	Skoch Group	May 2017	An award recognizing and appreciating our efforts in delivering financial products and services, such as sanitation loans.
ISC-FICCI 2017 Award	India Sanitation Coalition	April 2017	An award by India Sanitation Coalition for Best Financial Accessibility for Sanitation.
Code of Conduct Assessment Rating of C1 (Excellent Performance of Code of Conduct Dimension)	SMERA	March 2017	A Code of Conduct Assessment Rating of 1 is awarded to us as we have met the high standard of adherence to different code of conduct parameters as laid down by regulators and ethical operational practices.
Standard comprehensive social rating of ∑ α, with a positive outlook	MCril – a microfinance rating agency	December 2016	A social rating that blends the key principles of social performance as defined by leading global level initiatives to provide a MFI with a comprehensive assessment of its social performance.
Socially Transparent and Responsible (S.T.A.R) MFI	Microfinance Exchange (MIX)	March 2016	The MIX S.T.A.R award recognizes a MFI which is aligned with both the Universal Standards for Social Performance Management and green microfinance principles as measured by MIX's social performance indicators.
Large MFI Award	ACCESS Development Services	December 2015	The Large MFI Award recognizes best practices by large microfinance organizations, judged based on financial and social performance parameters which focus on good governance, transparency, innovations in process, product and technology, good human resources management, and integration of social performance and financial performance.
Client Protection Principles	Smart Campaign	January 2013 and renewed in November 2015	We were one of the first six institutions globally to be certified on Client Protection Principles after we have been assessed to meet standards associated with each principle in institutional policies, procedures, systems organizational culture and staff behavior.

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. 5.00% of our annual profit is spent for awareness on safe water, sanitation, education, financial literacy and social awareness activities in our operating areas. Further, we have partnered with Navya Disha, a charitable trust, to implement our CSR initiatives with an aim to empower people belonging to poor households to help them secure respectable livelihoods while ensuring environmental sustainability and gender equality. We believe that our CSR initiatives contribute to our overall strategy of a customer-centric business model and engaging with marginalized communities and we have contributed to CSR initiatives in areas such as increasing social awareness, education and community development. We believe that these initiatives have contributed in maintaining a healthy customer retention levels.

Key Social Welfare Initiatives

Increasing social awareness

We collaborate with Navya Disha to raise social awareness in areas such as safe water, sanitation, education and financial literacy. Through this initiative, we hope to encourage hygienic practices, inculcate healthy habits and empower people who are living in poverty.

The awareness activities are executed with assistance of Navya Disha, in Karnataka, Maharashtra and Tamil Nadu. Various campaigns such as Kendra level training sessions, street plays, taluka level workshops, masons' training sessions, training Gram Panchayat members, wall paintings in villages, group training sessions, training school children and trainers' training sessions for our staff are undertaken as part of the program.

We encourage our Customers to lead a healthy and hygienic life by constructing their own toilets, having their own water connections at their houses and ensuring safe disposal of waste.

WASH (Water, Sanitation & Hygiene) program

As many households, especially those in rural areas, face health problems, we conducted a further study and found that lack of hygienic practices and sanitation were behind the poor health conditions. In order to address this issue comprehensively, we started the initiative WASH – Water, Sanitation and Hygiene Program. The impact of the program is evident as people in the community have not only realized the importance of sanitation but also associated us with the good work carried out. Having access to better sanitary facilities has also contributed to increased self-respect for our women customers and their family members.

Jagruti

We created Jagruti program as an awareness building tool, with a vision to empower our Customers by providing them with information. We conceived the concept of Jagruti after a rigorous process of deliberations with women as the target group, key stakeholders (within and outside the MFI) and leveraging design-thinking principles. We crafted and positioned the persona of Jagruti as a trusted friend of women and decided that letters should be the means of communication with Jagruti's audience given that storytelling has always been a critical channel of providing information in India.

We conduct this program on a weekly/ fortnightly basis and the letters written by Jagruti are read out at the end of weekly/ fortnightly meetings. The letters are written in a colloquial, lively fashion and they cover a plethora of relevant issues such health and hygiene, sanitation, drinking water, financial literacy, government schemes, micro-entrepreneurship, trafficking and HIV/ AIDS. We found out through an assessment of Jagruti that these letters have been successful in spreading awareness on key issues to our Customers, with an overwhelming proportion of customers reporting high levels of engagement with these messages.

Jagruti has created awareness on different subjects ranging from health, food, nutrition, education, hygiene, importance of sanitation to the importance of savings, money management, government services and facilities. It has had a measurable and lasting impact on the awareness level of our Customers that has resulted in a perceptual shift in their mindset.

We continue to implement Jagruti across our branches in Karnataka, Maharashtra, Madhya Pradesh, Chhattisgarh and Tamil Nadu, and continue to educate our Customers every week/ fortnight with a new topic.

Sushikshana program

In the year ended March 31, 2015, we launched the Sushikshana program, a child education program, with a main objective of educating school children on noncurricular topics like water, sanitation, hygiene, financial literacy and career guidance. The schools include government, private, aided and un-aided schools of Karnataka and Maharashtra. We are delivering an interactive and audio-visual rich content specifically for students, with the support of Navya Disha staff and volunteers.

Affordable healthcare services

We have tied up with SAS Poorna Arogya Healthcare Pvt. Ltd. to provide health care services to our Customers, under the name of "SAS Poorna Arogya Program". For the year ended March 31, 2018, 16,843 households have been provided with health cards and 37,411 people gained access to the affordable healthcare facility.

Life insurance coverage

For the year ended March 31, 2018, we acted as master policy holder to cover 3.71 million Customers and their spouses (for certain of our loan products) under insurance schemes.

REGULATIONS AND POLICIES

Given below is a summary of certain sector-specific relevant laws and regulations as prescribed by the Government of India or state governments which are applicable to our Company. The information in this chapter has been obtained from publications available in the public domain. The description of the applicable regulations as given below has been provided in a manner to provide general information to the investors and is not exhaustive and shall not be treated as a substitute for professional legal advice. The statements below are based on the current provisions of applicable law, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

Pursuant to a certificate of registration issued by RBI on March 30, 1998 (through SCPL), our Company was registered as non-deposit taking NBFC, and was granted the NBFC-MFI status by the RBI on September 5, 2013. Our Company is a systemically important non-deposit accepting NBFC, in terms of the guidelines issued by the RBI. We offer a wide spectrum of products to suit the specific financial requirements of our customers, and our products include (i) credit offerings comprising loans under the Joint Liability Group model and individual loans under retail finance model; and (ii) non-credit offerings. For further details, see "*Our Business*" on page 125.

For details of approvals obtained in accordance with applicable regulations, see "*Government and Other Approvals*" on page 283.

1. Key regulations applicable to our Company

The RBI Act

The RBI Act defines an NBFC as: (a) a financial institution which is a company; (b) a non-banking institution which is a company and which is in the principal business of receiving deposits, under any scheme or arrangement or in any other manner, or lending in any manner; or (c) such other non-banking institution or class of institutions as the RBI may, with the previous approval of the Central Government, and by notification in the Official Gazette, specify.

A company would be categorized as an NBFC if it has net owned fund of twenty-five lakh rupees or such other amount, not exceeding two hundred lakh rupees, as the Bank may, by notification in the official gazette, specify. Further, NBFCs are required to obtain a certificate of registration from the RBI prior to commencement of the business as a non-banking financial institution.

Pursuant to Section 45-IC of the RBI Act, 1934, every NBFC is required to create a reserve fund and transfer thereto a sum not less than 20% of its net profit every year, as disclosed in the profit and loss account and before any dividend is declared. Further, no appropriation can be made from such fund by the NBFC except for the purposes specified by the RBI from time to time and every such appropriation shall be reported to the RBI within 21 days from the date of such withdrawal.

Consolidated FDI Policy Circular of 2017, issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, dated August 28, 2017 ("FDI Policy")

Foreign investment into NBFCs, carrying on activities approved for FDI, will be subject to the conditions specified in paragraph 5.2.26 of the FDI Policy and foreign investment of up to 100% is permitted under the automatic route.

2. Key regulations applicable to all NBFCs (including an NBFC-MFI)

Master Direction – Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ("Master Directions")

The RBI had issued the Master Directions dated September 1, 2016 (updated as on November 9, 2017) which apply to NBFCs who are systemically important NBFCs. These directions apply to the following categories of NBFCs:

(i) every systemically important non-deposit taking NBFC ("**NBFC-ND-SI**") registered with the RBI under the provisions of RBI Act, 1934;

(ii) every deposit taking NBFC registered with the RBI under the provisions of RBI Act, 1934;

(iii) every NBFC-Factor registered with the RBI under section 3 of the Factoring Regulation Act, 2011 and having an asset size of ₹ 5,000 million and above;

(iv) every infrastructure debt fund NBFC registered with the RBI under the provisions of RBI Act, 1934;

(v) every NBFC – Micro Finance Institutions ("**NBFC-MFIs**") registered with the RBI under the provisions of RBI Act, 1934 and having an asset size of ₹ 5,000 million and above; and

(vi) every NBFC – Infrastructure Finance Company registered with the RBI under the provisions of RBI Act, 1934 and having an asset size of ₹ 5,000 million and above.

An NBFC-MFI means a non-deposit taking NBFC (other than a company formed and registered under section 25 of the Companies Act, 1956 or or Section 8 of the Companies Act, 2013) that fulfils the following conditions:

(i) an NBFC (those registered in the North Eastern regions of India must maintain a minimum net owned fund of ₹ 20 million) that extends loans to the micro finance sector shall have a minimum net owned fund of ₹ 50 million;

(ii) shall ensure that not less than 85% of its net assets are in the nature of "qualifying assets" only the assets originated on or after January 01, 2012 shall have to comply with the Qualifying Assets criteria.).

"Net assets" are defined as total assets other than cash and bank balances and money market instruments.

"Qualifying Assets" is defined as a loan which satisfies the following criteria:-

(i) loan disbursed by an NBFC-MFI to a borrower with a rural household annual income not exceeding ₹ 100,000 or urban and semi-urban household income not exceeding ₹ 160,000;

(ii) loan amount does not exceed ₹ 60,000 in the first cycle and ₹ 100,000 in subsequent cycles;

(iii) total indebtedness of the borrower does not exceed ₹ 100,000; provided that loan, if any availed towards meeting education and medical expenses shall be excluded while arriving at the total indebtedness of a borrower;

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

(v) loan to be extended without collateral;

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

(vii) loan is repayable on weekly, fortnightly or monthly instalments at the choice of the borrower.

NBFC-SI-ND means an NBFC not accepting or holding public deposits and having total assets of ₹ 5,000 million and above as shown in the last audited balance sheet.

Multiple lending, Over Borrowing and Ghost Borrowers

NBFC-MFIs can lend to individual borrowers who are not members of a JLG, SHG or to borrowers that are members of a JLG or SHG, subject to the following conditions:

(i) borrower cannot be a member of more than one SHG or JLG;

(ii) not more than two NBFC-MFIs can lend to the same borrower;

(iii) there must be a minimum moratorium period between the grant of the loan and the due date for the repayment of the first instalment. The moratorium period shall not be less than the frequency of repayment; and

(iv) recovery of loan given in violation of the regulations should be deferred till all prior existing loans are fully repaid.

Corporate Governance

<u>Constitution of committees:</u> All NBFC-ND-SIs are required to constitute the following committees:

(i) Audit Committee: NBFC-ND-SIs are required to constitute an audit committee consisting of not less than three members of its board of directors;

(ii) Nomination Committee: NBFC-ND-SIs are required to constitute a nomination committee to ensure 'fit and proper' status of proposed/ existing directors.

(i) Risk Management Committee: NBFC-ND-SIs are required to constitute a risk management committee to manage the integrated risk beside the asset liability management committee.

Fit and proper criteria: All NBFC-ND-SIs are required to (a) maintain a policy approved by the board of directors for the approval for ascertaining the fit and proper criteria of the directors at the time of appointment, and on a continuing basis; (b) obtain a declaration and undertaking from directors giving additional information on the directors, in the format prescribed under the Master Directions; (c) obtain a deed of covenant signed by directors, in the format prescribed under the Master Directions; and (d) furnish to the RBI a quarterly statement on change of directors and a certificate from the managing director of the NBFC-NDSIs that fit and proper criteria in selection of the directors has been followed

All NBFC-ND-SIs are required to place before the board of directors, at regular intervals, as may be prescribed by the board of directors, the following:

(i) Progress made in putting in place a progressive risk management system and risk management policy and strategy followed by the concerned NBFC.

(ii) Conformity with corporate governance standards including composition of committees, their role and functions, periodicity of the meetings and compliance with coverage and review functions etc.

All NBFC-ND-SIs shall rotate the partners of the chartered accountant firm conducting the audit, every three years so that the same partner shall not conduct audit of the company continuously for more than three years.

All NBFC-ND-SIs shall frame their internal guidelines on corporate governance with the approval of the board of directors which shall be published on the company's website.

Acquisition or transfer of control

NBFC-ND-SIs are required to obtain prior written permission of RBI for, (a) any takeover or acquisition of control, which may or may not result in change in management, (b) any change in the shareholding, including progressive increases over time, which would result in acquisition or transfer of shareholding of 26% or more of the paid up equity capital except for any shareholding going beyond 26% due to buyback of shares or reduction in capital where it has approval of a competent court, and (c) any change in the management of the NBFC-ND-SIs which results in change in more than 30% of the directors, excluding independent directors

Capital Adequacy Requirements

NBFC-ND-Sis are required to maintain a CRAR consisting of Tier I and Tier II capital which should not be less than 15% of its aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet items. The Tier-I capital in respect of applicable NBFCs (other than NBFC-MFIs and IDF-NBFC), at any point of time, shall not be less than 8.5% by March 31, 2016 and 10% by March 31, 2017.

Asset Classification Norms applicable to all NBFC-MFIs

All NBFC-MFIs shall adopt the following norms:

(i) A "standard asset" means the asset in respect of which no default in repayment of principal or payment of interest is perceived and which does not disclose any problem nor carry more than normal risk attached to the business;

(ii) A "non-performing asset" means an asset for which interest or principal payment has remained overdue for a period of 90 days or more.

Asset Classification Norms applicable to our Company while operating as an NBFC-ND-SI:

Every NBFC-ND-SI shall, after taking into account the degree of well-defined credit weaknesses and extent of dependence on collateral security for realization, classify its lease/ hire purchase assets, loans and advances and any other forms of credit into the following classes, namely:

(i) Standard assets;

(ii) Sub-standard assets;

(iii) Doubtful assets; and

(iv) Loss assets.

The class of assets referred to above shall not be upgraded merely as a result of rescheduling, unless it satisfies the conditions required for the upgradation.

(i) A “standard asset” means the asset in respect of which no default in repayment of principal or payment of interest is perceived and which does not disclose any problem nor carry more than normal risk attached to the business;

(ii) A “Sub-standard asset” means an asset which has been classified as non-performing asset for a period not exceeding 18 months. Provided that the period ‘not exceeding 18 months’ stipulated in this sub-clause shall be ‘not exceeding 16 months’ for the financial year ending March 31, 2016; ‘not exceeding 14 months’ for the financial year ending March 31, 2017; and ‘not exceeding 12 months’ for the financial year ending March 31, 2018 and thereafter;

(iii) A “doubtful asset” means a:

(a) a term loan, or

(b) a lease asset, or

(c) a hire purchase asset, or

(d) any other asset.

Which remains a sub-standard asset for a period ‘exceeding 18 months’ for the financial year ended March 31, 2015; ‘exceeding 16 months’ for the financial year ended March 31, 2016; ‘exceeding 14 months’ for the financial year ending March 31, 2017 and ‘exceeding 12 months’ for the financial year ending March 31, 2018 and thereafter.

(iv) A “loss asset” means loss asset shall mean:

(a) an asset which has been identified as loss asset by the applicable NBFC or its internal or external auditor or by the Bank during the inspection of the applicable NBFC, to the extent it is not written off by the applicable NBFC; and

(b) an asset which is adversely affected by a potential threat of non-recoverability due to either erosion in the value of security or non-availability of security or due to any fraudulent act or omission on the part of the borrower.

Prudential Norms:

Capital Adequacy: All NBFC-MFIs shall maintain capital adequacy ratio consisting of Tier I and Tier II capital which shall not be less than 15% of its aggregated risk weighted assets. The total of Tier II Capital at any point of time, shall not exceed 100% of Tier I capital.

Provisioning Norms:

The following provisioning norms have to be maintained by NBFC-MFIs:

For non-performing assets meeting “Qualifying Assets” criteria,

(i) provisioning norms for the non-AP portfolio shall be as below:

The aggregate loan provision to be maintained by NBFC-MFIs at any point of time shall not be less than the higher of a) 1% of the outstanding loan portfolio or b) 50% of the aggregate loan instalments which are overdue for more than 90 days and less than 180 days and 100% of the aggregate loan instalments which are overdue for 180 days or more.

Transparency in Interest Rates and pricing of credit

To ensure fair practice in lending, NBFC-MFIs are permitted to have only three components in the pricing of loans viz., the interest charge, the processing charge and the insurance premium (which includes the administrative charges in respect thereof). They are not permitted to charge penalty on delayed payments or to collect any security deposit/ margin from their borrowers. In addition, NBFC-MFIs are subject to pricing stipulations in relation to the ceiling on margins, interest rates, processing fee, administrative charges, penalties and insurance premium. NBFC-MFIs are required to have a standard loan agreement, and provide borrowers with a loan card reflecting details of the loan, including effective rate of interest, other terms and conditions attached to the loan, information which adequately identifies the borrower, acknowledgements by the NBFC-MFI of all repayments including instalments received and final discharge and all loan card shall be in vernacular language. Further, the effective rate of interest charged by the

NBFC-MFIs are required to be prominently displayed in all offices and websites of, and all literature issued by the NBFC-MFIs.

Ensuring compliance with conditionalities

Every NBFC-MFI has to be a member of all credit information companies– presently four in number established under the Credit Information (Companies Regulation) Act, 2005, provide timely and accurate data to the CICs and use the data available with them to ensure compliance with the conditions regarding membership of SHG/ JLG, level of indebtedness and sources of borrowing. All NBFC-MFIs are required to become member of at least one self-regulatory organization ("**SRO**") which is recognized by the RBI and will also have to comply with the Code of Conduct prescribed by the SRO. The responsibility for compliance to all regulations prescribed for MFIs lies primarily with the NBFC-MFIs themselves. The industry associations/ SROs also play a key role in ensuring compliance with the regulatory framework. In addition, banks lending to NBFC-MFIs also ensure that systems, practices and lending policies in NBFC-MFIs are aligned to the regulatory framework.

Regulation of excessive interest charged by NBFCs

The board of each NBFC-ND-SI shall adopt an interest rate model taking into account relevant factors such as cost of funds, margin and risk premium and determine the rate of interest to be charged for loans and advances. The rate of interest and the approach for gradations of risk and rationale for charging different rate of interest to different categories of borrowers shall be disclosed to the borrower or customer in the application form and communicated explicitly in the sanction letter. The rates of interest and the approach for gradation of risks shall also be made available on the website of the companies or published in the relevant newspapers. The information published in the website or otherwise published shall be updated whenever there is a change in the rates of interest. The rate of interest must be annualized rate so that the borrower is aware of the exact rates that would be charged to the account. The interest rates charged by an NBFC-MFI to its borrowers will be the lower of the following: a) The cost of funds plus margin as indicated the said regulations; or b) The average base rate of the five largest commercial banks by assets multiplied by 2.75. The average of the base rates of the five largest commercial banks shall be advised by the RBI on the last working day of the previous quarter, which shall determine interest rates for the ensuing quarter. The maximum variance permitted for individual loans between the minimum and maximum interest rate cannot exceed 4 per cent. NBFC-MFIs shall ensure that the average interest rate on loans sanctioned during a quarter does not exceed the average borrowing cost during the preceding quarter plus the margin, within the prescribed cap. The average interest paid on borrowings and charged by the NBFC-MFI shall be calculated on average monthly balances of outstanding borrowings and loan portfolio, respectively. Processing charges shall not be more than 1% of gross loan amount. Processing charges need not be included in the margin cap or the interest cap. NBFC-MFIs shall recover only the actual cost of insurance for group, or livestock, life, health for borrower and spouse. Administrative charges, where recovered, shall be as per applicable IRDA guidelines.

Guidelines on private placement of NCDs (maturity of more than 1 year) by NBFCs

NBFCs shall put in place a board approved policy for resource planning which, inter-alia, shall cover the planning horizon and the periodicity of private placement. The NCD guidelines are applicable to issuance of non-convertible debentures with a maturity period of more than one year, and prescribe, among other things, the issuance of private placement of NCDs in two separate categories, those with a maximum subscription of less than ₹ 10 million and those with a minimum subscription of ₹ 10 million and above per investor. There shall be a limit of 200 subscribers in respect of issuances with a maximum subscription of less than ₹ 10 million, and the subscription shall be secured. The minimum subscription per investor shall be ₹ 20,000, There shall be no limit on the number of subscribers in respect of issuances with a minimum subscription of ₹ 10 million and above, and the option to create security in favour of subscribers will be with the issuers. For NCDs of maturity up to one year, guidelines on Issuance of Non-Convertible Debentures (Reserve Bank) Directions, 2010, dated June 23, 2010, by Internal Debt Management Department, RBI shall be applicable. An NBFC shall not extend loans against the security of its own debentures (issued either by way of private placement or public issue).

Fair Practices Code

All NBFCs covered under the Master Directions having customer interface are required to adopt a fair practices code. The Master Directions stipulate the form and manner of applications to be made for procuring loans; terms and conditions of the loans; manner of disbursement of loans; and prescribes general conditions on the manner of recovery of loans. The board of directors of the company is required to lay down a grievance redressal mechanism and all NBFCs are required to display the contact details of the grievance redressal officer on their website and at their branches. NBFC-MFIs are required to make necessary organizational arrangements to assign responsibility to designated individuals within the company and establish systems of internal control including audit and periodic inspection, to ensure compliance with the fair practices code. Further, as a measure of customer protection and in order to bring in uniformity with regard to prepayment of various loans by borrowers of banks and NBFCs, all NBFCs shall not to charge foreclosure charges/ pre-payment penalties on all floating rate term loans sanctioned to *individual* *borrowers. All NBFCs are required to* adopt an interest model taking into account relevant factors such as cost of funds, margin and risk premium. The rate of interest and reasons for charging differential interest is required to be disclosed to the borrower.

For recovery of loans, NBFCs should not resort to undue harassment. NBFCs shall also ensure that the staff is adequately trained to deal with the customers in an appropriate manner.

Master Direction (Know Your Customer) (KYC) Direction, 2016

The RBI had issued the Master Directions Know Your Customer Directions dated February 25, 2016 (amended as on date) to follow certain customer identification procedure while undertaking a transaction. These directions are applicable to every entity regulated by RBI specifically, scheduled commercial banks, regional rural banks, local area banks, primary (urban) co-operative banks, all India financial institutions, NBFCs,miscellaneous non-banking companies and residuary non-banking companies, amongst others. Every entity regulated thereunder shall duly adopt a KYC policy which has four elements, namely, customer acceptance policy; risk management policy; customer identification procedures; and monitoring of transactions. The NBFCs shall ensure compliance with the KYC policy through specification of who constitutes 'senior management'; allocation of responsibility for effective implementation of policies and procedures; independent evaluation of policies in place; an internal audit system; and submission of quarterly audit and compliance to the audit committee.

Master Direction – Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016 ("Monitoring of Frauds - Master Directions")

The RBI had issued the Monitoring of Frauds - Master Directions dated September 29, 2016 (amended as on date) is applicable to all deposit taking NBFCs and NBFC-ND-SIs. All NBFCs covered under the Monitoring of Frauds – Master Directions shall put in place a reporting system for recording of frauds. All frauds are required to be reported to the Frauds Monitoring Cell or Regional Offices of the department of Non-Banking Supervision. All frauds reported in the company shall be disclosed in their balance sheets. Fraud reports are required to be submitted to the Central Fraud Monitoring Cell of the RBI in case amount of fraud ₹ 1000 million and above. In cases where the amount of fraud is less than ₹ 1000 million, reports shall be sent to the regional office of the Department of Non-Banking Supervision of the RBI. All NBFCs covered under the Monitoring of Frauds – Master Directions shall submit a copy of quarterly reports on frauds outstanding to the regional office of the RBI within 15 days of each quarter.

Master Direction – Non – Banking Financial Company Returns (Reserve Bank) Directions, 2016, dated September 29, 2016

The direction lists down detailed instructions in relation to submission of returns, including their periodicity, reporting time, due date, purpose and the requirement of filing such returns by various categories of NBFCs, including an NBFC-ND-SI.

Guidelines for Relief Measures by NBFCs in areas affected by Natural Calamities, 2016, dated July 28, 2016, issued by the RBI

The RBI extended the applicability of the guidelines issued to banks, in regard to matters relating to relief measures to be provided in areas affected by natural calamities, vide FIDD.No.FSD.BC.52/ 05.10.001/ 2014-15 dated March 25, 2015, FIDD No.FSD.BC.12/ 05.10.001/ 2015-16 dated August 21, 2015 and FIDD.No.FSD.BC.27/ 05.10.001/ 2015-16 dated June 30, 2016, to NBFCs.

Directions on Managing Risks and Code of Conduct in Outsourcing of Financial Services by NBFCs, 2017, dated November 9, 2017, issued by the RBI

These directions specify the activities that cannot be outsourced and provide the basis for deciding materiality of outsourcing. It mandates the supervisory requirements and risk management practices to be complied with by every NBFC before outsourcing its activities.

III. Other Regulations

In addition to the above, our Company is required to comply with the provisions of the Companies Act, FEMA, labour laws, various tax related legislations and other applicable statutes for its day-to-day operations.

HISTORY AND CERTAIN CORPORATE MATTERS

Brief history of our Company

Our Company was incorporated as Sanni Collection Private Limited ("**SCPL**") on June 12, 1991 at Calcutta, West Bengal, India as a private limited company under the Companies Act, 1956. In February 2007, the entire shareholding of SCPL was acquired by Vinatha M. Reddy, Vijitha Subbaiah and Suresh K. Krishna, in their respective individual capacity. At the time of the acquisition, SCPL also held a certificate of registration as a non-deposit taking NBFC dated March 30, 1998. Subsequently, in October 2007, the microfinance business being operated under T. Muniswamappa Trust ("**TMT**"), a public charitable trust engaged in the business of providing micro loans in Karnataka (including all associated assets, liabilities, goodwill, receivables, loan assets, intellectual property, including the brand name "**Grameen Koota**") was transferred to SCPL. The microfinance business being operated under TMT was established as a programme under the name "Grameen Koota" in 1999. Subsequent to the acquisition of SCPL and the transfer of the microfinance business of TMT to SCPL, SCPL was rebranded under the "Grameen" name, and pursuant to a resolution of the shareholders of SCPL, its name was changed from SCPL to Grameen Financial Services Private Limited ("**GFSPL**"). A fresh certificate of incorporation consequent upon change of name was issued to our Company by the Registrar of Companies, West Bengal on March 14, 2008, post which the Reserve Bank of India ("**RBI**") granted a certificate of registration dated July 28, 2009 reflecting the change of name. Subsequently, the RBI granted a fresh certificate of registration dated February 6, 2012, for registration as an NBFC under Section 45 IA of the Reserve Bank of India Act, 1934.

Our Company was granted NBFC-Microfinance Institution ("**NBFC-MFI**") status by the RBI with effect from September 5, 2013. Subsequently, pursuant to a resolution passed by our Shareholders, the name of our Company was changed to Grameen Koota Financial Services Private Limited, and a fresh certificate of incorporation consequent upon change of name was issued by the RoC on November 13, 2014. Further, a fresh certificate of registration consequent upon change of name was issued to our Company by the RBI on December 16, 2014. Subsequently, our Company was converted into a public limited company pursuant to a special resolution passed by our Shareholders at the EGM held on November 27, 2017 and the name of our Company was changed to Grameen Koota Financial Services Limited. A fresh certificate of incorporation consequent upon conversion to a public limited company was issued by the RoC on December 18, 2017. Subsequently, pursuant to a resolution passed by the shareholders of our Company at the EGM held on January 2, 2018, the name of our Company was changed to CreditAccess Grameen Limited, and a fresh certificate of incorporation consequent upon change of name was issued by the RoC on January 12, 2018. Our Company also received a no objection certificate for change of name issued by the RBI dated December 28, 2017. Subsequently, the RBI granted a fresh certificate of registration dated January 19, 2018, bearing registration number B – 02.00252 for registration as an NBFC under Section 45 IA of the Reserve Bank of India Act, 1934 under the name "CreditAccess Grameen Limited".

Certain documents, including form filings, share transfer deeds, corresponding resolutions maintained by our Company from incorporation up to Fiscal 2007 are untraceable. Therefore, we are unable to conclusively ascertain inter alia all amendments to the Memorandum of Association of our Company up to Fiscal 2007. Further, we do not have any supporting documents to ascertain whether our Company had at any point of time prior to Fiscal 2007 entered into any arrangement or scheme of amalgamation, acquired any business or undertaking, undertaken revaluation of its assets, carried out a public offering of debt securities, experienced strikes, lock-outs or time/ cost overruns, defaulted on or rescheduled its borrowings from financial institutions or banks or changed its name or registered office, except as disclosed in this Prospectus. For details, see "*Capital Structure" and "Risk Factors"* on pages 70 and 15, respectively.

For details regarding the description of our activities, services, market, growth, technology, managerial competence and standing with reference to prominent competitors, see "*Our Management*", "*Our Business*" and "*Industry Overview*" on pages 159, 125 and 95, respectively.

Changes in Registered Office

The details of changes in the registered office of our Company since 2007 are given below:

Date of change of registered Office	Details of the address of registered office
April 29, 2010	From 12/ 2 Sova Ram Bysack Street, Kolkata – 700 007, West Bengal to Avalahalli, Anjanapura Post, J.P. Nagar, 9th Phase, Bangalore – 560 062, Karnataka
February 4, 2016	From Avalahalli, Anjanapura Post, J.P. Nagar, 9th Phase, Bangalore – 560 062, Karnataka to New No. 49, (Old No. 725), 46th Cross, 8th Block, Jayanagar, Next to Rajalakshmi Kalyan Mantap, Bangalore – 560 071, Karnataka

The change in the address of the Registered Office was for administrative reasons.

Main Objects of our Company

The main objects contained in the MoA of our Company are as follows:

1. *To provide credit/ finance to groups and/ or individuals, deliver credits, thrift and savings and other financial services including housing loans (construction, purchase, extension and renovation), distribution of micro insurance, pension plans fund transfer facilities and allied services in cities, towns, villages of India with a view to provide them sustainable livelihood and enhancement of their and their family living conditions based on their needs, skills and traditional livelihood occupations and carry on the business of Micro Finance services, (mainly non-banking financial services as permitted by the Reserve Bank of India).*

2. *To carry on the business of financing development activities through long term loans and other means of financing upon such terms and conditions as the company may think fit for the purposes of (i) agricultural development including land acquisition and development, irrigation, watershed development, crop cultivation, plantation, horticulture, forestry, animal husbandry and allied activities, such as dairy, poultry, fishery, aqua culture and floriculture (ii) industrial development including, agro-processing, mining and quarrying utilities – including water, power and renewable sources of energy – manufacturing, including handicrafts, construction, trade and distribution, transport, and services of all kinds (iii) market linkage development including, provision of inputs for and marketing of output of agricultural and industrial development including, provision of inputs for and marketing of output of agricultural and industrial development activities including facilities for storage, trading and transport for such inputs and outputs (iv) habitat development including, purchase, construction upgradation, extension and modification of buildings and infrastructure for residential, agricultural, commercial or industrial purposes but exclusively targeted to the poor in generation and enhancement of livelihoods in India.*

3. *To provide livelihood promotion and other allied services (including consulting) with a view to provide them sustainable livelihood and enhancement of their and their family living conditions based on their needs, skills and traditional livelihood occupations.*

The main objects as contained in the MoA enable our Company to carry on the business presently being carried out and the activities proposed to be undertaken pursuant to the objects of the Offer. For further details, see "*Objects of the Offer*" on page 87

Amendments to the MoA

Set out below are the amendments to our MoA:

Date of Shareholders' Resolution	Particulars
1991 to 2007*	Clause V of the MoA was amended to reflect the increase in the authorised share capital of the Company from ₹ 100,000 divided into 10,000 Equity Shares of ₹ 10 each to ₹ 7,000,000 divided into 700,000 Equity Shares of ₹ 10 each.
February 3, 2007	Clause V of the MoA was amended to reflect the increase in the authorized share capital of the Company from ₹ 7,000,000 divided into 700,000 Equity Shares of ₹ 10 each to ₹ 20,000,000 divided into 2,000,000 Equity Shares of ₹ 10 each.
February 25, 2008	Clause I of the MoA was amended to reflect the change in name of the Company from Sanni Collection Private Limited to Grameen Financial Services Private Limited
March 27, 2008	Clause V of the MoA was amended to reflect the increase in the authorized share capital of the Company from ₹ 20,000,000 divided into 2,000,000 Equity Shares of ₹ 10 each to ₹ 180,000,000 divided into 18,000,000 Equity Shares of ₹ 10 each.
August 30, 2008	Clause II of the MoA was amended to reflect the change in the place of the registered office of the Company from West Bengal to the State of Karnataka
November 17, 2008	Clause V of the MoA was amended to reflect the increase in the authorized share capital of the Company from ₹ 180,000,000 divided into 18,000,000 Equity Shares of ₹ 10 each to ₹ 210,000,000 divided into 21,000,000 Equity Shares of ₹ 10 each.
March 20, 2009	Clause V of the MoA was amended to reflect the subdivision of the authorized share capital of ₹ 210,000,000 into ₹ 180,000,000 divided into 18,000,000 Equity Shares of ₹ 10 each and ₹ 30,000,000 divided into 3,000,000 Preference Shares of ₹ 10 each.
October 24, 2009	Clause V of the MoA was amended to reflect the increase in the authorized share capital of the Company from ₹ 210,000,000 divided into ₹ 180,000,000 divided into 18,000,000 Equity Shares of ₹ 10 each and ₹ 30,000,000 divided into 3,000,000 Preference Shares of ₹ 10 each to ₹ 300,000,000 divided into ₹ 270,000,000 divided into 27,000,000 Equity Shares of ₹ 10 each and ₹ 30,000,000 divided into 3,000,000 Preference Shares of ₹ 10 each.
August 16, 2011	Clause III of the MoA was amended to reflect a change in the incidental and ancillary objects of the MOA to include the object, "To offer surplus moneys of the Company in such investments as may be thought proper and fit and hold or otherwise deal with such investments"
January 25, 2012	Clause V of the MoA was amended to reflect the reclassification of authorized share capital of the Company of ₹ 300,000,000 divided into ₹ 270,000,000 divided into 27,000,000 Equity Shares of ₹ 10 each and ₹ 30,000,000 divided into 3,000,000 Preference Shares of ₹ 10 each to ₹ 300,000,000 divided into 30,000,000 Equity Shares of ₹ 10 each.

Date of Shareholders' Resolution	Particulars
January 30, 2012	Clause V of the MoA was amended to reflect the increase in the authorized share capital of the Company from ₹ 300,000,000 divided into 30,000,000 Equity Shares of ₹ 10 each to ₹ 350,000,000 divided into 35,000,000 Equity Shares of ₹ 10 each.
February 15, 2013	Clause V of the MoA was amended to reflect the increase in the authorized share capital of the Company from ₹ 35,00,00,000 divided into 3,50,00,000 Equity Shares of ₹ 10 to ₹ 43,00,00,000 divided into 4,30,00,000 Equity Shares of ₹ 10 each.
March 24, 2014	Clause V of the MoA was amended to reflect the increase in the authorized share capital of the Company from ₹ 430,000,000 divided into 43,000,000 Equity Shares of ₹ 10 each to ₹ 530,000,000 divided into 53,000,000 Equity Shares of ₹ 10 each.
October 14, 2014	Clause I of the MoA was amended to reflect the change in the name of the Company from Grameen Financial Services Private Limited to Grameen Koota Financial Services Private Limited
March 6, 2015	Clause V of the MoA was amended to reflect the increase in the authorized share capital of the Company from ₹ 530,000,000 divided into 53,000,000 Equity Shares of ₹ 10 each to ₹ 730,000,000 divided into 73,000,000 Equity Shares of ₹ 10 each.
March 23, 2016	Clause V of the MoA was amended to reflect the increase in the authorized share capital of the Company from ₹ 730,000,000 divided into 73,000,000 Equity Shares of ₹ 10 each to ₹ 910,000,000 divided into 91,000,000 Equity Shares of ₹ 10 each.
October 30, 2017	Clause V of the MoA was amended to reflect the increase in the author used share capital of the Company from ₹ 910,000,000 divided into 91,000,000 Equity Shares of ₹ 10 each to ₹ 1,200,000,000 divided into 120,000,000 Equity Shares of ₹ 10 each.
November 27, 2017	Clause I of the MoA was amended to reflect the change in name of the Company from Grameen Koota Financial Services Private Limited to Grameen Koota Financial Services Limited
December 4, 2017	Clause V of the MoA was amended to reflect the increase in the authorised share capital of the Company from ₹ 1,200,000,000 divided into 120,000,000 Equity Shares of ₹ 10 into ₹ 1,600,000,000 divided into 160,000,000 Equity Shares of ₹ 10 each.
January 2, 2018	Clause I of the MoA was amended to reflect the change in name from Grameen Koota Financial Services Limited to CreditAccess Grameen Limited

* *Certain form filings and resolutions in relation to the increase in authorised share capital of the Company for the period 1991 to 2007 are not available and that we may be subject to regulatory actions and penalties for the same. For further details, see "Risk Factors - We did not have adequate controls for managing our historical secretarial records and compliances as a result of which there have been certain inaccuracies and non-compliances with respect to certain provisions of the Companies Act, applicable FEMA regulations, regulatory filings and corporate actions taken by our Company. Consequently, we may be subject to regulatory actions and penalties for any past or future non-compliance and our business, financial condition and reputation may be adversely affected" on page 20*

Note: *Our Company has issued compulsorily convertible cumulative preference shares in the past without the necessary authority under its MoA. For further details, see "Risk Factors - We have allotted preference shares in the past without obtaining the necessary corporate authorisations, or making the requisite corporate filings or amending our Memorandum of Association. We cannot assure you that such contraventions will not occur in the future" on page 28*

Major events and milestones of our Company

The table below sets forth the key events in the history of our Company:

Year	Particulars
1991	Our Company was incorporated as Sanni Collection Private Limited
1998	Our Company obtained NBFC registration
2007	Acquired the microfinance business under the brand name "Grameen Koota" from TMT
2008	• Launched Mifos software in all branches • Commenced operations in Maharashtra
2010	Raised ₹ 576 million through securitisation
2011	• Commenced integration with Credit Bureau for credit decisions • Commenced multi-product strategy
2013	Granted NBFC – MFI license with effect from September 5, 2013
2014	CAA acquired a majority stake in our Company
2015	• Commenced operations in Madhya Pradesh and Chhattisgarh • Established seven regional processing centres across our Company's operational geographies • Launched a core banking IT solution – T24
2016	Introduced business loans facilities as part of the Retail Finance division of our Company

Awards and Accreditations

We have received the following awards and accreditations:

Year	Awards and Accreditations
2015	• Our Company was awarded the Microfinance India Award – 2015 for Microfinance Organisation of the Year (large) by Access and HSBC

Year	Awards and Accreditations
	• Our Company was awarded the Smart Campaign Client Protection Certification by the Smart Campaign
2016	• Our Company was awarded the COCA – 1 (Very High Level of Adherence) awarded by Smera Ratings Limited
2017	• Our Company was awarded the Skoch Award – Resilient India Award 2017 for Sanitation Loan by the Skoch Group • Our Company was awarded the "Skoch Order of Merit" for Sanitation Loan by the Skoch Group • Our Company was awarded the "Skoch Order of Merit" for Micro-Credit by the Skoch Group • Our Company was awarded the ISC – FICCI Sanitation Award – Best Financial Accessibility for Sanitation by the FICCI • Our Company was assigned a MFI grading of "mfR1" by CRISIL Limited • Our Company was rated as "ICRA A" for ₹ 2,013.07 crores bank limits by ICRA Limited • Our Company was rated as "ICRA A" for ₹ 887 crore NCD Programme of our Company by ICRA Limited • Our Company was rated as "ICRA A1" for ₹ 220 million crore Subordinated Debt Programme of our Company by ICRA Limited • Our Company was rated as "ICRA A1" for ₹ 200 Commercial Programme of our Company by ICRA Limited
2018	• Our Company was rated as "ICRA A" for ₹ 2,013.27 crore credit limits by ICRA Limited • Our Company was rated as "ICRA A1+" for ₹ 200 crore Commercial Paper Programme of our Company by ICRA Limited • Our Company was rated as "ICRA A" for ₹ 887 crore NCD Programme of our Company by ICRA Limited • Our Company was rated as "ICRA A" for ₹ 22 crore Subordinated Debt Programme of our Company by ICRA Limited • ICRA Limited changed our outlook rating from "stable" to "positive"

Lock-outs and Strikes, injunctions or restraining orders

There have been no lock-outs or strikes at any time in our Company since 2007, and as on the date of this Prospectus, our Company is not operating under any injunction or restraining order.

Details regarding acquisition of business/ undertakings, mergers, amalgamation, revaluation of assets, if any

Except as disclosed below, since 2007, our Company has neither acquired any entity, business, undertaking, nor undertaken any merger, amalgamation or revaluation of assets.

Business Transfer Agreement dated October 2, 2007 entered into between T. Muniswamappa Trust and Sanni Collection Private Limited

Our Company, then known as Sanni Collection Private Limited and TMT entered into a business transfer agreement dated October 2, 2007 pursuant to which TMT agreed to sell, transfer and convey to our Company, and our Company agreed to purchase the microfinance business of TMT (including all associated assets, liabilities, goodwill, receivables, loans assets, intellectual property and the brand name "Grameen Koota") for a total consideration aggregating to ₹ 57,090,309, excluding certain liabilities on account of borrowings to be separately serviced by our Company.

Scheme of amalgamation of MV Microfin Private Limited with CreditAccess Grameen Limited

Our Company had filed a scheme of amalgamation under Sections 230-232 of the Companies Act, 2013 before the National Company Law Tribunal for the transfer and vesting of the entire business and undertaking of MV Microfin Private Limited with our Company ("**Scheme of Amalgamation**"). The rationale for the merger was for securing capital and enabling economical expansion. The application and other corporate actions in relation to the same were approved by our Board on February 8, 2017.

The Scheme of Amalgamation was approved by the National Company Law Tribunal (Bengaluru bench) through an order dated November 22, 2017 ("**Order**"). Pursuant to this, with effect from April 1, 2017, the entire undertaking of MV Microfin Private Limited and all debts, liabilities and obligations of whatever kind, excluding certain CCDs held by CAA, were transferred and vested in our Company. Pursuant to the approval of the Scheme of Amalgamation, (i) the existing staff, workmen and employees of MV Microfin Private Limited and the directors of MV Microfin Private Limited became the staff, workmen and employees, as the case may be, of our Company. In consideration of the amalgamation, our Company was required to issue and allot (i) 13 fully paid-up Equity Shares to the shareholders of MV Microfin Private Limited, for every 10 equity shares of ₹ 100 each of MV Microfin Private Limited held by them; and (ii) 852,188 fully paid-up Equity Shares to the debenture holders of MV Microfin Private Limited, for each compulsorily convertible debenture of ₹ 100,000,000 each held by them. For further details in relation to the allotment of Equity Shares to the members of MV Microfin Private Limited, see "*Capital Structure*" on page 70 of this Prospectus.

The Scheme of Amalgamation came into effect from December 4, 2017, being the date on which a certified copy of the Order was filed with the RoC, becoming operative from April 1, 2017.

Capital raising activities through equity and debt

Except as mentioned in "*Capital Structure*" on page 70, our Company has not raised any capital through equity issuances. For details on the outstanding debt facilities of our Company as on June 30, 2018, see "*Financial Indebtedness*" on page 274.

Defaults or rescheduling of borrowings with financial institutions/ banks and conversion of loans into equity

Since 2007, there have been no defaults or rescheduling of borrowings with financial institutions/ banks. None of our outstanding loans have been converted into Equity Shares.

Time and cost overruns

Since 2007, our Company has not implemented any projects and has, therefore, not experienced any time or cost overruns in relation thereto.

Changes in the activities of our Company during the last five years

Our Company has operated as an NBFC since the year 1998. Subsequently, our Company was granted NBFC-MFI status by the RBI with effect from September 5, 2013. Since Financial Year 2014, we have been classified as a systemically important non-deposit accepting NBFC.

Further, we discontinued our Maarg lending business in Fiscal 2013.

The following table sets forth certain aspects of the financials of our Company during the existence of the Maarg lending business:

	As per Original Financials				
Amount in Millions	**Fiscal 2009**	**Fiscal 2010**	**Fiscal 2011**	**Fiscal 2012**	**Fiscal 2013**
Portfolio (` Millions)	13.28	41.11	100.63	42.78	17.07
Gross Loan Portfolio (Maarg + GK)	1,813.05	3,301.97	2,505.05	3,812.62	5,238.99
Maarg Portfolio as % of Gross Loan Portfolio	0.73%	1.25%	4.02%	1.12%	0.33%

See "*Risk Factors – Any failure or material weakness of our internal control systems could cause significant operational errors, which would materially and adversely affect our profitability and reputation.*" on page 22.

Except as stated above, there have been no changes in the activities of our Company during the last five years which may have had a material effect on the profits and loss account of our Company, including discontinuance of lines of business, loss of agencies or markets and similar factors.

Accumulated Profits or Losses of subsidiaries not accounted for by us

Our Company does not have any subsidiaries as of the date of this Prospectus.

Our Shareholders

Our Company has 50 Shareholders as of the date of this Prospectus. For further details, regarding our Shareholders, see "*Capital Structure*" on page 70.

Strategic or Financial Partners

Our Company does not have any financial and strategic partners as of the date of this Prospectus.

Our Holding Company

Our Promoter, CAA is our holding company. For details in relation to the Promoter, see *"Our Promoter and Promoter Group"* on page 175.

Our Subsidiaries

As on the date of this Prospectus, our Company does not have any subsidiary.

Summary of Key Agreements and Shareholders' Agreements

1. ***Share Purchase Agreement dated March 28, 2014 entered into between certain persons listed in the schedule to the agreement ("Sellers"), CAA (then known as MicroVentures Asia BV) and our Company.***

   Our Company entered into a share purchase agreement dated March 28, 2014 with the Sellers and CAA pursuant to which CAA agreed to purchase an aggregate of 2,000,000 Equity Shares from the Sellers for an aggregate consideration of ₹ 123,500,000. For details of transfers made pursuant to this agreement, see "*Capital Structure – History of the Equity Share Capital held by our Promoter*" on page 73.

2. ***Share Purchase Agreement dated May 21, 2014 entered into between certain employees of the Company, GFSPL ESOP Trust, GK Development Trust (the "Sellers"), CAA (then known as MicroVentures Asia BV) and our Company.***

   Our Company entered into a share purchase agreement dated May 21, 2014 with certain employees of the Company, GFSPL ESOP Trust, GK Development Trust and CAA pursuant to which CAA agreed to purchase an aggregate of 415,115 Equity Shares from the Sellers for an aggregate consideration of ₹ 24,906,900. For details of transfers made pursuant to this agreement, see "*Capital Structure – History of the Equity Share Capital held by our Promoter*" on page 73.

Other Agreements

Our Company has not entered into any material contract other than in the ordinary course of business carried on or intended to be carried on by our Company in the two years preceding this Prospectus.

OUR MANAGEMENT

Board of Directors

In terms of our Articles of Association, our Company is required to have not more than 15 Directors and not less than three Directors.

As on the date of this Prospectus, our Board comprises of nine Directors.

The following table sets forth details regarding our Board of Directors:

Sr. No.	Name, designation, address, occupation, nationality, term and DIN	Age (years)	Other directorships
1.	**Udaya Kumar Hebbar** ***Designation:*** Managing Director and Chief Executive Officer ***Address:*** 1001/ C-2, South City Apartments, Arekere Mico Layout, Bannerghatta Road, Bangalore – 560 076, Karnataka, India ***Occupation:*** Service ***Nationality:*** Indian ***Term:*** From July 15, 2015 to June 25, 2020 ***DIN:*** 07235226	58	• Alpha Micro Finance Consultants Private Limited
2.	**Anal Kumar Jain** ***Designation:*** Independent Director ***Address:*** 12, 3A Cross, Domlur Second Stage, Bangalore – 560 071, Karnataka, India ***Occupation:*** Service ***Nationality:*** Indian ***Term:*** Period of five years with effect from November 4, 2015 ***DIN:*** 01239653	73	• Inflow Technologies Private Limited • Sonata Finance Private Limited • Swadhaar Finserve Private Limited • Sanghamithra Rural Financial Services Limited • Skillprofiler Analytics Private Limited
3.	**R. Prabha** ***Designation***: Independent Director ***Address***: 18/ 1065, Thinkal, Thirukannapuram, P.O. Aramada, Trivandrum – 695 032, Kerala, India ***Occupation***: Service ***Nationality***: Indian ***Term***: Period of five years with effect from November 4, 2015 ***DIN***: 01828812	69	• ESAF Small Finance Bank Limited
4.	**George Joseph**	69	• Wonderla Holidays Limited • Muthoot Finance Limited

Sr. No.	Name, designation, address, occupation, nationality, term and DIN	Age (years)	Other directorships
	Designation: Independent Director **Address**: Flat No. 4A-1, Kent Glass House (near Mobility Hub), Vytilla, Ernakulam – 682 019, Kerala, India **Occupation**: Service **Nationality**: Indian **Term**: Period of five years with effect from September 9, 2015 **DIN**: 00253754		• ESAF Small Finance Bank Limited
5.	**M.N. Gopinath** **Designation**: Chairman and Independent Director **Address**: 503, Heritage Building, Hiranandani Gardens, Powai, Mumbai – 400 079, Maharashtra, India **Occupation**: Service **Nationality**: Indian **Term**: Period of 5 years with effect from September 9, 2015 **DIN**: 00396196	69	• ICICI Prudential Pension Funds Management Company Limited • ICICI Prudential Trust Limited
6.	**Sucharita Mukherjee** **Designation:** Independent Director **Address:** No. 5, Flat No. A1, 1st Floor, Anugraha Apartments, 4th Seaward Road, Valmiki Nagar, Thiruvanmiyur, Chennai – 600 041, India **Occupation:** Service **Nationality**: Indian **Term:** Period of Five years with effect from September 11, 2017 **DIN:** 02569078	39	• Dvara Trusteeship Services Private Limited • Dvara Research Foundation • Kaleidofin Private Limited
7.	**Paolo Brichetti** **Designation**: Nominee Director* **Address**: 3011 DL Rotterdam, Halvemaanpassage 20, Netherlands **Occupation**: Service **Nationality**: Italian **Term**: Liable to retire by rotation **DIN**: 01908040	54	• CreditAccess Asia N.V. • PT Konsultasi Mikro Ventura • PT Bina Artha Ventura • CreditAccess Philippines Financing Company Inc. • Holfinbi Limited • CAA Vietnam Trading Company Limited
8.	**Massimo Vita**	45	• PT Bina Artha Ventura • PT Konsultasi Mikro Ventura

Sr. No.	Name, designation, address, occupation, nationality, term and DIN	Age (years)	Other directorships
	Designation: Nominee Director* **Address**: Apartment 3A, Polo Residence, 20 Soi Polo, Wireless Road, Lumpini, Patumwan, Bangkok 10330, Thailand **Occupation**: Service **Nationality**: Italian **Term**: Liable to retire by rotation **DIN**: 07863194		• CAA – BOS Limited • CAA Vietnam Trading Company Limited • CreditAccess Philippines Financing Company Inc. • Microfinanza Rating S.r.L
9.	**Sumit Kumar** ***Designation:*** Nominee Director* ***Address:*** B-1/ 1501, World Spa, Sector – 30, Gurgaon – 122 001, Haryana, India ***Occupation:*** Service ***Nationality:*** Indian ***Term:*** Liable to retire by rotation ***DIN:*** 07415525	43	• Olympus Capital Holdings Asia India Advisors Private Limited

** Nominee of CAA*

Relationship between our Directors

None of our Directors are related to each other.

Brief Biographies of Directors

Udaya Kumar Hebbar is the MD & CEO of our Company. He holds a bachelor's degree in commerce from the University of Mysore and a master's degree in commerce from Karnatak University, Dharwad. He is a certificated associate from the Indian Institute of Bankers and holds a diploma from Vanderbilt University. He has served as the head, commercial and banking operations at Barclays Bank PLC, Mumbai for three years. He also served at Corporation Bank for a period of over ten years. He was also associated with ICICI Bank for over eleven years.

Anal Kumar Jain is an Independent Director of our Company. He holds a bachelor's degree of technology in electrical engineering from the Indian Institute of Technology, Kharagpur. He was associated with IBM World Trade Corporation till May 31, 1978 and was appointed as Assistant Manager at Shaw Wallace and Company Limited from 1978 to 1979. He also served at Ambalal Sarabhai Enterprises Private Limited as Regional Manager for a period of four years, as Vice President Marketing at Wipro Information Technology Limited for a period of three years and as Vice President, Marketing at TATA Information Systems Limited for a period of three years. In 1995 he was appointed as Country General Manager at Sun Micro Systems Intercontinental Operations. He has also been associated with Link Software Services Private Limited, Birla-Horizons International, Birlasoft Limited and Network Appliance Systems (India) Private Limited. He also serves as a director on the boards of Sonata Finance Private Limited, Swadhaar Finserve Private Limited, Sanghamithra Rural Financial Services Private Limited, Inflow Technologies Private Limited and Skillprofiler Analytics Private Limited.

R. Prabha is an Independent Director of our Company. He holds a master's degree in science (Agriculture) from the Faculty of Agriculture, University of Kerala. He has served in Canara Bank for a period of over 35 years and retired from Canara Bank as General Manager. He also serves on the board of ESAF Small Finance Bank Limited.

George Joseph is an Independent Director of our Company. He holds a bachelor's degree in commerce from the University of Kerala. He is a certificated associate of the Indian Institute of Bankers. He has also completed a banking diploma from the Institute of Bankers, London and is an associate of the same. He was associated with Canara Bank for a period of over 36 years and was elevated from the post of General Manager, Canara Bank to Executive Director, Syndicate Bank in 2006. He was associated with Syndicate Bank for a period of 3 years and retired as Chairman and Managing Director in 2009.He serves as a director on the boards of Wonderla Holidays Limited, Muthoot Finance Limited and ESAF Small Finance Bank Limited.

M.N. Gopinath is the Chairman and Independent Director of our Company. He holds a bachelor's degree in commerce and a master's degree in business administration from the University of Madras. He is a certificated associate of the Indian Institute of Bankers. He was appointed as a probationary officer at the Bank of India where he worked for a period of 25 years and resigned as assistant general manager. He also worked at ICICI Bank Limited for a period of 10 years, from where he retired as a senior general manager. In the past, he has served as a director on the boards of Punjab National Bank and Loyalty Solutions and Research Private Limited. He also served as director on the board of Bank of India for a period of six years. He also was appointed as an Academic Advisor to NIIT Institute of Finance, Banking and Insurance Training Limited, as a Member of the SEBI Council on Mutual Funds and as Chairman of the Academic Council of ICICI Bank Limited. He also serves on the board of ICICI Prudential Pension Funds Management Company Limited and ICICI Prudential Trust Limited.

Sucharita Mukherjee is an Independent Director of our Company. She holds a bachelor's degree in economics from Lady Shri Ram College for Women, University of Delhi and a post graduate diploma in management from the Indian Institute of Management, Ahmedabad. She was appointed as a management trainee at Deutsche Bank AG India and was transferred to Deutsche Bank Global Credit Derivatives, London as a junior structurer for a period of three years. She was appointed as Vice President at Morgan Stanley Global Capital Markets, London. She was also appointed as chief executive officer at IFMR Holdings Private Limited and IFMR Capital Finance Limited for a period of three years each. She also serves on the board of Dvara Trusteeship Services Private Limited, Dvara Research Foundation and Kaleidofin Private Limited.

Paolo Brichetti is a Nominee Director of our Promoter, CAA, in our Company. He is also the founder, chief executive officer and sole executive director of CAA since March, 2017. He was the chief executive officer of CTM Altromercato Soc. Coop for a period of nine years. He serves as a director on the boards of CAA, PT Konsultasi Mikro Ventura, PT Bina Artha Ventura, CreditAccess Philippines Financing Company Inc., Holfinbi Limited and CAA Vietnam Trading Company Limited.

Massimo Vita is a Nominee Director of our Promoter, CAA, in our Company. He holds a masters diploma of 2nd level in development, innovation and change from Bologna University in Bologna, Italy and a degree in economics and commerce from Verona University in Verona, Italy. He also has a DEUF Diplome Francais from the Universite de J. Moulin and was a visiting student for the ERASMUS Programme at University College of Dublin. He completed a three years apprenticeship as a professional auditor as certified by the Italian Ministero Della Giustizia in 2002. He was the Head of the Operation Support of CreditAccess Asia N.V. for a period of almost two years. He was TA Field Expert for the TA Facility of Regional MSME Investment Fund for Sub-Saharan Africa managed by Symbiotics SA for a period of four years. He was also the Partner and board member of Microfinanza S.r.L. for a period of seven and a half years. He was also associated with Arthur Andersen S.p.A. for a period of three years. He is currently the chief risk officer of CAA and serves as a Chair of the Steering Committee for the Risk Management Initiative in Microfinance. He is also a shareholder of Microfinanza Rating S.r.L. since June 2015.

Sumit Kumar is a Nominee Director of our Promoter, CAA, in our Company. He holds a bachelor's degree in textile technology from the Indian Institute of Technology, New Delhi and a post graduate diploma in management from the Indian Institute of Management, Ahmedabad. He is a managing director with Olympus Capital Holdings Asia India Advisors Private Limited and has been associated with Olympus Capital for over 10 years. He was previously associated with The Boston Consulting Group Pte. Ltd.

Confirmations

None of our Directors is or was a director of any listed company during the last five years preceding the date of the Draft Red Herring Prospectus, whose shares have been or were suspended from being traded on the BSE or the NSE, during the term of their directorship in such company.

None of our Directors is or was a director of any listed company which has been or was delisted from any stock exchange during the term of their directorship in such company.

No consideration in cash or shares or otherwise has been paid or agreed to be paid to any of our Directors or to the firms or companies in which they are interested by any person either to induce them to become or to help them qualify as a Director, or otherwise for services rendered by them or by the firm or company in which they are interested, in connection with the promotion or formation of our Company.

Terms of appointment of the Executive Director

Udaya Kumar Hebbar

The terms of appointment are as per the appointment agreement dated June 26, 2015.

Term	From July 15, 2015 to June 25, 2020, unless terminated by either party
Compensation and benefits	Annual remuneration is subject to board approval on a yearly basis. He was paid a gross salary of ₹ 10.13 million for the Financial Year 2017. Pursuant to a resolution dated May 17, 2017 passed by our Board, it was decided to award him with annual increment of 12% of the current cost-to-company

	The appointment agreement also contemplates a severance package, pursuant to which our Company shall pay within 30 days following the termination of the appointment agreement, other than in the event of termination by our Company upon cause or termination at the instance of the Executive Director, an amount equal to nine months of the Executive Director's most recent salary and any other lawful amounts due to such Executive Director.
Non-compete and non-solicitation	He shall not at any time during the employment term, either by himself, or jointly with others, or through an agent or affiliates, company or otherwise, in any other manner, directly or indirectly, be concerned or engage in or invest in or undertake the business, otherwise than through the Company or compete with the Company in the restrictive geographies in any manner. In the event of a breach of the terms of this clause of the agreement, a monetary compensation will not be adequate and the Company may seek an injunction or any other appropriate remedies from a court of competent jurisdiction. He shall not attempt to hire either directly or indirectly any employee of the Company for a period of two years from the effective date of termination of the agreement
Confidentiality	He shall be in confidential relationship with the Company and has access to confidential information related to the Company's business, strategy and operations during the term of employment and two years thereafter. He shall not disclose such confidential information to third parties except, when mandated by law, such information becomes generally known to the public through no fault of or breach of the agreement by him

Payment or benefit to Directors of our Company

The sitting fees/ other remuneration paid to our Directors in Financial Year 2018 are as follows:

1. **Remuneration to Executive Director:**

Our Company has paid a gross salary of ₹ 36.15 million as remuneration to our Executive Director in Financial Year 2018.

2. **Remuneration to Non-Executive Directors:**

Our Company has, pursuant to a board resolution dated November 14, 2017, fixed ₹ 40,000 per day as the sitting fees payable to our non–executive Independent Directors for attending the meetings of our Board. However, except as disclosed below, our Company has not paid sitting fees to any of our other non-executive Directors. The travel expenses for attending meetings of the Board of Directors or a committee thereof, site visits and other Company related expenses are borne by our Company, from time to time.

Our Company has, pursuant to a board resolution dated November 14, 2017, fixed ₹ 75,000 per day as the sitting fees payable to our non-executive Nominee Directors for attending the meetings of our Board. The cost of travelling (within India) and cost of accommodation to attend Board/ Committee meetings will be borne by our Company. Further, the sitting fee payable to our non-executive Nominee Directors will be reimbursed to the account of the companies nominating them, and not to the individual director.

The details of total expense incurred by our Company towards sitting fees paid to the non-executive Directors during Financial Year 2018 is as follows:

S.No.	Name of the Director	Sitting fees paid (₹)
1.	Anal Kumar Jain	355,000
2.	R. Prabha	495,000
3.	George Joseph	440,000
4.	M.N. Gopinath	370,000
5.	Sucharita Mukherjee	280,000
6.	Paolo Brichetti	150,000
7.	Massimo Vita	150,000
8.	Suresh K. Krishna*	60,000
9.	Vinatha M. Reddy**	88,900

** Resigned from our Board with effect from May 19, 2017*
*** Resigned from our Board with effect from June 1, 2017*

In addition to the above, our Company has, pursuant to a board resolution dated November 14, 2017, fixed ₹ 50,000 per day as the sitting fees payable to chairman of the Board for attending the meetings of our Board and ₹ 40,000 per day as the sitting fees payable to chairman of the Audit Committee for attending Audit Committee meetings.

Arrangement or understanding with major Shareholders, customers, suppliers or others

Our Directors, Paolo Brichetti, Massimo Vita and Sumit Kumar have been nominated to our Board by CAA pursuant to our AoA. For further details, see "*Main Provisions of Articles of Association*" on page 344.

Except as disclosed above, there is no arrangement or understanding of our Directors or Key Management Personnel with the major Shareholders, customers, suppliers or others, pursuant to which any of our Directors was appointed on our Board.

Shareholding of Directors in our Company

The shareholding of our Directors in our Company as of the date of filing this Prospectus is set forth below:

Name of Director	Number of Equity Shares	Pre-Offer Shareholding (%)	Post-Offer Shareholding (%)
Udaya Kumar Hebbar	212,500	0.17	0.15
Paolo Brichetti (as nominee of CAA)	13	-*	*

** Negligible*

Our Articles of Association do not require our Directors to hold any qualification shares.

Shareholding of Directors in our Subsidiaries or Associate Company

As on the date of this Prospectus, our Company does not have any subsidiary or associate company.

Appointment of relatives of our Directors to any office or place of profit

None of the relatives of our Directors currently holds any office or place of profit in our Company.

Interest of Directors

All Directors may be deemed to be interested to the extent of fees payable to them for attending meetings of our Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them under our Articles of Association, and to the extent of remuneration paid to them for services rendered as an officer or employee of our Company.

Our Directors have no interest in any property acquired by our Company within two years prior to the date of the Draft Red Herring Prospectus and until the date of this Prospectus or presently intended to be acquired by our Company or in any transaction for acquisition of land, construction of building and supply of machinery.

Certain Directors may also be regarded as interested in the Equity Shares, if any, held by them or Equity Shares that may be subscribed by or allotted to them, their relatives or to the companies, firms and trusts, in which they are interested as directors, members, partners, trustees and promoters, pursuant to this Offer. Our Directors may also be deemed to be interested to the extent of employee stock options held by them or that may be granted to them from time to time under the ESOP Scheme.

All of our Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the Equity Shares held by them or the shareholder they represent.

None of our Directors have any interest in the promotion of our Company. However, our MD & CEO, Udaya Kumar Hebbar and our Chief Financial Officer, Diwakar B.R., may be regarded as interested in our Promoter to the extent of their shareholding in our Promoter.

No loans have been availed by our Directors from our Company.

None of the beneficiaries of loans, advances and sundry debtors are related to our Directors.

Except, Udaya Kumar Hebbar, the MD & CEO of our Company, none of our Directors are party to any bonus or profit sharing plan of our Company.

Our Nominee Directors may be deemed to be interested to the extent of the shareholding in our Company of the entities nominating them.

Business interest

Except as stated in this sub-section and "*Related Party Transactions*" on page 179, our Directors do not have any other interest in our business or our Company.

Except as disclosed under " – *Terms of appointment of the Executive Director*" on page 162, no officer of our Company, including our Directors and the Key Management Personnel has entered into a service contract with our Company pursuant to which they are entitled to any benefits upon termination of employment, except ESOPs, and statutory benefits payable upon termination of employment in our Company or upon retirement.

Changes in our Board in the last three years

Name	Date of Appointment/ Resignation/ Redesignation	Reason
M.N. Gopinath	September 9, 2015	Appointed as Additional Director
George Joseph	September 9, 2015	Appointed as Additional Director
Kennath Dan Vander Weele	May 11, 2016	Resigned as Nominee Director
Sumit Kumar	August 16, 2016	Appointed as Additional Director
Suresh K Krishna	May 19, 2017	Resigned as Director
Vinatha M Reddy	June 1, 2017	Resigned as Director and Chairperson
Sumit Kumar	June 28, 2017	Appointed as Nominee Director
Massimo Vita	July 25, 2017	Appointed as Additional Director
Sucharita Mukherjee	September 11, 2017	Appointed as Additional Director
M.N. Gopinath	January 13, 2018	Redesignated as Independent Director and Chairman
George Joseph	January 13, 2018	Redesignated as Independent Director
R. Prabha	January 13, 2018	Redesignated as Independent Director
Anal Kumar Jain	January 13, 2018	Redesignated as Independent Director
Sucharita Mukherjee	January 13, 2018	Redesignated as Independent Director
Paolo Brichetti	January 13, 2018	Redesignated as Nominee Director
Massimo Vita	January 13, 2018	Redesignated as Nominee Director
Sumit Kumar	January 13, 2018	Redesignated as Nominee Director

Borrowing Powers of Board

In accordance with the Articles of Association and pursuant to a resolution passed by the Shareholders of our Company on June 28, 2017, our Board is authorised to borrow such sum or sums of money or monies for the purposes of the business of our Company as may be required from time to time either in foreign currency and/ or in Indian rupees, on such terms and conditions and with or without security as our Board may think fit, which together with the monies already borrowed by our Company, may exceed the aggregate for the time being of the paid up capital of our Company and its free reserves, provided that the total amount of money/ monies so borrowed by our Board shall not at any time exceed the limit of ₹ 80,000 million.

Corporate Governance

In addition to the corporate governance provisions under the Companies Act, 2013, which are currently applicable to us, the corporate governance provisions of the SEBI Listing Regulations will also become applicable to us immediately upon the listing of the Equity Shares on the Stock Exchanges.

Currently, our Board has nine Directors, including one woman director. In compliance with the requirements of SEBI Listing Regulations, we have one Executive Director, five Independent Directors and three Nominee Directors on our Board.

We are in compliance with the requirements of the applicable regulations, including the SEBI Listing Regulations and the Companies Act, in respect of corporate governance including constitution of our Board and committees thereof.

Our Board functions either as a full board or through various committees constituted to oversee specific operational areas. The executive management provides our Board detailed reports on its performance periodically.

Committees of our Board

In addition to the committees of our Board detailed below, our Board may from time to time, constitute committees for various functions.

Audit Committee

The members of the Audit Committee are:

1. R. Prabha (Chairman);
2. George Joseph;
3. M.N. Gopinath;
4. Sucharita Mukherjee;
5. Paolo Brichetti; and
6. Massimo Vita.

The Audit Committee was constituted by a meeting of our Board held on May 28, 2007 and was last re-constituted by a meeting of our Board held on January 12, 2018. The scope and function of the Audit Committee is in accordance with Section 177 of the Companies Act, 2013 and SEBI Listing Regulations and its terms of reference include the following:

a) Overseeing the Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

b) Recommending to our Board, the appointment, re-appointment, and replacement, remuneration, and terms of appointment of the statutory auditor and the fixation of audit fee;

c) Reviewing and monitoring the auditor's independence and performance and the effectiveness of audit process;

d) Approving payments to the statutory auditors for any other services rendered by statutory auditors;

e) Reviewing with the management, the annual financial statements and auditor's report thereon before submission to our Board for approval, with particular reference to:

    (i) Matters required to be stated in the Director's responsibility statement to be included in our Board's report in terms of Section 134(3)(c) of the Companies Act, 2013;

    (ii) Changes, if any, in accounting policies and practices and reasons for the same;

    (iii) Major accounting entries involving estimates based on the exercise of judgment by management;

    (iv) Significant adjustments made in the financial statements arising out of audit findings;

    (v) Compliance with listing and other legal requirements relating to financial statements;

    (vi) Disclosure of any related party transactions; and

    (vii) Qualifications and modified opinions in the draft audit report.

f) Reviewing with the management, the quarterly, half-yearly and annual financial statements before submission to our Board for approval;

g) Scrutiny of inter-corporate loans and investments;

h) Valuation of undertakings or assets of the Company, wherever it is necessary;

i) Evaluation of internal financial controls and risk management systems;

j) Approval or any subsequent modification of transactions of the Company with related parties;

    Explanation: *The term "related party transactions" shall have the same meaning as provided in Clause 2 (zc) of the SEBI Listing Regulations and/ or the applicable Accounting Standards and/ or the Companies Act, 2013.*

k) Reviewing with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to our Board to take up steps in this matter;

l) Approving or subsequently modifying transactions of the Company with related parties;

m) Evaluating undertakings or assets of the Company, wherever necessary;

n) Establishing a vigil mechanism for directors and employees to report their genuine concerns or grievances;

o) Reviewing, with the management, the performance of statutory and internal auditors and adequacy of the internal control systems;

p) 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;

q) Discussion with internal auditors on any significant findings and follow up thereon;

r) 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 our Board;

s) 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;

t) Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

u) Approval of appointment of the chief financial officer (*i.e.*, the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;

v) Reviewing the functioning of the whistle blower mechanism, in case the same is existing;

w) Carrying out any other functions as provided under the Companies Act, the Listing Regulations and other applicable laws; and

x) To formulate, review and make recommendations to our Board to amend the Audit Committee charter from time to time

Stakeholders Relationship Committee

The members of the Stakeholders Relationship Committee are:

1. R. Prabha (Chairman);

2. George Joseph;

3. Udaya Kumar Hebbar; and

4. Sucharita Mukherjee.

The Stakeholders Relationship Committee was constituted by our Board of Directors under the name of Shareholders and Grievances Committee at their meeting held on May 3, 2014 and was last reconstituted and renamed to Stakeholders Relationship Committee by a meeting of our Board held on January 12, 2018. The terms of reference of the Stakeholders' Relationship Committee include the following:

a) Redressal of grievances of shareholders, debenture holders and other security holders, including complaints related to the transfer of shares, including non-receipt of share certificates and review of cases for refusal of transfer/ transmission of shares and debentures, non-receipt of balance sheet, non-receipt of declared dividends, non-receipt of annual reports, etc. and assisting with quarterly reporting of such complaints;

b) To oversee grievances/ complaints received from clients'

c) Allotment of shares and debentures, approval of transfer or transmission of shares, debentures or any other securities;

d) Dematerialisation of shares and re-materialisation of shares, issue of duplicate certificates and new certificates on split/ consolidation/ renewal;

e) Non- receipt of declared dividends, balance sheets of the Company, annual report or any other documents or information to be sent by the Company to its shareholders;

f) Overseeing the performance of the registrars and transfer agents of our Company and to recommend measures for overall improvement in the quality of investor services; and

g) Carrying out any other function as prescribed under the Listing Regulations, Companies Act, 2013 and the rules and regulations made thereunder, each as amended or other applicable law.

Nomination and Remuneration Committee

The members of the Nomination and Remuneration Committee are:

1. Anal Kumar Jain (Chairman);

2. R. Prabha;

3. M.N. Gopinath;

4. Sucharita Mukherjee; and

5. Paolo Brichetti.

The Nomination and Remuneration Committee was constituted by a meeting of our Board held on May 28, 2007 and was last re-constituted by a meeting of our Board held on January 12, 2018. The scope and function of the Nomination and Remuneration Committee is in accordance with Section 178 of the Companies Act, 2013 and the SEBI Listing Regulations. The terms of reference of the Nomination and Remuneration Committee include:

a) Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to our Board a policy, relating to the remuneration of the directors, key management personnel and other employees;

b) Formulation of criteria for evaluation of independent directors and our Board;

c) Devising a policy on Board diversity;

d) Identify persons who are qualified to become directors or who may be appointed in senior management in accordance with the criteria laid down, recommend to our Board their appointment and removal and shall carry out evaluation of every director's performance. The Company shall disclose the remuneration policy and the evaluation criteria in its annual report;

e) Analysing, monitoring and reviewing various human resource and compensation matters;

f) Determining the Company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment, and determining remuneration packages of such directors;

g) Determine compensation levels payable to the senior management personnel and other staff (as deemed necessary), which shall be market-related, usually consisting of a fixed and variable component;

h) Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;

i) Perform such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, including the following:

    (a) administering the ESOP Plan (the "**Plan**");

    (b) determining the eligibility of employees to participate under the Plan;

    (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 of the Plan; and

    (f) construing and interpreting the Plan and any agreements defining the rights and obligations of the Company and Eligible Employees under the Plan, and prescribing, amending and/ or rescinding rules and regulations relating to the administration of the Plan.

j) Framing suitable policies and systems to ensure that there is no violation of securities laws, by an employee of any applicable laws in India or overseas, including:

    (i) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and

    (ii) The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003;

k) Determine whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors; and

l) Perform such other activities as may be delegated by our Board and/ or are statutorily prescribed under any law to be attended to by such committee

Risk Management Committee

The members of the Risk Management Committee are:

1. George Joseph (Chairman);

2. Massimo Vita;

3. Paolo Brichetti

4. Udaya Kumar Hebbar; and

5. Sumit Kumar.

The Risk Management Committee was constituted by our Board of Directors at their meeting held on May 28, 2007 and was last reconstituted by a meeting of our Board held on July 25, 2017. The terms of reference, powers, quorum and other matters in relation to the Risk Management Committee were updated by a meeting of our Board held on January 12, 2018 to be in accordance with the SEBI Listing Regulations.

Corporate Social Responsibility Committee

The members of the Corporate Social Responsibility Committee are:

(a) M.N. Gopinath (Chairman);

(b) R. Prabha;

(c) Udaya Kumar Hebbar;

(d) Anal Kumar Jain; and

(e) Massimo Vita.

The Corporate Social Responsibility Committee was constituted by our Board at their meeting held on May 3, 2014 and was last reconstituted by a meeting of our Board held on July 25, 2017. The terms of reference, powers, quorum and other matters in relation to the Corporate Social Responsibility Committee of our Company were updated by a meeting of our Board held on January 12, 2018 to be in accordance with Section 135 of the Companies Act, 2013 and the applicable rules thereunder.

IPO Committee

The members of the IPO Committee are:

1. Paolo Brichetti (Chairman);

2. Sumit Kumar;

3. M.N. Gopinath; and

4. Udaya Kumar Hebbar.

The IPO Committee was constituted by our Board of Directors on October 4, 2017. The IPO Committee has been authorized to approve and decide upon all activities in connection with the Offer, including, but not limited to, to approve the Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus, to decide the terms and conditions of the Offer, including the Price Band and the Offer Price, to appoint various intermediaries, negotiating and executing Offer related agreements and to submit applications and documents to relevant statutory and other authorities from time to time.

a) To make applications where necessary, to the RBI and any other governmental or statutory authorities as may be required in connection with the Offer and accept on behalf of our Board such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions as may be required;

b) To finalize, settle, approve, adopt and file, in consultation with the BRLMs, where applicable, the DRHP, the RHP the Prospectus, the preliminary and final international wrap and any amendments, supplements, notices, addenda or corrigenda thereto, and take all such actions as may be necessary for the submission and filing of these documents including incorporating such alterations/ corrections/ modifications as may be required by SEBI, the RoC or any other relevant governmental and statutory authorities or in accordance with Applicable Laws;

c) To decide in consultation with the BRLMs on the size, timing, pricing and all the terms and conditions of the Offer, including the price band, bid period, Offer price, and to accept any amendments, modifications, variations or alterations thereto;

d) To appoint and enter into and terminate arrangements with the BRLMs, underwriters to the Offer, syndicate members to the Offer, brokers to the Offer, escrow collection bankers to the Offer, refund bankers to the Offer, registrars, legal advisors, auditors, and any other agencies or persons or intermediaries to the Offer and to negotiate, finalise and amend the terms of their appointment, including but not limited to the execution of the mandate letter with the BRLMs and negotiation, finalization, execution and, if required, amendment of the offer agreement with the BRLMs;

e) To negotiate, finalise and settle and to execute and deliver or arrange the delivery of the DRHP, the RHP, the Prospectus, offer agreement, syndicate agreement, underwriting agreement, share escrow agreement, cash escrow agreement and all other documents, deeds, agreements and instruments as may be required or desirable in relation to the Offer;

f) To approve suitable policies on insider trading, whistle-blowing, risk management, and any other policies as may be required under the Listing Regulations or any other Applicable Laws;

g) To approve any corporate governance requirements, code of conduct for our Board, officers and other employees of the Company that may be considered necessary by our Board or the IPO Committee or as may be required under the Listing Regulations or any other Applicable Laws;

h) To seek, if required, the consent of the lenders of the Company, parties with whom the Company has entered into various commercial and other agreements, all concerned government and regulatory authorities in India or outside India, and any other consents that may be required in relation to the Offer or any actions connected therewith;

i) To open and operate bank accounts in terms of the escrow agreement and to authorize one or more officers of the Company to execute all documents/ deeds as may be necessary in this regard;

j) To open and operate bank accounts of the Company in terms of Section 40(3) of the Companies Act, 2013, as amended, and to authorize one or more officers of the Company to execute all documents/ deeds as may be necessary in this regard;

k) To authorize and approve incurring of expenditure and payment of fees, commissions, brokerage, remuneration and reimbursement of expenses in connection with the Offer;

l) To issue receipts/ allotment letters/ confirmation of allotment notes either in physical or electronic mode representing the underlying Equity Shares in the capital of the Company with such features and attributes as may be required and to provide for the tradability and free transferability thereof as per market practices and regulations, including listing on one or more stock exchange(s), with power to authorize one or more officers of the Company to sign all or any of the aforestated documents;

m) To authorize and approve notices, advertisements in relation to the Offer in consultation with the relevant intermediaries appointed for the Offer;

n) To do all such acts, deeds, matters and things and execute all such other documents, etc., as may be deemed necessary or desirable for such purpose, including without limitation, to finalise the basis of allocation and to allot the shares to the successful allottees as permissible in law, issue of allotment letters/ confirmation of allotment notes, share certificates in accordance with the relevant rules;

o) To take all actions as may be necessary and authorized in connection with the Offer for Sale and to approve and take on record the transfer of Equity Shares in the Offer for Sale;

p) To do all such acts, deeds and things as may be required to dematerialise the Equity Shares and to sign and / or modify, as the case maybe, agreements and/ or such other documents as may be required with the National Securities Depository Limited, the Central Depository Services (India) Limited, registrar and transfer agents and such other agencies, authorities or bodies as may be required in this connection and to authorize one or more officers of the Company to execute all or any of the aforestated documents;

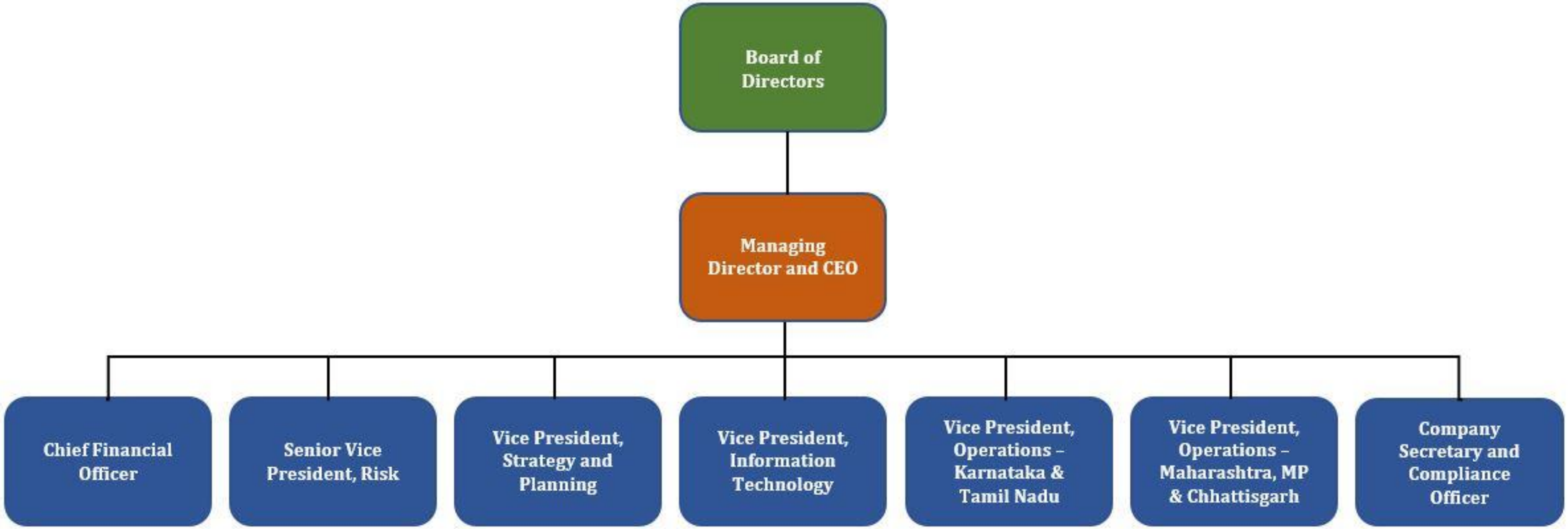
q) To make applications for listing of the Equity Shares in one or more stock exchange(s) for listing of the Equity Shares and to execute and to deliver or arrange the delivery of necessary documentation to the concerned stock exchange(s) in connection with obtaining such listing including without limitation, entering into listing agreements and affixing the common seal of the Company where necessary;

r) To settle all questions, difficulties or doubts that may arise in regard to the Offer, including such issues or allotment and matters incidental thereto as it may deem fit and to delegate such of its powers as may be deemed necessary and permissible under Applicable Laws to the officials of the Company; and

s) To negotiate, finalize, settle, execute and deliver any and all other documents or instruments and to do or cause to be done any and all acts or things as the IPO Committee may deem necessary, appropriate or advisable in order to carry out the purposes and intent of this resolution or in connection with the Offer and any documents or instruments so executed and delivered or acts and things done or caused to be done by the IPO Committee shall be conclusive evidence of the authority of the IPO Committee in so doing.

In addition to the above, our Board has also constituted the Asset Liability Management Committee, as per the requirements/ guidelines of the RBI, the Executive Borrowings and Investments Committee and the IT Strategy Committee for operational reasons.

Management Organisation Chart



Key Management Personnel

Apart from our MD & CEO, the following persons are the Key Management Personnel of our Company:

Brief profiles of our Key Management Personnel

Udaya Kumar Hebbar is the MD & CEO of our Company. He was appointed as a Key Management Personnel on April 1, 2014. For further details, in relation to Udaya Kumar Hebbar see "– *Brief Biographies of Directors*" and "– *Terms of Appointment of the Executive Director*" on pages 162 and 163.

Diwakar B.R. is the Chief Financial Officer of our Company. He holds a bachelor's degree and masters' degree in commerce from Osmania University. He has 20 years of experience in the financial services sector. Prior to joining our Company, he worked with Small Industries Development Bank of India, as Chief Manager at ICICI Bank Limited and as Commercial Supervisor at ACCION International. He was also associated with Life Insurance Corporation of India and IFMR Capital Finance Private Limited. Diwakar B.R. joined our Company on October 30, 2011. He was appointed as a Key Management Personnel on May 3, 2014. During Financial Year 2018, he was paid a gross compensation of ₹ 20.82 million.

Gururaj Kumar KS Rao is Senior Vice President, Risk. He holds a bachelor's degree in commerce from Bangalore University and is a certified internal auditor from the Institute of Internal Auditors. He has 14 years of experience in the area of auditing. Prior to joining our Company, he was associated with Yusuf Bin Ahmed Kanoo W.L.L and Mallya Hospital, Bangalore. Gururaj Kumar KS Rao joined our Company on July 1, 2009. He was appointed as a Key Management Personnel on July 1, 2013. During the Financial Year 2018, he was paid a gross compensation of ₹ 14.61 million.

Anshul Sharan is the Vice President, Strategy and Planning of our Company. He holds a bachelor's degree of technology in metallurgical engineering and materials science from the Indian Institute of Technology Bombay and a post graduate diploma in management from the Indian Institute of Management Indore. Prior to joining our Company, he was associated with Reliance Power Transmission Limited, Kanbay Software (India) Private Limited and INDXX Capital Management Services Private Limited. Anshul Sharan joined our Company on July 13, 2012. He was appointed as a Key Management Personnel on April 1, 2014. During the Financial Year 2018, he was paid a gross compensation of ₹ 7.8 million.

Arun Kumar B is the Vice President, Information Technology of our Company. He holds a bachelor's degree of technology in textile technology from Allagappa College of Technology, Guindy, Chennai and a post graduate diploma in management from the Indian Institute of Management, Indore. Prior to joining our Company, he was associated with Infosys Technologies Limited and Barclays Bank PLC. Arun Kumar B joined our Company on November 10, 2010. He was appointed as a Key Management Personnel on April 1, 2014. During the Financial Year 2018, he was paid a gross compensation of ₹ 8.2 million.

Gopal Reddy A R is Vice President, Operations (Maharashtra, Madhya Pradesh and Chhattisgarh) of our Company. He holds a bachelor's degree in commerce from Bangalore University. He has over 15 years of experience in microfinance operations. Gopal Reddy A R joined TMT on May 30, 1999. He was subsequently transferred to our Company on October 2, 2007 and was employed with our Company until December 31, 2011. He later rejoined our Company on April 10, 2012. He was appointed as a Key Management Personnel on April 1, 2014. During the Financial Year 2018, he was paid a gross compensation of ₹ 8.1 million.

Srivatsa HN is the Vice President, Operations (Karnataka and Tamil Nadu) of our Company. He holds a pre-university certificate issued by the Education Department, Government of Karnataka. Srivatsa HN joined TMT on December 13, 2002 and subsequently transferred to our Company on October 2, 2007. He was appointed as a Key Management Personnel on April 1, 2014. During the Financial Year 2018, he was paid a gross compensation of ₹ 9.6 million.

Syam Kumar Ravindran Nair is the Company Secretary and Compliance Officer of our Company. He holds a bachelor's degree in science from the University of Kerala, Faculty of Science and a bachelor's degree in law from the University of Kerala, Faculty of Law. He was admitted as an associate and was also certified as a fellow of the Institute of Company Secretaries of India. Prior to joining our Company, he was associated with Airtravel Enterprises India Limited, Keltron Counters Limited, Patspin India Limited, Asianet Satellite Communications Limited, JRG Securities Limited, ELGI Equipments Limited and Muthoot Capital Services Limited. As Syam Kumar Ravindran Nair was appointed as a Key Management Personnel on March 29, 2018, during the Financial Year 2018, he was paid a gross compensation of ₹ 826,223.

All the Key Management Personnel are permanent employees of our Company.

Shareholding of Key Management Personnel

Except as disclosed below, none of our Key Management Personnel hold any Equity Shares as of the date of this Prospectus:

Name	Number of Equity Shares	Pre-Offer Shareholding (%)	Post-Offer Shareholding (%)
Udaya Kumar Hebbar	212,500	0.17	0.15
Gopal Reddy A R	152,250	0.12	0.11
Diwakar B.R.	145,000	0.11	0.10

Name	Number of Equity Shares	Pre-Offer Shareholding (%)	Post-Offer Shareholding (%)
Srivatsa H N	81,140	0.06	0.06
Gururaj Kumar KS Rao	88,500	0.07	0.06
Arun Kumar B	44,750	0.03	0.03
Anshul Sharan	37,750	0.03	0.03
Total	**761,890**	**0.59**	**0.53**

Bonus or profit sharing plan of the Key Management Personnel

There is no profit sharing plan for the Key Management Personnel. Our Company makes certain performance linked bonus payment for each financial year to certain Key Management Personnel as per their respective terms of employment.

Interests of Key Management Personnel

Except as stated below, the Key Management Personnel do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business.

The Key Management Personnel may be regarded as interested in the Equity Shares held by them, and those that may be subscribed by or allotted to them under the ESOP Plan. For further details relating to Equity Shares allotted to Key Management Personnel under ESOP Plan, see "*Capital Structure*" on page 70. The Key Management Personnel may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of such Equity Shares, if any.

None of the Key Management Personnel have been paid any consideration of any nature from our Company, other than their remuneration. There is no contingent or deferred compensation payable to our Key Management Personnel which does not form part of their remuneration.

Further, there is no arrangement or understanding with the major shareholders, customers, suppliers or others, pursuant to which any Key Management Personnel was selected as member of senior management.

Except for Gururaj Kumar KS Rao, no loans have been availed by the Key Management Personnel from our Company.

None of the Key Management Personnel are related to each other.

Changes in the Key Management Personnel

The changes in the Key Management Personnel in the last three years are as follows:

Name	Designation	Date of change	Reason for change
Darshana Kothari	Company Secretary and Compliance Officer	March 29, 2018	Cessation
Syam Kumar Ravindran Nair	Company Secretary and Compliance Officer	March 29, 2018	Appointment

Payment or Benefit to officers of our Company

Except certain stock options granted to our employees, no non-salary amount or benefit has been paid or given to any of our Company's employees including the Key Management Personnel and our Directors within the two years preceding. No amount is intended to be paid or given to any of our Company's employees including the Key Management Personnel and our Directors.

ESOP Plan

For details in relation to the ESOP Plan, see "*Capital Structure*" on page 70.

OUR PROMOTER AND PROMOTER GROUP

CAA is the Promoter of our Company. Our Promoter holds 126,985,513 Equity Shares, equivalent to 98.88% of the pre-Offer issued, subscribed and paid-up equity share capital of our Company and will continue to hold a majority of the post-Offer paid-up Equity Share capital of our Company. For details on shareholding of our Promoter in our Company, see "*Capital Structure*" on page 70.

The details of our Promoter are provided below:

CreditAccess Asia N.V. ("CAA")

Corporate Information

CAA was incorporated as a private limited company on March 20, 2014 under the name Microventures Asia B.V. Thereafter, on October 8, 2014, the name of Microventures Asia B.V. was changed to CreditAccess Asia N.V. and the company was converted into a public limited company (i.e. B.V. to N.V.). The registered office of CAA is at Strawinskylaan 1043, Tower C – 10, 1077 XX Amsterdam, The Netherlands.

While CAA was incorporated in 2014, its investment initiatives prior to incorporation were undertaken through MVH S.r.L. (earlier known as MVH S.p.A., which was originally known as MicroVentures S.p.A), a company set up under the laws of Italy and MicroVentures Investments SA SICAR, a company set up under the laws of Luxembourg. However, upon its incorporation, the Equity Shares held in our Company by MVH S.r.L. (then known as MVH S.p.A) and MicroVentures Investments SA SICAR were acquired by CAA. For details in relation to the purchase of Equity Shares by CAA, see "*History and Certain Corporate Information – Summary of Key Agreements and Shareholders' Agreements*" on page 158. Further, pursuant to a deed of merger dated March 30, 2015, MicroVentures Investments SA SICAR was merged into CAA. MVH S.r.L. is presently a subsidiary of CAA.

CAA is primarily engaged in providing, through controlled companies, financial services to micro and small businesses and self-employed people in emerging countries. CAA also participates in, finances or conducts the management of other companies or enterprises. Presently, CAA has investments in micro-finance institutions in India, Vietnam, Indonesia and the Philippines.

Board of directors

The board of directors of CAA as on the date of this Prospectus are as under:

Name	Designation
Paolo Brichetti	CEO
Koen Johannes Maria Slobbe	Chairman
Federico Carini	Non-executive director
Elisabeth Catherina Maria Boerhof	Non-executive director
Joel Epstein	Non-executive director
Daniel Robert Mintz	Non-executive director
Francesco Giovanni Maria Moccagatta	Non-executive director
Giovanni Siccardo	Non-executive director

Changes in the management or control

There have been the following changes in the management of CAA in the three years preceding the date of this Prospectus:

Name	Date of appointment/ resignation	Reason
Daniel Robert Mintz	December 24, 2015	Appointment
Diederik Legger	March 21, 2017	Resignation
Marina Pittini	March 21, 2017	Resignation
Willem Ludde Nienhuis	March 21, 2017	Resignation
Everardus Mauritius Trudo Ludding	March 21, 2017	Resignation
Andrea Stoffella	March 21, 2017	Resignation
Federico Carini	March 24, 2017	Appointment
Joel Epstein	March 24, 2017	Appointment
Christine Engstrom	March 24, 2017	Appointment
Christine Engstrom	December 14, 2017	Resignation
Elisabeth Catherina Maria Boerhof	December 14, 2017	Appointment

There has been no change in control of CAA in the three years preceding the date of the Draft Red Herring Prospectus.

Shareholding pattern

As of the date of this Prospectus, the authorised capital of CAA is €100,000,000 divided into 100,000,000 equity shares of the face value of €1 each. As of the date of this Prospectus, the issued, subscribed and paid-up equity share capital of CAA is €41,942,188 divided into 41,942,188 equity shares of the face value of €1 each.

CAA has a widely held shareholding base comprising 191 shareholders and is professionally managed by a diversified board of directors on the board with no identifiable promoters.

Our Company confirms that the PAN, bank account number, the company registration number and address of the chamber of commerce where CAA is registered were submitted to the Stock Exchanges at the time of filing of the Draft Red Herring Prospectus.

Change in the management and control of our Company

Our Promoter is not the original promoter of our Company. CAA acquired the control of our Company pursuant to a series of allotments and transfers including the share purchase agreements dated March 28, 2014 and May 21, 2014. For details regarding the acquisition of our Company by our Promoter, see "*Capital Structure – History of the Equity Share capital held by our Promoter*" and "*History and Certain Corporate Matters – Summary of Key agreements and Shareholders' Arrangements*" on pages 73 and 158, respectively.

Interests of Promoter

Our Promoter is interested in our Company to the extent that it is currently the promoter of our Company and to the extent of its shareholding and the dividend payable, if any and other distributions in respect of the Equity Shares held by it. For details on shareholding of our Promoter in our Company, see "*Capital Structure*" on page 70.

Our Promoter has no interest, direct or indirect, in any property acquired by our Company within two years preceding the date of the Draft Herring Prospectus or proposed to be acquired by it. Our Promoter is not interested in any transaction for acquisition of land, construction of building and supply of machinery entered into by our Company. Further, our Promoter has not given any guarantees on behalf of our Company.

For details of related party transactions entered into by our Company with CAA, see "*Related Party Transactions*" on page 179.

Paolo Brichetti, Massimo Vita and Sumit Kumar, our Nominee Directors, have been nominated on our Board by CAA. Our Promoter is also interested to the extent of rights available to it under the Articles of Association of our Company. For details, see "*Main Provisions of Articles of Association*" on page 344.

Payment of benefits to our Promoter or Promoter Group

Except as stated in this Prospectus, there has been no payment of benefits to our Promoter during the two years preceding the filing of the Draft Red Herring Prospectus nor is there any intention to pay or give any benefit to our Promoter. There have been no payment of benefits to our Promoter Group during the two years preceding the filing of the Draft Red Herring Prospectus nor is there any intention to pay or give any benefit to our Promoter Group.

Litigation involving our Promoter

For details of legal and regulatory proceedings involving our Promoter, see "*Outstanding Litigation and Material Developments*" on page 276.

Confirmations

Our Promoter has not been declared as a Wilful Defaulter by the RBI or any other government authority and there are no violations of securities laws committed by our Promoter in the past and no proceedings for violation of securities laws are pending against it.

Our Promoter is not interested in our Company as a member of a firm or company, and no sum has been paid or agreed to be paid to our Promoter or to such firm or company in cash or otherwise by any person for services rendered by our Promoter or by such firm or company in connection with the promotion or formation of our Company.

Our Promoter and members of the 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 Promoter is not and has never been a promoter 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.

Our Promoter has not taken any unsecured loans which may be recalled by the lenders at any time.

Our Promoter is not related to any of the sundry debtors of our Company.

Companies or firms with which our Promoter has disassociated in the last three years

Except as disclosed below, our Promoter has not disassociated itself from any company or firms during the three years preceding the date of the Draft Red Herring Prospectus**:**

Name of the Promoter	Name of the entities	Reason for disassociation	Date of disassociation	Consideration
CAA	Equitas Holdings Limited	Sale of the investment	January 11, 2018	₹ 23,731,589.40*

* *This is the consideration for the last sale transaction of the equity shares of Equitas Holdings Limited undertaken by CAA. Pursuant to the last sale, 147,933 equity shares of Equitas Holdings Limited were sold on the NSE at a price of ₹160.42 per equity share*

Promoter Group

A. Natural persons who are part of the Promoter Group

Nil

B. Entities forming part of the Promoter Group

- PT Bina Artha Ventura
- PT Konsultasi Mikro Ventura
- CreditAccess Philippines Financing Company Inc.
- MVH S.r.L.
- CAA Vietnam Trading Company Limited
- CAA-BOS Limited

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. AS – 18 and other companies considered material by our Board. Pursuant to a resolution of our Board dated January 12, 2018, for the purpose of disclosure in connection with the Offer, a company shall be considered a ‘group company’ if (i) our Company or its Promoter holds 10% or more of the equity share capital of such company; and (ii) our Company has entered into one or more transactions with such company during the most recent financial year and any stub period, which in value exceeds 5% of the total revenue of our Company for such financial year as per the Restated Financial Statements. For the avoidance of doubt, our Board has clarified that CAA, being our Promoter, shall not be considered as a group company for the purpose of disclosure in this Prospectus.

As of the date of this Prospectus, and based on the above mentioned policy of materiality, there are no ‘group companies’ of our Company in terms of the SEBI ICDR Regulations.

RELATED PARTY TRANSACTIONS

For details of the related party disclosures in accordance with Accounting Standard – 18 on Related Party Disclosures, see "*Financial Statements – Related party transactions*" on page 227.

DIVIDEND POLICY

Our Company has no formal dividend policy as on date of this Prospectus. The declaration and payment of dividends on our Equity Shares, if any, will be recommended by our Board and approved by our Shareholders, at their discretion, subject to the provisions of the Articles of Association and the Companies Act. The dividend, if any, will depend on a number of factors, including but not limited to our Company's profits, capital requirements, overall financial condition, contractual restrictions and other factors considered relevant by our Board. Our Company may also, from time to time, pay interim dividends.

No dividend on Equity Shares and preference shares of face value of ₹ 10 each has been declared by our Company during Fiscals 2018, 2017, 2016, 2015 and 2014.

There is no guarantee that any dividends will be declared or paid in the future. Future dividends, if any, shall depend on various factors such as our revenues, profits, cash flow, financial condition and capital requirements of our Company.

SELECTED STATISTICAL INFORMATION

The following information is included for analytical purposes and should be read in conjunction with our Restated Financial Statements on page 194, as well as "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 125 and 250, 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 Prospectus. We compute and disclose such non-GAAP financial measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of financial services businesses, many of which provide such non-GAAP financial measures and other statistical and operational information when reporting their financial results. However, note that these non-GAAP financial measures and other statistical information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other financial services companies. See also "Risk Factors - In this Prospectus, we have included certain non-GAAP financial measures and certain other selected statistical information related to our operations and financial performance. These non-GAAP measures and statistical information may vary from any standard methodology that is applicable across the financial services industry, and therefore may not be comparable with financial or statistical information of similar nomenclature computed and presented by other financial services companies" on page 33.

Return on Equity and Assets

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

	As of/ for the				
	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 (₹ in million)(1)....................	1,246.41	802.98	832.41	487.32	166.26
Total Assets (₹ in million)(2)	52,183.48	35,640.72	28,079.76	17,268.09	10,580.80
Gross AUM (₹ in million)(3)..........................	49,746.61	30,754.43	25,387.76	14,470.65	8,095.22
Annual Average Gross AUM (₹ in million)(4)	40,250.52	28,071.09	19,929.21	11,282.94	6,667.10
Monthly Average Gross AUM (₹ in million)(5)	39,095.04	29,628.23	17,350.23	10,035.92	5,579.86
Net Worth (₹ in million)(6)	14,270.83	6,904.10	4,592.40	3,754.95	2,061.37
Annual Average Net Worth (₹ in million)(7) .	10,587.47	5,748.25	4,173.68	2,908.16	1,581.03
Monthly Average Net Worth (₹ in million)(8)	9,585.26	6,069.98	4,148.91	2,372.51	1,237.04
Total Borrowings (₹ in million)(9)	36,028.61	26,682.35	22,333.15	12,905.32	8,052.24
Annual Average Borrowings (₹ in million)(10)	31,355.48	24,507.75	17,619.24	10,478.78	5,969.96
Monthly Average Borrowings (₹ in million)(11)	30,731.32	25,101.13	15,085.79	8,845.67	4,842.79
Return on Annual Average Gross AUM (%)(12)	3.10%	2.86%	4.18%	4.32%	2.49%
Return on Monthly Average Gross AUM (%)(13)	3.19%	2.71%	4.80%	4.86%	2.98%
Return on Annual Average Net Worth (%)(14)	11.77%	13.97%	19.94%	16.76%	10.52%
Return on Monthly Average Net Worth (%)(15)	13.00%	13.23%	20.06%	20.54%	13.44%
Annual Average Borrowings / Annual Average Net Worth..	2.96	4.26	4.22	3.60	3.78
Monthly Average Borrowings / Monthly Average Net Worth		4.14	3.64	3.73	3.91

	As of/ for the				
	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
	3.21				
Annual Average Net Worth / Annual Average Gross AUM..	0.26	0.20	0.21	0.26	0.24
Monthly Average Net Worth / Monthly Average Gross AUM...	0.25	0.20	0.24	0.24	0.22
Basic Earnings Per Share (₹)(16)...................	12.26	10.01	11.41	9.15	4.18
Diluted Earnings Per Share (₹)(17)................	12.11	9.88	11.23	9.01	4.18
Net Assets Value per equity share (₹)(18).......	111.12	80.58	62.95	51.47	38.93

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

(1) Profit After Tax represents our restated profit for the period (after tax).

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

(3) Gross AUM represents the aggregate of future principal outstanding and overdue principal outstanding, if any, for all loan assets under management which includes loan assets held by the Company as of the last day of the relevant period as well as loan assets which have been transferred by our Company by way of securitization or assignment and are outstanding as of the last day of the relevant period.

(4) Annual Average Gross AUM is the simple average of our Gross AUM as of the last day of the relevant period and our Gross AUM as of the last day of the previous period.

(5) Monthly Average Gross AUM is the average of the month end balances of our Gross AUM for the periods mentioned.

(6) Net Worth represents our restated net worth as of the last day of the relevant period.

(7) Annual Average Net Worth is the simple average of our Net Worth as of the last day of the relevant period and our Net Worth as of the last day of the previous period.

(8) Monthly Average Net Worth is the average of the month end balances of our Net Worth for the periods mentioned.

(9) Total Borrowings represents the aggregate of our long-term borrowings, short-term borrowings and current maturities of long-term borrowings as of the last day of the relevant period.

(10) Annual Average Borrowings is the simple average of our Total Borrowings (aggregated of our long-term borrowings, short-term borrowings and current maturities of long-term borrowings) outstanding as of the last day of the relevant period and our Total Borrowings (aggregate of our long-term borrowings, short-term borrowings and current maturities of long-term borrowings) outstanding as of the last day of the previous period.

(11) Monthly Average Borrowings is the average of the month end balances of our Total Borrowings (aggregate of our long-term borrowings, short-term borrowings and current maturities of long-term borrowings) for the periods mentioned.

(12) Return on Annual Average Gross AUM is calculated as our Profit After Tax for the relevant period as a percentage of our Annual Average Gross AUM in such period.

(13) Return on Monthly Average Gross AUM is calculated as our Profit After Tax for the relevant period as a percentage of our Monthly Average Gross AUM in such period.

(14) Return on Annual Average Net Worth is calculated as our Profit After Tax for the relevant period as a percentage of our Annual Average Net Worth (as defined herein above) in such period.

(15) Return on Monthly Average Net Worth is calculated as our Profit After Tax for the relevant period as a percentage of our Monthly Average Net Worth in such period.

(16) Basic Earnings Per Share =

$$\frac{\text{Profit/(loss) after tax}}{\text{Weighted average number of equity shares outstanding}}$$

(17) Diluted Earnings Per Share =

$$\frac{\text{Profit/(loss) after tax}}{\text{Weighted average number of equity shares outstanding, adjusted for stock option granted under ESOP}}$$

(18) Net Asset Value per equity share =

$$\frac{Net\ Worth\ as\ of\ the\ last\ day\ of\ the\ relevant\ period}{Number\ of\ equity\ shares\ outstanding\ at\ the\ end\ of\ the\ period}$$

Financial Ratios

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

	As of/ for the				
	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
	(₹ in million, except percentages and numbers)				
Gross AUM[(1)]	49,746.61	30,754.43	25,387.76	14,470.65	8,095.22
Gross AUM Growth (%)[(2)]	61.75	21.14	75.44	78.76	54.52
Annual Average Gross AUM[(3)]	40,250.52	28,071.09	19,929.21	11,282.94	6,667.10
Monthly Average Gross AUM[(4)]	39,095.04	29,628.23	17,350.23	10,035.92	5,579.86
Securitized AUM[(5)]	-	–	734.40	1,074.98	1,409.56
Net AUM[(6)]	49,746.61	30,754.43	24,653.36	13,395.67	6,685.66
Disbursements[(7)]	60,817.22	34,026.29	33,488.46	18,939.13	10,280.90
Disbursement Growth (%)[(8)]	78.74%	1.61%	76.82%	84.22%	69.54%
Total Active Loan Accounts[(9)]	3,190,543	2,863,379	2,669,226	1,877,069	1,036,982
Revenue from Operations[(10)]	8,655.53	7,017.45	4,569.50	2,681.60	1,423.36
Other Income[(11)]	96.52	75.16	97.69	132.68	54.93
Total Revenue[(12)]	8,752.05	7,092.61	4,667.19	2,814.28	1,478.29
Interest Expense and Other Borrowing Costs[(13)]	3,545.68	3,165.41	2,082.46	1,290.54	722.53
Net Interest Income[(14)]	5,109.85	3,852.04	2,487.04	1,391.06	700.83
Net Interest Margin = Net Interest Income / Annual Average Gross AUM (%)	12.70%	13.72%	12.48%	12.33%	10.51%
Net Interest Margin = Net Interest Income / Monthly Average Gross AUM (%)	13.07%	13.00%	14.33%	13.86%	12.56%
Total Expenses[(15)]	6,823.46	5,849.63	3,371.76	2,065.10	1,230.29
Operating Expense[(16)]	1,996.64	1,598.20	1,149.13	706.18	450.51
Operating Expense / Annual Average Gross AUM (%)	4.96%	5.69%	5.77%	6.26%	6.76%
Operating Expense / Monthly Average Gross AUM (%)	5.11%	5.39%	6.62%	7.04%	8.07%
Operating Expense / Annual Average Total Assets (%)[(17)]	4.55%	5.02%	5.07%	5.07%	5.63%
Operating Expense / Monthly Average Total Assets (%)	4.69%	4.93%	5.74%	5.98%	6.97%

	As of/ for the				
	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
	(₹ in million, except percentages and numbers)				
Cost to Income Ratio[18]	38.35%	40.70%	44.46%	46.35%	59.61%
Credit Cost[19]..................................	1,281.15	1,086.02	140.17	68.38	57.25
Credit Cost / Annual Average Gross AUM (%)	3.18%	3.87%	0.70%	0.61%	0.86%
Credit Cost / Monthly Average Gross AUM (%)	3.28%	3.67%	0.81%	0.68%	1.03%
Gross NPA[20]..................................	980.92	25.82	19.80	4.94	0.77
Gross NPA Ratio (Gross) (%)[21]	1.97%	0.08%	0.08%	0.04%	0.01%
Net NPA[22]	-	–	–	–	–
Net NPA Ratio (%)[23].....................	-	–	–	–	–

Figures disclosed in the above table, except "Revenue from Operations", "Other Income", "Total Revenue", "Interest Expense and Other Borrowing Cost" "Total Expenses", "Gross NPA" and "Net NPA" are not measures of financial position, operating performance or liquidity defined by generally accepted accounting principles and may not be comparable to similarly titled measures presented by other companies.

(1) Gross AUM represents the aggregate of future principal outstanding and overdue principal outstanding, if any, for all loan assets under management which includes loan assets held by the Company as of the last day of the relevant period as well as loan assets which have been transferred by our Company by way of securitization or assignment and are outstanding as of the last day of the relevant period.

(2) Gross AUM Growth represents percentage growth in Gross AUM for the relevant period over Gross AUM of the previous period.

(3) Annual Average Gross AUM is the average of our Gross AUM as of the last day of the relevant period and our Gross AUM as of the last day of the previous period.

(4) Monthly Average Gross AUM is the average of the month end balances of our Gross AUM for the periods mentioned.

(5) Securitized AUM represents aggregate of future principal outstanding and overdue principal outstanding, if any, for loan assets which have been transferred by our Company by way of securitization or assignment and outstanding as of the last day of the relevant period.

(6) Net AUM represents the Gross AUM less Securitized AUM as of the end of the relevant period.

(7) Disbursements represent the aggregate of all loan amounts extended to our customers in the relevant period.

(8) Disbursement Growth represents percentage growth in disbursement for the relevant period over disbursement of the previous period.

(9) Total Active Loan Accounts represent the aggregate number of loan accounts outstanding as of the end of the relevant period including loan accounts which have been transferred by our Company by way of securitization or assignment and are outstanding as of the last day of the relevant period.

(10) Revenue from Operations represents our restated revenue from operations for the period.

(11) Other Income represents our restated other income for the period.

(12) Total Revenue represents our restated total revenue for the period.

(13) Interest Expense and Other Borrowing Costs represents our restated finance costs for the period, comprising interest expense on debentures, term loans from banks, term loans from financial institutions, terms loans from non-banking finance companies, term loans from others and term loans payable on demand from banks; other borrowing costs; and bank charges.

(14) Net Interest Income represents Revenue from Operations for the relevant period reduced by Interest Expense and Other Borrowing Costs in such period.

(15) Total Expenses represents our restated total expenses for the relevant period. Total Expenses comprise employee benefits expenses, finance costs, depreciation and amortization expenses, other expenses and provisions and write offs.

(16) Operating Expense represents employee benefits expenses, depreciation and amortization expenses and other expenses.

(17) Operating Expense / Annual Average Total Assets represents our Operating Expense for the relevant period as a percentage of the simple average of our Total Assets as of the last day of the relevant period and our Total Assets as of the last day of the previous period.

(18) Cost to income ratio represents operating expense (includes administration expenses, personnel expenses including staff welfare, depreciation & amortization and bank charges) divided by NII and other income.

(19) Credit Cost represents the aggregate of provisions and write offs.

(20) Gross NPA represents the non-performing portfolio loans outstanding (gross) as of the last day of the relevant period.

(21) Gross NPA Ratio represents Gross NPA (as defined above) as a percentage of the total portfolio loans outstanding (gross) as of the last day of the relevant period.

(22) Net NPA represents the non-performing portfolio loans outstanding (net) as of the last day of the relevant period i.e. non-performing portfolio loans outstanding (gross) as reduced by the provision for non-performing assets.

(23) Net NPA Ratio represents Net NPA (as defined above) as a percentage of total portfolio loans outstanding as reduced by the provision for non-performing assets as of the last day of the relevant period.

Yield and Cost of Funds

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

	As of/ for the year ended March 31,				
	2018	2017	2016	2015	2014
Annual Average Yield on Gross AUM (%)[1]	19.76%	23.55%	20.70%	21.23%	18.84%
Monthly Average Yield on Gross AUM (%)[2]	20.35%	22.31%	23.77%	23.86%	22.51%
Monthly Average Yield on Disbursement (%)[3]....	21.35%	21.40%	23.78%	24.58%	25.08%
Annual Average Cost of Borrowings (%)[4]	11.31%	12.91%	11.79%	12.20%	11.90%
Monthly Average Cost of Borrowings[5]	11.54%	12.60%	13.77%	14.46%	14.66%
Annual Average Cost of Securitization and Assignment (%)[6]	NA	10.62%	11.56%	13.12%	13.61%
Monthly Average Cost of Securitization and Assignment (%)[7]	NA	11.15%	12.15%	13.45%	14.25%
Annual Average Cost of Funds (%)[8]	11.31%	11.76%	11.68%	12.66%	12.75%
Monthly Average Cost of Funds (%)[9]	11.54%	11.88%	12.96%	13.96%	14.46%

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

(1) Annual Average Yield on Gross AUM is the annually weighted average Yield on Gross AUM, weights being AUM of each loan outstanding as of the last day of the relevant period.

(2) Monthly Average Yield on Gross AUM is the monthly weighted average Yield on Gross AUM, weights being AUM of each loan outstanding as of the last day of the relevant month.

(3) Monthly Average Yield on Disbursement is the monthly weighted average Yield on Disbursement, weights being Disbursement of each loan disbursed during the month.

(4) Annual Average Cost of Borrowings is the simple average of annually weighted average interest cost on borrowings, weights being annual average borrowings. Borrowings include term loans, working capital facilities, non-convertible debentures and subordinate debt.

(5) Monthly Average Cost of Borrowings is the simple average of monthly weighted average interest cost on borrowings, weights being monthly average borrowings. Borrowings include term loans, working capital facilities, non-convertible debentures and subordinate debt.

(6) Annual Average Cost of Securitization and Assignment is the simple average of annually weighted average rate of interest on securitization and assignment transactions, weights being principal outstanding of securitisation and assignment transaction as of the last day of the relevant period.

(7) Monthly Average Cost of Securitization and Assignment is the simple average of monthly weighted average rate of interest on securitization and assignment transactions, weights being principal outstanding of securitisation and assignment transaction as of the last day of the relevant period.

(8) Annual Average Cost of Funds is the simple average of annually weighted Annual Average Cost of Borrowings and Annual Average Cost of Securitization and Assignment.

(9) Monthly Average Cost of Funds is the simple average of monthly weighted Monthly Average Cost of Borrowings and Monthly Average Cost of Securitization and Assignment.

Productivity Ratios

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

	As of and for the year ended March 31,				
	2018	2017	2016	2015	2014
Number of branches[1]	516	393	298	238	176
Number of employees[2]	6,306	4,952	3,835	2,658	1,563
Number of loan officers[3]	4,544	3,668	2,736	1,968	1,061
Number of active loan accounts[4]	3,190,543	2,863,379	2,669,226	1,877,069	1,036,982
Gross AUM per branch[5] (₹ in million)	96.41	78.26	85.19	60.80	46.00
Gross AUM per employee[6] (₹ in million)	7.89	6.21	6.62	5.44	5.18
Gross AUM per active loan account[7] (₹)	15,592	10,741	9,511	7,709	7,807
Disbursement per branch[8] (₹ in million)	117.86	86.58	112.38	79.58	58.41
Disbursement per employee[9] (₹ in million)	9.64	6.87	8.73	7.13	6.58
Disbursement per loan officer[10] (₹ in million)	13.38	9.28	12.24	9.62	9.69
Average ticket size (₹)	19,671	10,887	8,201	6,660	6,086

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

(1) Number of branches represents aggregate number of branches of our Company as of the last day of relevant period.
(2) Number of employee represents aggregate number of employees of our Company as of the last day of relevant period.
(3) Number of loan officers represents aggregate number of loan officers of our Company as of the last day of relevant period
(4) Number of active loan accounts represents aggregate number of all loan assets under management which includes loan assets held by Company as of the last day of the relevant period as well as loan assets which have been transferred by our Company by way of securitization or assignment and are outstanding as of the last day of the relevant period.
(5) Gross AUM per branch represents Gross AUM as of last day of the relevant period divided by Number of branches.
(6) Gross AUM per employee represents Gross AUM as of the last day of the relevant period divided by Number of employees.
(7) Gross AUM per active loan accounts represents Gross AUM as of the last day of the relevant period divided by Number of active loan accounts.
(8) Disbursement per branch represents Disbursements in the relevant period divided by Number of branches.
(9) Disbursement per employee represents Disbursements in the relevant period divided by Number of employees.
(10) Disbursement per loan officer represents Disbursements in the relevant period divided by Number of loan officers.

Geographical Spread of Active Loan Accounts

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

	Number of Loan Accounts									
	As of March 31, 2018		As of March 31, 2017		As of March 31, 2016		As of March 31, 2015		As of March 31, 2014	
State/ Union Territory	No. of active loan accounts	% of Total	No. of active loan accounts	% of Total	No. of active loan accounts	% of Total	No. of active loan accounts	% of Total	No. of active loan accounts	% of Total
Karnataka.........................	1,809,134	56.70%	1,787,822	62.44%	1,787,706	66.97%	1,341,599	71.47%	759,643	73.26%
Maharashtra	864,095	27.08%	790,021	27.59%	721,826	27.04%	480,465	25.60%	255,936	24.68%
Madhya Pradesh...............	212,151	6.65%	111,142	3.88%	56,328	2.11%	–	–	–	–
Chhattisgarh.....................	63,339	1.99%	25,650	0.90%	7,446	0.28%	–	–	–	–
Tamil Nadu	241,824	7.58%	148,744	5.19%	95,920	3.59%	55,005	2.93%	21,403	2.06%
Odisha	-	-								
Kerala	-	-								
Goa	-	-								
Puducherry	-	-								
Total	**3,190,543**	**100.00%**	**2,863,379**	**100.00%**	**2,669,226**	**100.00%**	**1,877,069**	**100.00%**	**1,036,982**	**100.00%**

Geographical Spread of Gross AUM

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

	Gross AUM (₹ in million, except percentages)									
	As of March 31, 2018		As of March 31, 2017		As of March 31, 2016		As of March 31, 2015		As of March 31, 2014	
State	Gross AUM	% of Total	Gross AUM	% of Total	Gross AUM	% of Total	Gross AUM	% of Total	Gross AUM	% of Total
Karnataka.............	28,891.67	58.08%	18,303.45	59.51%	16,072.95	63.31%	10,067.50	69.57%	5,732.35	70.81%
Maharashtra	13,296.26	26.73%	8,759.72	28.48%	7,540.29	29.70%	4,008.05	27.70%	2,190.97	27.07%
Madhya Pradesh....	3,164.62	6.36%	1,400.73	4.55%	739.71	2.91%	–	–	–	–
Chhattisgarh..........	1,005.25	2.02%	366.38	1.19%	109.42	0.43%	–	–	–	–
Tamil Nadu	3,388.82	6.81%	1,924.15	6.26%	925.39	3.65%	395.10	2.73%	171.90	2.12%
Odisha	-	-								
Kerala	-	-								
Goa	-	-								
Puducherry	-	-								
Total	**49,746.61**	**100.00%**	**30,754.43**	**100.00%**	**25,387.76**	**100.00%**	**14,470.65**	**100.00%**	**8,095.22**	**100.00%**

Exposure of Districts

The following table sets forth our exposure to the districts in which we have a presence, measured through the percentage contribution of the Loan portfolio from the district to our total loan portfolio:

Exposure of Districts	As of March 31, 2018		As of March 31, 2017		As of March 31, 2016		As of March 31, 2015		As of March 31, 2014	
% Contribution to total loan portfolio	No. of Districts	% of Total Districts	No. of Districts	% of Total Districts	No. of Districts	% of Total Districts	No. of Districts	% of Total Districts	No. of Districts	% of Total Districts
< 0.5%.............................	78	59.09%	42	43.75%	27	36.49%	22	34.38%	8	19.05%
0.5% - 1%	22	16.67%	19	19.79%	12	16.22%	10	15.63%	7	16.67%
1% - 3%	26	19.70%	29	30.21%	29	39.19%	19	29.69%	12	28.57%
3% - 5%	5	3.79%	4	4.17%	3	4.05%	8	12.50%	11	26.19%
> 5%................................	1	0.76%	2	2.08%	3	4.05%	5	7.81%	4	9.52%
Total	**132**	**100.00%**	**96**	**100.00%**	**74**	**100.00%**	**64**	**100.00%**	**42**	**100.00%**

Borrowing Profile

The following table sets out our borrowing profile:

	As of									
	March 31, 2018		March 31, 2017		March 31, 2016		March 31, 2015		March 31, 2014	
	₹ in Mn	% of Total	₹ in Mn	% of Total	₹ in Mn	% of Total	₹ in Mn	% of Total	₹ in Mn	% of Total
Non-Convertible Debentures (including Sub Debt)......................	7,886.50	21.89%	5,499.00	20.61%	4,649.00	20.82%	2,959.00	22.93%	1,695.67	21.06%
Term Loans										

	As of									
	March 31, 2018		March 31, 2017		March 31, 2016		March 31, 2015		March 31, 2014	
	₹ in Mn	% of Total	₹ in Mn	% of Total	₹ in Mn	% of Total	₹ in Mn	% of Total	₹ in Mn	% of Total
- Indian rupee loan from banks	22,167.25	61.53%	10,932.14	40.97%	13,381.63	59.92%	8,829.54	68.42%	5,633.48	69.96%
- Indian rupee loan from financial institutions.....................................	5,362.19	14.88%	6,707.06	25.14%	2,892.35	12.95%	730.11	5.66%	232.06	2.88%
- Indian rupee loan from non-banking finance companies.........................	612.68	1.70%	1,544.15	5.79%	1,210.17	5.42%	386.67	3.00%	491.03	6.10%
-Indian rupee loan from others..........	–	–	–	–	–	–	–	–	–	–
Compulsorily convertible debentures	–	–	2,000.00	7.50%	–	–	–	–	–	–
Short-term borrowings.....................	–	–	–	–	200.00	0.90%	–	–	–	–
Total	**36,028.61**	**100.00%**	**26,682.35**	**100.00%**	**22,333.15**	**100.00%**	**12,905.32**	**100.00%**	**8,052.24**	**100.00%**

Loan Securitization

	As of				
	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
	₹ in Mn				
Principal outstanding of loans securitized.......................................	–	–	734.40	1,074.98	1,409.56
Credit enhancements provided and outstanding (Cash collateral)	–	–	100.43	233.74	195.46

Classification of Assets

The Master Directions prescribed by the RBI, among other matters, require us to observe the classification of our assets; treatment of NPAs; and provisioning against NPAs. For further information, see "*Regulations and Policies*" on page 147 and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on page 250.

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

	As of March 31,				
Asset Classification	2018	2017	2016	2015	2014
	(₹ in million)				
Portfolio loans outstanding (Gross)					
Standard	48,765.69	30,728.61	24,633.56	13,390.73	6,684.89
Non-performing	980.92	25.82	19.80	4.94	0.77
Portfolio loans outstanding (Gross)	**49,746.61**	**30,754.43**	**24,653.36**	**13,395.67**	**6,685.66**
Provision for standard and non-performing assets					
Standard	14.00	1,304.18	246.36	129.01	66.08
Non-performing	980.92	25.82	19.80	4.94	0.77
Total provisions	**994.92**	**1,330.00**	**266.16**	**133.95**	**66.85**
Portfolio loans outstanding (Net)					
Standard Assets	48,751.69	29,424.43	24,387.20	13,261.72	6,618.81
Non-performing	—	—	—	—	—
Portfolio loans outstanding (Net).............................	48,751.69	29,424.43	24,387.20	13,261.72	6,618.81

Capital Adequacy

Our Company is subject to the capital adequacy requirements prescribed by the RBI. As of March 31, 2018, our Company was required to maintain a minimum CRAR of 15.00%, based on the total capital to risk-weighted assets. The following table sets forth certain information relating to the CRAR of our Company based on our restated financial position as of the periods indicated:

	As of March 31,				
Particulars	2018	2017	2016	2015	2014
	(₹ in million, except percentage)				
Tier I Capital	13,817.52	6,311.55	4,376.18	3,593.06	1,946.86
Tier II Capital	426.80	2,966.47	965.27	213.53	191.72
Total Capital	14,244.31	**9,278.02**	**5,341.45**	**3,806.60**	**2,138.58**
Total Risk Weighted Assets.	49,221.29	**31,229.62**	**24,868.78**	**13,556.18**	**6,782.50**
Capital Adequacy Ratio / Capital to Risk Weighted Assets Ratio					

Particulars	As of March 31, 2018	2017	2016	2015	2014
	(₹ in million, except percentage)				
CRAR - Tier I capital (%)......	28.07%	20.21%	17.60%	26.50%	28.70%
CRAR - Tier II capital (%).....	0.87%	9.50%	3.88%	1.58%	2.83%
CRAR (%)	28.94%	**29.71%**	**21.48%**	**28.08%**	**31.53%**

Provisioning and Write-offs

Set forth below is a summary of our provisioning policy for the periods indicated:

For the years ended March 31, 2014 and 2015:

Loans are provided for and written off as per management estimates, subject to the minimum provisioning required as per the Non-Banking Financial Company – Micro Finance Institutions ("**NBFC-MFIs**") Directions, 2011, as amended from time to time.

For the years ended March 31, 2016 and 2017:

Asset classification	Rate of provision
Standard assets..	1.00%
Sub-standard assets..	100.00%
Doubtful assets..	Written off

Loans are provided for and written off as per management estimates, subject to the minimum provisioning required as per Chapter IX of Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 (the "**Master Directions**").

For the year ended March 31, 2018:

The overall provision for portfolio loans is determined based on management estimates and as per the below mentioned provisioning rates subject to the minimum provision prescribed in the Master Directions.

Provisioning policy for Joint Liability Group (JLG) loans is the higher of the following:

1. 2% of outstanding loan portfolio; or

2. (a) 50% of the aggregate overdue loan installments in respect of loan accounts which are overdue for 90 days or more and less than 180 days, and

(a) 100% of the aggregate overdue loan installments in respect of loan accounts which are overdue for 180 days or more.

Any provisioning, determined as above, which in excess of the carrying value of the non-performing loan portfolio shall be recognised as "Contingent provision against standard assets".

Provisioning policy for Individual Loans is the higher of the following:

1. 2% of the outstanding loan portfolio; or

2. Aggregate of provisioning as per the table below:

Asset classification		Provisioning (%) on outstanding portfolio
Standard asset	Overdue for less than 90 days	0.40%

Asset classification				Provisioning (%) on outstanding portfolio
Sub-standard asset	An asset classified as non-performing for a period not exceeding 360 days			10%
Doubtful asset	(A)	Secured loan assets classified as doubtful		
		(i)	For a period not exceeding 360 days	20%
		(ii)	For more than 360 days but less than 540 days	70%
		(iii)	For more than 540 days	100%
	(B)	Unsecured loan assets		100%

Policy for write-off of JLG and individual lending loans:

Overdue loans are fully written off from the books of accounts during the quarter subsequent to the one in which 100% provision is made against the loan account in case of both JLG loans and individual loans.

SECTION V: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

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Auditors' Report on the restated summary statement of assets and liabilities as at March 31, 2018, 2017, 2016, 2015, and 2014 and restated summary statements of profits and losses and cash flows for each of the years ended March 31, 2018, 2017, 2016, 2015 and 2014 of CreditAccess Grameen Limited (collectively, the "Restated Summary Statements")

The Board of Directors
CreditAccess Grameen Limited
New No. #49 (Old No. 725), 46th Cross Road, 8th Block
Jayanagar, (Next to Rajalakshmi Kalyan Mandap), Bangalore – 560071
Karnataka, India

Dear Sirs,

1. We have examined the attached Restated Summary Statements of CreditAccess Grameen Limited (formerly known as "Grameen Koota Financial Services Private Limited") (the "Company") as at March 31, 2018, 2017, 2016, 2015 and 2014 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 ("RHP") in connection with its proposed initial public offer of equity shares of face value of Rs.10 each ("IPO"). The Restated Summary Statements, which have been approved by the Board of Directors of the Company, have been prepared by the Company in accordance with the requirements of:

    a) sub-clauses (i), (ii) and (iii) of clause (b) of sub-section (1) of Section 26 of Chapter III of the Companies Act, 2013, as amended (the "Act") read with rules 4 to 6 of Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended (the "Rules"); and

    b) relevant provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, (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 Summary Statements

2. The preparation of Restated Summary Statements, which are to be included in the RHP, 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 Summary Statements. The Management is also responsible for identifying and ensuring that the Company complies with the Act, Rules and the ICDR Regulations.

Auditors' Responsibilities

3. We have examined such Restated Summary Statements taking into consideration:

    a) the terms of reference and our engagement agreed with you vide our engagement letter dated April 13, 2018, requesting us to carry out work on such Restated Summary Statements, proposed to be included in the RHP of the Company in connection with the proposed IPO;

    b) the Guidance Note on Reports in Company Prospectuses (Revised 2016) issued by the Institute of Chartered Accountants of India (the "Guidance Note"); and

    c) the requirements of Section 26 of the Act read with rules 4 to 6 of the Rules and the ICDR Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the Rules 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 Summary Statements as per audited financial statements

5. The Restated Summary Statements have been compiled by the management from:

   a) the audited financial statements of the Company as at and for each of the years ended March 31, 2018, 2017, 2016 and 2015, which have been approved by the Board of Directors at their meetings held on April 30, 2018, May 17, 2017, May 21, 2016 and May 5, 2015, respectively; and

   b) the audited financial statements of the Company as at and for the year ended March 31, 2014 which have been approved by the Board of Directors at their meeting held on May 27, 2014.

6. For the purpose of our examination, we have relied on:

   a) Auditors' Reports issued by us dated April 30, 2018, May 17, 2017, May 21, 2016 and May 5, 2015 financial statements of the Company as at and for each of the years ended March 31, 2018, 2017, 2016 and 2015, respectively, as referred in Para 4 (a) above; and

   b) Auditors' Report issued by S R B C & CO LLP dated May 27, 2014 on the financial statements of the Company as at and for the year ended March 31, 2014, as referred in Para 4 (b) above.

7. Based on our examination, in accordance with the requirements of Section 26 of Part I of Chapter III of the Act, read with rules 4 to 6 of the Rules, the ICDR Regulations and the Guidance Note, we report that:

   a) The restated summary statement of assets and liabilities of the Company as at 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 Summary Statement of Material Adjustments and Regroupings.

   b) The restated summary statement of profit and loss of the Company 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 Summary Statement of Material Adjustments and Regroupings.

   c) The restated summary statement of cash flows of the Company 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 Summary Statement of Material Adjustments and Regroupings.

   d) Based on the above and according to information and explanations given to us, we further report that:

      i) The Restated 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 Summary Statements have been made after incorporating adjustments for the material amounts in the respective financial years to which they relate;

      iii) The Restated Summary Statements do not contain any extra-ordinary items that need to be disclosed separately in the Restated Summary Statements;

      iv) There are no qualifications in the auditors' reports on the audited financial statements of the Company as at March 31, 2018, 2017, 2016, 2015 and 2014 and for each of the years ended March 31, 2018, 2017, 2016, 2015 and 2014, which require any adjustments to the Restated 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 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 financial statements for the years ended March 31, 2017, 2015 and 2014, which do not require any corrective adjustment in the Restated Summary Statements, are as follows:

      A. Auditors' Report for the Financial year ended March 31, 2017

      <u>Paragraph 2(g)(iv) of Report on Other Legal and Regulatory Requirements</u>

The Company has provided disclosures in Note 35 to these financial statements as to the holding of Specified Bank Notes (SBNs) on November 8, 2016 and December 30, 2016 as well as dealings in SBNs during the period from November 9, 2016 to December 30, 2016. Based on audit procedures and relying on management representations, except for segregation of transactions between SBNs and other denominations, as more fully described in Note 35(1) to these financial statements, which we are unable to comment upon in the absence of sufficient appropriate audit evidence, we report that the amounts disclosed in the said note are in accordance with the books of account maintained by the Company and produced before us for verification. Further, as stated in Note 35(3), read with Note 35(1) to the financial statements and as represented to us by the management, the Company has received an amount aggregating Rs.126,420,000 as repayments from its borrowers in SBNs which were not permitted.

B. Annexure to auditors' report for the year ended March 31, 2017:

Clause (vii) (a)

Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues have been regularly deposited with the appropriate authorities though there has been a delay in payment of service tax of Rs.6,110,911, which has been discharged during the year alongwith appropriate interest.

C. Annexure to auditors' report for the year ended March 31, 2015:

Clause (xii)

We have been informed that during the year there was an instance of misappropriation of cash by an employee of the Company amounting to Rs.50,528. As informed, services of the employee have been terminated and the Company is in the process of taking legal action against the employee. The Company has made a provision of Rs. 24,655 against the outstanding balance (net of recovery) amounting to Rs.49,330, as at the Balance Sheet date.

D. Annexure to auditors' report for the year ended March 31, 2014:

Clause (ix) (c)

According to the information and explanation given to us, the dues outstanding of income tax, sales-tax, wealth tax, service tax, customs duty, excise duty and cess on account of dispute, are as follows:

Name of the statute	Nature of disputed dues	Amount under dispute (Rs.)	Amount paid* (Rs.)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	72,141,000	20,000,000 #	Financial Year 2010-11	The Commissioner of Income Tax (Appeals)

* The Company has paid the amount under protest

\# Stay order received from the Deputy Commissioner of Income Tax for payment of the balance amount of Rs. 52,141,000 till September 30, 2014.

Clause (xxi)

We have been informed that during the year there were instances of cash embezzlement by employees of the Company amounting to Rs.278,606 and loans given to non-existent borrowers on the basis of fictitious documentation created by employees of the Company aggregating Rs.40,800. As informed, investigations are in progress and the services of such employees involved have been terminated and the Company is in the process of taking legal action. The Company is also adequately covered by fidelity insurance cover. The Company has made a provision of Rs.318,865 against the outstanding balance (net of recovery) aggregating Rs.318,865, as at the Balance Sheet date.

8. We have not audited any financial statements of the Company as of any date or for any period subsequent to March 31, 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 March 31, 2018.

Other Financial Information

9. At the Company's request, we have also examined the following restated financial information proposed to be included in the RHP, prepared by the Management and approved by the Board of Directors of the Company on April 30, 2018 and annexed to this report relating to the Company, as at and for the years ended March 31, 2018, 2017, 2016, 2015 and 2014:

   i. Restated Statement of Share Capital, enclosed as Annexure 6;
   ii. Restated Statement of Reserves and Surplus, enclosed as Annexure 7;
   iii. Restated Statement of Long-term Borrowings, enclosed as Annexure 8;
   iv. Restated Statement of Provisions, enclosed as Annexure 9;
   v. Restated Statement of Short-term borrowings, enclosed as Annexure 10;
   vi. Restated Statement of Other Current Liabilities, enclosed as Annexure 11;
   vii. Restated Statement of Property, Plant and Equipment, enclosed as Annexure 12;
   viii. Restated Statement of Intangible Assets, enclosed as Annexure 13;
   ix. Restated Statement of Non-current Investments, enclosed as Annexure 14;
   x. Restated Statement of Deferred Tax asset, enclosed as Annexure 15;
   xi. Restated Statement of Loans and Advances, enclosed as Annexure 16;
   xii. Restated Statement of Other Assets, enclosed as Annexure 17;
   xiii. Restated Statement of Current investment, enclosed as Annexure 14A;
   xiv. Restated Statement of Cash and Bank Balances, enclosed as Annexure 18;
   xv. Restated Statement of Revenue from operations, enclosed as Annexure 19;
   xvi. Restated Statement of Other Income, enclosed as Annexure 20;
   xvii. Restated Statement of Employee Benefit Expenses, enclosed as Annexure 21;
   xviii. Restated Statement of Finance Costs, enclosed as Annexure 22;
   xix. Restated Statement of Other Expenses, enclosed as Annexure 23;
   xx. Restated Statement of Depreciation and Amortisation expense, enclosed as Annexure 24;
   xxi. Restated Statement of Provisions and Write offs, enclosed as Annexure 25;
   xxii. Restated Statement of Earnings per share, enclosed as Annexure 26;
   xxiii. Restated Statement of Additional Information, enclosed as Annexure 27;
   xxiv. Restated Statement of Tax Shelter, enclosed as Annexure 28;
   xxv. Restated Statement of Capitalisation, enclosed as Annexure 29;
   xxvi. Restated Statement of Accounting Ratios, enclosed as Annexure 30;
   xxvii. Restated Statement of Dividend, enclosed as Annexure 31.

10. According to the information and explanations given to us, in our opinion, the Restated Summary Statements and the above restated statements contained in Annexures 6 to 32 accompanying this report, read with Restated Summary of Significant Accounting Policies disclosed in Annexure 5, are prepared after making adjustments and regroupings as considered appropriate and disclosed in Annexure 4 and have been prepared in accordance with Section 26 of Part I of Chapter III of the Act read with rules 4 to 6 of the Rules, the ICDR Regulations and the Guidance Note.

11. This report should not in any way be construed as a reissuance or redating of any of the previous audit reports issued by us, nor should this report be construed as a new opinion on any of the financial statements referred to herein.

12. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

13. Our report is intended solely for use of the management for inclusion in the RHP to be filed with SEBI, BSE Limited, the National Stock Exchange of India Limited and Registrar of Companies, Karnataka in connection with the proposed IPO and is not to be used, referred to or distributed for any other purpose except with our prior consent in writing.

For S. R. Batliboi & Co. LLP
Chartered Accountants

ICAI Firm registration number: 301003E/E300005

per Jayesh Gandhi
Partner
Membership No. 037924

Mumbai
April 30, 2018

CreditAccess Grameen Limited
(Formerly known as Grameen Koota Financial Services Private Limited)
ANNEXURE 1: RESTATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES

(Indian Rupees in Millions unless otherwise stated)

Balance sheet as at	Annexure	31-Mar-18	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14
Equity and liabilities						
Shareholders' funds						
Share capital	6	1,284.27	856.81	729.53	729.53	529.53
Reserves and surplus	7	12,994.62	6,051.15	3,869.24	3,034.44	1,543.22
		14,278.89	6,907.96	4,598.77	3,763.97	2,072.75
Non-current Liabilities						
Long-term borrowings	8	14,800.02	11,758.82	11,221.46	5,849.80	3,700.18
Long-term provisions	9	1,006.19	307.23	107.52	29.84	29.01
		15,806.21	12,066.05	11,328.98	5,879.64	3,729.19
Current liabilities						
Short-term borrowings	10	-	-	200.00	-	-
Other current liabilities	11	22,044.36	15,494.17	11,744.57	7,503.99	4,717.35
Short-term provisions	9	54.02	1,172.54	207.44	120.49	61.51
		22,098.38	16,666.71	12,152.01	7,624.48	4,778.86
TOTAL		**52,183.48**	**35,640.72**	**28,079.76**	**17,268.09**	**10,580.80**
Assets						
Non-current assets						
Fixed assets						
-Property, plant and equipment	12	94.80	59.80	53.18	25.67	24.78
-Intangible assets	13	66.80	62.82	60.18	11.51	1.50
-Capital work-in-progress		-	7.04	-	-	-
-Intangible assets under development		10.63	23.27	-	24.94	2.31
Non-current investments	14	2.00	2.00	2.00	2.00	2.02
Deferred tax asset	15	355.83	484.94	110.31	59.47	32.16
Loans and advances	16	15,900.28	6,376.15	7,712.25	2,703.02	1,586.89
Other non-current assets	17	55.50	119.58	392.42	737.31	447.64
		16,485.84	7,135.60	8,330.34	3,563.92	2,097.30
Current assets						
Cash and bank balances	18	1,381.53	3,636.88	2,549.15	2,797.74	3,250.31
Loan and advances	16	34,096.94	24,514.53	17,041.64	10,827.49	5,177.17
Other current assets	17	219.17	353.71	158.63	78.94	56.02
		35,697.64	28,505.12	19,749.42	13,704.17	8,483.50
TOTAL		**52,183.48**	**35,640.72**	**28,079.76**	**17,268.09**	**10,580.80**

Summary of significant accounting policies 5
Accompanying annexures are an integral part of this statement.

As per our report of even date
For S.R. BATLIBOI & CO. LLP
Chartered Accountants
ICAI Firm's Registration Number: 301003E/E300005

per Jayesh Gandhi
Partner
Membership No.037924

Place: Mumbai
Date: April 30, 2018

For and on behalf of Board of Directors of
CreditAccess Grameen Limited
(Formerly known as Grameen Koota Financial Services Private Limited)

Udaya Kumar
Managing Director & CEO

M N Gopinath
Chairman

Diwakar B R
Chief Financial Officer

Syam Kumar R
Company Secretary

Place: Bangalore
Date: April 30, 2018

CreditAccess Grameen Limited
(Formerly known as Grameen Koota Financial Services Private Limited)
ANNEXURE 2: RESTATED SUMMARY STATEMENT OF PROFITS AND LOSSES

(Indian Rupees in Millions unless otherwise stated)

Particulars	Annexure	For the year ended				
		March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Income						
Revenue from operations	19	8,655.53	7,017.45	4,569.50	2,681.60	1,423.36
Other income	20	96.52	75.16	97.69	132.68	54.93
Total revenue (I)		**8,752.05**	**7,092.61**	**4,667.19**	**2,814.28**	**1,478.29**
Expenses						
Employee benefits expenses	21	1,272.10	1,046.85	706.72	436.38	292.46
Finance costs	22	3,545.68	3,165.41	2,082.46	1,290.54	722.53
Other expenses	23	672.85	507.02	416.35	250.57	152.78
Depreciation and amortisation expenses	24	51.69	44.33	26.06	19.23	5.27
Provision and write-offs	25	1,281.15	1,086.02	140.17	68.38	57.25
Total expenses (II)		**6,823.46**	**5,849.63**	**3,371.76**	**2,065.10**	**1,230.29**
Profit before tax (III)=(I)-(II)		**1,928.58**	**1,242.98**	**1,295.43**	**749.18**	**248.00**
Tax expense						
Current tax		552.67	813.33	513.82	285.95	86.26
Deferred tax charge/(credit)		129.11	(374.64)	(50.84)	(27.31)	(5.16)
Short provision of tax relating to earlier years		0.39	1.31	0.04	3.22	0.64
Total tax expense (IV)		**682.17**	**440.00**	**463.02**	**261.86**	**81.74**
Profit for the year (III)-(IV)		**1,246.41**	**802.98**	**832.41**	**487.32**	**166.26**
Earnings per equity share (Nominal value per share Rs.10)	26					
Basic		12.26	10.01	11.41	9.15	4.18
Diluted		12.11	9.88	11.23	9.01	4.18

Summary of significant accounting policies 5
Accompanying annexures are an integral part of this statement.

As per our report of even date
For S.R. BATLIBOI & CO. LLP
Chartered Accountants
ICAI Firm's Registration Number: 301003E/E300005

per Jayesh Gandhi
Partner
Membership No.037924

Place: Mumbai
Date: April 30, 2018

For and on behalf of Board of Directors of
CreditAccess Grameen Limited
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Udaya Kumar
Managing Director & CEO

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Chairman

Diwakar B R
Chief Financial Officer

Syam Kumar R
Company Secretary

Place: Bangalore
Date: April 30, 2018

CreditAccess Grameen Limited
(Formerly known as Grameen Koota Financial Services Private Limited)
ANNEXURE 3: RESTATED SUMMARY STATEMENT OF CASH FLOWS

(Indian Rupees in Millions unless otherwise stated)

	Particulars	For the year ended				
		March 31, 2018	**March 31, 2017**	**March 31, 2016**	**March 31, 2015**	**March 31, 2014**
A.	**Cash flow from operating activities**					
	Profit before tax	**1,928.58**	**1,242.98**	**1,295.43**	**749.18**	**248.00**
	Adjustments for :					
	Depreciation and amortisation	51.69	44.33	26.06	19.23	5.27
	Provision for gratuity	17.67	14.38	11.29	3.60	9.87
	Provision for leave encashment and availment	24.24	21.40	10.33	5.17	4.94
	Bad debts written off	1,616.23	22.18	7.97	1.28	44.59
	Loss on sale of property, plant and equipment	0.00	0.66	0.51	0.02	1.64
	Provision for standard assets	(1,290.19)	1,057.82	117.35	62.94	56.60
	Provision for non-performing assets	955.11	6.02	14.85	4.16	(43.94)
	Stock option expenditure	21.11	6.22	2.40	3.90	0.59
	Payment of processing fee towards borrowings (considered in financing activities)	46.47	58.03	82.95	77.30	61.14
	Amortisation of share issue expenses	(4.20)	2.68	3.94	4.06	0.22
	Profit on sale of current investments	(40.79)	(35.64)	(38.33)	(44.05)	(34.07)
	Dividend income on current investment	(1.70)	-	-	-	-
	Other provisions and write offs	0.01	(3.88)	17.93	(0.72)	0.89
	Loss on foreign exchange	0.34	-	-	-	-
	Operating profit before working capital changes	**3,324.58**	**2,437.18**	**1,552.68**	**886.07**	**355.74**
	Movements in working capital :					
	Increase/ (decrease) in other liabilities	191.01	(280.16)	376.92	67.14	(12.75)
	Decrease / (increase) in loans and advances	(20,684.54)	(6,155.39)	(11,285.27)	(6,753.62)	(2,825.09)
	(Increase) / decrease in margin money deposits	283.35	676.29	570.58	(838.85)	(238.36)
	Decrease / (increase) in trade receivables	5.84	-	-	-	0.20
	Decrease / (increase) in other assets	162.90	(194.53)	(66.19)	(42.38)	117.75
	Cash used in operations	**(16,716.86)**	**(3,516.61)**	**(8,851.29)**	**(6,681.64)**	**(2,602.51)**
	Direct taxes paid (net of refunds)	(674.75)	(731.24)	(459.59)	(302.57)	(106.64)
	Net cash used in operating activities (A)	**(17,391.61)**	**(4,247.85)**	**(9,310.88)**	**(6,984.21)**	**(2,709.15)**

CreditAccess Grameen Limited
(Formerly known as Grameen Koota Financial Services Private Limited)
ANNEXURE 3: RESTATED SUMMARY STATEMENT OF CASH FLOWS

(Indian Rupees in Millions unless otherwise stated)

	Particulars	For the year ended				
		March 31, 2018	**March 31, 2017**	**March 31, 2016**	**March 31, 2015**	**March 31, 2014**
B.	**Cash flow from investing activities :**					
	Purchase of property, plant and equipment and intangible assets	(71.18)	(84.96)	(78.10)	(53.25)	(6.82)
	Proceeds from sale of property, plant and equipment	0.19	0.40	0.31	0.46	0.13
	Cash and cash equivalents acquired pursuant to Scheme of Arrangement (ref Annexure 27.13)	531.87	-	-	-	-
	Sale / redemption of non-current investments	-	-	-	0.02	0.02
	Purchase of current investments	(33,504.50)	(23,249.00)	(22,174.90)	(15,654.10)	(10,538.80)
	Sale of current investments	33,579.07	23,284.64	22,213.23	15,698.16	10,575.46
	Net cash used in investing activities (B)	**535.45**	**(48.92)**	**(39.46)**	**(8.71)**	**29.99**
C.	**Cash flow from financing activities :**					
	Long-term borrowings (net)	11,346.27	4,549.20	9,227.83	4,853.08	4,164.56
	Short-term borrowings (net)	-	(200.00)	200.00	-	-
	Payment of processing fee towards borrowings	(46.47)	(58.03)	(82.95)	(77.30)	(61.14)
	Proceeds from issuance of equity share capital including securities premium	3,535.59	1,500.00	-	1,200.00	800.00
	Payment of expense towards issue of share capital	-	(0.16)	(1.30)	(1.69)	(6.40)
	Net cash from financing activities (C)	**14,835.39**	**5,791.01**	**9,343.58**	**5,974.09**	**4,897.02**
	Net increase/(decrease) in cash and cash	**(2,020.78)**	**1,494.24**	**(6.76)**	**(1,018.83)**	**2,217.86**
	Cash and cash equivalents as at the beginning of the year	3,321.08	1,826.83	1,833.60	2,852.43	634.57
	Cash and cash equivalents as at end of the year (refer Annexure 18)	**1,300.30**	**3,321.08**	**1,826.84**	**1,833.60**	**2,852.43**
	Components of cash and cash equivalents at the year end					
	Cash on hand	108.92	83.57	161.96	109.48	49.76
	Balance with banks - on current account	1,171.38	737.51	1,114.88	724.12	1,740.85
	Deposits with original maturity of less than or equal to 3 months	20.00	2,500.00	550.00	1,000.00	1,061.82
	Components of cash and cash equivalents at the year end	**1,300.30**	**3,321.08**	**1,826.84**	**1,833.60**	**2,852.43**

As per our report of even date
For S.R. BATLIBOI & CO. LLP
Chartered Accountants
ICAI Firm's Registration Number: 301003E/E300005

per Jayesh Gandhi
Partner
Membership No.037924

Place: Mumbai
Date: April 30, 2018

For and on behalf of Board of Directors of
CreditAccess Grameen Limited
(Formerly known as Grameen Koota Financial Services Private Limited)

Udaya Kumar
Managing Director & CEO

M N Gopinath
Chairman

Diwakar B R
Chief Financial Officer

Syam Kumar R
Company Secretary

Place: Bangalore
Date: April 30, 2018

CreditAccess Grameen Limited
(Formerly known as Grameen Koota Financial Services Private Limited)

ANNEXURE 4: Restated 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:

(Indian Rupees in Millions unless otherwise stated)

Particulars	For the year ended				
	31-Mar-18	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14
Net Profit as per Audited Financial Statements (A)	**1,246.41**	**752.55**	**837.76**	**494.56**	**185.09**
Adjustments for restatement					
(Decrease) / Increase in profits					
Finance cost					
Amortisation of other borrowing cost (1)	-	77.12	(8.18)	(11.62)	(28.53)
Total Effect of Adjustment before Tax (B)	**-**	**77.12**	**(8.18)**	**(11.62)**	**(28.53)**
Tax Adjustment					
Deferred Tax(2)	-	26.69	(2.83)	(4.38)	(9.70)
Total Tax adjustment (C)	**-**	**26.69**	**(2.83)**	**(4.38)**	**(9.70)**
Net Effect of increase / (decrease) in profit on adjustment after tax (D)= (B)-(C)	**-**	**50.43**	**(5.35)**	**(7.24)**	**(18.83)**
Net profit/ (loss) for the year ended (E)= (A)+(D)	**1,246.41**	**802.98**	**833.41**	**488.32**	**167.26**

Explanatory notes for the above adjustments:

(1) With effect from April 1, 2016, the Company changed its accounting policy for recognising other borrowing costs in the period in which they were incurred against recognising these over the tenure of the borrowings. The above adjustment has been made to give effect of such change in accounting policy in the respective financial years.

(2) The above restatement will have corresponding impact on deferred taxes. Accordingly, the timing difference arising on account of restatement for the above years has been considered in the respective financial years.

4.2 Restatement adjustment made in the audited opening balance of the surplus balance in the statement of profit and loss as at April 1, 2013.

Particulars	**Amount (in Millions)**
Net surplus in the statement of profit and loss as at April 1, 2013	80.61
Restatement Adjustment for:	
Finance cost	
Amortisation of other borrowing cost	(9.79)
Reversal of deferred tax liability on above	(9.21)
Net surplus in the statement of profit and loss as at April 1, 2013 (as restated)	61.61

4.3 Non adjusting items

(I) 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 financial statements for the years ended March 31, 2018, March 31, 2017, 2015 and 2014 which do not require any corrective adjustment in the Restated Summary Statements are as follows:

A. For the year ended March 31, 2017

Clause vii (a)

Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues have been regularly deposited with the appropriate authorities though there has been a delay in payment of service tax of Rs.6.11 millions, which has been discharged during the year alongwith appropriate interest.

B. For the year ended March 31, 2015

Clause xii

We have been informed that during the year there was an instance of misappropriation of cash by an employee of the Company amounting to Rs.0.05 millions. As informed, services of the employee have been terminated and the Company is in the process of taking legal action against the employee. The Company has made a provision of Rs.0.02 millions against the outstanding balance (net of recovery) amounting to Rs.0.50 millions, as at the Balance Sheet date.

C. For the year ended March 31, 2014

Clause ix (c)

According to the information and explanations given to us, the dues outstanding of income tax, sales-tax, wealth tax, service tax, customs duty, excise duty and cess on account of dispute, are as follows:

Name of the Statute	Nature of disputed dues	Amount under dispute (in Millions)	Amount paid* (in Millions)	Period to which its relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	72.14	20.00 #	FY 2010-11	The Commissioner of Income Tax (Appeals)

*The Company has paid the amount under protest.

#Stay order received from the Deputy Commissioner of Income Tax for payment of the balance amount of Rs.52.14 millions till September 30, 2014.

Clause xxi

We have been informed that during the year there were instances of cash embezzlement by employees of the Company amounting to Rs.0.28 millions and loans given to non-existent borrowers on the basis of fictitious documentation created by employees of the Company aggregating Rs.0.04 millions. As informed, investigations are in progress and the services of such employees involved have been terminated and the Company is in the process of taking legal action. The Company is also adequately covered by fidelity insurance cover. The Company has made a provision of Rs.0.32 millions against the outstanding balance (net of recovery) aggregating Rs.0.32 millions, as at the Balance Sheet date.

(II) Further, auditors' report pursuant to Rule 11(d) of Companies (Audit and Auditors) Amendment Rules, 2017 on the financial statements for the year ended March 31, 2017 included the following comments, which do not require any corrective adjustment in the Restated Summary Statements:

The Company has provided disclosures in Note 35 to these financial statements as to the holding of Specified Bank Notes (SBNs) on November 8, 2016 and December 30, 2016 as well as dealings in SBNs during the period from November 9, 2016 to December 30, 2016. Based on audit procedures and relying on management representations, except for segregation of transactions between SBNs and other denominations, as more fully described in Note 35(1) to these financial statements, which we are unable to comment upon in the absence of sufficient appropriate audit evidence, we report that the amounts disclosed in the said note are in accordance with the books of account maintained by the Company and produced before us for verification. Further, as stated in Note 35(3), read with Note 35(1) to the financial statements and as represented to us by the management, the Company has received an amount aggregating Rs.126.42 millions as repayments from its borrowers in SBNs which were not permitted.

4.4 Appropriate adjustments have been made in the Restated Summary Statements of Assets and Liabilities, Profits and Losses and Cash Flows in accordance with the requirements of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (as amended), by a reclassification of the corresponding items of income, expenses, assets, liabilities and cash flows in order to bring them in line with the groupings as per the audited financial statements of the Company as at March 31, 2018, prepared in accordance with Schedule III of the Companies Act 2013.

5.1 Corporate information

CreditAccess Grameen Limited (Formerly known as 'Grameen Koota Financial Services Private Limited') ('the Company') is a company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company is registered as a non-deposit accepting Non-Banking Financial Company ('NBFC-ND') with the Reserve Bank of India ('RBI') and has got classified as a Non-Banking Financial Company – Micro Finance Institution ('NBFC-MFI') with effect from September 5, 2013.

The Company is engaged primarily in providing micro finance services to women who are enrolled as members and organized as Joint Liability Groups ('JLG'). In addition to the core business of providing micro-credit, the Company uses its distribution channel to provide certain other financial products and services to the members.

5.2 Basis of preparation

The restated summary statement of assets and liabilities of the Company as at March 31, 2018, March 31, 2017, March 31, 2016, March 31, 2015 and March 31, 2014 and the related restated summary statement of profits and losses and related restated summary statement of cash flows for the year ended March 31, 2018 March 31, 2017, March 31, 2016, March 31, 2015 and March 31, 2014 (collectively referred to as the "Restated Summary Statements") have been compiled by the management from the audited financial statements of the Company for the ended March 31, 2018, March 31, 2017, March 31, 2016, March 31, 2015 and March 31, 2014 respectively, approved by the Board of Directors of the Company.

The Company had prepared the audited financial statements to comply, in all material respects, with the accounting standards specified under the Companies Act, 1956 and under section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014, Companies (Accounting Standards) Amendment Rules, 2016, the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ('the NBFC Master Directions') and other accounting principles generally accepted in India (Indian GAAP). The audited financial statements were prepared under the historical cost convention on an accrual basis except as detailed in paragraph 5.3 (c) below.

These Restated Summary Statements have been prepared by the Company to comply in all material respects with the requirements of Sub-clause (i), (ii) and (iii) of clause (b) of Sub-section (1) of Section 26 of Chapter III of the Companies Act, 2013 read with rules 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 ICDR Guidelines") as amended, for the purpose of inclusion in the offer document to be filed by the Company with the Securities and Exchange Board of India ('SEBI') in connection with its proposed initial public offering. The accounting policies used in preparation of these Restated Summary Statements have been consistently applied by the Company and are consistent with those adopted in the preparation of the financial statements for the year ended March 31, 2018.

5.3 Summary of significant accounting policies used in preparation of the Restated Summary Statements

a. Use of estimates

The preparation of the Restated 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.

b. Change in accounting estimates

i. Year ended March 31, 2018

Change in estimates relating to loan provisioning

During the year, the Company revised its estimates relating to loan provisioning whereby only the overdue instalments of a non-performing asset ('NPA') shall be subjected to provisioning as against the entire loan outstanding, which is in line with the methodology prescribed by RBI for NBFC-MFIs. Further, the Company has also revised its estimates of provisioning towards standard assets. As a result of these changes in the loan provisioning estimates, the overall provisioning for loan portfolio for the year ended March 31, 2018 is lower by Rs.474 million and the restated profit before tax for the said period was higher by Rs.474 million as compared to the estimates applied in the previous year ended March 31, 2017. Refer annexure 5.3 (s) and annexure 5.3 (t) for the norms applicable in the current year.

Change in estimates relating to write-off of loan portfolio
During the year, the Company also performed a qualitative assessment of its delinquent loan portfolio whereby loans aggregating Rs.1,297.45 million have been written off in addition to the write-offs as per the norms stated in note 2.1(s). Consequently, the provision of Rs.966.65 million held against such loans has been written-back thereby resulting in a net additional charge of Rs.330.80 million to the restated profit before tax.

ii. Year ended March 31, 2017
The Reserve Bank of India vide circular No. DBR.No.BP.BC.37/21.04.048/2016-17 dated November 21, 2016 and DBR.No.BP.BC.49/21.04.048/2016-17 dated December 28, 2016 had provided a dispensation on prudential norms in the form of short-term deferment of classification of loan accounts as sub-standard. Accordingly, the Company availed the said dispensation and continued to classify loan accounts aggregating Rs.2,445.06 million as standard assets as at March 31, 2017.

However, the Company performed a qualitative assessment of such loan accounts and revised its estimates of provisioning for standard assets. As a result, the overall provisioning for loan portfolio (aggregate provision towards standard and non-performing assets) for the year ended March 31, 2017 was lower by Rs.1,574.83 million and the restated profit before tax for the said period was higher by Rs.1,574.83 million as compared to the estimates applied in the previous year ended March 31, 2016.

iii. Year ended March 31, 2016
The Company had revised its estimate of provisioning for loan portfolio as a result of which the provision for loan portfolio as at March 31, 2016 was higher by Rs.19.60 million and the restated profit before tax for the said period was lower by Rs.19.60 million as compared to the estimates applied in the previous year ended March 31, 2015.

iv. Year ended March 31, 2015

1. In accordance with the requirements of Schedule II of the Companies Act, 2013, the Company reassessed the useful lives and residual value of the fixed assets as on April 1, 2014 and:

   (i) An amount of Rs.6.13 million was charged to the statement of profit and loss for the year ended March 31, 2015 in respect of assets whose remaining useful life was 'nil' as at April 1, 2014; and

   (ii) An amount of Rs.3.55 million was charged to the statement of profit and loss for the year ended March 31, 2015 representing the additional depreciation on the carrying value of assets as at April 1, 2014 due to change in useful life of assets.

2. The Company had changed its estimates in respect of amortization of ancillary borrowing cost whereby the amortisation schedule was revised in proportion of the principal outstanding instead of on a straight line basis. As a result of such change in the estimates of amortisation, the ancillary borrowing cost recognised for the year ended March 31, 2015 was higher by Rs.11.60 million as compared to the estimates applied in the previous year ended March 31, 2014.

In accordance with the SEBI ICDR Regulations, no adjustments have been made in these Restated Summary Statements in respect of the changes in accounting estimates mentioned above. However, necessary adjustments for the changes in the accounting policies, as disclosed in Annexure 4, have been incorporated in these Restated Summary Statements retrospectively in the respective periods to reflect the same accounting treatment for all the reporting periods.

c. Revenue recognition
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

i. Interest income on loans given is recognised under the internal rate of return method with reference to the contractual rate of interest and outstanding principal. Income or any other charges on non-performing asset is recognised only when realized. Any such income recognised before the asset became non-performing and remaining unrealized is reversed.
ii. Interest income on deposits with banks and financial institutions is recognised on a time proportion accrual basis taking into account the amount outstanding and the rate applicable.
iii. Loan processing fees collected from members are recognised on an upfront basis at the time of disbursement of the loan.

Annexure 5: Restated Summary of Significant Accounting Policies ((Indian Rupees in Millions unless otherwise stated))

iv. Profit / premium arising at the time of securitization of loan portfolio is amortized over the life of the underlying loan portfolio / securities and any loss arising therefrom is accounted for immediately. Income from excess interest spread is recognized in the statement of profit and loss account net of any losses at the time of actual receipt.

v. Dividend income is recognised when right to receive payment is established by balance sheet date.

vi. All other incomes are recognised on an accrual basis.

d. Property, Plant and Equipment

Property, Plant and Equipment are stated at historical cost less accumulated depreciation and impairment losses, if any. The historical cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

e. Intangible assets

Intangible assets represent computer software which are stated at the cost of acquisition and are amortized over a period of five years, based on expected future economic benefits accruing to the Company from the year of acquisition.

f. Depreciation

A) For the period upto April 1, 2014

Depreciation on Property, Plant and Equipment was provided using the straight line method (SLM) as per the useful lives of the assets estimated by the management or at the rates prescribed under Schedule XIV of the Companies Act, 1956 whichever were higher. The useful life estimated by the management was as under:

Category of Asset	**Useful life (in years)**
Furniture and fittings	16
Office equipment	21
Vehicles	11
Buildings	61
Electrical equipment	21
Computers (including Servers)	6

Fixed Assets costing upto Rs. 5,000 individually were depreciated fully in the year of purchase. Leasehold improvements were being amortised over the primary lease period.

B) For the period after April 1, 2014

Depreciation on Property, Plant and Equipment is provided using the straight line method as per the useful lives of the assets estimated by the management. The useful life estimated by the management is as under:

Category of Asset	**Useful life (in years)**
Furniture and fittings	10
Office equipment	5
Vehicles	8
Buildings	30
Electrical equipment	10
Computers (including Servers)	3

Leasehold improvement is amortized on a straight line basis over the primary period of lease.

The management has estimated, supported by independent assessment by professionals, the useful life of servers and two-wheeler vehicles as 3 years and 8 years respectively, which are lower than those prescribed under Schedule II to the Companies Act, 2013.

g. Impairment

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

h. Leases (where the Company is the lessee)
Leases where the lessor effectively retains, substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

i. Investments
Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments. Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis except for investments in the units of mutual funds in the nature of current investments that have been valued at the net asset value declared by the mutual fund in respect of each particular scheme, in accordance with the NBFC Master Directions. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments. On disposal of an investment the difference between carrying amount and net disposal proceeds are charged or credited to the statement of profit and loss.

j. Borrowing costs
Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Ancillary borrowing costs incurred in connection with arrangement of borrowing are recognised in the in the period in which they are incurred.

k. Foreign currency transactions

i. All transactions in foreign currency are recognised at the exchange rate prevailing on the date of the transaction.

ii. Foreign currency monetary items are reported using the exchange rate prevailing at the close of the financial year.

iii. Exchange differences arising on the settlement of monetary items or on the restatement of Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

l. Retirement and other employee benefits

i. Retirement benefits in the form of provident fund and superannuation are defined contribution schemes. The Company has no obligation, other than the contribution payable to the respective funds. The Company recognises contribution payable to the respective funds as expenditure, when an employee renders the related service.

ii. Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Actuarial gains and losses for defined benefit plans are recognised in full in the period in which they occur in the statement of profit and loss.

iii. The Company treats accumulated leave expected to be carried forward beyond twelve months as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the end of each financial year. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

iv. 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 absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

m. Income taxes

i. Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961, enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

ii. Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current half year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

iii. Deferred tax assets are recognised for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

iv. The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

v. Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as “MAT Credit Entitlement.” The Company reviews the “MAT credit entitlement” asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the specified period.

n. Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as fraction of an equity share to the extent that they were entitled to participate in dividends related to a fully paid equity share during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

o. Provisions

A provision is recognised when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

p. Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

q. Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand and cash at bank and short-term investments with an original maturity of three months or less.

Annexure 5: Restated Summary of Significant Accounting Policies ((Indian Rupees in Millions unless otherwise stated))

r. 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.

s. Classification of portfolio loans

A) Joint liability group ('JLG') loans

Asset classification	Arrear period
Standard assets	Overdue for less than 90 days
Non-performing assets	Overdue for 90 days or more

* For the financial year ended March 31, 2017, above asset classification was subject to the dispensation provided by the RBI in the form of short-term deferment of classification of loan accounts as sub-standard. Refer paragraph 5.3(b)(ii).

"Overdue" refers to interest and / or installment remaining unpaid from the day it became receivable.

B) Individual loans

Asset classification	Arrear period
Standard assets	Overdue for less than 90 days
Non-performing assets	Overdue for 90 days or more
Substandard assets	Assets classified as non-performing for a period not exceeding 360 days
Doubtful assets	Assets classified as sub-standard for a period exceeding 360 days

"Overdue" refers to interest and / or instalment remaining unpaid from the day it became receivable.

t. Rates of provision policy for portfolio loans

1. For the year ended March 31, 2018

The overall provision for loan portfolio is determined based on management estimates and as per the below mentioned provisioning rates subject to the minimum provision prescribed in the NBFC Master Directions:

(A) Provisioning norms for Joint Liability Group (JLG) loans shall be **higher of following**:

1. 2% of outstanding loan portfolio; or
2. a. 50% of the aggregate overdue loan installments in respect of loan accounts which are overdue for 90 days or more and less than 180 days, and

   b. 100% of the aggregate overdue loan installments in respect of loan accounts which are overdue for 180 days or more.

   Any provision, determined as above, which in excess of the carrying value of the non-performing loan portfolio shall be recognised as "Contingent provision against standard assets"

(B) Provisioning norms for Individual Loans shall be **higher of following**:

1. 2% of the outstanding loan portfolio; or
2. Aggregate of provisioning as per below table:

Annexure 5: Restated Summary of Significant Accounting Policies ((Indian Rupees in Millions unless otherwise stated))

Asset classification		**Provision (%) on outstanding**
Standard	Overdue for less than 90 days	0.40%
Sub-standard	Asset classified as NPA for a period not exceeding 360 days	10%
Doubtful	A) Secured loan asset classified as doubtful	
	i) For a period not exceeding 360 days	20%
	ii) For more than 360 days but less than 540 days	70%
	iii) For more than 540 days	100%
	B) Unsecured loan asset	100%

2. **Financial year ended March 31, 2017 and March 31, 2016**
   Loans are provided for and written off as per management estimates, subject to the minimum provisioning the provision prescribed in the NBFC Master Directions as follows:

Asset classification	**Rate of provisioning**
Standard assets	1%
Substandard assets	100%
Loss assets	Written off

3. **Financial year ended March 31, 2015 and March 31, 2014**
   Loans are provided for and written off as per management estimates, subject to the minimum provisioning required as per Non-Banking Financial Company – Micro Finance Institutions (NBFC-MFIs) Directions, 2011, as amended from time to time.

4. **Loan write-off**
   i. For the year ended March 31, 2018:

      Overdue loans shall be fully written off from the books of accounts during the quarter subsequent to the one in which 100% provision is made against the loan account in case of both JLG loans and individual loans.

   ii. For the financial years ended March 31, 2017, March 31, 2016, March 31, 2015 and March 31, 2014.

      After 9 months of being classified as non-performing assets.

u. Share issue expenses
Expenses incurred in connection with issue of equity shares are amortized over a period of five years.

v. Amalgamation accounting
The Company treats an amalgamation in the nature of merger if it satisfies all of the following criteria:

i. All the assets and liabilities of the transferor company become, after amalgamation, the assets and liabilities of the transferee company.
ii. Shareholders holding not less than 90% of the face value of the equity shares of the transferor company (other than the equity shares already held therein, immediately before the amalgamation, by the transferee company or its subsidiaries or their nominees) become equity shareholders of the transferee company.
iii. The consideration for amalgamation receivable by those equity shareholders of the transferor company who agree to become shareholders of the transferee company is discharged by the transferee company wholly by the issue of equity shares, except that cash may be paid in respect of any fractional shares.
iv. The business of the transferor company is intended to be carried on, after the amalgamation, by the transferee company.
v. The transferee company does not intend to make any adjustment to the book values of the assets and liabilities of the transferor company, except to ensure uniformity of accounting policies.

Any amalgamation in the nature of merger is accounted for using the pooling of interest method. The application of this method requires the Company to recognize any non-cash element of the consideration at fair value. The company recognizes assets, liabilities and reserves, whether capital or revenue, of the transferor company at their existing carrying amounts and in the same form as at the date of the amalgamation. The balance in the statement of profit and loss of the transferor company is transferred to the statement of profit and loss of the Company. The difference between the amount recorded as share capital issued, plus any additional consideration in the form of cash or other assets, and the amount of share capital of the transferor company is adjusted in reserves.

CreditAccess Grameen Limited
(Formerly known as Grameen Koota Financial Services Private Limited) (Indian Rupees in Millions unless otherwise stated)
ANNEXURE 6: Restated Statement of Share Capital

Particulars	31-Mar-18	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14
Authorised shares					
Equity Shares of Rs.10/- each					
-Number of shares	16,00,00,000	9,10,00,000	9,10,00,000	7,30,00,000	5,30,00,000
-Amount in Millions	1,600.00	910.00	910.00	730.00	530.00
Issued, Subscribed And Fully Paid Up Shares:					
Equity Shares of Rs.10/- each					
-Number of shares	12,84,27,337	8,56,81,343	7,29,53,433	7,29,53,433	5,29,53,433
-Amount in Millions	1,284.27	856.81	729.53	729.53	529.53
Total issued, subscribed and fully paid-up share capital	**1,284.27**	**856.81**	**729.53**	**729.53**	**529.53**

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year
Equity shares

Particulars	31-Mar-18		31-Mar-17		31-Mar-16		31-Mar-15		31-Mar-14	
	No. of Shares	Amount in Millions	No. of Shares	Amount in Millions	No. of Shares	Amount in Millions	No. of Shares	Amount in Millions	No. of Shares	Amount in Millions
At the beginning of the year	8,56,81,343	856.81	7,29,53,433	729.53	7,29,53,433	729.53	5,29,53,433	529.53	3,96,20,099	396.20
Issued during the year	4,27,45,994	427.46	1,27,27,910	127.28	-	-	2,00,00,000	200.00	1,33,33,334	133.33
Outstanding at the end of the year	**12,84,27,337**	**1,284.27**	**8,56,81,343**	**856.81**	**7,29,53,433**	**729.53**	**7,29,53,433**	**729.53**	**5,29,53,433**	**529.53**

(b) Terms/Rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. Any dividend proposed by the Board of directors is subject to the approval of shareholders in the ensuing Annual General Meeting.

In the event of liquidation of Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Details of shareholders holding more than 5% shares in the Company

Equity shares of Rs.10 each fully paid-up	31-Mar-18		31-Mar-17		31-Mar-16		31-Mar-15		31-Mar-14	
	No. of Shares	% holding in the class*	No. of Shares	% holding in the class	No. of Shares	% holding in the class	No. of Shares	% holding in the class	No. of Shares	% holding in the class
CreditAccess Asia NV (erstwhile MicroVentures Asia BV) (Holding Company)	12,69,85,513	98.88%	8,52,03,532	99.44%	5,92,38,844	81.20%	5,86,30,844	80.37%	1,33,33,334	25.18%
Microventures Investments SCA SICAR, Luxembourg	-	-	-	-	-	-	-	-	55,22,727	10.43%
MVH SPA, Italy	-	-	-	-	-	-	-	-	48,72,727	9.20%
IIM Impulse 2, Mauritius	-	-	-	-	-	-	-	-	41,41,414	7.82%
Aavishkaar Goodwell India Microfinance Development Company, Mauritius	-	-	-	-	-	-	-	-	29,99,351	5.66%
Creation Investments Social Venture Fund II, L.P	-	-	-	-	74,62,491	10.23%	74,62,491	10.23%	1,04,16,667	19.67%
Mrs. Vinatha M Reddy	-	-	-	-	-	0.00%	-	0.00%	-	0.00%
TMT Community Trust	-	-	-	-	45,00,000	6.17%	45,00,000	6.17%	45,00,000	8.50%

As per the 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 ownership of shares.

(d) Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

Equity shares of Rs.10 each fully paid-up	31-Mar-18	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14
Equity shares allotted as fully paid-up pursuant to asset aquisition (No.of Shares)	-	-	-	-	-
Equity shares allotted as fully paid-up under sweat equity scheme (No.of shares)	-	-	-	-	-
Equity shares alloted to Equity Share holders and Compulsorily Convertible Debentureholders of MV Microfin Private Limited as a purchase consideration for amalgamation of business with the Company (No. of Shares)	48,90,140	-	-	-	-
Equity shares alloted to CreditAccess Asia N.V in lieu of conversion of compulsorily convertible debentures (No. of Shares)	1,29,87,012	-	-	-	-

In addition, the Company has issued 1,013,750 equity shares during the period of five years immediately preceeding the reporting date on exercise of options granted under the employees stock option plan wherein part consideration was received in form of employee services.

(e) For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, refer Annexure 27.10

CreditAccess Grameen Limited
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ANNEXURE 7: Restated Statement of Reserves and Surplus

(Indian Rupees in Millions unless otherwise stated)

Particulars	31-Mar-18	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14
Securities premium account					
Balance as per last financial statements	3,659.80	2,287.08	2,287.08	1,287.08	620.41
Add : Premium on shares issued during the year	3,252.94	1,372.72	-	1,000.00	666.67
Add: Premium on conversion of Compulsorily Convertible Debentures into equity shares	1,870.13	-	-	-	-
Add: Transfer from stock option outstanding account on exercise of options (non cash portion)	8.51	-	-	-	-
Add: Transfer from stock option outstanding account on exercise of stock options (cash portion)	33.96	-	-	-	-
Closing balance	**8,825.34**	**3,659.80**	**2,287.08**	**2,287.08**	**1,287.08**
Capital Reserve					
Balance as per last financial statements	-	-	-	-	-
Add : Adjustment pursuant to the Scheme (refer Annexure 27.13)	499.50	-	-	-	-
Closing balance	**499.50**	**-**	**-**	**-**	**-**
Statutory reserve (As required by Sec 45-IC of Reserve Bank of India Act, 1934)					
Balance as per last financial statements	481.68	331.17	163.62	64.71	27.69
Add : Amount transferred from the surplus balance of Statement of profit and loss	249.28	150.51	167.55	98.91	37.02
Add : Adjustment pursuant to the Scheme (refer Annexure 5.3(v) and 27.13)	4.70	-	-	-	-
Closing balance	**735.66**	**481.68**	**331.17**	**163.62**	**64.71**
Stock options outstanding					
Balance as per last financial statements	13.10	6.88	4.49	0.59	-
Add : Employee stock option compensation for the year (refer Annexure 27.10)	21.11	6.22	2.39	3.90	0.59
Less: Transferred to Securities premium account on exercise of stock options	(8.51)	-	-	-	-
Closing balance	**25.70**	**13.10**	**6.88**	**4.49**	**0.59**
Surplus balance in the statement of profit and loss					
Balance as per last financial statements	1,896.57	1,244.11	579.25	190.84	61.60
Add:Profit for the year	1,246.41	802.98	832.41	487.32	166.26
Add : Adjustment pursuant to the Scheme (refer Annexure 5.3(v) and 27.13)	14.72	-	-	-	-
Less:Transfer to statutory reserve as required by Sec 45-IC of Reserve Bank of India Act, 1934*	(249.28)	(150.51)	(167.55)	(98.91)	(37.02)
Net surplus in the statement of profit or loss	**2,908.42**	**1,896.57**	**1,244.11**	**579.25**	**190.84**
Total reserves and surplus	**12,994.62**	**6,051.15**	**3,869.24**	**3,034.44**	**1,543.22**

* Transfer of 20% of the profit after tax to the statutory reserves in accordance with the provisions of section 45-IC** of the Reserve Bank of India Act, 1934 is of the profit after tax before restatement adjustment.

** As per Section 45-IC of the Reserve Bank of India Act, 1934, the Company is required to create a reserve fund at the rate of 20% of the Profit after Tax of the Company every year.

ANNEXURE 8: Restated Statement of Long-term borrowings

(Indian Rupees in Millions unless otherwise stated)

Particulars	31-Mar-18		31-Mar-17		31-Mar-16		31-Mar-15		31-Mar-14	
	Non-Current	Current	Non-Current	Current	Non-Current	Current	Non-Current	Current	Non-Current	Current
Secured										
Non convertible debentures (Refer Annexure 8.1(a) for details)	4,840.00	2,880.00	4,680.00	600.00	3,480.00	950.00	2,430.00	310.00	1,110.00	366.67
Term Loans										
Indian rupee loan from banks	6,963.19	15,204.05	2,237.35	8,694.79	4,977.11	8,404.52	2,635.74	6,193.80	2,117.45	3,516.03
Indian rupee loan from financial institutions	2,232.83	2,729.36	3,662.29	2,644.77	1,420.39	1,071.96	331.28	398.83	137.06	95.00
Indian rupee loan from non banking finance companies	-	300.18	300.18	831.47	312.46	385.21	233.78	152.89	116.67	374.36
Indian rupee loan from others	-	-	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-
Unsecured			-	-	-	-	-	-	-	-
Non convertible debentures (sub-ordinated debts) (Refer Annexure 8.1(b) for details)	114.00	52.50	166.50	52.50	219.00	-	219.00	-	219.00	-
Compulsorily convertible debentures	-	-	-	2,000.00	-	-	-	-	-	-
Term Loan			-	-	-	-	-	-	-	-
Indian rupee loan from financial institutions (Refer Annexure 8.1 (c) for details)	400.00	-	400.00	-	400.00	-	-	-	-	-
Indian rupee loan from non banking finance companies (Refer Annexure 8.1 (c) for details)	250.00	62.50	312.50	100.00	412.50	100.00	-	-	-	-
	14,800.02	**21,228.59**	**11,758.82**	**14,923.53**	**11,221.46**	**10,911.69**	**5,849.80**	**7,055.52**	**3,700.18**	**4,352.06**
The above amount includes										
Secured borrowings*	14,036.02	21,113.59	10,879.82	12,771.03	10,189.96	10,811.69	5,630.80	7,055.52	3,481.18	4,352.06
Unsecured borrowings**	764.00	115.00	879.00	2,152.50	1,031.50	100.00	219.00	-	219.00	-
Amount disclosed under the head "other current liabilities" (refer Annexure 11)	-	(21,228.59)	-	(14,923.53)	-	(10,911.69)	-	(7,055.52)	-	(4,352.06)
Net amount	**14,800.02**	**(0.00)**	**11,758.82**	**-**	**11,221.46**	**-**	**5,849.80**	**-**	**3,700.18**	**-**

* The Indian rupee loans are secured by hypothecation of book debts and margin money deposits.

** Unsecured borrowings are in the nature of subordinated debts/term loans and compulsorily convertible debentures.

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Annexure 8.1 (a)Terms of principal repayment of long term borrowings as at March 31, 2018

(Indian Rupees in Millions unless otherwise stated)

Particulars	31-Mar-18		
	Total Amount	Non-Current	Current
Non convertible debentures			
Secured			
250, 12.24% Secured Redeemable Non-convertible Debentures of face value of Rs.1 million each redeemable at par at the end of six years (subject to exercise of put option by the lender at the end of three years) from the date of allotment i.e. November 25, 2013. Redeemable on maturity if option not excercised or communication for roll-over received from lender.	250.00	250.00	-
250, 12.33% Secured Redeemable Non-convertible Debentures of face value of Rs.1 million each redeemable at par at the end of six years (subject to exercise of put option by the lender at the end of three years) from the date of allotment i.e. November 25, 2013. Redeemable on maturity if option not excercised or communication for roll-over received from lender.	250.00	250.00	-
300, 12.10% Secured Redeemable Non-convertible Debentures of face value of Rs.1 million each redeemable at par at the end of six years (subject to exercise of put option by the lender at the end of three years) from the date of allotment i.e. February 26, 2014. Redeemable on maturity if option not excercised or communication for roll-over received from lender.	300.00	300.00	-
580, 14.16% Secured Redeemable Non-convertible Debentures of face value of Rs.1 million each redeemable on May 13, 2018 (25%) and November 13, 2018 (75%)	580.00	-	580.00
300, 11.80% Secured Redeemable Non-convertible Debentures of face value of Rs.1 million each redeemable at par at the end of six years (subject to exercise of put option by the lender at the end of three years) from the date of allotment i.e. July 25, 2014. Redeemable on	300.00	300.00	-
450, 15% Secured Redeemable Non-convertible Debentures of face value of Rs.1 million each, Rs.150 million is redeemable after 2 years and balance at the end of three years	-	-	-
300, 14.50% Secured Redeemable Non-convertible Debentures of face value of Rs.1 million each redeemable at par at the end of six years (subject to exercise of put option by the lender at the end of forty six months) from the date of allotment i.e. March 31, 2015. Redeemable on maturity if option not excercised or communication for roll-over received from lender.	300.00	-	300.00
630, 14.50% Secured Redeemable Non-convertible Debentures of face value of Rs.1 million each redeemable after six years (subject to exercise of put option by the lender at the end of three years) from the date of allotment i.e. June 30, 2015. Redeemable on maturity if option not	630.00	-	630.00
370, 14.09% Secured Redeemable Non-convertible Debentures of face value of Rs.1 million each redeemable after four years (subject to exercise of put option by the lender at the end of three years) from the date of allotment i.e. August 19, 2015. Redeemable on maturity if option	370.00	-	370.00
1,000, 13.15% Secured Redeemable Non-convertible Debentures of face value of Rs.1 million each redeemable after six years (subject to exercise of put option by the lender at the end of three years) from the date of allotment i.e. October 29, 2015. Redeemable on maturity if option	1,000.00	-	1,000.00
1,000, 12.30% Secured Redeemable Non-convertible Debentures of face value of Rs.1 million each redeemable after six years (subject to exercise of put option by the lender at the end of three years) from the date of allotment i.e. September 15, 2016. Redeemable on maturity if option not excercised or communication for roll-over received from lender.	1,000.00	1,000.00	-
1,000, 11.60% Secured Redeemable Non-convertible Debentures of face value of Rs.1 million redeemable after six years (subject to exercise of put option by the lender at the end of three years) from the date of allotment i.e. July 31, 2017. Redeemable on maturity if option not	1,000.00	1,000.00	-
1,350, 10.34% Secured Redeemable Non-convertible Debentures of face value of Rs.1 million each redeemable after five years from the date of allotment i.e. May 31, 2017.	1,350.00	1,350.00	-
195, 11.53% Secured Redeemable Non-convertible Debentures of face value of Rs.1 million each redeemable at par at the end of six years (subject to exercise of put option by the lender at the end of three years) from the date of allotment i.e. September 28, 2017. Redeemable on maturity if option not excercised or communication for roll-over received from lender.	195.00	195.00	-
195, 11.47% Secured Redeemable Non-convertible Debentures of face value of Rs.1 million each redeemable at par at the end of six years (subject to exercise of put option by the lender at the end of three years) from the date of allotment i.e. September 28, 2017. Redeemable on maturity if option not excercised or communication for roll-over received from lender.	195.00	195.00	-
Total	**7,720.00**	**4,840.00**	**2,880.00**

Annexure 8.1 (b) Details of Unsecured Redeemable Non Convertible Debentures as at March 31, 2018

(Indian Rupees in Millions unless otherwise stated)

Particulars	31-Mar-18		
	Total Amount	Non-Current	Current
Unsecured			
21, 16.78% Unsecured Redeemable Non-convertible Debentures of face value of Rs.5 million each redeemable at par in four equal installments on May 5, 2017, November 5, 2017, May 5,	52.50	-	52.50
1,140, 14.95% (net of withholding tax as applicable) Unsecured Redeemable Non-convertible Debentures of face value of Rs.0.10 million each redeemable at par on May 5, 2019.	114.00	114.00	-
Total	**166.50**	**114.00**	**52.50**

CreditAccess Grameen Limited
(Formerly known as Grameen Koota Financial Services Private Limited)
Annexure 8.1 (c) Details of Unsecured Term Loans as at March 31, 2018

(Indian Rupees in Millions unless otherwise stated)

Name of the Issuer	Date of Drawdown	Date of Repayment	Rate of interest (per annum)	Total Amount	Current maturity as at March 31, 2018	Non-Current maturity as at March 31, 2018	Terms Of Repayment
A. From Non-Banking Financial Institutions							
IFMR Capital Ltd	31 August 2015	31 August 2018	14.00%	12.50	12.50	-	Monthly
IFMR Capital Ltd	30 October 2015	30 October 2018	14.00%	50.00	50.00	-	Monthly
Capital First Limited	03 December 2015 & 29 January 2016	01 December 2021	14.75%	250.00	-	250.00	Bullet
Total (A)				**312.51**	**62.50**	**250.00**	
B. From Financial Institutions							
Small Industries Development Bank of India	30 June 2015	10 July 2021	15.50%	400.00	-	400.00	Bullet
Total (B)				**400.00**	**-**	**400.00**	
Total (A+B)				**712.51**	**62.50**	**650.00**	

CreditAccess Grameen Limited
(Formerly known as Grameen Koota Financial Services Private Limited)
Annexure 8.2 Terms of principal repayment of long term borrowings as at March 31, 2018

(Indian Rupees in Millions unless otherwise stated)

Original maturity of loan	Interest rate	Due within 1 year		Due between 1 to 2 Years		Due between 2 to 3 Years		Due between 3 to 4 Years		Due between 4 to 5 Years		Due between 5 to 6 Years		Total
		No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)	
Monthly														
1-3 years	7.5%-8.0%	12	100.00	12	100.00	-	-	-	-	-	-	-	-	200.00
	8%-8.5%	12	85.00	11	77.92	-	-	-	-	-	-	-	-	162.92
	8.5%-9%	71	1,591.66	55	1,091.67	-	-	-	-	-	-	-	-	2,683.33
	9%-9.5%	138	3,056.78	125	2,418.65	3	49.10	-	-	-	-	-	-	5,524.53
	9.5%-10%	171	2,244.42	103	1,112.47	3	14.58	-	-	-	-	-	-	3,371.47
	10%-10.5%	157	1,806.74	33	578.89	5	142.00	-	-	-	-	-	-	2,527.63
	10.5%-11%	68	1,165.84	21	438.30	-	-	-	-	-	-	-	-	1,604.14
	11%-11.5%	22	151.14	-	-	-	-	-	-	-	-	-	-	151.14
	11.5%-12%	18	232.74	-	-	-	-	-	-	-	-	-	-	232.74
	12%-12.5%	17	113.23	-	-	-	-	-	-	-	-	-	-	113.23
	13%-13.5%	8	67.78	-	-	-	-	-	-	-	-	-	-	67.78
	13.5%-14%	3	9.09	-	-	-	-	-	-	-	-	-	-	9.09
	14%-14.5%	5	45.83	-	-	-	-	-	-	-	-	-	-	45.83
Above 3 years	9%-9.5%	12	72.72	12	72.73	9	54.55	-	-	-	-	-	-	200.00
	10%-10.5%	34	218.30	24	142.54	12	51.63	-	-	-	-	-	-	412.47
	12%-12.5%	12	40.24	-	-	-	-	-	-	-	-	-	-	40.24
	13.5%-14%	1	0.78	-	-	-	-	-	-	-	-	-	-	0.78
	14%-14.5%	2	16.67	-	-	-	-	-	-	-	-	-	-	16.67
Quarterly														
1-3 years	8%-8.5%	4	390.00	-	-	-	-	-	-	-	-	-	-	390.00
	8.5%-9%	12	425.00	9	331.25	-	-	-	-	-	-	-	-	756.25
	9%-9.5%	9	244.29	12	325.71	-	-	-	-	-	-	-	-	570.00
	9.5%-10%	8	386.57	2	85.71	-	-	-	-	-	-	-	-	472.28
	10%-10.5%	1	75.00	-	-	-	-	-	-	-	-	-	-	75.00
	11%-11.5%	3	75.00	-	-	-	-	-	-	-	-	-	-	75.00
	12%-12.5%	1	31.25	-	-	-	-	-	-	-	-	-	-	31.25
Half Yearly														
1-3 years	11%-11.5%	1	166.67	-	-	-	-	-	-	-	-	-	-	166.67
	11.5%-12%	2	166.67	-	-	-	-	-	-	-	-	-	-	166.67
Above 3 years	10.5%-11%	8	1,125.00	8	1,125.00	8	280.00	8	150.00	5	95.00	-	-	2,775.00
	11.5%-12%	2	666.67	1	333.33	-	-	-	-	-	-	-	-	1,000.00
	14%-14.5%	2	580.00	-	-	-	-	-	-	-	-	-	-	580.00
	16.5%-17%	2	52.50	-	-	-	-	-	-	-	-	-	-	52.50
Annually														
1-3 years	8.5%-9%	1	125.00	1	125.00	-	-	-	-	-	-	-	-	250.00
Bullet														
1-3 years	8%-8.5%	8	1,925.00	-	-	-	-	-	-	-	-	-	-	1,925.00
	8.5%-9%	3	550.00	-	-	-	-	-	-	-	-	-	-	550.00
	9%-9.5%	1	250.00	-	-	-	-	-	-	-	-	-	-	250.00
	9.5%-10%	2	325.00	-	-	-	-	-	-	-	-	-	-	325.00
	10%-10.5%	1	180.00	-	-	-	-	-	-	-	-	-	-	180.00
	11.5%-12%	-	-	-	-	3	1,390.00	-	-	-	-	-	-	1,390.00
	12%-12.5%	-	-	1	1,000.00	-	-	-	-	-	-	-	-	1,000.00
	13%-13.5%	1	1,000.00	-	-	-	-	-	-	-	-	-	-	1,000.00
	14.5%-15%	1	630.00	-	-	-	-	-	-	-	-	-	-	630.00
Above 3 years	10%-10.5%	1	170.00	-	-	1	445.50	1	445.50	1	459.00	-	-	1,520.00
	11.5%-12%	-	-	-	-	1	300.00	-	-	-	-	-	-	300.00
	12%-12.5%	-	-	3	800.00	-	-	-	-	-	-	-	-	800.00
	14%-14.5%	1	370.00	-	-	-	-	-	-	-	-	-	-	370.00
	14.5%-15%	1	300.00	-	-	-	-	1	250.00	-	-	-	-	550.00
	15.5%-16%	-	-	-	-	-	-	1	400.00	-	-	-	-	400.00
	16.5%-17%	-	-	1	114.00	-	-	-	-	-	-	-	-	114.00
Grand Total		**839**	**21,228.58**	**434**	**10,273.17**	**45**	**2,727.36**	**11**	**1,245.50**	**6**	**554.00**	**-**	**-**	**36,028.61**

CreditAccess Grameen Limited
(Formerly known as Grameen Koota Financial Services Private Limited)
ANNEXURE 9: Restated Statement of Provisions

(Indian Rupees in Millions unless otherwise stated)

Particulars	31-Mar-18		31-Mar-17		31-Mar-16		31-Mar-15		31-Mar-14	
	Long term	Short term	Long term	Short term	Long term	Short term	Long term	Short term	Long term	Short term
Provision for employee benefits										
Provision for gratuity	17.67	-	14.38	-	11.29	-	3.60	-	13.72	-
Provision for leave encashment and availment	-	47.61	-	34.01	-	19.23	-	12.78	-	9.95
	17.67	**47.61**	**14.38**	**34.01**	**11.29**	**19.23**	**3.60**	**12.78**	**13.72**	**9.95**
Others provisions										
Contingent provision against standard assets (refer Annexure 5.3 (s) and 27.7)	7.59	6.41	267.03	1,037.15	76.43	169.93	21.30	107.71	14.52	51.56
Provision for non-performing assets (refer Annexure 5.3 (s) and 27.7)	980.92	-	25.82	-	19.80	-	4.94	-	0.77	-
Provision for taxation	-	-	-	101.38	-	18.28	-	-	-	-
	988.51	**6.41**	**292.85**	**1,138.53**	**96.23**	**188.21**	**26.24**	**107.71**	**15.29**	**51.56**
Total	**1,006.19**	**54.02**	**307.23**	**1,172.54**	**107.52**	**207.44**	**29.84**	**120.49**	**29.01**	**61.51**

ANNEXURE 10 : Restated Statement of Short-term borrowings

(Indian Rupees in Millions unless otherwise stated)

Particulars	31-Mar-18	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14
Loans repayable on demand from banks*	-	-	200.00	-	-
Total	**-**	**-**	**200.00**	**-**	**-**

* Loans repayable on demand from banks are secured by hypothecation of book debts. The facility carries a rate of interest of 11% p.a

ANNEXURE 11: Restated Statement of Other current liabilities

(Indian Rupees in Millions unless otherwise stated)

Particulars	31-Mar-18	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14
Expenses and other payables	257.88	113.14	197.49	58.34	47.87
Employee benefit payables	144.47	105.58	82.54	52.53	34.22
Payable towards securitisation	-	-	278.75	164.41	118.65
Other liabilities					
Current maturities of long-term borrowings (refer Annexure 8)	21,228.59	14,923.53	10,911.69	7,055.52	4,352.06
Interest accrued but not due:					
On term loans	130.86	146.60	68.46	19.86	16.24
On debentures	224.40	169.97	176.25	103.43	56.70
Statutory dues payable	57.81	33.88	26.76	20.12	7.13
Unamortised income					
Unamortised gain on securitisation	-	-	-	25.76	82.11
Unamortised interest income	0.35	1.47	2.63	4.02	2.37
Total	**22,044.36**	**15,494.17**	**11,744.57**	**7,503.99**	**4,717.35**

CreditAccess Grameen Limited
(Formerly known as Grameen Koota Financial Services Private Limited)
ANNEXURE 12: Restated Statement of Property, plant and equipment

(Indian Rupees in Millions unless otherwise stated)

Particulars	Computer	Electrical Equipment	Furniture & Fixtures	Leasehold Improvement	Office Equipments	Vehicle	Total
As at April 1, 2013	**15.43**	**1.14**	**11.07**	**1.62**	**10.57**	**6.94**	**46.77**
Additions	1.95	0.08	0.27	-	1.41	1.08	4.79
Disposals	0.35	0.01	0.02	-	0.54	2.78	3.70
As at March 31, 2014	**17.03**	**1.21**	**11.32**	**1.62**	**11.44**	**5.24**	**47.86**
Additions	9.43	0.16	3.22	-	3.94	2.02	18.77
Disposals	0.86	-	0.01	-	1.09	0.39	2.35
As at March 31, 2015	**25.60**	**1.37**	**14.53**	**1.62**	**14.29**	**6.87**	**64.28**
Additions	10.87	0.63	7.57	19.34	5.61	1.69	45.71
Disposals	0.77	-	0.01	-	0.88	2.70	4.36
As at March 31, 2016	**35.70**	**2.00**	**22.09**	**20.96**	**19.02**	**5.86**	**105.63**
Additions	11.94	0.92	11.56	3.54	5.93	1.02	34.91
Disposals	1.41	0.24	1.05	-	2.30	0.67	5.67
As at March 31, 2017	**46.23**	**2.68**	**32.60**	**24.50**	**22.65**	**6.21**	**134.87**
Additions	15.81	1.03	10.97	18.50	19.96	-	66.27
Disposals	0.02	-	0.06	-	0.96	-	1.04
As at March 31, 2018	**62.02**	**3.71**	**43.51**	**43.00**	**41.65**	**6.21**	**200.10**
Depreciation							
As at April 1, 2013	**7.99**	**0.62**	**6.10**	**0.90**	**1.88**	**3.03**	**20.54**
Depreciation charge for the year	2.58	0.12	0.57	0.01	0.55	0.66	4.47
Disposals	0.20	0.01	0.02	-	0.09	1.61	1.93
As at March 31, 2014	**10.37**	**0.73**	**6.65**	**0.91**	**2.34**	**2.08**	**23.08**
Depreciation charge for the year	7.05	0.25	2.19	0.03	6.79	1.07	17.39
Disposals	0.70	-	0.01	-	0.86	0.29	1.86
As at March 31, 2015	**16.72**	**0.98**	**8.83**	**0.94**	**8.27**	**2.86**	**38.61**
Depreciation charge for the year	6.11	0.73	4.48	2.58	2.68	0.85	17.43
Disposals	0.68	-	0.01	-	0.71	2.19	3.59
As at March 31, 2016	**22.15**	**1.71**	**13.30**	**3.52**	**10.24**	**1.52**	**52.45**
Depreciation charge for the year	9.51	0.91	8.94	3.99	3.13	0.77	27.23
Disposals	1.26	0.19	0.75	-	1.74	0.67	4.61
As at March 31, 2017	**30.40**	**2.43**	**21.49**	**7.51**	**11.63**	**1.62**	**75.07**
Depreciation charge for the year	11.05	0.98	7.53	5.68	5.06	0.78	31.07
Disposals	0.02	-	0.06	-	0.76	-	0.84
As at March 31, 2018	**41.43**	**3.41**	**28.96**	**13.19**	**15.93**	**2.40**	**105.30**
Net Block							
As at March 31, 2013	**7.44**	**0.52**	**4.97**	**0.72**	**8.69**	**3.91**	**26.23**
As at March 31, 2014	**6.66**	**0.48**	**4.67**	**0.71**	**9.10**	**3.16**	**24.78**
As at March 31, 2015	**8.88**	**0.39**	**5.70**	**0.68**	**6.02**	**4.01**	**25.67**
As at March 31, 2016	**13.55**	**0.29**	**8.79**	**17.44**	**8.78**	**4.34**	**53.18**
As at March 31, 2017	**15.83**	**0.25**	**11.11**	**16.99**	**11.02**	**4.59**	**59.80**
As at March 31, 2018	**20.59**	**0.30**	**14.55**	**29.81**	**25.72**	**3.81**	**94.80**

CreditAccess Grameen Limited
(Formerly known as Grameen Koota Financial Services Private Limited)
ANNEXURE 13 : Restated Statement of Intangible Assets

(Indian Rupees in Millions unless otherwise stated)

Particulars	Computer Software
As at March 31, 2013	**9.15**
Additions	0.79
As at March 31, 2014	**9.94**
Purchase	11.86
As at March 31, 2015	**21.80**
Additions	57.32
Disposal	0.04
As at March 31, 2016	**79.08**
Additions	19.74
As at March 31, 2017	**98.82**
Additions	24.59
As at March 31, 2018	**123.41**
Amortization	
As at April 1, 2013	**7.65**
Depreciation charge for the year	0.79
As at March 31, 2014	**8.44**
Depreciation charge for the year	1.85
Disposal	-
As at March 31, 2015	**10.29**
Depreciation charge for the year	8.63
Disposal	0.02
As at March 31, 2016	**18.90**
Depreciation charge for the year	17.10
Disposal	-
As at March 31, 2017	**36.00**
Depreciation charge for the year	20.61
Disposal	-
As at March 31, 2018	**56.61**
Net Block	
As at March 31, 2013	**1.50**
As at March 31, 2014	**1.50**
As at March 31, 2015	**11.51**
As at March 31, 2016	**60.18**
As at March 31, 2017	**62.82**
As at March 31, 2018	**66.80**

CreditAccess Grameen Limited
(Formerly known as Grameen Koota Financial Services Private Limited)
ANNEXURE 14: Restated Statement of Non-current investments

(Indian Rupees in Millions unless otherwise stated)

Particulars	31-Mar-18	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14
Non trade investments (valued at cost unless stated otherwise)					
Investment in equity shares (Unquoted)					
200,000 equity shares of Rs. 10 each of Alpha Microfinance Consultants Private Limited	2.00	2.00	2.00	2.00	2.00
Investment in pass through certificate of Arete IFMR capital - Series A3	-	-	-	-	0.02
Total	**2.00**	**2.00**	**2.00**	**2.00**	**2.02**

ANNEXURE 15: Restated Statement of Deferred tax asset

(Indian Rupees in Millions unless otherwise stated)

Particulars	31-Mar-18	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14
Deferred tax assets					
Impact of difference between tax depreciation and depreciation/amortisation charged to profit and loss	9.30	4.84	2.37	3.98	2.00
Impact of expenditure charged to profit and loss in the current year but allowed for tax purpose on payment basis	17.39	11.77	6.65	4.42	3.38
Impact of provision against other assets	13.47	10.10	9.17	4.71	4.06
Impact of provision against standard assets and non-performing assets	315.67	458.23	92.12	46.36	22.72
Deferred tax assets	**355.83**	**484.94**	**110.31**	**59.47**	**32.16**
Deferred tax assets recognised	**355.83**	**484.94**	**110.31**	**59.47**	**32.16**

CreditAccess Grameen Limited
(Formerly known as Grameen Koota Financial Services Private Limited)
ANNEXURE 16: Restated Statement of Loans and advances

(Indian Rupees in Millions unless otherwise stated)

Particulars	**31-Mar-18**		**31-Mar-17**		**31-Mar-16**		**31-Mar-15**		**31-Mar-14**	
	Non-current	**Current**	**Non-current**	**Current**	**Non-current**	**Current**	**Non-current**	**Current**	**Non-current**	**Current**
A. Portfolio Loans										
Secured considered good #										
Individual loans	6.63	5.96	3.40	2.76	-	-	-	-	-	-
			-	-	-	-	-	-	-	-
Unsecured considered good*			-	-	-	-	-	-	-	-
Joint liability group loans	14,530.07	33,722.45	6,288.23	24,434.22	7,640.51	16,993.05	2,620.01	10,770.72	1,528.56	5,156.33
Individual loans	257.07	243.51	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-
Unsecured considered doubtful**			-	-	-	-	-	-	-	-
Joint liability group loans	980.69	-	25.82	-	19.80	-	4.94	-	0.77	-
Individual loans	0.23		-	-	-	-	-	-	-	-
(A)	**15,774.69**	**33,971.92**	**6,317.45**	**24,436.98**	**7,660.31**	**16,993.05**	**2,624.95**	**10,770.72**	**1,529.33**	**5,156.33**
#Represents assets secured by hypothecation										
* Represents standard assets in accordance with Company's asset classification policy (refer Annexure 5.3(s) & 27.7)										
** Represents non-performing assets in accordance with Company's asset classification policy (refer Annexure 5.3(s) & 27.7)										
B.Security Deposits										
Unsecured, considered good	56.48	-	42.56	-	38.15	-	24.21	-	18.92	-
(B)	**56.48**	**-**	**42.56**	**-**	**38.15**	**-**	**24.21**	**-**	**18.92**	**-**
C.Advances recoverable in cash or kind										
Unsecured, considered good	-	79.78	-	49.00	-	27.40	2.77	43.49	-	9.58
Unsecured, considered doubtful	11.66	-	17.51	-	22.97	-	5.50	-	7.08	-
	11.66	79.78	17.51	49.00	22.97	27.40	8.27	43.49	7.08	9.58
Less: Provision for doubtful advances	(11.66)	-	(17.51)	-	(22.97)	-	(5.50)	-	(7.08)	
(C)	**-**	**79.78**	**-**	**49.00**	**-**	**27.40**	**2.78**	**43.49**	**-**	**9.58**
D.Other loans and advances (Unsecured, considered good)										
Advance income tax (net of provision for taxation)*	48.43	-	10.59	-	10.88	-	46.87	-	33.47	-
MAT credit entitlement	-	-	-	-	-	-	-	-	-	-
Advance recoverable from ESOP trust	-	-	-	-	-	-	-	-	1.51	-
Prepaid expenses	0.51	19.56	0.39	21.13	0.06	14.67	0.21	6.57	0.72	5.44
Loans and advances to employees	20.17	25.68	5.16	7.42	2.85	6.52	4.00	6.71	2.94	5.82
(D)	**69.11**	**45.24**	**16.14**	**28.55**	**13.79**	**21.19**	**51.08**	**13.28**	**38.64**	**11.26**
Total (A+B+C+D)	**15,900.28**	**34,096.94**	**6,376.15**	**24,514.53**	**7,712.25**	**17,041.64**	**2,703.02**	**10,827.49**	**1,586.89**	**5,177.17**

*Pursuant to the Scheme referred in Annexure 27.13, Advance tax and TDS receivable (net of provision) held by MV Microfin Private Limited has been transferred to the Company. Statutory compliances with respect to such transfer will be carried out by the Company in due course.

CreditAccess Grameen Limited
(Formerly known as Grameen Koota Financial Services Private Limited)
ANNEXURE 17: Restated Statement of Other assets

(Indian Rupees in Millions unless otherwise stated)

Particulars	31-Mar-18		31-Mar-17		31-Mar-16		31-Mar-15		31-Mar-14	
	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current
Non-current bank balances (refer Annexure 18)	38.71	-	87.48	-	357.25	-	686.00	-	413.42	-
Unamortized expenditure										
Share issue expenses	5.33	2.72	1.38	2.48	3.78	2.59	6.46	2.56	8.97	2.41
Interest accrued but not due on deposits placed with banks	1.35	7.82	6.50	38.41	18.85	56.69	24.86	37.37	8.58	31.24
Interest accrued but not due on deposits placed with financial institution	1.11	1.24	1.47	-	0.16	2.72	1.27	-	0.11	-
Interest accrued but not due on portfolio loans	-	188.36	-	110.94	-	76.48	-	34.64	-	0.02
Interest accrued and due on portfolio loans	-	5.09	-	200.42	-	-	-	0.08	-	19.65
Other assets	9.00	13.94	22.75	1.46	12.38	20.15	18.72	4.29	16.56	2.70
Total	**55.50**	**219.17**	**119.58**	**353.71**	**392.42**	**158.63**	**737.31**	**78.94**	**447.64**	**56.02**

ANNEXURE 18: Restated Statement of Cash and bank balances

(Indian Rupees in Millions unless otherwise stated)

Particulars	31-Mar-18		31-Mar-17		31-Mar-16		31-Mar-15		31-Mar-14	
	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current
Cash and cash equivalents										
Balance with banks										
On current accounts#	-	1,171.38	-	737.51	-	1,114.88	-	724.12	-	1,740.85
Deposits with original maturity of less than or equal to 3 months	-	20.00	-	2,500.00	-	550.00	-	1,000.00	-	1,061.82
Cash in hand	-	108.92	-	83.57	-	161.96	-	109.48	-	49.76
	-	**1,300.30**	**-**	**3,321.08**	**-**	**1,826.84**	**-**	**1,833.60**	**-**	**2,852.43**
Other bank balances										
Margin money deposits*	38.71	81.22	87.48	315.80	357.25	722.31	686.00	570.14	413.42	397.88
Deposits with remaining original maturity of less than 12 months	-	-	-	-	-	-	-	394.00	-	-
	38.71	**81.22**	**87.48**	**315.80**	**357.25**	**722.31**	**686.00**	**964.14**	**413.42**	**397.88**
Amounts disclosed under non-current assets (refer Annexure 17)	(38.71)	-	(87.48)	-	(357.25)	-	(686.00)	-	(413.42)	-
Total	**-**	**1,381.53**	**-**	**3,636.88**	**-**	**2,549.15**	**-**	**2,797.74**	**-**	3,250.31

* Represents margin money deposits placed to avail tem loans from banks, financial institutions, non banking financial companies and as cash collateral in connection with securitisation transactions.

As at March 31, 2018, the balance includes Rs.0.07 million towards current account balance held in the name of MV Microfin Private Limited. Pursuant to the Scheme of Arrangement, such current account balance shall be transferred in the name of the Company in due course.

CreditAccess Grameen Limited
(Formerly known as Grameen Koota Financial Services Private Limited)
ANNEXURE 19: Restated Statement of Revenue from operations

(Indian Rupees in Millions unless otherwise stated)

Particulars	**31-Mar-18**	**31-Mar-17**	**31-Mar-16**	**31-Mar-15**	**31-Mar-14**
Interest on portfolio loans	7,954.46	6,566.88	4,064.85	2,238.73	1,185.86
Income from securitization and asset assignment [refer Annexure 27.14(c)]	-	43.14	60.03	156.30	69.95
Other operating revenue					
Loan processing fees	613.53	340.24	335.19	189.32	102.81
Interest on margin money deposits *	21.47	62.90	104.38	85.85	52.92
Recovery against loans written offs	66.07	4.29	5.05	11.40	11.82
Total	**8,655.53**	**7,017.45**	**4,569.50**	**2,681.60**	**1,423.36**

* Represents interest on margin money deposits placed to avail tem loans from banks, financial institutions, non banking financial companies and as cash collateral in connection with securitisation transactions.

ANNEXURE 20: Restated Statement of Other income

(Indian Rupees in Millions unless otherwise stated)

Particulars	**31-Mar-18**	**31-Mar-17**	**31-Mar-16**	**31-Mar-15**	**31-Mar-14**
Interest on fixed deposits	43.89	28.73	36.77	56.16	2.80
Income recognised towards amount received for technical assistance	-	3.40	5.63	11.29	11.28
Profit from sale of current investments	40.79	35.64	38.33	44.05	17.99
Miscellaneous Income	10.14	7.39	16.96	21.18	6.78
Dividend on current investments	1.70	-	-	-	16.08
Total	**96.52**	**75.16**	**97.69**	**132.68**	**54.93**

CreditAccess Grameen Limited
(Formerly known as Grameen Koota Financial Services Private Limited)

ANNEXURE 21: Restated Statement of Employee benefits expense

(Indian Rupees in Millions unless otherwise stated)

Particulars	31-Mar-18	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14
Salaries and bonus	1,085.64	905.69	615.61	377.96	247.77
Contribution to provident fund and other funds	96.60	78.65	53.88	34.04	22.33
Leave encashment and availment	24.24	21.40	10.33	5.17	4.94
Leave travel allowance	24.19	18.69	11.24	10.46	4.91
Gratuity (refer Annexure 27.5)	17.67	14.38	11.29	3.60	9.87
Staff welfare expenses	2.65	1.82	1.97	1.25	2.05
Stock option expenditure (refer Annexure 27.10)	21.11	6.22	2.40	3.90	0.59
Total	**1,272.10**	**1,046.85**	**706.72**	**436.38**	**292.46**

ANNEXURE 22: Restated Statement of Finance costs

(Indian Rupees in Millions unless otherwise stated)

Particulars	31-Mar-18	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14
Interest expense					
On debenture	1,254.08	818.37	572.90	322.90	143.67
On term loans from banks	1,440.04	1,532.03	1,118.83	786.07	416.62
On term loans from financial institution	650.59	519.67	161.84	38.79	8.87
On term loans from non banking finance companies	99.54	183.78	105.92	44.20	74.36
On loans payable on demand from banks	2.84	3.53	2.07	-	-
Other borrowing costs	91.20	101.70	119.20	97.62	78.14
Bank charges	7.39	6.33	1.70	0.96	0.87
Total	**3,545.68**	**3,165.41**	**2,082.46**	**1,290.54**	**722.53**

ANNEXURE 23: Restated Statement of Other expenses

(Indian Rupees in Millions unless otherwise stated)

Particulars	31-Mar-18	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14
Rent	88.46	70.64	50.55	29.01	18.83
Rates and taxes	20.38	3.09	0.79	0.60	0.40
Insurance	2.49	1.21	1.68	1.51	1.27
Repairs and maintenance	28.91	38.12	27.30	13.63	6.22
Electricity	14.28	10.44	7.05	4.23	2.91
Travelling and conveyance	237.34	170.29	120.72	76.04	44.71
Postage and telecommunication	54.72	44.98	36.33	22.72	16.21
Printing and stationery	35.02	28.06	28.46	23.68	8.32
Professional and consultancy charges	37.59	24.92	14.37	10.66	10.17
Credit bureau expenses	15.85	15.28	10.94	9.91	6.91
Directors sitting fees	2.37	1.93	1.24	0.57	0.64
Auditors remuneration (refer Note below)					
Audit fees	5.87	4.76	5.80	2.23	1.69
Out of pocket fees	0.27	0.27	0.46	0.32	0.59
Training expenses	30.39	24.94	24.47	20.61	8.90
Donations	40.79	22.02	34.37	14.84	13.48
Corporate social responsibility expenses	21.54	15.61	7.52	-	-
Other expenses	36.57	34.34	26.37	20.73	10.64
Provision for other assets	0.01	(3.88)	17.93	(0.72)	0.89
Total	**672.85**	**507.02**	**416.35**	**250.57**	**152.78**

Particulars	31-Mar-18	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14
As auditor:					
Audit fee	2.87	2.71	2.00	1.34	0.95
Limited review	1.50	0.85	0.85	0.70	0.45
Others	1.10	1.00	2.80	-	-
In other capacity					
Certification services	0.40	0.21	0.15	0.18	0.29
Reimbursement of expenses	0.27	0.27	0.46	0.32	0.59
Total	**6.14**	**5.04**	**6.26**	**2.54**	**2.28**

ANNEXURE 24: Restated Statement of Depreciation and amortisation expense

(Indian Rupees in Millions unless otherwise stated)

Particulars	31-Mar-18	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14
Depreciation of Property, plant and equipment	31.08	27.22	17.44	17.38	4.48
Amortisation of intangible assets	20.61	17.11	8.62	1.85	0.79
Total	**51.69**	**44.33**	**26.06**	**19.23**	**5.27**

ANNEXURE 25: Restated Statement of Provision and write-offs

(Indian Rupees in Millions unless otherwise stated)

Particulars	31-Mar-18	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14
Contingent provision against standard assets (refer Annexure 5.3(s) and 27.7)	(1,290.19)	1,057.82	117.35	62.94	56.59
Provision for non-performing assets (refer Annexure 5.3 (s) and 27.7)	955.11	6.02	14.85	4.16	(43.93)
Portfolio loans and other balances written off	1,616.23	22.18	7.97	1.28	44.59
Total	**1,281.15**	**1,086.02**	**140.17**	**68.38**	**57.25**

CreditAccess Grameen Limited
(Formerly known as Grameen Koota Financial Services Private Limited)
ANNEXURE 26 : Restated Statement of Earning per share (EPS)

(Indian Rupees in Millions unless otherwise stated)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015	For the year ended March 31, 2014
Basic Earnings Per Share (Basic EPS)					
Profit/ (loss) after tax (A)	1,246.41	802.98	832.41	487.32	166.26
Weighted average number of Equity Shares outstanding (B)	10,16,38,978	8,02,39,164	7,29,53,433	5,32,82,200	3,97,29,688
Earning Per Share - basic (A / B)	**12.26**	**10.01**	**11.41**	**9.15**	**4.18**
Nominal value per share	**10.00**	**10.00**	**10.00**	**10.00**	**10.00**
Diluted Earnings Per Share (Diluted EPS)					
Profit/ (loss) after tax (A)	1,246.41	802.98	832.41	487.32	166.26
(+) Interest on debentures convertible into equity shares (net of tax) *	146.19	2.69	-	-	-
Adjusted PAT (B)	**1,392.60**	**805.67**	**832.41**	**487.32**	**166.26**
Weighted average number of Shares used for calculating Basic EPS (C)	10,16,38,978	8,02,39,164	7,29,53,433	5,32,82,200	3,97,29,688
Add: Effect of dilution (D)					
Stock option granted under ESOP	12,65,720	10,30,127	11,98,824	8,03,787	-
Compulsory Convertible Debenture *	1,06,45,793	1,95,695	-	-	-
Weighted average number of shares considered for calculating Diluted EPS (E) = (C+D)	10,29,04,698	8,14,64,986	7,41,52,257	5,40,85,987	3,97,29,688
Earning Per Share - Diluted * (B / E)	**12.11**	**9.88**	**11.23**	**9.01**	**4.18**
Nominal value per share	**10.00**	**10.00**	**10.00**	**10.00**	**10.00**

* For the year ended March 31, 2018 and March 31, 2017, since the impact of conversion of potential equity shares on account of Compulsorily Convertible Debenture is anti-dilutive in nature, the same has not been considered in calculation of diluted EPS.

Annexure 27: Restated statement of additional information ((Indian Rupees in Millions unless otherwise stated)

27.1. Segment information

The Company operates in a single business 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.

27.2. Related party transactions

Names of the related parties along with nature of their relationships with the Company

Relationship	Name of Related Party
A) Related parties where control exists Holding Company	CreditAccess Asia NV (w.e.f. March 26, 2015) (erstwhile MicroVentures Asia BV)
B) Key Management Personnel	1. Ms. Vinatha M. Reddy (Non-Executive Chairperson upto June 1, 2017) (Executive Chairperson till November 30, 2012) 2. Mr. Suresh Krishna (Managing Director upto July 15, 2015) 3. Mr. Udaya Kumar (Managing Director & CEO from July 15, 2015 and Chief Executive Officer till July 14, 2015) 4. Mr. Diwakar B.R., Chief Financial Officer 5. Mr. Syam Kumar (Company Secretary from March 29, 2018) 6. Ms. Darshana Kothari (Company Secretary from March 20, 2014 and up to March 28, 2018) 7. Ms. Monika Sharma (Company Secretary upto November 13, 2013)

Transactions with related parties

No.	Transactions	Year ended				
		31-Mar-18	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14
Transactions with Key Management Personnel						
1	**Salaries, incentives and perquisites:**					
	a) Mr. Suresh K. Krishna	-	-	8.77	13.34	5.22
	b) Mr. Udaya Kumar	12.21	10.13	9.46	8.40	6.14
	c) Mr. Diwakar B.R.	7.52	6.49	5.39	4.33	3.16
	d) Ms. Darshana Kothari	1.20	1.03	0.82	0.58	0.02
	e) Mr.Syam Kumar	0.02	-	-	-	-
	f) Ms. Monika Sharma	-	-	-	-	0.40
2	**ESOPs exercised:**					
	a) Mr. Udaya Kumar	5.74	-	-	-	-
	b) Mr. Diwakar B.R	6.00	-	-	-	-
3	**Ex-gratia:**					
	Ms. Vinatha M. Reddy	-	-	-	2.10	0.20
4	**Sitting fees:**					
	a) Ms. Vinatha M. Reddy	-	-	0.18	0.09	-
	b) Mr. Suresh K. Krishna	-	-	0.18	-	-
5	**Rent expense:**					
	Ms. Vinatha M. Reddy	-	-	0.34	0.32	-
6	**Transfer of assets to:**					
	Mr. Suresh K. Krishna	-	-	0.43	-	-
Transactions with Holding Company – CreditAccess Asia NV						

7	Issue of equity shares	3,500.00	1,500.00	-	-	-
8	Issue of compulsorily convertible debentures (CCD)	-	2,000.00	-	-	-
9	Issue of equity shares on conversion of compulsorily convertible debentures for consideration other than cash	2,000.00	-	-	-	-
10	Issue of equity shares on amalgamation of MV Microfin Private Limited for consideration other than cash	48.90	-	-	-	-
11	Interest expense on CCD	223.56	4.11	-	-	-

Provisions for gratuity and leave benefits are made for the Company as a whole and the amounts pertaining to the key management personnel are not specifically identified and hence are not included above.

27.3. Capital commitments

Estimated amounts of contracts remaining to be executed on capital account (net of capital advances) and not provided:

Particulars (as at)	31-Mar-18	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14
Purchase / development of software	3.07	2.18	-	13.79	0.58

27.4. Contingent liabilities

Particulars (as at)	31-Mar-18	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14
Credit enhancements provided by the Company towards securitization transactions	-	-	82.24	172.83	185.86
Performance security provided by the Company pursuant to service provider agreement	2.27	2.49	2.59	1.41	0.32
Tax on items disallowed by the Income Tax department not acknowledged as debt by the Company	-	-	-	-	2.90

27.5. Retirement benefits

Gratuity

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for gratuity on cessation of employment and it is computed at 15 days salary (last drawn salary) for each completed year of service subject to limit of Rs.2.00 million as per The Payment of Gratuity Act, 1972. The scheme is funded with an insurance Company in the form of a qualifying insurance policy.

The following tables summarize the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the Balance Sheet for the gratuity plan.

Statement of profit and loss

Net employee benefit expense

Particulars	31-Mar-18	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14
Current service cost	15.62	9.44	8.90	4.84	4.15
Past service cost – plan amendment	15.08	-	-	-	-
Interest cost on benefit obligation	3.00	9.89	1.47	1.31	0.76
Expected return on plan assets	(2.51)	(1.63)	(1.38)	(1.90)	(0.39)
Net actuarial (gain) / loss	(13.52)	(3.31)	2.30	(0.65)	5.35
Net employee benefit expense	17.67	14.38	11.29	3.60	9.87
Actual return on plan assets	(2.51)	1.96	1.53	1.16	0.05

Annexure 27: Restated statement of additional information ((Indian Rupees in Millions unless otherwise stated)

Balance sheet
Details of planned liability/ (assets):

Particulars (as at)	31-Mar-18	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14
Defined benefit obligation	63.67	44.48	30.69	20.31	18.04
Plan assets	(46.00)	(30.10)	(19.40)	(16.72)	(4.32)
Plan liability	**17.67**	**14.38**	**11.29**	**3.59**	**13.72**

Changes in the present value of defined benefit obligation are as follows:

Particulars (as at)	31-Mar-18	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14
Opening balance	44.48	30.69	20.31	18.04	9.24
Interest cost	3.00	9.89	1.47	1.31	0.76
Current service cost	15.62	9.44	8.90	4.84	4.15
Prior service cost	15.08	-	-	-	-
Benefits paid	(1.54)	(2.55)	(2.44)	(2.48)	(1.12)
Actuarial (gains) / losses	(12.97)	(2.98)	2.45	(1.39)	5.02
Closing balance	**63.67**	**44.48**	**30.69**	**20.31**	**18.04**

Changes in the fair value of plan assets are as follows:

Particulars	Year ended				
	31-Mar-18	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14
Opening fair value	30.10	19.40	16.72	4.32	5.40
Expected return	2.51	1.63	1.38	1.90	0.39
Contribution by employer	14.38	11.29	3.59	13.72	-
Benefits paid	(1.54)	(2.55)	(2.44)	(2.48)	(1.12)
Actuarial gains / (losses)	0.55	0.33	0.15	(0.75)	(0.34)
Closing fair value	**46.00**	**30.10**	**19.40**	**16.72**	**4.32**

The Company expects to contribute the following amount towards gratuity in the next financial year.

Particulars	31-Mar-18	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14
Expected contribution	26.72	19.42	11.29	7.04	9.32

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	31-Mar-18	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14
Investment with insurer	100%	100%	100%	100%	100%

The overall expected rate of return on assets is determined based on the average long term rate of return expected on investment of the fund during the estimated term of the obligations.

The principal assumptions used in determining gratuity:

Particulars	31-Mar-18	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14
Discount rate	7.19%	6.86%	7.71%	7.79%	8.75%
Expected rate of return on assets	6.86%	6.86%	8.00%	9.00%	8.00%
Salary escalation rate per annum	10%	8%	10%	10% for the first five years and 7% thereafter	10% for the first five years and 7% thereafter
Rate of leaving service	21.11%	17.43%	14.34%	18.97%	20.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors.

Experience adjustment for the reported periods are as follows:

Particulars (As at)	31-Mar-18	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14
Defined benefit obligation	63.67	44.48	30.69	20.31	18.04
Plan assets	46.00	30.10	19.40	16.72	4.32
Surplus / (deficit)	(17.67)	14.38	11.29	(3.59)	(13.72)
Experience adjustments on plan liabilities	0.71	2.29	(1.09)	(1.39)	(5.02)
Experience adjustments on plan assets	(0.55)	(0.33)	(0.15)	0.75	0.34

Other benefits

The Company has provided for compensatory leaves which can be availed or encashed as per policy of the Company as present value obligation of the benefit at related current service cost measured using the Projected Unit Credit Method on the basis of an actuarial valuation. The Company has accordingly recognized Rs.47.61 million, Rs.34.01 million, Rs.19.23 million, Rs.12.78 million and Rs.9.95 million as at March 31, 2018, March 31, 2017, March 31, 2016, March 31, 2015 and March 31, 2014 respectively.

27.6. Earnings and expenditure in foreign currency (on accrual basis)

a. Earnings in foreign currency:

Particulars	Year ended				
	31-Mar-18	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14
Amount received towards technical assistance	-	3.40	5.63	9.85	9.80

b. Expenditure in foreign currency:

(Indian Rupees in Millions unless otherwise stated)

Particulars	Year ended				
	31-Mar-18	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14
Travelling expenses	-	0.09	0.49	1.43	0.45
Training expenses	-	-	0.28	0.52	-
Purchase of software	-	13.73	23.97	16.78	-
Annual software maintenance	16.63	9.94	8.67	-	-
Professional charges	9.87	-	-	0.49	-
Software implementation	2.43	3.44	-	-	-
Director Siting fee	0.30	-	-	-	-
Processing fee on borrowings	-	1.37	-	-	-
Recruitment expenses	0.40	0.15	-	-	-
Debenture issue expenses	-	-	-	-	1.85
Total	**29.63**	**28.72**	**33.41**	**19.22**	**2.30**

Annexure 27: Restated statement of additional information ((Indian Rupees in Millions unless otherwise stated)

27.7. Restated statement of loan portfolio and provision for standard and non-performing assets

Loan portfolio and provision for standard and non-performing assets as at March 31, 2018:

Asset Classification	Portfolio loans outstanding (Gross)		Provision for standard and non-performing assets			Portfolio loans outstanding (Net)	
	31-Mar-18	31-Mar-17	31-Mar-17	Additions / (Reversal)	31-Mar-18	31-Mar-18	31-Mar-17
Standard	48,765.69	30,728.61	1,304.18	(1,290.18)	14.00	48,751.69	29,424.43
Non-performing	980.92	25.82	25.82	955.10	980.92	-	-
Total	**49,746.61**	**30,754.43**	**1,330.00**	**(335.08)**	**994.92**	**48,751.69**	**29,424.43**

Loan portfolio and provision for standard and non-performing assets as at March 31, 2017:

Asset Classification	Portfolio loans outstanding (Gross)		Provision for standard and non-performing assets			Portfolio loans outstanding (Net)	
	31-Mar-17	31-Mar-16	31-Mar-16	Additions (net) in 2016-17	31-Mar-17	31-Mar-17	31-Mar-16
Standard	30,728.61	24,633.56	246.36	1,057.82	1,304.18	29,424.43	24,387.20
Non-performing *	25.82	19.80	19.80	6.02	25.82	-	-
Total	**30,754.43**	**24,653.36**	**266.16**	**1,063.84**	**1,330.00**	**29,424.43**	**24,387.20**

* NPAs at March 31, 2017 are after considering RBI dispensation vide circular No.DBR.No.BP.BC.37/21.04.048/2016-17 dated November 21, 2016 and DBR.No.BP.BC.49/21.04.048/2016-17 dated December 28, 2016.

Loan portfolio and provision for standard and non-performing assets as at March 31, 2016:

Asset Classification	Portfolio loans outstanding (Gross)		Provision for standard and non-performing assets			Portfolio loans outstanding (Net)	
	31-Mar-16	31-Mar-15	31-Mar-15	Additions (net) in 2015-16	31-Mar-16	31-Mar-16	31-Mar-15
Standard	24,633.56	13,390.73	129.01	117.35	246.36	24,387.20	13,261.72
Non-performing	19.80	4.94	4.94	14.86	19.80	-	-
Total	**24,653.36**	**13,395.67**	**133.95**	**132.21**	**266.16**	**24,387.20**	**13,261.72**

Loan portfolio and provision for standard and non-performing assets as at March 31, 2015:

Asset Classification	Portfolio loans outstanding (Gross)		Provision for standard and non-performing assets			Portfolio loans outstanding (Net)	
	31-Mar-15	31-Mar-14	31-Mar-14	Additions (net) in 2014-15	31-Mar-15	31-Mar-15	31-Mar-14
Standard	13,390.73	6,684.89	66.08	62.93	129.01	13,261.72	6,618.81
Non-performing	4.94	0.77	0.77	4.17	4.94	-	-
Total	**13,395.67**	**6,685.66**	**66.85**	**67.10**	**133.95**	**13,261.72**	**6,618.81**

Loan portfolio and provision for standard and non-performing assets as at March 31, 2014:

Asset Classification	Portfolio loans outstanding (Gross)		Provision for standard and non-performing assets			Portfolio loans outstanding (Net)	
	31-Mar-14	31-Mar-13	31-Mar-13	Additions / (Reversals) in 2013-14	31-Mar-14	31-Mar-14	31-Mar-13
Standard	6,684.89	3,797.18	9.50	56.58	66.08	6,618.81	3,787.68
Non-performing	0.77	44.71	44.71	(43.94)	0.77	-	-
Total	**6,685.66**	**3,841.89**	**54.21**	**12.64**	**66.85**	**6,618.81**	**3,787.68**

Annexure 27: Restated statement of additional information ((Indian Rupees in Millions unless otherwise stated)

27.8. Leases

Operating Lease

Head office and branch office premises are acquired on operating lease. The branch office premises are generally rented on cancellable term for period of eleven to sixty months with no escalation clause and renewable at the option of the Company. There are no restrictions imposed by lease arrangements. There are no subleases. Lease payments during the period/year are charged to statement of profit and loss.

Particulars	Year ended				
	31-Mar-18	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14
Operating lease payments recognised	88.46	70.65	50.55	29.03	18.82
Minimum lease obligations					
Not later than 1 year	20.71	15.15	12.35	-	-
Later than 1 year but not later than 5 years	30.59	37.21	46.96	-	-
Later than 5 years	-	-	-	-	-

27.9. Dues to micro, small and medium enterprises

There are no amounts that need to be disclosed in accordance with the Micro Small and Medium Enterprise Development Act, 2006 (the 'MSMED') pertaining to micro or small enterprises as at March 31, 2018, March 31, 2017, March 31, 2016, March 31, 2015 and March 31, 2014.

For the year ended 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 the MSMED.

27.10. Stock options

The Company has provided various share based payments schemes to its employees under the 'CreditAccess Grameen Limited – Employees Stock Option Plan 2011'. The various Tranches I, II, III, IV, V and VI represent different grants made under the plan. The following stock options grants have been in operation:

Particulars	Tranche I	Tranche II	Tranche III	Tranche IV	Tranche V	Tranche VI
Date of grant	Apr 1, 2012	Oct 1, 2013	Jun 1, 2014	Jul 1, 2016	Jan 1, 2017	Jan 1, 2018
Date of Board / Compensation Committee approval	Oct 15, 2011	Aug 22, 2012	Jul 30, 2014	Jun 29, 2016	May 17, 2017	Jan 24, 2018
Number of Options granted	716,676*	631,339	443,000	431,000	521,000	971,000
Method of settlement	Equity	Equity	Equity	Equity	Equity	Equity
Graded vesting period:						
Day following the expiry of 12 months from grant (1st vesting)	25%	25%	25%	25%	25%	25%
Day following the expiry of 24 months from grant (2nd vesting)	25%	25%	25%	25%	25%	25%
Day following the expiry of 36 months from grant (3rd vesting)	25%	25%	25%	25%	25%	25%
Day following the expiry of 48 months from grant (4th vesting)	25%	25%	25%	25%	25%	25%
Exercise period	48 months from date of vesting					
Vesting conditions	Employee to be in service at the time of vesting					
Weighted average remaining contractual life of options (in years)						
1st vesting	-	0.50	1.17	3.25	3.76	4.76
2nd vesting	-	1.50	2.17	4.25	4.76	5.76
3rd vesting	1.00	2.51	3.17	5.25	5.76	6.76
4th vesting	2.01	3.51	4.17	6.26	6.76	7.76
Weighted average exercise price per option (Rs.)	27.00	27.00	39.86	63.90	84.47	120.87
Weighted average fair value per option (Rs.)	15.15	18.33	36.88	75.01	61.35	84.46

* *includes 87,500 options for which exercise period has been extended upto March 31, 2018.*

Annexure 27: Restated statement of additional information ((Indian Rupees in Millions unless otherwise stated)

Reconciliation of options:

Particulars (As at)	**31-Mar-18**	**31-Mar-17**	**31-Mar-16**	**31-Mar-15**	**31-Mar-14**
Tranche I					
Options outstanding at the beginning of the year	348,000	627,176	635,926	641,176	702,676
Granted during the year	-	-	-	-	-
Forfeited during the year	14,000	279,176	8,750	5,250	61,500
Exercised during the year	328,750	-	-	-	-
Expired during the year	1,000	-	-	-	-
Outstanding at the end of the year	4,250	348,000	627,176	635,926	641,176
Exercisable at the end of the year	4,250	348,000	627,176	546,926	320,588
Fair value of the share as on the date of exercise	132.10				
Tranche II					
Options outstanding at the beginning of the year	442,500	5,92,339	604,339	631,339	-
Granted during the year	-	-	-	-	631,339
Forfeited during the year	8,500	149,839	12,000	27,000	-
Exercised during the year	383,000	-	-	-	-
Expired during the year	2,000	-	-	-	-
Outstanding at the end of the year	49,000	442,500	592,339	604,339	631,339
Exercisable at the end of the year	49,000	334,000	367,339	256,339	-
Fair value of the share as on the date of exercise	132.10				
Tranche III					
Options outstanding at the beginning of the year	425,000	4,35,500	437,000	-	-
Granted during the year	-	-	-	443,000	-
Forfeited during the year	10,000	10,500	1,500	6,000	-
Exercised during the year	177,500	-	-	-	-
Expired during the year	2,000	-	-	-	-
Outstanding at the end of the year	235,500	425,000	435,500	437,000	-
Exercisable at the end of the year	134,750	217,500	109,250	-	-
Fair value of the share as on the date of exercise	132.10				
Tranche IV					
Options outstanding at the beginning of the year	431,000	-	-	-	-
Granted during the year	-	431,000	-	-	-
Forfeited during the year	-	-	-	-	-
Exercised during the year	59,500	-	-	-	-
Expired during the year	-	-	-	-	-
Outstanding at the end of the year	371,500	431,000	-	-	-
Exercisable at the end of the year	48,250	-	-	-	-
Fair value of the share as on the date of exercise	132.10				
Tranche V					
Options outstanding at the beginning of the year	-	-	-	-	-
Granted during the year	521,000	-	-	-	-
Forfeited during the year	-	-	-	-	-
Exercised during the year	65,000	-	-	-	-
Expired during the year	-	-	-	-	-
Outstanding at the end of the year	456,000	-	-	-	-
Exercisable at the end of the year	65,250	-	-	-	-
Fair value of the share as on the date of exercise	153.69				
Tranche VI					
Options outstanding at the beginning of the year	-	-	-	-	-
Granted during the year	971,000	-	-	-	-
Forfeited during the year	-	-	-	-	-
Exercised during the year	-	-	-	-	-

Particulars (As at)	31-Mar-18	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14
Expired during the year	-	-	-	-	-
Outstanding at the end of the year	971,000	-	-	-	-
Exercisable at the end of the year	-	-	-	-	-

Fair value of stock options granted

The weighted average fair value of stock options has been computed for each tranche based on following assumptions:

Tranche I: The weighted average fair value of stock options granted is Rs.14.32.

Particulars	Tranche vesting in FY 2013-14	Tranche vesting in FY 2014-15	Tranche vesting in FY 2015-16	Tranche vesting in FY 2016-17
Share price on the date of grant (Rs.)	20.63	20.63	20.63	20.63
Exercise price (Rs.)	27.00	27.00	27.00	27.00
Expected volatility (%)	75%	75%	75%	75%
Life of the options granted (years)	5	6	7	8
Risk-free interest rate (%)	8%	8%	8%	8%
Expected dividend rate (%)	0%	0%	0%	0%
Fair value of the option (Rs.)	12.82	13.93	14.87	15.66

Tranche II: The weighted average fair value of stock options granted is Rs.16.97.

Particulars	Tranche vesting in FY 2014-15	Tranche vesting in FY 2015-16	Tranche vesting in FY 2016-17	Tranche vesting in FY 2017-18
Share price on the date of grant (Rs.)	30.58	30.58	30.58	30.58
Exercise price (Rs.)	27.00	27.00	27.00	27.00
Expected volatility (%)	34.50%	34.50%	34.50%	34.50%
Life of the options granted (years)	5	6	7	8
Risk-free interest rate (%)	8.05%	8.05%	8.05%	8.05%
Expected dividend rate (%)	0%	0%	0%	0%
Fair value of the option (Rs.)	15.08	16.43	17.64	18.73

Tranche III: The weighted average fair value of stock options granted is Rs.36.21.

Particulars	Tranche vesting in FY 2015-16	Tranche vesting in FY 2016-17	Tranche vesting in FY 2017-18	Tranche vesting in FY 2018-19
Share price on the date of grant (Rs.)	55.14	55.14	55.14	55.14
Exercise price (Rs.)	39.86	39.86	39.86	39.86
Expected volatility (%)	44.13%	44.13%	44.13%	44.13%
Life of the options granted (years)	5	6	7	8
Risk-free interest rate (%)	8.05%	8.05%	8.05%	8.05%
Expected dividend rate (%)	0%	0%	0%	0%
Fair value of the option (Rs.)	33.23	35.38	37.28	39.96

Tranche IV: The weighted average fair value of stock options granted is Rs.74.23.

Particulars	Tranche Vesting in FY 2017-18	Tranche Vesting in FY 2018-19	Tranche Vesting in FY 2019-20	Tranche Vesting in FY 2020-21
Share price on the date of grant (Rs.)	110.23	110.23	110.23	110.23
Exercise price (Rs.)	65.26	65.26	65.26	65.26
Expected volatility (%)	40.52%	40.52%	40.52%	40.52%

Annexure 27: Restated statement of additional information ((Indian Rupees in Millions unless otherwise stated)

Life of the options granted (years)	5	6	7	8
Risk-free interest rate (%)	6.84%	6.84%	6.84%	6.84%
Expected dividend rate (%)	-	-	-	-
Fair value of the option (Rs.)	69.37	72.84	75.96	78.76

Tranche V: The weighted average fair value of stock options granted is Rs.61.35.

Particulars	**Tranche vesting in FY 2017-18**	**Tranche vesting in FY 2018-19**	**Tranche vesting in FY 2019-20**	**Tranche vesting in FY 2020-21**
Share price on the date of grant (Rs.)	110.23	110.23	110.23	110.23
Exercise price (Rs.)	84.47	84.47	84.47	84.47
Expected volatility (%)	31.29%	31.29%	31.29%	31.29%
Life of the options granted (years)	5	6	7	8
Risk-free interest rate (%)	6.30%	6.30%	6.30%	6.30%
Expected dividend rate (%)	-	-	-	-
Fair value of the option (Rs.)	54.92	58.91	62.53	65.84

Tranche VI: The weighted average fair value of stock options granted is Rs.84.46.:

Particulars	**Tranche vesting in FY 2018-19**	**Tranche vesting in FY 2019-20**	**Tranche vesting in FY 2020-21**	**Tranche vesting in FY 2021-22**
Share price on the date of grant (Rs.)	153.56	153.56	153.56	153.56
Exercise price (Rs.)	120.87	120.87	120.87	120.87
Expected volatility (%)	26.38%	26.38%	26.38%	26.38%
Life of the options granted (years)	5	6	7	8
Risk-free interest rate (%)	7.64%	7.64%	7.64%	7.64%
Expected dividend rate (%)	-	-	-	-
Fair value of the option (Rs.)	75.92	81.96	87.46	92.49

The Company measures the cost of ESOP using the intrinsic value method. Had the Company used the fair value model to determine compensation, its profit after tax and earnings per share as reported would have changed to the amounts indicated below:

Particulars	**Year ended**				
	31-Mar-18	**31-Mar-17**	**31-Mar-16**	**31-Mar-15**	**31-Mar-14**
Profit after tax as reported	1,246.41	802.98	832.41	487.32	166.26
Add: ESOP cost using intrinsic value	21.11	6.22	2.39	3.90	0.59
Less: ESOP cost using fair value	(39.41)	(8.22)	(5.56)	(14.50)	(6.05)
Profit after tax (adjusted)	1,228.11	800.98	829.24	476.72	160.80
Earnings Per Share					
Basic					
- As reported	12.26	10.01	11.41	9.15	4.18
- Adjusted for ESOP cost using fair value	12.08	9.98	11.37	8.95	4.05
Diluted					
- As reported	12.11	9.88	11.23	9.01	4.18
- Adjusted for ESOP cost using fair value	11.93	9.86	11.18	8.81	4.05

Annexure 27: Restated statement of additional information ((Indian Rupees in Millions unless otherwise stated)

27.11. Provision for fraud and misappropriation

Following amount has been provided in the financial statements towards the legal proceedings and claims initiated by the Company in respect of cases of frauds and thefts reported:

Particulars	**Year ended**				
	31-Mar-18	**31-Mar-17**	**31-Mar-16**	**31-Mar-15**	**31-Mar-14**
Provision for fraud and thefts	4.59	4.27	5.22	5.08	6.71

27.12. Disclosure on SBNs for the year ended March 31, 2017:

Particulars	**SBNs**	**Other denomination**	**Total**
Closing cash in hand as on 8-11-2016	18.72	0.37	19.09
(+) Non-permitted receipts (ref note 1 & 3 below)	126.42	-	126.42
(+) Permitted receipts (ref Note 2 below)	-	5,385.83	5,385.83
(-) Permitted payments (ref Note 4 below)	-	3,268.40	3,268.42
(-) Amount Deposited in Bank	145.14	2,078.90	2,224.04
Closing cash in hand as on 30-12-2016	-	38.90	38.88

1. Under the system and processes currently operated by the Company, details of denomination of notes for loan collections and disbursements are available only in non-digitized form (physical records maintained in respect of each center). 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.

   Given the unfeasibility of collating transaction wise data from individual collection and disbursement sheets maintained physically, the amounts received in SBNs, indicated in the above table have been compiled based on the incremental movement in the closing balance of SBNs at each branch. Given the inherent limitation of this approach, any amount if received by the Company at any of its centers / branches and deposited in the bank account on the same day, would not have been reported.

2. Permitted receipts in other denomination notes include collections made by the Company from its loan borrowers and withdrawals from bank accounts during the period from November 9, 2016 to December 30, 2016 in the ordinary course of business.

3. Represent collections in Specified Bank Notes made by the Company from its loan borrowers from November 9, 2016 to November 30, 2016 (Rs.91.16 million was received on November 9, 2016) and adjusted against the borrowers' regular loan obligations which had fallen due in the ordinary course of business in respect of loans disbursed on or before November 8, 2016.

4. Permitted payments in other denomination notes include disbursement of loans to its borrowers and other cash payments in the ordinary course of business.

27.13. Amalgamation of business with MV Microfin Private Limited

The National Company Law Tribunal (NCLT), Bengaluru Bench approved a Scheme of Arrangement on November 22, 2017 (hereinafter referred as 'the Scheme') for amalgamating the business from MV Microfin Private Limited with the Company ('the Amalgamation'). By virtue of the Scheme, the business operations of MV Microfin Private Limited shall stand transferred, merged and vested with the Company with effect from April 01, 2017 ('the Appointed Date'). MV Microfin Private Limited was registered as an NBFC with RBI. However, there were no business activities being carried out as on the date of merger. Also, the said amalgamation being in the nature of merger, the accounting thereof has been carried out as per the pooling of interest method specified in Accounting Standard – 14.

The Scheme inter alia provides for issue of 13 equity shares of the Company with a face value of Rs.10 each for every 10 equity shares held in the MV Microfin Private Limited at par and issue of 852,188 equity shares of the Company with a face value of Rs.10 each for every 1 Compulsorily Convertible Debenture (CCD) held in MV Microfin Private Limited at par as a purchase consideration for the Amalgamation.

As per the Scheme, the Company shall adjust the book value of assets and liabilities on the appointed date in its books of account as follows:

Annexure 27: Restated statement of additional information ((Indian Rupees in Millions unless otherwise stated)

Particulars	**Amount**
Assets	
Current investments	32.08
Trade receivables	5.98
Cash and bank balances	531.87
Short-term loans and advances	17.93
Other current assets	8.87
Total assets(A)	**596.73**
Other current liabilities (B)	**28.91**
Reserves and surplus	
Statutory reserve (As required by Sec 45-IC of Reserve Bank of India Act, 1934)	4.70
Surplus balance in the statement of profit and loss	14.72
Total Reserves and Surplus (C)	**19.42**
Net assets (A)-(B)-(C)	548.40
Purchase consideration	**48.90**
Capital Reserve	**499.50**

27.14. Restated statement of Disclosures required by the RBI

a. Capital to risk weighted assets ratio (‘CRAR’):

Particulars	**31-Mar-18**	**31-Mar-17**	**31-Mar-16**	**31-Mar-15**	**31-Mar-14**
CRAR (%)*	28.94%	29.71%	21.48%	28.08%	31.53%
CRAR-Tier I Capital (%)	28.07%	20.21%	17.60%	26.50%	28.70%
CRAR-Tier II Capital (%)	0.87%	9.50%	3.88%	1.58%	2.83%

* The CRAR presented above table are based on the restated summary statements for the year ended March 31, 2018, March 31, 2017, March 31, 2016, March 31, 2015 and March 31, 2014.

b. Investments

Particulars			**31-Mar-18**	**31-Mar-17**	**31-Mar-16**	**31-Mar-15**	**31-Mar-14**
1	Value of Investments						
	(i)	Gross value of Investments					
		(a) in India	2.00	2.00	2.00	2.00	2.00
		(a) outside India	-	-	-	-	-
	(ii)	Provisions for Depreciation					
		(a) in India	-	-	-	-	-
		(a) outside India	-	-	-	-	-
	(ii)	Net Value of Investments					
		(a) in India	2.00	2.00	2.00	2.00	2.00
		(a) outside India	-	-	-	-	-
2	Provision towards depreciation						
	(i)	Opening Balance	-	-	-	-	-
	(ii)	Add: Provision during the period	-	-	-	-	-
	(iii)	Less: Write-off/ write-back of excess provision	-	-	-	-	-
	(iv)	Closing Balance	-	-	-	-	-

Annexure 27: Restated statement of additional information ((Indian Rupees in Millions unless otherwise stated)

c. Disclosure related to securitization

Disclosure as per RBI circular DBOD.NO.BP.BC.60/21.04.048/2005-06 dated February 1, 2006:

Particulars	31-Mar-18	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14
Number of loans securitized	-	-	161,856	231,730	159,850
Book value of loans securitized	-	-	963.52	1,641.35	1,396.99
Sale consideration received	-	-	960.29	1,678.67	1,475.64
Income recognised in statement of profit and loss	-	43.14	59.84	156.30	69.95

Particulars	31-Mar-18	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14
Principal outstanding of loans securitized	-	-	734.40	1,074.98	1,409.56
Credit enhancements provided and outstanding (Cash collateral)	-	-	100.43	233.74	195.46

Disclosure as per RBI circular DNBS.PD.No.301/3.10.01/2012-13 dated August 21, 2012:

(Information in respect of transactions in operation as at reporting date)

Particulars	As at				
	31-Mar-18	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14
No of SPVs sponsored by the NBFC for securitization transactions	-	-	4	14	13
Amount of securitized assets as per books of SPV sponsored by NBFC	-	-	740.30	1,220.30	1,485.31
Amount of exposures retained by NBFC to comply with MRR as on the date of balance sheet	-	-	-	-	-
a. Off-Balance sheet exposure					
First Loss	-	-	-	-	-
Others	-	-	-	-	-
b. On-Balance sheet exposure					
First Loss – Cash collateral	-	-	100.43	233.74	195.46
Others	-	-	-	-	-
Amount of exposures other than MRR					
a. Off-Balance sheet exposure					
i. Exposure to own securitizations	-	-	-	-	-
First Loss	-	-	-	-	-
Loss	-	-	-	-	-
ii. Exposure to third party transactions	-	-	-	-	-
First Loss	-	-	-	-	-
Others	-	-	-	-	-
b. On-Balance sheet exposure					
ii. Exposure to own securitizations					
Others	-	-	-	-	0.02
iii. Exposure to third party transactions					
First Loss	-	-	-	-	-
Others	-	-	-	-	-

Annexure 27: Restated statement of additional information ((Indian Rupees in Millions unless otherwise stated)

d. Asset liability management:

Maturity pattern of assets and liabilities as on March 31, 2018:

Particulars	Upto 30 / 31 days	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Borrowings	963.20	1,387.05	2,359.84	5,428.73	11,089.77	13,000.52	1,799.50	-	**36,028.61**
Advances*	3,279.53	3,625.94	3,199.01	8,954.15	15,038.31	14,863.42	7.50	48.44	**49,016.30**
Investments	-	-	-	-	-	-	-	2.00	**2.00**

Maturity pattern of assets and liabilities as on March 31, 2017:

Particulars	Upto 30 / 31 days	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Borrowings	786.30	832.40	1,176.10	4,360.40	7,768.40	10,821.30	882.50	55.00	**26,682.40**
Advances*	3,411.60	2,610.40	2,320.50	6,305.60	9,866.40	6,339.70	-	10.60	**30,864.80**
Investments	-	-	-	-	-	-	-	2.00	**2.00**

Maturity pattern of assets and liabilities as on March 31, 2016:

Particulars	Upto 30 / 31 days	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Borrowings	739.70	557.80	1,045.80	2,815.40	5,953.00	9,877.50	694.00	650.00	**22,333.20**
Advances*	1,918.70	1,905.00	1,748.80	4,600.80	6,871.60	7,688.90	-	-	**24,733.80**
Investments	-	-	-	-	-	-	-	2.00	**2.00**

Maturity pattern of assets and liabilities as on March 31, 2015:

Particulars	Upto 30 / 31 days	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Borrowings	358.20	489.60	776.50	1,840.40	3,590.80	3,702.50	1,547.30	600.00	**12,905.30**
Advances*	1,263.90	1,153.10	1,103.40	3,024.70	4,282.70	2,697.80	-	-	**13.525.60**
Investments	-	-	-	-	-	-	-	2.00	**2.00**

Maturity pattern of assets and liabilities as on March 31, 2014:

Particulars	Upto 30 / 31 days	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Borrowings	345.70	267.70	721.10	1127.10	1890.40	2,681.20	105.00	914.00	**8052.20**
Advances*	603.50	598.80	472.20	1397.20	2105.90	1,585.70	0.70	-	**6,763.00**
Investments	-	-	-	-	-	-	-	2.00	**2.00**

Maturity pattern of assets and liabilities as on March 31, 2013:

Particulars	Upto 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Borrowings	108.80	141.70	264.10	577.40	1,325.60	1,365.00	52.50	52.50	**3,887.60**
Advances*	317.50	353.00	270.90	795.80	1,285.60	897.30	0.10	-	**3,920.20**
Investments	-	-	-	2.60	-	-	-	2.00	**4.60**

* Net of provision for non-performing assets

Annexure 27: Restated statement of additional information ((Indian Rupees in Millions unless otherwise stated)

e. Net interest margin (NIM)

Particulars	**For the year ended**				
	31-Mar-18	**31-Mar-17**	**31-Mar-16**	**31-Mar-15**	**31-Mar-14**
Average interest (a)	20.35%	22.32%	24.04%	24.54%	24.88%
Average effective cost of borrowing (b)*	11.38%	12.63%	14.11%	14.99%	14.58%
Net interest margin (a-b)	8.97%	9.69%	9.93%	9.55%	10.30%

* The numerator and denominator considered for computing the cost of funds is net of the impact of cash collateral placed.

27.15. The Restated Summary Statements for the year ended March 31, 2018 have been adjusted for the impact of the Scheme and are not comparable with the figures as at March 31, 2017, March 31, 2016, March 31, 2015 and March 31, 2014.

CreditAccess Grameen Limited
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ANNEXURE 28 : Restated Statement of Tax shelter

(Indian Rupees in Millions unless otherwise stated)

Particulars		For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015	For the year ended March 31, 2014
Profit before current and deferred taxes as restated	**(A)**	**1,928.58**	**1,242.98**	**1,295.43**	**749.18**	**248.00**
Tax rate						
Normal Tax rate (%)	**(B)**	34.608%	34.608%	34.608%	33.990%	33.990%
Tax thereon						
Tax on normal profit	**(C)**	667.44	430.17	448.32	254.65	84.29
Total		**667.44**	**430.17**	**448.32**	**254.65**	**84.29**
Adjustments						
Permanent Differences						
Capital expenditure		26.45	10.78	7.17	16.71	2.56
Expenses disallowed under the Income Tax Act		3.37	4.13	0.84	0.36	0.09
Donation and CSR expenditure		43.51	16.68	29.52	10.21	11.37
Deductions allowable as per Income Tax Act		(11.45)	-	-	-	-
Income exempt under Income Tax Act		(1.70)	-	-	-	(21.00)
Subtotal	**(D)**	**60.17**	**31.59**	**37.53**	**27.28**	**(6.98)**
Temporary Differences						
Difference in depreciation as per tax and books of account		12.60	6.47	(5.14)	5.59	(2.65)
Provision for compensated absences		13.60	15.74	6.45	2.84	3.53
Provision for other assets		0.01	(5.45)	17.46	(1.14)	(0.79)
Provision for portfolio loans		(420.61)	1,057.82	132.20	67.10	12.66
Expenses disallowed in previous year which are allowed in current year		-	-	-	(9.57)	-
Other timing differences		0.43	0.98	0.74	-	-
Subtotal	**(E)**	**(393.97)**	**1,075.56**	**151.71**	**64.82**	**12.75**
Net Adjustment (D+E)	**(F)**	**(333.80)**	**1,107.15**	**189.24**	**92.10**	**5.77**
Tax thereon						
Tax on normal profit	**(G)**	(114.77)	383.16	65.50	31.30	1.97
Income Tax impact on restatement	**(H)**	-	-	-	-	-
Current tax on restated profit, as derived (C+G+H)	**(I)**	**552.67**	**813.33**	**513.82**	**285.95**	**86.26**
Current tax on restated profit, as derived (rounded off)		**552.67**	**813.33**	**513.82**	**285.95**	**86.26**
Current tax expenses as per restated summary statements		**552.67**	**813.33**	**513.82**	**285.95**	**86.26**

Notes:
1. The aforesaid Statement of Tax Shelter has been prepared as per the restated summary statement of profits and losses of the Company.
2. The above statement should be read with the annexure to restated summary statements of assets and liabilities, profits and losses and cash flows appearing in Annexure 4.
3. Income tax rate includes applicable surcharge, education cess and higher education cess of the year concerned.

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ANNEXURE 29: Restated Statement of Capitalisation

Position of Debt and Shareholders' funds as at March 31, 2018 as below:

(Indian Rupees in Millions unless otherwise stated)

Particulars	Pre Issue	Post Issue
Total Debt		
Short Term Debt * **(A)**	-	[●]
Long Term Debt **(B)**	14,800.02	[●]
Add: Current maturities of long term borrowings (including non convertible debentures) **(C)**	21,228.59	[●]
Total Debt (D = A+B+C)	**36,028.61**	[●]
Shareholders' Funds		
Share Capital **(E)**	1,284.27	[●]
Reserves and Surplus **(F)** ***	12,994.62	[●]
Total Shareholders' Funds (G = E+F)	**14,278.89**	[●]
Long Term Debt ** / Shareholders' Funds [H = (B+C)/G]	2.52	[●]
Total Debt / Shareholders' Funds [I = (D/G)]	2.52	[●]

* Short term debt represent borrowings having a repayment tenure of twelve months or less.

** Long term debt includes current portion of long-term borrowings repayable over twelve months from March 31, 2018.

*** Reserves and surplus include capital reserve of Rs.499.50 millions created pursuant to Scheme of Arrangement (ref. Annexure 27.13)

Notes

1 The above figures are based on the Restated Summary Statements. Since, the issue price and number of shares are being finalised, the post-issue capitalisation statement has not been presented.

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ANNEXURE 30 : Restated Statement of Accounting Ratios

(Indian Rupees in Millions unless otherwise stated)

Particulars		For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015	For the year ended March 31, 2014
Basic and Diluted Earnings Per Share (Rs.)	**A**					
Basic Earnings Per Share (Basic EPS)						
Profit after tax **(A)**		1,246.41	802.98	832.41	487.32	166.26
Weighted average number of shares for calculating Basic EPS **(B)**		10,16,38,978	8,02,39,164	7,29,53,433	5,32,82,200	3,97,29,688
Basic Earnings Per Share # (A / B)		**12.26**	**10.01**	**11.41**	**9.15**	**4.18**
Nominal value per share		**10.00**	**10.00**	**10.00**	**10.00**	**10.00**
Diluted Earnings Per Share (Diluted EPS)						
Profit after tax **(C)**		1,246.41	802.98	832.41	487.32	166.26
(+) Interest on debentures convertible into equity shares (net of tax) **		146.19	2.69	-	-	-
Adjusted profit after tax (D)		**146.19**	**805.67**	**832.41**	**487.32**	**166.26**
Weighted average number of shares for calculating Basic EPS		10,16,38,978	8,02,39,164	7,29,53,433	5,32,82,200	3,97,29,688
Add: Effect of dilution (F)						
Stock option granted under ESOP		12,65,720	10,30,127	11,98,824	8,03,787	-
Compulsorily Convertible Debentures *		1,06,45,793	1,95,695	-	-	-
Weighted average number of shares for calculating Diluted EPS **(G) = (E+F)**		10,29,04,698	8,14,64,986	7,41,52,257	5,40,85,987	3,97,29,688
Diluted Earnings Per Share * (D / G)		**12.11**	**9.88**	**11.23**	**9.01**	**4.18**
Nominal value per share		**10.00**	**10.00**	**10.00**	**10.00**	**10.00**
Net Assets Value per equity share (Rs.)	**B**					
Net worth, as restated **(A)** **		14,270.83	6,904.10	4,592.40	3,754.95	2,061.37
Number of equity shares outstanding at the end of the year * **(B)**		12,84,27,337	8,56,81,343	7,29,53,433	7,29,53,433	5,29,53,433
Net Assets Value per equity share (C) = (A) / (B)		**111.12**	**80.58**	**62.95**	**51.47**	**38.93**
Return on Net worth (%)	**C**					
Net Profit after tax, as restated **(A)**		1,246.41	802.98	832.41	487.32	166.26
Net worth, as restated ** **(B)**		14,270.83	6,904.10	4,592.40	3,754.95	2,061.37
Return on Net Worth (C) = (A) / (B)		**8.73%**	**11.63%**	**18.13%**	**12.98%**	**8.07%**

* For the year ended March 31, 2018 and the year ended March 31, 2017, since the impact of conversion of potential equity shares on account of Compulsorily Convertible Debentures is anti-dilutive in nature, the same has not been considered in calculation of diluted EPS.

** Net worth includes capital reserve of Rs.499.50 millions and equity shares with a nominal value of Rs.48.90 millions issuable pursuant to the Scheme of Arrangement. (refer Annexure 27.13)

Notes

1. The figures disclosed above are based on the Restated Summary Statements of the Company.

2. The above statement should be read with the notes to Restated Summary Statements in Annexure 4.

3. The ratios have been computed as follows:

(i) Earnings per share = $\dfrac{\text{Net profit available for equity shareholders for the year}}{\text{Weighted average number of equity shares outstanding during the year}}$

(ii) Net asset value per equity share = $\dfrac{\text{Net worth as at the end of the year}}{\text{Number of equity shares outstanding at the end of the year}}$

(iii) Return on net worth (%) = $\dfrac{\text{Net profit after tax for the year}}{\text{Net worth at the end of the year}}$

4. Weighted average number of equity shares is the number of equity shares outstanding at the beginning of the year adjusted by the number of equity shares issued during year multiplied by the time weighing factor. The time weighing factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the year.

5. Net worth for ratios mentioned in above note represents the aggregate of the paid up share capital and reserves and surplus, as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off) and the debit balance of the profit and loss account, if any.

6. Earnings per share calculations are in accordance with Accounting Standard 20 "Earnings Per Share" notified under section 133 of the Companies Act 2013, read together along with paragraph 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016.

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ANNEXURE 31: Restated Statement of Dividend

(Indian Rupees in Millions unless otherwise stated)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015	For the year ended March 31, 2014
Equity shares - Face value – (Rs.)	10.00	10.00	10.00	10.00	10.00
% of Dividend	Nil	Nil	Nil	Nil	Nil
Final dividend	Nil	Nil	Nil	Nil	Nil

CAPITALISATION STATEMENT AS ADJUSTED FOR THE OFFER

Set forth below is the statement of capitalisation of the Company as at March 31, 2018, pre-issue and post-issue (which was to be calculated upon completion of the Offer), in addition to the statement of capitalisation in "*Annexure 29 : Restated Statement of Capitalisation*" of the Restated Financial Statements, forming part of "*Financial Statements*" beginning on page 195.

(All amount in ₹ Million, unless otherwise stated)

Particulars	Pre-Issue as at March 31, 2018	Post-Issue #
Total Debt		
Short Term Debt * **(A)**	-	-
Long Term Debt **(B)**	14,800.02	14,800.02
Add: Current maturities of long term borrowings (including non-convertible debentures) **(C)**	21,228.59	21,228.59
Total Debt (D = A+B+C)	**36,028.61**	**36,028.61**
Shareholders' Funds		
Share Capital **(E)**	1,284.27	1,433.56
Reserves and Surplus **(F) *****	12,994.62	19,145.33
Total Shareholders' Funds (G = E+F)	**14,278.89**	**20,578.89**
Long Term Debt ** / Shareholders' Funds [H = (B+C)/G]	2.52	1.75
Total Debt / Shareholders' Funds [I = (D/G)]	2.52	1.75

 # The "Post-Issue" column reflects changes in shareholders' funds only on account of the proceeds from the Fresh Issue in the Offer. The short term and long term debt (including non-convertible debentures) and the Reserves and Surplus (other than securities premium) are as of March 31, 2018.

The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company. The above statement explains the impact of proceeds from the fresh issuance of Rs. 6,300 million only. Out of Rs. 6,300 million, Rs. 149.29 million has been adjusted towards equity share capital and Rs. 6,150.71million has been adjusted towards securties premium.

** Short term debt represent borrowings having a repayment tenure of twelve months or less.*

*** Long term debt includes current maturities of long-term borrowings repayable over twelve months from March 31, 2018.*

**** Reserves and surplus include capital reserve of Rs.499.50 million created pursuant to Scheme of Arrangement*

SUMMARY OF CERTAIN SIGNIFICANT DIFFERENCES BETWEEN INDIAN GAAP AND IND AS

The Restated Financial Statements included in this Prospectus are based on the audited financial statements of the Company which are prepared in accordance with Indian GAAP. Certain differences exist between Indian GAAP and Ind AS which might be material to the financial information contained herein. The matters described below summarise certain differences between Indian GAAP and Ind AS that may be material. Our Company is responsible for preparing the summary below. 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.

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 herein. In making an investment decision, potential investors must rely upon their own examination of our Company, the terms of the Offering and the financial information.

Ind AS No.	Particulars	Indian GAAP	Ind AS
Ind AS 1	Presentation of Financial Statements	**Other Comprehensive Income**: There is no concept of 'Other Comprehensive Income' under Indian GAAP.	**Other Comprehensive Income:** 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.
		Extraordinary items: 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.	**Extraordinary items**: Under Ind AS, presentation of any items of income or expense as extraordinary is prohibited.
		Change in Accounting Policies: 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.	**Change in Accounting Policies**: 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 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 straight line method over the useful lives of the assets estimated by the Management.	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 No.	Particulars	Indian GAAP	Ind AS
			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 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 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 have to be adjusted against retained earnings.
Ind AS 32/ 107 / 109	Presentation and classification 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 except for investments in mutual funds which are carried at the Net asset value declared by the mutual fund in accordance with the NBFC Master Directions. 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 assets and financial liabilities to be recognised on initial recognition at fair value. Financial assets have 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 recognized entirely in profit or loss, (FVTPL), or recognized in other comprehensive income (FVOCI). Financial assets include equity and debts investments, interest free deposits, loans, trade receivables etc. 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.
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.	Financial instruments classified at amortized cost and FVOCI and the related revenue (including processing fees and fees of similar nature) net of related costs have to be measured using the Effective Interest Rate (EIR) method.

Ind AS No.	Particulars	Indian GAAP	Ind AS
		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. Financial liabilities are carried at their transaction values. Disclosures under Indian GAAP are limited. In accordance with the NBFC Master Directions issued by the Reserve Bank of India, income on non-performing assets is recognised only on realisation basis.	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 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 Reserve Bank of India.	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 103	Business Combinations	Under Indian GAAP, business combinations are accounted using pooling of interest method or purchase method based on fulfilment of certain conditions.	According to Ind AS 103, all assets / liabilities acquired under the business combination are measured at their fair values on the date of acquisition.
		All assets / liabilities acquired are recognised at their carrying value from the books of the amalgamating company or fair value of such assets / liabilities at the option of the Company in case of purchase method, against pooling of interest method where they are recognised at their carrying values only.	Additionally, the Company has an option under Ind AS 101 to restate any business combinations entered before the date of transition, in accordance with Ind AS 103.

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

You should read the following discussion in conjunction with our restated financial statements as of and for the years ended March 31, 2018, 2017, 2016, 2015 and 2014, including the related annexures. These Restated Financial Statements have been prepared in accordance with Indian GAAP, applicable provisions of the Companies Act and restated in accordance with the SEBI ICDR Regulations.

*Indian GAAP differs in certain material respects with Ind AS, IFRS and U.S. GAAP. See "Risk Factors – Significant differences exist between Indian GAAP and other accounting principles, such as U.S. GAAP and International Financial Reporting Standards ("**IFRS**"), which investors may be more familiar with and may consider material to their assessment of our financial condition." on page 32.*

Our financial year ends on March 31 of each year. Accordingly, all references to a particular financial year are to the 12-month period ended March 31 of that year.

This discussion contains forward-looking statements that involve risks and uncertainties and reflects our current view with respect to future events and financial performance. Actual results may differ from those anticipated in these forward-looking statements as a result of factors such as those set forth under "Forward-looking Statements" and "Risk Factors" on pages 13 and 15, respectively. This section contains industry related data and statistics from the report titled "CRISIL Research - Industry Report on the Micro Finance Industry, January 2018" prepared by CRISIL Research, which we have commissioned.

Overview

We are a leading Indian micro-finance institution headquartered in Bangalore, focused on providing micro-loans to women customers predominantly in Rural Areas in India. According to CRISIL Research, we were the third largest NBFC-MFI in India in terms of gross loan portfolio as of March 31, 2017. Our wide range of lending products addresses the critical needs of our Customers throughout their life cycle and includes income generation, family welfare, home improvement and emergency loans. We believe that our customer-centric business model, wide range of product offerings, as well as our well-designed product delivery and collection systems, have enabled us to achieve high customer retention rates and low credit costs.

We focus predominantly on Customers in Rural Areas in India, who largely lack access to the formal banking sector and present a latent opportunity for offering micro-loans. Our products are built on a deep understanding of the requirements of our Customers (especially Customers from Rural Areas) and the flexibility of our products (in terms of ticket sizes, end-uses and repayment options) and the manner of their delivery differentiates us from our competitors and generates customer loyalty. Our focus customer segment is women having an annual household income of ₹160,000 or less in Urban Areas and ₹100,000 or less in Rural Areas. We provide loans primarily under the joint liability group ("**JLG**") model. Our primary focus is to provide income generation loans to our Customers, which comprised 87.02% of our total JLG loan portfolio, as of March 31, 2018. We also provide other categories of loans such as family welfare loans, home improvement loans and emergency loans to our existing Customers. In 2016, with a view to diversifying our product profile, we introduced individual retail finance loans for customers who had been our Customers for at least three years and fulfil certain other eligibility criteria linked primarily to their credit history with us, income, and business position. We offer these loans to customers to establish a new enterprise or expand an existing business in their individual capacity (for instance, for the purchase of inventories, machinery or two-wheelers).

We have followed a strategy of contiguous district-based expansion across regions and, as of March 31, 2018, we cover 132 districts in the eight states (Karnataka, Maharashtra, Tamil Nadu, Chhattisgarh, Madhya Pradesh, Kerala, Odisha, Goa) and one union territory (Puducherry) in India through 516 branches and 4,544 loan officers. Our operations are well-diversified at the district level, with no single district contributing more than 5% to our Gross AUM (apart from one which contributed less than 6% to our Gross AUM) as of March 31, 2018. Further, out of a total of 132 districts where we had branches as of March 31, 2018, more than 75% of each of these districts individually represents less than 1% of our gross AUM. Ourcustomer base increased from 0.50 million Active Customers as of March 31, 2014 to 1.85 million Active Customers as of March 31, 2018. We are a customer-centric organization and had a high Active Customer Retention Rate of 90% (annualized) for the six months ended September 30, 2017, as shown in the table below, as compared with the median Active Customer Retention Rate of 15 leading micro-finance players which stood at 78% for the six months ended September 30, 2017. *(Source: CRISIL Research)*

	As of				
	September 30, 2017	**March 31, 2017**	**March 31, 2016**	**March 31, 2015**	**March 31, 2014**
Active Customer Retention Rate (1)	90%	86%	86%	86%	82%

(1) *Active Customer Retention Rate for a period is defined as the ratio of number of customers who were Active Customers at the beginning of the period and remained Active Customers at the end of the period to the Active Customers at the beginning of the period". Annualized for the six months ended September 30, 2017. Our Active Customer Retention Rate for the year ended March 31, 2018 was 84%.*

Our Promoter is CreditAccess Asia N.V., a multinational company specializing in MSE financing (micro and small enterprise financing), which is backed by institutional investors and has micro-lending experience through its subsidiaries in four countries in Asia. Our Promoter has provided capital funding to us from time to time and provides us with access to potential fundraising opportunities in the debt capital markets. For further details, see "*Our Promoter and Promoter Group*" on page 175.

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

	(₹ in million, except percentages and number of Total Active Loan Accounts)				
	As of/ for the				
	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**
Gross AUM (1)	49,746.61	30,754.43	25,387.76	14,470.65	8,095.22
Gross AUM Growth (%) (2)	61.75	21.14	75.44	78.76	54.52
Disbursements (3)	60,817.22	34,026.29	33,488.46	18,939.13	10,280.90
Disbursement Growth (4)	78.74%	1.61%	76.82%	84.22%	69.54%
Customers	2,187,174	1,653,611	1,386,588	923,018	568,958
Active Customers	1,851,324	1,450,298	1,196,389	844,585	504,688
Number of Total Active Loan Accounts (5)	3,190,543	2,863,379	2,669,226	1,877,069	1,036,982
Revenue from operations (6)	8,655.53	7,017.45	4,569.50	2,681.60	1,423.36
Interest Expense and Other Borrowing Costs (7)	3,545.68	3,165.41	2,082.46	1,290.54	722.53
Net Interest Income (8)	5,109.85	3,852.04	2,487.04	1,391.06	700.83
Annual Average Gross AUM	40,250.52	28,071.09	19,929.21	11,282.94	6,667.10
Net Interest Margin = Net Interest Income / Annual Average Gross AUM	12.70%	13.72%	12.48%	12.33%	10.51%
Operating Expense (9)	1,996.64	1,598.20	1,149.13	706.18	450.51
Operating Expense / Annual Average Gross AUM	4.96%	5.69%	5.77%	6.26%	6.76%
Credit Cost (10)	1,281.15	1,086.02	140.17	68.38	57.25
Credit Cost / Annual Average Gross AUM	3.18%	3.87% (11)	0.70%	0.61%	0.86%
Profit after tax	1,246.41	802.98	832.41	487.32	166.26
Gross NPA (12)	980.92	25.82	19.80	4.94	0.77
Gross NPA Ratio (13)	1.97%	0.08%	0.08%	0.04%	0.01%
Net NPA (14)	-	-	-	-	-
Net NPA Ratio (15)	-	-	-	-	-
Net Worth (16)	14,270.83	6,904.10	4,592.40	3,754.95	2,061.37

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

(1) Gross AUM represents the aggregate of future principal outstanding and overdue principal outstanding, if any, for all loan assets under management which includes loan assets held by our Company as of the last day of the relevant period as well as loan assets which have been transferred by our Company by way of securitization or assignment and are outstanding as of the last day of the relevant period.
(2) Gross AUM Growth represents percentage growth in Gross AUM for the relevant period over Gross AUM of the previous period.
(3) Disbursements represent the aggregate of all loan amounts extended to our Customers in the relevant period.
(4) Disbursement Growth represents percentage growth in disbursement for the relevant period over disbursement of the previous period.
(5) Total Active Loan Accounts represent the aggregate number of loan accounts outstanding as of the end of the relevant period including loan accounts which have been transferred by our Company by way of securitization or assignment and are outstanding as of the last day of the relevant period.
(6) Revenue from Operations represents our restated revenue from operations for the period.
(7) Interest Expense and Other Borrowing Costs represents our restated finance costs for the period, comprising interest expense on debentures, term loans from banks, term loans from financial institutions, terms loans from non-banking finance companies, term loans from others and loans payable on demand from banks; other borrowing costs; and bank charges.
(8) Net Interest Income represents Revenue from Operations for the relevant period reduced by Interest Expense and Other Borrowing Costs in such period.
(9) Operating Expense represents employee benefits expense, depreciation and amortization expense and other expenses.
(10) Credit Cost represents the aggregate of provisions and write offs.
(11) For a discussion of the increase in credit cost for the year ended March 31, 2017, *as* compared with the year ended March 31, 2016 and related provisions, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on page 250.
(12) Gross NPA represents the non-performing portfolio loans outstanding (gross) as of the last day of the relevant period.
(13) Gross NPA Ratio represents Gross NPA (as defined above) as a percentage of the total portfolio loans outstanding (gross) as of the last day of the relevant period.
(14) Net NPA represents the non-performing portfolio loans outstanding (net) as of the last day of the relevant period i.e. non-performing portfolio loans outstanding (gross) as reduced by the provision for non-performing assets.
(15) Net NPA Ratio represents Net NPA (as defined above) as a percentage of total portfolio loans outstanding as reduced by the provision for non-performing assets as of the last day of the relevant period.
(16) Net Worth represents our restated net worth as of the last day of the relevant period.

Significant Factors Affecting Our Results of Operations

The performance of the microfinance industry in India

As an NBFC-MFI, we are impacted by the performance of the micro-finance industry in India. CRISIL Research notes that only 5% to 7% of India's rural population has a loan account with banks. This low penetration of banking credit in rural India has led to the expansion of the micro-finance industry in India and has given us the opportunity to grow our business. CRISIL Research notes that the microfinance industry’s gross loan portfolio has grown at a CAGR of 35% over the past 10 years to reach ₹684 billion as of March 31, 2017, despite some setbacks that have impacted the industry's growth. As of March 31, 2017, the MFI industry had operations in 32 states/union territories in India and catered to 39 million customers. (*Source: CRISIL Research*)

However, the micro-finance industry has been adversely impacted by certain adverse events in the recent past, which have impacted its growth. For instance, the Andhra Pradesh micro-finance ordinance of October 2010, which was promulgated by the Andhra Pradesh government in response to the allegedly coercive collection practices adopted by MFIs in Andhra Pradesh, brought in stringent operating guidelines which impacted the micro-finance industry in Andhra Pradesh. After the implementation of the ordinance, loan collections in Andhra Pradesh severely dropped, the MFI industry’s asset quality deteriorated and certain MFIs had to resort to corporate debt restructuring. (*Source: CRISIL Research*)

Further, more recently, in November 2016, the Indian government announced the demonetization of bank notes of ₹500 and ₹1,000. Around 86% of the Indian currency in terms of value (₹500 and ₹1,000 notes) was removed from circulation and replacement of currency (with ₹100 and ₹2,000 notes) by the RBI was sluggish. Thus, CRISIL Research notes that the gross loan portfolio of the MFI industry, which was growing at a rate of approximately 70% in the first half of the year ended March 31, 2017, slumped to a growth of 22% by the end of the fiscal year. Disbursements were impacted even more with growth plunging to -29% in the second half of the year ended March 31, 2017 compared to 60% in the first half. (*Source: CRISIL Research*) We were also adversely affected by the impact of demonetization and our provisions and write-offs increased by 674.79% to ₹1,086.02 million for the year ended March 31, 2017 from ₹140.17 million for the year ended March 31, 2016 and by 17.97% to ₹1,281.15 million for the year ended March 31, 2018 from ₹1,086.02 million for the year ended March 31, 2017.

However, as a result of our policies, we believe that were able to manage our portfolio quality better than the MFI industry in the months following demonetization. The following table presents our state-wise PAR30+% compared to the MFI industry as a whole for the periods mentioned:

	Sep-17		**Jun-17**		**Mar-17**		**Dec-16**		**Sep-16**		**Jun-16**	
PAR 30+%[1]	**Industry[2]**	**Our Company**	**Industry[2]**	**Our Company**	**Industry[2]**	**Our Company**	**Industry[2]**	**Our Company**	**Industry[2]**	**Our Company**	**Industry[2]**	**Our Company**
Maharashtra	27.2%	**12.5%**	28.0%	**17.2%**	26.7%	**23.4%**	16.1%	**9.9%**	2.1%	**0.1%**	2.2%	**0.2%**
Karnataka	16.8%	**3.1%**	18.0%	**4.6%**	19.1%	**8.1%**	9.4%	**1.0%**	1.7%	**0.0%**	1.7%	**0.0%**
Madhya Pradesh	16.2%	**5.1%**	16.6%	**7.2%**	16.3%	**7.9%**	9.6%	**1.1%**	1.6%	**0.0%**	1.7%	**0.0%**
Tamilnadu	8.3%	**0.3%**	8.8%	**0.3%**	8.7%	**0.3%**	2.8%	**0.0%**	2.1%	**0.0%**	2.0%	**0.0%**
Chhattisgarh	7.1%	**2.1%**	7.5%	**2.2%**	7.3%	**2.2%**	4.3%	**0.8%**	2.3%	**0.0%**	2.5%	**0.0%**
Overall	**11.4%**	**5.7%**	**11.6%**	**8.0%**	**11.7%**	**11.9%**	**7.9%**	**3.5%**	**1.5%**	**0.1%**	**1.6%**	**0.1%**

Note: PAR30+% is the proportion of gross loans outstanding that are overdue beyond 30 days to the total gross loans outstanding, expressed as a percentage.
Source: CRISIL Research

The PAR30+% for loans disbursed between January 2017 and May 2017 was far lower for us, as compared with the MFI industry, as of September 2017, which we believe reflects the effectiveness of our customer selection policies. The following table depicts the comparison:

	PAR30+%, as of											
	Sep 30, 17		**Aug 31, 17**		**Jul 31, 17**		**Jun 30, 17**		**May 31, 17**		**Apr 30, 17**	
Loan Disbursal Month	**Industry***	**Our Company**	**Industry***	**Our Company**	**Industry***	**Our Company**	**Industry***	**Our Company**	**Industry***	**Our Company**	**Industry***	**Our Company**
Jan-17	1.4%	0.4%	1.2%	0.4%	1.2%	0.4%	0.7%	0.4%	0.5%	0.5%	0.4%	0.5%
Feb-17	1.2%	0.4%	1.0%	0.4%	0.9%	0.4%	0.4%	0.3%	0.3%	0.3%	0.1%	0.2%
Mar-17	1.7%	0.4%	1.4%	0.4%	1.3%	0.3%	0.5%	0.2%	0.2%	0.2%	0.1%	0.1%
Apr-17	1.1%	0.3%	0.9%	0.2%	0.7%	0.2%	0.2%	0.1%	0.1%	0.0%	0.0%	0.0%
May-17	1.2%	0.2%	0.9%	0.2%	0.6%	0.1%	0.2%	0.0%	0.0%	0.0%		

** Source: CRISIL Research*

Further, our ability to recover dues from delinquent customers was superior as compared to the MFI industry in the months following demonetization. The following table depicts net backward flow rates (in terms of number of PAR loan accounts) i.e. the percentage of PAR loan accounts which have moved from higher buckets to lower buckets due to repayments made by delinquent customers:

Movement	**Comparison**	**Sep-17**	**Aug-17**	**Jul-17**	**Jun-17**	**May-17**	**Apr-17**	**Mar-17**	**Feb-17**	**Jan-17**
PAR 90+ to lower buckets	Industry	0.6%	0.7%	0.5%	1.0%	1.0%	0.7%	0.2%	0.8%	0.2%
	Our Company	10.0%	11.1%	8.0%	14.2%	9.8%	5.1%	2.1%	3.9%	0.6%
PAR 61-90 to lower	Industry	9.4%	9.3%	6.6%	6.7%	9.9%	9.3%	3.7%	4.7%	6.1%

Movement	Comparison	Sep-17	Aug-17	Jul-17	Jun-17	May-17	Apr-17	Mar-17	Feb-17	Jan-17
buckets	Our Company	21.6%	26.0%	20.1%	30.8%	24.1%	12.4%	8.2%	1.7%	1.4%
PAR 31-60 to lower buckets	Industry	23.7%	11.8%	11.7%	13.2%	9.9%	15.0%	11.3%	9.4%	9.6%
	Our Company	26.5%	27.8%	25.4%	36.0%	29.9%	20.8%	18.4%	6.8%	2.2%
PAR 1-30 to current	Industry	26.7%	26.3%	19.2%	25.9%	25.1%	20.8%	21.1%	20.7%	23.3%
	Our Company	35.5%	34.2%	36.4%	46.3%	43.1%	30.9%	34.3%	24.8%	11.5%

Source: CRISIL Research

Our deep penetration in Rural Areas and the suitability of our products to Rural Areas

We provide micro-loans to women customers, predominantly in Rural Areas in south/ central India. We focus on the rural segment, as it largely lacks access to the formal banking sector and hence provides an opportunity for offering our micro-finance products. Our deep penetration in Rural Areas, built through our contiguous, district-based expansion strategy has driven our revenue growth in prior periods and provides us with significant scale and diversification benefits. Further, our products are built on a deep understanding of the requirements of our customers from Rural Areas. Our wide range of products addresses the critical needs of our customers throughout their lifecycle and includes income generation, home improvement, children's education, sanitation and emergency loans. For further details, see "*Our Business - Our Products*" on page 133. We believe this wide range of lending products and our well-designed product delivery and collection systems has enabled us to have high customer loyalty and attract new customers (thereby driving revenue growth) and also lower credit costs.

However, we are also exposed to risks relating to the nature of our microfinance business. For instance, our customers typically have limited sources of income, savings and credit histories and our loans are typically provided free of collateral. Such customers generally do not have a high level of financial resilience, and, as a result, they can be adversely affected by declining economic conditions and natural calamities such as floods or droughts. In addition, we rely on non-traditional guarantee mechanisms rather than tangible assets as collateral, which may not be effective in recovering the value of our loans. For a discussion of the risks relating to the nature of microfinance loans, see "*Risk Factors – Microfinance loans are unsecured and are susceptible to certain operational and credit risks which may result in increased levels of NPAs, thereby adversely affecting our business, results of operations and financial condition*" on page 15.

Availability of Cost-Effective Sources of Funding

The availability of cost-effective funding affects our results of operations. Our funding sources are varied, as we believe that a diversified debt profile ensures that we are not overly dependent on any one type or source for funding. As an NBFC-MFI, we have access to diverse sources of liquidity, such as term loans from banks, financial institutions and non-banking financial companies, proceeds from loan assets assigned and securitized, proceeds from the issuance of NCDs to meet our funding requirements. This enables us to optimize our cost of borrowings, funding and liquidity requirements, capital management and asset liability management.

As of March 31, 2018, we had total borrowings (current and non-current) aggregating to ₹36,028.61 million, comprising of non-current long-term borrowings amounting to ₹14,800.02 million, short-term borrowings amounting to ₹0.00 million and current maturities of long-term borrowings (including non-convertible debentures) amounting to ₹21,228.59 million.

Our ability to continue to meet customer demand for loans will depend primarily on our ability to raise funds by issuing equity and debt securities and to borrow from various external sources on suitable interest rates, other terms and in a timely manner. Our debt service costs and overall cost of funds depend on many external factors, including developments in the Indian credit markets and, in particular, interest rate movements and the existence of adequate liquidity in the debt markets. Internal factors that affect our cost of funds include our credit ratings, cash flows and available credit limits. Any increase in our cost of funds may lead to a reduction in our net interest margin, or require us to increase interest rates on loans disbursed to customers in the future to maintain our net interest margin.

Volatility in Borrowing and Lending Rates

Our results of operations depend substantially on the level of our net interest income (representing our revenue from operations as reduced by our finance costs). The differential between the interest rates that we charge on interest-earning assets and the interest rates that we pay on interest-bearing liabilities, and the volume of such assets and liabilities, tend to have a significant impact on our results of operations. Changes in market interest rates affect the interest rates we charge on our interest-earning assets differently from the interest rates we pay on our interest-bearing liabilities and also affect the value of our investments. An increase in interest rates could result in an increase in interest expense relative to interest income if we are not able to increase the rates charged on our loans and advances or if the volume of our interest-bearing liabilities is larger or growing faster than the volume of our interest-earning assets. The differences between repricing maturities of rate sensitive liabilities and rate sensitive assets, called repricing gaps, exposes our business to interest rate risk.

Our business is also exposed to interest rate risk in the form of non-uniform movement in different interest rate benchmarks that are used for pricing of our assets and liabilities. As the repricing maturities of our liabilities and assets are spread over different time periods, we are exposed to interest rate risk in the form of non-parallel movement in yield curves. Such scenarios would lead to a reduction in our net interest income (representing our revenue from operations as reduced by our finance costs) and net interest margin. The quantum of the changes in interest rates for our assets and liabilities may also be different, leading to a decrease in the interest margin.

The table below sets forth certain key financial indicators as of or for the periods specified:

Metric	As of / for the		
	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2016
	(₹ in million)		
Total Borrowings[1]	36,028.61	26,682.35	22,333.15
Revenue from operations[2]	8,655.53	7,017.45	4,569.50
Other income[3]	96.52	75.16	97.69
Interest expense and other borrowing costs[4]	3,545.68	3,165.41	2,082.46
Net interest income[5]	5,109.85	3,852.04	2,487.04
Net Interest Margin (NIM-R):			
Average interest (A)[6]	20.35%	22.32%	24.04%
Average effective cost of borrowing (B)[7]	11.38%	12.63%	14.11%
NIM-R (A-B)	8.97%	9.69%	9.93%

Figures disclosed in the above table, except "Total Borrowings", "Revenue from Operations", "Other Income" and "Interest Expense and Other Borrowing Costs" are not measures of financial position, operating performance or liquidity defined by generally accepted accounting principles and may not be comparable to similarly titled measures presented by other companies.

(1) Total Borrowings represents the aggregate of all our long-term borrowings, short-term borrowings and current maturities of long-term borrowings as of the last day of the relevant period.
(2) Revenue from operations represents our restated revenue from operations for the period.
(3) Other income represents our restated other income for the period.
(4) Interest expense and other borrowing costs represents our restated finance costs for the period, comprising interest expense on debentures, term loans from banks, term loans from financial institutions, terms loans from non-banking finance companies, term loans from others and term loans payable on demand from banks; other borrowing costs; and bank charges.
(5) Net interest income represents revenue from operations for the relevant period reduced by interest expense and other borrowing costs in such period.
(6) Average interest represents interest income from qualifying assets, as defined by the RBI, which is gross loan portfolio outstanding during the period divided by the monthly average qualifying assets for the relevant period.
(7) Average effective cost of borrowing, as defined by the RBI, is our total Finance Costs less interest income on margin money deposits placed as collateral during the period divided by our monthly average Total Bborrowings (net of margin money deposits as applicable).

Credit Quality and Provisioning

Our ability to manage the credit quality of our loans, which we measure through NPAs, is a key driver of our results of operations. Pursuant to RBI guidelines, we are required to make a provision on standard assets. In addition to this, the RBI requires us to classify and, depending on the duration of non-payment, make a provision on loans that become NPAs. As the number of our loans that become NPAs increases, the credit quality of our loan portfolio decreases. Increase in provisions can also adversely impact our profitability and margins.

The following table illustrates our NPAs PAR 30+ and PAR 30+% for the periods indicated:

Metric	As of		
	March 31, 2018	March 31, 2017	March 31, 2016
Gross NPA[1] (₹ in million)	980.92	25.82	19.80
Gross NPA Ratio [2] (%)	1.97%	0.08%	0.08%
Net NPA[3] (₹ in million)	-	-	-
Net NPA Ratio [4] (%)	-	-	-
PAR 30+ (₹ in millions)[5]	496.4	3,658.99	22.92
PAR 30+ %[6]	1.00%	11.90%	0.09%

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

(1) Gross NPA represents the non-performing portfolio loans outstanding (gross) as of the last day of the relevant period.
(2) Gross NPA Ratio represents Gross NPA (as defined above) as a percentage of the total portfolio loans outstanding (gross) as of the last day of the relevant period.
(3) Net NPA represents the non-performing portfolio loans outstanding (net) as of the last day of the relevant period i.e. non-performing portfolio loans outstanding (gross) as reduced by the provision for non-performing assets.
(4) Net NPA Ratio represents Net NPA (as defined above) as a percentage of total portfolio loans outstanding as reduced by the provision for non-performing assets as of the last day of the relevant period.
(5) PAR 30+ represents the gross loans outstanding that are overdue beyond 30 days.
(6) PAR 30+% is the proportion of gross loans outstanding that are overdue beyond 30 days to the total gross loans outstanding, expressed as a percentage.

We follow robust customer selection and risk management policies, which have resulted in healthy asset quality and manageable level of Net NPAs and PAR. We also follow a systematic methodology in the selection of new geographies where we open branches, which takes into account factors such as the historic PAR% of the proposed district and socio-economic risk evaluation (for e.g., the risk of communal riots or natural disasters). Further, once we open a branch in a new area, our customer due diligence procedures encompass three layers of checks, which helps ensuring the high quality of new customers.

For further details, see "*Our Business – Joint Liability Group Lending Business Processes – Customer Due Diligence Processes*" on page 136. We believe our robust systems and processes have contributed and will continue to contribute in maintaining the quality of our assets and keeping our Net NPAs and PAR at manageable levels.

Government Policy and Regulation

Our results of operations and continued growth depend on government policies and regulation. As an NBFC-MFI, we will continue to be affected by a number of regulations promulgated by the RBI that regulate, among other things, NPA and standard assets provisioning norms, capital adequacy norms and other lending stipulations and other operational restrictions. For details, see "*Regulations and Policies*" on page 147. Any change in the regulatory framework affecting NBFC-MFIs, and in particular those requiring to maintain certain financial ratios, accessing funds or lending to NBFC-MFIs by banks among others including priority-sector lending norms, would adversely affect our results of operations and growth.

Our Ability to Manage Our Growth

Our business has grown significantly over the past few years. Our Gross AUM was ₹49,746.61 million as of March 31, 2018 and our Gross AUM grew at a CAGR of 55.66% from ₹5,238.99 million as of March 31, 2013 to ₹30,754.43 million as of March 31, 2017. Our Disbursements across our financing products for the financial years ended March 31, 2016, 2017 and 2018 were ₹33,488.46 million, ₹34,026.29 million and ₹60,817.22 million.

As of March 31, 2018, we operate in 132 districts in the eight states of Karnataka, Maharashtra, Tamil Nadu, Chhattisgarh, Madhya Pradesh, Kerala, Odisha, Goa and one union territory of Puducherry in India through 516 branches and 4,544 loan officers. We intend to continue our strategy of contiguous expansion which will expand our district coverage in these states and also potentially into neighboring states. Our ability to manage our growth, derive benefits from scale and to manage our operating expenses is a key factor affecting our results of operations.

Our Ability to Manage Operating Expenses

Controlling our operating expenses is critical in determining our ability to offer loan products at competitive rates to our customers and in maintaining our profitability. Our operating expenses as a percentage of our AUM has been consistently declining over the years. According to CRISIL Research, we had the lowest operating expense ratio amongst the top-eight NBFC-MFIs and SFBs for the year ended March 31, 2017. (*Source: CRISIL Research*) We continue to identify and implement measures that we believe will enable us to sustain and further decrease our operating expense ratio. Further, given our high customer retention rates, we expect to derive scale and cost benefits as there is no incremental sourcing cost for existing customers and they may be eligible to borrow higher loan amounts from us since they have progressed to higher loan cycles.

Further, as part of our growth strategy, we intend to expand our branch network through contiguous expansion in the States where we are currently present and potentially also into neighbouring States. Our results of operations will be affected by our ability to manage operating expenses as we expand, in particular our employee benefits expense. As we have expanded our branch network, we have increased our employee headcount (in particular, loan officers). As we further expand our branch network, we will need to increase headcount, adding branch managers, area managers and operational management and technology staff. For the years ended March 31, 2018, 2017, 2016 and 2015, our employee benefits expenses were ₹1,272.10 million, ₹1,046.85 million, ₹706.72 million and ₹436.38 million, respectively. Our employee benefits expenses were 14.53%, 14.76%, 15.14% and 15.51% of our total revenue, respectively, for the years ended March 31, 2018, 2017, 2016 and 2015.

However, as our operations expand, we also expect to derive benefits from economies of scale, which we believe will assist us in optimising our operating expenses. In addition, we also continue to invest in our technology platform and technology-enabled operating procedures to increase operational and management efficiencies.

Critical Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires us 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 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.

Change in accounting estimates

For the year ended March 31, 2018

During the year, we revised our estimates relating to loan provisioning whereby only the overdue instalments of a non-performing asset ("**NPA**") was subjected to provisioning as against the entire loan outstanding, which is in line with the methodology prescribed by RBI for NBFC-MFIs. Further, we also revised our estimates of provisioning towards standard assets. As a result of these changes in the loan provisioning estimates, the overall provisioning for loan portfolio for the year ended March 31, 2018 was lower by ₹474.00 million.

During the period, we were also performed a qualitative assessment of our delinquent loan portfolio whereby loans aggregating ₹1,297.45 million were written off. Consequently, the provision of ₹966.65 million held against such loans was written-back thereby resulting in a net additional charge of ₹330.80 million to the restated profit before tax.

For the year ended March 31, 2017

The Reserve Bank of India, through its circulars DBR.No.BP.BC.37/21.04.048/2016-17 dated November 21, 2016 and DBR.No.BP.BC.49/21.04.048/2016-17 dated December 28, 2016 had provided a dispensation on prudential norms in the form of short-term deferment of classification of loan accounts as sub-standard. We availed this dispensation whereby loan accounts aggregating ₹2,445.06 million continued to be classified as standard assets as of March 31, 2017.

However, we performed a qualitative assessment of such loan accounts and accordingly revised our estimates of provisioning for standard assets. Accordingly, our provisioning for loan portfolio for the year ended March 31, 2017 was lower by ₹1,574.83 million and our profit before tax for the same period was higher by ₹1,574.83 million.

Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to us and the revenue can be reliably measured.

Interest income on loans given is recognised under the internal rate of return method. Income or any other charges on non-performing asset are recognised only when realized. Any such income recognised before the asset became non-performing and remaining unrealized is reversed.

Interest income on deposits with banks is recognised on a time proportion accrual basis taking into account the amount outstanding and the rate applicable.

Loan processing fees collected from customers are recognised on an upfront basis at the time of disbursement of the loan.

Profit / premium arising at the time of securitization of the loan portfolio is amortized over the life of the underlying loan portfolio / securities and any loss arising therefrom is accounted for immediately. Income from excess interest spread is recognized in the statement of profits and losses account net of any losses at the time of actual receipt.

Dividend income is recognised when the right to receive payment is established by the balance sheet date.

All other income is recognised on an accrual basis.

Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments. Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis except for investments in the units of mutual funds in the nature of current investments that have been valued at the net asset value declared by the mutual fund in respect of each particular scheme, in accordance with the NBFC Master Directions. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments. On disposal of an investment the difference between carrying amount and net disposal proceeds are charged or credited to the statement of profit and loss.

Borrowing Costs

Borrowing costs consist of interest and other costs that we incur in connection with the borrowing of funds. From April 1, 2016, ancillary borrowing costs incurred in connection with the arrangement of borrowing are recognised in the period in which they are incurred. Until March 31, 2016, ancillary borrowing costs were amortized over the tenure of the loan.

Retirement and Other Employee Benefits

Retirement benefits in the form of provident fund and superannuation are defined contribution schemes. We have no obligation, other than the contribution payable to the respective funds. We recognise contribution payable to the respective funds as expenditure, when an employee renders the related service.

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Actuarial gains and losses for defined benefit plans are recognised in full in the period in which they occur in the statement of profits and losses.

We treat accumulated leave expected to be carried forward beyond twelve months as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the end of each financial year. Actuarial gains/ losses are immediately taken to the statement of profits and losses and are not deferred. We present the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

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 absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

Income Taxes

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian 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.

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 assets are recognised for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where we have unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

The carrying amount of deferred tax assets are reviewed at each reporting date. We write-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Minimum alternate tax ("**MAT**") paid in a year is charged to the statement of profits and losses as current tax. We recognize MAT credit available as an asset only to the extent that there is convincing evidence that we will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which we recognize MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profits and losses and shown as "MAT Credit Entitlement". We review the "MAT credit entitlement" asset at each reporting date and write down the asset to the extent we do not have convincing evidence that we will pay normal tax during the specified period.

Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as fraction of an equity share to the extent that they were entitled to participate in dividends related to a fully paid equity share during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

Provisions

A provision is recognised when we have a present obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. 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.

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 of the beginning and end of that period and is recognised in employee benefits expense.

Classification of Loan Portfolio

From year ended March 31, 2015 to the year ended March 31, 2017:

Asset classification	**Arrear period**
Standard assets	Overdue for up to 90 days
Non-performing assets	
Sub-standard assets	Overdue for 90 days or more
Loss assets	After 9 months of being classified as sub-standard assets

"Overdue" refers to interest and / or instalment remaining unpaid from the day it became receivable.

For the year ended March 31, 2018:

A) Joint liability group loans

Asset classification	**Arrear period**
Standard assets	Overdue for less than 90 days
Non-performing assets	Overdue for 90 days or more

Note: For the year ended March 31, 2017, the above asset classification was subject to the dispensation provided by the RBI in the form of a short-term deferment of classification of loan accounts as sub-standard.

"**Overdue**" refers to interest and / or instalment remaining unpaid from the day it became receivable.

B) Individual loans

Asset classification	**Arrear period**
Standard assets	Overdue for less than 90 days
Non-performing assets	Overdue for 90 days or more
Sub-standard assets	Assets classified as non-performing for a period not exceeding 360 days
Doubtful assets	Asset classified as sub-standard for a period exceeding 360 days

"**Overdue**" refers to interest and / or instalment remaining unpaid from the day it became receivable.

Provisioning Policy for Loan Portfolio

For the years ended March 31, 2016 and 2017:

Asset classification	**Rate of provision**
Standard assets	1%
Sub-standard assets	100%
Loss assets	Written off

Loans are provided for and written off as per management estimates, subject to the minimum provisioning required as per Chapter IX of Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 (the "**Master Directions**").

For the year ended March 31, 2018:

The provisioning policy followed by us enables provisions for a higher amount than that prescribed by the Master Directions.

(A) Provisioning policy for Joint Liability Group ("**JLG**") loans is the higher of the following:

1. 2% of outstanding loan portfolio; or

2. 50% of the aggregate overdue loan installments in respect of loan accounts which are overdue for 90 days or more and less than 180 days, and 100% of the aggregate overdue loan installments in respect of loan accounts which are overdue for 180 days or more.

Any provision, determined as above, which in excess of the carrying value of the non-performing loan portfolio shall be recognised as "Contingent provision against standard assets"

(B) Provisioning policy for Individual Loans is the higher of the following:

1. 2% of the outstanding loan portfolio; or

2. Aggregate of provisioning as per the table below:

Asset classification		Provisioning (%) on outstanding portfolio
Standard asset	Overdue for less than 90 days	0.40%
Sub-standard asset	Asset classified as non-performing for a period not exceeding 360 days	10%
Doubtful asset	A) Secured loan asset classified as doubtful-	
	i) for a period not exceeding 360 days	20%
	ii) for more than 360 days but less than 540 days	70%
	iii) for more than 540 days	100%
	B) Unsecured loan asset	100%

3. Policy for write-off of group lending and individual lending loans:

Overdue loans are fully written off from the books of accounts during the quarter subsequent to the one in which 100% provision is made against the loan account in case of both group loans and individual loans.

Principal Components of Income and Expenses

The following is a brief description of the principal line items that are included in our restated summary statement of profit and losses:

Revenue

Total revenue consists of revenue from operations and other income.

Revenue from operations

Revenue from operations comprises primarily interest on portfolio loans that we provide to our Customers and also income from securitization and assignment of our loans and advances. In addition, we also recognize other operating revenue, comprising primarily loan processing fees, which are the upfront fees paid by our Customers at the time of disbursement of loans. Other operating revenue also includes interest on margin deposits, which represents interest on margin deposits placed to avail term loans from banks, financial institutions, non-banking financial companies and as cash collateral in connection with securitisation transactions and also recovery against loans written off.

The following table sets forth our revenue from operations from each of these sources for the periods indicated:

Revenue from operations	For the year ended March 31,		
	2018	2017	2016
	(₹ in million)		
Interest on portfolio loans	7,954.46	6,566.88	4,064.85
Income from securitization and asset assignment	-	43.14	60.03
Other operating revenue:			
Loan processing fees	613.53	340.24	335.19
Interest on margin money deposits	21.47	62.90	104.38
Recovery against loans written off	66.07	4.29	5.05
Total revenue from operations	**8,655.53**	**7,017.45**	**4,569.50**

Other income

Revenue from other income comprises primarily interest on fixed deposits and profit from the sale of current investments in liquid mutual funds and also amounts received towards technical assistance (in the form of grants) for certain projects from development finance institutions, dividend income on current investments, and other miscellaneous income.

Expenses

Our expenses comprise employee benefits expense, finance costs, other expenses, depreciation and amortization expenses, and provisions and write-offs.

Employee benefits expense

Employee benefits expense comprise primarily the salaries and bonuses of our employees and also contributions to provident fund and other funds, leave encashment and availment, leave travel allowance, gratuity, staff welfare expenses and stock option expenditure.

Finance costs

Finance costs primarily comprise interest expense on debentures, term loans from banks, term loans from financial institutions, term loans from non-banking finance companies and loans payable on demand from banks. In addition, finance costs also comprise other borrowing costs and bank charges.

Other expenses

Other expenses comprise various other expenses incurred in our business operations, primarily travelling and conveyance expenses of our employees, rent paid for the lease of our branches and head office, postage and telecommunications expenses, repairs and maintenance related expenses and corporate social responsibility related expenses.

Depreciation and amortization expenses

Depreciation and amortization expense includes depreciation of property, plant and equipment and amortization of intangible assets.

Provisions and write-offs

Provisions and write-offs comprise contingent provision against standard assets, provision for non-performing assets, and portfolio loans and other balances written off.

Tax expense

Our tax expense comprises current tax, deferred tax and short provision of tax relating to earlier years.

Our Results of Operations

The following table sets forth our restated statement of profit and loss for the for years ended March 31, 2018, 2017 and 2015, the components of which are also expressed as a percentage of total revenue for such periods:

	For the year ended March 31,					
	2018		2017		2016	
	(₹ in million)	(% of Total Revenue)	(₹ in million)	(% of Total Revenue)	(₹ in million)	(% of Total Revenue)
Revenue:						
Revenue from operations	8,655.53	98.90%	7,017.45	98.94%	4,569.50	97.91%
Other income	96.52	1.10%	75.16	1.06%	97.69	2.09%
Total Revenue	**8,752.05**	**100.00%**	**7,092.61**	**100.00%**	**4,667.19**	**100.00%**
Expenses:						
Employee benefits expenses	1,272.10	14.53%	1,046.85	14.76%	706.72	15.14%
Finance Costs	3,545.68	40.51%	3,165.41	44.63%	2,082.46	44.62%
Other expenses	672.85	7.69%	507.02	7.15%	416.35	8.92%
Depreciation and amortization expenses	51.69	0.59%	44.33	0.63%	26.06	0.56%
Provisions and write-offs	1,281.15	14.64%	1,086.02	15.31%	140.17	3.00%
Total expenses	**6,823.46**	**77.96%**	**5,849.63**	**82.47%**	**3,371.76**	**72.24%**
Profit before tax	**1,928.58**	**22.04%**	**1,242.98**	**17.53%**	**1,295.43**	**27.76%**
Tax expenses:						
Current tax	552.67	6.31%	813.33	11.47%	513.82	11.01%
Deferred tax	129.11	1.48%	(374.64)	(5.28)%	(50.84)	(1.09)%
Short provision of tax relating to earlier years	0.39	0.00%	1.31	0.02%	0.04	0.00%
Total tax expenses	**682.17**	**7.79%**	**440.00**	**6.20%**	**463.02**	**9.92%**
Profit after tax	**1,246.41**	**14.24%**	**802.98**	**11.32%**	**832.41**	**17.84%**

Year Ended March 31, 2018 Compared to Year Ended March 31, 2017

Revenue

Our total revenue increased by 23.40% to ₹8,752.05 million for the year ended March 31, 2018 from ₹7,092.61 million for the year ended March 31, 2017.

Revenue from Operations

Our revenue from operations increased by 23.34% to ₹8,655.53 million for the year ended March 31, 2018 from ₹7,017.45 million for the year ended March 31, 2017.

This increase was primarily because interest on our portfolio loans increased by 21.13% to ₹7,954.46 million for the year ended March 31, 2018 from ₹6,566.88 million for the year ended March 31, 2017, largely driven by volume growth in our loans as a result of expansion in our branch network and customer base, in line with our contiguous district-based expansion strategy. Our Gross AUM increased by 61.75% from ₹30,754.43 million as of March 31, 2017 to ₹49,746.61 million as of March 31, 2018. We increased our Customer base from approximately 1.65 million as of March 31, 2017 to approximately 2.18 million as of March 31, 2018, which led to the increase in our Gross AUM. Further, our Active Loan Accounts increased from approximately 2.86 million as of March 31, 2017 to 3.19 million as of March 31, 2018.

The increase in our customer base was driven by the expansion in the number of branches and kendras from 393 and 91,312 in March 31, 2017 to 516 and 130,608 as of March 31, 2018, respectively. The increase in branches and kendras was in line with our strategy of contiguous district-based expansion, primarily in Karnataka (where we increased our branches from 165 as of March 31, 2017 to 191 as of March 31, 2018) and Maharashtra (where we increased our branches from 122 as of March 31, 2017 to 144 as of March 31, 2018). For further details, see "*Our Business - Our Branch Network*" on page 133.

In addition, loan processing fees increased to ₹613.53 million for the year ended March 31, 2018 from ₹340.24 million for the year ended March 31, 2017 on account of increase in the number of loans granted.

The increase in interest of portfolio loans and loan processing fees was partially offset by decreases in income from securitization and asset assignment (by ₹43.14 million, from ₹43.14 million in the year ended March 31, 2017 to ₹0.00 in the year ended March 31, 2018), interest on margin money deposits (by ₹41.43 million or 65.87%, from ₹62.90 million in the year ended March 31, 2017 to ₹21.47 million in the year ended March 31, 2018).

Further, our recovery against loans written off increased to ₹66.07 million for the year ended March 31, 2018 from ₹4.29 million in the year ended March 31, 2017.

Other income

Our other income increased by 28.42% to ₹96.52 million for the year ended March 31, 2018 from ₹75.16 million for the year ended March 31, 2017.

This increase was primarily because interest on fixed deposits increased by 52.77% to ₹43.89 million for the year ended March 31, 2018 from ₹28.73 million for the year ended March 31, 2017. The increase in interest on fixed deposits was because of increase in the average balance of fixed deposits placed with banks and financial institutions as a result of investment of surplus funds.

Profit from the sale of current investments increased by 14.45% to ₹40.79 million in the year ended March 31, 2018 from ₹35.64 million in the year ended March 31, 2017, due to increase in investment of surplus funds in current investments.

Further, our miscellaneous income increased by 37.21% to ₹10.14 million in the year ended March 31, 2018 from ₹7.39 million in the year ended March 31, 2017, due to due to increase in the interest on staff loans as a result of higher staff loans.

Expenses

Employee Benefits Expenses

Employee benefits expenses increased by 21.52% to ₹1,272.10 million for the year ended March 31, 2018 from ₹1,046.85 million for the year ended March 31, 2017.

This increase was primarily because salaries and bonus expense increased by 19.87% to ₹1,085.64 million for the year ended March 31, 2018 from ₹905.69 million for the year ended March 31, 2017, due to an increase in number of our employees across functions (primarily loan officers) from 4,952 (as of March 31, 2017) to 6,306 (as of March 31, 2018) and also as a result of increments during the year ended March 31, 2018.

In addition, contribution to provident fund and other funds increased by 22.82% to ₹96.60 million in the year ended March 31, 2018 from ₹78.65 million in the year ended March 31, 2017, due to the increase in the number of our employees during the year ended March 31, 2018 and the increase in the basic salary of employees due to annual increments.

Finance Costs

Our finance costs increased by 12.01 % to ₹3,545.68 million for the year ended March 31, 2018 from ₹3,165.41 million for the year ended March 31, 2017.

This increase was due to the following reasons:

- our interest expense on term loans from banks decreased by 6.00% to ₹1,440.04 million from ₹1,532.03 million as our new borrowings in the year ended March 31, 2018 were at lower interest rates and the interest rates on our existing borrowings were also lower;

- our interest expense on debentures increased by 53.24% to ₹1,254.08 million from ₹818.37 million, due to increase in the annual average balance of debentures (including CCDs) from ₹6,074.00 million for the year ended March 31, 2017 to ₹7,692.00 million for the year ended March 31, 2018;

- our interest expense on term loans from financial institutions increased by 25.19% to ₹650.59 million from ₹519.67 million, due to the increase in our annual average term loan borrowings from financial institutions from ₹4,799.71 million for the year ended March 31, 2017 to ₹6,034.63 million for the year ended March 31, 2018;

- our interest expense on term loans from non-banking financial companies decreased by 45.84% to ₹99.54 million from ₹183.78 million, due to decrease in our annual average term loan borrowings from non-banking financial companies from ₹1,377.16 million for the year ended March 31, 2017 to ₹1,078.42 million for the year ended March 31, 2018.

- our interest expense on loans payable on demand from banks decreased by 19.60% to ₹2.84 million for the year ended March 31, 2018 from ₹3.53 million for the year ended March 31, 2017.

In addition, our other borrowing costs decreased by 10.32% to ₹91.20 million for the year ended March 31, 2018 from ₹101.70 million for the year ended March 31, 2017 and our bank charges increased to ₹7.39 million from ₹6.33 million.

Other Expenses

Our other expenses increased by 32.71% to ₹672.85 million for the year ended March 31, 2018 from ₹507.02 million for the year ended March 31, 2017.

This increase was primarily because travelling and conveyance expense increased by 39.37% to ₹237.34 million for the year ended March 31, 2018 from ₹170.29 million for the year ended March 31, 2017, due to an increase in the number of staff (primarily loan officers) and larger number of Customers handled in the year ended March 31, 2018, as compared with the year ended March 31, 2017. Further, rent expense increased by 25.23% to ₹88.46 million from ₹70.64 million in the same period, due to the opening of 123 new branches opened during the year ended March 31, 2018 and also due to annual rent escalation on our branch premises.

Depreciation and Amortization Expenses

Our depreciation and amortization expenses increased by 16.60% to ₹51.69 million for the year ended March 31, 2018 from ₹44.33 million for the year ended March 31, 2017, mainly due to an increase in fixed assets purchased in connection with the opening of 123 new branches during the year ended March 31, 2018.and also due to depreciation charge on the capitalisation of digital field application during the year.

Provisions and Write-Offs

Our provisions and write-offs increased by 17.97% to ₹1,281.15 million for the year ended March 31, 2018 from ₹1,086.02 million for the year ended March 31, 2017.

This increase was on account of the following reasons:

- our portfolio loans and other balances written-off increased from ₹22.18 million for the year ended March 31, 2017 to ₹1,616.23 million for the year ended March 31, 2018, as we performed a qualitative assessment and wrote-off our delinquent loan portfolio primarily related to customers that were unable to repay their borrowings as a consequence of demonetization. For further details on the impact of demonetization on the microfinance industry, see "*Industry Overview*" on page 95.

- our provisions for non-performing assets increased from ₹6.02 million for the year ended March 31, 2017 to ₹955.11 million for the year ended March 31, 2018, as, there was an increase in our non-performing assets in the year ended March 31, 2018 as compared with the year ended March 31, 2017, because we had taken RBI dispensation in terms of deferral of recognition of non-performing assets in the previous year. Further, pursuant to our amended provisioning policy for the year ended March 31, 2018, we were required to provide for 2% of our entire outstanding portfolio and this provisioning has been recognised as provisioning for non-performing assets (to the extent of portfolio outstanding of non-performing assets).

The above increase was offset by a reversal of contingent provision against standard assets amounting to ₹1,290.19 million, due to reclassification of the contingent provision against standard assets for the year ended March 31, 2017 to provisions for non-performing assets for the year ended March 31, 2018.

Profit before tax

As a result of the foregoing, our profit before tax increased to ₹1,928.58 million for the year ended March 31, 2018 from ₹1,242.98 million for the year ended March 31, 2017.

Total tax expenses

Our total tax expenses increased to ₹682.17 million for the year ended March 31, 2018 from ₹440.00 million for the year ended March 31, 2017, as a result of the increase in the profit before tax for the year ended March 31, 2018.

Profit after tax

As a result of the foregoing, our profit after tax increased to ₹1,246.41 million for the year ended March 31, 2018 from ₹802.98 million for the year ended March 31, 2017.

Year Ended March 31, 2017 Compared to Year Ended March 31, 2016

Total Revenue

Our total revenue increased by 51.97% to ₹7,092.61 million for the year ended March 31, 2017 from ₹4,667.19 million for the year ended March 31, 2016.

Revenue from operations

Our revenue from operations increased by 53.57% to ₹7,017.45 million for the year ended March 31, 2017 from ₹4,569.50 million for the year ended March 31, 2016.

This increase was primarily because interest on our portfolio loans increased by 61.55% to ₹6,566.88 million for the year ended March 31, 2017 from ₹4,064.85 million for the year ended March 31, 2016, largely driven by volume growth in our loans as a result of expansion in our branch network and customer base, in line with our contiguous district-based expansion strategy. Our Gross AUM increased by 21.14% from ₹25,387.76 million as of March 31, 2016 to ₹30,754.43 million as of March 31, 2017. We increased our Customer base from approximately 1.39 million as of March 31, 2016 to approximately 1.65 million as of March 31, 2017, which led to the increase in our Gross AUM. Further, our Active Loan Accounts increased from approximately 2.67 million as of March 31, 2016 to 2.86 million as of March 31, 2017.

The increase in our customer base was driven by the expansion in the number of branches and kendras from 298 and 69,709 in March 31, 2016 to 393 and 91,312 in March 31, 2017, respectively. The increase in branches and kendras was in line with our strategy of contiguous district-based expansion, primarily in Karnataka (where we increased our branches from 145 as of March 31, 2016 to 165 as of March 31, 2017) and Maharashtra (where we increased our branches from 102 as of March 31, 2016 to 122 as of March 31, 2017). For further details, see "*Our Business - Our Branch Network*" on page 133.

In addition, loan processing fees increased marginally to ₹340.24 million from ₹335.19 million in the same period.

The increase in interest of portfolio loans and loan processing fees was partially offset by decreases in income from securitization and asset assignment (by ₹16.89 million or 28.14%, from ₹60.03 million in the year ended March 31, 2016 to ₹43.14 million in the year ended March 31, 2017), interest on margin money deposits (by ₹ 41.48 million or 39.74%, from ₹104.38 million in the year ended March 31, 2016 to ₹62.90 million in the year ended March 31, 2017) and recovery against loans written off (by ₹0.76 million or 15.05%, from ₹5.05 million in the year ended March 31, 2016 to ₹4.29 million in the year ended March 31, 2017).

Other income

Our other income decreased by 23.06% to ₹75.16 million for the year ended March 31, 2017 from ₹97.69 million for the year ended March 31, 2016.

This decrease was primarily because interest on fixed deposits decreased by 21.87% to ₹28.73 million for the year ended March 31, 2017 from ₹36.77 million for the year ended March 31, 2016. The decrease in fixed deposits was because we raised a higher proportion of our borrowings during the year ended March 31, 2017 without the requirement of margin money deposits, as opposed to the year ended March 31, 2016, when we were required by banks to provide margin money deposits for a greater number of loans.

Profit from the sale of current investments decreased by 7.02% to ₹35.64 million in the year ended March 31, 2017 from ₹38.33 million in the year ended March 31, 2016, due to the reduction in the average balance of investments in liquid mutual funds during the year ended March 31, 2017, as compared with the year ended March 31, 2016. In general, we make investments out of our surplus/ idle funds, and during the year March 31, 2017, such funds were relatively lower, compared to the year ended March 31, 2016.

Further, our miscellaneous income decreased by 56.43% to ₹7.39 million in the year ended March 31, 2017 from ₹16.96 million in the year ended March 31, 2016, due to lower income from facilitation fees from pension and health care activities in the year ended March 31, 2017, as compared to the year ended March 31, 2016. In addition, our income recognized towards amounts received for technical assistance decreased to ₹3.40 million for the year ended March 31, 2017 from ₹5.63 million for the year ended March 31, 2016.

Expenses

Employee benefits expenses

Employee benefits expenses increased by 48.13% to ₹1,046.85 million for the year ended March 31, 2017 from ₹706.72 million for the year ended March 31, 2016.

This increase was primarily because salaries and bonus expense increased by 47.12% to ₹905.69 million for the year ended March 31, 2017 from ₹615.61 million for the year ended March 31, 2016, due to an increase in number of our employees across functions (primarily loan officers) from 3,835 (as of March 31, 2016) to 4,952 (as of March 31, 2017) and also as a result of annual increments during the year ended March 31, 2017.

In addition, contribution to provident fund and other funds increased by 45.97% to ₹78.65 million in the year ended March 31, 2017 from ₹53.88 million in the year ended March 31, 2016, due to the increase in the number of our employees during the year ended March 31, 2017 and the increase in the basic salary of employees due to annual increments.

Finance costs

Our finance costs increased by 52% to ₹3,165.41 million for the year ended March 31, 2017 from ₹2,082.46 million for the year ended March 31, 2016.

This increase was due to the following reasons:

- our interest expense on term loans from banks increased by 36.93% to ₹1,532.03 million from ₹1,118.83 million, due to increase in our annual average term loan borrowings from banks from ₹11,105.59 million for the year ended March 31, 2016 to ₹12,156.89 million for the year ended March 31, 2017;

- our interest expense on debentures increased by 42.85% to ₹818.37 million from ₹572.90 million, due to increase in the annual average balance of debentures (including CCDs) from ₹3,804 million for the year ended March 31, 2016 to ₹6,074 million for the year ended March 31, 2017;

- our interest expense on term loans from financial institutions increased by 221.10% to ₹519.67 million from ₹161.84 million, due to the increase in our annual average term loan borrowings from financial institutions from ₹1,811.23 million for the year ended March 31, 2016 to ₹4,799.71 million for the year ended March 31, 2017;

- our interest expense on term loans from non-banking financial companies increased by 73.51% to ₹183.78 million from ₹105.92 million, due to the increase in our annual average term loan borrowings from non-banking financial institutions from ₹798.42 million for the year ended March 31, 2016 to ₹1,377.16 million for the year ended March 31, 2017; and

- our interest expense on loans payable on demand from banks increased by 70.53% to ₹3.53 million in the year ended March 31, 2017 from ₹2.07 million in the year ended March 31, 2016.

In addition, our other borrowing costs decreased by 14.68% to ₹101.70 million in the year ended March 31, 2017 from ₹119.20 million in the year ended March 31, 2016 and our bank charges increased to ₹6.33 million from ₹1.70 million.

Other expenses

Our other expenses increased by 21.78% to ₹507.02 million for the year ended March 31, 2017 from ₹416.35 million for the year ended March 31, 2016.

This increase was primarily because travelling and conveyance expense increased by 41.06% to ₹170.29 million for the year ended March 31, 2017 from ₹120.72 million for the year ended March 31, 2016, due to an increase in the number of staff and larger number of Customers handled in the year ended March 31, 2017, as compared with the year ended March 31, 2016. Further, rent expense increased by 39.74% to ₹70.64 million from ₹50.55 million in the same period, due to an increase in the number of branches during the year ended March 31, 2017 and also due to the shifting of our corporate office in September 2015, which led to higher rent charges for the full year ended March 31, 2017.

Depreciation and amortization expenses

Our depreciation and amortization expenses increased by 70.11% to ₹44.33 million for the year ended March 31, 2017 from ₹26.06 million for the year ended March 31, 2016, mainly due to an increase in fixed assets purchased in connection with the opening of 95 new branches during the year ended March 31, 2017 and due to the full year depreciation charged on core banking software that was purchased in the year ended March 31, 2016.

Provisions and write-offs

Our provisions and write-offs increased by 674.79% to ₹1,086.02 million for the year ended March 31, 2017 from ₹140.17 million for the year ended March 31, 2016.

This increase was largely on account of the increase in our contingent provision against standard assets by 801.42% to ₹1,057.82 million for the year ended March 31, 2017 from ₹117.35 million for the year ended March 31, 2016. This increase was due to the increase in our outstanding standard assets in the year ended March 31, 2017 as compared to the year ended March 31, 2016, which was largely on account of the impact of demonetization, which adversely affected the ability of our customers to repay their loans. In light of this, we made an additional provision amounting to ₹996.89 million during the year ended March 31, 2017. While the RBI through its guidelines issued in November and December 2016 permitted eligible entities to postpone the classification of assets affected by demonetization as NPAs, as a pro-active measure, we performed a qualitative assessment of our portfolio and accordingly, revised our estimates of provisioning for standard assets and created the additional provision for the period ended March 31, 2017.

For further details on the impact of demonetization on the microfinance industry, see "*Industry Overview*" on page 95.

Profit before tax

As a result of the foregoing, our profit before tax decreased to ₹1,242.98 million for the year ended March 31, 2017 from ₹1,295.43 million for the year ended March 31, 2016.

Total tax expenses

Our total tax expenses decreased to ₹440 million for the year ended March 31, 2017 from ₹463.02 million for the year ended March 31, 2016, as a result of the decrease in the profit before tax for the year ended March 31, 2017.

Profit after tax

As a result of the foregoing, our profit after tax decreased to ₹802.98 million for the year ended March 31, 2017 from ₹832.41 million for the year ended March 31, 2016.

Financial Position

Our restated net worth was ₹14,270.83 million as of March 31, 2018, an increase of 106.70% from ₹6,904.10 million as of March 31, 2017. Our restated net worth increased by 50.34% to ₹6,904.10 million as of March 31, 2017 from ₹4,592.40 million as of March 31, 2016. The increase in our restated net worth is on account of profit generated over the respective years, infusion of equity share capital (including securities premium) of ₹1,500 million during the year ended March 31, 2017 and transfer of ₹548.40 million of net assets during the year ended March 31, 2018 by virtue of an amalgamation of business with MV Microfin Private Limited. For further details, see, "*History and Certain Corporate Matters*" on page 153.

Assets

The following table sets forth the principal components of our assets as of March 31, 2018, 2017 and 2016:

	As of March 31,		
	2018	**2017**	**2016**
Assets	***(₹ in million)***		
Non-Current Assets:			
Property, plant and equipment	94.80	59.80	53.18
Intangible assets	66.80	62.82	60.18
Capital work in progress	-	7.04	-

Assets	As of March 31,		
	2018	2017	2016
	(₹ in million)		
Intangible assets under development	10.63	23.27	-
Non-current investments	2.00	2.00	2.00
Deferred tax assets	355.83	484.94	110.31
Loans and advances	15,900.28	6,376.15	7,712.25
Other non-current assets	55.50	119.58	392.42
Total Non-Current Assets	**16,485.84**	**7,135.60**	**8,330.34**
Current Assets:			
Cash and bank balances	1,381.53	3,636.88	2,549.15
Loans and advances	34,096.94	24,514.53	17,041.64
Other current assets	219.17	353.71	158.63
Total Current Assets	**35,697.64**	**28,505.12**	**19,749.42**
Total Assets	**52,183.48**	**35,640.72**	**28,079.76**

As of March 31, 2018, we had total assets of ₹52,183.48 million, compared to ₹35,640.72 million as of March 31, 2017 and ₹28,079.76 million as of March 31, 2016.

Non-Current Assets

Property, Plant and Equipment

As of March 31, 2018, we had property, plant and equipment of ₹94.80 million compared to ₹59.80 million as of March 31, 2017 and ₹53.18 million as of March 31, 2016. The increase in property, plant and equipment has primarily been due to the purchase of computers, furniture and fixtures and office equipment for our branch offices and also leasehold improvements made.

Intangible Assets

As of March 31, 2018, we had intangible assets of ₹66.80 million compared to ₹62.82 million as of March 31, 2017 and ₹60.18 million as of March 31, 2016. The increase in intangible assets has primarily been due to additions to and purchase of computer software, offset by an increase in amortization of computer software as of the periods indicated.

Capital Work In Progress

As of March 31, 2018, we had ₹0.00 capital work in progress compared to ₹7.04 million in March 31, 2017 and ₹0.00 as of March 31, 2016. The capital work in progress as of March 31, 2017 was primarily due to the payments towards the purchase of hardware devices for digital field application.

Intangible Assets Under Development

As of March 31, 2018, we had intangible assets under development of ₹10.63 million compared to ₹23.27 million as of March 31, 2017 and ₹0.00 million as of March 31, 2016. The decrease in intangible assets under development to ₹10.63 million as of March 31, 2018 from ₹23.27 million as of March 31, 2017 was due to the capitalisation of digital field application during the year on the successful completion of the project. The increase in intangible assets under development to ₹23.27 million as of March 31, 2017 from ₹0.00 million intangible assets under development as of March 31, 2016, was on account of an increase in software under development, relating to digital field application software and software for our individual lending business.

Non-Current Investments

As of March 31, 2018, we had non-current investments of ₹2.00 million, which is unchanged as compared to ₹2.00 million as of March 31, 2017 and March 31, 2016.

Deferred Tax Assets

As of March 31, 2018, we had deferred tax assets of ₹355.83 million, as compared to ₹484.94 million as of March 31, 2017 and ₹110.31 million as of March 31, 2016. The decrease in deferred tax assets between March 31, 2018 and March 31, 2017 is on account of a decrease in impact of provision against standard assets and non-performing assets to ₹994.92 million from ₹1330.00 million**.** The increase in deferred tax assets between March 31, 2017 and March 31, 2016 was primarily on account of a 397.44% increase in impact of provision against standard assets and non-performing assets to ₹458.23 million from ₹92.12 million.

Loans and Advances

Loans and advances were ₹15,900.28 million as of March 31, 2018, as compared to ₹6,376.15 million as of March 31, 2017 and ₹7,712.25 million as of March 31, 2016. Loans and advance mainly consist of the aggregate of instalments (principal amounts only) becoming due after one year from the date of the balance sheet in respect of portfolio loans and the entire outstanding amount of NPAs as of the date of the balance sheet. Post demonetization, disbursement in the three months ended March 31, 2017 was lower than the historical disbursement trends. However, in the year ended March 31, 2018, disbursement increased, which resulted in increase in the Company's Gross AUM by ₹18,992.18 million to ₹49,746.61 million, which resulted in increase in loans and advances from March 31, 2017 to March 31, 2018. The decrease in loans and advances between March 31, 2017 and March 31, 2016 was because of a decrease in portfolio loans to ₹6,317.45 million from ₹7,660.31 million, which was due to lesser loan portfolio having instalments falling due after one year from the balance sheet date.

Other Non-Current Assets

Other non-current assets were ₹55.50 million as of March 31, 2018, as compared to ₹119.58 million as of March 31, 2017 and ₹392.42 million as of March 31, 2016. The decrease in other non-current assets between March 31, 2018 and March 31, 2017 was primarily because of a decrease in non-current bank balances to ₹38.71 million from ₹87.48 million as a result of decline in margin money deposits placed for borrowings. The decrease in other non-current assets between March 31, 2017 and March 31, 2016 was primarily because of a decrease in non-current bank balances to ₹87.48 million from ₹357.25 million.

Current Assets

Current Investments

We had current investments of ₹0.00 million as of March 31, 2018, 2017 and 2016. Current investments represent surplus funds deployed in units of liquid mutual funds.

Cash and Bank Balances

We had cash and bank balances of ₹1,381.53 million as of March 31, 2018, compared to ₹3,636.88 million as of March 31, 2017 and ₹2,549.15 million as of March 31, 2016. The cash and bank balance represent the cash in hand and balances in current account maintained to meet the operational requirements at the end of the respective financial year and includes certain deposits with banks. The fluctuations in cash and bank balance representing high cash and bank balance held as of March 31, 2017 was due to proceeds from issuance of equity share capital including securities premium of ₹1,500 million and issue of compulsory convertible debentures for ₹2,000 million in the month of March 2017.

Loans and advances

We had loans and advances of ₹34,096.94 million as of March 31, 2018 compared to ₹24,514.53 million as of March 31, 2017 and ₹17,041.64 million as of March 31, 2016. Loans and advance mainly consist of aggregate of instalments becoming due within one year from the date of balance sheet date in respect of portfolio loans. The significant increase in our loans and advances was primarily on account of an increase in portfolio loans to ₹33,971.92 million as of March 31, 2018 from ₹24,436.98 million and ₹16,993.05 million as of March 31, 2017 and 2016, respectively.

Other Assets (Current)

We had other assets (current) of ₹219.17 million as of March 31, 2018, compared to ₹353.71 million as of March 31, 2017 and ₹158.63 million as of March 31, 2016. Other assets (current) mainly consist of interest accrued on portfolio loans. The increase in interest accrued on portfolio loans from the years as of March 31, 2016 to March 31, 2017 was on account of an increase in interest accrued as a result of higher portfolio and also due to increase of unpaid interest accrued during the financial year 2016-17. The interest accrued and overdue for more than 90 days has been de-recognised during the year ended March 31, 2018.

Liabilities and Provisions

The following table sets forth the principal components of our liabilities as of the periods indicated:

	As of March 31,		
	2018	**2017**	**2016**
Liabilities	***(₹ in million)***		
Non-Current Liabilities:			
Long-term borrowings	14,800.02	11,758.82	11,221.46
Long-term provisions	1,006.19	307.23	107.52
Total Non-Current Liabilities	**15,806.21**	**12,066.05**	**11,328.98**
Current Liabilities:			
Short-term borrowings	-	-	200.00
Other current liabilities	22,044.36	15,494.17	11,744.57
Short-term provisions	54.02	1,172.54	207.44
Total Current Liabilities	**22,098.38**	**16,666.71**	**12,152.01**

Non-Current Liabilities

Long-term Borrowings

We had non-current long-term borrowings of ₹14,800.02 million as of March 31, 2018, as compared to ₹11,758.82 million as of March 31, 2017 and ₹11,221.46 million as of March 31, 2016. This increase is due to an increase in term loans in Indian rupee from banks. Our long-term borrowings increased to ₹14,800.02 million as of March 31, 2018 from ₹11,758.82 million as of March 31, 2017 and ₹11,221.46 million as of March 31, 2016, due to an increase in secured non-convertible debentures and term loans from financial institutions as a result of raising relatively longer term borrowing over the years. Post demonetization, disbursement in the year ended March 31, 2017 was lower than the historical disbursement trends. However, in the year ended March 31, 2018, disbursement increased, which resulted in an increase in the Company's Gross AUM by ₹18,992.18 million to ₹49,746.61 million. This portfolio growth was supported by commensurate borrowings which resulted in increase in long-term borrowings (current and non-current) from ₹28,732.76 million as of March 31, 2017 to ₹36,028.62 million as of March 31, 2018.

Long-term Provisions

We had long-term provisions of ₹1,006.19 million as of March 31, 2018 as compared to ₹307.23 million as of March 31, 2017. The increase is due to an increase in provision for non-performing assets as we had availed dispensation provided by RBI on prudential norms in the form of short-term deferment of classification of loan accounts as sub-standard during March 31, 2017. Our long-term provisions increased to ₹1,006.19 million as of March 31, 2018 from ₹307.23 million as of March 31, 2017 and ₹107.52 million as of March 31, 2016, due to an increase in contingent provision against standard assets and an increase in provision for non-performing assets as a result of increase in non-performing assets.

Current Liabilities

Short-term Borrowings

We had ₹0.00 short-term borrowings as of March 31, 2018, 2017 and 2015 and had short-term borrowings of ₹200.00 million as of March 31, 2016.

Other Current Liabilities

We had other current liabilities of ₹22,044.36 million as of March 31, 2018 as compared to ₹15,494.17 million as of March 31, 2017. The increase is due to an increase in the current maturities of long-term borrowings as a result of increase in long-term borrowings. Our other current liabilities, which comprise current maturities of long-term borrowings and interest accrued but not due on borrowings and other payables, increased to ₹22,044.36 million as of March 31, 2018 from ₹15,494.17 million as of March 31, 2017 and ₹11,744.57 million as of March 31, 2016, primarily due to an increase in current maturities of long-term borrowings as a result of increase in long-term borrowings.

Short-term Provisions

We had short-term provisions of ₹54.02 million as of March 31, 2018 as compared to ₹1,172.54 million as of March 31, 2017. The decrease is due to a decrease in the contingent provision against standard assets and a decrease in the provision for taxation. Short-term provisions were ₹54.02 million as of March 31, 2018, which decreased from ₹1,172.54 million and ₹207.44 million as of March 31, 2017 and March 31, 2016, respectively, due to an increase in contingent provision against standard assets as a result of an additional provision of ₹996.89 million made during the year ended March 31, 2017 and the same has been subsequently translated in to long term-provision on account of increase in non-performing assets during the year ended March 31, 2018.

Shareholders' Funds

As of March 31, 2018, our shareholders funds increased to ₹14,278.89 million, representing approximately 27.36% of our total assets. Our shareholders' funds increased to ₹6,907.96 million as of March 31, 2017 from ₹4,598.77 million as of March 31, 2016 due to profit generated during the year, infusion of equity share capital including securities premium of ₹1,500.00 million during the year ended March 31, 2017. Our shareholders' funds increased to ₹14,278.89 million as of March 31, 2018 from ₹6,907.96 million as of March 31, 2017 due to the transfer of ₹548.40 million of net assets during the year ended March 31, 2018 by virtue of an amalgamation of business with MV Microfin Private Limited. For details, see "*History and Certain Corporate Matters*" on page 153.

As of March 31, 2017, and 2016, our shareholders' funds represented 19.38% and 16.38% of our total assets, respectively.

Liquidity and Capital Resources

The purpose of our liquidity management function is to ensure that we have sufficient funds available to extend loans to our

Customers, to repay principal and interest on our borrowings and to fund our working capital requirements. We have access to diverse sources of liquidity such as term loans and working capital facilities, proceeds from loans assigned and securitized, proceeds from the issuance of NCDs, and borrowings from NBFCs and FIs. We typically invest our surplus cash in fixed deposits with banks and financial institutions and units of liquid mutual funds.

We actively manage our liquidity and capital position by raising funds periodically. We regularly monitor our funding levels to ensure that we are able to satisfy the requirements for loan disbursements and maturity of our liabilities. All our loan agreements and debentures contain a number of covenants including financial covenants. For details, see "*Financial Indebtedness*" and "*Risk Factors – We are subject to certain conditions and restrictions in terms of our financing arrangements, which could restrict our ability to conduct our business and operations in the manner we desire. In addition, on certain occasions in the past, we have been unable to comply with certain financial covenants in our financing documents*" on pages 274 and 19, respectively.

Cash Flows

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

	For the year ended March 31,		
	2018	**2017**	**2016**
	(₹ in million)		
Net cash generated/ (used in) Operating Activities	(17,391.61)	(4,247.85)	(9,310.88)
Net cash generated/ (used in) Investing Activities	535.45	(48.92)	(39.46)
Net cash generated/ (used in) Financing Activities	14,835.39	5,791.01	9,343.58
Net increase/ (decrease) in Cash and Cash Equivalents	(2,020.78)	1,494.24	(6.76)

Operating Activities

Net cash used in operating activities was ₹17,391.61 million for the year ended March 31, 2018. While our net profit before tax was ₹1,928.58 million for the year ended March 31, 2018, we had an operating profit before working capital changes of ₹3,324.58 million, primarily as a result of bad debts written off of ₹1,616.23 million, provision for non-performing assets of ₹955.11 million, depreciation and amortization expenses of ₹51.69 million, provision for gratuity of ₹17.67 million, provision for leave benefits of ₹24.24 million and stock option expenditure of ₹21.11 million, which was partially offset by a reversal of provision for standard assets of ₹1,290.19 million. Our changes in working capital for the year ended March 31, 2018 primarily consisted of an increase in loans and advances of ₹20,684.54 million (which reflects the growth of our business and the increase in our loan portfolio), which was partially offset by an increase in other liabilities to ₹191.01 million (represented mainly by an increase in the interest payable on borrowings in line with size of borrowings), a decrease in other assets of ₹162.90 million, a decrease in margin money deposits of ₹283.35 million and a decrease in trade receivables of ₹5.84 million. Direct taxes paid (net of refunds) was ₹674.75 million for the year ended March 31, 2018.

Net cash used in operating activities was ₹4,247.85 million for the year ended March 31, 2017. While our net profit before tax was ₹1,242.98 million for the year ended March 31, 2017, we had an operating profit before working capital changes of ₹2,437.18 million, primarily as a result of provision for standard assets of ₹1,057.82 million, payment of processing fee towards borrowings (considered in financing activities) of ₹58.03 million, depreciation and amortization expenses of ₹44.33 million, bad debts written off of ₹22.18 million, provision for leave benefits of ₹21.40 million, provision for gratuity of ₹14.38 million, stock option expenditure of ₹6.22 million and provision for non-performing assets of ₹6.02 million. Our changes in working capital for the year ended March 31, 2017 primarily consisted of an increase in loans and advances of ₹6,155.39 million (which reflects the growth of our business and the increase in our portfolio), a decrease of other liabilities of ₹280.16 million, due to lesser amounts payable towards securitisation transactions during the year and an increase in other assets of ₹194.53 million, which were partially offset by a decrease in margin money deposits of ₹676.29 million. Direct taxes paid (net of refunds) was ₹731.24 million for the year ended March 31, 2017.

Net cash used in operating activities was ₹9,310.88 million for the year ended March 31, 2016. While our net profit before tax was ₹1,295.43 million for the year ended March 31, 2016, we had an operating profit before working capital changes of ₹1,552.68 million, primarily as a result of payment of processing fee towards borrowings (considered in financing activities) of ₹82.95 million, provision for standard assets of ₹117.35 million, depreciation and amortization expenses of ₹26.06 million, bad debts written off of ₹7.97 million, provision for leave benefits of ₹10.33 million, provision for gratuity of ₹11.29 million, provision for non-performing assets of ₹14.85 million and amortization of share issue expenses of ₹3.94 million. Our changes in working capital for the year ended March 31, 2016 primarily consisted of an increase in loans and advances of ₹11,285.27 million (which reflects the growth of our business and the increase in our portfolio) and an increase in other assets of ₹66.19 million, which were partially offset by a decrease in margin money deposits of ₹570.58 million and an increase of other liabilities of ₹376.92 million due to interest payable on borrowings and other payables. Direct taxes paid (net of refunds) was ₹459.59 million for the year ended March 31, 2016.

Investing Activities

Net cash generated from investing activities was ₹535.45 million for the year ended March 31, 2018, consisting of purchase of current investments of ₹33,504.50 million and purchase of property, plant and equipment and intangible assets of ₹71.18 million, which were partially offset by sale of current investments of ₹33,579.07 million, and cash and cash equivalents acquired pursuant to the Scheme of Arrangement between MV Microfin and our Company of ₹531.87 million. Sale of current investments primarily comprised the sale of investments in units of liquid mutual funds.

Net cash used in investing activities was ₹48.92 million for the year ended March 31, 2017, consisting of purchase of current investments of ₹23,249.00 million and purchase of property, plant and equipment and intangible assets of ₹84.96 million, which were partially offset by sale of current investments of ₹23,284.64 million. Sale of current investments comprised the sale of investments in liquid mutual funds.

Net cash used in investing activities was ₹39.46 million for the year ended March 31, 2016, consisting of purchase of current investments of ₹22,174.90 million and purchase of property, plant and equipment and intangible assets of ₹78.10 million, which were partially offset by sale of current investments of ₹22,213.23 million. Sale of current investments comprised the sale of investments in liquid mutual funds.

Financing Activities

Net cash generated from financing activities was ₹14,835.39 million for the year ended March 31, 2018, consisting of proceeds from long-term borrowings (net) of ₹11,346.27 million and proceeds from the issuance of equity share capital (including securities premium) amounting to ₹3,535.59 million.

Net cash generated from financing activities was ₹5,791.01 million for the year ended March 31, 2017, consisting of proceeds from long-term borrowings (net) of ₹4,549.20 million which represents increase in the borrowings in line with the growth of our business and proceeds from issuance of equity share capital including securities premium of ₹1,500.00 million from an existing principal shareholder, which were partially offset by repayment of short-term borrowings (net) of ₹200.00 million.

Net cash generated from financing activities was ₹9,343.58 million for the year ended March 31, 2016, consisting of proceeds from long-term borrowings (net) of ₹9,227.83 million and proceeds from short-term borrowings (net) of ₹200.00 million which represents increase in the borrowings in line with the growth of our business.

Indebtedness

As of March 31, 2018, we had total borrowings (current and non-current) aggregating to ₹36,028.61 million, comprising of non-current long-term borrowings of ₹14,800.02 million, short-term borrowings of ₹0.00 million and current maturities of long-term borrowings of ₹21,228.59 million. For details, see "*Financial Indebtedness*" on page 274. The following table sets forth certain information relating to principal portions of our outstanding indebtedness as of March 31, 2018, and our repayment obligations in the periods indicated:

	As of March 31, 2018				
	Payment due by period				
	Total	**Within 1 year**	**1-3 years**	**3-5 years**	**More than 5 years**
	(₹ in million)				
Long-term borrowings:					
Secured	14,036.02	-	12,886.53	1,149.50	12,886.53
Unsecured	764.00	-	114.00	650.00	114.00
Non-current long-term borrowings	**14,800.02**	-	13,000.53	1,799.50	13,000.53
Current maturities of long-term borrowings:					
Secured	21,113.59	21,113.59	-	-	-
Unsecured	115.00	115.00	-	-	-
Total current maturities of long-term borrowings	**21,228.59**	21,228.59	-	-	-
Short-term borrowings:					
Secured	-	-	-	-	-
Total short-term borrowings	-	-	-	-	-
Total borrowings	**36,028.61**	21,228.59	13,000.53	1,799.50	13,000.53

Apart from the above, we do not have any material contractual obligations or commitments.

Securitization and Assignment Arrangements

For the years ended March 31, 2018, 2017 and 2016, the book value of loans securitized was ₹0.00, ₹0.00, ₹963.52 million and ₹1,641.35 million, respectively.

Contingent Liabilities

The following table sets forth certain information relating to our contingent liabilities (as per AS29, issued by the ICAI) which have not been provided for, as of March 31, 2018:

Particulars	For the year ended March 31,		
	2018	2017	2016
Credit enhancements provided by the Company towards securitization transactions (₹ in million)	-	-	82.24
Performance security provided by the Company pursuant to service provider agreement (₹ in million)	2.27	2.49	2.59

Historical and Planned Capital Expenditures

The table below sets for our capital expenditure incurred for the periods indicated:

Particulars	For the year ended March 31,		
	2018	2017	2016
	(₹ in million)		
Capital expenditure	90.86	54.65	103.03

Our historical capital expenditure was incurred for the purchase of property, plant and equipment, software, systems and infrastructure.

We currently expect to incur capital expenditure amounting to ₹165.09 million in the year ending March 31, 2019 towards the purchase of branch fixed assets, computers and software and purchase of a property (training center) to meet the increasing employee training requirements of Company.

Our actual capital expenditures may differ from the amounts set out above due to various factors, including our future cash flows, results of operations and financial condition, changes in the local economy in India, the availability of financing on terms acceptable to us, changes in the legislative and regulatory environment and other factors that are beyond our control.

Capital to Risk Weight Assets Ratios

The RBI monitors capital to risk assets ratios based on financial information. The following table sets forth our capital to risk weight assets ratios based on our restated financial position as of the periods indicated:

	As of March 31,		
	2018	2017	2016
CRAR (%)	28.94%	29.71%	21.48%
CRAR - Tier I capital (%)	28.07%	20.21%	17.60%
CRAR - Tier II capital (%)	0.87%	9.50%	3.88%

Credit Ratings

The table below sets forth our ICRA's credit rating (a rating for a company's credit standing for borrowings) and CRISIL's mfR grading (an organization rating for a company) for the past five years:

	2018	2017	2016	2015	2014
Credit Rating	A	A	A	A-	BBB+
mfR Grading	mfR1	mfR1	mfR1	mfR1	mfR2

* *On April 27, 2018, ICRA changed our outlook rating from "stable" to "positive"*

Related Party Transactions

We have engaged in the past, and may engage in the future, in transactions with related parties. For details of our related party transactions in accordance with Accounting Standard – 18 on Related Party Disclosures, see "*Related Party Transactions*" on page 179.

Quantitative and Qualitative Disclosures about Market Risk

We are exposed to various types of market risks during the normal course of business such as credit risk, interest rate risk, liquidity risk, operational risk, cash management risk, asset risk and inflation risk.

Credit Risk

Credit risk is the risk of loss that may occur from defaults by our Customers under our loan agreements. In order to address credit risk, we have stringent credit policies for customer selection. We follow a systematic methodology in the selection of new geographies where we open branches, which takes into account factors such as the PAR% of the proposed district, potential for micro-lending and socio-economic risk evaluation (for e.g., the risk of communal riots or natural disasters). Further, once we open a branch in a new area, our customer due diligence procedures encompass three layers of checks, designed to assess the quality of the proposed group and to confirm that they meet our criteria. For further details, see "*Our Business —Customer Due Diligence Processes*".

Interest Rate Risk

We are subject to interest rate risk, principally because we lend to customers at fixed interest rates and for periods that may differ from our funding sources, while our borrowings are at both fixed and variable interest rates for different periods. We assess and manage our interest rate risk by managing our assets and liabilities. Our Asset Liability Management Committee evaluates asset liability management, and ensures that all significant mismatches, if any, are being managed appropriately. For details, see "*Risk Factors – Our business is particularly vulnerable to interest rate risk, and volatility in interest rates could have a material adverse effect on our net interest margin and our financial performance.*" on page 18.

Liquidity Risk

Liquidity risk arises due to the unavailability of adequate funds at an appropriate cost or tenure. Our resource mobilization department sources funds from multiple sources, including from banks, financial institutions and capital markets. Our resource mobilization department is responsible for diversifying fundraising sources, managing interest rate risks and maintaining a strong relationship with banks, financial institutions, mutual funds, insurance companies, other domestic and foreign financial institutions and rating agencies. For details, see "*Risk Factors – There can be no assurance that we will be able to access capital as and when we need it for growth.*" on page 20.

Operational Risk

Operational risks arise from inadequate or failed internal processes, people or systems, or from external events. We control our operational risk by maintaining a comprehensive system of internal controls. Our dedicated operation risk management team identifies all people and process related risks and updates them in a risk register with rank, impact and controllability. In addition, we have leveraged technology to protect us from fraud by taking measures such as verifying customer details and documentation online and using credit bureau data to get information on potential frauds. Our team also manages compliance with requirements set forth by regulatory bodies and our internal standards. For details, see "*Risk Factors –Any failure or material weakness of our internal control system could cause significant operational errors, which would materially and adversely affect our profitability and reputation.*" on page 22.

Cash Management Risk

Our branches collect and deposit a large amount of cash through a high volume of transactions taking place in our branch network. To address the cash management risks, we have developed advanced cash management checks that we employ at every level to track and tally accounts. We ensure that cash collected up to a certain time is deposited at local bank branches on the same day. Cash that is to be deposited is accounted for at the branch level and at a central level to avoid discrepancies. Moreover, we conduct regular internal audits to ensure the highest levels of compliance with our cash management systems. For details, see "*Risk Factors – We handle cash in a high volume of transactions occurring through a dispersed network of branches; as a result, we are exposed to operational risks, including fraud, petty theft and embezzlement, which could harm our results of operations and financial position.*" on page 28.

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 income generation, retail business and two-wheeler loans. High inflation rates may also adversely affect growth in the Indian economy and our operating expenses.

Known Trends or Uncertainties

Our business has been subject, and we expect it to continue to be subject, to significant economic changes arising from the trends identified above in "*Significant Factors Affecting Our Results of Operations*" and the uncertainties described in "*Risk Factors*" on page 15. To our knowledge, except as discussed in this Prospectus, there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on revenues or income of our Company from continuing operations.

Future Relationship between Cost and Revenue

Other than as described in "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 15, 125 and 250, 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 125, there are no new products or business segments that have or are expected to have a material impact on our business prospects, results of operations or financial condition.

Seasonality of Business

Our business is subject to seasonality as we typically see higher borrowings by our Customers during the third and fourth quarter of each financial year. We also typically have higher drawdowns under our facilities in the third and fourth quarter of each financial year.

Transition to Ind AS

The Ministry of Corporate Affairs, in its press release dated January 18, 2016, issued a roadmap for implementation of Ind AS for scheduled commercial banks, insurers, insurance companies and NBFCs. This roadmap requires these institutions to prepare Ind AS based financial statements for the accounting periods beginning from April 1, 2018 onwards with comparatives for the periods ending March 31, 2018.

There is no certainty as to the impact on our financial reporting. See "*Risk Factors— We may be adversely impacted by the transition to IND (AS) for periods beginning from April 1, 2018*" on page 39.

FINANCIAL INDEBTEDNESS

Our Company avails loans in the ordinary course of business for the purposes of providing micro-finance services. For the purpose of availing of loans from various lenders, our Company has obtained necessary consents required under the relevant loan documentations for undertaking activities, such as change in its capital structure, change in its shareholding pattern, change or amendment to the constitutional documents of our Company, conversion into a public limited company etc. See "*Risk Factors – We are subject to certain conditions and restrictions in terms of our financing arrangements, which could restrict our ability to conduct our business and operations in the manner we desire. In addition, on certain occasions in the past, we have been unable to comply with certain financial covenants in our financing documents*" on page 19.

Pursuant to a resolution dated June 29, 2016 passed by our Shareholders, our Company is authorised to avail loans from time to time, with or without security and on such terms and conditions as our Board may deem fit, provided the total amount of monies including money already borrowed by our Company (excluding temporary loans obtained from bankers of our Company in the ordinary course of business) shall not at any time exceed the limit of ₹ 80,000 million, irrespective of the fact that such aggregate amount of borrowings outstanding at any one time may exceed the aggregate for the time being of the paid up capital of our Company and its free reserves not set apart for any specific purpose.

Set forth below is a brief summary of our aggregate borrowings as of June 30, 2018*:

Category of borrowing	Sanctioned Amount (in ₹ million)	Outstanding amount (in ₹ million) as on June 30, 2018
Term loans		
Secured	46,725.00	31,701.29
Unsecured	300.00	45.83
NCDs (secured)	7,090.00	6,945.00
Sub-debt (unsecured)	869.00	790.25
Cash credit facilities	-	-
Total	**54,984.00**	**39,482.37**

* *As certified by Manohar & Venkata, Chartered Accountants, through their certificate dated July 13, 2018*

Principal terms of the borrowings availed by us:

1. ***Interest:*** In terms of the loans availed by us, the interest rate is typically the base rate of a specified lender and spread per annum, subject to a minimum interest rate. The spread varies among different loans.

   Our Company has also issued 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 per annum.

   The interest rate/ coupon rate for the term loans availed and the NCDs issued by our Company ranges from 8% to 14% and from 10% to 17% respectively.

2. ***Tenor:*** The tenor of the term loans availed by us typically ranges from 12 months to 48 months.

   The tenor of the NCDs issued by us typically ranges from 36 months to 72 months (calculated from the date of deemed allotment). Further, the tenor of the cash credit limits is 12 months.

3. ***Security:*** In terms of our borrowings where security needs to be created, we are typically required to:

   a) Create security by way of hypothecation on our Company's present and future book-debts;

   b) Create a *pari passu* or first charge on hypothecation of loan receivables under the financing activity, including all benefits and rights incidental thereto;

   c) Maintain an asset cover for the loan by way of charge over the loan assets/ book debts at a minimum prescribed limit;

   d) Cash collaterals; and

   e) Execute a demand promissory note for a specified amount in the form approved by the relevant lender.

   The details above are indicative and there may be additional requirements for creation of security under the various borrowing arrangements entered into by us.

4. ***Re-payment:*** The cash credit facilities are typically repayable on demand. While certain term loans are repayable on demand, the repayment period for most term loans typically range from 18 months to 48 months. Further, in terms of the NCDs, the redemption period typically ranges from 36 months to 72 months. With respect to the non-

convertible debenture trustees have a right to call for early redemption of the debentures by exercising the put option on behalf of the debenture holders.

5. ***Prepayment:*** The loans availed by our Company typically have prepayment provisions which allows for prepayment of the outstanding loan amount at any given point in time, subject such prepayment penalties as may be decided by the lender at the time of such prepayment. The prepayment penalty typically ranges from 1% to 6% of the amount being prepaid.

6. ***Penalty:*** The loans availed by our Company does contain provisions prescribing penalties for delayed payment or default in the repayment obligations of our Company, which typically range from 1% to 6% of the amounts involved.

7. ***Events of Default:*** Borrowing arrangements entered into by our Company contain standard events of default, including:

   a) Change in capital structure or shareholding pattern of the borrower without prior permission of the lender;

   b) Creation of any further charge on the fixed assets of our Company without prior approval of the lender;

   c) Violation of any term of the relevant agreement or any other borrowing agreement entered into by our Company with the lender;

   d) Any change in the financial ratios of our Company beyond the prescribed limits as mentioned under various borrowing agreements;

   e) Any merger, consolidation, re-organisation, scheme of arrangement or compromise between our Company and its creditors or shareholders or if our Company effects any scheme of amalgamation or reconstruction without prior approval of the lender;

   f) Change in management or control of our Company without prior permission of the lender;

   g) If our Company causes any material change to the nature or conduct of business, ceases to carry on its business or gives notice of its intention to do so without prior approval of the lender;

   h) Non creation of the required security as required under the loan agreement entered into between our Company and lender within the stipulated time;

   i) Non-payment of installment/ interest within stipulated time;

   j) Declaring dividend over and above the percentage indicated in the cash flow statements without the approval of the lender;

   k) Diversion of funds for purposes other than the sanctioned purpose;

   l) Change or amendment to the constitutional documents without the prior approval of the lender; and

   m) Down-grading of credit ratings below specified limits, as stipulated by the lender.

The details above are indicative and there may be additional terms that may amount to an event of default under the various borrowing arrangements entered into by us.

Additionally our Company is required to ensure that the aforementioned events of default and other events of default, as specified under the various binding documents and agreements entered into by our Company for the purpose of availing of loans are not triggered.

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Disclosure of litigation involving our Company and Directors

Except as stated in this section, there are no (i) outstanding criminal proceedings, (ii) actions taken by statutory or regulatory authorities, (iii) tax proceedings, (iv) material litigation, in each case, involving our Company, our Promoter, or our Directors and (v) any litigation involving our Company, our Promoter, or our Directors or any other person whose outcome could have a material adverse effect on the position of our Company.

For the purpose of material litigation in (iv) above, our Board has considered and adopted the following policy on materiality with regard to outstanding litigation vide Board Resolution dated January 12, 2018 to be disclosed by our Company in this Prospectus:

(a) Criminal, tax proceedings and actions by statutory authorities/ regulatory authorities: All criminal and tax proceedings and actions by statutory/ regulatory authorities involving the relevant parties shall be deemed to be material;

(b) Pre-litigation notices: Notices received by the relevant parties, from third parties (excluding statutory/ regulatory/ tax authorities or notices threatening criminal action) shall, not be evaluated for materiality until such time that the relevant parties are impleaded as defendants in litigation proceedings before any judicial forum; and

(c) De minmis monetary threshold for civil litigation: Pending litigation involving the relevant parties, other than criminal proeedings, statutory and regulatory actions and taxation matters, shall be considered material if the monetary amount of the claim by or against the entity or person in any such proceeding exceeds 1% of the profit after tax of our Company as per the last restated annual financial statements. For the purposes of disclsoure in the Offer Documents, it is clarified that the de minimis threshold for all outstanding civil litigation involving the relevant parties is ₹ 12.46 million. However, in the event of pending civil litigation wherein a monetary liability is not quantifiable, such litigation shall be construed as material only in the event that the outcome of such litigation has a bearing on the operations, performance, prospectus or reputation of our Company.

Further, except as stated in this section, there are no (i) inquiries, inspections or investigations initiated or conducted under the Companies Act against our Company, (ii) prosecutions filed, whether pending or not against our Company, (iii) fines imposed or compounding of offences under the Companies Act against our Company, (iv) material frauds committed against our Company, in each case (i), (ii), (iii) and (iv) above, in the preceding five years from the year of filing of this Prospectus; (iv) pending proceedings initiated against our Company for economic offences, (v) defaults or non-payment of statutory dues; (vi) legal action pending or taken against our Promoter, by any Ministry/ Department of the Government of India or any statutory authority, during the last five years immediately preceding the year of issue of this Prospectus; and (vii) outstanding dues to material creditors of our Company as determined to be material by our Board of Directors as per the materiality policy, in accordance with SEBI ICDR Regulations; and (viii) outstanding dues to small scale undertaking and other creditors.

Litigation involving our Company

I. ***Litigation against our Company***

A. Criminal Proceedings

NIL

B. Material Outstanding Civil Litigation

A public interest litigation bearing number 5640 of 2017 dated February 24, 2017 has been filed before the High Court of Judicature at Bombay (the "**Hon'ble Court**") by Shivaji Anappa Kate and others (the "**Complainants**") against six MFIs operating in Maharashtra including our Company (the "**Accused Persons**"). The complainants alleged that the agents of accused persons harassed and tortured the complainants in order to recover dues from them. Consequently, the relatives of certain complainants committed suicide on account of alleged torture and harassment committed by the agents of certain accused persons (other than our Company). The complainants further alleged that the accused persons charged high interest rates which exceeded the rates prescribed by the RBI. Hence, the complainant registered an FIR against the accused persons under sections 306 and 304 of the IPC for abetment to suicide and culpable homicide and under the provisions of the Prevention of Money Laundering Act, 2002. The matter is currently at the pre-admission stage before the Hon'ble Court.

C. Outstanding actions initiated by regulatory and statutory authorities

NIL

II. *Litigation by our Company*

A. *Criminal Proceedings*

1. An FIR bearing FIR No. 417 dated September 18, 2010 was filed by our Company against Shankarappa and Mohamed Arif Hussain (the "**Accused Persons**"). Company under sections 420 and 408 of the IPC in relation to an alleged fraud committed by them against our Company. The Accused Persons were serving as employees at our Company, and their role involved collecting cash and depositing with our Company. By order dated April 6, 2013 the Civil Judge (Junior Division) and JMFC, Heggadadevankota, Mysore took cognizance of the offence under sections 420 and 408 of the IPC. The matter is currently pending.

2. An FIR bearing FIR No. 1151/ 2011 dated November 26, 2011 was filed by our Company against Manikanda D, Nagesh, B. G. Vijay, T. Shivashankar, Shivashankar G., Vidya Shankar, D. N. Sanjay, A. Jagdish, Ramesh and Harani (the "**Accused Persons**") in relation to an alleged fraud committed by them against our Company. The Accused Persons served as branch managers and credit officers in our Company. The Accused Persons have colluded and cheated our Company to the tune of ₹ 2,317,231. The FIR has been registered with the 3rd Additional CMM Court, Nrupatunga Road, Bangalore. The matter is currently pending.

3. An FIR bearing FIR No. 356/ 2009 dated November 18, 2009 was filed by Sandesh Jayaramegowda (the "**Complainant**") against two unknown persons aged about 20 to 25 years who were later identified to be Kantharaju and Dheeraj Krishna, under section 392 of the IPC in relation to an alleged theft of money. The Complainant serves as the Kendra manager in the Tumkur branch of our Company and his role involves collecting money from the bank for the purpose of giving loans to the members. On November 16, 2009, the complainant withdrew ₹ 310,000 for loan disbursement and had loan repayment money to the tune of ₹ 105,000. On November 18, 2009, the Complainant and the Kendra manager, Savithri were robbed by two unknown men on a bike. The FIR has been registered with Principal CJ (J.D) & JMFC, Tumkur, Karnataka. The matter is currently pending.

4. An FIR bearing FIR No. 50/ 2010 dated April 27, 2010 was filed by M. Thimmappa Marithimmegaowda, divisional manager of our Company against Mohsin Iqbal (the "**Accused Person**") sections 403, 408 and 420 of the IPC in relation to an alleged fraud committed by him against our Company. The Accused Person was serving as the Kendra manager in our Company and his role involves distributing loans to members and collect loan repayments. The Accused Person has allegedly been forging signatures of members, fabricating documents and pretended as loans were disbursed and used the monies for his personal use. The FIR has been registered with the Principal Civil Judge and JMFC, Kanakapura. The matter is currently pending.

5. An FIR bearing FIR No. 250 dated December 7, 2014 was filed by Hanumant Dashrath Belke, branch manager at the Jintur branch of our Company, against Sachin Mandewad (the "**Accused Person**") under sections 406 and 408 of the IPC in relation to an alleged fraud committed by him against our Company and its members. The Accused Person was serving as the trainee manager in our Company and his role involves recovery of repayment and submitting the recovery at the respective branch. The Accused Person has allegedly been collecting repayment money from members and used the monies for his personal use. The FIR has been registered with the Civil Judge (Jr. Division Jintur) CJM and JMFC, Jintur. The matter is currently pending.

6. An FIR bearing FIR No. 139/ 13 dated December 28, 2013 was filed by Jivan Nikam, an employee of our Company, against Parashuram Chandrakanth Raichuraker under section 381 of the IPC in relation to an alleged theft of money from the office of our Company. The FIR has been registered with the JMFC, Pune, Maharashtra. The matter is currently pending.

7. An FIR bearing FIR No. 62/ 2013 dated July 10, 2013 was filed by Sunil Narayan Badakh, an employee of our Company against Sachin Dinkar Shelke and three others, under sections 408, 467, 420, 468, 477, 34 and 120B of the IPC in relation to an alleged misuse of Company's funds. The FIR has been registered with First Class Magistrate, Rahata Court, Ahmadnagar. The matter is currently pending.

8. An FIR bearing FIR No. 223/ 2010 dated October 20, 2010 was filed by Anwar Rashid Khan, a branch manager of our Company against Jafar Desai (the "**Accused Person**") under sections 408, 409, 468 and 420 of the IPC in relation to an alleged fraud, cheating, forgery and creating benami transactions. The Accused Person misused the loan amounts disbursed by our Company and faked signatures of members. The FIR has been registered with Civil Judge, Junior Division JMFC, Sangli. The matter is currently pending.

9. An FIR bearing FIR No. 109/ 10 dated September 5, 2010 was filed by Madhav Singh, a manager of our Company against Mahadev Shankar Chande, a branch manager of our Company, under section 408 of the IPC in relation to an alleged fraud committed by him against our Company. The FIR has been registered with the JMFC, Basmath. The matter is currently pending.

10. An FIR bearing FIR No. 89/ 12 dated June 7, 2012 was filed by Anand Naik, an employee of our Company against Anil Madhukar Chavan, assistant area manager of our Company (the "**Accused Person**") under sections 409, 465 and 381 of the IPC in relation to alleged fraud committed by the accused person against our Company. The Accused Person has allegedly created bogus documents and loan accounts and used for his personal purpose. The FIR has been registered with Civil Judge, Junior Division, Akkalkot, JMFC. The matter is currently pending.

11. An FIR bearing FIR No. 245/ 2011 dated December 22, 2014 was filed by Anand Naik, an employee of our Company against Sandeep Kshirsagar and Pavan Agarwal, both employees of our Company (the "A**ccused Persons**") under sections 406, 408, 409, 420 and 34 of the IPC in relation to alleged fraud committed by the Accused Persons against our Company. The FIR has been registered with the First Class Magistrate, Jintur, Parbani. The matter is currently pending.

12. There are 49 cases filed by our Company pending before various forums across the country for alleged violation of section 138 of the Negotiable Instruments Act, 1881 by the customers/ debtors of our Company which involves an aggregate sum of ₹ 1.29 million.

B. Material Outstanding Civil Litigation

1. There is no outstanding civil litigation by our Company which involves a pecuniary repercussion of ₹ 12.46 million or more nor any outstanding litigation wherein monetary liability is not quantifiable, whose outcome would have a bearing on the operations or performance of our Company.

Litigation involving our Directors

I. Litigation against our Directors

A. Criminal Proceedings

NIL

B. Outstanding statutory and regulatory actions involving directors

1. A complaint bearing number 52/ 2016 dated January 5, 2016 was filed by the Enforcement Officer, Employee Provident Funds, Palakkad (the "C**omplainant**") against Hope Micro Credit Finance India Private Limited, Joy Varghese and R. Prabha (the "**Accused** P**ersons**") for violations committed by the Accused Persons under section 6C of Employee Provident Funds and Miscellaneous Provisions Act, 1952 and Employee Deposit Linked Insurance Scheme. The Accused Persons are bound to contribute to the Employee Deposit Linked Insurance Scheme (the "**Scheme**") in respect of the employees of the said establishment for every month within 15 days after that month. The accused persons had not contributed to the Scheme for the three months in 2013. The complaint is registered with the Court of Chief Judicial Magistrate, Palakkad. The matter is currently pending.

2. A complaint bearing number 50/ 2016, dated January 5, 2016 was filed by the Enforcement Officer, Employee Provident Funds, Palakkad (the "C**omplainant**") against Hope Micro Credit Finance India Private Limited, Joy Varghese and R. Prabha (the "A**ccused** P**ersons**") for violations committed by the accused persons under sections 14(1A), 14(1A)(a) and 14(A) of the Employees Provident Funds Act and Employees Provident Fund Scheme, 1952. The Accused Persons had not contributed to the scheme for the three months in 2013. The complaint is registered with the Court of Chief Judicial Magistrate, Palakkad. The matter is currently pending.

3. A complaint bearing number 51/ 2016, dated January 5, 2016 was filed by the Enforcement Officer, Employee Provident Funds, Palakkad (the "C**omplainant**") against Hope Micro Credit Finance India Private Limited, Joy Varghese and R. Prabha (the "**Accused** P**ersons**") for violations committed by the accused persons under sections 14(2) and 14(A) of the Employees Provident Funds and Miscellaneous Provisions Act, 1952. The Accused Persons had not contributed to the scheme for the three months in 2013. The complaint is registered with the Court of Chief Judicial Magistrate, Palakkad. The matter is currently pending.

C. Material outstanding civil litigation

NIL

II. Litigation by our Directors

A. Criminal Proceedings

NIL

B. Material Outstanding Civil Litigation

NIL

Tax Proceedings

Except as disclosed, there are no outstanding tax proceedings involving our Company, Directors or Promoter.

Nature of case	Number of cases	Amount involved (in ₹ million)
Company		
Direct Tax	1*	4.79
Indirect Tax	NIL	NIL
Directors		
Direct Tax	NIL	NIL
Indirect Tax	NIL	NIL
Promoter		
Direct Tax	NIL	NIL
Indirect Tax	NIL	NIL

* *Pursuant to an assessment order dated February 27, 2015, our Company has received communication from income tax department on November 28, 2017 stating that the assessment concluded for assessment year 2012-13 is erroneous and the proposed potential tax effect arising as a result is ₹ 4,793,014*

Default or non-payment of statutory dues

While there may have been delays in the payment of some statutory dues by our Company, our Company has not made any defaults or committed any acts involving non-payment of statutory dues.

Fines imposed or compounding of offences

Except as disclosed below, there are no rectification/ compounding applications which have been filed by our Company in the last five years preceding the year of filing of this Prospectus. Further, except as stated below, there are no fines that have been imposed on our Company in the last five years.

Issuing Authority	Date on which initiated/ conducted	Partie(s) against whom initiated/ conducted	Brief description of facts and allegations	Provisions under which initiated/ conducted	Brief details of the outcome	Amount involved/ paid, if any	Details of replies / appeal filed by / against the Company in relation to inquiry / inspection/ investigation
Regional Director	There was no notice received. Our Company *suo motu* filed the compounding application	Our Company, certain erstwhile Directors and the erstwhile Company Secretary of our Company	During 2009, our Company issued 2,500,000 CCPS to a non-resident entity. Instead of paying dividends in cash, our Company allotted 28,409 Equity Shares on December 2009 when the CCPS were converted to Equity Shares. For further details, see "*Risk Factors - We have allotted shares in lieu of payment of dividend upon the*	Offence committed under Sections 205 (1A), 205 (1B) and 205 (3) of the Companies Act, 1956, punishable under section 629 A of the Companies Act, 1956	A penalty of ₹ 5000/ - was levied on our Company and a penalty of ₹ 2000/ - each was levied on Suresh K Krishna, Vinatha M Reddy and Prashant Bhat. The compounding fees was subsequently paid by the relevant parties	The offence committed was compounded paying compounding fees mentioned earlier	NA

Issuing Authority	Date on which initiated/ conducted	Partie(s) against whom initiated/ conducted	Brief description of facts and allegations	Provisions under which initiated/ conducted	Brief details of the outcome	Amount involved/ paid, if any	Details of replies / appeal filed by / against the Company in relation to inquiry / inspection/ investigation
			conversion of certain shares and securities in the past in contravention of provisions of the Companies Act and have also made delayed filings with the RBI in relation to such allotment. There can be no assurance that such contraventions may not occur in the future" on page 23				
Chief General Manager, Foreign Exchange Department, RBI	The compounding application was *suo motu* filed by our Company on January 18, 2018	Our Company	(i) Reporting of foreign inward remittances beyond the prescribed period (ii) Reporting of allotment of shares to non-resident investors beyond the prescribed period	(i) Paragraph 9(1)(A) of Schedule 1 of FEMA 20/ 2000 (ii) Paragraph 9(1)(B) of Schedule 1 of FEMA 20/ 2000	A penalty of ₹ 0.91 million was levied on our Company in relation to the said offence. The penalty was subsequently paid by our Company	The offence committed was compounded paying the penalty mentioned earlier	-
ROC	January 20, 2018	Our Company	While the face value of our CCPS as per the authorized share capital of our Company is ₹ 10, we have made allotments of CCPS at a different face value in the past, without obtaining the necessary board approval or shareholders'	Section 94 read with Section 13(4) of the Companies Act, 1956	Compounding order dated April 10, 2018 has been passed by the Regional Director, South East Region, Hyderabad, MCA A total compounding fees of ₹ 10,000 each has been paid by the Company, Suresh K Krishna and Vinatha M Reddy, respectively for violation of	-	-

Issuing Authority	Date on which initiated/ conducted	Partie(s) against whom initiated/ conducted	Brief description of facts and allegations	Provisions under which initiated/ conducted	Brief details of the outcome	Amount involved/ paid, if any	Details of replies / appeal filed by / against the Company in relation to inquiry / inspection/ investigation
			approval, or making the necessary corporate filings in relation to the increase or decrease of face value of the CCPS. For further details, see "*Risk Factors - We have have allotted preference shares in the past without obtaining the necessary corporate authorisations, or making the requisite corporate filings or amending our Memorandum of Association. We cannot assure you that such contraventions will not occur in the future*" on page 28		sections 13(4) and 94 of the Companies Act, 1956		

Amounts Owed To Small Scale Undertakings/ Creditors

Our Board has also approved that dues owed by our Company to small scale undertakings and other creditors as on March 31, 2018 shall be disclosed in a consolidated manner, and details of outstanding dues to other creditors, being creditors to whom the outstanding amount exceeds 1% of the total expenses and other payables as of last restated financial statements disclosed in the Offer Documents would be considered as material dues of our Company and accordingly, consolidated information of outstanding dues owed to small scale undertakings and other creditors, and other material creditors separately, giving details of number of cases and amount for such dues shall be disclosed.

As on March 31, 2018, our Company had 41 creditors to whom a total amount of ₹ 13.43 million was due. Temenos Headquarter SA is a material creditor to whom an amount of ₹ 5.38 million was due as on March 31, 2018. As on March 31, 2018, our Company did not owe any dues to small scale undertakings.

The details pertaining to net outstanding dues towards our creditors are available on the website of our Company at http://www.grameenkoota.org/images/stories/details_of_creditors_as_on_march_31_2018.pdf. It is clarified that such details available on our website do not form part of this Prospectus. Anyone placing reliance on any other source of information, including our Company's website, would be doing so at their own risk.

Material Developments

There have not arisen, since the date of the last financial information disclosed in this Prospectus, any circumstances which materially and adversely affect, or are likely to affect, our profitability taken as a whole or the value of our consolidated assets or our ability to pay our liabilities within the next 12 months.

Proceedings initiated against our Company for economic offences

There are no proceedings initiated against our Company for any economic offences.

Inquiries, inspections or investigations under Companies Act

Except as disclosed under "- *Fines imposed or compounding of offences*" on page 279, there are no prosecutions filed (whether pending or not), fines imposed, compounding of offences is done by our Company under the Companies Act, 2013 or Companies Act, 1956 in the last five years immediately preceding the filing of this Prospectus involving our Company. Further, there are no inquiries, inspections or investigations initiated or conducted against our Company under the Companies Act, 2013 in the last five years immediately preceding the year of filing of this Prospectus.

Material Frauds

There have been no material frauds against our Company during the last five years immediately preceding this Prospectus.

Outstanding litigation against any other person or companies whose outcome could have an adverse effect on our Company

As on the date of this Prospectus, there is no outstanding litigation against any other person whose outcome could materially affect the operation or finances of our Company or have a material adverse effect on the position of our Company.

Litigation involving our Promoter

Material Outstanding Civil litigation against our Promoter

NIL

Material Outstanding Civil litigation by our Promoter

NIL

Criminal litigation against our Promoter

NIL

Criminal Litigation by our Promoter

NIL

Outstanding actions initiated by regulatory and statutory authorities against our Promoter

NIL

Legal action taken by any Ministry or Department of the Government or a statutory authority against our Promoter

NIL

GOVERNMENT AND OTHER APPROVALS

Our Company has received the necessary consents, licenses, permissions, registrations and approvals from the Government, various governmental agencies and other statutory and/ or regulatory authorities required for carrying out our present business activities or to undertake the Offer and except as mentioned below, no further material approvals are required for carrying on our present business activities or to undertake the Offer. Our Company undertakes to obtain all material approvals and licenses and permissions required to operate our present business activities. Unless otherwise stated, these approvals or licenses are valid as of the date of this Prospectus and in case of licenses and approvals which have expired; we have either made an application for renewal or are in the process of making an application for renewal. For further details, in connection with the applicable regulatory and legal framework within which we operate, see "*Regulations and Policies*" on page 147.

The objects clause of the Memorandum of Association enables our Company to undertake its present business activities.

The approvals required to be obtained by our Company include the following:

I. Approvals in relation to the Offer

For details, see "*Other Regulatory and Statutory Disclosures*" on page 285.

II. Incorporation details of our Company

(i) Certificate of incorporation dated June 12, 1991 issued by the Registrar of Companies, West Bengal to our Company, in its former name, being Sanni Collection Private Limited.

(ii) Fresh certificate of incorporation dated March 14, 2008 issued by the Registrar of Companies, West Bengal to our Company consequent upon change of name of our Company to Grameen Financial Services Private Limited.

(iii) Certificate of registration dated April 29, 2010, issued by the RoC registering the order dated March 23, 2010 of the Company Law Board approving the shifting of registered office of our Company from the state of West Bengal to the state of Karnataka.

(iv) Fresh certificate of incorporation dated November 13, 2014 issued by the RoC consequent upon change of name of our Company to Grameen Koota Financial Services Private Limited.

(v) Fresh certificate of incorporation dated December 18, 2017 issued by the RoC consequent upon conversion our Company to public limited company, being Grameen Koota Financial Services Limited.

(vi) Fresh certificate of incorporation dated January 12, 2018 issued by the RoC consequent upon change of name of our Company to CreditAccess Grameen Limited.

(vii) Our Company has been allotted a corporate identity number U51216KA1991PLC053425.

III. Business related approvals

a. Regulatory Approvals

(i) The RBI had granted a certificate of registration dated March 30, 1998 allotting registration number B-05.01311 pursuant to which our Company (under its erstwhile name, 'Sanni Collection Private Limited') was registered as an NBFC under section 45 IA of the RBI Act. The RBI issued a no objection certificate dated January 22, 2008 for change in name from 'Sanni Collection Private Limited' to 'Grameen Financial Services Private Limited'. A fresh certificate of incorporation consequent upon change of name was issued to our Company by the Registrar of Companies, West Bengal on March 14, 2008, post which the RBI granted a certificate of registration dated July 28, 2009 reflecting the change of name.

(ii) The RBI granted a certificate of registration dated February 6, 2012 (in lieu of earlier certificate of registration dated July 28, 2009), allotting registration number B-02.00252 pursuant to which our Company was registered as an NBFC under section 45 IA of the RBI Act under its erstwhile name, Grameen Financial Services Private Limited.

(iii) Consequent upon change of name of our Company, the RBI has granted a fresh certificate of registration dated December 16, 2014 bearing registration number B-02.00252 pursuant to which our Company was registered as a NBFC under section 45 IA of the RBI Act, under its erstwhile name, Grameen Koota Financial Services Private Limited. The RBI has granted NBFC-MFI status to our Company with effect from September 5, 2013 pursuant to an endorsement on our certificate of registration dated December 16, 2014 issued by the RBI granting registration as an NBFC.

(iv) The RBI has issued a fresh certificate of registration dated January 19, 2018, bearing registration number B – 02.00252 for registration as an NBFC under Section 45 IA of the Reserve Bank of India Act, 1934 under the name "CreditAccess Grameen Limited".

(v) The PFRDA has issued a certificate of registration dated March 16, 2018 bearing registration code AGG34012017, to act as an aggregator under the National Pension System under the name "CreditAccess Grameen Limited".

b. Approval from Taxation Authorities

(i) The permanent account number of our Company is AAECS7201G.

(ii) The tax deduction account number of our Company is BLRG15389D.

(iii) Goods and services tax registration numbers of our Company, as per the state where are business operations are spread, are as follows:

State	Registration number
Karnataka	29AAECS7201G1ZF
Maharashtra	27AAECS7201G1ZJ
Tamil Nadu	33AAECS7201G1ZQ
Madhya Pradesh	23AAECS7201G1ZR
Chhattisgarh	22AAECS7201G1ZT
Kerala	32AAECS7201G1ZS
Pondicherry	34AAECS7201G1ZO
Goa	30AAECS7201G1ZW
Odisha	21AAECS7201G1ZV

(iv) Professional tax assessment number of our Company is 350130573 for the state of Karnataka. Further, our Company has several branches in various states falling under the respective professional tax legislations. Accordingly, our Company has obtained various registrations in its normal course and has either made an application to the appropriate authorities for renewal of such registration or is in the process of making such applications.

c. Other Approvals

(i) Letter dated October 23, 2017 from the Employees' Provident Fund Organization, with respect to applicability of the EPF Act to our Company and allotting EPF Code number of BGMRD0042763000 to our Company.

(ii) Our Company has obtained registrations in the normal course of business for its branches across various states in India under the employees' state insurance, and relevant shops and establishment legislations. Certain licenses may have lapsed under their normal course. Our Company has either made an application to the appropriate authorities for fresh registrations or for renewal of existing registrations, or is in the process of making such applications.

IV. Intellectual Property Rights

Our Company has made the following applications in relation to registration of trademarks:

Trademark	Class	Application number	Date of Application	Authority
GrameenKoota Financial Services – Logo	36, 41	3459537	January 16, 2017	The Registrar of Trade Marks, Chennai

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Offer

Our Board has approved the Offer pursuant to the resolution passed at its meeting held on January 12, 2018 and our Shareholders have approved the Offer pursuant to a resolution passed at the EGM held on January 13, 2018 under Section 62(1)(c) of the Companies Act, 2013.

For details on the authorisation of the Promoter Selling Shareholder in relation to the Offer, see "*The Offer*" and "*Capital Structure*" on pages 60 and 70.

The Equity Shares being offered by the Promoter Selling Shareholder in the Offer have been held by it for a period of at least one year prior to the filing of the Draft Red Herring Prospectus with SEBI and are eligible for being offered for sale in the Offer in accordance with regulation 26(6) of the SEBI ICDR Regulations. The Promoter Selling Shareholder has also confirmed that it is the legal and beneficial owner of the Equity Shares being offered under the Offer for Sale. The Promoter Selling Shareholder has confirmed that the Offered Shares are free from any lien, charge, and encumbrance, further details of which are set out in "*History and Certain Corporate Matters*" on page 153.

Our Company has received in-principle approvals from the BSE and the NSE for the listing of the Equity Shares pursuant to letters dated February 20, 2018 and March 9, 2018, respectively.

Prohibition by SEBI or other Governmental Authorities

Our Company, our Promoter, members of the Promoter Group and our Directors have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority. The Promoter Selling Shareholder confirms that it has not been prohibited from accessing or operating in the 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 in India.

The companies with which our Promoter and Directors are or were associated as promoter, directors or persons in control have not been prohibited from accessing the capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

Except for our Director, M.N. Gopinath, who is also a director on the board of directors of ICICI Prudential Trust Limited and our Director, Sucharita Mukherjee, who is also a director on the board of directors of Kaleidofin Private Limited, none of our Directors are associated with entities which are engaged in securities market related business and are registered with SEBI.

There has been no action taken by SEBI against our Directors or any of the entities in which our Directors are involved as promoter or directors.

Prohibition by RBI

None of our Company, our Promoter or Directors have been identified as a Wilful Defaulter. There are no violations of securities laws committed by our Company, our Promoter and our Directors in the past or is pending against our Company, our Promoter and our Directors. The Promoter Selling Shareholder specifically confirms that it has not been identified as a Wilful Defaulter. There are no violations of securities laws committed by the Promoter Selling Shareholder in the past or currently pending against it in India.

Eligibility for the Offer

Our Company is eligible for the Offer in accordance with the eligibility criteria provided in Regulation 26(1) of the SEBI ICDR Regulations, and as calculated from the Restated Financial Statements prepared in accordance with the Companies Act and restated in accordance with the SEBI ICDR Regulations:

- our Company has net tangible assets of at least ₹ 30 million in each of the preceding three full years (of 12 months each) of which not more than 50% 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 of the Offer and all previous issues made in Fiscal 2019 is not expected to exceed five times the pre-Offer net worth as per our audited balance sheet for the year ended March 31, 2018;

- Our Company was converted into a public limited company pursuant to a special resolution passed by our Shareholders at the EGM held on November 27, 2017 and consequently, the name was changed to Grameen Koota Financial Services Limited. The name of our Company was changed to CreditAccess Grameen Limited pursuant to a special resolution passed by our Shareholders at the EGM held on January 2, 2018. However, there has not been any corresponding change in the business activities of our Company. For details of changes in the name of our Company, see "*History and Certain Corporate Matters*" on page 153.

Our Company's net worth, net tangible assets, pre-tax operating profit, monetary assets and monetary assets as a percentage of the net tangible assets derived from the Restated Financial Statements included in this Prospectus as at and for the three years ended Financial Years 2018, 2017 and 2016 are set forth below:

(₹ in million, except percentage values)

Particulars	Fiscal		
	2018	2017	2016
Net tangible assets, as restated (Note 1) - a	51,750.22	35,069.69	27,909.27
Monetary assets, as restated (Note 2) – b	1,420.23	3,724.36	2,906.41
Monetary assets, as restated as a % of net tangible assets, as restated – b/ a%	2.74%	10.62%	10.41%
Pre-tax operating profit, as restated (Note 3)	1,928.58	1,242.98	1,295.43
Average pre-tax operating profit of three most profitable years out of the immediately preceding five years (Average of Fiscals 2018, 2017 and 2016)			1,489.00
Net worth (Note 4)	14,270.83	6,904.10	4,592.40

Note:

1. *Net tangible assets have been computed as: Sum of total assets (excluding intangible assets (including intangible assets under development) and deferred tax asset)*
2. *Monetary assets have been computed as: Sum of cash and cash equivalents and other bank balances (i.e. deposits placed as collateral towards borrowings and securitisation and deposits with original maturity of more than three months)*
3. *Pre-tax operating profit has been computed as: Deducting total expenses from total income before tax and extraordinary items*
4. *Net worth has been computed as: Sum of the paid up share capital, the total reserves and surplus after deducting miscellaneous expenditure such as share issue expenses.*

Financial Years 2018, 2017 and 2016 were the three most profitable years out of the immediately preceding five Financial Years in terms of our Restated Financial Statements.

Further, in accordance with Regulation 26(4) of the SEBI ICDR Regulations, our Company shall ensure that the number of prospective Allottees to whom the Equity Shares will be Allotted will be not less than 1,000 failing which the entire application monies shall be refunded or unblocked in the respective ASBA Accounts of the ASBA Bidders, as the case may be. In case of delay, if any, in refund within such timeline as prescribed under applicable laws, our Company shall be liable to pay interest on the application money at the rate of 15% per annum for the period of delay.

Our Company is in compliance with conditions prescribed in Regulation 4 of the SEBI ICDR Regulations to the extent applicable.

The Promoter Selling Shareholder shall not be liable to reimburse our Company for any interest paid by it on behalf of the Promoter Selling Shareholder on account of any delay with respect to Allotment of the Offered Shares or otherwise, unless such delay is solely accountable to the Promoter Selling Shareholder.

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 BOOK RUNNING LEAD MANAGERS, BEING ICICI SECURITIES LIMITED, CREDIT SUISSE SECURITIES (INDIA) PRIVATE LIMITED, IIFL HOLDINGS LIMITED AND KOTAK MAHINDRA CAPITAL COMPANY LIMITED ("BRLMs"), HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED OFFER.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, AND THE PROMOTER SELLING SHAREHOLDER IS RESPONSIBLE ONLY FOR THE STATEMENTS AND UNDERTAKINGS MADE BY IT IN THE DRAFT RED HERRING PROSPECTUS IN RELATION TO ITSELF AND THE EQUITY SHARES BEING OFFERED BY IT IN THE OFFER FOR SALE, THE BRLMs ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY AND THE PROMOTER SELLING SHAREHOLDER DISCHARGE THEIR RESPONSIBILITIES ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BRLMs HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED JANUARY 24, 2018 WHICH READS AS FOLLOWS:

WE, ICICI SECURITIES LIMITED, CREDIT SUISSE SECURITIES (INDIA) PRIVATE LIMITED, IIFL HOLDINGS LIMITED AND KOTAK MAHINDRA CAPITAL COMPANY LIMITED, WHO HAVE BEEN APPOINTED BY THE COMPANY AND THE PROMOTER SELLING SHAREHOLDER TO MANAGE THE OFFER, STATE AND CONFIRM AS FOLLOWS:

1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALIZATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID OFFER;

2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE OFFER, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY AND THE PROMOTER SELLING SHAREHOLDER, WE CONFIRM THAT:

(A) THE DRAFT RED HERRING PROSPECTUS FILED WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA ("SEBI") IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE OFFER;

(B) ALL THE LEGAL REQUIREMENTS RELATING TO THE OFFER AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ ISSUED BY 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 1956 (AS AMENDED AND REPLACED BY THE COMPANIES ACT, 2013 TO THE EXTENT IN FORCE), THE COMPANIES ACT 2013, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED (THE "SEBI ICDR REGULATIONS") AND OTHER APPLICABLE LEGAL REQUIREMENTS.

3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID.

4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS. - NOTED FOR COMPLIANCE

5. WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTER HAS BEEN OBTAINED FOR INCLUSION OF ITS EQUITY SHARES AS PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN AND THE EQUITY SHARES PROPOSED TO FORM PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED/ SOLD/ TRANSFERRED BY THE PROMOTER DURING THE PERIOD STARTING FROM THE DATE OF FILING OF THE DRAFT RED HERRING PROSPECTUS WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS. – COMPLIED WITH

6. WE CERTIFY THAT REGULATION 33 OF THE SEBI ICDR REGULATIONS, WHICH RELATES TO EQUITY SHARES INELIGIBLE FOR COMPUTATION OF PROMOTER'S CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH

THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS. – <u>COMPLIED WITH</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 SEBI ICDR REGULATIONS SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER'S CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE OFFER. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER'S CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE PUBLIC OFFER. - <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</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, THE COMPANY AND THE PROMOTER SELLING SHAREHOLDER SPECIFICALLY CONTAINS THIS CONDITION. - <u>NOTED FOR COMPLIANCE. ALL MONIES RECEIVED FROM THE OFFER SHALL BE CREDITED/ TRANSFERRED TO A SEPARATE BANK ACCOUNT AS SECTION 40(3) OF THE COMPANIES ACT, 2013, AS NOTIFIED.</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 HAVE TO BE ISSUED IN DEMATERIALISED FORM ONLY.</u>**

11. **WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SEBI ICDR REGULATIONS HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION. – <u>COMPLIED WITH</u>**

12. **WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:**

    (A) AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY; AND

    (B) AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE SEBI FROM TIME TO TIME.

13. **WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SEBI ICDR REGULATIONS WHILE MAKING THE OFFER. – <u>NOTED FOR COMPLIANCE</u>**

14. **WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE COMPANY, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTER'S EXPERIENCE, ETC. – <u>COMPLIED WITH</u>**

15. **WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SEBI ICDR REGULATIONS, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY. – <u>COMPLIED WITH</u>**

16. WE ENCLOSE STATEMENT ON 'PRICE INFORMATION OF PAST ISSUES HANDLED BY THE BOOK RUNNING LEAD MANAGERS (WHO ARE RESPONSIBLE FOR PRICING THE 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, AS CERTIFIED BY MANOHAR & VENKATA, CHARTERED ACCOUNTANTS PURSUANT TO THEIR CERTIFICATE DATED JANUARY 24, 2018.</u>

18. WE CERTIFY THAT THE ENTITY IS ELIGIBLE UNDER 106Y (1) (A) OR (B) (AS THE CASE MAY BE) TO LIST ON THE INSTITUTIONAL TRADING PLATFORM, UNDER CHAPTER XC OF THESE REGULATIONS. (IF APPLICABLE). – <u>NOT APPLICABLE</u>.

The filing of this Prospectus does not, however, absolve any person who has authorised the issue of this Prospectus from any liabilities under Section 34 or Section 36 of Companies Act, 2013, or from the requirement of obtaining such statutory and/ or other clearances as may be required for the purpose of the Offer. SEBI further reserves the right to take up at any point of time, with the BRLMs, any irregularities or lapses in this Prospectus.

All legal requirements pertaining to the Offer have been complied with at the time of filing of the Red Herrring 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, 32, 33(1) and 33(2) of the Companies Act, 2013.

Caution - Disclaimer from our Company, our Directors, the Promoter Selling Shareholder and BRLMs

Our Company, our Directors, the Promoter Selling Shareholder and the BRLMs accept no responsibility for statements made otherwise than in this Prospectus or in the advertisements or any other material issued by or at our instance and anyone placing reliance on any other source of information, including our Company's website www.grameenkoota.org, or the respective websites of our Promoter, Promoter Group or any affiliate of our Company or the Promoter Selling Shareholder would be doing so at his or her own risk. The Promoter Selling Shareholder, its directors, affiliates, associates, and officers accept no responsibility for any statements made in this Prospectus other than those statements or undertakings specifically made or confirmed by the Promoter Selling Shareholder in relation to itself and the Offered Shares.

The BRLMs accept no responsibility, save to the limited extent as provided in the Offer Agreement and the Underwriting Agreement.

All information shall be made available by our Company, the Promoter Selling Shareholder and the BRLMs to the Bidders and the public at large and no selective or additional information would be made available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at the Bidding Centres or elsewhere.

None among our Company, the Promoter Selling Shareholder or any member of the Syndicate shall be liable for any failure in uploading the Bids due to faults in any software/ hardware system or otherwise.

Investors who Bid in the Offer will be required to confirm and will be deemed to have represented to our Company, the Promoter Selling Shareholder, the Underwriters and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares and will not issue, sell, pledge, or transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, the Promoter Selling Shareholder, the Underwriters and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares.

The BRLMs and their respective associates and affiliates in their capacity as principals or agents may engage in a wide range of transactions with, and perform services for, our Company, the Promoter Selling Shareholder, their respective affiliates or associates or third parties in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with our Company, the Promoter Selling Shareholder and their respective directors, officers, agents, group companies, affiliates or associates or third parties, for which they have received, and may in the future receive, compensation.

Disclaimer in respect of Jurisdiction

This Offer is being made in India to persons resident in India (who are competent to contract under the Indian Contract Act, 1872, as amended, including Indian nationals resident in India, HUFs, companies, other corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, domestic Mutual Funds, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorised under their constitution to hold and invest in equity shares, multilateral and bilateral development financial institutions, state industrial development corporations, insurance companies registered with IRDA, provident funds (subject to applicable law) and pension funds, National Investment Fund, insurance funds set up and managed by army, navy or air force of Union of India, insurance funds set up and managed by the Department of Posts, GoI, systemically important NBFCs registered with the RBI) and permitted Non-Residents including FPIs and Eligible NRIs, AIFs, FVCIs, and other eligible foreign investors, if any, provided that they are eligible under all applicable laws and regulations to purchase the Equity Shares. This Prospectus does not constitute an offer to sell or an invitation to subscribe to Equity Shares offered hereby, in any jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Prospectus comes is required to inform him or herself about, and to observe, any such restrictions. Any dispute arising out of this Offer will be subject to the jurisdiction of appropriate court(s) in Bangalore only.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Prospectus 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 Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements of such jurisdiction. Neither the delivery of this Prospectus nor any offer or sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company or the Promoter Selling Shareholder since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold (i) within the United States only to "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act, "Rule 144A") in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Rule 144A and (ii) outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act. Prospective purchasers are hereby notified that the seller of the Equity Shares may be relying on the exemption from the registration requirements of the U.S. Securities Act provided by Rule 144A.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction except in compliance with the applicable laws of such jurisdiction.

Bidders are advised to ensure that any Bid from them does not exceed investment limits or maximum number of Equity Shares that can be held by them under applicable law. Further, each Bidder where required must agree in the Allotment Advice that such Bidder will not sell or transfer any Equity Shares or any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than in accordance with applicable laws.

Disclaimer Clause of RBI

The Company has a valid certificate of registration dated January 19, 2018 issued by the RBI under section 45IA of the Reserve Bank of India Act, 1934. The RBI does not accept any responsibility or guarantee about the present position as to the financial soundness of our Company or for the correctness of any of the statements or representation made or opinions expressed by our Company and for discharge of liability of our Company.

Disclaimer Clause of BSE

"BSE Limited ("the Exchange") has given vide its letter dated February 20, 2018 permission to this Company to use the Exchange's name in this offer document as one of the stock exchanges on which this Company's securities are proposed to be listed. The Exchange has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:-

(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 againg 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/39830 dated March 9, 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 inconnection with such subscription /acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever."

Filing

A copy of the Draft Red Herring Prospectus has been filed with SEBI at the Securities and Exchange Board of India, Plot No. C4-A, "G" Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051, India.

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 32 of the Companies Act, 2013 was delivered for registration to the RoC and a copy of this Prospectus will be delivered for registration with RoC at the office of the Registrar of Companies, Bangalore situated at "E" Wing, 2nd Floor, Kendriya Sadana, Koramangala, Bangalore 560 034, Karnataka, India in compliance with Section 26 of the Companies Act, 2013.

Listing

The Equity Shares issued through this Prospectus are proposed to be listed on the BSE and the NSE. Applications will be made to the Stock Exchanges for obtaining permission for listing and trading of the Equity Shares. BSE will be the Designated Stock Exchange with which the Basis of Allotment will be finalised.

If the permissions to deal in, and for an official quotation of, the Equity Shares are not granted by any of the Stock Exchanges mentioned above, our Company and the Promoter Selling Shareholder will forthwith repay, all monies received from the applicants in pursuance of this Prospectus, as required by applicable law. If such money is not repaid within the prescribed time, then our Company, the Promoter Selling Shareholder and every officer in default shall be liable to repay the money, with interest, as prescribed under applicable law.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above are taken within six Working Days from the Bid/ Offer Closing Date or within such period as may be prescribed by SEBI. Further, the Promoter Selling Shareholder shall extend all reasonable support required by our Company and the BRLMs for the completion of the necessary formalities to facilitate the process for listing and commencement of trading at all the Stock Exchanges within six Working Days of the Bid/ Offer Closing Date or within such period as may be prescribed by SEBI.

If our Company does not Allot Equity Shares pursuant to the Offer within six Working Days from the Bid/ Offer Closing Date or within such timeline as prescribed by SEBI, it shall repay, without interest, all monies received from Bidders, failing which interest shall be due to be paid to the Bidders at the rate of 15% per annum for the delayed period.

Price information of past issues handled by the BRLMs

A. ICICI Securities

1. Price information of past issues handled by ICICI Securities

Sr. No.	Issue Name	Issue Size (₹ million)	Issue Price (₹)	Listing Date	Opening Price on listing date (₹)	+/ - % change in closing price, [+/ - % change in closing benchmark]- 30th calendar days from listing	+/ - % change in closing price, [+/ - % change in closing benchmark]- 90th calendar days from listing	+/ - % change in closing price, [+/ - % change in closing benchmark]- 180th calendar days from listing
1.	AU Small Finance Bank Limited	19,125.14	358.00	10-Jul-17	530.00	+58.76%, [+2.12%]	+65.20%, [+2.23%]	+95.38%,[+8.06%]
2.	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%]
3.	Matrimony.Com Limited	4,974.79	985.00(2)	21-Sep-17	985.00	-12.28%, [+0.62%]	-7.64%,[+3.37%]	-16.55%,[-0.27%]
4.	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%]
5.	SBI Life Insurance Company Limited	83,887.29	700.00(3)	03-Oct-17	735.00	-7.56%, [+5.89%]	-0.07%,[+5.84%]	-2.30%,[3.57%]
6.	Newgen Software Technologies Limited	4,246.20	245.00	29-Jan-18	254.10	-0.20%, [-5.18%]	+2.51%[-3.51%]	-
7.	Galaxy Surfactants Limited	9,370.90	1,480.00	8-Feb-18	1,525.00	+1.14%, [-3.31%]	-0.85%[+1.33%]	-
8.	Aster DM Healthcare Limited	9,801.4	190.00	26-Feb-18	183.00	-13.66%,[-3.77%]	-5.39%,[+1.00%]	-
9.	Sandhar Technologies Limited	5,124.80	332.00	02-Apr-18	346.10	+19.59%[+4.96%]	+15.41%,[+4.36%]	-
10.	HDFC Asset Management Company Limited	28,003.31	1,100.00	06-Aug-18	1,726.25	-	-	-

(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*

2. Summary statement of disclosure of past issues handled by ICICI Securities:

Financial Year	Total no. of IPOs	Total amount of funds raised (₹ million)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2018-19	2	33,128.11	-	-	-	-	-	1	-	-	-	-	-	-
2017-18	9	208,306.61	-	-	5	1	-	3	-	-	4	1	2	1
2016-17	12	160,855.45	-	-	3	4	4	1	-	1	1	7	2	1

B. Credit Suisse

1. Price information of past issues (during current financial year and two financial years preceding the current financial year) handled by Credit Suisse:

Sr. No.	Issue Name	Issue Size (₹ million)	Issue Price (₹)	Listing Date	Opening Price on listing date (₹ .)	+/ - % change in closing price, [+/ - % change in closing benchmark]- 30th calendar days from listing	+/ - % change in closing price, [+/ - % change in closing benchmark]- 90th calendar days from listing	+/ - % change in closing price, [+/ - % change in closing benchmark]- 180th calendar days from listing
1.	S Chand and Company Limited	7,285.57	670.00	May 09, 2017	700.00	-18.10%, [3.72%]	-26.91%, [7.95%]	-28.06%, [12.18%]
2.	IRB InvIT Fund	50,328.84	102.00	May 18, 2017	102.00	-2.61%, [1.68%]	-5.49%, [4.96%]	-11.03%, [8.44%]
3.	Eris Lifesciences Limited	17,411.63	603.00	June 29, 2017	611.00	1.12%, [5.37%]	-5.45%, [3.87%]	26.48%, [10.81%]
4.	Godrej Agrovet Limited	11,573.12	460.00	October 16, 2017	615.60	-11.22%, [-0.43%]	4.77%, [4.99%]	16.68%, [2.44%]
5.	HDFC Standard Life Insurance Company Limited	86,950.00	290.00	November 17, 2017	310.00	9.53%, [1.02%]	25.33%, [2.11%]	46.98%, [5.04%]
6.	Varroc Engineering Limited	19,549.61	967.00	July 6, 2018	1,015	-4.39%, [5.70%]	Not Applicable	Not Applicable

Source: www.nseindia.com for the price information and prospectus for issue details

Notes:
a) 30th , 90th , 180th calendar days 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 date
b) Price information and benchmark index values have been shown only for the designated stock exchange in the above table
c) NSE is the designated stock exchange for the issue listed in the above table. NIFTY has been used as the benchmark index
d) Details of Varroc is not available, as the company got listed on July 06, 2018 and 30th, 90th, 180th calendar day has not been completed

2. Summary statement of price information of past issues (during current financial year and two financial years preceding the current financial year) handled by Credit Suisse:

Financial Year	Total no. of IPOs	Total amount of funds raised (₹ million)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2016-2017	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2017-2018	5	173,549.16	-	-	3	-	-	2	-	1	1	-	2	1
2018-2019	1	19,549.61	-	-	-	-	-	-	-	-	-	-	-	-

C. IIFL Holdings

1. Price information of past issues handled by IIFL Holdings:

Sr. No.	Issue Name	Issue Size (₹ million)	Issue Price (₹)	Listing Date	Opening Price on listing date (₹)	+/ - % change in closing price, [+/ - % change in closing benchmark]- 30th calendar days from listing	+/ - % change in closing price, [+/ - % change in closing benchmark]- 90th calendar days from listing	+/ - % change in closing price, [+/ - % change in closing benchmark]- 180th calendar days from listing
1.	Capacit'e Infraprojects Limited	4,000.00	250.00	September 25, 2017	399.00	+34.9%, [+3.3%]	+60.3%, [+5.3%]	+18.1%, [+0.3%]
2.	ICICI Lombard General Insurance Company Limited	57,009.39	661.00	September 27, 2017	651.00	+3.3%, [+4.6%]	+19.0%, [+6.7%]	+15.4%, [+2.6%]
3.	Indian Energy Exchange Limited	10,007.26	1,650.00	October 23, 2017	1,500.00	-5.6%, [+1.9%]	-1.8%, [+7.4%]	-0.7%, [+4.1%]
4.	Reliance Nippon Life Asset Management Limited	15,422.40	252.00	November 06, 2017	295.90	+1.2%, [-3.9%]	+5.9%, [+2.9%]	-4.2%, [+1.6%]
5.	HDFC Standard Life Insurance Company Limited	86,950.07	290.00	November 17, 2017	310.00	+31.5%, [+1.2%]	+49.0%, [+3.2%]	+71.6%, [+5.2%]
6.	Shalby Limited	5,048.00	248.00	December 15, 2017	239.70	-4.2%, [+4.2%]	-11.7%, [+1.1%]	-29.3%, [+5.9%]
7.	Future Supply Chain	6,496.95	664.00	December	664.00	+4.1%, [+4.4%]	+6.9%, [-1.3%]	-5.2%, [+4.7%]

Sr. No.	Issue Name	Issue Size (₹ million)	Issue Price (₹)	Listing Date	Opening Price on listing date (₹)	+/ - % change in closing price, [+/ - % change in closing benchmark]- 30th calendar days from listing	+/ - % change in closing price, [+/ - % change in closing benchmark]- 90th calendar days from listing	+/ - % change in closing price, [+/ - % change in closing benchmark]- 180th calendar days from listing
	Solutions Limited			18, 2017				
8.	ICICI Securities Limited	35,148.49	520.00	April 04, 2018	435.00	-28.9%, [+3.6%]	-38.6%, [+4.4%]	NA
9.	Varroc Engineering Limited	19,551.75	967.00	July 06, 2018	1015.00	NA	NA	NA
10.	HDFC Asset Management Company Limited	28,003.31	1,100.00	August 6, 2018	1,726.25	NA	NA	NA

Source: www.nseindia.com
Notes:
Benchmark Index taken as CNX NIFTY. Price on NSE is considered for all of the above calculations. The 30th, 90th and 180th calendar day from listed day have been taken as listing day plus 30, 90 and 180 calendar days, except wherever 30th / 90th / 180th calendar day from listing day is a holiday, the closing data of the previous trading day has been considered. % change taken against the Issue Price in case of the Issuer. % change taken against closing CNX NIFTY Index a day prior to the listing date. NA means Not Applicable.

2. Summary statement of price information of past issues handled by IIFL Holdings

Financial Year	Total no. of IPOs	Total amount of funds raised (₹ million)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2016-17	5	92,062.31	-	-	1	2	1	1	-	-	-	3	1	1
2017-18	9	1,98,722.66	-	-	3	1	2	3	-	1	3	2	1	2
2018-19	3	82,703.55	-	1	-	-	-	1	-	-	-	-	-	-

Source: www.nseindia.com
Note: Data for number of IPOs trading at premium/ discount taken at closing price on NSE on the respective date. In case any of the days falls on a non-trading day, the closing price on the previous trading day has been considered.

D. Kotak

1. Price information of past issues handled by Kotak:

Sr. No.	Issue Name	Issue Size (₹ million)	Issue Price (₹)	Listing Date	Opening Price on listing date (₹)	+/ - % change in closing price, [+/ - % change in closing benchmark]- 30th calendar days from listing	+/ - % change in closing price, [+/ - % change in closing benchmark]- 90th calendar days from listing	+/ - % change in closing price, [+/ - % change in closing benchmark]- 180th calendar days from listing
1.	HDFC Asset Management Company Limited	28003.31	1100	6-Aug-18	1,726.25	-	-	-
2.	TCNS Clothing Co. Limited	11251.25	716	30-Jul-2018	716.00	-	-	-
3.	Varroc Engineering Limited(1)	19549.61	967	6-Jul-18	1,015.00	+1.62%[+5.46%]	-	-
4.	IndoStar Capital Finance Limited	18440.00	572	21-May-18	600.00	-0.96%[+1.84%]	-	-
5.	Lemon Tree Hotels Limited	10386.85	56	9-Apr-18	61.60	+30.18%[+3.26%]	+29.91%[+3.79%]	-
6.	Bandhan Bank Limited	44730.19	375	27-Mar-18	499.00	+31.81%[+3.79%]	+42.96[+6.26%]	-
7.	Aster DM Healthcare Limited	9801.36	190	26-Feb-18	183.00	-13.66% [-3.77%]	-4.97%[+0.21%]	-
8.	The New India Assurance Company Limited(2)	95858.22	800	13-Nov-17	750.00	-27.91% [+0.15%]	-12.93%[+2.25%]	-13.06%[+5.69%]
9.	Mahindra Logistics Limited(3)	8288.84	429	10-Nov-17	429.00	+3.12% [-0.54%]	+9.48%[+1.50%]	+21.00%[+3.84%]
10.	General Insurance Corporation of India(4)	112568.31	912	25-Oct-17	850.00	-12.92% [+0.52%]	-13.95%[+6.52%]	-20.78%[+2.61%]

Source: www.nseindia.com

Notes:

1. *In Varroc Engineering Limited, the issue price to employees was Rs. 919 after a discount of Rs. 48 per equity share.*
2. *In The New India Assurance Company Limited, the issue price to retail individual bidders and employees was Rs. 770 per equity share after a discount of Rs. 30 per equity share.*
3. *In Mahindra Logistics Limited, the issue price to employees was Rs. 387 per equity share after a discount of Rs. 42 per equity share. The Anchor Investor Issue price was Rs. 429 per equity share.*
4. *In General Insurance Corporation of India, the issue price to retail individual bidders and employees was Rs. 867 per equity share after a discount of Rs. 45 per equity share.*
5. *In the event any day falls on a holiday, the price/index of the immediately preceding working day has been considered.*
6. *The 30th, 90th, 180th calendar days from listed day have been taken as listing day plus 29, 89 and 179 calendar days.*
7. *Nifty is considered as the benchmark index.*
8. *Restricted to last 10 issues.*

2. Summary statement of price information of past issues handled by Kotak:

Financial Year	Total no. of IPOs	Total amount of funds raised (₹ million)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than25%	Over 50%	Between 25-50%	Less than 25%
2018-2019	5	87631.02	-	-	1	-	1	1	-	-	-	-	-	-
2017-2018	9	384510.39	-	1	5	-	1	2	-	-	4	1	1	1
2016-2017	11	135676.30	-	-	4	2	1	4	-	1	2	5	2	1

Notes:

1. *The information is as on the date of this Prospectus.*
2. *The information for each of the financial years is based on issues listed during such financial year.*

Track record of past issues handled by the BRLMs

For details regarding the track record of the BRLMs, as specified in circular reference CIR/ MIRSD/ 1/ 2012 dated January 10, 2012 issued by SEBI, please see the websites of the BRLMs, as set forth in the table below:

Sr. No	Name of the BRLM	Website
1.	ICICI Securities	http:/ / www.icicisecurities.com
2.	Credit Suisse	http:/ / www.credit-suisse.com
3.	IIF Holdings	http:/ / www.iiflcap.com
4.	Kotak	http:/ / www.investmentbank.kotak.com

Consents

Consents in writing of: the Promoter Selling Shareholder, our Directors, our Company Secretary and Compliance Officer, our Chief Financial Officer, legal counsels, Bankers to our Company, the BRLMs, CRISIL, the Registrar to the Offer , the Syndicate Members, the Banker to the Offer/ Escrow Collection Bank/ Refund Bank/ Public Offer Account Bank and the Monitoring Agency to act in their respective capacities, have been obtained and filed along with a copy of the Red Herring Prospectus and will be filed along with this Prospectus with the RoC as required under the Companies Act, 2013 and such consents have not be withdrawn as of the date of this Prospectus.

Expert to the Offer

Our Company has received written consent dated August 13, 2018, from the Statutory Auditors namely, S.R. Batliboi & Co. LLP, to include their name as required under Section 26(1) of the Companies Act, 2013, read with the SEBI ICDR Regulations, in this Prospectus and as an "expert" as defined under Section 2(38) of the Companies Act, 2013 to the extent and in their capacity as a Statutory Auditor and in respect of their (i) examination report dated April 30, 2018 on the Restated Financial Statements; and (ii) their report dated July 12, 2018 on the statement of tax benefits, included in this Prospectus and such consent has not been withdrawn as on the date of this Prospectus. However, the term "expert" shall not be construed to mean an "expert" as defined under the U.S. Securities Act.

Offer Expenses

The expenses of this Offer include, among others, underwriting fees, brokerage and selling commission, printing and stationery expenses, fees payable to the BRLMs, Registrar to the Offer and legal counsel, advertising and marketing expenses and listing fees. For further details, of Offer expenses, see "*Objects of the Offer – Offer Expenses*" on page 87.

All fees and expenses in relation to the Offer shall be shared between our Company and the Promoter Selling Shareholder in the proportion as mutually agreed between the Company and the Promoter Selling Shareholder, in accordance with applicable law. However, for ease of operations, expenses of the Promoter Selling Shareholder may, at the outset, be borne by our Company on behalf of the Promoter Selling Shareholder, and the Promoter Selling Shareholder agrees that it will reimburse our Company all such expenses, upon successful completion of the Offer in the proportion as mutually agreed between the Company and the Promoter Selling Shareholder, in accordance with applicable law.

Fees Payable to the Syndicate

The total fees payable to the Syndicate (including underwriting commission and selling commission and reimbursement of their out-of-pocket expenses) will be as per the engagement letters between our Company, the Promoter Selling Shareholder and the BRLMs, and as stated in the Syndicate Agreement, a copy of which was made available for inspection at the Registered Office from 10:00 am to 4:00 pm on Working Days from the date of filing of the Red Herring Prospectus until the Bid/ Offer Closing Date.

For details of the Offer expenses, see "*Objects of the Offer*" on page 87.

Commission payable to SCSBs and Registered Brokers

For details of the commission payable to SCSBs and Registered Brokers, see "*Objects of the Offer*" on page 87.

Fees Payable to the Registrar to the Offer

The fees payable to the Registrar to the Offer will be as per the Registrar Agreement dated January 19, 2018 entered into, between our Company, the Promoter Selling Shareholder and the Registrar to the Offer, a copy of which was made available for inspection at the Registered Office from 10:00 am to 4:00 pm on Working Days from the date of filing of the Red Herring Prospectus until the Bid/ Offer Closing Date.

The Registrar to the Offer will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Offer to enable it to send refund orders or Allotment advice by registered post/ speed post/ under certificate of posting.

Grading of the Offer

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

Credit Rating

As this is an offer of Equity Shares, credit rating is not required.

Particulars regarding public or rights issues by our Company during the last five years

Our Company has not made any public or rights issues during the five years preceding the date of this Prospectus.

Previous issues of Equity Shares otherwise than for cash

Except as disclosed in the "*Capital Structure*" on page 70, our Company has not issued any securities including CCDs and CCPS, for consideration otherwise than for cash.

Commission and Brokerage paid on previous issues of the Equity Shares

Since this is the initial public issue of the Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since our Company's inception.

Previous capital issue during the previous three years by listed Group Companies and subsidiaries/ associates of our Company

Our Company does not have any group companies or any subsidiary/ associate company.

Performance vis-à-vis objects – Public/ rights issue of our Company and/ or listed Group Companies and subsidiaries of our Company

Our Company has not undertaken any public or rights issue in the past. Our Company does not have any group company or subsidiary as on the date of this Prospectus.

Outstanding debentures or bonds or other instruments

Other than (a) outstanding stock options granted to our employees pursuant to the ESOP Plan as disclosed in "*Capital Structure*" on page 70; and (b) as mentioned in "*Financial Indebtedness*" on page 274, our Company does not have any outstanding debentures or bonds as of the date of filing this Prospectus.

Outstanding Preference Shares

Our Company does not have any outstanding preference shares as on date of this Prospectus.

Partly Paid-up Shares

Our Company does not have any partly paid-up Equity Shares as on the date of this Prospectus.

Stock Market Data of Equity Shares

This being an initial public offer of our Company, the Equity Shares are not listed on any stock exchange and accordingly, no stock market data is available for the Equity Shares.

Mechanism for Redressal of Investor Grievances

The Registrar Agreement provides for retention of records with the Registrar to the Offer for a period of at least three years from the date of listing and commencement of trading of the Equity Shares on the Stock Exchanges to enable the investors to approach the Registrar to the Offer for redressal of their grievances.

All grievances relating to the Offer may be addressed to the Registrar to the Offer, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the bank branch or collection centre where the application was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary with whom the Bid cum Application Form was submitted. The Bidder should provide complete details such as name of the sole/ first Bidder, ASBA Form number, the Bidder's, DP ID, Client ID, PAN, date of the ASBA Form, address of the Bidder, number of Equity Shares applied for, the name and address of the Designated Intermediary where the ASBA Form was submitted by the ASBA Bidder and the ASBA Account number in which the amount equivalent to the Bid Amount is blocked. Further, the Bidder shall also enclose the Acknowledgement Slip from the Designated Intermediaries in addition to the documents/ information mentioned hereinabove. The Registrar to the Offer shall obtain the required information from the SCSBs for addressing any clarifications or grievances of ASBA Bidders.

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

Further, with respect to the Bid cum Application Forms submitted with the Registered Brokers, the investor shall also enclose the acknowledgment from the Registered Broker in addition to the documents/ information mentioned hereinabove.

Our Company, the Promoter Selling Shareholder, the BRLMs and the Registrar to the Offer accept no responsibility for errors, omissions, commission of any acts of the Designated Intermediaries including any defaults in complying with their obligations under the SEBI ICDR Regulations.

Disposal of Investor Grievances by our Company

Our Company estimates that the average time required by our Company or the Registrar to the Offer or the SCSB in case of ASBA Bidders, for the redressal of routine investor grievances shall be 10 Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Our Company has appointed a Stakeholders' Relationship Committee comprising R. Prabha, George Joseph, Udaya Kumar Hebbar and Sucharita Mukherjee as members. For details, see "*Our Management*" on page 159.

Our Company has also appointed Syam Kumar Ravindran Nair, Company Secretary and Compliance Officer of our Company for the Offer and he may be contacted in case of any pre-Offer or post-Offer related problems at the following address:

CreditAccess Grameen Limited
New No. 49 (Old No. 725)
46th Cross, 8th Block
Jayanagar, Next to Rajalakshmi Kalyan Mantap, Bangalore 560 071
Karnataka, India
Tel: +91 80 26637300
Fax: +91 80 26643433
E-mail: csinvestors@GFSPL.in

As on the date of the Draft Red Herring Prospectus, there were no pending investor complaints against our Company. Our Company has not received any investor complaints in the three years preceding the date of the Draft Red Herring Prospectus.

Disposal of investor grievances by listed companies under the same management

As of the date of the Draft Red Herring Prospectus, the Red Herring Prospectus and this Prospectus, none of the companies under the same management as that of our Company were or are listed on any stock exchange. Accordingly, the requirement to disclose details of investor grievances by listed companies under the same management as our Company does not apply.

Changes in Auditors

There has been no change in our auditors during the last three years.

Capitalisation of Reserves or Profits

Our Company has not capitalised its reserves or profits at any time during the last five years.

Revaluation of Assets

Our Company has not revalued its assets at any time in the last five years.

SECTION VII: OFFER INFORMATION

TERMS OF THE OFFER

The Equity Shares being issued and transferred pursuant to this Offer shall be subject to the provisions of the Companies Act, the SEBI ICDR Regulations, the SCRA, the SCRR, the Memorandum and Articles of Association, the SEBI Listing Regulations, the terms of the Red Herring Prospectus, this Prospectus, the Abridged Prospectus, Bid cum Application Form, the Revision Form, the CAN, the Allotment Advice and other terms and conditions as may be incorporated in the other documents/ certificates that may be executed in respect of the Offer. The Equity Shares shall also be subject to applicable laws, guidelines, rules, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, the RBI, RoC and/ or other authorities, as in force on the date of the Offer and to the extent applicable or such other conditions as may be prescribed by SEBI, the RBI, the Government of India, the Stock Exchanges, the RoC and any other authorities while granting their approval for the Offer.

Offer for Sale

The Offer comprises of a Fresh Issue and an Offer for Sale by the Promoter Selling Shareholder. The fees and expenses relating to the Offer shall be shared in the proportion mutually agreed between the Company and the Promoter Selling Shareholder in accordance with applicable law. However, for ease of operations, expenses of the Promoter Selling Shareholder may, at the outset, be borne by our Company on behalf of the Promoter Selling Shareholder, and the Promoter Selling Shareholder agree that they will reimburse our Company all such expenses.

Ranking of the Equity Shares

The Equity Shares being issued and transferred pursuant to the Offer shall be subject to the provisions of the Companies Act, the MoA and AoA and shall rank *pari-passu* in all respects with the existing Equity Shares including in respect of the rights to receive dividend. The Allottees upon Allotment of Equity Shares under the Offer, will be entitled to dividend and other corporate benefits, if any, declared by our Company after the date of Allotment in accordance with applicable law. For further details, see "*Main Provisions of Articles of Association*" on page 344.

Mode of Payment of Dividend

Our Company shall pay dividends, if declared, to our shareholders in accordance with the provisions of Companies Act, 2013, the Memorandum and Articles of Association, the SEBI Listing Regulations and other applicable laws. All dividends, if any, declared by our Company after the date of Allotment (pursuant to the transfer of Equity Shares from the Offer for Sale), will be payable to the Bidders who have been Allotted Equity Shares in the Offer for the entire year, in accordance with applicable law. For further details, in relation to dividends, see "*Dividend Policy*" and "*Main Provisions of the Articles of Association*" on pages 180 and 344, respectively.

Face Value and Offer Price

The face value of each Equity Share is ₹ 10 and the Offer Price ₹ 422.00 per Equity Share which is 42.20 times the face value of the Equity Shares. The Anchor Investor Offer Price is ₹ 422.00 per Equity Share.

The Price Band and the minimum Bid Lot size for the Offer was decided by our Company and the Promoter Selling Shareholder in consultation with the BRLMs and advertised in all editions of the English national daily newspaper Financial Express, all editions of the Hindi national daily newspaper Jansatta and the Bengaluru edition of Kannada daily newspaper Vishwavani, each with wide circulation, at least five Working Days prior to the Bid/ Offer Opening Date and was made available to the Stock Exchanges for the purpose of uploading the same on their websites. The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price, was pre-filled in the Bid cum Application Forms available on the websites of the Stock Exchanges.

At any given point of time there shall be only one denomination of Equity Shares.

Compliance with SEBI ICDR Regulations

Our Company shall comply with all applicable disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholders

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, our Equity Shareholders shall have the following rights:

- Right to receive dividends, if declared;
- Right to attend general meetings and exercise voting rights, unless prohibited by law;

- Right to vote on a poll either in person or by proxy or e-voting, in accordance with the provisions of the Companies Act;

- Right to receive offers for rights shares and be allotted bonus shares, if announced;

- Right to receive surplus on liquidation, subject to any statutory and preferential claim being satisfied;

- Right of free transferability of Equity Shares, subject to applicable laws including any RBI rules and regulations; and

- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of the SEBI Listing Regulations and the Memorandum and Articles of Association of our Company.

For a detailed description of the main provisions of the Articles of Association of our Company relating to voting rights, dividend, forfeiture and lien, transfer, transmission and/ or consolidation/ splitting, see "*Main Provisions of Articles of Association*" on page 344.

Market Lot and Trading Lot

Pursuant to Section 29 of the Companies Act, 2013 the Equity Shares shall be allotted only in dematerialised form. As per the SEBI ICDR Regulations, the trading of the Equity Shares shall only be in dematerialised form. In this context, two agreements have been signed amongst our Company, the respective Depositories and the Registrar to the Offer:

- Agreement dated April 10, 2014 amongst NSDL, our Company and the Registrar to the Offer; and

- Agreement dated December 26, 2017 amongst CDSL, our Company and the Registrar to the Offer.

Since trading of the Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in this Offer will be only in electronic form in multiples of one Equity Share subject to a minimum Allotment of 35 Equity Shares. For details, please see "*Basis for Allotment*" on page 333.

Joint Holders

Subject to our AoA, where two or more persons are registered as the holders of the Equity Shares, they shall be entitled to hold the same as joint tenants with benefits of survivorship.

Jurisdiction

Exclusive jurisdiction for the purpose of this Offer is with the competent courts/ authorities in Bangalore.

Nomination facility to investors

In accordance with Section 72 of the Companies Act, 2013 read with the Companies (Share Capital and Debentures), Rules, 2014, the sole Bidder, or the First Bidder along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest to the exclusion of other persons, unless the nomination is varied or cancelled in the prescribed manner. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to equity share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/ transfer/ alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office or to the registrar and transfer agents of our Company.

Any person who becomes a nominee by virtue of the provisions of Section 72 of the Companies Act, 2013 shall upon the production of such evidence as may be required by our Board, elect either:

a) to register himself or herself as the holder of the Equity Shares; or

b) to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, 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 dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Offer will be made only in dematerialized mode there is no need to make a separate nomination with our Company. Nominations registered with respective Depository Participant of the applicant would prevail. If the investor wants to change the nomination, they are requested to inform their respective Depository Participant.

Minimum Subscription

In the event our Company does not receive (i) a minimum subscription of 90% of the Fresh Issue, and (ii) a subscription in the Offer equivalent to atleast the minimum number of securities as specified under Rule 19(2)(b) of the SCRR, including through devolvement of Underwriters, as applicable, within 60 days from the Bid Closing Date, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond the prescribed time, our Company shall pay interest prescribed under the Companies Act, 2013, the SEBI ICDR Regulations and other applicable law.

Further, our Company and the Promoter Selling Shareholder shall ensure that the number of prospective Allottees to whom the Equity Shares will be Allotted shall not be less than 1,000 in compliance with Regulation 26(4) of SEBI ICDR Regulations.

Arrangements for Disposal of Odd Lots

There are no arrangements required for disposal of odd lots since the Equity Shares will be traded only in dematerialized form and the market lot for the Equity Shares is one Equity Share.

Restrictions, if any on Transfer and Transmission of Equity Shares

Except for the lock-in of the pre-Offer capital of our Company, lock –in of the minimum Promoter's Contribution and the Anchor Investor lock-in as provided in "*Capital Structure*" on page 70 and except as provided in the Articles of Association there are no restrictions on transfer of Equity Shares. For details, see "*Main Provisions of the Articles of Association*" on page 339.

Period of operation of subscription list

See "*Offer Structure – Bid/ Offer Programme*" on page 304.

OFFER STRUCTURE

Initial public offer of 26,805,394* Equity Shares for cash at price of ₹ 422.00 (including a premium of ₹ 412.00 per Equity Share) aggregating to ₹ 11,311.88 million* comprising of a Fresh Issue of 14,928,909 Equity Shares aggregating to ₹ 6,300.00 million* by our Company and Offer of Sale of 11,876,485* Equity Shares aggregating to ₹ 5,011.88 million* by the Promoter Selling Shareholder. The Offer constitutes 18.70% of the post-Offer paid-up Equity Share capital of our Company.
**Subject to the finalisation of the Basis of Allotment*

The Offer was made through the Book Building Process.

Particulars	QIBs(1)	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares available for Allotment/ allocation (2)	Not more than 13,402,696 Equity Shares	Not less than 4,020,810 Equity Shares available for allocation or Offer less allocation to QIB Bidders and Retail Individual Bidders	Not less than 9,381,888 Equity Shares available for allocation or Offer less allocation to QIB Bidders and Non-Institutional Bidders
Percentage of Offer Size available for Allotment/ allocation	Not more than 50% of the Offer Size being available for allocation to QIBs. However, upto 5% of the Net QIB Portion will be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the Mutual Fund Portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion in the Mutual Fund Portion will be available for allocation to QIBs	Not less than 15% of the Offer or the Offer less allocation to QIBs and Retail Individual Bidders	Not less than 35% of the Offer or Offer less allocation to QIBs and Non-Institutional Bidders
Basis of Allotment/ allocation if respective category is oversubscribed*	Proportionate as follows (excluding the Anchor Investor Portion): (a) up to 268,054 Equity Shares shall be available for allocated on a proportionate basis to Mutual Funds only; and (b) 5,093,025 Equity Shares shall be allotted on a proportionate basis to all QIBs, including Mutual Funds receiving allocation as per (a) above. 8,041,617 Equity Shares may be allocated on a discretionary basis to Anchor Investors of which one-third shall be available for allocation to Mutual Funds only	Proportionate	Proportionate, subject to minimum Bid Lot. For details see, "*Offer Procedure – Part B – Section 7: Allotment Procedure and Basis of Allotment – Allotment to RIIs*" on page 334
Minimum Bid	Such number of Equity Shares and in multiples of 35 Equity Shares thereafter such that the Bid Amount exceeds ₹ 200,000	Such number of Equity Shares and in multiples of 35 Equity Shares thereafter such that the Bid Amount exceeds ₹ 200,000	35 Equity Shares and in multiples of 35 Equity Shares thereafter
Maximum Bid	Such number of Equity Shares not exceeding the size of the Offer, subject to applicable limits	Such number of Equity Shares not exceeding the size of the Offer, subject to applicable limits	Such number of Equity Shares so that the Bid Amount does not exceed ₹ 200,000
Mode of Allotment	Compulsorily in dematerialized form		
Bid Lot	35 Equity Shares and in multiples of 35 Equity Shares thereafter		
Allotment Lot	A minimum of 35 Equity Shares and thereafter in multiples of one Equity Share For Retail Individual Bidders, 35 Equity Shares and in multiples of one Equity Share thereafter, subject to availability in the Retail Portion		
Trading Lot	One Equity Share		
Who can apply(3) (4)	Public financial institutions as specified in Section 2(72) of the Companies Act 2013, scheduled commercial banks, multilateral and bilateral development financial institutions, mutual funds registered with SEBI, FPIs other than Category III Foreign Portfolio Investors, VCFs, AIFs, FVCIs, state industrial development corporation, insurance company registered with IRDA, provident fund with minimum corpus of ₹ 250 million, pension fund with minimum corpus	Resident Indian individuals, Eligible NRIs, HUFs (in the name of Karta), companies, corporate bodies, scientific institutions, societies and trusts, Category III Foreign Portfolio Investors	Resident Indian individuals, Eligible NRIs and HUFs (in the name of Karta)

Particulars	QIBs[(1)]	Non-Institutional Bidders	Retail Individual Bidders
	of ₹ 250 million National Investment Fund set up by the Government, insurance funds set up and managed by army, navy or air force of the Union of India, insurance funds set up and managed by the Department of Posts, India and Systemically Important NBFCs		
Terms of Payment	Full Bid Amount shall be blocked by the SCSBs in the bank account of the ASBA Bidder that is specified in the ASBA Form at the time of submission of the ASBA Form [(4)]		

(1) *Our Company and the Promoter Selling Shareholder in consultation with the BRLMs, allocated 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion was reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price Anchor Investor Allocation Price. For details, see "Offer Structure" on page* 304

(2) *Subject to valid Bids being received at or above the Offer Price. This is an Offer in terms of Rule 19(2)(b) of the SCRR. The Offer was made through the Book Building Process wherein not more than 50% of the Offer was made available for allocation on a proportionate basis to QIBs, provided that our Company and the Promoter Selling Shareholder in consultation with BRLMs, allocated 60% of the QIB Portion to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion was reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above Anchor Investor Allocation Price. 5% of the Net QIB Portion was made available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the Net QIB Portion was made available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Offer was made available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Offer was made available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price.*

(3) *In case of joint Bids, the Bid cum Application Form was required to contain only the name of the first Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such first Bidder was required in the Bid cum Application Form and such first Bidder would be deemed to have signed on behalf of the joint holders*

(4) *Full Bid Amount was payable by the Anchor Investors at the time of submission of the Anchor Investor Application Forms provided that any difference between the Anchor Investor Allocation Price and the Anchor Investor Offer Price swas payable by the Anchor Investor Pay-In Date as indicated in the CAN. For details of terms of payment applicable to Anchor Investors, see "Offer Procedure – Part B - Section 7: Allotment Procedure and Basis of Allotment" from page* 334

Withdrawal of the Offer

Our Company and the Promoter Selling Shareholder, in consultation with the BRLMs, reserve the right not to proceed with the Offer after the Bid/ Offer Opening Date but before the Allotment. In such an event, our Company would issue a public notice in the newspapers in which the pre-Offer advertisements were published, within two days of the Bid/ Offer Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Offer and inform the Stock Exchanges simultaneously. The BRLMs, through the Registrar to the Offer, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one Working Day from the date of receipt of such notification and also inform the Bankers to the Offer to process refunds to the Anchor Investors, as the case may be. Our Company shall also inform the same to the Stock Exchanges on which Equity Shares are proposed to be listed. The notice of withdrawal will be issued in the same newspapers where the pre-Offer advertisements have appeared and the Stock Exchanges will also be informed promptly.

If our Company and the Promoter Selling Shareholder withdraw the Offer after the Bid/ Offer Closing Date and thereafter determines that it will proceed with an issue/ offer for sale of the Equity Shares, our Company shall file a fresh draft red herring prospectus with SEBI. Notwithstanding the foregoing, this Offer is also subject to obtaining the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment, and the final RoC approval of the Prospectus after it is filed with the RoC.

Bid/ Offer Programme

BID/ OFFER OPENED ON	August 8, 2018[(1)]
BID/ OFFER CLOSED ON	August 10, 2018

(1) *. The Anchor Investor Bidding Date was August 7, 2018*

An indicative timetable in respect of the Offer is set out below:

Event	Indicative Date
Bid/ Offer Closing Date	August 10, 2018
Finalisation of Basis of Allotment with the Designated Stock Exchange	On or about August 16, 2018
Initiation of refunds (if any, for Anchor Investors)/ unblocking of funds in ASBA Accounts	On or about August 20, 2018
Credit of Equity Shares to demat accounts of Allottees	On or about August 21, 2018

Event	Indicative Date
Commencement of trading of the Equity Shares on the Stock Exchanges	On or about August 23, 2018

The above timetable is indicative other than the Bid/ Offer Opening Date and the Bid/ Offer Closing Date and does not constitute any obligation on our Company or the Promoter Selling Shareholder or the BRLMs.

Whilst our Company shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchanges are taken within six Working Days of the Bid/ Offer Closing Date or such other period as may be prescribed (and the Promoter Selling Shareholder shall extend reasonable cooperation with respect to its Offered Shares), the timetable may change due to various factors, any delay in receiving the final listing and trading approval from the Stock Exchanges. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges and in accordance with the applicable laws.

Except in relation to the Bids received from the Anchor Investors, Bids and any revision in Bids was accepted only between 10.00 a.m. and 5.00 p.m. Indian Standard Time (**"IST"**) during the Bid/ Offer Period (except the Bid/ Offer Closing Date) at the Bidding Centres and the Designated Branches mentioned on the Bid cum Application Form.

On the Bid/ Offer Closing Date, the Bids and any revision in the Bids were accepted only between 10.00 a.m. and 3.00 p.m. IST and was uploaded until (i) 4.00 p.m. IST in case of Bids by QIBs and Non-Institutional Bidders, and (ii) until 5.00 p.m. IST or such extended time as permitted by the Stock Exchanges, in case of Bids by Retail Individual Bidders after taking into account the total number of applications received up to the closure of timings and reported by the BRLMs to the Stock Exchanges.

It is clarified that Bids not uploaded on the electronic bidding system of the Stock Exchanges or in respect of which the full Bid Amount is not blocked by SCSBs would be rejected.

Due to limitation of time available for uploading the Bids on the Bid/ Offer Closing Date, Bidders were advised to submit their Bids one day prior to the Bid/ Offer Closing Date and, in any case, no later than 1.00 p.m. IST on the Bid/ Offer Closing Date. Any time mentioned in the Red Herring Prospectus and this Prospectus is IST. Bidders were cautioned that, in the event a large number of Bids are received on the Bid/ Offer Closing Date, as is typically experienced in public offerings, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under this Offer. Bids will be accepted only on Working Days. None among our Company, the Promoter Selling Shareholder 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.

In case of any discrepancy in the data entered in the electronic book vis-a-vis the data contained in the physical Bid cum Application Form, for a particular Bidder, the details as per the Bid file received from the Stock Exchanges may be taken as the final data for the purpose of Allotment. In case of discrepancy in the data entered in the electronic book vis-a-vis the data contained in the physical or electronic Bid cum Application Form, for a particular ASBA Bidder, the Registrar to the Offer shall ask for rectified data.

OFFER PROCEDURE

*All Bidders should review the General Information Document for Investing in Public Issues prepared and issued in accordance with the circular (CIR/ CFD/ DIL/ 12/ 2013) dated October 23, 2013 notified by the SEBI (the "**General Information Document**") included below under "**Part B – General Information Document**", which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI ICDR Regulations. The General Information Document has been updated to reflect the enactments and regulations and amendments thereof, to the extent applicable to the Offer. The General Information Document is also available on the websites of the Stock Exchanges and the Lead Managers. Please refer to the relevant provisions of the General Information Document, which are applicable to the Offer.*

Our Company, the Promoter Selling Shareholder and the Syndicate do not accept any responsibility for the completeness and accuracy of the information stated in this section and are not liable for any amendment, modification or change in applicable laws, which may occur after the date of this Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids are submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of the Equity Shares that can be held by them under applicable law or as specified in this Prospectus.

PART A

Book Building Procedure

The Offer was made through the Book Building Process in accordance with Regulation 26(1) of the SEBI ICDR Regulations, wherein Net Offer, of not more than 50% of the Offer was available for allocation to QIBs on a proportionate basis, provided that our Company and the Promoter Selling Shareholder, in consultation with the BRLMs, allocated up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations, of which one-third was reserved for domestic Mutual Funds, subject to valid Bids being received from them at or above the Anchor Investor Allocation Price. 5% of the Net QIB Portion was available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion was available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Net Offer was available for allocation on a proportionate basis to Non-Institutional Investors and not less than 35% of the Net Offer was available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price.

Under-subscription, if any, in any portion except in the QIB Portion, would be allowed to be met with spill-over from any other portion or combination of portions, at the discretion of our Company and the Promoter Selling Shareholder in consultation with the BRLMs and the Designated Stock Exchange and subject to applicable laws.

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 that do not have the details of the Bidders' depository account, including DP ID, Client ID and PAN, shall be treated as incomplete and will be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form.

Bid cum Application Form

Copies of the ASBA Form and the abridged prospectus were available with the Designated Intermediaries at the relevant Bidding Centres and our Registered Office. An electronic copy of the ASBA Form was also available for download on the websites of the NSE (www.nseindia.com) and the BSE (www.bseindia.com), at least one day prior to the Bid/ Offer Opening Date.

Copies of the Anchor Investor Application Form were made available at the offices of the BRLMs.

All Bidders (other than Anchor Investors) were mandatorily required to participate in the Offer only through the ASBA process. Anchor Investors were not permitted to participate in the Offer through the ASBA process.

ASBA Bidders were required to provide bank account details and authorisation to block funds in their respective ASBA Accounts in the relevant space provided in the ASBA Form and the ASBA Forms that do not contain such details are liable to be rejected.

ASBA Bidders were required to ensure that the Bids were submitted on ASBA Forms bearing the stamp of the Designated Intermediary, submitted at the Bidding Centres only (except in case of electronic ASBA Forms) and the ASBA Forms not bearing such specified stamp were liable to be rejected. Bidders were required to ensure that the ASBA Account had sufficient credit balance such that an amount equivalent to the full Bid Amount could be blocked by the SCSB at the time of submitting the Bid.

The prescribed colour of the Bid cum Application Form for the various categories was as follows:

Category	Colour of Bid cum Application Form*
Resident Indians (including relevant QIBs, Non-Institutional Investors, Retail Individual Bidders and Eligible NRIs applying on a non-repatriation basis	White
Non-Residents including Eligible NRIs applying on a repatriation basis, FPI or FVCIs, registered multilateral and bilateral development financial institutions	Blue
Anchor Investors	White

* *Other than electronic Bid cum Application Form*

Designated Intermediaries (other than SCSBs) were required to submit/ deliver the ASBA Forms to the respective SCSBs where the Bidder has a bank account and shall not submit it to any non-SCSB or any Banker to the Offer.

Who can Bid?

In addition to the category of Bidders set forth under "*- Part B - General Information Document for Investing in Public Issues – Category of Investors Eligible to Participate in an Issue*" on page 318, the following persons are also eligible to invest in the Equity Shares under all applicable laws, regulations and guidelines:

- Scientific and/ or industrial research organisations authorised in India to invest in the Equity Shares; and
- Any other persons eligible to Bid in the Offer under the laws, rules, regulations, guidelines and policies applicable to them.

Participation by Promoter, Promoter Group, BRLMs, Syndicate Members and Persons Related to Them

The BRLMs and Syndicate Members shall not be allowed to purchase Equity Shares in this Offer in any manner, except towards fulfilling their underwriting obligations. However, the respective associates and affiliates of the BRLMs and the Syndicate Members may Bid for Equity Shares in the Offer, either in the QIB Portion or in the Non-Institutional Portion as may be applicable to such Bidders, where the allocation is on a proportionate basis and such subscription may be on their own account or on behalf of their clients. All categories of investors, including associates or affiliates of the BRLMs and Syndicate Members, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

The BRLMs and any persons related to the BRLMs (other than Mutual Funds sponsored by entities related to the BRLMs) and our Promoter, Promoter Group and any persons related to our Promoter and Promoter Group cannot apply in the Offer in the Anchor Investor Portion.

Bids by Mutual Funds

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, our Company and the Promoter Selling Shareholder reserve the right to reject any Bid without assigning any reason thereof.

Bids made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Bids are made.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids, provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in case of index funds or sector or industry specific schemes. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

Bids by Eligible NRIs

Eligible NRIs may obtain copies of the Bid cum Application Form from the Designated Intermediaries. Eligible NRI Bidders Bidding on a repatriation basis by using the Non-Resident Forms should authorise their respective SCSBs to block their Non-Resident External ("**NRE**") accounts or Foreign Currency Non-Resident ("**FCNR**") Accounts, and eligible NRI Bidders Bidding on a non-repatriation basis by using Resident Forms should authorise their respective SCSBs to block their Non-Resident Ordinary ("**NRO**") accounts for the full Bid Amount, at the time of the submission of the Bid cum Application Form.

Eligible NRIs Bidding on non-repatriation basis are advised to use the Bid cum Application Form for residents (White in colour). Eligible NRIs Bidding on a repatriation basis are advised to use the Bid cum Application Form meant for Non-Residents (Blue in colour).

Bids by FPIs

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) must be below 10% of our post-Offer Equity Share capital. Further, in terms of applicable FEMA regulations, the total holding by each FPI shall be below 10% of the total paid-up Equity Share capital of our Company (on a fully diluted basis) and the total holdings of all FPIs put together shall not exceed 24% of the paid-up Equity Share capital of our Company(on a fully diluted basis). The aggregate limit of 24% may be increased up to the sectoral cap by way of a resolution passed by our Board of Directors followed by a special resolution passed by the Shareholders of our Company and subject to prior intimation to the RBI. In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

The existing individual investment limit for FPIs in our Company is 10% of the total paid-up Share capital of our Company. Further, pursuant to a special resolution dated March 5, 2018 passed by the Shareholders of our Company, the aggregate investment limits for FPIs in our Company has been increased from 24% to 49% of the total paid-up share capital of our Company.

FPIs are permitted to participate in the Offer subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

As per the circular issued by SEBI on November 24, 2014, these investment restrictions shall also apply to subscribers of offshore derivative instruments. Two or more subscribers of offshore derivate instruments having a common beneficial owner shall be considered together as a single subscriber of the offshore derivate instrument. In the event an investor has investments as a FPI and as a subscriber of ODIs, these investment restrictions shall apply on the aggregate of the FPI and offshore derivate instrument investments held in the underlying company.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 22 of the SEBI FPI Regulations and circulars issued in this regard, an FPI, other than Category III Foreign Portfolio Investors and unregulated broad-based funds, which are classified as Category II Foreign Portfolio Investors by virtue of their investment manager being appropriately regulated, may issue, subscribe or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only if (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; (ii) such offshore derivative instruments are issued after compliance with 'know your client' norms; and (iii) such offshore derivative instruments shall not be issued to or transferred to persons who are resident Indians or NRIs and to entities beneficially owned by resident Indians or NRIs.

An FPI is also required to ensure that any transfer of offshore derivative instrument is made by, or on behalf of it subject to the following conditions:

(a) such offshore derivative instruments are transferred to persons in accordance with the SEBI FPI Regulations; and

(b) prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre-approved by the FPI.

Bids by SEBI registered VCFs, AIFs and FVCIs

The SEBI FVCI Regulations and the SEBI AIF Regulations prescribe, *inter-alia*, the investment restrictions applicable to the VCFs, FVCIs and AIFs registered with SEBI.

The holding by any individual VCF registered with the 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 public offerings.

Category I and category II AIFs cannot invest more than 25% of the investible funds in one investee company. A category III AIF cannot invest more than 10% of the investible funds in one investee company. A venture capital fund registered as a category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than one0thirdsof its corpus by way of subscription to an initial public offering of a venture capital undertaking. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the SEBI VCF Regulations until the existing fund or scheme managed by the fund is wound up and such funds shall not launch any new scheme after the notification of the SEBI AIF Regulations.

There is no reservation for Eligible NRIs, FPIs and FVCIs and all Bidders will be treated on the same basis with other categories for the purpose of allocation.

All non-resident investors should note that refunds (in case of Anchor Investors), dividends and other distributions, if any, will be payable in Indian Rupees only, and net of bank charges and commission.

Bids by Limited Liability Partnerships

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Company and the Promoter Selling Shareholder reserve the right to reject any Bid without assigning any reason thereof.

Bids by Banking Companies

In case of Bids made by banking companies registered with the RBI, certified copies of (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the Bid cum Application Form, failing which our Company and the Promoter Selling Shareholder reserve the right to reject any Bid by a banking company without assigning any reason thereof.

The investment limit for banking companies in a financial services company, not being a subsidiary, as per the Banking Regulation Act, 1949, as amended (the "**Banking Regulation Act**"), and the Master Direction – Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, dated May 26, 2016, as amended, individually shall not exceed 10% of the bank's paid-up share capital and reserves as per the last audited balance sheet or a subsequent balance sheet, whichever is lower. The aggregate equity investments made in all subsidiaries and other entities engaged in financial services and non-financial services, including overseas investments shall not exceed 20% of the bank's paid-up share capital and reserves. A banking company would require a prior approval of the RBI to make investments in a subsidiary and a financial services company that is not a subsidiary (with certain exceptions prescribed).

Bids by SCSBs

SCSBs participating in the Offer are required to comply with the terms of the SEBI circulars dated September 13, 2012 and January 2, 2013. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSB. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for such applications.

Bids by Insurance Companies

In case of Bids made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be attached to the Bid cum Application Form. Failing this, our Company and the Promoter Selling Shareholder 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 (the "**IRDA Investment Regulations**"), are broadly set forth below:

The maximum exposure limit, in the case of an investment in equity shares, cannot exceed the lower of an amount of 10% of the investment assets of a life insurer or general insurer, and the amount calculated under (a), (b) and (c) below, as the case may be.

(a) *Limit for the investee company*: The lower of: (i) 10%* of the outstanding equity shares (face value); and (ii) 10% of such funds and reserves as specified under the IRDA Investment Regulations, in case of a life insurer, or 10% of the approved investments and other investments as permitted under the Insurance Act and the IRDA Investment Regulations, in case of a general insurer (including reinsurer or a health insurer), as the case may be;

(b) *Limit for the entire group of the investee company*: Not more than: (i) 15% of such funds and reserves as specified under the IRDA Investment Regulations, in case of a life insurer, or 15% of the approved investments and other investments as permitted under the Insurance Act and the IRDA Investment Regulations, in case of a general insurer (including reinsurer or a health insurer); or (ii) 15% of the investment assets in all companies belonging to the group, whichever is lower; and

(c) *Limit for the industry sector to which the investee company belongs*: Not more than: (i) 15% of the such funds and reserves as specified under the IRDA Investment Regulations, in case of a life insurer, or 15% of the approved investments and other investments as permitted under the Insurance Act and the IRDA Investment Regulations, in case of a general insurer (including a re-insurer or a health insurer); or (ii) 15% of the investment asset, whichever is lower.

* *The above limit of 10% shall stand substituted as 15% of outstanding equity shares (face value) for insurance companies with investment assets of ₹ 2,500,000 million or more and 12% of outstanding equity shares (face value) for insurers with investment assets of ₹500,000 million or more but less than ₹2,500,000 million.*

Insurance companies participating in this Offer shall comply with all applicable regulations, guidelines and circulars issued by the IRDA from time to time.

Bids by Provident Funds/ Pension Funds

In case of Bids made by provident funds/ pension funds with minimum corpus of ₹ 250 million, subject to applicable laws, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be attached to the Bid cum Application Form. Failing this, our Company and the Promoter Selling Shareholder reserve the right to reject any Bid, without assigning any reason thereof.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, eligible FPIs, AIFs, Mutual Funds, insurance companies, insurance funds set up by the army, navy or air force of India, insurance funds set up by the Department of Posts, Government of India or the National Investment Fund and provident funds with a minimum corpus of ₹ 250 million (subject to applicable laws) and pension funds with a minimum corpus of ₹ 250 million (subject to applicable laws), Systemically Important NBFCs (as defined under in RBI regulations) a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/ or bye laws must be lodged along with the Bid cum Application Form, as the case may be. Failing this, our Company and the Promoter Selling Shareholder reserve 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 Promoter Selling Shareholder in consultation with the BRLMs in their absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form.

In accordance with existing regulations, OCBs cannot participate in the Offer.

The above information is given for the benefit of the Bidders. Our Company, the Promoter Selling Shareholder, the BRLMs and the Syndicate Members are not liable for any amendments or modification or changes in applicable laws or regulations, which have occurred after the date of the 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 the Red Herring Prospectus and this Prospectus.

General Instructions

***Do's*:**

1. Check if you are eligible to apply as per the terms of this Prospectus and under applicable law, rules, regulations, guidelines and approvals;

2. Ensure that you have Bid within the Price Band;

3. Read all the instructions carefully and complete the Bid cum Application Form in the prescribed form;

4. Ensure that the details about the PAN, DP ID and Client ID are correct and the Bidder's depository account is active, as Allotment of the Equity Shares will be in the dematerialised form only;

5. Ensure that your Bid cum Application Form bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the Bidding Center within the prescribed time;

6. If you are an ASBA Bidder, the first applicant is not the ASBA Account holder, ensure that the Bid cum Application Form is signed by the ASBA Account holder. Ensure that you have mentioned the correct ASBA Account number in the Bid cum Application Form;

7. Ensure that the signature of the First Bidder in case of joint Bids, is included in the Bid cum Application Forms;

8. Ensure that the name(s) given in the Bid cum Application Form is/ are exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case of joint Bids, the Bid cum Application Form should contain the name of only the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names;

9. Ensure that you request for and receive a stamped acknowledgement of the Bid cum Application Form for all your Bid options from the concerned Designated Intermediary;

10. Ensure that you have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB before submitting the Bid cum Application Form under the ASBA process to any of the Designated Intermediaries;

11. Ensure that you submit revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised Acknowledgement Slip;

12. Except for (i) Bids on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of circular dated June 30, 2008 of SEBI, may be exempt from specifying their PAN for transacting in the securities market, and (ii) Bids by persons resident in the state of Sikkim, who, in terms circular dated July 20, 2006 of the SEBI, may be exempted from specifying their PAN for transacting in the securities market, all Bidders should mention their PAN allotted under the Income Tax Act. The exemption for the Central or the State Government and officials appointed by the courts 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;

13. Ensure that the Demographic Details are updated, true and correct in all respects;

14. 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;

15. Ensure that the category and the investor status is indicated;

16. Ensure that in case of Bids under power of attorney or by limited companies, corporates, trusts, etc., relevant documents are submitted;

17. Ensure that Bids submitted by any person resident outside India should be in compliance with applicable foreign and Indian laws;

18. Bidders should note that in case the DP ID, Client ID and PAN mentioned in their Bid cum Application Form and entered into the online bidders system of the Stock Exchanges by the relevant Designated Intermediary, as the case may be, matches with the DP ID, Client ID and PAN available in the Depository database;

19. 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 electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form, as the case may be, at the time of submission of the Bid;

20. Ensure that while Bidding through a Designated Intermediary, the ASBA Form is submitted to a Designated Intermediary in a Bidding Centre and that the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has named at least one branch at that location for the Designated Intermediary to deposit ASBA Forms (a list of such branches is available on the website of SEBI at http:// www.sebi.gov.in);

21. 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 Prospectus; and

22. Ensure that you have mentioned the correct ASBA Account number in the Bid cum Application Form.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

Dont's:

1. Do not Bid for lower than the minimum Bid size;

2. Do not Bid/ revise Bid Amount to less than the Floor Price or higher than the Cap Price (including any revisions thereof);

3. Do not pay the Bid Amount in cheques, demand drafts, by cash, money order, by postal order or by stock invest;

4. Do not send Bid cum Application Forms by post; instead submit the same to the Designated Intermediary only;

5. If you are a QIB or Non-Institutional Bidder, do not Bid at Cut-off Price;

6. Do not withdraw or lower the size of your Bid (in terms of number of Equity Shares Bid for, or Bid Amount) at any stage, if you are a QIB or a Non-Institutional Bidder;

7. Do not instruct your respective SCSBs to release the funds blocked in the ASBA Account under the ASBA process;

8. Do not Bid for a Bid Amount exceeding ₹ 200,000 (for Bids by Retail Individual Bidders);

9. 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 Prospectus;

10. Do not submit Bid for an amount more than funds available in your ASBA Account;

11. 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;

12. 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;

13. 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);

14. Do not submit more than five Bid cum Application Forms per ASBA Account;

15. Anchor Investors should not bid through the ASBA process;

16. Do not Bid on another Bid cum Application Form and the Anchor Investor Application Form, as the case may be, after you have submitted a Bid to any of the Designated Intermediaries;

17. Do not Bid on another Bid cum Application Form after you have submitted a Bid to a Designated Intermediary;

18. Do not send ASBA Forms by post. Instead submit the same to only a Designated Intermediary;

19. Do not Bid on a physical ASBA Form that does not have the stamp of a Designated Intermediary;

20. Do not submit the GIR number instead of the PAN;

21. Do not submit incorrect details of the DP ID, Client ID and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Offer; and

22. Do not withdraw your Bid or lower the size of your Bid (in terms of quantity of the Equity Shares or the Bid Amount) at any stage, if you are a QIB or a Non-Institutional Bidder.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

Payment into Escrow Account for Anchor Investors

Our Company and the Promoter Selling Shareholder in consultation with the BRLMs has decided the list of Anchor Investors to whom the CAN has been sent, pursuant to which the details of the Equity Shares allocated to them in their respective names will be notified to such Anchor Investors. Anchor Investors were not permitted to Bid in the Offer through the ASBA process. Instead, Anchor Investors were required to transfer the Bid Amount (through direct credit, RTGS, NACH or NEFT). For Anchor Investors, the payment instruments for payment into the Escrow Account were drawn in favour of:

(a) In case of resident Anchor Investors: "Anchor Escrow Account – CreditAccess Grameen IPO – Anchor Investor - R"

(b) In case of Non-Resident Anchor Investors: "Anchor Escrow Account – CreditAccess Grameen IPO – Anchor Investor - NR"

Pre-Offer Advertisement

Subject to Section 30 of the Companies Act 2013, our Company has, after registering the Red Herring Prospectus with the RoC, published a pre-Offer advertisement, in the form prescribed by the SEBI ICDR Regulations, in all editions of Financial Express, all editions of Jansatta and the Bengaluru edition of Vishwavani (which are English, Hindi and Kannada daily newspapers, Kannada being the regional language of Karnataka, where the Registered Office is located), each with wide circulation. Our Company has, in the pre-Offer advertisement stated the Bid/ Offer Opening Date, the Bid/ Offer Closing Date and the QIB Bid/ Offer Closing Date. This advertisement, subject to the provisions of Section 30 of the Companies Act 2013, was in the format prescribed in Part A of Schedule XIII of the SEBI ICDR Regulations.

Signing of the Underwriting Agreement and the RoC Filing

(a) Our Company, the Promoter Selling Shareholder and the Syndicate have entered into an Underwriting Agreement on August 13, 2018.

(b) After signing the Underwriting Agreement, an updated Red Herring Prospectus is being filed with the RoC in accordance with applicable law, which then would be termed as the 'Prospectus'. This Prospectus contains details of the Offer Price, the Anchor Investor Offer Price, Offer size, and underwriting arrangements and will be complete in all material respects.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act 2013, which is reproduced below:

"*Any person who:*

(a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or

(b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or

***(c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447.*"**

The liability prescribed under Section 447 of the Companies Act 2013 includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

Undertakings by our Company

Our Company undertakes the following:

- the complaints received in respect of the Offer shall be attended to by our Company expeditiously and satisfactorily;
- all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within six Working Days of the Bid/ Offer Closing Date or any other period as may be prescribed, will be taken;
- the funds required for making refunds (to the extent applicable) as per the mode(s) disclosed shall be made available to the Registrar to the Offer by our Company;
- if Allotment is not made within the prescribed time period under applicable laws, the entire subscription amount received will be refunded/ unblocked within the time prescribed under applicable laws. If there is delay beyond the prescribed time, our Company shall pay interest prescribed under the Companies Act 2013, the SEBI ICDR Regulations and other applicable laws for the delayed period;
- where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within the time prescribed under applicable law, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- that details of all monies utilised out of the Fresh Issue shall be disclosed under an appropriate separate head in our balance sheet indicating the purpose for which monies have been utilised. Further, details of all unutilised monies out of the Fresh Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet, indicating the form in which such amounts have been invested;
- that we shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time;
- intimation of the credit of securities/ refund orders to Eligible NRIs shall be despatched within specified time;

- except for allotment of Equity Shares pursuant to exercise of options under the ESOP Scheme, no further issue of the Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus and this Prospectus are listed or until the Bid monies are refunded/ unblocked in ASBA Account on account of non-listing, under-subscription, etc.; and

- adequate arrangements shall be made to collect all Bid cum Application Forms by Bidders.

Undertakings by the Promoter Selling Shareholder

The Promoter Selling Shareholder, with respect to itself only (and not in respect of any other person), undertakes that:

- the Equity Shares offered by it in the Offer have been held by it for a period of at least one year prior to the filing of the Draft Red Herring Prospectus with the SEBI;

- it shall not have any recourse to the proceeds of the Offer until final listing and trading approvals have been received from the Stock Exchanges;

- it shall take all steps to provide all reasonable assistance to our Company and the BRLMs, as may be required for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges within six Working Days from the Bid/ Offer Closing Date, failing which it shall forthwith repay without interest all monies received from Bidders. In case of delay, interest as per applicable laws shall be paid by the Promoter Selling Shareholder in proportion to the Offered Shares;

- it shall not offer, lend, pledge, charge, transfer or otherwise encumber, sell, dispose off any of the Offered Shares being offered pursuant to the Offer until such time that the lock-in remains effective save and except as may be permitted under the SEBI ICDR Regulations;

- it shall provide all reasonable assistance to our Company and the BRLMs to ensure that the Equity Shares being offered by it pursuant to the Offer shall be transferred to the successful Bidders within the time specified under applicable laws;

- it shall reimburse our Company for expenses incurred in relation to the Offer in the manner agreed to amongst the Promoter Selling Shareholder and our Company, in accordance with applicable laws;

- the funds required for making refunds (to the extent applicable) as per the mode(s) disclosed shall be made available to the Registrar to the Offer by the Promoter Selling Shareholder; and

- it shall comply with all applicable laws, including but not limited to the SEBI ICDR Regulations and the Companies Act 2013, and the rules and regulations made thereunder, in relation to the Offer.

Utilisation of Offer Proceeds

The Promoter Selling Shareholder along with our Company declare that all monies received out of the Offer shall be credited/ transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act 2013.

PART B

General Information Document for Investing in Public Issues

This General Information Document highlights the key rules, processes and procedures applicable to public issues in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI ICDR Regulations. Bidders/ Applicants should not construe the contents of this General Information Document as legal advice and should consult their own legal counsel and other advisors in relation to the legal matters concerning the issue. For taking an investment decision, the Bidders/ Applicants should rely on their own examination of the issuer and the issue, and should carefully read the Red Herring Prospectus before investing in the issue.

SECTION 1: PURPOSE OF THE GENERAL INFORMATION DOCUMENT (GID)

This document is applicable to the public issues undertaken through the Book-Building Process as well as to the Fixed Price issues. The purpose of the "General Information Document for Investing in Public Issues" is to provide general guidance to potential Bidders/ Applicants in IPOs and FPOs, on the processes and procedures governing IPOs and FPOs, undertaken in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("**SEBI ICDR Regulations**").

Bidders/ Applicants should note that investment in equity and equity related securities involves risk and Bidder/ Applicant should not invest any funds in the Issue 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 Issue and the relevant information about the Issuer undertaking the Issue are set out in the Red Herring Prospectus ("**RHP**")/ Prospectus filed by the Issuer with the Registrar of Companies ("**RoC**"). Bidders/ Applicants should carefully read the entire RHP/ Prospectus and the Bid cum Application Form/ Application Form and the Abridged Prospectus of the Issuer in which they are proposing to invest through the Issue. 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 Lead Manager(s) to the Issue and on the website of Securities and Exchange Board of India ("**SEBI**") at www.sebi.gov.in.

For the definitions of capitalised terms and abbreviations used herein Bidders/ Applicants may see "*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, 2009. For details of compliance with the eligibility requirements by the Issuer, Bidders/ Applicants may refer to the RHP/ Prospectus.

2.2 Further public offer (FPO)

An FPO means an offer of specified securities by a listed Issuer to the public for subscription and may include Offer for Sale of specified securities to the public by any existing holder of such securities in a listed Issuer.

For undertaking an FPO, the Issuer is *inter-alia* required to comply with the eligibility requirements in terms of Regulation 26/ Regulation 27 of the SEBI ICDR Regulations, 2009. For details of compliance with the eligibility requirements by the Issuer, Bidders/ Applicants may refer to the RHP/ Prospectus.

2.3 Other Eligibility Requirements:

In addition to the eligibility requirements specified in paragraphs 2.1 and 2.2, an Issuer proposing to undertake an IPO or an FPO is required to comply with various other requirements as specified in the SEBI ICDR Regulations, 2009, the Companies Act, 2013, the Companies Act, 1956 (to the extent applicable), the Securities Contracts (Regulation) Rules, 1957 ("**SCRR**"), industry-specific regulations, if any, and other applicable laws for the time being in force.

For details in relation to the above Bidders/ Applicants may refer to the RHP/ Prospectus.

2.4 Types of Public Offers – Fixed Price Offers and Book Built Offers

In accordance with the provisions of the SEBI ICDR Regulations, 2009, an Issuer can either determine the Issue Price through the Book Building Process ("**Book Built Issue**") or undertake a Fixed Price Issue ("**Fixed Price Issue**"). An Issuer may mention Floor Price or Price Band in the RHP (in case of a Book Built Issue) and a Price or Price Band in the Draft Prospectus (in case of a fixed price Issue) and determine the price at a later date before registering the Prospectus with the Registrar of Companies.

The cap on the Price Band should be less than or equal to 120% of the Floor Price. The Issuer shall announce the Price or the Floor Price or the Price Band through advertisement in all newspapers in which the pre-issue advertisement was given at least five Working Days before the Bid/ Issue Opening Date, in case of an IPO and at least one Working Day before the Bid/ Issue Opening Date, in case of an FPO.

The Floor Price or the Issue price cannot be lesser than the face value of the securities.

Bidders/ Applicants should refer to the RHP/ Prospectus or Issue advertisements to check whether the Issue is a Book Built Issue or a Fixed Price Issue.

2.5 ISSUE PERIOD

The Issue 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/ Issue Period. Details of Bid/ Issue 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/ Issue Period for QIBs one Working Day prior to the Bid/ Issue 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/ Issue Period may be extended by at least three Working Days, subject to the total Bid/ Issue 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 advertisement in the newspaper(s) issued in this regard.

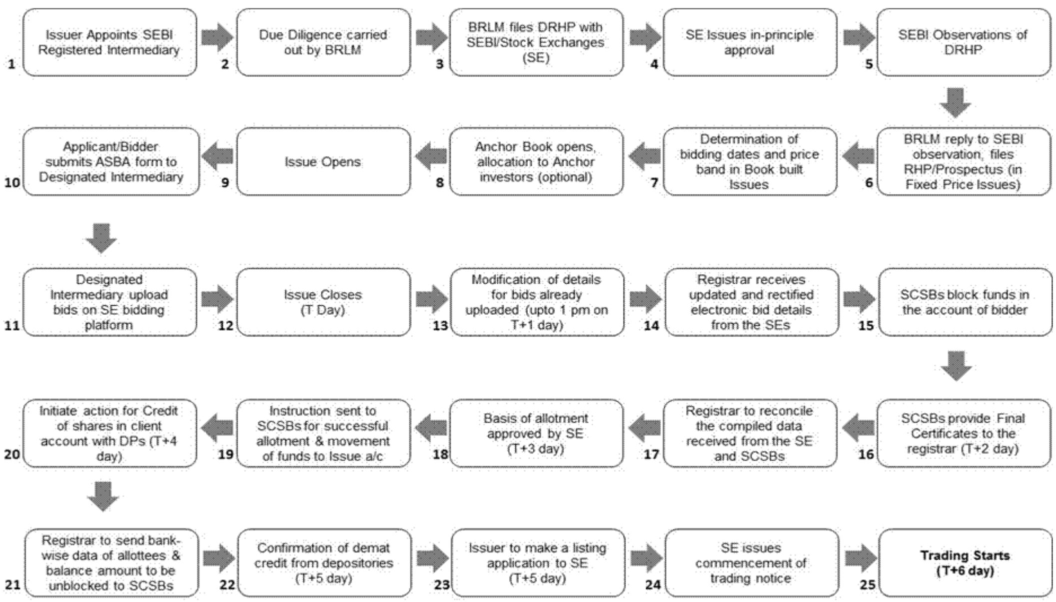
2.6 FLOWCHART OF TIMELINES

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 Issue other than Book Built Issue (Fixed Price Issue) the process at the following of the below mentioned steps shall be read as:

  i. Step 7: Determination of Issue Date and Price

  ii. Step 10: Applicant submits ASBA Form with any of the Designated Intermediaries.



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 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 invest in equity shares;
- Scientific and/ or industrial research organisations authorised in India to invest in the 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, 2009 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;
- 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 Issue.

SECTION 4: APPLYING IN THE ISSUE

Book Built Issue: Bidders/ Applicants should only use the specified ASBA Form (or in case of Anchor Investors, the Anchor Investor Application Form) either bearing the stamp of the Designated Intermediary, as available or downloaded from the websites of the Stock Exchanges. Bid cum Application Forms are available with the Designated Intermediaries at the Bidding Centres and at the registered office of the Issuer. Electronic Bid cum Application Forms will be available on the websites of the Stock Exchanges at least one day prior to the Bid/ Issue Opening Date. For further details, regarding availability of Bid cum Application Forms, Bidders/ Applicants may refer to the RHP/ Prospectus.

Fixed Price Issue: Applicants should only use the specified Bid cum Application Form bearing the stamp of the relevant Designated Intermediaries, as available or downloaded from the websites of the Stock Exchanges. Application Forms are available with the Designated Branches of the SCSBs and at the Registered and Corporate 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

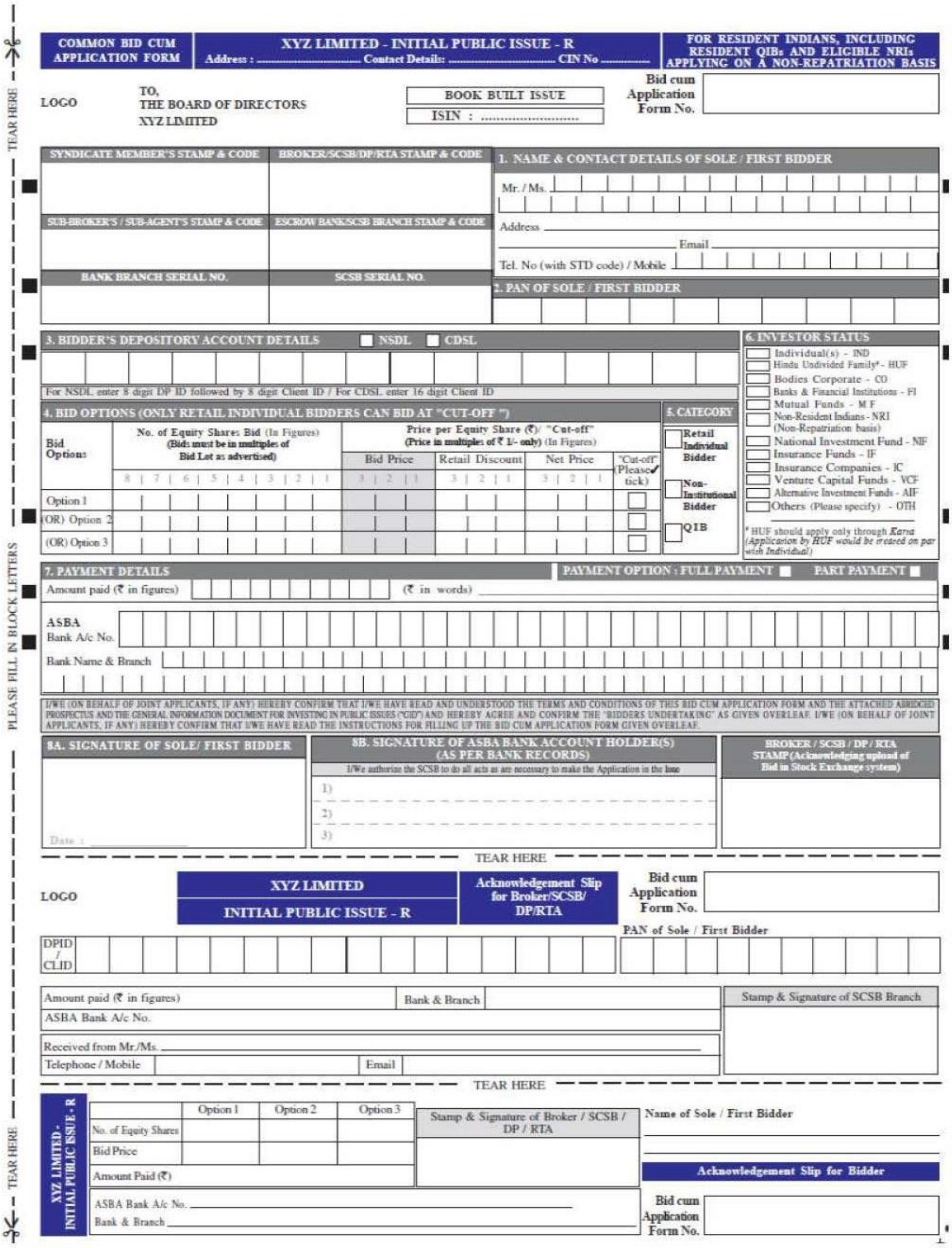
Securities issued in an IPO can only be in dematerialised form in accordance with Section 29 of the Companies Act, 2013. Bidders/ Applicants will not have the option of getting the Allotment of specified securities in physical form. However, they may get the specified securities rematerialised subsequent to Allotment.

4.1 INSTRUCTIONS FOR FILLING THE BID CUM APPLICATION FORM/ APPLICATION FORM

Bidders/ Applicants may note that forms not filled completely or correctly as per instructions provided in this GID, the RHP and the Bid cum Application Form/ Application Form are liable to be rejected.

Instructions to fill each field of the Bid cum Application Form can be found on the reverse side of the Bid cum Application Form. Specific instructions for filling various fields of the Resident Bid cum Application Form and Non-Resident Bid cum Application Form and samples are provided below. The samples of the Bid cum Application Form for resident Bidders/ Applicants and the Bid cum Application Form for non-resident Bidders/ Applicants are reproduced below:

Application Form – For Residents



COMMON BID CUM APPLICATION FORM

XYZ LIMITED - INITIAL PUBLIC ISSUE - R

Address : .... Contact Details: .... CIN No ....

FOR RESIDENT INDIANS, INCLUDING RESIDENT QIBs AND ELIGIBLE NRIs APPLYING ON A NON-REPATRIATION BASIS

LOGO

TO,
THE BOARD OF DIRECTORS
XYZ LIMITED

BOOK BUILT ISSUE

ISIN : ....

Bid cum Application Form No.

SYNDICATE MEMBER'S STAMP & CODE | BROKER/SCSB/DP/RTA STAMP & CODE

SUB-BROKER'S / SUB-AGENT'S STAMP & CODE | 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 authorise 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.

PAN of Sole / First Bidder

DPID / CLID

Amount paid (₹ in figures) | Bank & Branch

ASBA Bank A/c No.

Received from Mr./Ms.

Telephone / Mobile | Email

Stamp & Signature of SCSB Branch

TEAR HERE

XYZ LIMITED - INITIAL PUBLIC ISSUE - R

	Option 1	Option 2	Option 3
No. of Equity Shares			
Bid Price			
Amount Paid (₹)			

ASBA Bank A/c No.

Bank & Branch

Stamp & Signature of Broker / SCSB / DP / RTA

Name of Sole / First Bidder

Acknowledgement Slip for Bidder

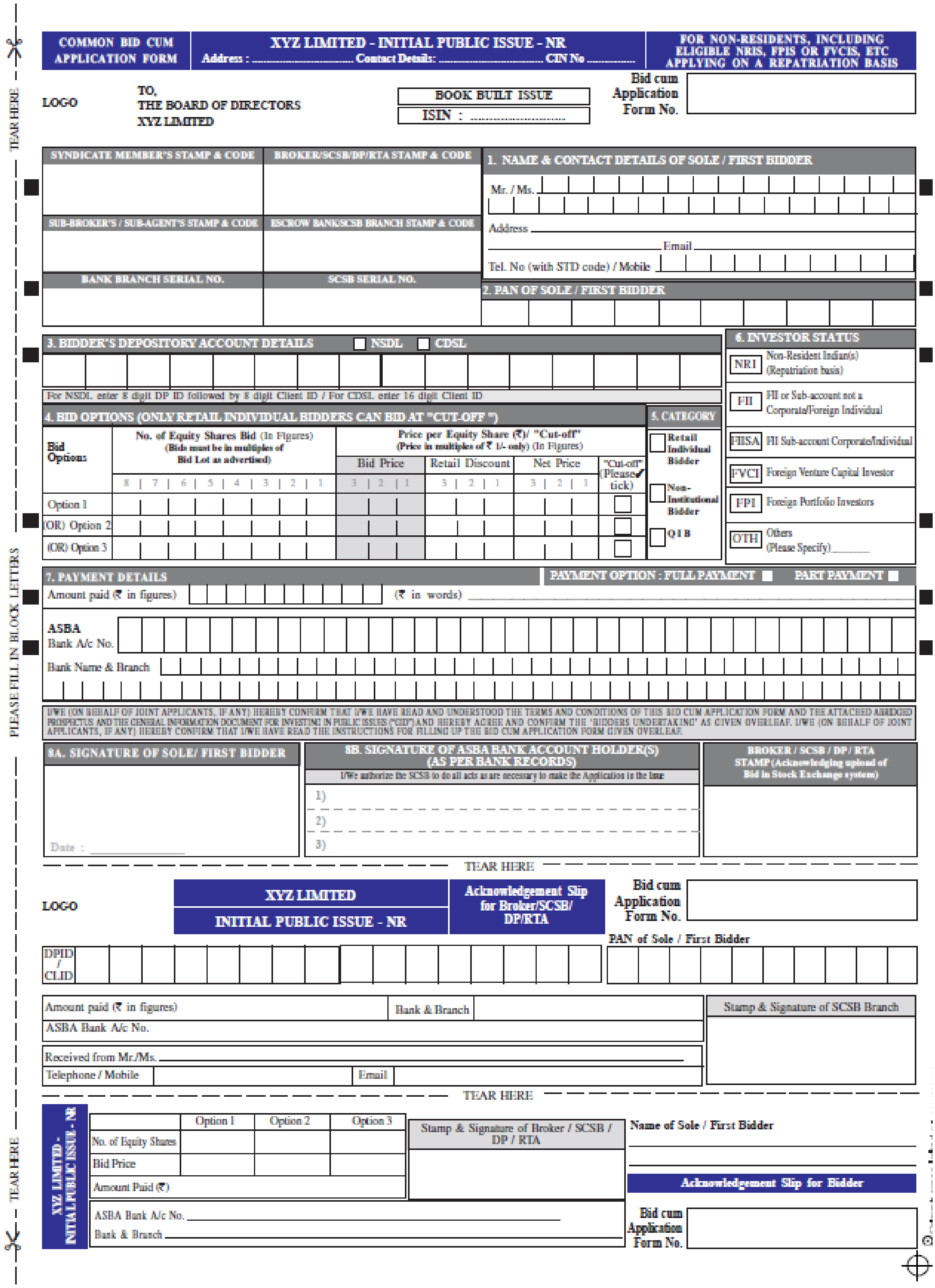
Bid cum Application Form No.

TEAR HERE

PLEASE FILL IN BLOCK LETTERS

TEAR HERE

Application Form – For Non – Residents



COMMON BID CUM APPLICATION FORM | XYZ LIMITED - INITIAL PUBLIC ISSUE - NR Address : .... Contact Details: .... CIN No .... | FOR NON-RESIDENTS, INCLUDING ELIGIBLE NRIS, FPIS OR FVCIS, ETC APPLYING ON A REPATRIATION BASIS

LOGO

TO, THE BOARD OF DIRECTORS XYZ LIMITED

BOOK BUILT ISSUE

ISIN : ....

Bid cum Application Form No.

SYNDICATE MEMBER'S STAMP & CODE | BROKER/SCSB/DP/RTA STAMP & CODE

SUB-BROKER'S / SUB-AGENT'S STAMP & CODE | ESCROW BANK/SCSB BRANCH STAMP & CODE

BANK BRANCH SERIAL NO. | SCSB SERIAL NO.

1. NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER

Mr. / Ms.

Address

Email

Tel. No (with STD code) / Mobile

2. PAN OF SOLE / FIRST BIDDER

3. BIDDER'S DEPOSITORY ACCOUNT DETAILS ☐ NSDL ☐ CDSL

For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID

4. BID OPTIONS (ONLY RETAIL INDIVIDUAL BIDDERS CAN BID AT "CUT-OFF")

Bid Options	No. of Equity Shares Bid (In Figures) (Bids must be in multiples of Bid Lot as advertised)	Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures) Bid Price	Retail Discount	Net Price	"Cut-off" (Please ✓ tick)
	8 | 7 | 6 | 5 | 4 | 3 | 2 | 1	3 | 2 | 1	3 | 2 | 1	3 | 2 | 1	
Option 1					☐
(OR) Option 2					☐
(OR) Option 3					☐

5. CATEGORY

☐ Retail Individual Bidder

☐ Non-Institutional Bidder

☐ QIB

6. INVESTOR STATUS

NRI Non-Resident Indian(s) (Repatriation basis)

FII FII or Sub-account not a Corporate/Foreign Individual

FIISA FII Sub-account Corporate/Individual

FVCI Foreign Venture Capital Investor

FPI Foreign Portfolio Investors

OTH Others (Please Specify)________

7. PAYMENT DETAILS

PAYMENT OPTION : FULL PAYMENT ☐ PART PAYMENT ☐

Amount paid (₹ in figures) (₹ in words)

ASBA Bank A/c No.

Bank Name & Branch

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID CUM APPLICATION FORM AND THE ATTACHED ABRIDGED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES ("GID") AND HEREBY AGREE AND CONFIRM THE 'BIDDERS UNDERTAKING' AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP 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 - NR

Acknowledgement Slip for Broker/SCSB/ DP/RTA

Bid cum Application Form No.

DPID / CLID

PAN of Sole / First Bidder

Amount paid (₹ in figures) | Bank & Branch

ASBA Bank A/c No.

Stamp & Signature of SCSB Branch

Received from Mr./Ms.

Telephone / Mobile | Email

TEAR HERE

XYZ LIMITED - INITIAL PUBLIC ISSUE - NR

	Option 1	Option 2	Option 3
No. of Equity Shares			
Bid Price			
Amount Paid (₹)			

ASBA Bank A/c No. ____________

Bank & Branch ____________

Stamp & Signature of Broker / SCSB / DP / RTA

Name of Sole / First Bidder

Acknowledgement Slip for Bidder

Bid cum Application Form No.

TEAR HERE

PLEASE FILL IN BLOCK LETTERS

4.1.1 FIELD NUMBER 1: NAME AND CONTACT DETAILS OF THE SOLE/ FIRST BIDDER/ APPLICANT

(a) Bidders/ Applicants should ensure that the name provided in this field is exactly the same as the name in which the Depository Account is held.

(b) **Mandatory Fields**: Bidders/ Applicants should note that the name and address fields are compulsory and e-mail and/ or telephone number/ mobile number fields are optional. Bidders/ Applicants should note that the contact details mentioned in the Bid cum Application Form/ Application Form may be used to dispatch communications in case the communication sent to the address available with the Depositories are returned undelivered or are not available. The contact details provided in the Bid cum Application Form may be used by the Issuer, the Designated Intermediaries and the Registrar to the Issue only for correspondence(s) related to an Issue 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.

(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 dematerialised form, there is no need to make a separate nomination as the nomination registered with the Depository may prevail. For changing nominations, the Bidders/ Applicants should inform their respective CDP.

4.1.2 FIELD NUMBER 2: PAN OF SOLE/ FIRST BIDDER/ APPLICANT

(a) PAN (of the sole/ first Bidder/ Applicant) provided in the Bid cum Application Form/ Application Form should be exactly the same as the PAN of the person(s) in whose sole or first name the relevant beneficiary account is held as per the Depositories' records.

(b) PAN is the sole identification number for participants transacting in the securities market irrespective of the amount of transaction except for Bids/ Applications on behalf of the Central or State Government, Bids/ Applications by officials appointed by the courts and Bids/ Applications by Bidders/ Applicants residing in Sikkim ("PAN Exempted Bidders/ Applicants"). Consequently, all Bidders/ Applicants, other than the PAN Exempted Bidders/ Applicants, are required to disclose their PAN in the Bid cum Application Form/ Application Form, irrespective of the Bid/ Application Amount. Bids/ Applications by the Bidders/ Applicants whose PAN is not available as per the Demographic Details available in their Depository records, are liable to be rejected.

(c) The exemption for the PAN Exempted Bidders/ Applicants is subject to (a) the Demographic Details received from the respective Depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same.

(d) Bid cum Application Forms which provide the GIR Number instead of PAN may be rejected.

(e) Bids by Bidders/ Applicants whose demat accounts have been 'suspended for credit' are liable to be rejected pursuant to the circular issued by SEBI on July 29, 2010, bearing number CIR/ MRD/ DP/ 22/ 2010. Such accounts are classified as "Inactive demat accounts" and Demographic Details are not provided by depositories.

4.1.3 **FIELD NUMBER 3: BIDDERS/ 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. The DP ID and Client ID provided in the Bid cum Application Form should match with the DP ID and Client ID available in the Depository database, **otherwise, the Bid cum Application Form is liable to be rejected.**

(b) Bidders/ Applicants should ensure that the beneficiary account provided in the Bid cum Application Form is active.

(c) Bidders/ Applicants should note that on the basis of the DP ID and Client ID as provided in the Bid cum Application Form, the Bidder/ Applicant may be deemed to have authorised the Depositories to provide to the Registrar to the Issue, 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 unblocking of ASBA Account or for other correspondence(s) related to an Issue.

(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/ Issue Opening Date in case of an IPO, and at least one Working Day before Bid/ Issue Opening Date in case of an FPO.

(b) The Bidders/ Applicants 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/ Applicants may Bid at Floor Price or any price above the Floor Price (For further details Bidders/ Applicants 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 Issue 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 Lead Managers 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/ Applicants 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/ Applicant may Bid for the desired number of Equity Shares at a specific price. Bids by Retail Individual Investors, 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/ Applicant does not exceed ₹ 200,000 and Eligible Employees Bidding in the Employee Reservation portion can Bid for a Bid Amount not exceeding ₹ 500,000.

(b) In case the Bid Amount exceeds ₹ 200,000 due to revision of the Bid or any other reason, the Bid may be considered for allocation under the Non-Institutional Category (with it not being eligible for Discount, if any), then such Bid may be rejected if it is at the Cut-off Price.

(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 Investors and QIBs are not allowed to Bid at Cut-off Price.

(e) In case the Bid Amount reduces to ₹ 200,000 or less due to a revision of the Price Band, Bids by the Non-Institutional Investors who are eligible for allocation in the Retail Category would be considered for allocation under the Retail Category.

(f) For Anchor Investors, if applicable, the Bid Amount shall be least ₹ 10 crores. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors. Bids by various schemes of a Mutual Fund shall be aggregated to determine the Bid Amount. A Bid cannot be submitted for more than 60% of the QIB Category under the Anchor Investor Portion. Anchor Investors cannot withdraw their Bids or lower the size of their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after the Anchor Investor Bid/ Issue Period and are required to pay the Bid Amount at the time of submission of the Bid. In case the Anchor Investor Issue Price is lower than the Issue Price, the balance amount shall be payable as per the pay-in-date mentioned in the revised CAN. In case the Issue Price is lower than the Anchor Investor Issue Price, the amount in excess of the Issue Price paid by the Anchor Investors shall not be refunded to them.

(g) A Bid cannot be submitted for more than the Issue size.

(h) The maximum Bid by any Bidder/ Applicant including QIB Bidder/ Applicant should not exceed the investment limits prescribed for them under the applicable laws.

(i) The price and quantity options submitted by the Bidder/ Applicant in the Bid cum Application Form may be treated as optional bids from the Bidder/ Applicant and may not be cumulated. After determination of the Issue Price, the highest number of Equity Shares Bid for by a Bidder/ Applicant at or above the Issue 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/ Applicants may refer to (Section 5.6 (e)).

4.1.4.2 **Multiple Bids**

(a) Bidder/ Applicant should submit only one Bid cum Application Form. Bidder/ Applicant shall have the option to make a maximum of three Bids at different price levels in the Bid cum Application Form and such options are not considered as multiple Bids.

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/ Applicants are requested to note the following procedures may be followed by the Registrar to the Issue to detect multiple Bids:

i. All Bids may be checked for common PAN as per the records of the Depository. For Bidders/ Applicants other than Mutual Funds, Bids bearing the same PAN may be treated as multiple Bids by a Bidder/ Applicant and may be rejected.

ii. For Bids from Mutual Funds, submitted under the same PAN, as well as Bids on behalf of the PAN Exempted Bidders/ Applicants, the Bid cum Application Forms may be checked for common DP ID and Client ID. Such Bids which have the same DP ID and Client ID may be treated as multiple Bids and are liable to be rejected.

(c) The following Bids may not be treated as multiple Bids:

i. Bids by Reserved Categories Bidding in their respective Reservation Portion as well as bids made by them in the Issue 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/ APPLICANTS**

(a) The categories of Bidders/ Applicants identified as per the SEBI ICDR Regulations, 2009 for the purpose of Bidding, allocation and Allotment in the Issue 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, 2009, with one-third of the Anchor Investor Portion reserved for domestic Mutual Funds subject to valid Bids being received at or above the Issue Price. For details regarding allocation to Anchor Investors, Bidders/ Applicants may refer to the RHP/ Prospectus.

(c) An Issuer can make reservation for certain categories of Bidders/ Applicants as permitted under the SEBI ICDR Regulations, 2009. For details of any reservations made in the Issue, Bidders/ Applicants may refer to the RHP/ Prospectus.

(d) The SEBI ICDR Regulations, 2009, specify the allocation or Allotment that may be made to various categories of Bidders/ Applicants in an Issue depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For Issue 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 Issue 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 in the Issue or hold Equity Shares exceeding certain limits specified under applicable law. Bidders/ Applicant 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/ Applicant 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 in the ASBA Account based on the authorisation provided in the ASBA Form. If the Discount is applicable in the Issue, the RIIs should indicate the full Bid Amount in the Bid cum Application Form and the funds shall be blocked for Bid Amount net of Discount. Only in cases where the RHP/ Prospectus indicates that part payment may be made, such an option can be exercised by the Bidder/ Applicant. In case of Bidders/ Applicant 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) Bidders/ Applicant who Bid at Cut-off Price shall deposit the Bid Amount based on the Cap Price.

(c) All Bidders/ Applicants (except Anchor Investors) have to participate in the Issue only through the ASBA mechanism.

(d) Bid Amount cannot be paid in cash, through money order or through postal order.

4.1.7.1 **Instructions for Anchor Investors:**

(a) Anchor Investors may submit their Bids with a Book Running Lead Manager.

(b) Payments should be made either by RTGS, direct credit or NEFT.

(c) The Banker to the Offer shall maintain the monies in the Escrow Account for and on behalf of the Anchor Investors until the Designated Date.

4.1.7.2 **Payment instructions for ASBA Bidders/ Applicants:**

(a) Bidders/ Applicants may submit the ASBA 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.

(b) Bidders/ Applicants must specify the Bank Account number in the Bid cum Application Form. The Bid cum Application Form submitted by Bidder and which is accompanied by cash, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account maintained with an SCSB, will not be accepted.

(c) Bidders/ Applicants should ensure that the Bid cum Application Form is also signed by the ASBA Account holder(s) if the Bidder is not the ASBA Account holder;

(d) Bidders/ Applicants 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/ Applicants should submit the Bid cum Application Form only at the Bidding Centres, i.e. to the respective member of the Syndicate at the Specified Locations, the SCSBs, the Registered Broker at the Broker Centres, the RTA at the Designated RTA Locations or CDP at the Designated CDP Locations.

(g) Bidders/ Applicants bidding through a Designated Intermediary (other than an SCSB) should note that ASBA Forms submitted to them may not be accepted, if the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has not named at least one branch at that location for such Designated Intermediary to deposit ASBA Forms.

(h) Bidders/ Applicants bidding directly through the SCSBs should ensure that the ASBA is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained.

(i) Upon receipt of the ASBA Form, the Designated Branch of the SCSB may verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the ASBA Form.

(j) If sufficient funds are available in the ASBA Account, the SCSB may block an amount equivalent to the Bid Amount mentioned in the ASBA Form and for application directly submitted to SCSB by investor, may enter each Bid option into the electronic bidding system as a separate Bid.

(k) If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB may not accept such Bids and such bids are liable to be rejected.

(l) Upon submission of a completed ASBA 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 ASBA 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 Issue 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 Issue must apply through an Account maintained with any other SCSB; else their Bids are liable to be rejected.

4.1.7.3 **Unblocking of ASBA Account**

(a) Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Issue 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 Issue 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 Issue Account, for each Bid, (iii) the date by which funds referred to in (ii) above may be transferred to the Public Issue Account, and (iv) details of rejected Bids, if any, to enable the SCSBs to unblock the respective bank accounts.

(b) On the basis of instructions from the Registrar to the Issue, the SCSBs may transfer the requisite amount against each successful Bidder to the Public Issue Account and may unblock the excess amount, if any, in the ASBA Account.

(c) In the event of withdrawal or rejection of the ASBA Form and for unsuccessful Bids, the Registrar to the Issue may give instructions to the SCSB to unblock the Bid Amount in the relevant ASBA Account within six Working Days of the Bid/ Issue Closing Date.

4.1.7.4 **Discount** (if applicable)

(a) The Discount is stated in absolute rupee terms.

(b) Bidders/ Applicants applying under RII category, Retail Individual Shareholder and employees are only eligible for discount. For Discounts offered in the Issue, Bidders/ Applicants may refer to the RHP/ Prospectus.

(c) The Bidders/ Applicants entitled to the applicable Discount in the Issue may block the Bid Amount less Discount.

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 is required to sign the Bid cum Application Form. Bidders/ Applicants should ensure that signatures are in one of the languages specified in the Eighth Schedule to the Constitution of India.

(b) If the ASBA Account is held by a person or persons other than the Bidder, then the Signature of the ASBA Account holder(s) is also required.

(c) The signature has to be correctly affixed in the authorisation/ undertaking box in the ASBA Form, or an authorisation has to be provided to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the ASBA Form.

(d) Bidders/ Applicants must note that Bid cum Application Form/ Application Form without signature of Bidder and/ or ASBA Account holder is liable to be rejected.

4.1.9 ACKNOWLEDGEMENT AND FUTURE COMMUNICATION

(a) Bidders/ Applicants should ensure that they receive the Acknowledgement Slip duly signed and stamped by the Designated Intermediary, as applicable, for submission of the ASBA Form.

(b) All communications in connection with Bids made in the Issue may be addressed to the Registrar to the Issue with a copy to the relevant Designated Intermediary to whom the Bid cum Application Form was submitted. The Bidder should give full details such as name of the sole or first Bidder/ Applicant, Bid cum Application Form number, Bidders'/ Applicants' DP ID, Client ID, PAN, date of the submission of Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for and the name and address of the Designated Intermediary where the Bid cum Application Form was submitted by the Bidder.

(c) Further, the investor shall also enclose a copy of the Acknowledgement Slip duly received from the Designated Intermediaries in addition to the information mentioned hereinabove.

For further details, Bidder may refer to the RHP/ Prospectus and the Bid cum Application Form.

4.2 INSTRUCTIONS FOR FILING THE REVISION FORM

(a) During the Bid/ Issue Period, any Bidder (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 till the Bid/ Issue 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 can make this revision any number of times during the Bid/ Issue 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 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 | FOR RESIDENT INDIANS, INCLUDING RESIDENT QIBs, AND ELIGIBLE NRIs APPLYING ON A NON-REPATRIATION BASIS

Address : .... Contact Details: .... CIN No ....

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) 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	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) 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	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 | 7B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(s) (AS PER BANK RECORDS) | BROKER / SCSB / DP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system)

I/We authorize the SCSB to do all acts as are necessary to make the Application in the Issue

1)
2)
3)

Date :

TEAR HERE

LOGO | XYZ LIMITED BID REVISION FORM - INITIAL PUBLIC ISSUE - R | Acknowledgement Slip for Broker/SCSB/ DP/RTA | Bid cum Application Form No.

DPID / CLID | PAN of Sole / First Bidder

Additional Amount Paid (₹) | Bank & Branch | Stamp & Signature of SCSB Branch

ASBA Bank A/c No.

REVISED BID

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		REVISED BID	
Additional Amount Paid (₹)			

Stamp & Signature of Broker / SCSB / DP / RTA

Name of Sole / First Bidder

Acknowledgement Slip for Bidder

ASBA Bank A/c No.

Bank & Branch

Bid cum Application Form No.

TEAR HERE | PLEASE FILL IN BLOCK LETTERS | TEAR HERE

Instructions to fill each field of the Revision Form can be found on the reverse side of the Revision Form. Other than instructions already highlighted at paragraph 4.1 above, point wise instructions regarding filling up various fields of the Revision Form are provided below:

4.2.1 **FIELDS 1, 2 AND 3: NAME AND CONTACT DETAILS OF SOLE/ FIRST BIDDER, PAN OF SOLE/ FIRST BIDDER & DEPOSITORY ACCOUNT DETAILS OF THE BIDDER**

Bidders/ Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

4.2.2 **FIELD 4 & 5: BID OPTIONS REVISION 'FROM' AND 'TO'**

(a) Apart from mentioning the revised options in the Revision Form, the Bidder must also mention the details of all the bid options given in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and such Bidder is changing only one of the options in the Revision Form, the Bidder must still fill the details of the other two options that are not being revised, in the Revision Form. The Designated Intermediaries may not accept incomplete or inaccurate Revision Forms.

(b) In case of revision, Bid options should be provided by Bidders/ Applicants in the same order as provided in the Bid cum Application Form.

(c) In case of revision of Bids by RIIs and Retail Individual Shareholders, such Bidders/ Applicants should ensure that the Bid Amount, subsequent to revision, does not exceed ₹ 200,000 and Eligible Employees Bidding in the Employee Reservation portion can Bid for a Bid Amount not exceeding ₹ 500,000. In case the Bid Amount exceeds ₹ 200,000 due to revision of the Bid or for any other reason or ₹ 500,000 in case of Bids by Eligible Employees Bidding under the Employee Reservation Portion, 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 Issue 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 Category in terms of the RHP/ Prospectus. If, however, the RII does not either revise the Bid or make additional payment and the Issue 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 may be unblocked after the Allotment is finalised.

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) along with the Bid Revision Form. 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) Bidder may issue instructions to block the revised amount based on cap of the revised Price Band (adjusted for the Discount (if applicable) in the ASBA Account, to the same Designated Intermediary through whom such Bidder 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 does not either revise the Bid or make additional payment and the Issue 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 additional amount is required blocked and the Bidder 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 after finalisation of Basis of Allotment.

4.2.4 **FIELDS 7: SIGNATURES AND ACKNOWLEDGEMENTS**

Bidders may refer to instructions contained at paragraphs 4.1.8 and 4.1.9 for this purpose.

4.3 INSTRUCTIONS FOR FILING APPLICATION FORM IN ISSUES MADE OTHER THAN THROUGH THE BOOK BUILDING PROCESS (FIXED PRICE ISSUE)

4.3.1 **FIELDS 1, 2, 3 NAME AND CONTACT DETAILS OF SOLE/ FIRST BIDDER, PAN OF SOLE/ FIRST BIDDER & DEPOSITORY ACCOUNT DETAILS OF THE BIDDER**

Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

4.3.2 **FIELD 4: PRICE, APPLICATION QUANTITY & AMOUNT**

(a) The Issuer may mention Issue 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 Managers 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 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 and Eligible Employees Bidding under the Employee Reservation Portion should ensure that the application amount payable does not exceed ₹ 500,000.

(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 Issue 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 Issue 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 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 Issue portion in public category.

ii. Separate applications by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Applications clearly indicate the scheme for which the Bid has been made.

iii. Applications by Mutual Funds submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.

4.3.3 **FIELD NUMBER 5: CATEGORY OF APPLICANTS**

(a) The categories of applicants identified as per the SEBI ICDR Regulations, 2009 for the purpose of Bidding, allocation and Allotment in the Issue 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, 2009. For details of any reservations made in the Issue, applicants may refer to the Prospectus.

(c) The SEBI ICDR Regulations, 2009 specify the allocation or Allotment that may be made to various categories of applicants in an Issue depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For Issue 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 Issue.

(b) Application Amount cannot be paid in cash, through money order or through postal order or through stock invest.

4.3.5.1 **Payment instructions for Applicants**

Applicants should refer to instructions contained in paragraph 4.1.7.2.

4.3.5.2 **Unblocking of ASBA Account**

Applicants should refer to instructions contained in paragraph 4.1.7.2.1.

4.3.5.3 **Discount** (if applicable)

Applicants should refer to instructions contained in paragraph 4.1.7.2.3.

4.3.6 **FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS & ACKNOWLEDGEMENT AND FUTURE COMMUNICATION**

Applicants should refer to instructions contained in paragraphs 4.1.8 & 4.1.9.

4.4 SUBMISSION OF BID CUM APPLICATION FORM/ REVISION FORM

4.4.1 **Bidders may submit completed Bid cum application form/ Revision Form in the following manner:-**

Mode of Application	**Submission of Bid cum Application Form**
Anchor Investors Application Form	1) To the Book Running Lead Managers at the locations mentioned in the Anchor Investor Application Form
ASBA Form	(a) To members of the Syndicate in the Specified Locations or Registered Brokers at the Broker Centres or the RTA at the Designated RTA Location or the CDP at the Designated CDP Location (b) To the Designated Branches of the SCSBs

(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 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 Issue Price and filing of the Prospectus with the RoC, the Bid cum Application Form will be considered as the application form.

SECTION 5: ISSUE PROCEDURE IN BOOK BUILT ISSUE

Book Building, in the context of the Issue, refers to the process of collection of Bids within the Price Band or above the Floor Price and determining the Issue Price based on the Bids received as detailed in Schedule XI of SEBI ICDR Regulations, 2009. The Issue Price is finalised after the Bid/ Issue Closing Date. Valid Bids received at or above the Issue 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/ Issue Period, Bidders/ Applicants may approach any of the Designated Intermediaries to register their Bids. Anchor Investors who are interested in subscribing for the Equity Shares should approach the 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 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/ Issue Closing Date, the Designated Intermediaries may upload the Bids till such time as may be permitted by the Stock Exchanges and as disclosed in the Red Herring Prospectus.

(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 next Working Day following the Bid/ Issue Closing Date to modify select fields uploaded in the Stock Exchange Platform during the Bid/ Issue Period after which the Stock Exchange(s) send the bid information to the Registrar to the Issue 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 Lead Managers at the end of the Bid/ Issue 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/ Issue Period.

5.4 WITHDRAWAL OF BIDS

(a) RIIs can withdraw their Bids until Bid/ Issue Closing Date. In case a RII wishes to withdraw the Bid during the Bid/ Issue Period, the same can be done by submitting a request for the same to the concerned Designated Intermediary who shall do the requisite, including unblocking of the funds by the SCSB in the ASBA Account.

(b) The Registrar to the Issue shall give instruction to the SCSB for unblocking the ASBA Account upon or after finalisation 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 Intermediary.

Any RIB whose Bid has not been considered for Allotment, due to failures on the part of the SCSB may seek redressal from the concerned SCSB within three months of the listing date in accordance with the circular SEBI/HO/CFD/DIL2/CIR/P/2018/22 dated February 15, 2018.

(b) The Lead Managers 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/ Applicants, only the (i) SCSBs (for Bids other than the Bids by Anchor Investors); and (ii) Lead Managers 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, entities forming part of the Promoter Group, NIIs & RIIs can be rejected on technical grounds listed herein.

5.5.1 **GROUNDS FOR TECHNICAL REJECTIONS**

Bid cum Application Forms can be rejected on the below mentioned technical grounds either at the time of their submission to any of the Designated Intermediaries, or at the time of finalisation of the Basis of Allotment. Bidders/ Applicants are advised to note that the Bids/ Applications are liable to be rejected, inter-alia, on the following grounds, which have been detailed at various placed in this GID:-

a. Bid by persons not competent to contract under the Indian Contract Act, 1872, as amended, (other than minors having valid Depository Account supported by guardian as per Demographic Details provided by Depositories);

b. Bids by OCBs;

c. Bids by any entity forming part of the Promoter Group;

d. In case of partnership firms, Bid for Equity Shares made in the name of the firm. However, a limited liability partnership can apply in its own name;

e. In case of Bids under power of attorney or by limited companies, corporate, trust etc., relevant documents are not being submitted along with the Bid cum Application Form;

f. Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;

g. Bids by any person outside India if not in compliance with applicable foreign and Indian laws;

h. PAN not mentioned in the Bid cum Application Form, except for Bids by or on behalf of the Central or State Government and officials appointed by the court and by the investors residing in the State of Sikkim, provided such claims have been verified by the Depository Participant;

i. In case no corresponding record is available with the Depositories that matches the DP ID, the Client ID and the PAN;

j. Bids for lower number of Equity Shares than the minimum specified for that category of investors;

k. Bids at a price less than the Floor Price and Bids at a price more than the Cap Price;

l. Bids at Cut-off Price by NIIs and QIBs;

m. The amounts mentioned in the Bid cum Application Form do not tally with the amount payable for the value of the Equity Shares Bid for;

n. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;

o. Submission of more than five ASBA Forms as through a single ASBA Account;

p. Bids for number of Equity Shares which are not in multiples Equity Shares which are not in multiples as specified in the RHP;

q. Multiple Bids as defined in this GID and the RHP/ Prospectus;

r. Inadequate funds in the bank account to block the Bid Amount specified in the Bid cum Application Form at the time of blocking such Bid Amount in the bank account;

s. Where no confirmation is received from SCSB for blocking of funds;

t. Bids by Bidders/ Applicants (other than Anchor Investors) not submitted through ASBA process;

u. Bids submitted to Designated Intermediaries at locations other than the Bidding Centres or to the Banker to the Offer (assuming that such bank is not a SCSB where the ASBA Account is maintained), to the issuer or the Registrar to the Issue;

v. Bids not uploaded on the terminals of the Stock Exchanges;

w. Bids by SCSBs wherein a separate account in its own name held with any other SCSB is not mentioned as the ASBA Account in the Bid cum Application Form

x. Bids uploaded without affixing the approval of the IRDA to the Bid cum Application Form, in the event the Allotment of Equity Shares by the Bidder results in the Bidder holding 5% or more of the post-Offer paid up equity capital of our Company; and

y. Bids not uploaded in the Stock Exchanges bidding system.

5.6 BASIS OF ALLOCATION

(a) The SEBI ICDR Regulations, 2009 specify the allocation or Allotment that may be made to various categories of Bidders/ Applicants in an Issue depending on compliance with the eligibility conditions. Certain details pertaining to the percentage of Issue size available for allocation to each category is disclosed overleaf of the Bid cum Application Form and in the RHP/ Prospectus. For details in relation to allocation, the Bidder may refer to the RHP/ Prospectus.

(b) Under-subscription in any category (except QIB Category) is allowed to be met with spill-over from any other category or combination of categories at the discretion of the Issuer and in consultation with the Lead Managers and the Designated Stock Exchange and in accordance with the SEBI ICDR Regulations, 2009. Unsubscribed portion in QIB Category is not available for subscription to other categories.

(c) In case of under subscription in the Issue, spill-over to the extent of such under-subscription may be permitted from the Reserved Portion to the 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/ Applicants 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/ Applicants 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/ Applicants, 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 issue the desired number of equity shares is the price at which the book cuts off, i.e., ₹ 22.00 in the above example. The issuer, in consultation with the book running lead managers, may finalise the issue price at or below such cut-off price, i.e., at or below ₹ 22.00. All bids at or above this issue 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/ Issue 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/ Applicant with the highest Bid Amount is allotted the number of Equity Shares Bid for and then the second highest Bidder/ Applicant 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/ Applicants 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/ Applicant, decide whether a Bidder/ Applicant be allowed to revise the bid upwards or downwards in terms of price and/ or quantity and also decide whether a Bidder/ Applicant be allowed single or multiple bids.

SECTION 6: ISSUE PROCEDURE IN FIXED PRICE ISSUE

Applicants may note that there is no Bid cum Application Form in a Fixed Price Issue. As the Issue Price is mentioned in the Fixed Price Issue therefore on filing of the Prospectus with the RoC, the Application so submitted is considered as the application form.

Applicants may only use the specified Application Form for the purpose of making an Application in terms of the Prospectus which may be submitted through the Designated Intermediary.

Applicants may submit an Application Form either in physical form to the any of 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/ Issue Opening Date.

In a fixed price Issue, allocation in the net offer to the public category is made as follows: minimum fifty per cent to Retail Individual Investors; and remaining to (i) individual investors other than Retail Individual Investors; and (ii) other Applicants including corporate bodies or institutions, irrespective of the number of specified securities applied for. The unsubscribed portion in either of the categories specified above may be allocated to the Applicants in the other category.

For details of instructions in relation to the Application Form, Bidders/ Applicants may refer to the relevant section of the GID.

SECTION 7: ALLOTMENT PROCEDURE AND BASIS OF ALLOTMENT

The Allotment of Equity Shares to Bidders/ Applicants other than Retail Individual Investors and Anchor Investors may be on proportionate basis. For Basis of Allotment to Anchor Investors, Bidders/ Applicants may refer to RHP/ Prospectus. No Retail Individual Investor will be Allotted less than the minimum Bid Lot subject to availability of shares in Retail Individual Investor Category and the remaining available shares, if any will be Allotted on a proportionate basis. The Issuer is required to receive a minimum subscription of 90% of the Issue (excluding any Offer for Sale of specified securities). However, in case the Issue 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 Issue 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 Issue 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 Issue 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 Issue 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 Issue 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 Issue 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 Issue Price. If the aggregate demand in this category is less than or equal to the Non-Institutional Category at or above the Issue 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 Issue Price, Allotment may be made on a proportionate basis up to a minimum of the Non-Institutional Category.

7.4 ALLOTMENT TO QIBs

For the Basis of Allotment to Anchor Investors, Bidders/ Applicants may refer to the SEBI ICDR Regulations, 2009 or RHP/ Prospectus. Bids received from QIBs Bidding in the QIB Category (net of Anchor Portion) at or above the Issue 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 Issue 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 Issue 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 Issue 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.

7.5 ALLOTMENT TO ANCHOR INVESTOR (IF APPLICABLE)

(a) Allocation of Equity Shares to Anchor Investors at the Anchor Investor Issue Price will be at the discretion of the issuer in consultation with the Promoter Selling Shareholder and the Lead Managers, 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 ₹ 100 million;
- a minimum number of two Anchor Investors and maximum number of 15 Anchor Investors for allocation of more than ₹ 100 million and up to ₹ 2,500 million subject to minimum Allotment of ₹ 50 million per such Anchor Investor; and
- a minimum number of five Anchor Investors and maximum number of 15 Anchor Investors for allocation more than ₹ 2,500 million, and an additional 10 Anchor Investors for every additional ₹ 2,500 million or part thereof, subject to minimum Allotment of ₹ 50 million per such Anchor Investor.

(b) An Anchor Investor shall make an application of a value of at least ₹ 100 million in the Issue.

(c) A physical book is prepared by the Registrar on the basis of the Anchor Investor Application Forms received from Anchor Investors. Based on the physical book and at the discretion of the issuer in consultation with the Lead Managers, selected Anchor Investors will be sent a CAN and if required, a revised CAN.

(d) **In the event that the Issue Price is higher than the Anchor Investor Issue 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 Issue Price and the Anchor Investor Issue Price, as indicated in the revised CAN within the pay-in date referred to in the revised CAN. Thereafter, the Allotment Advice will be issued to such Anchor Investors.

(e) **In the event the Issue Price is lower than the Anchor Investor Issue Price:** Anchor Investors who have been Allotted Equity Shares will directly receive Allotment Advice.

7.6 BASIS OF ALLOTMENT FOR QIBs (OTHER THAN ANCHOR INVESTORS), NIIs AND RESERVED CATEGORY IN CASE OF OVER-SUBSCRIBED ISSUE

In the event of the Issue 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, 2009.

The allocation may be made in marketable lots, on a proportionate basis as explained below:

(a) Bidders/ Applicants may be categorised 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/ Applicants 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/ Applicants may be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder/ Applicant 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/ Applicant, the Allotment may be made as follows: the successful Bidders/ Applicants out of the total Bidders/ Applicants 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/ Applicant 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/ Applicant 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 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 to the lower whole number. Allotment to all Bidders/ Applicants in such categories may be arrived at after such rounding; and

(f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares Allotted to the Bidders/ Applicants 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/ Applicants in that category. The balance Equity Shares, if any, remaining after such adjustment may be added to the category comprising Bidders/ Applicants applying for minimum number of Equity Shares.

7.7 DESIGNATED DATE AND ALLOTMENT OF EQUITY SHARES

(a) **Designated Date:** On the Designated Date, the Banker to the Offer shall transfer the funds represented by allocation of Equity Shares to Anchor Investors from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Bankers to the Issue. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account. Payments of refund to the Bidders/ Applicants applying in the Anchor Investor Portion shall be made from the Refund Account as per the terms of the Escrow Agreement and the RHP. On the Designated Date, the Registrar to the Issue shall instruct the SCSBs to transfer funds represented by allocation of Equity Shares from ASBA Accounts into the Public Issue Account.

(b) **Issuance of Allotment Advice:** In terms of the Listed Indian Insurance Companies Guidelines, Bidders submitting Bids for Equity Shares representing 1% or more and less than 5% of the post-Offer paid up equity capital of our Company should satisfy the 'fit and proper' criteria set out by our Company, through a self certification process. For details of the 'fit and proper' criteria set out by our Company, see "*Offer Procedure-Bids by Bidders for 1% or more and less than 5% of the post-Offer paid up equity share capital of our Company*" on page 307. Bidders should note than in the event the acquisition of the Equity Shares results in the Bidder holding 5% or more of the post-Offer paid up equity capital of our Company, the approval of the IRDA in this regard will have to be affixed along with the Bid cum Application Form; 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 Issue.

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 Issue.

(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/ Issue Closing Date.

SECTION 8: INTEREST AND REFUNDS

8.1 COMPLETION OF FORMALITIES FOR LISTING & COMMENCEMENT OF TRADING

The Issuer shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges are taken within six Working Days of the Bid/ Issue Closing Date. The Registrar to the Issue may initiate corporate action for credit to Equity Shares the beneficiary account with Depositories, within six Working Days of the Bid/ Issue Closing Date.

8.2 GROUNDS FOR REFUND

8.2.1 NON RECEIPT OF LISTING PERMISSION

An Issuer makes an application to the Stock Exchange(s) for permission to deal in/ list and for an official quotation of the Equity Shares. All the Stock Exchanges from where such permission is sought are disclosed in RHP/ Prospectus. The Designated Stock Exchange may be as disclosed in the RHP/ Prospectus with which the Basis of Allotment may be finalised.

If the Issuer fails to make application to the Stock Exchange(s) or obtain permission for listing of the Equity Shares, in accordance with the provisions of Section 40 of the Companies Act, 2013, the Issuer shall be punishable with a fine which shall not be less than ₹ 5 lakhs but which may extend to ₹ 50 lakhs and every officer of the Issuer who is in default shall be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than ₹ 50,000 but which may extend to ₹ 3 lakhs, or with both.

If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchange(s), the Issuer may forthwith take steps to refund, without interest, all moneys received from Bidders/ Applicants.

If such money is not refunded to the Bidders/ Applicants within the prescribed time after the Issuer becomes liable to repay it, then the Issuer and every director of the Issuer who is an officer in default may, on and from such expiry of such period, be liable to repay the money, with interest at such rate, as disclosed in the RHP/ Prospectus.

8.2.2 NON RECEIPT OF MINIMUM SUBSCRIPTION

If the Issuer does not receive a minimum subscription of 90% of the Net Issue (excluding any offer for sale of specified securities), including devolvement to the Underwriters, the Issuer may forthwith, take steps to unblock the entire subscription amount received within six Working Days of the Bid/ Issue Closing Date and repay, without interest, all moneys received from Anchor Investors. In case the Issue is in the nature of Offer for Sale only, then minimum subscription may not be applicable. In case of under-subscription in the Issue involving a Fresh Issue and the Offer for Sale, 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 the amount received from Bidders/ Applicants, then the Issuer and every director of the Issuer who is an officer in default may on and from expiry of 15 Working Days, be jointly and severally liable to repay the money, with interest at the rate of 15% 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, 2009 comes for an Issue under Regulation 26(2) of SEBI (ICDR) Regulations, 2009 but fails to Allot at least 75% of the Net Issue to QIBs, in such case full subscription money is to be refunded.

8.3 MODE OF REFUND

(a) **In case of ASBA Bids:** Within six Working Days of the Bid/ Issue Closing Date, the Registrar to the Issue may give instructions to SCSBs for unblocking the amount in ASBA Account on unsuccessful Bid and also for any excess amount blocked on Bidding.

(b) **In case of Anchor Investors:** Within six Working Days of the Bid/ Issue Closing Date, the Registrar to the Issue may dispatch the refund orders for all amounts payable to unsuccessful Anchor Investors.

(c) In case of Anchor Investors, the Registrar to the Issue may obtain from the depositories, the Bidders'/ Applicants' bank account details, including the MICR code, on the basis of the DP ID, Client ID and PAN provided by the Anchor Investors in their Anchor Investor Application Forms for refunds. Accordingly, Anchor Investors are advised to immediately update their details as appearing on the records of their depositories. Failure to do so may result in delays in dispatch of refund orders or refunds through electronic transfer of funds, as applicable, and any such delay may be at the Anchor Investors' sole risk and neither the Issuer, the Registrar to the Issue, the Banker to the Offer, 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 Banker to the Offer.

8.3.1 Electronic mode of making refunds for Anchor Investors

The payment of refund, if any, may be done through various electronic modes as mentioned below:

(a) **NACH**— National Automated Clearing House which is a consolidated system of ECS. Payment of refund would be done through NACH for Bidders/ Applicants having an account at any of the centres specified by the RBI where such facility has been made available. This would be subject to availability of complete bank account details including Magnetic Ink Character Recognition (MICR) code wherever applicable from the depository. The payment of refund through NACH is mandatory for Bidders/ Applicants having a bank account at any of the centres where NACH facility has been made available by the RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where the Bidder/ Applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS.

(b) **NEFT**—Payment of refund may be undertaken through NEFT wherever the branch of the Anchor Investors' bank is NEFT enabled and has been assigned the Indian Financial System Code ("**IFSC**"), which can be linked to the MICR of that particular branch. The IFSC Code may be obtained from the website of RBI as at a date prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Anchor Investors have registered their nine-digit MICR number and their bank account number while opening and operating the demat account, the same may be duly mapped with the IFSC Code of that particular bank branch and the payment of refund may be made to the Anchor Investors through this method. In the event NEFT is not operationally feasible, the payment of refunds may be made through any one of the other modes as discussed in this section;

(c) **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;

(d) **RTGS**—Anchor Investors having a bank account at any of the centres notified by SEBI where **clearing houses are managed by the RBI, may have the option to receive refunds, if any,** through RTGS; and

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 Banker to the Offer.

For details of levy of charges, if any, for any of the above methods, Anchor Investors may refer to RHP/ Prospectus.

8.4 INTEREST IN CASE OF DELAY IN ALLOTMENT OR REFUND

The Issuer may pay interest at the rate of 15% per annum, if the Allotment is not made and refund instructions have not been given to the clearing system in the disclosed manner. Instructions for unblocking of funds in the ASBA Account are not dispatched within the 15 days of the Bid/ Issue Closing Date.

The Issuer may pay interest at 15% per annum for any delay beyond 15 days from the Bid/ Issue Closing Date, if Allotment is not made.

SECTION 9: GLOSSARY AND ABBREVIATIONS

Unless the context otherwise indicates or implies, certain definitions and abbreviations used in this document may have the meaning as provided below. References to any legislation, act or regulation may be to such legislation, act or regulation as amended from time to time.

Term	Description
Allotment/ Allot/ Allotted	The allotment of Equity Shares pursuant to the Issue 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	An 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, 2009 and the 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 the 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 the Lead Managers, 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 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 Form	Application form, whether physical or electronic, used by ASBA Bidders/ Applicants, which will be considered as the application for Allotment in terms of the Red Herring Prospectus and the Prospectus
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
ASBA Bidder/ Applicant	All Bidders/ Applicants except Anchor Investors
Banker to the Issue/ Escrow Collection Bank(s)/ Collecting Banker	Banks which are clearing members and registered with SEBI as Banker to the Issue with whom the Escrow Account(s) for Anchor Investors may be opened, and as disclosed in the RHP/ Prospectus and Bid cum Application Form of the Issuer
Basis of Allotment	Basis on which the Equity Shares may be Allotted to successful Bidders/ Applicants under the Issue
Bid	An indication to make an offer during the Bid/ Issue Period by a prospective Bidder/ Applicants pursuant to submission of Bid cum Application Form or during the Anchor Investor Bid/ Issue Period by the Anchor Investors, to subscribe for or purchase the Equity Shares of the Issuer at a price within the Price Band, including all revisions and modifications thereto. In case of issues undertaken through the fixed price process, all references to a Bid should be construed to mean an Application
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder/ Applicants 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	Anchor Investor Application Form or the ASBA Form, as the context requires
Bid/ Issue 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 Issue, 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. Bidders/ Applicants may refer to the RHP/ Prospectus for the Bid/ Issue Closing Date
Bid/ Issue 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. Bidders/ Applicants may refer to the RHP/ Prospectus for the Bid/ Issue Opening Date
Bid/ Issue Period	Except in the case of Anchor Investors (if applicable), the period between the Bid/ Issue Opening Date and the Bid/ Issue Closing Date inclusive of both days and during which prospective ASBA Bidders/ Applicants can submit their Bids, inclusive of any revisions thereof. The Issuer may consider closing the Bid/ Issue Period for QIBs one working day prior to the Bid/ Issue Closing Date in accordance with the SEBI ICDR Regulations, 2009. Bidders/ Applicants may refer to the RHP/ Prospectus for the Bid/ Issue Period
Bidder/ Applicant	Any prospective investor who makes a Bid pursuant to the terms of the RHP/ Prospectus and the Bid cum Application Form. In case of issues undertaken through the fixed price process, all references to a Bidder/ Applicant should be construed to mean an Applicant
Book Built Process/ Book Building Process/ Book Building Method	The book building process as provided under SEBI ICDR Regulations, 2009, in terms of which the Issue is being made
Broker Centres/	Broker centres notified by the Stock Exchanges, where Bidders/ Applicants can submit the ASBA Forms to a Registered Broker. The details of such broker centres, along with the names and contact details of the Registered Brokers are available on the websites of the Stock Exchanges.

Term	Description
BRLM(s)/ Book Running Lead Manager(s)/ Lead Manager/ LM	The Book Running Lead Manager to the Issue 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 Allocation Note	Notice or intimation of allocation of Equity Shares sent to Anchor Investors, who have been allocated Equity Shares, after the Anchor Investor Bid/ Issue Period
Cap Price	The higher end of the Price Band, above which the Issue Price and the Anchor Investor Issue 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 number CIR/ CFD/ POLICYCELL/ 11/ 2015 dated November 10, 2015 issued by SEBI
Cut-off Price	Issue 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 Bidders'/ Applicants' 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/ cms/ sebi_data/ attachdocs/ 1316087201341.html
Designated CDP Locations	Such locations of the CDPs where Bidders/ Applicants can submit the ASBA Forms to Collecting Depository Participants. The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept ASBA Forms are available on the websites of the respective Stock Exchanges (www.bseindia.com and www.nseindia.com)
Designated Date	The date on which funds are transferred by the Banker to the Offer 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 Issue 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	Members of the Syndicate, Sub-Syndicate/ Agents, SCSBs, Registered Brokers, Brokers, the CDPs and RTAs, who are authorised to collect Bid cum Application Forms from the Bidders/ Applicants, in relation to the Issue
Designated RTA Locations	Such locations of the RTAs where Bidders/ Applicants can submit the ASBA Forms to RTAs. The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept ASBA Forms are available on the websites of the respective 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 Issue Price that may be provided to Bidders/ Applicants in accordance with the SEBI ICDR Regulations, 2009.
Draft Prospectus	The draft prospectus filed with SEBI in case of Fixed Price Issues and which may mention a price or a Price Band
Employees	Employees of an Issuer as defined under SEBI ICDR Regulations, 2009 and including, in case of a new company, persons in the permanent and full time employment of the promoting companies excluding the promoters and immediate relatives of the promoters. For further details, Bidder/ Applicant may refer to the RHP/ Prospectus
Equity Shares	Equity Shares of the Issuer
Escrow Account	Account opened with the Banker to the Offer and in whose favour the Anchor Investors may transfer money through NEFT, direct credit or RTGS in respect of the Bid Amount when submitting a Bid
Escrow Agreement	Agreement to be entered into among the Issuer, the Registrar to the Issue, the Book Running Lead Manager(s), the Syndicate Member(s), the Banker to the Offer 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

Term	Description
Banker to the Offer	Refer to definition of Banker to the Issue
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, 2009, in terms of which the Issue is being made
Floor Price	The lower end of the Price Band, at or above which the Issue Price and the Anchor Investor Issue 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
Issue	Public issue of Equity Shares of the Issuer including the Offer for Sale if applicable
Issuer/ Company	The Issuer proposing the initial public offering/ further public offering as applicable
Locations	Bidding centres where the syndicate shall accept ASBA Forms from Bidders/ Applicants
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
NEFT	National Electronic Fund Transfer
NRE Account	Non-Resident External Account
NRI	NRIs from such jurisdictions outside India where it is not unlawful to make an offer or invitation under the Issue 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 Issue	The Issue less reservation portion
Non-Institutional Investors or NIIs	All Bidders/ Applicants, including FPIs which are Category III foreign portfolio investors, that are not QIBs or RIBs and who have Bid for Equity Shares for an amount of more than ₹ 200,000 (but not including NRIs other than Eligible NRIs)
Non-Institutional Category	The portion of the Issue being such number of Equity Shares available for allocation to NIIs on a proportionate basis and as disclosed in the RHP/ Prospectus and the Bid cum Application Form
Non-Resident	A person resident outside India, as defined under FEMA and includes Eligible NRIs, FPIs and FVCIs registered with SEBI
OCB/ Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA
Offer for Sale	Public offer of such number of Equity Shares as disclosed in the RHP/ Prospectus through an offer for sale by the Promoter Selling Shareholder
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
Issue Price	The final price, less discount (if applicable) at which the Equity Shares may be Allotted to Bidders/ Applicants other than Anchor Investors, in terms of the Prospectus. Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Issue Price The Issue Price may be decided by the Issuer in consultation with the Book Running Lead Manager(s)
PAN	Permanent Account Number allotted under the Income Tax Act, 1961

Term	Description
Price Band	Price Band with a minimum price, being the Floor Price and the maximum price, being the Cap Price and includes revisions thereof. The Price Band and the minimum Bid lot size for the Issue 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/ Issue 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	Date on which the Issuer in consultation with the Book Running Lead Manager(s), finalise the Issue Price
Prospectus	Prospectus to be filed with the RoC in accordance with Section 26 of the Companies Act, 2013 after the Pricing Date, containing the Issue Price, the size of the Issue and certain other information
Public Issue Account	Bank account opened with the Banker to the Issue to receive monies from the Escrow Account and from the ASBA Accounts on the Designated Date
QIB Category	The portion of the Issue 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, 2009
RTGS	Real Time Gross Settlement
Red Herring Prospectus/ RHP	The red herring prospectus issued in accordance with Section 32 of the Companies Act, 2013, which does not have complete particulars of the price at which the Equity Shares are offered and the size of the Issue. The RHP may be filed with the RoC at least three days before the Bid/ Issue Opening Date and may become a Prospectus upon filing with the RoC after the Pricing Date. In case of issues undertaken through the fixed price process, all references to the RHP should be construed to mean the Prospectus
Refund Account(s)	The account opened with Refund Bank(s), from which refunds to Anchor Investors, if any, of the whole or part of the Bid Amount may be made
Refund Bank(s)	Refund bank(s) as disclosed in the RHP/ Prospectus and Bid cum Application Form of the Issuer
Registrar and Share Transfer 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 number CIR/ CFD/ POLICYCELL/ 11/ 2015 dated November 10, 2015 issued by SEBI
Registered Broker	Stock Brokers registered with the Stock Exchanges having nationwide terminals, other than the members of the Syndicate
Registrar to the Issue/ RTO	The Registrar to the Issue 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 Issue reserved for such category of eligible Bidders/ Applicants as provided under the SEBI ICDR Regulations, 2009
Retail Individual Investors/ RIIs	Investors who applies or bids for a value of not more than ₹ 200,000
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 Issue 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/ Applicants in an issue through Book Building Process to modify the quantity of Equity Shares and/ or bid price indicated therein in any of their Bid cum Application Forms or any previous Revision Form(s)
RoC	The Registrar of Companies
SEBI	The Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992
SEBI ICDR Regulations, 2009	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
Self Certified Syndicate Bank(s) or SCSB(s)	A bank registered with SEBI, which offers the facility of ASBA and a list of which is available on http:// www.sebi.gov.in/ cms/ sebi_data/ attachdocs/ 1316087201341.html
Stock Exchanges/ SE	The stock exchanges as disclosed in the RHP/ Prospectus of the Issuer where the Equity Shares Allotted pursuant to the Issue are proposed to be listed
Specified Locations	Bidding centres where the Syndicate shall accept Bid cum Application Forms
Syndicate	The Book Running Lead Manager(s) and the Syndicate Member
Syndicate Agreement	The agreement to be entered into among the Issuer, and the Syndicate in relation to collection of ASBA Forms by Syndicate Members
Syndicate Member(s)/ SM	The Syndicate Member(s) as disclosed in the RHP/ Prospectus

Term	Description
Underwriters	The Book Running Lead Manager(s) and the Syndicate Member(s)
Underwriting Agreement	The agreement among the Issuer, and the Underwriters to be entered into on or after the Pricing Date
Working Day	All days other than the second and fourth Saturdays of each month, Sundays or public holidays, on which commercial banks in Mumbai are open for business; provided however, when referring to (a) announcement of Price Band; and (b) Bid/ Issue Period, the term shall mean all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business; and (c) the time period between the Bid/ Issue Closing Date and the listing of the Equity Shares on the Stock Exchanges, shall mean all trading days of Stock Exchanges, excluding Sundays and bank holidays, as per the SEBI Circular SEBI/ HO/ CFD/ DIL/ CIR/ P/ 2016/ 26 dated January 21, 2016

SECTION VIII: MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

Note: This set of Articles of Association has been adopted by the shareholders of the Company by way of passing of special resolution at their Extra-Ordinary General Meeting held on November 27, 2017 in substitution and exclusion of the previous Articles of Association of the Company.

THE COMPANIES ACT, 2013

AND

THE COMPANIES ACT, 1956 (AS APPLICABLE)

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF

CREDITACCESS GRAMEEN LIMITED

The Articles of Association of the Company comprise of two parts, Part I and Part II, which parts shall, unless the context otherwise requires, co-exist with each other. In case of inconsistency between Part I and Part II, the provisions of Part II shall be applicable. However, Part II shall automatically terminate and cease to have any force and effect from the date of listing of equity shares of the Company on a recognized stock exchange in India pursuant to an initial public offering of the Equity Shares of the Company without any further action, including any corporate action, by the Company or by the shareholders.

PART I

1. CONSTITUTION OF THE COMPANY

a) *The regulations contained in table "F" of schedule I to the Companies Act, 2013 shall apply only in so far as the same are not provided for or are not inconsistent with these Articles.*

b) *The regulations for the management of the Company and for the observance of the shareholders thereof and their representatives shall be such as are contained in these Articles subject however to the exercise of the statutory powers of the company in respect of repeal, additions, alterations, substitution, modifications and variations thereto by special resolution as prescribed by the Companies Act, 2013.*

2. INTERPRETATION

A. DEFINITIONS

In the interpretation of these Articles the following words and expressions shall have the following meanings unless repugnant to the subject or context.

(a) "**Act**" means the Companies Act, 2013 (to the extent that such enactment is in force and applicable to the context in which such term is used herein), and all rules and clarifications issued thereunder or the Companies Act, 1956 and the rules issued thereunder (to the extent that such enactment is in force and applicable to the context in which such term is used herein), and shall include all amendments, modifications and re-enactments of the foregoing.

(b) "**ADRs**" shall mean American Depository Receipts representing ADSs.

(c) "**Annual General Meeting**" shall mean a General Meeting of the holders of Equity Shares held in accordance with the applicable provisions of the Act.

(d) "**ADSs**" shall mean American Depository Shares, each of which represents a certain number of Equity Shares.

(e) **"Articles"** shall mean these Articles of Association as adopted or as from time to time altered in accordance with the provisions of these Articles and Act.

(f) **"Auditors"** shall mean and include those persons appointed as such for the time being by the company.

(g) **"Board"** shall mean the board of directors of the company, as constituted from time to time, in accordance with law and the provisions of these Articles.

(h) **“Board Meeting”** shall mean any meeting of the Board, as convened from time to time and any adjournment thereof, in accordance with law and the provisions of these Articles.

(i) **“Beneficial Owner”** shall mean beneficial owner as defined in Clause (a) of subsection (1) of section 2 of the Depositories Act.

(j) **“Capital” or “share capital”** shall mean the share capital for the time being, raised or authorised to be raised for the purpose of the Company.

(k) **“Chairman”** shall mean such person as is nominated or appointed in accordance with Article 37 herein below.

(l) **“Companies Act, 1956”** shall mean the Companies Act, 1956 (Act I of 1956), as may be in force for the time being.

(m) **“Company” or “this company”** shall mean **CREDITACCESS GRAMEEN LIMITED.**

(n) **“Committees”** shall mean a committee constituted in accordance with Article 74.

(o) **“Debenture”** shall include debenture stock, bonds, and any other securities of the Company, whether constituting a charge on the assets of the Company or not.

(p) **“Depositories Act”** shall mean The Depositories Act, 1996 and shall include any statutory modification or re-enactment thereof.

(q) **“Depository”** shall mean a Depository as defined in Clause (e) of sub-section (1) of section 2 of the Depositories Act.

(r) **“Director”** shall mean any director of the company, including alternate directors, independent directors and nominee directors appointed in accordance with law and the provisions of these Articles.

(s) **“Dividend”** shall include interim dividends.

(t) “**Equity Share Capital**” shall mean the total issued and paid-up equity share capital of the Company, calculated on a Fully Diluted Basis.

(u) “**Equity Shares**” shall mean fully paid-up equity shares of the Company having a par value of INR **10/ -** (Rupees **Ten**) per equity share, and INR **10/ -** (Rupees **Ten**) vote per equity share or any other issued Share Capital of the Company that is reclassified, reorganized, reconstituted or converted into equity shares.

(v) **“Executor”** or **“Administrator”** shall mean a person who has obtained probate or letters of administration, as the case may be, from a court of competent jurisdiction and shall include the holder of a succession certificate authorizing the holder thereof to negotiate or transfer the Equity Share or Equity Shares of the deceased Shareholder and shall also include the holder of a certificate granted by the Administrator-General appointed under the Administrator Generals Act, 1963.

(w) **“Extraordinary General Meeting”** shall mean an extraordinary general meeting of the holders of Equity Shares duly called and constituted in accordance with the provisions of the Act;

(x) “**Financial Year**” shall mean any fiscal year of the Company, beginning on April 1 of each calendar year and ending on March 31 of the following calendar year.

(y) “**Fully Diluted Basis**” shall mean, in reference to any calculation, that the calculation should be made in relation to the equity share capital of any Person, assuming that all outstanding convertible preference shares or debentures, options, warrants and other equity securities convertible into or exercisable or exchangeable for equity shares of that Person (whether or not by their terms then currently convertible, exercisable or exchangeable), have been so converted, exercised or exchanged to the maximum number of equity shares possible under the terms thereof.

(z) **“GDRs”** shall mean the registered Global Depositary Receipts, representing GDSs.

(aa) **“GDSs**” shall mean the Global Depository Shares, each of which represents a certain number of Equity Shares.

(bb) **“General Meeting”** shall mean a meeting of holders of Equity Shares and any adjournment thereof.

(cc) "**Independent Director**" shall mean an independent director as defined under the Act and under the SEBI Listing Regulations.

(dd) **"India"** shall mean the Republic of India.

(ee) **"Law"** shall mean all applicable provisions of all (i) constitutions, treaties, statutes, laws (including the common law), codes, rules, regulations, circulars, ordinances or orders of any governmental authority and SEBI, including the Securities and Exchange Board of India (Prohibition of Insider Trading Regulations), 2015, (ii) governmental approvals or other governmental restriction or any similar form of decision of, or determination by, or any interpretation or adjudication having the force of law of any of the foregoing, by any governmental authority having jurisdiction over the matter in question, (iii) orders, decisions, injunctions, judgments, awards and decrees of or agreements with any governmental authority or other governmental restriction or any similar form of decision of, or determination by, or any interpretation or adjudication having the force of law of any of the foregoing by any governmental authority having jurisdiction over the matter in question, (iv) rules, policy, regulations or requirements of any stock exchanges, (v) international treaties, conventions and protocols, and (vi) Indian GAAP or any other generally accepted accounting principles.

(ff) "**Managing Director**" shall have the meaning assigned to it under the Act.

(gg) "**MCA**" shall mean the Ministry of Corporate Affairs, Government of India.

(hh) "**Memorandum**" shall mean the memorandum of association of the Company, as amended from time to time.

(ii) **"Office"** shall mean the registered office for the time being of the Company.

(jj) **"Officer"** shall have the meaning assigned thereto by Section 2(59) of the Act.

(kk) **"Ordinary Resolution**" shall have the meaning assigned thereto by Section 114 of the Act.

(ll) "**Paid up**" shall include the amount credited as paid up.

(mm) "**Person**" shall mean any natural person, sole proprietorship, partnership, company, body corporate, governmental authority, joint venture, trust, association or other entity (whether registered or not and whether or not having separate legal personality).

(nn) "**Promoter**" shall mean CreditAccess Asia N.V.

(oo) "**Register of Members**" shall mean the register of shareholders to be kept pursuant to Section 88 of the Act.

(pp) "**Registrar**" shall mean the Registrar of Companies, from time to time having jurisdiction over the Company.

(qq) "**Rules**" shall mean the rules made under the Act and notified from time to time.

(rr) "**Seal**" shall mean the common seal(s) for the time being of the Company.

(ss) "**SEBI**" shall mean the Securities and Exchange Board of India, constituted under the Securities and Exchange Board of India Act, 1992.

(tt) "**SEBI Listing Regulations**" Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

(uu) **"Secretary"** shall mean a company secretary as defined in clause (c) of sub-section (1) of section 2 of the Company Secretaries Act, 1980 who is appointed by a company to perform the functions of a company secretary under the Act.

(vv) "**Securities**" shall mean any Equity Shares or any other securities, debentures, warrants or options whether or not, directly or indirectly convertible into, or exercisable or exchangeable into or for Equity Shares.

(ww) **"Share Equivalents"** shall mean any Debentures, preference shares, foreign currency convertible bonds, floating rate notes, options (including options to be approved by the Board (whether or not issued) pursuant to an employee stock option plan) or warrants or other Securities or rights which are by their terms convertible or exchangeable into Equity Shares.

(xx) "**Shareholder**" shall mean any shareholder of the Company, from time to time.

(yy) "**Shareholders' Meeting**" shall mean any meeting of the Shareholders of the Company, including Annual General Meetings as well as Extraordinary General Meetings of the Shareholders of the Company, convened from time to time in accordance with Law and the provisions of these Articles.

(zz) **"Special Resolution"** shall have the meaning assigned to it under Section 114 of the Act.

(aaa) **"Transfer"** shall mean (i) any, direct or indirect, transfer or other disposition of any shares, securities (including convertible securities), or voting interests or any interest therein, including, without limitation, by operation of Law, by court order, by judicial process, or by foreclosure, levy or attachment; (ii) any, direct or indirect, sale, assignment, gift, donation, redemption, conversion or other disposition of such shares, securities (including convertible securities) or voting interests or any interest therein, pursuant to an agreement, arrangement, instrument or understanding by which legal title to or beneficial ownership of such shares, securities (including convertible securities) or voting interests or any interest therein passes from one Person to another Person or to the same Person in a different legal capacity, whether or not for value; (iii) the granting of any security interest or encumbrance in, or extending or attaching to, such shares, securities (including convertible securities) or voting interests or any interest therein, and the word "**Transferred**" shall be construed accordingly.

(bbb) "**Tribunal**" shall mean the National Company Law Tribunal constitutes under Section 408 of the Act.

B. CONSTRUCTION

In these Articles (unless the context requires otherwise):

(i) References to a Party shall, where the context permits, include such Party's respective successors, legal heirs and permitted assigns.

(ii) The descriptive headings of Articles are inserted solely for convenience of reference and are not intended as complete or accurate descriptions of content thereof and shall not be used to interpret the provisions of these Articles and shall not affect the construction of these Articles.

(iii) References to articles and sub-articles are references to Articles and Sub-articles of and to these Articles unless otherwise stated and references to these Articles include references to the articles and Sub-articles herein.

(iv) Words importing the singular include the plural and vice versa, pronouns importing a gender include each of the masculine, feminine and neuter genders, and where a word or phrase is defined, other parts of speech and grammatical forms of that word or phrase shall have the corresponding meanings.

(v) Wherever the words "include," "includes," or "including" is used in these Articles, such words shall be deemed to be followed by the words "without limitation".

(vi) The terms "hereof", "herein", "hereto", "hereunder" or similar expressions used in these Articles mean and refer to these Articles and not to any particular Article of these Articles, unless expressly stated otherwise.

(vii) Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next Business Day following if the last day of such period is not a Business Day; and whenever any payment is to be made or action to be taken under these Articles is required to be made or taken on a day other than a Business Day, such payment shall be made or action taken on the next Business Day following.

(viii) A reference to a Party being liable to another Party, or to liability, includes, but is not limited to, any liability in equity, contract or tort (including negligence).

(ix) Reference to statutory provisions shall be construed as meaning and including references also to any amendment or re-enactment for the time being in force and to all statutory instruments or orders made pursuant to such statutory provisions.

(x) References to any particular number or percentage of securities of a Person (whether on a Fully Diluted Basis or otherwise) shall be adjusted for any form of restructuring of the share capital of that Person, including without limitation, consolidation or subdivision or splitting of its shares, issue of bonus shares, issue of shares in a scheme of arrangement (including amalgamation or de-merger) and reclassification of equity shares or variation of rights into other kinds of securities.

(xi) References made to any provision of the Act shall be construed as meaning and including the references to the rules and regulations made in relation to the same by the MCA. The applicable provisions of the Companies Act, 1956 shall cease to have effect from the date on which the corresponding provisions under the Act have been notified.

(xii) In the event any of the provisions of the Articles are contrary to the provisions of the Act and the Rules, the provisions of the Act and Rules will prevail.

3. EXPRESSIONS IN THE ACT AND THESE ARTICLES

Save as aforesaid, any words or expressions defined in the Act shall, if not inconsistent with the subject or context, bear the same meaning in these Articles.

4. SHARE CAPITAL

(i) The authorised Share Capital of the Company shall be as stated under Clause 5 of the Memorandum of Association of the Company from time to time.

(ii) The Paid up Share Capital shall be at all times a minimum of Rs. **5,00,000/ -** (Rupees **Five Lakhs** only) or such higher amount as may be required under the Act.

(iii) The Company has power, from time to time, to increase its authorised or issued and Paid up Share Capital.

(iv) The Share Capital of the Company may be classified into Equity Shares with differential rights as to dividend, voting or otherwise in accordance with the applicable provisions of the Act, Rules, and Law, from time to time.

(v) Subject to Article 4(d), all Equity Shares shall be of the same class and shall be alike in all respects and the holders thereof shall be entitled to identical rights and privileges including without limitation to identical rights and privileges with respect to dividends, voting rights, and distribution of assets in the event of voluntary or involuntary liquidation, dissolution or winding up of the Company.

(vi) The Board may allot and issue shares of the Company as payment or part payment for any property purchased by the Company or in respect of goods sold or transferred or machinery or appliances supplied or for services rendered to the Company in or about the formation of the Company or the acquisition and/ or in the conduct of its business or for any goodwill provided to the Company; and any shares which may be so allotted may be issued as fully/ partly paid up shares and if so issued shall be deemed as fully/ partly paid up shares. However, the aforesaid shall be subject to the approval of shareholders under the relevant provisions of the Act and Rules.

(vii) The amount payable on application on each share shall not be less than 5 per cent of the nominal value of the share or, as may be specified by SEBI.

(viii) Nothing herein contained shall prevent the Directors from issuing fully paid up shares either on payment of the entire nominal value thereof in cash or in satisfaction of any outstanding debt or obligation of the Company.

(ix) Except so far as otherwise provided by the conditions of issue or by these presents, any Capital raised by the creation of new Equity Shares, shall be considered as part of the existing Capital and shall be subject to the provisions herein contained with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.

(x) All of the provisions of these Articles shall apply to the Shareholders.

(xi) Any application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any Equity Shares therein, shall be an acceptance of shares within the meaning of these Articles and every person who thus or otherwise accepts any shares and whose name is on the Register of Members shall for the purposes of these Articles be a Shareholder.

(xii) The money, (if any), which the Board shall, on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any shares allotted by them, shall immediately on the insertion of the name of the allottee, in the Register of Members as the name of the holder of such Equity Shares, become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.

5. BRANCH OFFICES

The Company shall have the power to establish one or more branch offices, in addition to the Office, in such places at its Board may deem fit.

6. PREFERENCE SHARES

(a) Redeemable Preference Shares

The Company, subject to the applicable provisions of the Act and the consent of the Board, shall have the power to issue on a cumulative or non-cumulative basis, preference shares liable to be redeemed in any manner permissible under the Act and the Directors may, subject to the applicable provisions of the Act, exercise such power in any manner as they deem fit and provide for redemption of such shares on such terms including the right to redeem at a premium or otherwise as they deem fit.

(b) Convertible Redeemable Preference Shares

The Company, subject to the applicable provisions of the Act and the consent of the Board, shall have power to issue on a cumulative or non-cumulative basis convertible redeemable preference shares liable to be redeemed in any manner permissible under the Act and the Directors may, subject to the applicable provisions of the Act, exercise such power as they deem fit and provide for redemption at a premium or otherwise and/ or conversion of such shares into such Securities on such terms as they may deem fit.

7. PROVISIONS IN CASE OF PREFERENCE SHARES.

Upon the issue of preference shares pursuant to Article 6 above, the following provisions shall apply:

(a) No such shares shall be redeemed except out of profits of the Company which would otherwise be available for Dividend or out of the proceeds of a fresh issue of shares made for the purposes of the redemption;

(b) No such shares shall be redeemed unless they are fully paid;

(c) The premium, if any, payable on redemption shall have been provided for out of the profits of the Company or out of the Company's securities premium account, before the shares are redeemed;

(d) Where any such shares are proposed to be redeemed out of the profits of the Company, there shall, out of such profits, be transferred, a sum equal to the nominal amount of the shares to be redeemed, to a reserve, to be called the "**Capital Redemption Reserve Account**" and the applicable provisions of the Act relating to the reduction of the Share Capital of the Company shall, except as provided by Section 55 of the Act, apply as if the Capital Redemption Reserve Account were Paid up Share Capital of the Company;

(e) The redemption of preference shares under this Article by the Company shall not be taken as reduction of Share Capital;

(f) The Capital Redemption Reserve Account may, notwithstanding anything in this Article, be applied by the Company, in paying up un-issued shares of the Company to be issued to the Shareholders as fully paid bonus shares; and

(g) Whenever the Company shall redeem any redeemable preference shares or cumulative convertible redeemable preference shares, the Company shall, within 30 (thirty) days thereafter, give notice thereof to the Registrar of Companies as required by Section 64 of the Act.

8. SHARE EQUIVALENT

The Company shall, subject to the applicable provisions of the Act, compliance with Law and the consent of the Board, have the power to issue Share Equivalents on such terms and in such manner as the Board deems fit including their conversion, repayment, and redemption whether at a premium or otherwise.

9. ADRS/ GDRS

The Company shall, subject to the applicable provisions of the Act, compliance with all Laws and the consent of the Board, have the power to issue ADRs or GDRs on such terms and in such manner as the Board deems fit including their conversion and repayment. Such terms may include at the discretion of the Board, limitations on voting by holders of ADRs or GDRs, including without limitation, exercise of voting rights in accordance with the directions of the Board.

10. ALTERATION OF SHARE CAPITAL

Subject to these Articles and Section 61 of the Act, the Company may, by Ordinary Resolution in General Meeting from time to time, alter the conditions of its Memorandum as follows, that is to say, it may:

(a) increase its Share Capital by such amount as it thinks expedient;

(b) consolidate and divide all or any of its Share Capital into shares of larger amount than its existing shares;

Provided that no consolidation and division which results in changes in the voting percentage of shareholders shall take effect unless it is approved by the Tribunal on an application made in the prescribed manner.

(c) convert all or any of its fully Paid up shares into stock and reconvert that stock into fully Paid up shares of any denomination

(d) sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the Memorandum, so however, that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived; and

(e) cancel shares which, at the date of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any person, and diminish the amount of its Share Capital by the amount of the shares so cancelled. A cancellation of shares in pursuance of this Article shall not be deemed to be a reduction of Share Capital within the meaning of the Act.

11. REDUCTION OF SHARE CAPITAL

The Company may, subject to the applicable provisions of the Act, from time to time, reduce its Capital, any capital redemption reserve account and the securities premium account in any manner for the time being authorized by Law. This Article is not to derogate any power the Company would have under Law, if it were omitted.

12. POWER OF COMPANY TO PURCHASE ITS OWN SECURITIES

Pursuant to a resolution of the Board, the Company may purchase its own Equity Shares or other Securities, as may be specified by the MCA, by way of a buy-back arrangement, in accordance with Sections 68, 69 and 70 of the Act, the Rules and subject to compliance with Law.

13. POWER TO MODIFY RIGHTS

Where, the Capital, is divided (unless otherwise provided by the terms of issue of the shares of that class) into different classes of shares, all or any of the rights and privileges attached to each class may, subject to the provisions of Section 48 of the Act and Law, and whether or not the Company is being wound up, be modified, commuted, affected or abrogated or dealt with by agreement between the Company and any Person purporting to contract on behalf of that class, provided the same is effected with consent in writing and by way of a Special Resolution passed at a separate meeting of the holders of the issued shares of that class. Subject to Section 48(2) of the Act and Law, all provisions hereafter contained as to General Meetings (including the provisions relating to quorum at such meetings) shall mutatis mutandis apply to every such meeting.

14. REGISTERS TO BE MAINTAINED BY THE COMPANY

(a) The Company shall, in terms of the provisions of Section 88 of the Act and the provisions of the Depositories Act, 1996, cause to be kept the following registers in terms of the applicable provisions of the Act

 (i) A Register of Members indicating separately for each class of Equity Shares and preference shares held by each Shareholder residing in or outside India;

 (ii) A register of Debenture holders; and

 (iii) A register of any other security holders.

(b) The Company shall also be entitled to keep in any country outside India, a part of the registers referred above, called "foreign register" containing names and particulars of the Shareholders, Debenture holders or holders of other Securities or beneficial owners residing outside India.

(c) The registers mentioned in this Article shall be kept and maintained in the manner prescribed under the Companies (Management and Administration) Rules, 2014.

15. SHARES AND SHARE CERTIFICATES

(a) The Company shall issue, re-issue and issue duplicate share certificates in accordance with the provisions of the Act and in the form and manner prescribed under the Companies (Share Capital and Debentures) Rules, 2014.

(b) A duplicate certificate of shares may be issued, if such certificate:

(i) is proved to have been lost or destroyed; or

(ii) has been defaced, mutilated or torn and is surrendered to the Company.

(c) The Company shall be entitled to dematerialize its existing shares, rematerialize its shares held in the depository and/ or to offer its fresh shares in a dematerialized form pursuant to the Depositories Act, and the rules framed thereunder, if any.

(d) A certificate, issued under the common seal of the Company, specifying the shares held by any Person shall be *prima facie* evidence of the title of the Person to such shares. Where the shares are held in depository form, the record of depository shall be the *prima facie* evidence of the interest of the beneficial owner.

(e) If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deems adequate, being given, a new Certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate, within a period of 30 days from the receipt of such lodgement. Every Certificate under the Articles shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rupees two for each certificate) as the Directors shall prescribe. Provided that, no fee shall be charged for issue of a new certificate in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above, the Directors shall comply with the applicable provisions of the Act and Law.

(f) The provisions of this Article shall *mutatis mutandis* apply to Debentures and other Securities of the Company.

(g) When a new share certificate has been issued in pursuance of sub-article (e) of this Article, it shall be in the form and manner stated under the Companies (Share Capital and Debentures) Rules, 2014.

(h) Where a new share certificate has been issued in pursuance of sub-articles (e) or (f) of this Article, particulars of every such share certificate shall be entered in a Register of Renewed and Duplicate Certificates maintained in the form and manner specified under the Companies (Share Capital and Debentures) Rules, 2014.

(i) All blank forms to be used for issue of share certificates shall be printed and the printing shall be done only on the authority of a Resolution of the Board. The blank forms shall be consecutively machine–numbered and the forms and the blocks, engravings, facsimiles and hues relating to the printing of such forms shall be kept in the custody of the Secretary or of such other person as the Board may authorize for the purpose and the Secretary or the other person aforesaid shall be responsible for rendering an account of these forms to the Board.

(j) The Secretary shall be responsible for the maintenance, preservation and safe custody of all books and documents relating to the issue of share certificates including the blank forms of the share certificate referred to in sub-article (i) of this Article.

(k) All books referred to in sub-article (j) of this Article, shall be preserved in the manner specified in the Companies (Share Capital and Debentures) Rules, 2014.

(l) The details in relation to any renewal or duplicate share certificates shall be entered into the register of renewed and duplicate share certificates, as prescribed under the Companies (Share Capital and Debentures) Rules, 2014.

(m) If any Share stands in the names of 2 (two) or more Persons, the Person first named in the Register of Members shall as regards receipt of Dividends or bonus, or service of notices and all or any other matters connected with the Company except voting at meetings and the transfer of shares, be deemed the sole holder thereof, but the joint holders of a share shall be severally as well as jointly liable for the payment of all installments and calls due in respect of such shares, and for all incidents thereof according to these Articles.

(n) Except as ordered by a court of competent jurisdiction or as may be required by Law, the Company shall be entitled to treat the Shareholder whose name appears on the Register of Members as the holder of any share or whose name appears as the beneficial owner of shares in the records of the Depository, as the absolute owner thereof and accordingly shall not be bound to recognise any benami, trust or equity or equitable, contingent or other claim to or interest in such share on the part of any other Person whether or not he shall have express or implied notice thereof. The Board shall be entitled at their sole discretion to register any shares in the joint names of any 2 (two) or more Persons or the survivor or survivors of them.

16. SHARES AT THE DISPOSAL OF THE DIRECTORS

(a) Subject to the provisions of Section 62 and other applicable provisions of the Act, and these Articles, the shares in the Capital of the Company for the time being (including any shares forming part of any increased Capital of the Company) shall be under the control of the Board who may issue, allot or otherwise dispose of the same or any of them to Persons in such proportion and on such terms and conditions and either at a premium or at par or at discount (subject to compliance with Section 53 of the Act) at such time as they may, from time to time, think fit to give to any person or persons the option or right to call for any shares either at par or premium or at a discount subject to the provisions of the Act during such time and for such consideration as the Directors think fit, and may issue and allot Shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any shares which may be so allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid up shares. Provided that option or right to call shares shall not be given to any Person or Persons without the sanction of the Company in the General Meeting.

(b) If, by the conditions of allotment of any share, the whole or part of the amount thereof shall be payable by installments, every such installment shall, when due, be paid to the Company by the person who, for the time being, shall be the registered holder of the shares or by his executor or administrator.

(c) Every Shareholder, or his heirs, Executors, or Administrators shall pay to the Company, the portion of the Capital represented by his share or shares which may for the time being remain unpaid thereon in such amounts at such time or times and in such manner as the Board shall from time to time in accordance with the Articles require or fix for the payment thereof.

(d) In accordance with Section 56 and other applicable provisions of the Act and the Rules:

(i) Every Shareholder or allottee of shares shall be entitled without payment, to receive one or more certificates specifying the name of the Person in whose favour it is issued, the shares to which it relates and the amount paid up thereon. Such certificates shall be issued only in pursuance of a resolution passed by the Board and on surrender to the Company of its letter of allotment or its fractional coupon of requisite value, save in cases of issue of share certificates against letters of acceptance or of renunciation, or in cases of issue of bonus shares. Such share certificates shall also be issued in the event of consolidation or sub-division of shares of the Company. Every such certificate shall be issued under the Seal of the Company which shall be affixed in the presence of 2 (two) Directors or persons acting on behalf of the Board under a duly registered power of attorney and the Secretary or some other person appointed by the Board for the purpose and the 2 (two) Directors or their attorneys and the Secretary or other person shall sign the shares certificate(s), provided that if the composition of the Board permits, at least 1 (one) of the aforesaid 2 (two) Directors shall be a person other than a Managing Director(s) or an executive director(s). Particulars of every share certificate issued shall be entered in the Register of Members against the name of the Person, to whom it has been issued, indicating the date of issue. For any further certificate, the Board shall be entitled, but shall not be bound to prescribe a charge not exceeding rupees two.

(ii) Every Shareholder shall be entitled, without payment, to one or more certificates, in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as the Directors may from time to time determine) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates within 2 (two) months from the date of allotment, or within 1 (one) month of the receipt of instrument of transfer, transmission, sub-division, consolidation or renewal of its shares as the case may be. Every certificate of shares shall be in the form and manner as specified in Article 15 above and in respect of a share or shares held jointly by several Persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate of shares to the first named joint holders shall be sufficient delivery to all such holders.

(iii) the Board may, at their absolute discretion, refuse any applications for the sub-division of share certificates or Debenture certificates, into denominations less than marketable lots except where sub-division is required to be made to comply with any statutory provision or an order of a competent court of law or at a request from a Shareholder or to convert holding of odd lot into transferable/ marketable lot.

(iv) A Director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means, such as engraving in metal or lithography, but not by means of a rubber stamp, provided that the Director shall be responsible for the safe custody of such machine, equipment or other material used for the purpose.

17. UNDERWRITING AND BROKERAGE

(a) Subject to the applicable provisions of the Act, the Company may at any time pay a commission to any person in consideration of his subscribing or agreeing to subscribe or procuring or agreeing to procure subscription, (whether absolutely or conditionally), for any shares or Debentures in the Company in accordance with the provisions of the Companies (Prospectus and Allotment of Securities) Rules, 2014.

(b) The Company may also, on any issue of shares or Debentures, pay such brokerage as may be lawful.

18. CALLS

(a) Subject to the provisions of Section 49 of the Act, the Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board, (and not by circular resolution), make such call as it thinks fit upon the Shareholders in respect of all money unpaid on the shares held by them respectively and each Shareholder shall pay the amount of every call so made on him to the Person or Persons and Shareholders and at the times and places appointed by the Board. A call may be made payable by installments. Provided that the Board shall not give the option or right to call on shares to any person except with the sanction of the Company in the General Meeting.

(b) 30 (thirty) days' notice in writing at the least of every call (otherwise than on allotment) shall be given by the Company specifying the time and place of payment and if payable to any Person other than the Company, the name of the person to whom the call shall be paid, provided that before the time for payment of such call, the Board may by notice in writing to the Shareholders revoke the same.

(c) The Board may, when making a call by resolution, determine the date on which such call shall be deemed to have been made, not being earlier than the date of resolution making such call and thereupon the call shall be deemed to have been made on the date so determined and if no date is determined, the call shall be deemed to have been made at the time when the resolution of the Board authorising such call was passed and may be made payable by the Shareholders whose names appear on the Register of Members on such date or at the discretion of the Board on such subsequent date as shall be fixed by the Board. A call may be revoked or postponed at the discretion of the Board.

(d) The joint holder of a share shall be jointly and severally liable to pay all instalments and calls due in respect thereof.

(e) The Board may, from time to time at its discretion, extend the time fixed for the payment of any call and may extend such time as to all or any of the Shareholders who, from residence at a distance or other cause the Board may deem fairly entitled to such extension; but no Shareholders shall be entitled to such extension save as a matter of grace and favour.

(f) If any Shareholder or allottee fails to pay the whole or any part of any call or installment, due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such Shareholder.

(g) Any sum, which by the terms of issue of a share or otherwise, becomes payable on allotment or at any fixed date or by installments at a fixed time whether on account of the nominal value of the share or by way of premium shall for the purposes of these Articles be deemed to be a call duly made and payable on the date on which by the terms of issue or otherwise the same became payable, and in case of non-payment, all the relevant provisions of these Articles as to payment of call, interest, expenses, forfeiture or otherwise shall apply as if such sum became payable by virtue of a call duly made and notified.

(h) On the trial or hearing of any action or suit brought by the Company against any Shareholder or his legal representatives for the recovery of any money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the Shareholder in respect of whose shares the money is sought to be recovered appears entered on the Register of Members as the holder, or one of the holders at or subsequent to the date at which the money sought to be recovered is alleged to have become due on the shares; that the resolution making the call is duly recorded in the minute book, and that notice of such call was duly given to the Shareholder or his representatives so sued in pursuance of these Articles; and it shall not be necessary to prove the appointment of the Directors who made such call nor that a quorum of Directors was present at the Board at which any call was made, nor that the meeting at which any call was made was duly convened or constituted nor any other matters whatsoever; but the proof of the matters aforesaid shall be conclusive evidence of the debt.

(i) Neither a judgment nor a decree in favour of the Company for calls or other money due in respect of any share nor any part payment or satisfaction thereunder, nor the receipt by the Company of a portion of any money which shall from time to time be due from any Shareholder to the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as hereinafter provided.

(j) The Board may, if it thinks fit (subject to the provisions of Section 50 of the Act) agree to and receive from any Shareholder willing to advance the same, the whole or any part of the money due upon the shares held by him beyond the sums actually called up, and upon the amount so paid or satisfied in advance or so much thereof as from time to time and at any time thereafter as exceeds the amount of the calls then made upon and due in respect of the shares in respect of which such advance has been made, the Company may pay interest, as the Shareholder paying such sum in advance and the Board agree upon, provided that the money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced.

(k) No Shareholder shall be entitled to voting rights in respect of the money(ies) so paid by him until the same would but for such payment, become presently payable.

(l) The provisions of these Articles shall *mutatis mutandis* apply to the calls on Debentures of the Company.

19. COMPANY'S LIEN:

(i) On shares:

(a) The Company shall have a first and paramount lien:

(i) on every share (not being a fully paid share), for all money (whether presently payable or not) called, or payable at a fixed time, in respect of that share;

Provided that the Board may, at any time, declare any shares wholly or in part to be exempt from the provisions of this Article.

(b) Company's lien, if any, on such partly paid shares, shall extend to all Dividends payable and bonuses declared from time to time in respect of such shares.

(c) Unless otherwise agreed, the registration of a transfer of shares shall operate as a waiver of the Company's lien, if any, on such shares. The fully paid up shares shall be free from all lien and that in case of partly paid shares, the Company's lien shall be restricted to money called or payable at a fixed price in respect of such shares.

(d) For the purpose of enforcing such lien, the Board may sell the shares, subject thereto in such manner as they shall think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such shares and may authorise one of their Shareholders to execute and register the transfer thereof on behalf of and in the name of any purchaser. The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

Provided that no sale shall be made:

(i) unless a sum in respect of which the lien exists is presently payable; or

(ii) until the expiration of 14 days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.

The net proceeds of any such sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable. The residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the shares before the sale) be paid to the Person entitled to the shares at the date of the sale.

(e) No Shareholder shall exercise any voting right in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid, or in regard to which the Company has exercised any right of lien.

(ii) On Debentures:

(a) The Company shall have a first and paramount lien:

(i) on every Debenture (not being a fully paid Debenture), for all money (whether presently payable or not) called, or payable at a fixed time, in respect of that Debenture;

(ii) on all Debentures (not being fully paid Debentures) standing registered in the name of a single person, for all money presently payable by him or his estate to the Company

Provided that the Board may, at any time, declare any Debentures wholly or in part to be exempt from the provisions of this Article.

(b) Company's lien, if any, on the Debentures, shall extend to all interest and premium payable in respect of such Debentures.

(c) Unless otherwise agreed, the registration of a transfer of Debentures shall operate as a waiver of the Company's lien, if any, on such Debentures. The fully paid up Debentures shall be free from all lien and that in case of partly paid Debentures, the Company's lien shall be restricted to money called or payable at a fixed price in respect of such Debentures.

(d) For the purpose of enforcing such lien, the Board may sell the Debentures, subject thereto in such manner as they shall think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such Debentures and may authorize the debenture trustee acting as trustee for the holders of Debentures or one of the holder of Debentures to execute and register the transfer thereof on behalf of and in the name of any purchaser. The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the Debentures be affected by any irregularity or invalidity in the proceedings in reference to the sale.

Provided that no sale shall be made:

(i) unless a sum in respect of which the lien exists is presently payable; or

(ii) until the expiration of 14 days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the Debenture or the person entitled thereto by reason of his death or insolvency.

The net proceeds of any such sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable. The residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the Debentures before the sale) be paid to the Person entitled to the Debentures at the date of the sale.

(e) No holder of Debentures shall exercise any voting right in respect of any Debentures registered in his name on which any calls or other sums presently payable by him have not been paid, or in regard to which the Company has exercised any right of lien.

20. FORFEITURE OF SHARES

(a) If any Shareholder fails to pay any call or installment or any part thereof or any money due in respect of any shares either by way of principal or interest on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Board may, at any time thereafter, during such time as the call or installment or any part thereof or other money remain unpaid or a judgment or decree in respect thereof remain unsatisfied, give notice to him or his legal representatives requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

(b) The notice shall name a day, (not being less than 14 (fourteen) days from the date of the notice), and a place or places on or before which such call or installment or such part or other money as aforesaid and interest thereon, (at such rate as the Board shall determine and payable from the date on which such call or installment ought to have been paid), and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment at or before the time and at the place appointed, the shares in respect of which the call was made or installment is payable, will be liable to be forfeited.

(c) If the requirements of any such notice as aforesaid are not be complied with, any share in respect of which such notice has been given, may at any time, thereafter before payment of all calls, installments, other money due in respect thereof, interest and expenses as required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all Dividends declared or any other money payable in respect of the forfeited share and not actually paid before the forfeiture subject to the applicable provisions of the Act. There shall be no forfeiture of unclaimed Dividends before the claim becomes barred by Law.

(d) When any share shall have been so forfeited, notice of the forfeiture shall be given to the Shareholder on whose name it stood immediately prior to the forfeiture or if any of his legal representatives or to any of the Persons entitled to the shares by transmission, and an entry of the forfeiture with the date thereof, shall forthwith be made in the Register of Members, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid.

(e) Any share so forfeited shall be deemed to be the property of the Company and may be sold; re-allotted, or otherwise disposed of either to the original holder thereof or to any other Person upon such terms and in such manner as the Board shall think fit.

(f) Any Shareholder whose shares have been forfeited shall, notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company on demand all calls, installments, interest and expenses and other money owing upon or in respect of such shares at the time of the forfeiture together with interest thereon from the time of the forfeiture until payment at such rate as the Board may determine and the Board may enforce, (if it thinks fit), payment thereof as if it were a new call made at the date of forfeiture.

(g) The forfeiture of a share shall involve extinction at the time of the forfeiture of all interest in all claims and demands against the Company, in respect of the share and all other rights incidental to the share, except only such of these rights as by these Articles are expressly saved.

(h) A duly verified declaration in writing that the declarant is a Director or Secretary of the Company and that a share in the Company has been duly forfeited in accordance with these Articles on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all Persons claiming to be entitled to the shares.

(i) Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some Person to execute an instrument of transfer of the shares sold and cause the purchaser's name to be entered in the Register of Members in respect of the shares sold and the purchaser shall not be bound to see to the regularity of the proceedings, or to the application of the purchase money, and after his name has been entered in the Register of Members in respect of such shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

(j) Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate or certificates originally issued in respect of the relevant shares shall, (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting Shareholder), stand cancelled and become null and void and of no effect and the Board shall be entitled to issue a new certificate or certificates in respect of the said shares to the person or persons entitled thereto.

(k) The Board may, at any time, before any share so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit.

21. FURTHER ISSUE OF SHARE CAPITAL

(a) Where at any time, the Company proposes to increase its subscribed capital by the issue of further shares, such shares shall be offered—

(i) to persons who, at the date of the offer, are holders of Equity Shares of the Company in proportion, as nearly as circumstances admit, to the Paid up Share Capital on those shares by sending a letter of offer subject to the following conditions, namely:-

a. the offer shall be made by notice specifying the number of shares offered and limiting a time not being less than 15 (fifteen) days and not exceeding 30 (thirty) days from the date of the offer within which the offer, if not accepted, shall be deemed to have been declined;

b. the offer aforesaid shall be deemed to include a right exercisable by the Person concerned to renounce the shares offered to him or any of them in favour of any other Person; and the notice referred to in clause a. above shall contain a statement of this right;

c. after the expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the Person to whom such notice is given that he declines to accept the shares offered, the Board may dispose of them in such manner which is not disadvantageous to the Shareholders and the Company;

(ii) to employees under a scheme of employees' stock option, subject to Special Resolution passed by the Company and subject to the Rules and such other conditions, as may be prescribed under Law; or

(iii) to any persons, if it is authorised by a Special Resolution, whether or not those Persons include the Persons referred to in clause (i) or clause (ii) above, either for cash or for a consideration other than cash, if the price of such shares is determined by the valuation report of a registered valuer subject to the Rules.

(b) The notice referred to in sub-clause a. of clause (i) of sub-article (a) shall be dispatched through registered post or speed post or through electronic mode to all the existing Shareholders at least 3 (three) days before the opening of the issue.

(c) Nothing in this Article shall apply to the increase of the subscribed capital of a Company caused by the exercise of an option as a term attached to the Debentures issued or loan raised by the Company to convert such Debentures or loans into shares in the Company:

Provided that the terms of issue of such Debentures or loan containing such an option have been approved before the issue of such Debentures or the raising of loan by a Special Resolution passed by the Company in a General Meeting.

(d) The provisions contained in this Article shall be subject to the provisions of Section 42 and Section 62 of the Act, the Rules and the applicable provisions of the Act.

22. TRANSFER AND TRANSMISSION OF SHARES

(a) The Company shall maintain a "Register of Transfers" and shall have recorded therein fairly and distinctly particulars of every transfer or transmission of any Share, Debenture or other Security held in a material form.

(b) In accordance with Section 56 of the Act, the Rules and such other conditions as may be prescribed under Law, every instrument of transfer of shares held in physical form shall be in writing. In case of transfer of shares where the Company has not issued any certificates and where the shares are held in dematerialized form, the provisions of the Depositories Act shall apply.

(c) (i) An application for the registration of a transfer of the shares in the Company may be made either by the transferor or the transferee within the time frame prescribed under the Act.

(ii) Where the application is made by the transferor and relates to partly paid shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee in a prescribed manner and the transferee communicates no objection to the transfer within 2 (two) weeks from the receipt of the notice.

(d) Every such instrument of transfer shall be executed by both, the transferor and the transferee and attested and the transferor shall be deemed to remain the holder of such share until the name of the transferee shall have been entered in the Register of Members in respect thereof.

(e) The Board shall have power on giving not less than 7 (seven) days previous notice by advertisement in a vernacular newspaper and in an English newspaper having wide circulation in the city, town or village in which the Office of the Company is situated, and publishing the notice on the website as may be notified by the Central Government and on the website of the Company, to close the transfer books, the Register of Members and/ or Register of Debenture-holders at such time or times and for such period or periods, not exceeding 30 (thirty) days at a time and not exceeding in the aggregate 45 (forty-five) days in each year, as it may deem expedient.

(f) Subject to the provisions of Sections 58 and 59 of the Act, these Articles and other applicable provisions of the Act or any other Law for the time being in force, the Board may, refuse to register the transfer of, or the transmission by operation of law of the right to, any securities or interest of a Shareholder in the Company. The Company shall, within 30 (thirty) days from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to the Company, send a notice of refusal to the transferee and transferor or to the person giving notice of such transmission, as the case may be, giving reasons for such refusal.

Provided that, registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other Person or Persons indebted to the Company on any account whatsoever except where the Company has a lien on shares.

(g) Subject to the applicable provisions of the Act and these Articles, the Directors shall have the absolute and uncontrolled discretion to refuse to register a Person entitled by transmission to any shares or his nominee as if he were the transferee named in any ordinary transfer presented for registration, and shall not be bound to give any reason for such refusal and in particular may also decline in respect of shares upon which the Company has a lien.

(h) Subject to the provisions of these Articles, any transfer of shares in whatever lot should not be refused, though there would be no objection to the Company refusing to split a share certificate into several scripts of any small denominations or, to consider a proposal for transfer of shares comprised in a share certificate to several Shareholders, involving such splitting, if on the face of it such splitting/ transfer appears to be unreasonable or without a genuine need. The Company should not, therefore, refuse transfer of shares in violation of the stock exchange listing requirements on the ground that the number of shares to be transferred is less than any specified number.

(i) In case of the death of any one or more Shareholders named in the Register of Members as the joint-holders of any shares, the survivors shall be the only Shareholder or Shareholders recognized by the Company as having any title to or interest in such shares, but nothing therein contained shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him jointly with any other Person.

(j) The Executors or Administrators or holder of the succession certificate or the legal representatives of a deceased Shareholder, (not being one of two or more joint-holders), shall be the only Shareholders recognized by the Company as having any title to the shares registered in the name of such Shareholder, and the Company shall not be bound to recognize such Executors or Administrators or holders of succession certificate or the legal representatives unless such Executors or Administrators or legal representatives shall have first obtained probate or letters of administration or succession certificate, as the case may be, from a duly constituted court in India, provided that the Board may in its absolute discretion dispense with production of probate or letters of administration or succession certificate, upon such terms as to indemnity or otherwise as the Board may in its absolute discretion deem fit and may under Article 22(a) of these Articles register the name of any Person who claims to be absolutely entitled to the shares standing in the name of a deceased Shareholder, as a Shareholder.

(k) The Board shall not knowingly issue or register a transfer of any share to a minor or insolvent or Person of unsound mind, except fully paid shares through a legal guardian.

(l) Subject to the provisions of Articles, any Person becoming entitled to shares in consequence of the death, lunacy, bankruptcy of any Shareholder or Shareholders, or by any lawful means other than by a transfer in accordance with these Articles, may with the consent of the Board, (which it shall not be under any obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article, or of his title, as the Board thinks sufficient, either be registered himself as the holder of the shares or elect to have some Person nominated by him and approved by the Board, registered as such holder; provided nevertheless, that if such Person shall elect to have his nominee registered, he shall testify the election by executing in favour of his nominee an instrument of transfer in accordance with the provisions herein contained and until he does so, he shall not be freed from any liability in respect of the shares.

(m) A Person becoming entitled to a share by reason of the death or insolvency of a Shareholder shall be entitled to the same Dividends and other advantages to which he would be entitled if he were the registered holder of the shares, except that he shall not, before being registered as a Shareholder in respect of the shares, be entitled to exercise any right conferred by membership in relation to meetings of the Company.

Provided that the Directors shall, at any time, give notice requiring any such Person to elect either to be registered himself or to transfer the shares, and if such notice is not complied with within 90 (ninety) days, the Directors may thereafter withhold payment of all Dividends, bonuses or other monies payable in respect of the shares until the requirements of the notice have been complied with.

(n) Every instrument of transfer shall be presented to the Company duly stamped for registration accompanied by such evidence as the Board may require to prove the title of the transferor, his right to transfer the shares. Every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board.

Where any instrument of transfer of shares has been received by the Company for registration and the transfer of such shares has not been registered by the Company for any reason whatsoever, the Company shall transfer the Dividends in relation to such shares to a special account unless the Company is authorized by the registered holder of such shares, in writing, to pay such Dividends to the transferee and will keep in abeyance any offer of right shares and/ or bonus shares in relation to such shares.

In case of transfer and transmission of shares or other marketable securities where the Company has not issued any certificates and where such shares or Securities are being held in any electronic and fungible form in a Depository, the provisions of the Depositories Act shall apply.

(o) Before the registration of a transfer, the certificate or certificates of the share or shares to be transferred must be delivered to the Company along with a properly stamped and executed instrument of transfer in accordance with the provisions of Section 56 of the Act.

(p) No fee shall be payable to the Company, in respect of the registration of transfer or transmission of shares, or for registration of any power of attorney, probate, letters of administration and succession certificate, certificate of death or marriage or other similar documents, sub division and/ or consolidation of shares and debentures and sub-divisions of letters of allotment, renounceable letters of right and split, consolidation, renewal and genuine transfer receipts into denomination corresponding to the market unit of trading.

(q) The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof, (as shown or appearing in the Register of Members), to the prejudice of a Person or Persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had any notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice or referred thereto, in any book of the Company and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company but the Company shall nevertheless be at liberty to regard and attend to any such notice, and give effect thereto if the Board shall so think fit.

(r) The Company shall not register the transfer of its securities in the name of the transferee(s) when the transferor(s) objects to the transfer.

Provided that the transferor serves on the Company, within sixty working days of raising the objection, a prohibitory order of a Court of competent jurisdiction.

(s) The Board may delegate the power of transfer of securities to a committee or to compliance officer or to the registrar to an issue and/ or share transfer agent(s).

Provided that the delegated authority shall report on transfer of securities to the Board in each meeting.

(t) There shall be a common form of transfer in accordance with the Act and Rules.

(u) The provision of these Articles shall be subject to the applicable provisions of the Act, the Rules and any requirements of Law. Such provisions shall mutatis mutandis apply to the transfer or transmission by operation of Law to other Securities of the Company.

23. DEMATERIALIZATION OF SECURITIES

(a) Dematerialization:

Notwithstanding anything contained in these Articles, and subject to the applicable provisions of the Act, the Company shall be entitled to dematerialize its existing Securities, rematerialize its Securities held in the Depositories and/ or to offer its fresh Securities in a dematerialized form pursuant to the Depositories Act, and the rules framed thereunder, if any.

(b) Subject to the applicable provisions of the Act, instead of issuing or receiving certificates for the Securities, as the case maybe, either the Company or the investor may exercise an option to issue, dematerialize, hold the securities (including shares) with a Depository in electronic form and the certificates in respect thereof shall be dematerialized, in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereto shall be governed by the provisions of the Depositories Act as amended from time to time or any statutory modification thereto or re-enactment thereof.

(c) Notwithstanding anything contained in these Articles to the contrary, in the event the Securities of the Company are dematerialized, the Company shall issue appropriate instructions to the Depository not to Transfer the Securities of any Shareholder except in accordance with these Articles. The Company shall cause the Promoters to direct their respective Depository participants not to accept any instruction slip or delivery slip or other authorisation for Transfer in contravention of these Articles.

(d) If a Person opts to hold his Securities with a Depository, then notwithstanding anything to the contrary contained in these Articles the Company shall intimate such Depository the details of allotment of the Securities and on receipt of the information, the Depository shall enter in its record the name of the allottee as the Beneficial Owner of the Securities.

(e) <u>Securities in Depositories to be in fungible form</u>:

All Securities held by a Depository shall be dematerialized and be held in fungible form. Nothing contained in Sections 88, 89 and 186 of the Act shall apply to a Depository in respect of the Securities held by it on behalf of the Beneficial Owners.

(f) <u>Rights of Depositories & Beneficial Owners</u>:

(i) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the Registered Owner for the purposes of effecting transfer of ownership of Securities on behalf of the Beneficial Owner.

(ii) Save as otherwise provided in (i) above, the Depository as the Registered Owner of the Securities shall not have any voting rights or any other rights in respect of the Securities held by it.

(iii) Every person holding shares of the Company and whose name is entered as the Beneficial Owner in the records of the Depository shall be deemed to be a Shareholder of the Company.

(iv) The Beneficial Owner of Securities shall, in accordance with the provisions of these Articles and the Act, be entitled to all the rights and subject to all the liabilities in respect of his Securities, which are held by a Depository.

(g) Except as ordered by a court of competent jurisdiction or as may be required by Law required and subject to the applicable provisions of the Act, the Company shall be entitled to treat the person whose name appears on the Register as the holder of any share or whose name appears as the Beneficial Owner of any share in the records of the Depository as the absolute owner thereof and accordingly shall not be bound to recognize any benami trust or equity, equitable contingent, future, partial interest, other claim to or interest in respect of such shares or (except only as by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto in accordance with these Articles, on the part of any other person whether or not it has expressed or implied notice thereof but the Board shall at their sole discretion register any share in the joint names of any two or more persons or the survivor or survivors of them.

(h) <u>Register and Index of Beneficial Owners:</u>

The Company shall cause to be kept a register and index of members with details of shares and debentures held in materialized and dematerialized forms in any media as may be permitted by Law including any form of electronic media.

The register and index of Beneficial Owners maintained by a Depository under the Depositories Act shall be deemed to be a register and index of members for the purposes of this Act. The Company shall have the power to keep in any state or country outside India a register resident in that state or country.

(i) <u>Cancellation of Certificates upon surrender by Person:</u>

Upon receipt of certificate of securities on surrender by a person who has entered into an agreement with the Depository through a participant, the Company shall cancel such certificates and shall substitute in its record, the name of the Depository as the registered owner in respect of the said Securities and shall also inform the Depository accordingly.

(j) Service of Documents:

Notwithstanding anything contained in the Act or these Articles to the contrary, where Securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs.

(k) Transfer of Securities:

(i) Nothing contained in Section 56 of the Act or these Articles shall apply to a transfer of Securities effected by transferor and transferee both of whom are entered as Beneficial Owners in the records of a Depository.

(ii) In the case of transfer or transmission of shares or other marketable Securities where the Company has not issued any certificates and where such shares or Securities are being held in any electronic or fungible form in a Depository, the provisions of the Depositories Act shall apply.

(l) Allotment of Securities dealt with in a Depository:

Notwithstanding anything in the Act or these Articles, where Securities are dealt with by a Depository, the Company shall intimate the details of allotment of relevant Securities thereof to the Depository immediately on allotment of such Securities.

(m) Certificate Number and other details of Securities in Depository:

Nothing contained in the Act or these Articles regarding the necessity of having certificate number/ distinctive numbers for Securities issued by the Company shall apply to Securities held with a Depository.

(n) Register and Index of Beneficial Owners:

The Register and Index of Beneficial Owners maintained by a Depository under the Depositories Act, shall be deemed to be the Register and Index (if applicable) of Shareholders and Security-holders for the purposes of these Articles.

(o) Provisions of Articles to apply to Shares held in Depository:

Except as specifically provided in these Articles, the provisions relating to joint holders of shares, calls, lien on shares, forfeiture of shares and transfer and transmission of shares shall be applicable to shares held in Depository so far as they apply to shares held in physical form subject to the provisions of the Depositories Act.

(p) Depository to furnish information:

Every Depository shall furnish to the Company information about the transfer of securities in the name of the Beneficial Owner at such intervals and in such manner as may be specified by Law and the Company in that behalf.

(q) Option to opt out in respect of any such Security:

If a Beneficial Owner seeks to opt out of a Depository in respect of any Security, he shall inform the Depository accordingly. The Depository shall on receipt of such information make appropriate entries in its records and shall inform the Company. The Company shall within 30 (thirty) days of the receipt of intimation from a Depository and on fulfillment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the Beneficial Owner or the transferee as the case may be.

(r) Overriding effect of this Article:

Provisions of this Article will have full effect and force not withstanding anything to the contrary or inconsistent contained in any other Articles.

24. NOMINATION BY SECURITIES HOLDERS

(a) Every holder of Securities of the Company may, at any time, nominate, in the manner prescribed under the Companies (Share Capital and Debentures) Rules, 2014, a Person as his nominee in whom the Securities of the Company held by him shall vest in the event of his death.

(b) Where the Securities of the Company are held by more than one Person jointly, the joint holders may together nominate, in the manner prescribed under the Companies (Share Capital and Debentures) Rules, 2014, a Person as their nominee in whom all the rights in the Securities Company shall vest in the event of death of all the joint holders.

(c) Notwithstanding anything contained in any other Law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of the Securities of the Company, where a nomination made in the manner prescribed under the Companies (Share Capital and Debentures) Rules, 2014, purports to confer on any Person the right to vest the Securities of the Company, the nominee shall, on the death of the holder of Securities of the Company or, as the case may be, on the death of the joint holders become entitled to all the rights in Securities of the holder or, as the case may be, of all the joint holders, in relation to such Securities of the Company to the exclusion of all other Persons, unless the nomination is varied or cancelled in the prescribed manner under the Companies (Share Capital and Debentures) Rules, 2014.

(d) Where the nominee is a minor, the holder of the Securities concerned, can make the nomination to appoint in prescribed manner under the Companies (Share Capital and Debentures) Rules, 2014, any Person to become entitled to the Securities of the Company in the event of his death, during the minority.

(e) The transmission of Securities of the Company by the holders of such Securities and transfer in case of nomination shall be subject to and in accordance with the provisions of the Companies (Share Capital and Debentures) Rules, 2014.

25. NOMINATION FOR FIXED DEPOSITS

A depositor (who shall be the member of the Company) may, at any time, make a nomination and the provisions of Section 72 of the Act shall, as far as may be, apply to the nominations made in relation to the deposits made subject to the provisions of the Rules as may be prescribed in this regard.

26. NOMINATION IN CERTAIN OTHER CASES

Subject to the applicable provisions of the Act and these Articles, any person becoming entitled to Securities in consequence of the death, lunacy, bankruptcy or insolvency of any holder of Securities, or by any lawful means other than by a transfer in accordance with these Articles, may, with the consent of the Board (which it shall not be under any obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of such title as the Board thinks sufficient, either be registered himself as the holder of the Securities or elect to have some Person nominated by him and approved by the Board registered as such holder; provided nevertheless that, if such Person shall elect to have his nominee registered, he shall testify the election by executing in favour of his nominee an instrument of transfer in accordance with the provisions herein contained and until he does so, he shall not be freed from any liability in respect of the Securities.

27. COPIES OF MEMORANDUM AND ARTICLES TO BE SENT TO SHAREHOLDERS

Copies of the Memorandum and Articles of Association of the Company and other documents referred to in Section 17 of the Act shall be sent by the Company to every Shareholder at his request within 7 (seven) days of the request on payment of such sum as prescribed under the Companies (Incorporation) Rules, 2014.

28. BORROWING POWERS

(a) Subject to the provisions of Sections 73, 179 and 180, and other applicable provisions of the Act and these Articles, the Board may, from time to time, at its discretion by resolution passed at the meeting of a Board:

(i) accept or renew deposits from Shareholders;

(ii) borrow money by way of issuance of Debentures;

(iii) borrow money otherwise than on Debentures;

(iv) accept deposits from Shareholders either in advance of calls or otherwise; and

(v) generally raise or borrow or secure the payment of any sum or sums of money for the purposes of the Company.

Provided, however, that where the money to be borrowed together with the money already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate of the Paid-up capital of the Company and its free reserves (not being reserves set apart for any specific purpose), the Board shall not borrow such money without the consent of the Company by way of a Special Resolution in a General Meeting.

(b) Subject to the provisions of these Articles, the payment or repayment of money borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the resolution of the Board shall prescribe including by the issue of bonds, perpetual or redeemable Debentures or debenture–stock, or any mortgage, charge, hypothecation, pledge, lien or other security on the undertaking of the whole or any part of the property of the Company, both present and future. Provided however that the Board shall not, except with the consent of the Company by way of a Special Resolution in General Meeting mortgage, charge or otherwise encumber, the Company's uncalled Capital for the time being or any part thereof and Debentures and other Securities may be assignable free from any equities between the Company and the Person to whom the same may be issued.

(c) Any bonds, Debentures, debenture-stock or other Securities may if permissible in Law be issued at a discount, premium or otherwise by the Company and shall with the consent of the Board be issued upon such terms and conditions and in such manner and for such consideration as the Board shall consider to be for the benefit of the Company, and on the condition that they or any part of them may be convertible into Equity Shares of any denomination, and with any privileges and conditions as to the redemption, surrender, allotment of shares, appointment of Directors or otherwise. Provided that Debentures with rights to allotment of or conversion into Equity Shares shall not be issued except with, the sanction of the Company in General Meeting accorded by a Special Resolution.

(d) Subject to the applicable provisions of the Act and these Articles, if any uncalled Capital of the Company is included in or charged by any mortgage or other security, the Board shall make calls on the Shareholders in respect of such uncalled Capital in trust for the Person in whose favour such mortgage or security is executed, or if permitted by the Act, may by instrument under seal authorize the Person in whose favour such mortgage or security is executed or any other Person in trust for him to make calls on the Shareholders in respect of such uncalled Capital and the provisions hereinafter contained in regard to calls shall *mutatis mutandis* apply to calls made under such authority and such authority may be made exercisable either conditionally or unconditionally or either presently or contingently and either to the exclusion of the Board's power or otherwise and shall be assignable if expressed so to be.

(e) The Board shall cause a proper Register to be kept in accordance with the provisions of Section 85 of the Act of all mortgages, Debentures and charges specifically affecting the property of the Company; and shall cause the requirements of the relevant provisions of the Act in that behalf to be duly complied with within the time prescribed under the Act or such extensions thereof as may be permitted under the Act, as the case may be, so far as they are required to be complied with by the Board.

(f) Any capital required by the Company for its working capital and other capital funding requirements may be obtained in such form as decided by the Board from time to time.

(g) The Company shall also comply with the provisions of the Companies (Registration of Charges) Rules, 2014 in relation to the creation and registration of aforesaid charges by the Company.

29. SHARE WARRANTS

(a) The Company may issue share warrants subject to, and in accordance with, the provisions of Sections 114 and 115 of the Companies Act, 1956; and accordingly the Board may in its discretion, with respect to any Share which is fully Paid-up, on application in writing signed by the Persons registered as holder of the Share, and authenticated by such evidence (if any) as the Board may, from time to time, require as to the identity of the Person signing the application, and on receiving the certificate (if any) of the Share, and the amount of the stamp duty on the warrant and such fee as the Board may from time to time require, issue a share warrant.

(b) (i) The bearer of a share warrant may at any time deposit the warrant at the Office of the Company, and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for calling a meeting of the Company, and of attending, and voting and exercising the other privileges of a Shareholder at any meeting held after the expiry of 2 (two) clear days from the time of deposit, as if his name were inserted in the Register of Members as the holder of the Share included in the deposited warrant.

(ii) Not more than one person shall be recognised as depositor of the share warrant.

(iii) The Company shall, on 2 (two) days' written notice, return the deposited share warrant to the depositor.

(c) (i) Subject as herein otherwise expressly provided, no person shall, as bearer of a share warrant, sign a requisition for calling a meeting of the Company, or attend, or vote or exercise any other privileges of a Shareholder at a meeting of the Company, or be entitled to receive any notices from the Company.

(ii) The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the Register of Members as the Shareholder included in the warrant, and he shall be a Shareholder of the Company.

(d) The Board may, from time to time, make rules as to the terms on which (if it shall think fit) a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.

(e) The provisions contained under this Article shall cease to have effect post the notification of section 465 of the Act which shall repeal the provisions of Companies Act, 1956.

30. CONVERSION OF SHARES INTO STOCK AND RECONVERSION

(a) The Company in General Meeting may, by Ordinary Resolution, convert any Paid-up shares into stock and when any shares shall have been converted into stock, the several holders of such stock may henceforth transfer their respective interest therein, or any part of such interests, in the same manner and subject to the same regulations as those subject to which shares from which the stock arose might have been transferred, if no such conversion had taken place or as near thereto as circumstances will admit. The Company may, by an Ordinary Resolution, at any time reconvert any stock into Paid-up shares of any denomination. Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so however such minimum shall not exceed the nominal account from which the stock arose.

(b) The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards Dividends, voting at meetings of the Company, and other matters, as if they held the shares from which the stock arose, but no such privileges or advantages, (except participation in the Dividends and profits of the Company and in the assets on winding-up), shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

31. ANNUAL GENERAL MEETING

In accordance with the provisions of the Act, the Company shall in each year hold a General Meeting specified as its Annual General Meeting and shall specify the meeting as such in the notices convening such meetings. Further, not more than 15 (fifteen) months gap shall exist between the date of one Annual General Meeting and the date of the next. All General Meetings other than Annual General Meetings shall be Extraordinary General Meetings.

32. WHEN ANNUAL GENERAL MEETING TO BE HELD

Nothing contained in the foregoing provisions shall be taken as affecting the right conferred upon the Registrar under the provisions of Section 96(1) of the Act to extend the time within which any Annual General Meeting may be held.

33. VENUE, DAY AND TIME FOR HOLDING ANNUAL GENERAL MEETING

(a) Every Annual General Meeting shall be called during business hours, that is, between 9 A.M. and 6 P.M. on a day that is not a national holiday, and shall be held at the Office of the Company or at some other place within the city, town or village in which the Office of the Company is situated, as the Board may determine and the notices calling the Meeting shall specify it as the Annual General Meeting.

(b) Every Shareholder of the Company shall be entitled to attend the Annual General Meeting either in person or by proxy and the Auditor of the Company shall have the right to attend and to be heard at any General Meeting which he attends on any part of the business which concerns him as Auditor. At every Annual General Meeting of the Company there shall be laid on the table, the Directors' Report and Audited Statement of Accounts, Auditors' Report, (if not already incorporated in the Audited Statement of Accounts), the proxy Register with proxies and the Register of Directors' shareholdings which latter Register shall remain open and accessible during the continuance of the Meeting. The Board shall cause to be prepared the Annual Return and forward the same to the concerned Registrar of Companies, in accordance with Sections 92 and 137 of the Act. The Directors are also entitled to attend the Annual General Meeting.

34. NOTICE OF GENERAL MEETINGS

(a) Number of days' notice of General Meeting to be given: A General Meeting of the Company may be called by giving not less than 21 (twenty one) days clear notice in writing or in electronic mode, excluding the day on which notice is served or deemed to be served (i.e., on expiry of 48 (forty eight) hours after the letter containing the same is posted). However, a General Meeting may be called after giving shorter notice if consent is given in writing or by electronic mode by not less than 95 (ninety five) percent of the Shareholders entitled to vote at that meeting.

The notice of every meeting shall be given to:

(a) every Shareholder, legal representative of any deceased Shareholder or the assignee of an insolvent member of the Company,

(b) Auditor or Auditors of the Company, and

(c) all Directors.

(b) Notice of meeting to specify place, etc., and to contain statement of business: Notice of every meeting of the Company shall specify the place, date, day and hour of the meeting, and shall contain a statement of the business to be transacted thereat shall be given in the manner prescribed under Section 102 of the Act.

(c) Contents and manner of service of notice and Persons on whom it is to be served: Every notice may be served by the Company on any Shareholder thereof either personally or by sending it by post to their/ its registered address in India and if there be no registered address in India, to the address supplied by the Shareholder to the Company for giving the notice to the Shareholder.

(d) Special Business: Subject to the applicable provisions of the Act, where any items of business to be transacted at the meeting are deemed to be special, there shall be annexed to the notice of the meeting a statement setting out all material facts concerning each item of business including any particular nature of the concern or interest if any therein of every Director or manager (as defined under the provisions of the Act), if any or key management personnel (as defined under the provisions of the Act) or the relatives of any of the aforesaid and where any item of special business relates to or affects any other company, the extent of shareholding interest in that other company of every Director or manager (as defined under the provisions of the Act), if any or key management personnel (as defined under the provisions of the Act) or the relatives of any of the aforesaid of the first mentioned company shall also be set out in the statement if the extent of such interest is not less than 2 per cent of the paid up share capital of that other company. All business transacted at any meeting of the Company shall be deemed to be special and all business transacted at the Annual General Meeting of the Company with the exception of the business specified in Section 102 of the Act shall be deemed to be special.

(e) Resolution requiring Special Notice: With regard to resolutions in respect of which special notice is required to be given by the Act, a special notice shall be given as required by Section 115 of the Act.

(f) Notice of Adjourned Meeting when necessary: When a meeting is adjourned for 30 (thirty) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting in accordance with the applicable provisions of the Act.

(g) Notice when not necessary: Save as aforesaid, and as provided in Section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

(h) The notice of the General Meeting shall comply with the provisions of Companies (Management and Administration) Rules, 2014.

35. REQUISITION OF EXTRAORDINARY GENERAL MEETING

(a) The Board may, whenever it thinks fit, call an Extraordinary General Meeting and it shall do so upon a requisition received from such number of Shareholders who hold, on the date of receipt of the requisition, not less than one-tenth of such of the Paid up Share Capital of the Company as on that date carries the right of voting and such meeting shall be held at the Office or at such place and at such time as the Board thinks fit.

(b) Any valid requisition so made by Shareholders must state the object or objects of the meeting proposed to be called, and must be signed by the requisitionists and be deposited at the Office; provided that such requisition may consist of several documents in like form each signed by one or more requisitionists.

(c) Upon the receipt of any such valid requisition, the Board shall forthwith call an Extraordinary General Meeting and if they do not proceed within 21 (twenty-one) days from the date of the requisition being deposited at the Office to cause a meeting to be called on a day not later than 45 (forty-five) days from the date of deposit of the requisition, the requisitionists or such of their number as represent either a majority in value of the Paid up Share Capital held by all of them or not less than one-tenth of such of the Paid-up Share Capital of the Company as is referred to in Section 100 of the Act, whichever is less, may themselves call the meeting, but in either case any meeting so called shall be held within three months from the date of the delivery of the requisition as aforesaid.

(d) Any meeting called under the foregoing sub-articles by the requisitionists, shall be called in the same manner, as nearly as possible, as that in which a meeting is to be called by the Board.

(e) The accidental omission to give any such notice as aforesaid to any of the Shareholders, or the non-receipt thereof, shall not invalidate any resolution passed at any such meeting.

(f) No General Meeting, Annual or Extraordinary, shall be competent to enter into, discuss or transact any business which has not been mentioned in the notice or notices by which it was convened.

(g) The Extraordinary General Meeting called under this article shall be subject to and in accordance with the provisions contained under the Companies (Management and Administration) Rules, 2014.

36. NO BUSINESS TO BE TRANSACTED IN GENERAL MEETING IF QUORUM IS NOT PRESENT

The quorum for the Shareholders' Meeting shall be in accordance with Section 103 of the Act. Subject to the provisions of Section 103(2) of the Act, if such a quorum is not present within half an hour from the time set for the Shareholders' Meeting, the Shareholders' Meeting shall be adjourned to the same time and place or to such other date and such other time and place as the Board may determine and the agenda for the adjourned Shareholders' Meeting shall remain the same. If at such adjourned meeting also, a quorum is not present, at the expiration of half an hour from the time appointed for holding the meeting, the members present shall be a quorum, and may transact the business for which the meeting was called.

37. CHAIRMAN OF THE GENERAL MEETING

The Chairman of the Board shall be entitled to take the Chair at every General Meeting, whether Annual or Extraordinary. If there is no such Chairman of the Board or if at any meeting he shall not be present within fifteen minutes of the time appointed for holding such meeting or if he is unable or unwilling to take the Chair, then the Directors present shall elect one of them as Chairman. If no Director is present or if all the Directors present decline to take the Chair, then the Shareholders present shall elect, on a show of hands or on a poll if properly demanded, one of their member to be the Chairman of the meeting. No business shall be discussed at any General Meeting except the election of a Chairman while the Chair is vacant.

38. CHAIRMAN CAN ADJOURN THE GENERAL MEETING

The Chairman may, with the consent given in the meeting at which a quorum is present (and if so directed by the meeting) adjourn the General Meeting from time to time and from place to place within the city, town or village in which the Office of the Company is situate but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

39. QUESTIONS AT GENERAL MEETING HOW DECIDED

(a) At any General Meeting, a resolution put to the vote of the General Meeting shall, unless a poll is demanded, be decided by a show of hands. Before or on the declaration of the result of the voting on any resolution by a show of hands, a poll may be carried out in accordance with the applicable provisions of the Act or the voting is carried out electronically. Unless a poll is demanded, a declaration by the Chairman that a resolution has, on a show of hands, been carried or carried unanimously, or by a particular majority, or lost and an entry to that effect in the Minute Book of the Company shall be conclusive evidence of the fact, of passing of such resolution or otherwise.

(b) In the case of equal votes, the Chairman shall both on a show of hands and at a poll, (if any), have a casting vote in addition to the vote or votes to which he may be entitled as a Shareholder.

(c) If a poll is demanded as aforesaid, the same shall subject to anything stated in these Articles be taken at such time, (not later than forty-eight hours from the time when the demand was made), and place within the City, Town or Village in which the Office of the Company is situate and either by a show of hands or by ballot or by postal ballot, as the Chairman shall direct and either at once or after an interval or adjournment, or otherwise and the result of the poll shall be deemed to be the decision of the meeting at which the poll was demanded. Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll. The demand for a poll may be withdrawn at any time by the Person or Persons who made the demand.

(d) Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutinizers to scrutinise the votes given on the poll and to report thereon to him. One of the scrutinizers so appointed shall always be a Shareholder, (not being an officer or employee of the Company), present at the meeting provided such a Shareholder is available and willing to be appointed. The Chairman shall have power at any time before the result of the poll is declared, to remove a scrutinizer from office and fill vacancies in the office of scrutinizer arising from such removal or from any other cause.

(e) Any poll duly demanded on the election of a Chairman of a meeting or any question of adjournment, shall be taken at the meeting forthwith. A poll demanded on any other question shall be taken at such time not later than 48 hours from the time of demand, as the Chairman of the meeting directs.

(f) The demand for a poll except on the question of the election of the Chairman and of an adjournment shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.

(g) No report of the proceedings of any General Meeting of the Company shall be circulated or advertised at the expense of the Company unless it includes the matters required by these Articles or Section 118 of the Act to be contained in the Minutes of the proceedings of such meeting.

(h) The Shareholders will do nothing to prevent the taking of any action by the Company or act contrary to or with the intent to evade or defeat the terms as contained in these Articles.

40. PASSING RESOLUTIONS BY POSTAL BALLOT

(a) Notwithstanding any of the provisions of these Articles, the Company may, and in the case of resolutions relating to such business as notified under the Companies (Management and Administration) Rules, 2014, as amended, or other Law required to be passed by postal ballot, shall get any resolution passed by means of a postal ballot, instead of transacting the business in the General Meeting of the Company. Also, the Company may, in respect of any item of business other than ordinary business and any business in respect of which Directors or Auditors have a right to be heard at any meeting, transact the same by way of postal ballot.

(b) Where the Company decides to pass any resolution by resorting to postal ballot, it shall follow the procedures as prescribed under Section 110 of the Act and the Companies (Management and Administration) Rules, 2014, as amended from time and applicable Law.

41. VOTES OF SHAREHOLDERS

(a) No Shareholder shall be entitled to vote either personally or by proxy at any General Meeting or meeting of a class of Shareholders either upon a show of hands or upon a poll in respect of any shares registered in his name on which calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised any right of lien.

(b) No shareholder shall be entitled to vote at a General Meeting unless all calls or other sums presently payable by him have been paid, or in regard to which the Company has lien and has exercised any right of lien.

(c) Subject to the provisions of these Articles, without prejudice to any special privilege or restrictions as to voting for the time being attached to any class of shares for the time being forming a part of the Capital of the Company, every Shareholder not disqualified by the last preceding Article, shall be entitled to be present, and to speak and vote at such meeting, and on a show of hands, every Shareholder present in person shall have one vote and upon a poll, the voting right of such Shareholder present, either in person or by proxy, shall be in proportion to his share of the Paid Up Share Capital of the Company held alone or jointly with any other Person or Persons.

Provided however, if any Shareholder holding Preference shares be present at any meeting of the Company, save as provided in Section 47(2) of the Act, he shall have a right to vote only on resolutions placed before the Meeting, which directly affect the rights attached to his preference shares.

(d) On a poll taken at a meeting of the Company, a Shareholder entitled to more than one vote, or his proxy, or any other Person entitled to vote for him (as the case may be), need not, if he votes, use or cast all his votes in the same way.

(e) A Shareholder of unsound mind or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, through a committee or through his legal guardian; and any such committee or guardian may, on a poll vote by proxy. If any Shareholder be a minor his vote in respect of his Share(s) shall be exercised by his guardian(s), who may be selected (in case of dispute) by the Chairman of the meeting.

(f) If there be joint registered holders of any shares, any one of such Persons may vote at any meeting or may appoint another Person, (whether a Shareholder or not) as his proxy in respect of such shares, as if he were solely entitled thereto; but the proxy so appointed shall not have any right to speak at the meeting and if more than one of such joint-holders be present at any meeting, then one of the said Persons so present whose name stands higher in the Register of Members shall alone be entitled to speak and to vote in respect of such shares, but the other joint- holders shall be entitled to be present at the meeting. Several Executors or Administrators of a deceased Shareholder in whose name shares stand shall for the purpose of these Articles be deemed joint-holders thereof.

(g) Subject to the provision of these Articles, votes may be given personally or by an attorney or by proxy. A body corporate, whether or not a Company within the meaning of the Act, being a Shareholder may vote either by a proxy or by a representative duly authorised in accordance with Section 113 of the Act and such representative shall be entitled to exercise the same rights and powers, (including the right to vote by proxy), on behalf of the body corporate which he represents as that body could have exercised if it were an individual Shareholder.

(h) Any Person entitled to transfer any shares of the Company may vote at any General Meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that forty-eight hours at least before the time of holding the meeting or adjourned meeting, as the case may be, at which he proposes to vote, he shall satisfy the Board of his right to such shares and give such indemnity (if any) as the Board may require unless the Board shall have previously admitted his right to vote at such meeting in respect thereof.

(i) Every proxy, (whether a Shareholder or not), shall be appointed in writing under the hand of the appointer or his attorney, or if such appointer is a corporation under the Common Seal of such corporation or be signed by an officer or an attorney duly authorised by it, and any committee or guardian may appoint proxy. The proxy so appointed shall not have any right to speak at a meeting.

(j) An instrument of proxy may appoint a proxy either for (i) the purposes of a particular meeting (as specified in the instrument) or (ii) for any adjournment thereof or (iii) it may appoint a proxy for the purposes of every meeting of the Company, or (iv) of every meeting to be held before a date specified in the instrument for every adjournment of any such meeting.

(k) A Shareholder present by proxy shall be entitled to vote only on a poll.

(l) An instrument appointing a proxy and a power of attorney or other authority (including by way of a Board Resolution, (if any),) under which it is signed or a notarially certified copy of that power or authority or resolution as the case may be, shall be deposited at the Office not later than forty-eight hours before the time for holding the meeting at which the Person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of 12 months from the date of its execution. An attorney shall not be entitled to vote unless the power of attorney or other instrument or resolution as the case may be appointing him or a notarially certified copy thereof has either been registered in the records of the Company at any time not less than forty-eight hours before the time for holding the meeting at which the attorney proposes to vote, or is deposited at the Office of the Company not less than forty-eight hours before the time fixed for such meeting as aforesaid. Notwithstanding that a power of attorney or other authority has been registered in the records of the Company, the Company may, by notice in writing addressed to the Shareholder or the attorney, given at least 48 (forty eight) hours before the meeting, require him to produce the original power of attorney or authority or resolution as the case may be and unless the same is deposited with the Company not less than forty-eight hours before the time fixed for the meeting, the attorney shall not be entitled to vote at such meeting unless the Board in their absolute discretion excuse such non-production and deposit.

(m) Every instrument of proxy whether for a specified meeting or otherwise should, as far as circumstances admit, be in any of the forms set out in the Companies (Management and Administration) Rules, 2014.

(n) If any such instrument of appointment be confined to the object of appointing an attorney or proxy for voting at meetings of the Company it shall remain permanently or for such time as the Directors may determine in the custody of the Company; if embracing other objects a copy thereof, examined with the original, shall be delivered to the Company to remain in the custody of the Company.

(o) A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of the principal, or revocation of the proxy or of any power of attorney under which such proxy was signed, or the transfer of the Share in respect of which the vote is given, provided that no intimation in writing of the death, revocation or transfer shall have been received at the Office before the meeting.

(p) No objection shall be made to the validity of any vote, except at the Meeting or poll at which such vote shall be tendered, and every vote whether given personally or by proxy, not disallowed at such meeting or poll shall be deemed valid for all purposes of such meeting or poll whatsoever.

(q) The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The Chairman present at the taking of a poll shall be in the sole judge of the validity of every vote tendered at such poll.

  (i) The Company shall cause minutes of all proceedings of every General Meeting to be kept by making within 30 (thirty) days of the conclusion of every such meeting concerned, entries thereof in books kept for that purpose with their pages consecutively numbered.

  (ii) Each page of every such book shall be initialed or signed and the last page of the record of proceedings of each meeting in such book shall be dated and signed by the Chairman of the same meeting within the aforesaid period of 30 (thirty) days or in the event of the death or inability of that Chairman within that period, by a Director duly authorised by the Board for that purpose.

  (iii) In no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.

  (iv) The Minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.

  (v) All appointments of Directors of the Company made at any meeting aforesaid shall be included in the minutes of the meeting.

  (vi) Nothing herein contained shall require or be deemed to require the inclusion in any such Minutes of any matter which in the opinion of the Chairman of the Meeting (i) is or could reasonably be regarded as, defamatory of any person, or (ii) is irrelevant or immaterial to the proceedings, or (iii) is detrimental to the interests of the Company. The Chairman of the meeting shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the Minutes on the aforesaid grounds.

  (vii) Any such Minutes shall be evidence of the proceedings recorded therein.

  (viii) The book containing the Minutes of proceedings of General Meetings shall be kept at the Office of the Company and shall be open, during business hours, for such periods not being less in the aggregate than two hours in each day as the Board determines, for the inspection of any Shareholder without charge.

  (ix) The Company shall cause minutes to be duly entered in books provided for the purpose of: -

    a) the names of the Directors and Alternate Directors present at each General Meeting;

    b) all Resolutions and proceedings of General Meeting.

(r) The Shareholders shall vote (whether in person or by proxy) all of the shares owned or held on record by them at any Annual or Extraordinary General Meeting of the Company called for the purpose of filling positions to the Board, appointed as a Director of the Company under Sections 152 and 164(1) of the Act in accordance with these Articles.

(s) The Shareholders will do nothing to prevent the taking of any action by the Company or act contrary to or with the intent to evade or defeat the terms as contained in these Articles.

(t) All matters arising at a General Meeting of the Company, other than as specified in the Act or these Articles if any, shall be decided by a majority vote.

(u) The Shareholders shall exercise their voting rights as shareholders of the Company to ensure that the Act or these Articles are implemented and acted upon by the Shareholders, and by the Company and to prevent the taking of any action by the Company or by any Shareholder, which is contrary to or with a view or intention to evade or defeat the terms as contained in these Articles.

(v) Any corporation which is a Shareholder of the Company may, by resolution of the Board or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of the Company and the said person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could have exercised if it were an individual Shareholder in the Company (including the right to vote by proxy).

(w) The Company shall also provide e-voting facility to the Shareholders of the Company in terms of the provisions of the Companies (Management and Administration) Rules, 2014, the SEBI Listing Regulations or any other Law, if applicable to the Company.

42. DIRECTORS

Subject to the applicable provisions of the Act, the number of Directors of the Company shall not be less than 3 (three) and not more than 15 (fifteen). The Company shall also comply with the provisions of the Companies (Appointment and Qualification of Directors) Rules, 2014 and the provisions of the SEBI Listing Regulations. The Board shall have an optimum combination of executive and Independent Directors with at least 1 (one) woman Director, as may be prescribed by Law from time to time.

43. CHAIRMAN OF THE BOARD OF DIRECTORS

(a) The members of the Board shall elect any one of them as the Chairman of the Board. The Chairman shall preside at all meetings of the Board and the General Meeting of the Company. The Chairman shall have a casting vote in the event of a tie.

(b) If for any reason the Chairman is not present at the meeting or is unwilling to act as Chairman, the members of the Board shall appoint any one of the remaining Directors as the Chairman.

44. APPOINTMENT OF ALTERNATE DIRECTORS

Subject to Section 161 of the Act, any Director shall be entitled to nominate an alternate director to act for him during his absence for a period of not less than 3 (three) months. The Board may appoint such a person as an Alternate Director to act for a Director (hereinafter called "**the Original Director**") (subject to such person being acceptable to the Chairman) during the Original Director's absence for a period of not less than three months from the State in which the meetings of the Board are ordinarily held. An Alternate Director appointed under this Article shall not hold office for a period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate office if and when the Original Director returns to the State. If the term of the office of the Original Director is determined before he so returns to the State, any provisions in the Act or in these Articles for automatic re-appointment shall apply to the Original Director and not to the Alternate Director.

45. CASUAL VACANCY AND ADDITIONAL DIRECTORS

Subject to the applicable provisions of the Act and these Articles, the Board shall have the power at any time and from time to time to appoint any qualified Person to be a Director either as an addition to the Board or to fill a casual vacancy but so that the total number of Directors shall not at any time exceed the maximum number fixed under Article 42**.** Any Person so appointed as an addition shall hold office only up to the earlier of the date of the next Annual General Meeting or at the last date on which the Annual General Meeting should have been held but shall be eligible for appointment by the Company as a Director at that meeting subject to the applicable provisions of the Act.

46. DEBENTURE DIRECTORS

If it is provided by a trust deed, securing or otherwise, in connection with any issue of Debentures of the Company, that any Person/ lender or Persons/ lenders shall have power to nominate a Director of the Company, then in the case of any and every such issue of Debentures, the Person/ lender or Persons/ lenders having such power may exercise such power from time to time and appoint a Director accordingly. Any Director so appointed is herein referred to a Debenture Director. A Debenture Director may be removed from office at any time by the Person/ lender or Persons/ lenders in whom for the time being is vested the power under which he was appointed and another Director may be appointed in his place. A Debenture Director shall not be bound to hold any qualification shares and shall not be liable to retire by rotation or be removed by the Company. The trust deed may contain ancillary provisions as may be arranged between the Company and the trustees and all such provisions shall have effect notwithstanding any other provisions contained herein.

47. INDEPENDENT DIRECTORS

The Company shall have such number of Independent Directors on the Board of the Company, as may be required in terms of the provisions of Section 149 of the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014 or any other Law, as may be applicable. Further, the appointment of such Independent Directors shall be in terms of the aforesaid provisions of Law and subject to the requirements prescribed under the SEBI Listing Regulations.

48. EQUAL POWER TO DIRECTOR

Except as otherwise provided in these Articles, all the Directors of the Company shall have in all matters, equal rights and privileges and shall be subject to equal obligations and duties in respect of the affairs of the Company.

49. NOMINEE DIRECTORS

Whenever the Board enters into a contract with any lenders for borrowing any money or for providing any guarantee or security or for technical collaboration or assistance or enter into any other arrangement, the Board shall have, subject to the provisions of Section 152 of the Act the power to agree that such lenders shall have the right to appoint or nominate by a notice in writing addressed to the Company one or more Directors on the Board for such period and upon such conditions as may be mentioned in the common loan agreement/ facility agreement. The nominee director representing lenders shall not be required to hold qualification shares and not be liable to retire by rotation. The Directors may also agree that any such Director, or Directors may be removed from time to time by the lenders entitled to appoint or nominate them and such lenders may appoint another or other or others in his or their place and also fill in any vacancy which may occur as a result of any such Director, or Directors ceasing to hold that office for any reason whatsoever. The nominee director shall hold office only so long as any monies remain owed by the Company to such lenders.

The nominee director shall be entitled to all the rights and privileges of other Directors including the sitting fees and expenses as payable to other Directors but, if any other fees, commission, monies or remuneration in any form are payable to the Directors, the fees, commission, monies and remuneration in relation to such nominee director shall accrue to the lenders and the same shall accordingly be paid by the Company directly to the lenders.

Provided that if any such nominee director is an officer of any of the lenders, the sittings fees in relation to such nominee director shall also accrue to the lenders concerned and the same shall accordingly be paid by the Company directly to that lenders.

Any expenditure that may be incurred by the lenders or the nominee director in connection with the appointment or directorship shall be borne by the Company.

The nominee director so appointed shall be a member of the project management sub-committee, audit sub-committee and other sub-committees of the Board, if so desired by the lenders.

The nominee director shall be entitled to receive all notices, agenda, etc. and to attend all general meetings and Board meetings and meetings of any committee(s) of the Board of which he is a member and to receive all notices, agenda and minutes, etc. of the said meeting.

If at any time, the nominee director is not able to attend a meeting of Board or any of its committees, of which he is a member, the lenders may depute an observer to attend the meeting. The expenses incurred by the lenders in this connection shall be borne by the Company.

50. NO QUALIFICATION SHARES FOR DIRECTORS

A Director shall not be required to hold any qualification shares of the Company.

51. REMUNERATION OF DIRECTORS

(a) Subject to the applicable provisions of the Act, the Rules, Law including the provisions of the SEBI Listing Regulations, a Managing Director or Managing Directors, and any other Director/ s who is/ are in the whole time employment of the Company may be paid remuneration either by a way of monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other, subject to the limits prescribed under the Act.

(b) Subject to the applicable provisions of the Act, a Director (other than a Managing Director or an executive Director) may receive a sitting fee not exceeding such sum as may be prescribed by the Act or the central government from time to time for each meeting of the Board or any Committee thereof attended by him.

(c) The remuneration payable to each Director for every meeting of the Board or Committee of the Board attended by them shall be such sum as may be determined by the Board from time to time within the maximum limits prescribed from time to time by the Central Government pursuant to the first proviso to Section 197 of the Act.

(d) All fees/ compensation to be paid to non-executive Directors including Independent Directors shall be as fixed by the Board and shall require the prior approval of the Shareholders in a General meeting. Such approval shall also specify the limits for the maximum number of stock options that can be granted to a non-executive Director, in any financial year, and in aggregate. However, such prior approval of the Shareholders shall not be required in relation to the payment of sitting fees to non-executive Directors if the same is made within the prescribed limits under the Act for payment of sitting fees with approval of Central Government. Notwithstanding anything contained in this article, the Independent Directors shall not be eligible to receive any stock options.

52. SPECIAL REMUNERATION FOR EXTRA SERVICES RENDERED BY A DIRECTOR

If any Director be called upon to perform extra services or special exertions or efforts (which expression shall include work done by a Director as a member of any Committee formed by the Directors), the Board may arrange with such Director for such special remuneration for such extra services or special exertions or efforts either by a fixed sum or otherwise as may be determined by the Board. Such remuneration may either be in addition, to or in substitution for his remuneration otherwise provided, subject to the applicable provisions of the Act.

53. TRAVEL EXPENSES OF DIRECTORS

The Board may allow and pay to any Director, who is not a bona fide resident of the place where the meetings of the Board/ Committee meetings are ordinarily held; and who shall come to such place for the purpose of attending any meeting, such sum as the Board may consider fair compensation for travelling, lodging and/ or other expenses, in addition to his fee for attending such Board / Committee meetings as above specified; and if any Director be called upon to go or reside out of his ordinary place of his residence on the Company's business, he shall be entitled to be repaid and reimbursed travelling and other expenses incurred in connection with the business of the Company in accordance with the provisions of the Act.

54. CONTINUING DIRECTORS

The continuing Directors may act notwithstanding any vacancy in their body, but if, and so long as their number is reduced below the minimum number fixed by Article 42 hereof, the continuing Directors not being less than two may act for the purpose of increasing the number of Directors to that number, or for summoning a General Meeting, but for no other purpose.

55. VACATION OF OFFICE BY DIRECTOR

(a) Subject to relevant provisions of Sections 167 and 188 of the Act, the office of a Director, shall *ipso facto* be vacated if:

(i) he is found to be of unsound mind by a court of competent jurisdiction; or

(ii) he applies to be adjudicated an insolvent; or

(iii) he is adjudged an insolvent; or

(iv) he is convicted by a court of any offence involving moral turpitude and is sentenced in respect thereof to imprisonment for not less than 6 (six) months; or

(v) he fails to pay any calls made on him in respect of shares of the Company held by him whether alone or jointly with others, within 6 (six) months from the date fixed for the payment of such call, unless the Central Government has by notification in the Official Gazette removed the disqualification incurred by such failure; or

(vi) he absents himself from 3 (three) consecutive meetings of the Board or from all Meetings of the Board for a continuous period of 3 (three) months, whichever is longer, without obtaining leave of absence from the Board; or

(vii) he, (whether by himself or by any Person for his benefit or on his account), or any firm in which he is a partner, or any private company of which he is a director, accepts a loan, or any guarantee or security for a loan, from the Company, in contravention of Section 185 of the Act; or

(viii) having been appointed a Director by virtue of his holding any office or other employment in the Company, he ceases to hold such office or other employment in the Company; or

(ix) he acts in contravention of Section 184 of the Act; or

(x) he becomes disqualified by an order of the court under Section 203 of the Companies Act, 1956; or

(xi) he is removed in pursuance of Section 169 of the Act; or

(xii) he is disqualified under Section 164(2) of the Act.

Subject to the applicable provisions of the Act, a Director may resign his office at any time by notice in writing addressed to the Board and such resignation shall become effective upon its acceptance by the Board.

56. RELATED PARTY TRANSACTIONS

(a) Except with the consent of the Board or the Shareholders, as may be required in terms of the provisions of section 188 of the Act and the Companies (Meetings of Board and its Powers) Rules, 2014, no company shall enter into any contract or arrangement with a 'related party' with respect to: :

(i) sale, purchase or supply of any goods or materials;

(ii) selling or otherwise disposing of, or buying, property of any kind;

(iii) leasing of property of any kind;

(iv) availing or rendering of any services;

(v) appointment of any agent for purchase or sale of goods, materials, services or property;

(vi) such Director's or its relative's appointment to any office or place of profit in the company, its subsidiary company or associate company; and

(vii) underwriting the subscription of any securities or derivatives thereof, of the company:

without the consent of the Shareholders by way of a Special Resolution in accordance with Section 188 of the Act.

(b) no Shareholder of the Company shall vote on such Special Resolution, to approve any contract or arrangement which may be entered into by the Company, if such Shareholder is a related party.

(c) nothing in this Article shall apply to any transactions entered into by the Company in its ordinary course of business other than transactions which are not on an arm's length basis

(d) The Director, so contracting or being so interested shall not be liable to the Company for any profit realised by any such contract or the fiduciary relation thereby established.

(e) The terms "office of profit" and "arm's length basis" shall have the meaning ascribed to them under Section 188 of the Act.

(f) The term 'related party' shall have the same meaning as ascribed to it under the Act.

(g) The compliance of the Companies (Meetings of Board and its Powers) Rules, 2014 shall be made for the aforesaid contracts and arrangements.

57. DISCLOSURE OF INTEREST

(a) A Director of the Company who is in any way, whether directly or indirectly concerned or interested in a contract or arrangement, or proposed contract or arrangement entered into or to be entered into by or on behalf of the Company, shall disclose the nature of his concern or interest at a meeting of the Board in the manner provided in Section 184 of the Act; Provided that it shall not be necessary for a Director to disclose his concern or interest in any such contract or arrangement entered into or to be entered into with any other company where any of the Directors of the company or two or more of them together holds or hold not more than 2% (two per cent) of the Paid-up Share Capital in the other company or the Company as the case may be. A general notice given to the Board by the Director, to the effect that he is a director or member of a specified body corporate or is a member of a specified firm and is to be regarded as concerned or interested in any contract or arrangement which may, after the date of the notice, be entered into with that body corporate or firm, shall be deemed to be a sufficient disclosure of concern or interest in relation to any contract or arrangement so made. Any such general notice shall expire at the end of the Financial Year in which it is given but may be renewed for a further period of one Financial Year at a time by a fresh notice given in the last month of the Financial Year in which it would have otherwise expired. No such general notice, and no renewal thereof shall be of effect unless, either it is given at a meeting of the Board or the Director concerned takes reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given.

(b) No Director shall as a Director, take any part in the discussion of, vote on any contract or arrangement entered into or to be entered into by or on behalf of the Company, if he is in any way, whether directly or indirectly, concerned or interested in such contract or arrangements; nor shall his presence count for the purpose of forming a quorum at the time of any such discussion or vote; and if he does vote, his vote shall be void; provided however that nothing herein contained shall apply to:-

(i) any contract or indemnity against any loss which the Directors, or any one or more of them, may suffer by reason of becoming or being sureties or a surety for the Company;

(ii) any contract or arrangement entered into or to be entered into with a public company or a private company which is subsidiary of a public company in which the interest of the Director consists solely,

1. in his being –

I. a director of such company, and

II. the holder of not more than shares of such number or value therein as is requisite to qualify him for appointment as a Director thereof, he having been nominated as such Director by this Company, or

2. in his being a shareholder holding not more than 2 (two) per cent of its Paid-up Share Capital.

Subject to the provisions of Section 188 of the Act and other applicable provisions, if any, of the Act, any Director of the Company, any partner or relative of such Director, any firm in which such Director or a relative of such Director is a partner, any private company of which such Director is a director or member, and any director or manager of such private company, may hold any office or place of profit in the Company.

(c) The Company shall keep a Register in accordance with Section 189 of the Act and shall within the time specified therein enter therein such of the particulars as may be. The Register aforesaid shall also specify, in relation to each Director of the Company, the names of the bodies corporate and firms of which notice has been given by him under Article 57(a). The Register shall be kept at the Office of the Company and shall be open to inspection at such Office, and extracts may be taken therefrom and copies thereof may be required by any Shareholder of the Company to the same extent, in the same manner, and on payment of the same fee as in the case of the Register of Members of the Company and the provisions of Section 94 of the Act shall apply accordingly.

(d) A Director may be or become a Director of any Company promoted by the Company, or on which it may be interested as a vendor, shareholder, or otherwise, and no such Director shall be accountable for any benefits received as director or shareholder of such Company except in so far as Section 188 or Section 197 of the Act as may be applicable.

58. ONE-THIRD OF DIRECTORS TO RETIRE EVERY YEAR

At the Annual General Meeting of the Company to be held in every year, one third of such of the Directors as are liable to retire by rotation for time being, or, if their number is not three or a multiple of three then the number nearest to one third shall retire from office, and they will be eligible for re-election. Provided nevertheless that the managing Director or whole-time Director(s), appointed or the Directors appointed as a Debenture Director, or the Directors appointed as Independent Director(s) under Articles hereto shall not retire by rotation under this Article nor shall they be included in calculating the total number of Directors of whom one third shall retire from office under this Article.

59. PROCEDURE, IF PLACE OF RETIRING DIRECTORS IS NOT FILLED UP

(a) If the place of the retiring Director is not so filled up and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is a national holiday, till the next succeeding day which is not a national holiday, at the same time and place.

(b) If at the adjourned meeting also, the place of the retiring Director is not filled up and that meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been reappointed at the adjourned meeting, unless:-

(i) at that meeting or at the previous meeting a resolution for the reappointment of such Director has been put to the meeting and lost;

(ii) retiring Director has, by a notice in writing addressed to the Company or its Board , expressed his unwillingness to be so reappointed;

(iii) he is not qualified or is disqualified for appointment; or

(iv) a resolution whether special or ordinary is required for the appointment or reappointment by virtue of any applicable provisions of the Act.

60. COMPANY MAY INCREASE OR REDUCE THE NUMBER OF DIRECTORS.

Subject to Article 42 and Sections 149, 152 and 164 of the Act, the Company may, by Ordinary Resolution, from time to time, increase or reduce the number of Directors, and may alter their qualifications and the Company may, (subject to the provisions of Section 169 of the Act), remove any Director before the expiration of his period of office and appoint another qualified in his stead. The person so appointed shall hold office during such time as the Director in whose place he is appointed would have held the same if he had not been removed.

61. REGISTER OF DIRECTORS ETC.

(a) The Company shall keep at its Office, a Register containing the particulars of its Directors, Managing Directors, Manager, Secretaries and other Persons mentioned in Section 170 of the Act and shall otherwise comply with the provisions of the said Section in all respects.

(b) The Company shall in respect of each of its Directors also keep at its Office a Register, as required by Section 170 of the Act, and shall otherwise duly comply with the provisions of the said Section in all respects.

62. DISCLOSURE BY DIRECTOR OF APPOINTMENT TO ANY OTHER BODY CORPORATE.

Every Director shall in accordance with the provisions of Companies (Meeting of Board and its Powers) Rules, 2014 shall disclose his concern or interest in any company or companies or bodies corporate (including shareholding interest), firms or other association of individuals by giving a notice in accordance with such rules.

63. MANAGING DIRECTOR(S)/ WHOLE TIME DIRECTOR(S) / EXECUTIVE DIRECTOR(S)/ MANAGER

Subject to the provisions of Section 203 of the Act and of these Articles, the Board shall have the power to appoint from time to time any full time employee of the Company as Managing Director/ whole time director or executive director or manager of the Company. The Managing Director(s) or the whole time director(s) manager or executive director(s), as the case may be, so appointed, shall be responsible for and in charge of the day to day management and affairs of the Company and subject to the applicable provisions of the Act and these Articles, the Board shall vest in such Managing Director/ s or the whole time director(s) or manager or executive director(s), as the case may be, all the powers vested in the Board generally. The remuneration of a Managing Director/ whole time director or executive director or manager may be by way of monthly payment, fee for each meeting or participation in profits, or by any or all those modes or any other mode not expressly prohibited by the Act. Board, subject to the consent of the shareholders of the Company shall have the power to appoint Chairman of the Board as the Managing Director / whole time director or executive director of the Company.

64. PROVISIONS TO WHICH MANAGING DIRECTOR(S)/ WHOLE TIME DIRECTOR(S) / EXECUTIVE DIRECTOR(S)/ MANAGER ARE SUBJECT

Notwithstanding anything contained herein, a Managing Director(s) / whole time director(s) / executive director(s) / manager shall subject to the provisions of any contract between him and the Company be subject to the same provisions as to resignation and removal as the other Directors of the Company, and if he ceases to hold the office of a Director he shall ipso facto and immediately cease to be a Managing Director(s) / whole time director(s) / executive director(s) / manager, and if he ceases to hold the office of a Managing Director(s) / whole time director(s) / executive director(s)/ manager he shall ipso facto and immediately cease to be a Director.

65. REMUNERATION OF MANAGING DIRECTOR(S)/ WHOLE TIME DIRECTOR(S) / EXECUTIVE DIRECTOR(S)/ MANAGER

The remuneration of the Managing Director(s) / whole time director(s) / executive director(s) / manager shall (subject to Sections 196, 197 and 203 and other applicable provisions of the Act and of these Articles and of any contract between him and the Company) be fixed by the Directors, from time to time and may be by way of fixed salary and/ or perquisites or commission or profits of the Company or by participation in such profits, or by any or all these modes or any other mode not expressly prohibited by the Act.

66. POWER AND DUTIES OF MANAGING DIRECTOR(S)/ WHOLE TIME DIRECTOR(S) / EXECUTIVE DIRECTOR(S)/ MANAGER

Subject to the superintendence, control and direction of the Board, the day-to-day management of the Company shall be in the hands of the Managing Director(s)/ whole time director(s) / executive director(s)/ manager s in the manner as deemed fit by the Board and subject to the applicable provisions of the Act, and these Articles, the Board may by resolution vest any such Managing Director(s)/ whole time director(s) / executive director(s)/ manager with such of the powers hereby vested in the Board generally as it thinks fit and such powers may be made exercisable for such period or periods and upon such conditions and subject to the applicable provisions of the Act, and these Articles confer such power either collaterally with or to the exclusion of or in substitution for all or any of the Directors in that behalf and may from time to time revoke, withdraw, alter or vary all or any of such powers.

67. POWER TO BE EXERCISED BY THE BOARD ONLY BY MEETING

The Board shall exercise the following powers on behalf of the Company and the said powers shall be exercised only by resolutions passed at the meeting of the Board: -

(a) to make calls on Shareholders in respect of money unpaid on their shares;

(b) to authorise buy-back of securities under Section 68 of the Act;

(c) to issue securities, including debentures, whether in or outside India;

(d) to borrow money(ies);

(e) to invest the funds of the Company;

(f) to grant loans or give guarantee or provide security in respect of loans;

(g) to approve financial statements and the Board's report;

(h) to diversify the business of the Company;

(i) to approve amalgamation, merger or reconstruction;

(j) to take over a company or acquire a controlling or substantial stake in another company;

(k) fees/ compensation payable to non-executive directors including independent directors of the Company; and

(l) any other matter which may be prescribed under the Companies (Meetings of Board and its Powers) Rules, 2014 and the SEBI Listing Regulations.

The Board may, by a resolution passed at a meeting, delegate to any Committee of Directors, the Managing Director, or to any person permitted by Law the powers specified in sub clauses (d) to (f) above.

The aforesaid powers shall be exercised in accordance with the provisions of the Companies (Meetings of Board and its Powers) Rules, 2014 and shall be subject to the provisions of section 180 of the Act.

In terms of Section 180 of the Act, the Board may exercise the following powers subject to receipt of consent by the Company by way of a Special Resolution:

(a) to sell, lease or otherwise dispose of the whole or substantial part of the undertaking of the Company;

(b) to borrow money; and

(c) any such other matter as may be prescribed under the Act, the SEBI Listing Regulations and other applicable provisions of Law.

68. MAKING LIABILITY OF DIRECTORS UNLIMITED

The Company may, by Special Resolution in a General Meeting, alter its Memorandum of Association so as to render unlimited the liability of its Directors or of any Director or manager, in accordance with Section 323 of the Companies Act, 1956.

69. PROCEEDINGS OF THE BOARD OF DIRECTORS

(a) Board Meetings shall be held at least once in every 3 (three) month period and there shall be at least 4 (four) Board Meetings in any calendar year and there should not be a gap of more than 120 (one hundred twenty) days between two consecutive Board Meetings. Meetings shall be held at the Registered Office, or such a place as may be decided by the Board.

(b) The participation of Directors in a meeting of the Board may be either in person or through video conferencing or other audio visual means, as may be prescribed, which are capable of recording and recognising the participation of the Directors and of recording and storing the proceedings of such meetings along with date and time. However, such matters as provided under the Companies (Meetings of Board and its Powers) Rules, 2014 shall not be dealt with in a meeting through video conferencing or other audio visual means. Any meeting of the Board held through video conferencing or other audio visual means shall only be held in accordance with the Companies (Meetings of Board and its Powers) Rules, 2014.

(c) The Company Secretary or any other Director shall, as and when directed by the Chairman or a Director convene a meeting of the Board by giving a notice in writing to every Director in accordance with the provisions of the Act and the Companies (Meetings of Board and its Powers) Rules, 2014.

(d) The Board may meet either at the Office of the Company, or at any other location in India or outside India as the Chairman or Director may determine.

(e) At least 7 (seven) days' notice of every meeting of the Board shall be given in writing to every Director for the time being at his address registered with the Company and such notice shall be sent by hand delivery or by post or by electronic means. A meeting of the Board may be convened in accordance with these Articles by a shorter notice in case of any emergency as directed by the Chairman or the Managing Director or the Executive Director, as the case may be, subject to the presence of 1 (one) Independent Director in the said meeting. If an Independent Director is not present in the said meeting, then decisions taken at the said meeting shall be circulated to all the Directors and shall be final only upon ratification by one independent Director. Such notice or shorter notice may be sent by post or by fax or e-mail depending upon the circumstances.

(f) At any Board Meeting, each Director may exercise 1 (one) vote. The adoption of any resolution of the Board shall require the affirmative vote of a majority of the Directors present at a duly constituted Board Meeting.

70. QUORUM FOR BOARD MEETING

(a) <u>Quorum for Board Meetings</u>

Subject to the provisions of Section 174 of the Act, the quorum for each Board Meeting shall be one-third of its total strength or two directors, whichever is higher, and the presence of Directors by video conferencing or by other audio visual means shall also be counted for the purposes of calculating quorum.

If any duly convened Board Meeting cannot be held for want of a quorum, then such a meeting shall automatically stand adjourned for 7 (seven) days after the original meeting at the same time and place, or if that day is a national holiday, on the succeeding day which is not a public holiday to the same time and place. Provided however, the adjourned meeting may be held on such other date and such other place as may be unanimously agreed to by all the Directors in accordance with the provisions of the Act.

(b) If in the event of a quorum once again not being available at such an adjourned meeting, the Directors present shall constitute the quorum and may transact business for which the meeting has been called.

71. QUESTIONS AT THE BOARD MEETINGS HOW DECIDED

(a) Questions arising at any meeting of the Board, other than as specified in these Articles and the Act, if any, shall be decided by a majority vote. In the case of an equality of votes, the Chairman shall have a second or casting vote.

(b) No regulation made by the Company in General Meeting, shall invalidate any prior act of the Board, which would have been valid if that regulation had not been made.

72. ELECTION OF CHAIRMAN OF BOARD

(a) The Board may elect a chairman of its meeting and determine the period for which he is to hold office.

(b) If no such chairman is elected, or at any meeting the chairman is not present within five minutes after the time appointed for holding the meeting the Directors present may choose one among themselves to be the chairman of the meeting.

73. POWERS OF THE BOARD

Subject to the applicable provisions of the Act, these Articles and other applicable provisions of Law: -

(a) The Board shall be entitled to exercise all such power and to do all such acts and things as the Company is authorised to exercise and do under the applicable provisions of the Act or by the memorandum and articles of association of the Company.

(b) The Board is vested with the entire management and control of the Company, including as regards any and all decisions and resolutions to be passed, for and on behalf of the Company.

(c) Provided that the Board shall not, except with the consent of the Company by a Special Resolution:-

i. Sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking, of the whole, or substantially the whole, of any such undertaking. The term ‘undertaking’ and the expression ‘substantially the whole of the undertaking’ shall have the meaning ascribed to them under the provisions of Section 180 of the Act;

ii. Remit, or give time for repayment of, any debt due by a Director;

iii. Invest otherwise than in trust securities the amount of compensation received by the Company as a result of any merger or amalgamation; and

iv. Borrow money(ies) where the money(ies) to be borrowed together with the money(ies) already borrowed by the Company (apart from temporary loans obtained from the Company’s bankers in the ordinary course of businesses), will exceed the aggregate of the paid-up capital of the Company and its free reserves.

74. COMMITTEES AND DELEGATION BY THE BOARD

(a) The Company shall constitute such Committees as may be required under the Act, applicable provisions of Law and the SEBI Listing Regulations. Without prejudice to the powers conferred by the other Articles and so as not to in any way to limit or restrict those powers, the Board may, subject to the provisions of Section 179 of the Act, delegate any of its powers to the Managing Director(s), the executive director(s) or manager or the chief executive officer of the Company. The Managing Director(s), the executive director(s) or the manager or the chief executive officer(s) as aforesaid shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed on them by the Board and all acts done by them in exercise of the powers so delegated and in conformity with such regulations shall have the like force and effect as if done by the Board.

(b) Subject to the applicable provisions of the Act, the requirements of Law and these Articles, the Board may delegate any of its powers to Committees of the Board consisting of such member or members of the Board as it thinks fit, and it may from time to time revoke and discharge any such committee of the Board either wholly or in part and either as to persons or purposes. Every Committee of the Board so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed on it by the Board. All acts done by any such Committee of the Board in conformity with such regulations and in fulfillment of the purposes of their appointment but not otherwise, shall have the like force and effect as if done by the Board.

(c) The meetings and proceedings of any such Committee of the Board consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors, so far as the same are applicable thereto and are not superseded by any regulation made by the Directors under the last preceding Article.

(d) The Board of the Company shall in accordance with the provisions of the Companies (Meetings of the Board and its Powers) Rules, 2014 or any other Law and the provisions of the SEBI Listing Regulations, form such committees as may be required under such rules in the manner specified therein, if the same are applicable to the Company.

75. ACTS OF BOARD OR COMMITTEE VALID NOTWITHSTANDING INFORMAL APPOINTMENT

All acts undertaken at any meeting of the Board or of a Committee of the Board, or by any person acting as a Director shall, notwithstanding that it may afterwards be discovered that there was some defect in the appointment of such Director or persons acting as aforesaid, or that they or any of them were disqualified or had vacated office or that the appointment of any of them had been terminated by virtue of any provisions contained in the Act or in these Articles, be as valid as if every such person had been duly appointed, and was qualified to be a Director . Provided that nothing in this Article shall be deemed to give validity to the acts undertaken by a Director after his appointment has been shown to the Company to be invalid or to have been terminated.

76. PASSING OF RESOLUTION BY CIRCULATION

No resolution shall be deemed to have been duly passed by the Board or by a Committee thereof by circulation, unless the resolution has been circulated in draft form, together with the necessary papers, if any, to all the Directors, or members of the Committee, as the case may be, at their addresses registered with the Company in India by hand delivery or by post or by courier, or through such electronic means as may be provided under the Companies (Meetings of Board and its Powers) Rules, 2014 and has been approved by majority of Directors or members of the Committee, who are entitled to vote on the resolution. However, in case one-third of the total number of Directors for the time being require that any resolution under circulation must be decided at a meeting, the chairperson shall put the resolution to be decided at a meeting of the Board.

A resolution mentioned above shall be noted at a subsequent meeting of the Board or the Committee thereof, as the case may be, and made part of the minutes of such meeting.

77. MINUTES OF THE PROCEEDINGS OF THE MEETING OF THE BOARD

(a) The Company shall prepare minutes of each Board Meeting and the entries thereof in books kept for that purpose with their pages consecutively numbered. Such minutes shall contain a fair and correct summary of the proceedings conducted at the Board Meeting.

(b) The Company shall circulate the minutes of the meeting to each Director within 7 (seven) Business Days after the Board Meeting.

(c) Each page of every such book shall be initialed or signed and the last page of the record of proceedings of each meeting in such book shall be dated and signed by the Chairman of the said meeting or the Chairman of the next succeeding meeting.

(d) In no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.

(e) The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat and shall also contain: -

  (i) all appointments of Officers;

  (ii) the names of the Directors present at each meeting of the Board;

  (iii) all resolutions and proceedings of the meetings of the Board;

  (iv) the names of the Directors, if any, dissenting from, or not concurring in, any resolution passed by the Board.

(f) Nothing contained in sub Articles (a) to (e) above shall be deemed to require the inclusion in any such minutes of any matter which in the opinion of the Chairman of the meeting: -

  (i) is or could reasonably be regarded as defamatory of any person;

  (ii) is irrelevant or immaterial to the proceedings; or

  (iii) is detrimental to the interests of the Company.

(g) The Chairman shall exercise absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the ground specified in sub Article (f) above.

(h) Minutes of meetings kept in accordance with the aforesaid provisions shall be evidence of the proceedings recorded therein.

(i) The minutes kept and recorded under this Article shall also comply with the provisions of Secretarial Standard 3 issued by the Institute of Company Secretaries of India constituted under the Company Secretaries Act, 1980 and approved as such by the Central Government and applicable provisions of the Act and Law.

78. REGISTER OF CHARGES

The Directors shall cause a proper register to be kept, in accordance with the applicable provisions of the Act, of all mortgages and charges specifically affecting the property of the Company and shall duly comply with the requirements of the applicable provisions of the Act in regard to the registration of mortgages and charges therein specified.

79. CHARGE OF UNCALLED CAPITAL

Where any uncalled capital of the Company is charged as security or other security is created on such uncalled capital, the Directors may authorize, subject to the applicable provisions of the Act and these Articles, making calls on the Shareholders in respect of such uncalled capital in trust for the person in whose favour such charge is executed.

80. SUBSEQUENT ASSIGNS OF UNCALLED CAPITAL

Where any uncalled capital of the Company is charged, all persons taking any subsequent charge thereon shall take the same subject to such prior charges and shall not be entitled to obtain priority over such prior charge.

81. CHARGE IN FAVOUR OF DIRECTOR FOR INDEMNITY

If the Director or any person, shall become personally liable for the payment of any sum primarily due from the Company, the Board may execute or cause to be executed, any mortgage, charge or security over or affecting the whole or part of the assets of the Company by way of indemnity to secure the Directors or other persons so becoming liable as aforesaid from any loss in respect of such liability.

82. OFFICERS

(a) The Company shall have its own professional management and such officers shall be appointed from time to time as designated by its Board. The officers of the Company shall serve at the discretion of the Board.

(b) The officers of the Company shall be responsible for the implementation of the decisions of the Board, subject to the authority and directions of the Board and shall conduct the day to day business of the Company.

(c) The officers of the Company shall be the Persons in charge of and responsible to the Company for the conduct of the business of the Company and shall be concerned and responsible to ensure full and due compliance with all statutory laws, rules and regulations as are required to be complied with by the Company and/ or by the Board of the Company.

(d) Qualified experienced managerial and marketing executives and other officers shall be appointed for the operation and conduct of the business of the Company.

(e) The Board shall appoint with the approval of the Chairman, the President and/ or Chief Executive Officer and/ or Chief Operating Officer of the Company, as well as persons who will be appointed to the posts of senior executive management.

83. THE SECRETARY

(a) Subject to the provisions of Section 203 of the Act, the Board may, from time to time, appoint any individual as Secretary of the Company to perform such functions, which by the Act or these Articles for the time being of the Company are to be performed by the Secretary and to execute any other duties which may from time to time be assigned to him by the Board. The Board may confer upon the Secretary so appointed any powers and duties as are not by the Act or by these Articles required to be exercised by the Board and may from time to time revoke, withdraw, alter or vary all or any of them. The Board may also at any time appoint some individual (who need not be the Secretary), to maintain the Registers required to be kept by the Company.

(b) The Secretary shall be an individual responsible to ensure that there shall be no default, non-compliance, failure, refusal or contravention of any of the applicable provisions of the Act, or any rules, regulations or directions which the Company is required to conform to or which the Board of the Company are required to conform to and shall be designated as such and be the officer in default.

84. DIRECTORS' & OFFICERS' LIABILITY INSURANCE

Subject to the provisions of the Act and Law, the Company shall procure, at its own cost, comprehensive directors and officers liability insurance for each Director which shall not form a part of the remuneration payable to the Directors in the circumstances described under Section 197 of the Act: -

(a) on terms approved by the Board;

(b) which includes each Director as a policyholder;

(c) is from an internationally recognised insurer approved by the Board; and

(d) for a coverage for claims of an amount as may be decided by the Board, from time to time.

85. SEAL

(a) The Board shall provide a Common Seal for the purposes of the Company, and shall have power from time to time to destroy the same and substitute a new Seal in lieu thereof, and the Board shall provide for the safe custody of the Seal for the time being, and the Seal shall never be used except by the authority of the Board or a Committee of the Board, previously given.

(b) The Company shall also be at liberty to have an official Seal(s) in accordance with Section 50 of the Companies Act, 1956, for use in any territory, district or place outside India.

(c) The seal of the company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a committee of the Board authorised by it in that behalf, and except in the presence of at least two (2) directors and of the secretary or such other person as the Board may appoint for the purpose; and those two (2) directors and the secretary or other person aforesaid shall sign every instrument to which the seal of the company is so affixed in their presence.

86. ACCOUNTS

(a) The Company shall prepare and keep at the Office books of accounts or other relevant books and papers and financial statements for every financial year which give a true and fair view of the state of affairs of the Company, including its branch office or offices, if any, and explain the transactions effected both at the Office and its branches and such books shall be kept on accrual basis and according to the double entry system of accounting.

(b) Where the Board decides to keep all or any of the books of account at any place other than the Office, the Company shall, within 7 (seven) days of the decision, file with the Registrar, a notice in writing giving the full address of that other place. The Company may also keep such books of accounts or other relevant papers in electronic mode in accordance with the provisions of the Act.

(c) The Company shall preserve in good order the books of account relating to a period of not less than eight years preceding the current year.

(d) When the Company has a branch office, whether in or outside India, the Company shall be deemed to have complied with this Article if proper books of account relating to the transactions effected at the branch office are kept at the branch office and proper summarized returns made up to dates at intervals of not more than three months, are sent by the branch office to the Company at its office or at the other place in India, at which the Company's books of account are kept as aforesaid.

(e) No Shareholder (not being a Director) shall have any right of inspecting any account or books or documents of the Company except specified under the Act and Law.

(f) In accordance with the provisions of the Act, along with the financial statements laid before the Shareholders, there shall be laid a 'Board's report' which shall include:

(i) the extract of the annual return as provided under sub-section (3) of Section 92 of the Act;

(ii) number of meetings of the Board;

(iii) Directors' responsibility statement as per the provisions of Section 134 (5) of the Act;

(iv) a statement on declaration given by Independent Directors under sub-section (6) of Section 149 of the Act;

(v) in the event applicable, as specified under sub-section (1) of Section 178 of the Act, Company's policy on directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of Section 178 of the Act;

(vi) explanations or comments by the Board on every qualification, reservation or adverse remark or disclaimer made-

1. by the auditor in his report; and

2. by the company secretary in practice in his secretarial audit report;

(vii) particulars of loans, guarantees or investments under Section 186 of the Act;

(viii) particulars of contracts or arrangements with related parties referred to in sub-section (1) of Section 188 in the prescribed form;

(ix) the state of the company's affairs;

(x) the amounts, if any, which it proposes to carry to any reserves;

(xi) the amount, if any, which it recommends should be paid by way of Dividends;

(xii) material changes and commitments, if any, affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report;

(xiii) the conservation of energy, technology absorption, foreign exchange earnings and outgo, in such manner as may be prescribed;

(xiv) a statement indicating development and implementation of a risk management policy for the company including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the company;

(xv) the details about the policy developed and implemented by the company on corporate social responsibility initiatives taken during the year;

(xvi) in case of a listed company and every other public company having such paid-up share capital as may be prescribed, a statement indicating the manner in which formal annual evaluation has been made by the Board of its own performance and that of its committees and individual directors; and

(xvii) such other matters as may be prescribed under the Law, from time to time.

(g) All the aforesaid books shall give a fair and true view of the affairs of the Company or its branch office, as the case may be, with respect to the matters herein and explain its transactions.

87. AUDIT AND AUDITORS

(a) Auditors shall be appointed and their rights and duties shall be regulated in accordance with Sections 139 to 147 of the Act and as specified under Law.

(b) Every account of the Company when audited shall be approved by a General Meeting and shall be conclusive except as regards any error discovered therein within three months next after the approval thereof. Whenever any such error is discovered within that period the account shall forthwith be corrected, and henceforth shall be conclusive.

(c) Every balance sheet and profit and loss account shall be audited by one or more Auditors to be appointed as hereinafter set out.

(d) The Company at the Annual General Meeting in each year shall appoint an Auditor or Auditors to hold office from the conclusion of that meeting until conclusion of the next Annual General Meeting and every Auditor so appointed shall be intimated of his appointment within 7 (seven) days.

(e) Where at an Annual General Meeting, no Auditors are appointed, the Central Government may appoint a person to fill the vacancy and fix the remuneration to be paid to him by the Company for his services.

(f) The Company shall within 7 (seven) days of the Central Government's power under sub clause (b) becoming exercisable, give notice of that fact to the Government.

(g) The Directors may fill any casual vacancy in the office of an Auditor but while any such vacancy continues, the remaining auditors (if any) may act. Where such a vacancy is caused by the resignation of an Auditor, the vacancy shall only be filled by the Company in General Meeting.

(h) A person, other than a retiring Auditor, shall not be capable of being appointed at an Annual General Meeting unless special notice of a resolution of appointment of that person to the office of Auditor has been given by a Shareholder to the Company not less than 14 (fourteen) days before the meeting in accordance with Section 115 of the Act, and the Company shall send a copy of any such notice to the retiring Auditor and shall give notice thereof to the Shareholders in accordance with provisions of Section 115 of the Act and all the other provision of Section 140 of the Act shall apply in the matter. The provisions of this sub-clause shall also apply to a resolution that a retiring auditor shall not be re-appointed.

(i) The persons qualified for appointment as Auditors shall be only those referred to in Section 141 of the Act.

(j) None of the persons mentioned in Section 141 of the Act as are not qualified for appointment as auditors shall be appointed as Auditors of the Company.

88. AUDIT OF BRANCH OFFICES

The Company shall comply with the applicable provisions of the Act and the Companies (Audit and Auditor) Rules, 2014 in relation to the audit of the accounts of branch offices of the Company.

89. REMUNERATION OF AUDITORS

The remuneration of the Auditors shall be fixed by the Company as authorized in General Meeting from time to time in accordance with the provisions of the Act and the Companies (Audit and Auditor) Rules, 2014.

90. DOCUMENTS AND NOTICES

(a) A document or notice may be given or served by the Company to or on any Shareholder whether having his registered address within or outside India either personally or by sending it by post to him to his registered address.

(b) Where a document or notice is sent by post, service of the document or notice shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the document or notice, provided that where a Shareholder has intimated to the Company in advance that documents or notices should be sent to him under a certificate of posting or by registered post with or without acknowledgement due or by cable or telegram and has deposited with the Company a sum sufficient to defray the expenses of doing so, service of the document or notice shall be deemed to be effected unless it is sent in the manner intimated by the Shareholder. Such service shall be deemed to have effected in the case of a notice of a meeting, at the expiration of forty eight hours after the letter containing the document or notice is posted or after a telegram has been dispatched and in any case, at the time at which the letter would be delivered in the ordinary course of post or the cable or telegram would be transmitted in the ordinary course.

(c) A document or notice may be given or served by the Company to or on the joint-holders of a Share by giving or serving the document or notice to or on the joint-holder named first in the Register of shareholders in respect of the Share.

(d) Every person, who by operation of Law, transfer or other means whatsoever, shall become entitled to any Share, shall be bound by every document or notice in respect of such Share, which previous to his name and address being entered on the register of Shareholders, shall have been duly served on or given to the Person from whom he derives his title to such Share.

(e) Any document or notice to be given or served by the Company may be signed by a Director or the Secretary or some Person duly authorised by the Board for such purpose and the signature thereto may be written, printed, photostat or lithographed.

(f) All documents or notices to be given or served by Shareholders on or to the Company or to any officer thereof shall be served or given by sending the same to the Company or officer at the Office by post under a certificate of posting or by registered post or by leaving it at the Office.

(g) Where a Document is sent by electronic mail, service thereof shall be deemed to be effected properly, where a shareholder has registered his electronic mail address with the Company and has intimated the Company that documents should be sent to his registered email address, without acknowledgement due. Provided that the Company, shall provide each shareholder an opportunity to register his email address and change therein from time to time with the Company or the concerned depository. The Company shall fulfill all conditions required by Law, in this regard.

91. SHAREHOLDERS TO NOTIFY ADDRESS IN INDIA

Each registered Shareholder from time to time notify in writing to the Company such place in India to be registered as his address and such registered place of address shall for all purposes be deemed to be his place of residence.

92. SERVICE ON SHAREHOLDERS HAVING NO REGISTERED ADDRESS

If a Shareholder does not have registered address in India, and has not supplied to the Company any address within India, for the giving of the notices to him, a document advertised in a newspaper circulating in the neighbourhood of Office of the Company shall be deemed to be duly served to him on the day on which the advertisement appears.

93. SERVICE ON PERSONS ACQUIRING SHARES ON DEATH OR INSOLVENCY OF SHAREHOLDERS

A document may be served by the Company on the persons entitled to a share in consequence of the death or insolvency of a Shareholders by sending it through the post in a prepaid letter addressed to them by name or by the title or representatives of the deceased, assignees of the insolvent by any like description at the address (if any) in India supplied for the purpose by the persons claiming to be so entitled, or (until such an address has been so supplied) by serving the document in any manner in which the same might have been served as if the death or insolvency had not occurred.

94. PERSONS ENTITLED TO NOTICE OF GENERAL MEETINGS

Subject to the applicable provisions of the Act and these Articles, notice of General Meeting shall be given:

(i) To the Shareholders of the Company as provided by these Articles.

(ii) To the persons entitled to a share in consequence of the death or insolvency of a Shareholder.

(iii) To the Auditors for the time being of the Company; in the manner authorized by as in the case of any Shareholder of the Company.

95. NOTICE BY ADVERTISEMENT

Subject to the applicable provisions of the Act, any document required to be served or sent by the Company on or to the Shareholders, or any of them and not expressly provided for by these Articles, shall be deemed to be duly served or sent if advertised in a newspaper circulating in the District in which the Office is situated.

96. DIVIDEND POLICY

(a) The profits of the Company, subject to any special rights relating thereto being created or authorised to be created by the Memorandum or these Articles and subject to the provisions of these Articles shall be divisible among the Shareholders in proportion to the amount of Capital Paid-up or credited as Paid-up and to the period during the year for which the Capital is Paid-up on the shares held by them respectively. Provided always that, (subject as aforesaid), any Capital Paid-up on a Share during the period in respect of which a Dividend is declared, shall unless the Directors otherwise determine, only entitle the holder of such Share to an apportioned amount of such Dividend as from the date of payment.

(b) Subject to the provisions of Section 123 of the Act the Company in General Meeting may declare Dividends, to be paid to Shareholders according to their respective rights and interests in the profits. No Dividends shall exceed the amount recommended by the Board, but the Company in General Meeting may, declare a smaller Dividend, and may fix the time for payments not exceeding 30 (thirty) days from the declaration thereof.

(c) (i) No Dividend shall be declared or paid otherwise than out of profits of the Financial Year arrived at after providing for depreciation in accordance with the provisions of Section 123 of the Actor out of the profits of the Company for any previous Financial Year or years arrived at after providing for depreciation in accordance with those provisions and remaining undistributed or out of both provided that: -

1. if the Company has not provided for depreciation for any previous Financial Year or years it shall, before declaring or paying a Dividend for any Financial Year provide for such

depreciation out of the profits of that Financial Year or out of the profits of any other previous Financial Year or years, and

2. if the Company has incurred any loss in any previous Financial Year or years the amount of the loss or an amount which is equal to the amount provided for depreciation for that year or those years whichever is less, shall be set off against the profits of the Company for the year for which the Dividend is proposed to be declared or paid or against the profits of the Company for any previous Financial Year or years arrived at in both cases after providing for depreciation in accordance with the provisions of Section 123 of the Actor against both.

(ii) The declaration of the Board as to the amount of the net profits shall be conclusive.

(d) The Board may, from time to time, pay to the Shareholders such interim Dividend as in their judgment the position of the Company justifies.

(e) Where Capital is paid in advance of calls upon the footing that the same shall carry interest, such Capital shall not whilst carrying interest, confer a right to participate in profits or Dividend.

(f) (i) Subject to the rights of Persons, if any, entitled to shares with special rights as to Dividend, all Dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof Dividend is paid but if and so long as nothing is Paid upon any shares in the Company, Dividends may be declared and paid according to the amount of the shares.

(ii) No amount paid or credited as paid on shares in advance of calls shall be treated for the purpose of this regulation as paid on shares.

(iii) All Dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the Dividend is paid, but if any shares are issued on terms providing that it shall rank for Dividend as from a particular date such shares shall rank for Dividend accordingly.

(g) Subject to the applicable provisions of the Act and these Articles, the Board may retain the Dividends payable upon shares in respect of any Person, until such Person shall have become a Shareholder, in respect of such shares or until such shares shall have been duly transferred to him.

(h) Any one of several Persons who are registered as the joint-holders of any Share may give effectual receipts for all Dividends or bonus and payments on account of Dividends or bonus or sale proceeds of fractional certificates or other money(ies) payable in respect of such shares.

(i) Subject to the applicable provisions of the Act, no Shareholder shall be entitled to receive payment of any interest or Dividends in respect of his Share(s), whilst any money may be due or owing from him to the Company in respect of such Share(s); either alone or jointly with any other Person or Persons; and the Board may deduct from the interest or Dividend payable to any such Shareholder all sums of money so due from him to the Company.

(j) Subject to Section 126 of the Act, a transfer of shares shall not pass the right to any Dividend declared thereon before the registration of the transfer.

(k) Unless otherwise directed any Dividend shall be paid through electronic mode of payment facility approved by the Reserve Bank of India. Where it is not possible to use electronic mode of payment, dividend may be paid by ‘payable at par’ cheques or warrants sent by post or courier or by any other legally permissible means to the registered address of the Shareholder or Person entitled or in case of joint-holders to that one of them first named in the Register of Members in respect of the joint-holding. Every such cheque or warrant shall be made payable to the order of the Person to whom it is sent and in case of joint-holders to that one of them first named in the Register of Members in respect of the joint-holding. The Company shall not be liable or responsible for any cheque or warrant or pay slip or receipt lost in transmission, or for any Dividend lost to a Shareholder or Person entitled thereto, by a forged endorsement of any cheque or warrant or a forged signature on any pay slip or receipt of a fraudulent recovery of Dividend. If 2 (two) or more Persons are registered as joint-holders of any Share(s) any one of them can give effectual receipts for any money(ies) payable in respect thereof. Several Executors or Administrators of a deceased Shareholder in whose sole name any Share stands shall for the purposes of this Article be deemed to be joint-holders thereof.

(l) No unpaid Dividend shall bear interest as against the Company.

(m) Any General Meeting declaring a Dividend may on the recommendation of the Board, make a call on the Shareholders of such amount as the Meeting fixes, but so that the call on each Shareholder shall not exceed the Dividend payable to him, and so that the call will be made payable at the same time as the Dividend; and the Dividend may, if so arranged as between the Company and the Shareholders, be set-off against such calls.

(n) Notwithstanding anything contained in this Article, the dividend policy of the Company shall be governed by the applicable provisions of the Act and Law.

(o) The Company may pay dividends on shares in proportion to the amount paid-up on each Share in accordance with Section 51 of the Act.

97. UNPAID OR UNCLAIMED DIVIDEND

(a) If the Company has declared a Dividend but which has not been paid or the Dividend warrant in respect thereof has not been posted or sent within 30 (thirty) days from the date of declaration, transfer the total amount of dividend, which remained unpaid or unclaimed within 7 (seven) days from the date of expiry of the said period of 30 (thirty) days to a special account to be opened by the Company in that behalf in any scheduled bank or private sector bank.

(b) Any money so transferred to the unpaid Dividend account of the Company which remains unpaid or unclaimed for a period of 7 (seven) years from the date of such transfer, shall be transferred by the Company to the Fund established under sub-section (1) of Section 125 of the Act, viz. “Investors Education and Protection Fund”.

(c) No unpaid or unclaimed Dividend shall be forfeited by the Board before the claim becomes barred by Law and such forfeiture, if effected, shall be annulled in appropriate cases.

98. CAPITALIZATION OF PROFITS

The Company in General Meeting may, upon the recommendation of the Board, resolve:

(a) that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the Company’s reserve accounts or to the credit of the Company’s profit and loss account or otherwise, as available for distribution, and

(b) that such sum be accordingly set free from distribution in the manner specified herein below in sub-article (c) as amongst the Shareholders who would have been entitled thereto, if distributed by way of Dividends and in the same proportions.

(c) The sum aforesaid shall not be paid in cash but shall be applied either in or towards:

(i) paying up any amounts for the time being unpaid on any shares held by such Shareholders respectively;

(ii) paying up in full, un-issued shares of the Company to be allotted, distributed and credited as fully Paid up, to and amongst such Shareholders in the proportions aforesaid; or

(iii) partly in the way specified in sub-article (i) and partly in the way specified in sub-article (ii).

(d) A share premium account may be applied as per Section 52 of the Act, and a capital redemption reserve account may, duly be applied in paying up of unissued shares to be issued to Shareholders of the Company as fully paid bonus shares.

99. RESOLUTION FOR CAPITALISATION OF RESERVES AND ISSUE OF FRACTIONAL CERTIFICATE

(a) The Board shall give effect to a Resolution passed by the Company in pursuance of this regulation.

(b) Whenever such a Resolution as aforesaid shall have been passed, the Board shall:

(i) make all appropriation and applications of undivided profits (resolved to be capitalized thereby), and all allotments and issues of fully paid shares or Securities, if any; and

(ii) generally do all acts and things required to give effect thereto.

(c) The Board shall have full power:

i. to make such provisions, by the issue of fractional certificates or by payments in cash or otherwise as it thinks fit, in the case of shares or debentures becoming distributable in fraction; and

ii. to authorize any person, on behalf of all the Shareholders entitled thereto, to enter into an agreement with the Company providing for the allotment to such Shareholders, credited as fully paid up, of any further shares or debentures to which they may be entitled upon such capitalization or (as the case may require) for the payment of by the Company on their behalf, by the application thereto of their respective proportions of the profits resolved to be capitalised of the amounts or any parts of the amounts remaining unpaid on the shares.

(d) Any agreement made under such authority shall be effective and binding on all such shareholders.

100. DISTRIBUTION OF ASSETS IN SPECIE OR KIND UPON WINDING UP

(a) If the company shall be wound up , the Liquidator may, with the sanction of a special Resolution of the company and any other sanction required by the Act divide amongst the shareholders, in specie or kind the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not.

(b) For the purpose aforesaid, the Liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the shareholders or different classes of shareholders.

101. DIRECTOR'S AND OTHER'S RIGHTS TO INDEMNITY

Subject to the provisions of Section 197 of the Act, every Director, Manager and other officer or employee of the company shall be indemnified by the company against any liability incurred by him and it shall be the duty of the Directors to pay out the funds of the company all costs, losses and expenses which any director, Manager, officer or employee may incur or become liable to by reason of any contact entered into by him on behalf of the company or in any way in the discharge of his duties and in particular, and so as not to limit the generality of the foregoing provisions against all liabilities incurred by him as such Director, Manager, Officer or employee in defending any proceedings Whether civil or criminal in which judgement is given in his favour or he is acquitted or in connection with any application under Section 463 of the Act in which relief is granted by the court and the amount for which such indemnity is provided shall immediately attach as a lien on the property of the company and have priority as between the shareholders over all the claims.

102. DIRECTOR'S ETC. NOT LIABLE FOR CERTAIN ACTS

Subject to the provision of Section 197 of the Act, no Director, Manager, Officer or Employee of the company shall be liable for the acts, defaults, receipts and neglects of any other Director, Manager, Officer or employee or for joining in any receipts or other acts for the sake of conformity or for any loss or expenses happening to the company through the insufficiency or deficiency of any security in or upon which any of the monies of the company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortuous act of any person with whom any monies, securities or effects shall be deposited or for any loss occasioned by an error of judgement or oversight on his part , or for any other loss ,damage or misfortune whatsoever which shall happen in the execution thereof unless the same shall happen through negligence, default, misfeasance, breach of duty or breach of trust. Without prejudice to the generality foregoing it is hereby expressly declared that any filing fee payable or any document required to be filed with the registrar of the companies in respect of any act done or required to be done by any Director or other officer by reason of his holding the said office shall be paid and borne by the company.

103. INSPECTION BY SHAREHOLDERS

The register of charges, register of investments, register of shareholders, books of accounts and the minutes of the meeting of the board and shareholders shall be kept at the office of the company and shall be open, during business hours, for such periods not being less in the aggregate than two hours in each day as the board determines for inspection of any shareholder without charge. In the event such shareholder conducting inspection of the abovementioned documents requires extracts of the same, the company may charge a fee which shall not exceed Rupees ten per page or such other limit as may be prescribed under the Act or other applicable provisions of law.

104. AMENDMENT TO MEMORANDUM AND ARTICLES OF ASSOCIATION

(a) The shareholders shall vote for all the equity shares owned or held on record by such shareholders at any annual or extraordinary General meeting of the company in accordance with these Articles.

(b) The shareholders shall not pass any resolution or take any decision which is contrary to any of the terms of these Articles.

(c) The Articles of the company shall not be amended unless (i) Shareholders holding not less than 75% of the Equity shares (and who are entitled to attend and vote) cast votes in favour of each such amendment/ s to the Articles.

105. SECRECY

No shareholder shall be entitled to inspect the company's work without permission of the managing Director/ Directors or to require discovery of any information respectively any details of company's trading or any matter which is or may be in the nature of a trade secret, history of trade or secret process which may be related to the conduct of the business of the company and which in the opinion of the managing Director/ Directors will be inexpedient in the interest of the shareholders of the company to communicate to the public.

106. DUTIES OF THE OFFICER TO OBSERVE SECRECY

Every Director, managing Directors, manager, Secretary, Auditor, Trustee, members of the committee, officer, servant, agent, accountant or other persons employed in the business of the company shall, if so required by the Director before entering upon his duties, or any time during his term of office, sign a declaration pledging himself to observe secrecy relating to all transactions of the company and the state of accounts and in matters relating thereto and shall by such declaration pledge himself not to reveal any of such matters which may come to his knowledge in the discharge of his official duties except which are required so to do by the Directors or the Auditors, or by resolution of the company in the general meeting or by a court of law and except so far as may be necessary in order to comply with any of the provision of these Articles or Law. Nothing herein contained shall affect the powers of the Central Government or any officer appointed by the government to require or to hold an investigation into the company's affair.

107. PROVISIONS OF THE COMPANIES ACT, 1956 SHALL CEASE TO HAVE EFFECT

Notwithstanding anything contained in these Articles, the provisions of the Companies Act, 1956, as are mentioned under these articles shall cease to have any effect once the said provisions are repealed upon notification of the corresponding provisions under the Act.

PART II

Part II of these Articles includes the rights and obligations of the shareholders of the Company.

In the event of any inconsistency between Part I and Part II of these Articles, the provisions of Part II of these Articles shall prevail. Part II of these Articles shall automatically terminate and cease to have any force and effect and deemed to fall away on and from the date of listing of the Equity Shares on a stock exchange in India, subsequent to an initial public offering of the Equity Shares, without any further action by the Company or its shareholders.

I. TABLE'F' TO APPLY

1. Subject as provided hereunder, the regulations contained in Table F of Schedule 1 of the Companies Act, 2013 shall apply to this Company in so far as they are applicable to a Public Company limited by Shares. The proviso in Regulation 13(i),Regulation 20(a) and Regulation 65 contained in Table F shall not apply to the Company.

II. INTERPRETATION

2. Interpretation

2.1 The marginal notes hereto are inserted for convenience and shall not affect the construction of these Articles.

3. Definitions

3.1 In these presents the following words and expressions shall have the following meanings unless excluded by the subject or context:

(i) ***Act*** means the (Indian) Companies Act 2013 to the extent notified within (Act) or the (Indian) Companies Act 1956 to the extent not repealed by the Act, as the case may be, amended, modified or re-enacted;

(ii) ***Affiliate*** shall in relation to the Investor means any entity Controlled, directly or indirectly by the Investor, any entity that Controls, directly or indirectly, the Investor, or any entity under common Control with the Investor. With respect to the Investor the following entities shall also be considered as Affiliates: any and all funds, corporations, companies, partnerships, joint venture or other entities which Control or are Controlled by or re under common Control with the Investor or are promoted, managed or advised (either directly or through an investment manager of the irrespective funds, corporations, companies, partnerships, joint venture or other entities) by the Investor;

a. ***Alternate Director/ s*** shall have the meaning assigned to it under the Act;

b. ***Applicable Law*** all applicable laws, bye – laws, statues, rules, regulations , orders ordinances, notifications, protocols, treaties, codes, guidelines, policies, notices, directions, writs, injunctions, judgements, decrees or other requirements or official directive of any court of competent authority or of any competent Governmental Authority (defined hereinafter) or Person acting under the authority of any court of competent authority or of any competent Governmental Authority of the Republic of India, whether in effect on the date of the Plan or thereafter;

(iii) ***Articles or Articles of Association*** means these Articles of Association of the Company;

(iv) ***Audit Committee*** means a committee of the Board formed in such manner and for such purposes as shall be determined by the Board of Directors of the Company from time to time;

(v) ***Board or Board of Directors*** means the board of Directors of the Company;

(vi) ***Business Day*** means a day other than Saturday or Sunday on which scheduled banks are generally open for business in India;

(vii) ***Business Plan*** means a multi-year business plan of the Company, which includes operational and financial projections for at least 3 (Three) Financial Years of the Company subsequent to the date of its drafting;

(viii) ***Chairman*** means the Chairman of the Board of Directors;

(ix) ***Claims*** mean all demands, actions, cause of action, damages, loss, cost, liability, suits, proceedings, judgments, settlements, expenses or arbitrations pending or threatened, at law, in equity or before any Governmental Authority or competent tribunal or court and the professional fees and costs incurred in pursuing any of the foregoing or any proceeding relating to any of the foregoing;

(x) ***Confidential Information*** means information relating to the business, products, affairs, trade secrets, business plans, knowhow, performance and finances of the Company, which for the time being is confidential to it or treated by it as such.

(xi) ***Company*** means CreditAccess Grameen Limited;

(xii) ***Control*** means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities or by contract, and includes (a) ownership directly or indirectly of more than 50% of the shares in issue or other equity interests of such person, or b) possession directly or indirectly of more than 50% of the voting power of such person. The expressions ***Controls***, ***Controlling*** and ***Controlled*** shall be construed accordingly;

(xiii) ***Director*** means each member of the Board of Directors;

(xiv) ***Eligible Employee*** means an Employee of GKFSL as well as the Employees of all the Subsidiaries of GKFSL, and Directors, who qualify for issue of Options under the Plan and who fulfill the conditions as decided by the Nomination and Remuneration Committee.

(xv) ***Employee*** means

a) any person, who is a permanent employee of GKFSL or GKFSL Subsidiaries, and is on the rolls of GKFSL or GKFSL Subsidiaries, who has been working in India or outside India. An employee shall not cease to be an employee in the case of (i) any leave of absence approved by the Company or (ii) transfers between locations of the Company or between GKFSL and its subsidiaries.

b) A director of the Company, whether a whole-time director or not but excluding an independent director;

Notwithstanding anything stated above a person shall not be treated as an employee if

(i) an employee who is a promoter or a person belonging to the promoter group

(ii) a director who either himself or through his relative or anybody corporate, directly or indirectly, holds more than ten percent of the outstanding shares of the Company.

"Employee Shareholder" means the Eligible Employee who is the Registered Owner of the ESOP Shares.

(xvi) ***Encumbrance*** means any mortgage, charge (whether fixed or floating), pledge, lien (statutory or other), hypothecation, assignment, security interest or other encumbrances of any kind securing or conferring any priority of payment in respect of any obligation of any Person and includes 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 in each case under any Applicable Law;

(xvii) ***Equity Shares*** mean the equity shares of the Company or any other issued Security of the Company that is reclassified, re-organized, reconstituted or converted into Equity Shares and Share means a share in the share capital of the Company;

(xviii) ***ESOP*** means an employee stock option;

(xix) ***ESOP Pool*** shall mean 37,54,208 Options of the Company reserved for issuance upon exercise of the stock option granted under the Plan out of which 12,50,177 Options of the Company have been granted to the Employees of the Company prior to the amendment of the Plan;

(xx) "***ESOP Shares"*** are the Shares for which the Eligible Employee becomes the Registered Owner;

(xxi) ***ESOP Trust*** shall mean the CreditAccess Grameen Limited ESOP Trust, being a trust established under the provisions of The Indian Trust Act, 1882, having its principal offices at New No. 49 (Old No. 725), 46th Cross, 8th Block Jayanagar (Next to Rajalakshmi Kalyan Mantap) Bangalore – 560071, established for the purposes of the implementation of the Plan.

(xxii) ***Exercise*** shall mean act of a written application being made by the Eligible Employee to the Company or to the ESOP Trust for issue of Shares against Vested Options registered in his/ her name as the Registered Owner upon payment of the Exercise Price and applicable taxes and or levies, if any. Exercise can take place as specified after Vesting as detailed in the Plan.

(xxiii) ***Exercise Period*** shall mean the time period after Vesting and as given in the Plan or such other period as may be determined by Nomination and Remuneration Committee in terms of the Plan within which an Employee should Exercise his right to apply for Shares against Vested Options.

(xxiv) ***Exercise Price*** means, such price as mentioned in the Plan, or such amount which may be decided by the Nomination and Remuneration Committee from time to time that shall be paid by an Optionee at the time of Exercise.

(xxv) ***Financial Year*** means the financial year of the Company which runs from April 1st of each calendar year and ends on March 31st of the subsequent calendar year, unless changed by the Company as per the Act;

(xxvi) ***Fully Diluted Basis*** means that the calculation is to be made assuming that all outstanding Securities (as hereinafter defined) (whether or not by their terms then currently convertible, exercisable or exchangeable), share options (provided the options have been exercised by the holder), warrants, including but not limited to any outstanding commitments to issue Equity Shares at a future date whether or not due to the occurrence of an event or otherwise, have been so converted, exercised or exchanged;

(xxvii) ***GAAP*** means Indian generally accepted accounting principles;

(xxviii) ***General Meeting*** shall have the same meaning as set out in the Companies Act,;

(xxix) ***Governmental Authority*** means the government of any nation, state, city, locality or other political subdivision thereof or any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government;

(xxx) ***Government Approvals*** shall mean all approvals, if any required, from the Government of India, including approval by the Foreign Investment Promotion Board and the Reserve Bank of India;

(xxxi) ***Grant*** means the process by which the Company/ / Nomination and Remuneration Committee issues Option/ s under the Plan to the Employee.

(xxxii) ***Investor*** means the holder/ s together with their Affiliates of more than 50% of the equity shares in the paid-up capital of the Company.

(xxxiii) ***Investor Nominees*** on the Board shall mean directors nominated by the Investor appointed either by the Board or in the General Meeting as applicable and Investor Directors shall mean such of those Investor Nominees on the Board designated in writing by the Investor as Investor Directors.

(xxxiv) ***Investor Securities*** means Securities (including Equity Shares) issued by the Company to the Investor.

(xxxv) ***Initial Public Offer*** shall mean an offer of specified securities by an unlisted issuer to the public for subscription and as defined in the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulation, 2009.

(xxxvi) ***Key Managerial Personnel*** shall have the same meaning as defined under Section 2(51) of the Companies Act, 2013

(xxxvii) ***Memorandum*** *or* ***Memorandum of Association*** means the Memorandum of Association of the Company;

(xxxviii) ***Nomination and Remuneration Committee*** means a committee of the Board formed in such manner and for such purposes as shall be determined by the Board of Directors of the Company for the purpose of determining the compensation payable to the employees of the Company from time to time;

(xxxix) ***Office*** means the Registered Office for the time being of the Company;

(xl) ***Option/ s*** means an option granted by the Company/ Nomination and Remuneration Committee pursuant to the ESOP Plan to an employee which gives him/ her a right to purchase or subscribe at a future date, the Shares offered by GKFSL, directly or indirectly, at a pre-determined price. This is a right but not an obligation granted to an Employee under the Plan to apply for shares of GKFSL at the Exercise Price determined earlier, during or within the, subject to the requirements of Vesting.

(xli) ***Optionee*** means an employee who is the holder/ having a right to Exercise outstanding Option granted pursuant to the ESOP Plan but not an obligation to Exercise an option.

(xlii) ***Permanent Disability*** means, with respect to a person, a physical or mental impairment of sufficient severity that, in the opinion of the Company, the person is unable to continue performing the duties the person performed before such impairment and that impairment or condition is cited by the Company as the reason for termination of person's employment with the Company.

(xliii) ***Person*** shall include an individual, an association, a corporation, a partnership, a joint venture, a trust, Hindu undivided family, an unincorporated organization, a joint stock company, body corporate or other entity or organization, including a government or political subdivision, or an agency or instrumentality thereof and any other legal entity;

(xliv) ***Plan*** means Employee Stock Option Plan, 2011 or "ESOP 2011" or the GKFSL Employee Stock Option Plan 2011.

(xlv) ***Promoter*** shall mean CreditAccess Asia N.V.;

(xlvi) ***Promoter Group*** shall have the same meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009:

(xlvii) ***Registered Owner*** means the person as defined under Section 89 of the Companies Act, 2013.

(xlviii) ***Relative*** shall have the same meaning as defined under section 2(77) of the Companies Act, 2013

(xlix) ***Requirement of Law*** means, in relation to any person, any law, statute, treaty, rule, regulation, license or franchise or determination of an arbitrator or a court or other Governmental Authority or stock exchange, in each case applicable or binding upon such person or any of its property or to which such person or any of its property is subject or pertaining to any or all of the transactions contemplated or referred to herein;

(l) ***Record*** includes the records maintained in the form of books of stored in a computer or in such other form may be determined by the Regulations;

(li) ***Reverse Stock Split*** means the reduction in the number of outstanding shares of the Company due to a reverse stock split.

(lii) ***Securities*** shall have the meaning given in the Act.

(liii) ***Share/ s*** means the equity Shares of GKFSL, as adjusted in accordance with the Plan.

(liv) ***Shareholders*** or ***Members*** means any Person holding any of the Shares of the Company whose name is entered, in the register of members of the Company or as the beneficial owner in the records of the depository as the case may be. Any transferee of the Shares shall be bound by the terms and conditions of these Articles automatically.

(lv) ***Strategic Reserved Matters*** shall mean those matters listed in Article 45 of these Articles;

(lvi) ***Subsidiaries*** means a Subsidiary Company of GKFSL in which GKFSL holds more than half of nominal value of equity share capital or any Subsidiary Company of such Subsidiaries Company. Taxes mean any income tax, wealth tax, excise duty, customs duty, sales tax, service tax, value added tax, fringe benefits tax, stamp duties and all other kind of taxes and duties that may be levied hereafter;

(lvii) ***Trustee*** means the Trustees of the ESOP Trust

(lviii) ***Vesting*** means the process by which an Employee becomes entitled to receive the benefit of a Grant made to him under the ESOP Plan

(lix) ***Vesting Period*** means the period, from the date of grant of Options till the date on which the Optionee becomes eligible to Exercise the Options.

(lx) ***Vested Option*** means an Option in respect of which the relevant vesting period is over.

(lxi) ***Unvested Option*** means an Option in respect of which the relevant vesting period is not over.

IV. CAPITAL

5. The Authorized Share Capital of the Company is INR 1,200,000,000/ - (Rupees One Hundred and Twenty Crore) comprising 12,00,00,000 (Twelve Crore) Equity Shares of face value INR 10/ - (Rupees Ten) each, with power to increase or reduce the same and to divide the Equity Shares into several classes and to attach thereto respectively such preferential, qualified or special rights, privileges, restrictions or conditions as may be determined by or in accordance with these Articles and to modify or abrogate any such rights, privileges , restrictions or conditions in

such manner as is for the time being provided under the Act and / or the Articles and consolidate or sub – divide these Equity Shares and to issue Equity Shares of higher or lower denomination.

16. Reduction of capital by Company

The company may, by special resolution, reduce in any manner and with, and subject to, any incident authorized and consent required by law, its share capital any capital redemption reserve account or any share premium account.

V. SHARES

7. Shares under the control of the Board of Directors

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 Board of Directors who may allot or otherwise dispose of the same or any of them to such Persons, in such proportion and on such terms and conditions and subject to the provisions of the Act, either at a premium or at par or (subject to the provisions of the Act) at a discount or at such terms as they may from time to time think fit and proper.

(c) **Allotment other than for cash**

Subject to the provision of the Act and these Articles, the Directors may allot Securities for consideration other than cash.

9. Underwriting and brokerage commission

The company may exercise the powers of paying commissions conferred by section 40(6) of the Act, 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. The rate or amount of the commission shall not exceed the rate or amount prescribed in rules made under sub-section 40(6) of the Act. 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.

10. Employee Stock Option

Subject to these Articles and such terms and conditions as the Board may specify from time to time, the Company may allot Options to its employees in accordance with the ESOP Plan 2011 or any amendments made thereto from time to time and allotted to the Employees in accordance with the recommendations made by the Nomination and Remuneration Committee/ ESOP Trust. On exercise of the Options, the Employee Shares shall be held by the Employee Shareholder as the Registered Owner of the ESOP Shares and the Company shall make appropriate entries in the Books of the Company to record the ownership as above.

10.1 Rights of Employee Shareholder

a. Subject to realization of the Exercise Price, applicable taxes, compliance of any legal requirement if any prevailing at the time, the Company shall proceed to allot such number of ESOP Shares corresponding to the number of Vested Options Exercised by him / her and the Employee Shareholder shall have all the rights of the Registered Owner of the ESOP Shares.

b. The ESOP Shares shall rank *pari passu* with all other Shares of same class issued by the Company.

Until the Optionee has become the Employee Shareholder, no right to receive dividend shall accrue to the Employee Shareholder. No adjustment will be made for any dividend or other right for which the record date is prior to the date of transfer of the ESOP Shares to the Employee Shareholder, except as provided in cases of adjustments upon changes in the capitalization, Merger or Asset Sale as provided in the Plan.

11. Buy-back of Securities

Subject to these Articles, the Company may purchase its own Shares or specified securities in accordance with the provisions contained in the Act and the rules made there under in pursuance of the guidelines issued by the Government from time to time.

12. Sweat equity

Subject to Articles 5 and 7, the Members may authorize the Board of Directors by a special resolution to issue Equity Shares by way of sweat equity in accordance with the provisions contained in the Act.

13. Redeemable preference shares

Subject to the provisions the Act and subject to Articles 5 and 7, the Company shall have the power to issue preferential shares which are or at the option of the Company to be liable to be redeemed and the resolution authorizing such issue shall prescribe the manner, terms and conditions of redemption.

14. Liability of joint-holders of Securities and Beneficial interest

14.1 The joint-holders of a Security or Securities shall be severally as well as jointly liable for the payment of all installments, calls, interests, expenses and other sums due in respect of such Security or Securities.

Except as required by law, no person shall be recognized by the Company as holding any Share upon any trust, and the company shall not be bound by, or be compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any Share, or any interest in any fractional part of a Share, or (except only as by these regulations 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.

15. Right to certificates

15.1 Every Person whose name is entered as a Member in the Register of Members shall be entitled to receive one certificate for all his Shares without payment, or several certificates, each for one or more of his Shares, or as the Members may request free of any charge.

15.2 The Company shall within one (1) month after the application for registration of transfer of any Securities complete and have ready for delivery, the certificate of all the Securities so allotted or transferred unless the conditions of issue of the said Securities otherwise provide.

15.3 Every certificate shall specify the Securities to which it relates and the amount paid up thereon.

15.4 In respect of any Security held jointly by several Persons, the Company shall not be bound to issue more than one (1) certificate for the same class of Securities and the delivery of the certificates to one of the several joint holders shall be sufficient delivery to all such holders.

15.5 The Company, may at the request of the Security holder issue two or more new certificates in lieu of the existing one and consolidate the Securities comprised in two or more certificates into one, upon surrender of the existing certificates.

15.6 Any fresh issue of Securities whether by way of private placement, preferential allotment, rights, bonus or otherwise shall be in dematerialized form only in accordance with the provisions of the Act, Depositories Act, 1996 and regulations framed thereunder. Existing holders / Members holding physical certificates may opt for dematerialization of their physical certificates of securities. The company shall intimate the details of allotment of Securities to the depository immediately on allotment.

16. Payment of calls and forfeiture

16.1 The Board may from time to time make calls for further share capital upon the Members in respect of any monies (whether on account of nominal value of Shares or by way of premium) payable in such quantum and time lines as may be decided by the Board. A call may be revoked or postponed at the discretion of the Board.

16.2 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 regulations, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable. In case of non-payment of such sum, all the relevant provisions of these regulations 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.

16.3 The Directors may, if they think fit, receive from any Member willing to advance the same, all or any part of the money due upon the Shares held by him beyond the sums actually called for and upon the money so paid in advance, or remitted thereto as from time to time exceeds the amount of the calls thus made upon the Shares, in respect of which such advance has been made, the Company may pay interest at such rate as may be agreed upon between the Member paying the sum in advance and the Board of Directors, provided, however, such payments in excess of the amount of calls shall not entitle the Member thereof to dividend or the participation in profits on the uncalled amount nor shall be entitled to any voting rights in respect of the same until such amount would (but for such payment) become presently payable. The Directors may however at their discretion repay the amount at any time so advanced upon giving to such Member three (3) months' notice in writing.

16.4 Forfeiture of Shares

20. 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 within seven days of so much of the call or instalment as is unpaid, together with any interest which may have accrued and all expenses that may have been incurred by the Company for the reason of such nonpayment. The Board may accept in the name and for the benefit of the Company and upon such terms and conditions as may be agreed upon the surrender of any share liable to forfeiture, and so far as the law permits of any other share. The notice shall state that Share shall be forfeited if the requirements of the notice are not complied with.

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.

A forfeited Share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit. At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.

21. 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. 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.

22. 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. 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. The transferee shall thereupon be registered as the holder of the Share; and 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.

23. The provisions of these regulations 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.

17. Lien on Shares

17.1 The Company shall have the first and paramount lien upon every Share (not being a fully paid Share) registered in the name of each Member (whether solely or jointly with others) and upon the proceeds of sale thereof for moneys called or payable at fixed time in respect of such Share whether the time for the payment thereof shall have actually arrived or not and no equitable interest in any Share shall be created except upon the footing and conditions that this Article hereof is to have full effect and the Directors may at any time declare any Share wholly or in part exempt from the provisions of these Articles. Such lien shall extend to all dividends, and bonuses from time to time declared in respect of such Share. Unless otherwise agreed the registration of a transfer of Share shall operate as a waiver of the Company’s lien, if any, on such Share.

17.2 The company may, with due observance of Article 45 (x), 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; and

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.

17.3 To give effect to any such sale, the Board may authorize some person to transfer the Shares sold to the purchaser thereof. The purchaser shall be registered as the holder of the Shares comprised in any such transfer. 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.

17.4 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. 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.

(a) Transfer and transmission of Securities

18.1 Instrument of transfer

(i) Subject to the Provisions of the Act, the Rules prescribed there under and these Articles, the Securities of the Company shall be transferred by an instrument in writing in the prescribed from and duly stamped. The instrument of transfer is to be accompanied by the certificate of the Shares (where the Shares are not dematted) 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 the instrument of transfer is to be in respect of only one class of Shares. If the Shares and Securities are dematted, the provisions of the Act, Depositories Act, 1996 and the regulations framed thereunder shall be followed but the Company shall be informed earlier of any transfers and its acknowledgement obtained on the depository instruction slip.

(iii) 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.

(iv) Without prejudice to Article 18.2 below the Board may, subject to the right of appeal conferred by Section 58, decline to register, the transfer of a Share, not being a fully paid Share or any transfer of Shares on which the company has a lien.

20. Transfer of Securities by Investors

The Investor may transfer all or any of their Investor Securities to other Persons. If the Investor transfers all or any of their Investor Securities to its Affiliate, any such Affiliate may transfer such Securities to other Affiliates of the Investor or to the Investor itself, without any restriction whatsoever, provided however that such transferees shall be bound by the terms and conditions of these Articles automatically. Such transfers by the Investor and among the Investor and its Affiliates shall not be declined to be registered by the Board under Article 18 (1) (iv) or otherwise.

18.3 Transmission of Securities

(i) 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 recognized by the company as having any title to his interest in the Securities.

Nothing in this Article shall release the estate of a deceased joint holder from any liability in respect of any Security which had been jointly held by him with other persons.

(ii) Any person becoming entitled to a Security in consequence of the death or insolvency of a Member/ holder 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—

a. to be registered himself as holder of the Security; or

b. to make such transfer of the Security as the deceased or insolvent Member/ holder could have made.

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/ holder had transferred the Security before his death or insolvency.

(iii) If the person so becoming entitled shall elect to be registered as holder of the Security himself, he shall deliver or send to the company a notice in writing signed by him stating that he so elects.

(iv) If the person aforesaid shall elect to transfer the Security, he shall testify his election by executing a transfer of the Security.

(v) All the limitations, restrictions and provisions of these Articles relating to the right to

transfer and the registration of transfers of Security shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the Member/ holder had not occurred and the notice or transfer were a transfer signed by that Member/ holder.

(vi) A person becoming entitled to a Security by reason of the death or insolvency of the Member/ holder shall be entitled to the same dividends, income and other advantages to which he would be entitled if he were the registered holder of the Security, except that he shall not, before being registered as a Member in respect of a 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 Security, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Security, until the requirements of the notice have been complied with.

18.4 Pre -Emption Rights

i. If the Company proposes to raise funds and increase its subscribed capital by fresh issue of Shares or issue of any Securities convertible into Equity Shares, they shall be first offered to the Persons who on the date of offer are holder of Equity Shares, in proportion to their shareholding in the Company on a fully diluted basis. For the purpose of this article, Employees holding ESOP Shares shall not be considered.

ii. The Investor may transfer their right to participate in the Fresh issue to any of their Affiliates or to any other Persons whether members or not

iii. Subject to the Act and these Articles, specifically Article 45 (v) of these Articles, the Company may raise funds by way of an issue of Equity Shares or Securities convertible into Equity Shares to any Person/ s.

VI. GENERAL MEETINGS

19. The Board may whenever it thinks fit convene a General Meeting of the Company. The Board shall also proceed to convene a General Meeting if so requisitioned by the Members of the Company in accordance with the provisions of the Act and these Articles.

20. Notwithstanding anything to the contrary contained in these Articles each Member shall have voting rights in proportion to the respective percentage of Shareholding in the paid up share capital of the Company. Subject to article 45, resolution shall be passed in a Member meeting by way of poll.

21. At least a 21 (Twenty One) day written notice of every General Meeting shall be given to every Member, at their usual address or approved email address whether in India or abroad, and to the auditors of the Company, provided that a meeting may be convened by a shorter notice than 21 (Twenty One) days if consent is obtained from Investor.

22. Every notice of a General Meeting shall specify the place, date and hour of the meeting and shall contain a statement of the business to be transacted thereof and where any such business consists of special business, as defined under the Act, there shall be annexed to the notice an explanatory statement in accordance with the Act.

23. The quorum for a General Meeting shall be as per the Act, provided there will be no quorum unless a representative of Investor (either in person or by proxy) is present at the beginning and through the duration of the meeting. If any M ember required to constitute quorum is not present at the meeting but has provided a written no- objection to the Company to hold a General Meeting in its absence, such Member will deemed to have waived the requirement of presence of its representative. If at any General Meeting of the Members, the prescribed quorum is not present, the meeting shall stand adjourned to the same day in the next week, at the same time and place, or if that day is not a Business Day, on the next succeeding Business Day. The quorum at such adjourned meeting shall be the Members present thereat, provided a minimum quorum as per the Act is present. Notwithstanding anything contained in these Articles no quorum will be there in the original General Meeting or adjourned General Meeting or through videoconferencing or otherwise if the Agenda of the General Meeting contains issues to be resolved which are included in the Strategic Reserved Matters unless, the representatives of the Investor are present or an approval to proceed without their presence has been notified to the Company by the Investor in writing;

24. Votes at General Meeting

24.1 Voting Rights

Every Member of the Company holding any Equity Shares shall have a right to vote on every resolution placed before the Company. Both on a show of hands, and on a poll, every such Member’s voting right in respect of such Equity Shares shall be in proportion to the Share of the paid-up Equity Share capital of the Company.

24.2 Subject to Article 45 as the case may be, any resolution, which under the provisions of the Act or the Articles is permitted or is required to be done or passed by the Company in General meeting shall be sufficiently so done if passed by ordinary resolution, as defined under the Act, unless either the Act or the Articles specifically require such act to be done or resolution passed by a special resolution as defined under the Act.

24.3 Joint holders: In the case of joint-holders, the vote of the first named of such joint-holders who tenders a vote whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint-holders.

24.4 Proxies permitted on polls: On a poll, votes may be given either personally or by proxy.

24.5 Representation of company/ body corporate: Where a company or body corporate ("***Member Company***") is a Member of the Company, a person, duly appointed by resolution of its board of directors in accordance with the provisions of the Act to represent such Member Company at a meeting of the Members or at any meeting of any class of Members of the Company shall not by reason of such appointment, be deemed to be a proxy, and the lodging with the Company at the office or production at meeting of a copy of such resolution duly signed by a director or such Member Company and certified by him as being true copy of the resolution shall, on production at the meeting, be accepted by the Company as sufficient evidence of the validity of his appointment, such a person shall be entitled to exercise the same rights and powers, including the right to vote by proxy on behalf of the Member Company which he represents as that Member company could exercise if it were an individual Member.

24.6 Instrument of proxy to be deposited at the office : The instrument of proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, shall be deposited at the Registered Office of the Company not less than forty-eight (48) 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 twenty-four (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. Proxy shall be a Member of the company.

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.

24.7 Chairman, sole judge of validity of vote: The Chairman of the meeting shall be the sole judge of the validity of every vote tendered at such meeting and the Chairman present at the taking of the poll shall be the sole judge of the validity of every vote tendered at such poll.

24.8 Form of instrument appointing a proxy: Every instrument appointing a proxy shall be retained by the Company and shall be in either of the forms specified in the Act or a form as near thereto as circumstances will admit.

VII. BOARD OF DIRECTORS

25. Number of Directors

The Board of Directors shall consist of not less than three (3) and not more than fifteen (15) Directors including all kinds of Directors.

26. Directors Share Qualification

No qualification Share shall be required to be held by any Director.

27. Remuneration of Directors

27.1 Subject to the provisions of the Act, a Managing Director or Director who is in the whole - time employment of the Company may be paid remuneration either by way of a monthly payment or at specified percentage of the net profits of the Company or partly by one way and partly by the other, or otherwise in any other mode not expressly prohibited by the Act.

27.2 Subject to the provisions of the Act, a Director, who is neither in the whole -time employment nor a Managing Director, may be paid remuneration either

(i) By way of monthly, quarterly or annual payment or

(ii) By way of commission if the Company by a special resolution authorizes such payment.

23. The Company shall pay Director's Fees to all the Directors, or their nominees, as may be determined by the Board from time to time.

24. If any Director be called upon to perform extra services or special exertions or efforts the Board may arrange with such Director for such special remuneration for such extra services or special exertions or efforts either by a fixed sum or otherwise as may be determined by the Board and such remuneration may be either in addition to or in substitution for his remuneration above provided.

28. Vacation of office of Directors

The office of a Director shall become vacant in the circumstances mentioned in the Act.

29. Directors may contract with Company

(i) Subject to the provisions of the Act, no Director shall be disqualified from holding any office or place of profit under the Company or under any company in which this Company shall be a shareholder, or otherwise interested or from contracting with the Company either as a vendor, purchaser or otherwise, nor shall any such contract, or any contract or arrangement entered into by or on behalf of the Company in which any Director shall be in

any way interested, be avoided, nor shall any Director be liable to account to the Company for any profit arising from any such office or place of profit or released by any such contract or arrangement by reason only of such Director holding that office or of the fiduciary relations thereby established. But it is declared that the nature of his interest shall have been disclosed by him at the meeting of the Directors at which the contract or arrangement is entered into or determined on, if his interest then existed or in any other case, at the first meeting of the Directors after the acquisition of his interest.

29.2 No Director shall as a Director vote in respect of any contract or arrangement in which he is so interested as aforesaid, and if he does vote, his vote shall not be counted. Such prohibition shall

not apply to any contract by or on behalf of the Company to give the Directors or any of them any security for advance or by way of indemnity.

29.3 A general notice in the prescribed form that a Director is a member of any specified firm or company, and that is to be regarded as interested in all transactions with such firm or company, shall be sufficient disclosure under this article as regards such Directors and such transactions and after such general notice, it shall not be necessary to give any special notice regarding any particular transaction with that firm or company.

30. Rotation and retirement of Directors

At every Annual Meeting one-third of such of the Directors as are liable to retire by rotation for the time being or if their number is not three (3) or a multiple of three (3), then the number nearest to one-third shall retire from office.

31. Retiring Director eligible for re -election

A retiring Director shall be eligible for re-election and shall act as a Director up to and throughout the meeting at which he retires. The Company at the General Meeting at which a Director retires in the manner aforesaid may fill up the vacated office by electing him or another person thereto.

32. Board may fill up casual vacancy

Subject to the provisions of the Act and these articles, if the office of any Director appointed by the Company in a general meeting is vacated before his term of office will expire in the normal course, the resulting vacancy may, in default of and subject to any regulations in these Articles, be filled by the Board of Directors at a meeting of the Board.

33. Appointment of Additional Directors, alternate directors and nominee directors.

Subject to the provisions of the Act and the provisions of Articles of Association of the Company, the Board may appoint additional Directors, alternate directors and nominee directors.

34. Composition of Board of Directors

Without prejudice to the Articles below, at least one third (1/ 3) of the total number of Board of Directors shall be independent Directors. In the event that at any time the number of Independent Directors is less than 1/ 3 of the total number of Directors due to resignation or completion of tenure of an Independent Director or otherwise, the Board shall appoint a new independent Director and fill such vacancy within 60 days of the vacancy having been created. The independent Directors shall fit within the qualification laid down for independent Directors in Clause 49 of the Equity Listing Agreement of the Bombay Stock Exchange or under any Applicable Law. The Investor shall have the right to nominate the remaining directors (Investor Nominees on the Board) of the company subject to 1/ 3 of the board being independent directors and the Investor shall designate two or more of such Investor Nominees on the Board as Investor Directors for purposes of these Articles.

34.1 The Company expressly agrees and undertakes to the maximum extent permitted by Applicable Law, that each Investor Director and other Investor Nominees on the Board shall not be liable for any default or failure of the Company in complying with the provisions of any laws, including but not limited to, defaults under the Act, taxation and labour laws of India, unless otherwise finally held by any competent court or in the event that Investor Director willfully and intentionally commits such default or failure.

34.2 The Company expressly agrees that no Investor Director and other Investor Nominees on the Board, provided that such Investor Director or Investor Nominee on the Board is not appointed as an Executive Director, shall be construed as 'officer who is in default' of the Company, or identified as 'occupier' of any premises used by the Company or the employees of the Company. Further the Company undertakes to ensure that the other Directors or suitable persons are nominated as occupiers and/ or employers as the case may be, in order to ensure that each Investor Director does not incur any liability.

34.3 Subject to the provisions of the Act, the Company shall indemnify and hold harmless to the fullest extent permitted by Applicable Law, each Investor Nominee on the Board, Investor Director and independent Director from and against any and all threatened pending or completed actions, suits, Claims or proceedings and any and all costs, damages, judgments, amounts paid in settlement and expenses (including without limitation attorney's fees and out of pocket expenses) which such Investor Director or Investor Nominee on the Board, or independent Director may directly or indirectly incur, suffer, and/ or bear due to the failure of the Company to comply with any of the provisions of any Applicable Laws, or these Articles by reason of the fact that such person is or was a Director of the Company

34.4 The Board may, from time to time, constitute committees and delegate its powers to such committees as it may deem necessary. The Investor Directors shall be entitled to be a member of, or at the option of the Investors, an invitee on all the committees of the Board. All meetings of any committee of the Board shall be conducted in the same manner and as per the same principles as are applicable for meetings of the Board. Investor shall have the right to appoint one member of the Executive Committee of the Board.

34.5 The Company has procured directors' and officers' liability insurance for all the Directors and the key management personnel of the Company for an amount of Rupees 50 (Fifty) million. The Company agrees to ensure that the said insurance policy will always be valid and effective and each of the Directors will be covered in the said insurance policy.

The Company shall pay director's fees to all the Directors, or their Alternate Directors, as may be determined by the Board from time to time and all reasonable travel expenses incurred by the Investor Nominee Directors or their Alternate Directors in connection with the performance of their duties as Directors of the Company upon presentation of appropriate documentation therefor. The Company shall arrange for the accommodation of the Investor Nominee Directors or their Alternate Directors.

34.6 Meetings of the Board

(i) Subject to the provisions of the Act, the Board shall meet at least once every 3 (Three) months in Bangalore or such other location as may be determined by the Board from time to time. The Board Meeting may also be held by video conference call in accordance with the provisions of the Act.

(ii) Written notice of at 14 (Fourteen) Business Days of every meeting of the Board of Directors shall be given to every Director and every Alternate Director at their usual address whether in India or abroad, provided always that a meeting may be convened by a shorter notice with consent of all the Directors of the Company.

(iii) The notice of each Board meeting shall include an agenda setting out the business proposed to be discussed at the meeting. All relevant documents to be presented at any Board Meeting for discussion and/ or deliberation as well as an explanatory note, shall be sent to all Directors at least 3 business days before the Board meeting date. Unless waived in writing by every Investor Director, any item not included in the agenda of a meeting shall not be considered or voted upon at that meeting of the Board.

(iv) In addition to physical meetings, the Board may act by circular resolution on any matter except matters which by law may only be acted upon at a Board meeting. Such draft of a proposed resolution must be circulated to every member of the Board whether in India or not. A circular resolution on any of the strategic Reserved Matters will be voted in writing subject to the provisions of Article 45.

34.7 Quorum

The quorum for a Board meeting shall be in accordance with the Act. If a proposed meeting of the Board fails to have the requisite quorum the meeting will be adjourned in accordance with the Act, provided no matter which was not in the agenda of original meeting will be discussed at the adjourned meeting. Notwithstanding anything contained in these Articles, no quorum will be there whether in the original meeting or adjourned meeting or committee meeting or through videoconferencing or otherwise, if the Agenda of the Board meeting contains issues to be resolved which are included in the Strategic Reserved Matters unless the majority of Investor Nominee Directors (if more than one) are present or an approval to proceed without his/ their presence has been notified to the Company by the Investor in writing.

34.8. Subject to Article 34.7 above and Articles 45, below, all decisions of the Board shall be taken by majority vote of the Directors present or represented at the meeting. The decisions of the dissenting Director(s) shall be recorded in the minutes of each meeting of the Board or any committee together with the detailed reasons for such dissent.

35.1 Right of continuing Directors: The continuing Directors may act notwithstanding any vacancy in the Board, but if and so long as their number is reduced below two (2), the continuing Directors or Directors may act for the purpose of increasing the number of Directors to two (2) or summoning a General Meeting of the Company but for no other purpose.

35.2 Act done by Board valid notwithstanding defective appointment: All acts done by any meeting of the Board or by any person acting as a Director shall notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more

of such Directors or of any person acting as aforesaid, or that they or any of them were disqualified be, as valid as if every such Director and such person had been appointed and were qualified to be a Director.

VIII. POWERS AND DUTIES OF DIRECTORS

36. General Powers of Company vested in Directors

Subject to these Articles in particular, the business of the Company shall be managed by the Board of Directors, who may exercise all such powers of the Company as are not by the Act, or by these presents, required to be exercised by the Company in General Meeting, subject nevertheless to any regulations of these presents, to the provisions of the Act and or provisions as may be prescribed by the Company in General Meeting but no regulation made by Company in General Meeting shall invalidate any prior Act of the Board which would have been if that regulation had not been made.

37. Specific Powers of Directors

Without prejudice to the generality of the powers conferred by the last preceding article, and the other powers conferred by these presents, the Board of Directors shall manage the business of the Company. It is hereby expressly declared that the Directors shall subject to the regulations of these presents and to the provisions of the Act have the following powers:-

(i) To carry on and transact the several kinds of business specified in Clause III of Memorandum of Association of the Company;

(ii) To purchase in India or elsewhere any machinery, plant, stores and other articles and things for all or any of the objects or purposes of the Company;

(iii) To purchase, take on lease or license, or otherwise acquire in India any lands (whether free-hold, lease hold or otherwise and with or without buildings, structures or machinery (fixed or loose) and any movable property, rights, privileges from any person including a Director of the Company in furtherance of or for carrying out its objects at or for such price or consideration and generally on such terms and conditions and with such title thereto as they may think fit or may believe or be advised to be reasonably satisfactory;

(iv) To purchase or otherwise acquire from any person and to resell, exchange and repurchase any patent or license for the use of any invention and to purchase or otherwise acquire for the Company any other property, formulate, concession, rights and privileges which the company is authorized to acquire at such price or consideration and generally on such terms and conditions as they may think fit;

(v) To erect, construct and build any factories, warehouses, go-downs, engine houses, tanks, wells or other constructions adopted to the objects of the company as may be considered expedient or desirable for the objects or purposes of the company or any of them;

(vi) From time to time to extend the business of the Company by adding to, altering or enlarging all or any of the buildings, factories, workshops, plants and machinery, for the time being the property of, or in the possession of the company, or by erecting new or additional buildings or to expend such sums of money for the purposes aforesaid or any of them as may be thought necessary or expedient;

(vii) To undertake on behalf of the Company the payment of all rents of compensation and the performance of all covenants, conditions and agreements contained in or reserved by any lease or license that may be granted by the Company and to purchase the reversion or reversions and otherwise acquire the freehold or free – simple of all or any of the lands of the Company for the time being held under lease or for an estate less than a freehold estate;

(viii) To draw, accept and endorse , discount, negotiate and discharge on behalf of the Company, all bills of exchange, promissory notes, cheques, hundis, drafts, railway receipts, dock warrants, delivery orders , Government Promissory notes, or other government instruments, bonds, debenture or debenture or debenture stocks of Corporation , Local Bodies, Port Trusts, Improvement Trusts or other Corporate Bodies and to execute the transfer deeds for transferring stocks, shares or stock certificates of the Government and other local or corporate bodies in connection with any business or any object of the Company.

31. Debenture/ Debenture stock, loan/ loan stocks, bonds or other securities conferring the right to allotment or conversion into Shares or the option or right to call for allotment of Shares shall not be issued except with the sanction of the Company in General Meeting;

32. At their discretion to pay for any property rights or privileges acquired by or services rendered to the Company, either wholly or partially in cash or in Shares, bonds, debenture or the securities of the Company, and such Shares may be issued either as fully paid-up or with amount credited as paid-up thereon as may be agreed upon, and any such bonds, debentures, or other securities may be either specifically charged upon all or any of the property of the Company or not so charged;

33. To engage and at their discretion to remove, suspend, dismiss and remunerate bankers, legal advisors, accountants, cashers, clerks, agents, commission agents, dealers, brokers, foremen, servants, employees of every description and to employ such professional or technical or skilled assistants as from time to time may in their opinion be necessary or advisable in the interests of the Company and upon such terms as to duration of employment, remuneration or otherwise and may require security in such instances and to such amounts as the Directors think fit;

34. To accept from any Member, and on such terms and conditions as shall be agreed, surrender of his Shares or stock or any part thereof;

(xiii) To secure the fulfillment of any contracts or agreements entered into by the Company by mortgage or charge of all or any of the property of the Company or in such other manner as they think fit;

(xiv) To institute, conduct, defend, compound or abandon any actions, suits and legal proceedings by or against the company or its officers or otherwise concerning the affairs of the Company and also to compound or compromise or submit to arbitration the same action, suits and legal proceedings;

(xv) To determine who shall be entitled to sign on the Company's behalf, bills of exchange, promotes, dividend warrants, cheques and other negotiable instruments, receipts, acceptances, endorsements, releases, contracts, deed and documents;

(xvi) From time to time to provide for the management of the affairs of the Company abroad in such manner as they think fit and in particular to appoint any person to be the attorney or agent of the Company either abroad or in India with such powers including power to sub-delegate and upon such terms as may be thought fit;

(xvii) To invest and deal with any of the moneys of the Company not immediately required for the purposes thereof as they think fit;

(xviii) To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability for the benefit of the company such mortgages of the Company's property(present and future) as they think fit and any such mortgage may contain a power for sale and such other powers, covenants and provisions as shall be agreed on;

(xix) To give to any person employed by the Company a commission on the profits of any particular business or transaction, or share in the general profits of the Company, and such commission, or share of profits, shall be treated as part of the working expenses of the Company;

(xx) From time to time make, vary and repeal byelaws for the regulations of the business of the Company, its officers and servants;

(xxi) To enter into all such negotiations and contracts and rescind and vary all such contracts and execute to do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient for or in relation to any of the matters, aforesaid, or otherwise for the purposes of the Company; and

(xxii) To pay gratuities, bonus, rewards, presents and gifts, to employees or dependents of any deceased employee, to charitable institutions or purposes to subscribe for provident funds and other associations for the benefit of the employees.

38. Power to appoint Attorney

The Board may appoint at any time and from time to time by a power of attorney under the Company's Seal, any person to be the Attorney of the Company for such purposes and with such powers, authorities and discretions not exceeding those vested in or exercisable by the Board under these Articles and for such period and subject to such conditions as the Board may from time to time think fit, and any such appointment may, if the Board may think fit, be made in favour of the Members or Directors of any firm or company, or any one of them or otherwise in favour of any person or body nominated directly by the Board, and any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such attorney as the Board may think fit.

39. Powers to authorize sub-delegation

The Board may authorize any such delegate or attorney as aforesaid to sub-delegate all or any of the powers, authorities and discretions for the time being vested in him.

40. Duty to maintain Registers, etc., and record of minutes

40.1 The Board shall duly comply with the provisions of the Act and in particular with the provisions in regard to the registration of particulars of the mortgages and charges affecting the properties of the Company or created by it and to keeping a register of the Directors and to sending to the Registrar an annual List of Members and a summary of particulars of Shares and stock and copies of special resolutions and other resolutions of the Board as are required to be filed with the Registrar under the Act and a copy of the Register of Directors and notification of any changes therein.

40.2 The Company shall comply with the requirements of the Act, in respect of keeping of the minutes of all proceedings of every General Meeting and of every meeting of the Board.

40.3 The Chairman of the meeting may exclude at his absolute discretion such of the matters as are or could reasonably be regarded as defamatory of any person, or irrelevant or immaterial to the proceedings or detrimental to the interests of the Company.

41. Borrowing powers

41.1 Subject to these Articles, the Board of Directors may from time to time but with such consent of

the Company in General Meeting as may be required under the Act raise or borrow or secure the repayment of any moneys or sums of money for the purpose of the Company provided that the moneys to be borrowed by the Company apart from temporary loans obtained from the Company's Bankers in the ordinary course of business shall not without the sanction of the Company at a General Meeting, exceed the aggregate of the paid-up capital of the Company and its free reserves that is to say, reserves not set apart for any specific purpose and in particular but subject to the provisions of the Act.

41.2 Provided that in every resolution passed by the Company in a General Meeting the powers to borrow as stated above shall specify the total amount up to which moneys may be borrowed by the Board of Directors.

41.3 Subject to the provisions of these Articles, the Directors may, from time to time at their discretion, raise or secure the repayment of any sums of money for the purpose of the Company, at such time and in such time and in such manner and upon such terms and conditions in all respects as they think fit, and in particular, by promissory notes, or by opening current accounts, or by receiving deposits and advances, with or without security, or by mortgaging or charging or pledging any lands, buildings, goods or other property and securities of the Company, or by such other means as to them may seem expedient.

42. Powers to be exercised by Board only at meeting

Subject to these Articles, the Act and specifically Article 45 dealing with Strategic Reserved Matters, the Board of Directors shall exercise the following powers on behalf of the Company only by resolutions passed at meeting of the Board:

(i) Power to make calls on Shareholders in respect of money unpaid on their Shares;

(ii) Power to issue debentures;

(iii) Power to borrow moneys otherwise than on debentures;

(iv) Power to invest the funds of the Company;

(v) Power to make loans or give guarantee or provide security in respect of loans in the normal course of business of the Company and otherwise than in the normal course of Company's microfinance business';

(vi) Consideration of mergers or acquisitions;

(vii) Election, dismissal, determination of salaries and fringe benefits of the General Manager and of the chief officers; and

(viii) Decisions about major technical and/ or financial problems such as buying, selling, leasing or mortgaging properties, entering into business activities in new fields, concluding of license and/ or co-operation, agreements, etc.

(ix) To authorise buyback of Shares and specific securities under section 68.

(x) To approve financial statement and the Board's report.

(xi) To diversify the business of the Company.

IX. MANAGEMENT

43. Managing Director

43.1 Subject to provisions of the Act and these Articles, the Board of Directors of the Company may appoint one or more of their body to be a Managing Director or Managing Directors of the Company upon such terms and conditions as the Board may think fit.

43.2 A Managing Director shall, subject to the superintendence, control and direction of the Board have the management of the whole of the business of the Company and of all its affairs and shall exercise all powers and perform all duties in relation to the management of the affairs and transactions of the Company, except such powers and such duties as are required by law or by these presents to be exercised or done by the Company in General Meeting or by the Board of Directors and also subject to such conditions or restrictions, imposed by the Act or by these presents or the Board of Directors or the Company in General Meeting.

44. Managers

If at any time the Company has no Managing Director holding office the business of the Company shall, notwithstanding any other provisions in these presents, be managed by the Board of Directors and in such manner and through such officers as the Board may deem fit and the Board of Directors if they so deem fit, may subject to the provisions of the Act and with such sanction, if any, as may be required for the purpose, appoint one or more persons as Managers for the Company and such remuneration as they deem fit.

43. RESERVED MATTERS

45. Strategic Reserved Matters.

No resolution or delegation (whether in the original meeting or adjourned meeting or committee meeting or by circulation or videoconferencing or otherwise) in respect of matters mentioned below (the "**Strategic Reserved Matter**") shall be passed by the Board or in the General Meeting, as the case may be, unless the quorum requirements as detailed at article 23 and article 34.7, as the case may be, are fulfilled and a majority of Investor Directors (if more than one Director is nominated by Investor) or the representative (as the case may be) representing Investor, cast his/ her affirmative vote for such Strategic Reserved Matter in a Board or General Meeting, as the case may be:

(a) Appointment and removal of Chief Executive Officer/ Chief Financial Officer or any senior manager or officer of the Company for remuneration and cost-to-company in excess of an amount of Rs. 25,00,000/ - (Rupees Two Million and Five Hundred Thousand) per year;

(b) The increase/ decrease of the authorized capital of the Company and/ or the issue of any class or series of Equity Shares or any other Securities, but excluding borrowings from banks and financial institutions, and any borrowings in the regular course of business, provided that the Company will on a best effort basis ensure that such fresh issuance is in the best interest of the Company and that the new capital raise will be at a level of best price and terms for the Shareholders; Acquisition, merger, joint venture, sale or amalgamation or any other form of restructuring of the Company or any subsidiary with any other company or legal entity, whether in India or worldwide;

(d) Creating a new subsidiary of the Company or divesting from any subsidiary of the Company;

(e) Change the statutory auditors and internal auditors;

(f) Approval of the annual budget of the Company or any amendments in the same including capex or opex cost overruns approval of the Business Plan and Annual Plan of the Company

(g) Appointment and changes in composition of directors whether independent additional, alternate or other directors including Invest or Nominees on the Board, Invest or Directors and their Alternates;

(h) Entering into related party transactions where any of the executive directors or officers are involved.

(i) Effecting any IPO by the Company;

(j) Obtaining of loans other than for on-lending the monies so borrowed in the course of ordinary business;

(k) Giving by the Company of any guarantee or security or indemnity to or becoming a surety for any third party, other than for securing the borrowings of the Company obtained for on-lending in the course of ordinary business;

(l) Enter into a contract or make any investments, exceeding INR 5,000,000/ - (Rupees Five Million) under a single contract but excluding short term investments in debt instruments for the purposes of managing excess liquidity;

(m) Any general assignment for the benefit of its creditors or any consent to the entry of a decree or order for relief from creditors under any Applicable Law or any admission by the Company of its inability to pay its debts, or any other action constituting a cause for the involuntary declaration of insolvency or bankruptcy;

(n) Commencement of or defence or settlement of any litigation, arbitration or tribunal proceedings;

(o) Enter/ manage any line of business outside the Business of the Company.

(p) Reduction or buy-back of any share capital, capital redemption reserve account or any share premium account.;

(q) Liquidation, dissolution or winding-up of the Company (whether or not voluntary);

(r) Any variation in the rights of any class of Shareholders;

(s) Increase the number of Shares authorized for issuance under any existing ESOP Pool or creates any new ESOP Pool or sweat equity plan(s) of the Company and the issue of any Equity Shares pursuant thereto;

(t) Acquisition, leasing or any form of transactions in real estate/ land property/ property development that are not directly linked to the operations of the microfinance business;

(u) Sale or pledging or creation of Encumbrance on assets for a value greater than 10% (Ten Percent) of total assets, other than for securing the borrowings of the Company obtained for on-lending in the course of ordinary business;

(v) Entering, causing or allowing the Company to enter into any agreements that change the rights of the Equity Shares or grant to any new investor in the Company any right that change the rights of the Equity Shares;

(w) Substantial Change in the Business of the Company or exit the current Business;

(x) Sale of Shares under lien.

(y) Alteration of Memorandum and Articles of Association.

(z) Any of the above in relation to any subsidiary of the Company.

XI. DIVIDENDS AND RESERVES

46. Declaration of Dividends

46.1 The Company in a General Meeting may declare dividends but no dividend shall exceed then amount recommended by the Board.

46.2 In the case of joint holders, dividend shall be paid to the joint holder who is first named in the register of Members unless the joint holders direct otherwise in writing.

46.3 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.

57. Interim Dividend

The Board may from time to time pay to the Members such interim dividends as appear to them to be justified by the profits of the Company.

48. Dividends to be paid out of profits only

No dividend shall be payable except out of the profits of the year or any other undistributed profits and except as provided by the Act.

49. Unpaid Dividend

No unclaimed dividend can be forfeited by the Board and the Company shall comply with the provisions of the Act in respect any unpaid or unclaimed dividend.

50. Reserves

50.1 The Board may, before recommending any dividend, set aside out of the profits of the Company, such amount as they think proper as a reserve which shall, at the discretion of the Board, be applied for the any purpose to which the profit of the Company may be properly applied, including provision for meeting contingencies or for equalizing dividends and pending such application, may at their 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, think fit.

50.2 The Board may also carry forward any profits which they may think prudent not to divide, without setting them aside as reserve.

51. Capitalization of Profits

51.1 Subject to these Articles and the Act, the Company in General Meeting, may on the recommendation of the Board resolve:

(i) That it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the Company's reserve account or to the credit of the profit and loss account or otherwise, available for distribution; and

(ii) That such sums be accordingly set free for distribution in the manner specified in Article 51.2 below, amongst the Members who would have been entitled thereto if distributed by way of dividend and in the same proportions.

51.2 The sum aforesaid shall not be paid in cash but shall be applied, subject to the provisions contained in Article 51.3 below, 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, un-issued Shares of the Company to be allotted and distributed and credited as fully paid-up to and amongst such Members in the proportion aforesaid; and

(iii) Partly in the way specified in Sub-Article (i) and partly in that specified in Sub-Article (ii).

51.3 A share premium account and a Capital Redemption Reserve Account may for the purpose of this regulation only be applied in the paying up of un-issued Shares to be issued to Members of the Company as fully paid bonus Shares.

52. Powers of Directors for Declaration of Bonus

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 capitalized hereby, and all allotments and issues of fully paid Shares, if any; and

(ii) generally do all acts and things required to give effect thereto.

53. The Board shall have full powers:

53.1 To make such provision, by the issue of fractional certificates or by payment in cash or otherwise as they may think fit, in the case of Shares becoming distributable in fractions, and also

53.2 To authorize 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 capitalization, or (as the case may require) for the payment by the Company on their behalf, by the application thereto of their respective proportions of the profits resolved to be capitalized of the amounts or any part of the amounts remaining unpaid on their existing Shares.

Any agreement made under such authority shall be effective and binding on all such Members.

XII. ACCOUNTS

54. Books of Account

The Board shall cause proper books of account to be kept, in accordance with the provisions of the Act.

55. Inspection by Members

The Board shall from time to time determine whether and to what extent and at which times and places under what conditions or regulations, the statutory records and documents of the Company or any of them shall be open to the inspection of the Members. No Member (not being a Director) shall have any right of inspecting any accounts or books of documents of the Company, except as conferred by statute or authorized by the Board or by a resolution of the Company in General Meeting.

56. Financial statements to be furnished to Annual General Meeting

The Board shall lay before each Annual General Meeting, financial statement for the financial year which shall be a date which shall not precede the day of the Meeting by more than six months or such extended period of time as shall have been granted by the Registrar under the provisions of the Act, for holding such Annual General Meeting.

57. Financial Statements

57.1 Subject to the provisions of the Act, every financial statement of the Company shall be in the forms set out in the Act or as near thereto as circumstances admit.

57.2 If in the opinion of the Board any of the current assets of the Company may not have value on realization in the ordinary course of business at least equal to the amount at which they are stated, the fact that the Board is of that opinion shall be stated.

58. Authorisation of Financial Statement

58.1 Every financial statement of the Company shall be signed on behalf of the Board, by Secretary, if any, and by not less than two Directors of the Company, one of whom shall be a Managing Director where there is one and the chief financial officer if there is one.

58.2 Every financial statement shall be approved by the Board, before they are signed on behalf of the Board in accordance with the provisions of this Article and before they are submitted to the Auditors for their report thereon.

XIII. MONITORING AND INFORMATION RIGHTS

59. The Company shall keep true and accurate records of all operations at the registered office of the Company or at such other place in India as the Board thinks fit and shall be open for inspection by each Member or by its duly authorised representatives at all times during normal business hours and with sufficient notice so as not to disrupt the Company's operations.

75. During office hours of the Company, after giving a prior written notice of at least three (3) Business Days, the Investor shall have full access to, and right to make copies of, all books of account, records and the like to the Company. Any information obtained by the Investor through exercise of this right of access shall (i) be used by such

Investor only for purposes which are consistent with its status as a Member and not for the pursuit of business interests outside that of the Company; and (ii) be subject to the confidentiality provisions of these Articles.

XIV. COMMON SEAL

61. The Common Seal of the Company shall be in safe custody and shall not be affixed to any instrument except by the authority of the resolution of the Board of Directors or Committee of Directors. Every instrument or deed to which the Common Seal is affixed shall, unless the same is executed by a duly constituted attorney of the Company, be signed by at least one Director, in whose presence the Seal is so affixed.

XV. WINDING UP

62. The Company shall in accordance with the provisions of the Act and these Articles be wound up

if any of the following shall occur:

62.1 if the Company files a voluntary petition in bankruptcy or shall be adjudicated as bankrupt or insolvent;

62.2 if a Court of competent jurisdiction shall enter an order approving a petition filed by any party seeking any reorganization or similar relief under the present or any future bankruptcy law, or any other present or future state statute relating to bankruptcy, insolvency, or other relief for debtors;

62.3 if the Company shall admit in writing its inability to pay its debts as they mature;

62.4 if the Company shall give notice to any Governmental body of insolvency or pending insolvency, or suspension or pending suspension of operations; or

62.5 if the Company shall make an assignment for the benefit of creditors or take any other similar action for the protection or benefit of creditors.

63. Distribution of Assets

If the Company shall be wound up as above or otherwise and the assets available for distribution amongst the Members as such shall be insufficient to repay the whole of the paid- up equity capital or equity capital deemed to be paid-up, such assets shall be distributed as nearly as may be in proportion to the equity capital paid up or deemed to be paid up at the commencement of the winding up on the Shares held by them respectively, and if in winding up, the assets available for distribution amongst the Members shall be more than sufficient to repay the whole of the equity capital paid up at the commencement of the winding up, the excess shall be distributed amongst the Members in proportion to the equity capital paid up or deemed to be paid up at the commencement of the winding up, on the Shares held by them respectively. Where capital is paid up on any Shares in advance of calls, upon the footing that the same shall carry interest such capital shall be excluded and shall be repayable in full before any distributions made on the paid up capital or capital deemed to be paid up, together with the interest at the rate agreed upon. The provisions of this Article shall be subject to any special rights or liabilities attached to any special class of Shares forming part of the capital of the company.

64. Division of Assets of the Company in Specie among Members

If the Company shall be wound up whether voluntarily or otherwise, the liquidators may, with the sanction of a special resolution, divide among the contributors in specie or kind, any part of the assets of the Company, and may with the like sanction, vest any part of the assets of the Company in trustees, upon such trusts for the benefit of the contributors or any of them, as the liquidators with the like sanction shall think fit, so that no Members shall be compelled to accept any Shares or securities whereon there is any liability. In case any Share or Securities to be divided as aforesaid involve a liability to call or otherwise any person entitled under such division to the said Shares or securities may within ten days after the passing of the special resolution by notice in writing direct the liquidators to sell his proportions and pay him the net proceeds, and the liquidators shall, if practicable, act accordingly.

XVI. INDEMNITY AND RESPONSIBILITY

65. Right of Directors and others to Indemnify

65.1 Subject to the provisions of the Act, the Managing or Whole time Directors, and every Director, Manager, Secretary, Chief Financial Officer and other officer or employee of the Company shall be indemnified by the Company against, and it shall be the duty of the Directors out of the funds of the company to pay all costs, losses, and expenses (including traveling expenses) which any such Managing or Whole time Directors Director, Chief Financial Officer, any other Officer, Secretary or employee may incur or become liable to, by reason of any contract entered into or act or deed done by him in any other way in the discharge of his duties as such managing or whole time Directors, Director, Chief Financial Officer Secretary, Officer or employee.

65.2 Subject as aforesaid the Managing or Whole time Directors and every Director, Manager, Secretary , Chief Financial Officer or other officer or employee of the Company shall be indemnified against any liability incurred by them or him in defending any proceedings whether civil or criminal in which judgment is given in their or his favour or in which they or he is acquitted or discharged or in connection with any application under the provisions of the Act in which relief is given to them or him by the Court.

XVII. SECRECY CLAUSE

66. Subject to Article 71, no Member shall be entitled to visit or inspect the Company's works without the permission of the Directors or Managing Directors, or to require discovery of, or any information respecting, any detail of the Company's business or any matter which is or may be in the nature of business secret, mystery of trade or secret process, or which may relate to the conduct of the business of the Company and which in the opinion of Board it will be inexpedient in the interest of the Company to communicate to the public.

67. Every Director, Managing of Whole time Director, Manager, Secretary, auditor, Trustee, Officer, agent, Accountant, employee or other person employed in the business of the Company shall observe strict secrecy respecting all transactions of the Company and in matters relating thereto, and shall if required pledge by a declaration not to reveal any of the matters which may come to his knowledge in the discharge of his duties, except when required so to do by the Board of Directors or by any General Meeting or by a court of law or by the persons to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions contained in these Articles.

68. Except as may be required by any applicable Requirement of Law and otherwise set forth herein, none of the Shareholders shall make any disclosure concerning Confidential Information of the Company or any other information received from any other Shareholder, without the prior written approval of the other Shareholders; provided, however, that nothing herein shall restrict the recipient of such information from disclosing information:

68.1 that is already publicly available;

68.2 that was already known to such recipient prior to its disclosure;

68.3 that may be required or appropriate in response to any litigation or potential litigation, provided that such recipient will use reasonable efforts to notify the provider of such information in advance of such disclosure so as to permit the provider of such information to seek a protective order or otherwise contest such disclosure, and such recipient will use reasonable efforts to cooperate, at the expense of such provider, with such provider in pursuing any such protective order;

68.4 to such recipient's officers, directors, shareholders, advisors, employees, members, partners, controlling persons, auditors or counsel on a confidential basis; or

68.5 to persons from whom releases, consents or approvals are required, or to whom notice is required to be provided, pursuant to the transactions contemplated by the Transaction Documents.

i. If any disclosure is required by any Requirement of Law to be made by any Shareholder, prior to making such announcement such Shareholder will, where practicable, deliver a draft of such disclosure to the other Shareholders and shall give the other Shareholders reasonable opportunity to comment thereon.

ii. The Company authorises the Investor to consult with the Company and to disclose Confidential Information of the Company (or permit the disclosure of Confidential Information of the Company):

1 To the Investors' lenders, bankers and auditors; and/ or

2 As required by law.

72. Any Investor Nominee Director may:

72.1 Report to the Investor on the affairs of the Company; and

72.2 Disclose Confidential Information of the Company as he shall reasonably consider appropriate to the Investors.

73. The Investor may use Confidential Information of the Company only for the purposes of evaluation as follows:

73.1 Investor's reviews of existing investments; and

73.2 investment management activities.

XVIII. CORRUPT PRACTICES

74. The Company will not and will ensure that the officers and Directors, employees, agents and Affiliates, acting on its/ his behalf, do not, for a corrupt purpose, offer, directly or indirectly, promise to pay, pay, promise to give or give, anything of material value to any official representative of any Governmental Authority or agency or any political party or officer thereof or any candidate for office in any jurisdiction.

75. OFAC Regulations

The Company agrees that it will not at any time (i) become a Person with whom U.S. Persons are restricted from doing business under the regulations of the Office of Foreign Asset Management ("**OFAC**") of the U.S. Department of Treasury (including those named on OFAC's Specialty Designated Blocked Persons List) or under any statute, executive order (including the Executive Order Blocking Property and Prohibiting Transactions with Persons who Commit, Threaten to Commit or Support Terrorism, dated September 24, 2001), or (ii) engage in any dealings or transactions with or otherwise be associated with such Person.

76. Anti-money Laundering

The Company shall take all reasonable steps, consistent with industry practice and in any event as required by Applicable Law, to ensure that it is in compliance with all applicable Anti-Money Laundering Laws. Towards this, the Company shall promote and institute good governance and compliance standards, including the promotion of policies, procedures and systems (including monitoring systems) designed to achieve such standards.

XIX. SECRETARY

77. The Directors shall from time to time appoint a Secretary and at their discretion remove, any such Secretary to perform any functions, which by the Act are to be performed by the Secretary and to execute any other ministerial or administrative duties, which may from time to time be assigned to the Secretary by the Directors.

XX GENERAL POWER

Wherever in the Act, Applicable Law, rules, regulations, guidelines, standards etc., by any statutory authority/ body, it has been provided that the Company shall have any right, privilege or authority or that the Company could carry out any transaction only if the Company is so authorized by its articles, then and in that case this Article authorises and empowers the Company to have such rights, privileges or authorities and to carry such transactions as have been permitted by the Act, Applicable Law, rules, regulations, guidelines, standards etc., without there being any specific Articles in that behalf herein provided.

SECTION IX: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following contracts which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of the Red Herring Prospectus) which are deemed material were attached to the copy of the Red Herring Prospectus which was delivered to the RoC for registration and will also be attached to the copy of this Prospectus, to be delivered to the RoC for registration. Copies of the contracts and also the documents for inspection referred to hereunder, were made available for inspection at the Registered Office between 10 a.m. and 5 p.m. on all Working Days from date of the Red Herring Prospectus until the Bid/ Offer Closing Date (except for such documents executed after the Bid/ Offer Closing Date).

A. Material Contracts for the Offer

1. Offer Agreement dated January 24, 2018 between our Company, the Promoter Selling Shareholder and the BRLMs.
2. Registrar Agreement dated January 19, 2018 between our Company, the Promoter Selling Shareholder and the Registrar to the Offer.
3. Ad Agency Agreement dated January 19, 2018 between our Company, Adfactors Advertising and Adfactors PR Private Limited.
4. Escrow Agreement dated July 25, 2018 between our Company, the Promoter Selling Shareholder, the Registrar to the Offer, the BRLMs, the Syndicate Members, the Escrow Collection Bank(s) and the Refund Bank(s).
5. Share Escrow Agreement dated July 25, 2018 between the Promoter Selling Shareholder, our Company and the Share Escrow Agent.
6. Syndicate Agreement dated July 26, 2018 between our Company, the Promoter Selling Shareholder, the BRLMs and the Syndicate Members.
7. First amendment agreement to the Offer Agreement dated July 25, 2018 between our Company, the Promoter Selling Shareholder and the BRLMs.
8. First amendment agreement to the Registrar Agreement dated July 25, 2018 between our Company, the Promoter Selling Shareholder and the Registrar to the Offer.
9. Underwriting Agreement dated August 13, 2018 between our Company, the Promoter Selling Shareholder and the Underwriters.
10. Monitoring Agency Agreement dated July 25, 2018 between our Company and the Monitoring Agency.

B. Material Documents

1. Certified copies of the updated Memorandum and Articles of Association of our Company as amended from time to time.
2. Certificate of incorporation dated June 12, 1991 issued by the Registrar of Companies, West Bengal to our Company, in its former name, being Sanni Collection Private Limited.
3. Fresh certificate of incorporation dated March 4, 2008 issued by the Registrar of Companies, West Bengal to our Company consequent upon change of name of our Company to Grameen Financial Services Private Limited.
4. Fresh certificate of incorporation dated November 13, 2014 issued by the Registrar of Companies, Bangalore consequent upon change of name of our Company to Grameen Koota Financial Services Private Limited
5. Fresh certificate of incorporation dated December 18, 2017 issued by RoC at the time of conversion from a private limited company into a public limited company.
6. Fresh certificate of incorporation dated January 12, 2018 issued by the Registrar of Companies, Bangalore consequent upon change of name of our Company to CreditAccess Grameen Limited.

7. Resolutions of the Board of Directors dated January 12, 2018, in relation to the Offer and other related matters.

8. Shareholders' resolution dated January 13, 2018, in relation to this Offer and other related matters.

9. Resolution of the board of directors of CAA dated January 16, 2018 authorising the Offer for Sale.

10. Resolution of the board of directors of CAA dated July 13, 2018, amending the resolution of the board of directors of CAA dated January 16, 2018, authorising the Offer for Sale (as amended by the resolution of the board of directors of CAA dated January 22, 2018).

11. Copies of the annual reports of our Company for the Financial Years 2018, 2017, 2016, 2015 and 2014.

12. CRISIL Research consent letter dated January 19, 2018.

13. "*CRISIL Research - Industry Report on the Micro Finance Industry, January 2018*" prepared by CRISIL Research.

14. The examination report of the Statutory Auditor dated April 30, 2018, on our Company's Restated Financial Statements, included in this Prospectus.

15. The statement of special tax benefits dated July 12, 2018 from the Statutory Auditors.

16. Consent of the Directors, the BRLMs, the Syndicate Members, Domestic Legal Counsel to our Company, Legal Counsel to the BRLMs as to Indian Law, International Legal Counsel to the BRLMs, Registrar to the Offer, Escrow Collection Bank, Public Offer Account Bank, Refund Bank, Monitoring Agency, Bankers to our Company, Company Secretary and Compliance Officer as referred to in their specific capacities.

17. Due Diligence Certificate dated January 24, 2018, addressed to SEBI from the BRLMs.

18. Share purchase agreement dated March 28, 2014 entered into between Pratap S Reddy, Jayaram S. Reddy, Venkatram Reddy, Vinitha M Reddy, Suresh K Krishna, Vijitha Subaiah, MicroVentures Asia B.V. and our Company.

19. Share purchase agreement dated May 21, 2014 entered into amongst Employees listed in the schedule to the agreement, GFSPL ESOP Trust, MicroVentures Asia B.V. and our Company.

20. Appointment agreement dated June 26, 2015 of our MD & CEO, Udaya Kumar Hebbar.

21. In principle listing approvals dated February 20, 2018 and March 9, 2018, issued by BSE and NSE, respectively.

22. Tripartite agreement dated April 10, 2014, between our Company, NSDL and the Registrar to the Offer.

23. Tripartite agreement dated December 26, 2017, between our Company, CDSL and the Registrar to the Offer.

24. SEBI observation letters dated February 23, 2018 and June 12, 2018.

Any of the contracts or documents mentioned in this Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

We hereby certify and declare that all relevant provisions of the Companies Act and guidelines issued by the Government of India or the regulations or guidelines issued by SEBI, established under section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, the SCRA, SCRR, the SEBI Act or rules or regulations made there under or guidelines issued, as the case may be. We further certify that all the statements in this Prospectus are true and correct.

SIGNED BY DIRECTORS OF OUR COMPANY

M.N. Gopinath
(Chairman and Independent Director) _______________________________

Udaya Kumar Hebbar
(Managing Director and Chief Executive Officer) _______________________________

Paolo Brichetti
(Nominee Director) _______________________________

Sumit Kumar
(Nominee Director) _______________________________

Anal Kumar Jain
(Independent Director) _______________________________

R. Prabha
(Independent Director) _______________________________

George Joseph
(Independent Director) _______________________________

Sucharita Mukherjee
(Independent Director) _______________________________

Massimo Vita
(Nominee Director) _______________________________

SIGNED BY CHIEF FINANCIAL OFFICER

____
Diwakar B.R.

Place: Bengaluru
Date: August 13, 2018

DECLARATION BY THE SELLING SHAREHOLDER

We, CreditAccess Asia N.V., hereby confirm that all statements and undertakings specifically made or confirmed by us in this Prospectus about or in relation to itself, as a Selling Shareholder and the Offered Shares, are true and correct.

SIGNED FOR AND BEHALF OF CREDITACCESS ASIA N.V.

Name: Paolo Brichetti

Designation: CEO & Executive Director

Date: August 13, 2018