Draft Letter of Offer
Dated July 28, 2022
For Eligible Equity Shareholders only

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Capri Global Capital Limited

Our Company was originally incorporated as "Daiwa Securities Limited" in Calcutta on November 15, 1994, as a public limited company under the Companies Act, 1956, with a certificate of incorporation granted by the Registrar of Companies, West Bengal at Calcutta. Our Company received the certificate of commencement of business from the Registrar of Companies, West Bengal at Calcutta on November 28, 1994. Subsequently, the name of our Company was changed to "Dover Securities Limited" and a fresh certificate of incorporation was granted by the Registrar of Companies, West Bengal at Calcutta, on May 19, 1999. The name of our Company was further changed to "Money Matters Financial Services Limited" and a fresh certificate of incorporation was issued by the Registrar of Companies, Maharashtra at Mumbai ("**RoC**") on October 6, 2008. The name of our Company was further changed to "Capri Global Capital Limited" and a fresh certificate of registration was issued by the RoC on July 24, 2013. For details of changes in name and registered office of our Company, see "*General Information*" beginning on page 56.

Registered and Corporate Office: 502, Tower A, Peninsula Business Park, Senapati Bapat Marg, Lower Parel, Mumbai 400 013, Maharashtra, India
Tel: +91 22 4088 8100/ 4582 2500
Contact Person: Yashesh Bhatt, Company Secretary and Compliance Officer
E-mail: secretarial@capriglobal.in; **Website**: www.capriloans.in
Corporate Identity Number: L65921MH1994PLC173469

PROMOTERS OF THE COMPANY: RAJESH SHARMA, JINISHA SHARMA, JAHNAVI SHARMA, RAGHAV SHARMA, RAMESH CHANDRA SHARMA AND RAMESH CHANDRA SHARMA HUF

FOR PRIVATE CIRCULATION TO THE ELIGIBLE EQUITY SHAREHOLDERS OF CAPRI GLOBAL CAPITAL LIMITED (THE "COMPANY" OR THE "ISSUER") ONLY

ISSUE OF UP TO [●] FULLY PAID-UP EQUITY SHARES OF FACE VALUE OF ₹2.00 EACH OF THE COMPANY (THE "RIGHTS EQUITY SHARES") FOR CASH AT A PRICE OF ₹[●] PER EQUITY SHARE (INCLUDING A PREMIUM OF ₹ [●] PER EQUITY SHARE) AGGREGATING UP TO ₹12,000 MILLION ON A RIGHTS BASIS TO THE ELIGIBLE EQUITY SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF [●] RIGHTS EQUITY SHARES FOR EVERY [●] EQUITY SHARES HELD BY THE ELIGIBLE EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS ON [●], 2022 ("RECORD DATE") (THE "ISSUE"). FOR FURTHER DETAILS, PLEASE SEE "TERMS OF THE ISSUE" BEGINNING ON PAGE 309.

WILFUL DEFAULTERS OR FRAUDULENT BORROWERS

Neither our Company nor our Promoters or any of our Directors have been or are identified as Wilful Defaulters or Fraudulent Borrowers.

GENERAL RISKS

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in the Issue unless they can afford to take the risk losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue including the risks involved. The securities being offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("**SEBI**") nor does SEBI guarantee the accuracy or adequacy of this Draft Letter of Offer. Specific attention of investors is invited to the statement of "*Risk Factors*" beginning on page 18.

COMPANY'S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Letter of Offer contains all information with regard to our Company and the Issue, which is material in the context of the Issue, that the information contained in this Draft Letter of Offer 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 Draft Letter of Offer as a whole or any such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The existing Equity Shares of our Company are listed on BSE Limited ("**BSE**") and National Stock Exchange of India Limited ("**NSE**" together with BSE, the "**Stock Exchanges**"). Our Company has received "in-principle" approvals from BSE and NSE for listing the Rights Equity Shares to be allotted pursuant to the Issue through their letters dated **[●]**, 2022 and **[●]**, 2022, respectively. Our Company will also make applications to BSE and NSE to obtain trading approvals for the Rights Entitlements as required under the SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020. For the purposes of the Issue, the Designated Stock Exchange is [●].

LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE
ICICI Securities Limited ICICI Venture House Appasaheb Marathe Marg, Prabhadevi Mumbai 400 025 Maharashtra, India **Tel:** +91 22 6807 7100 **E-mail:** cgcl.rights@icicisecurities.com **Investor Grievance ID:** customercare@icicisecurities.com **Website:** www.icicisecurities.com **Contact Person:** Rupesh Khant/ Akhil Mohod **SEBI Registration No.:** INM000011179	**Link Intime India Private Limited** C-101, 1st floor, 247 Park L.B.S. Marg, Vikhroli (West) Mumbai 400 083 Maharashtra, India **Tel:** +91 22 4918 6200 **E-mail:** capri.rights@linkintime.co.in **Investor Grievance ID:** capri.rights@linkintime.co.in **Website:** www.linkintime.co.in **Contact Person:** Sumeet Deshpande **SEBI Registration No.:** INR000004058

ISSUE PROGRAMME

ISSUE OPENS ON	LAST DATE FOR ON MARKET RENUNCIATION*	ISSUE CLOSES ON**
[●]	[●]	[●]

Eligible Equity Shareholders are requested to ensure that renunciation through off market transfer is completed in such a manner that the Rights Entitlements are credited to the demat accounts of the Renouncees on or prior to the Issue Closing Date.

**Our Board or the Rights Issue Committee will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.*

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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

This Draft Letter of Offer uses certain definitions and abbreviations which, unless the context otherwise indicates, requires or implies or unless otherwise specified, shall have the meaning as provided below. References to any legislation, act, regulation, rule, guideline or policy shall be to such legislation, act, regulation, rule, guideline or policy as amended, supplemented, re-enacted, or modified from time to time and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision.

The words and expressions used in this Draft Letter of Offer, but not defined herein shall have the meaning ascribed to such terms under the SEBI ICDR Regulations, the SEBI LODR Regulations, the Companies Act, the SCRA, the Depositories Act, and the rules and regulations made thereunder.

The following list of capitalised terms used in this Draft Letter of Offer is intended for the convenience of the reader/prospective investor only and is not exhaustive.

Provided that terms used in "Summary of Draft Letter of Offer", "Financial Statements", "Statement of Special Tax Benefits", "Outstanding Litigations and Defaults" and "Terms of the Issue" beginning on pages 16, 124, 66, 297 and 309 respectively, shall, unless indicated otherwise, have the meanings ascribed to such terms in the respective sections.

General Terms

Term	Description
"Company", "Our Company", "the Company", "the Issuer" or "CGCL"	Capri Global Capital Limited, a public limited company incorporated under the Companies Act, 1956 and having its registered and corporate office at 502, Tower A, Peninsula Business Park, Senapati Bapat Marg, Lower Parel Mumbai 400 013, Maharashtra, India
"We", "Our", "Us", or "our Group"	Unless the context otherwise requires, indicates or implies or unless otherwise specified, our Company and our Subsidiary on a consolidated basis, and for any date or period prior to January 14, 2022, our Company, our Subsidiary and Capri Global Resources Private Limited (ceased to be our subsidiary with effect from January 14, 2022) on a consolidated basis

Company Related Terms

Term	Description
2021 Audited Consolidated Financial Statements	The audited consolidated financial statements of our Company as at for the year ended March 31, 2021, which comprises the consolidated balance sheet as at March 31, 2021, the consolidated statement of profit and loss, including other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information
2022 Audited Consolidated Financial Statements	The audited consolidated financial statements of our Company as at for the year ended March 31, 2022, which comprises the consolidated balance sheet as at March 31, 2022, the consolidated statement of profit and loss, including other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information
ALCO	Asset-Liability Management Committee of our Company
"Articles of Association" or "Articles"	Articles of Association of our Company, as amended from time to time
Audit Committee	Audit committee of our Board
Audited Consolidated Financial Statements	The 2022 Audited Consolidated Financial Statements and the 2021 Audited Consolidated Financial Statements
Auditors or Statutory Auditors	The current statutory auditors of our Company, being, M M Nissim & Co. LLP, Chartered Accountants
"Board of Directors", or "Board" or "our Board"	The board of directors of our Company or any duly constituted committee thereof
Company's 2021 Audited Standalone Financial Statements	The audited standalone financial statements of our Company as at for the year ended March 31, 2021, which comprises the standalone balance sheet as at March 31, 2021, the standalone statement of profit and loss, including other comprehensive income, the standalone statement of cash flows and the standalone statement of changes in equity for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information
Company's 2022 Audited Standalone Financial Statements	The audited standalone financial statements of our Company as at for the year ended March 31, 2022, which comprises the standalone balance sheet as at March 31, 2022, the standalone statement of profit and loss, including other comprehensive income, the standalone statement of cash flows

Term	Description
	and the standalone statement of changes in equity for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information
Directors	Directors on our Board, as may be appointed from time to time
Equity Shares	Fully paid-up equity shares of face value of ₹2 each of our Company
ESOP 2009	Money Matters Employee Stock Option Plan – 2009, as amended on May 9, 2014. For details, see *"Capital Structure"* on page 60
Group Companies	Group companies of our Company as determined in terms of Regulation 2(1)(t) of SEBI ICDR Regulations
Independent Chartered Accountant	M/s SCA and Associates, Chartered Accountants
Independent Director	A non-executive, independent Director appointed as per the Companies Act, 2013 and the SEBI LODR Regulations. For details of the Independent Directors, see "*Our Management*" beginning on page 122
Indirect Lending	Loans to other NBFCs and loans to borrowers secured by debt securities
Key Managerial Personnel	Key managerial personnel of our Company determined in accordance with Regulation 2(1)(bb) of the SEBI ICDR Regulations and as disclosed in "*Our Management*" beginning on page 122
Materiality Threshold	Materiality threshold adopted by our Company in relation to the disclosure of outstanding civil litigation, including tax litigation, involving our Company and/or our Subsidiary, where the amount involved is ₹51.20 million (being 2.5% of the consolidated profit after tax of our Company, in terms of the 2022 Audited Consolidated Financial Statements)
"Material Subsidiary" or "Subsidiary" or "CGHFL"	A subsidiary whose income or net worth exceeds 10% of the consolidated income or net worth, respectively, of our Company and our Subsidiary in the immediately preceding accounting year, being a Material Subsidiary of our Company, i.e., Capri Global Housing Finance Limited
Memorandum of Association or Memorandum	Memorandum of Association of our Company, as amended from time to time
Previous Statutory Auditors	The previous statutory auditors of our Company, being, M/s. Deloitte Haskins & Sells LLP
Promoters	The promoters of our Company, being Rajesh Sharma, Jinisha Sharma, Jahnavi Sharma, Raghav Sharma*, Ramesh Chandra Sharma and Ramesh Chandra Sharma HUF#. For further details, please see "*Capital Structure*" on page 60 **Raghav Sharma is a minor being represented by Rajesh Sharma* *#Ramesh Chandra Sharma HUF does not hold any Equity Shares in our Company and has ceased to exist pursuant to the deed of partition dated November 11, 2021 and our Company is in the process of undertaking necessary actions in this regard.*
Promoter Group	Unless the context requires otherwise, the promoter group of our Company as determined in accordance with Regulation 2(1)(pp) of the SEBI ICDR Regulations namely Capri Global Holdings Private Limited, Capri Global Advisory Services Private Limited and JJR Family Trust
Registered and Corporate Office or Registered Office	Registered and corporate office of our Company situated at 502, Tower A, Peninsula Business Park, Senapati Bapat Marg, Lower Parel Mumbai 400 013, Maharashtra, India
Rights Issue Committee	Rights issue committee of our Board
"Shareholders" or "Equity Shareholders"	Holders of the Equity Shares from time to time

Issue Related Terms

Term	Description
"Abridged Letter of Offer" or "ALOF"	The abridged letter of offer to be sent to the Eligible Equity Shareholders of our Company with respect to the Issue in accordance with the provisions of the SEBI ICDR Regulations and the Companies Act
Additional Rights Equity Shares	The Rights Equity Shares applied or allotted under the Issue in addition to the Rights Entitlement
"Allotment" or "Allot" or "Allotted"	Allotment of Rights Equity Shares pursuant to the Issue
Allotment Accounts	The accounts opened with the Banker(s) to the Issue, into which the Application Money lying in the escrow account and amounts blocked by Application Supported by Blocked Amount in the ASBA Account, with respect to successful Applicants will be transferred on the Transfer Date in accordance with Section 40(3) of the Companies Act
Allotment Account Bank(s)	Bank(s) which are clearing members and registered with SEBI as bankers to an issue and with whom the Allotment Accounts will be opened, in this case being, [●]
Allotment Advice	The note or advice or intimation of Allotment sent to each successful Applicant who has been or is to be Allotted the Rights Equity Shares pursuant to the Issue after approval of the Basis of Allotment by the Designated Stock Exchange
Allotment Date	Date on which the Allotment is made pursuant to the Issue

Term	Description
Allottee(s)	Person(s) to whom the Rights Equity Shares are Allotted pursuant to the Issue
"Applicant(s)" or "Investor(s)"	Eligible Equity Shareholder(s) and/or Renouncee(s) who are entitled to make an application for the Rights Equity Shares pursuant to the Issue in terms of the Letter of Offer, including an ASBA Investor
Application	Application made through submission of the Application Form or plain paper Application to the Designated Branch(es) of the SCSBs or online/ electronic application through the website of the SCSBs (if made available by such SCSBs) under the ASBA process, to subscribe to the Rights Equity Shares at the Issue Price
Application Form	Unless the context otherwise requires, an application form used by an Applicant to make an application for the Allotment of Rights Equity Shares in the Issue
Application Money	Aggregate amount payable in respect of the Rights Equity Shares applied for in the Issue at the Issue Price
"Application Supported by Blocked Amount" or "ASBA"	Application (whether physical or electronic) used by Applicant(s) to make an application authorizing the SCSB to block the Application Money in a specified bank account maintained with the SCSB
ASBA Account	An account maintained with SCSBs and as specified in the Application Form or plain paper Application, as the case may be, by the Applicant for blocking the amount mentioned in the Application Form or in the plain paper Application
ASBA Circulars	Collectively, SEBI circular bearing reference number SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009, SEBI circular bearing reference number CIR/CFD/DIL/1/2011 dated April 29, 2011, SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, SEBI circular bearing reference number SEBI/HO/CFD/SSEP/CIR/P/2022/66 dated May 19, 2022 and any other circular issued by SEBI in this regard and any subsequent circulars or notifications issued by SEBI in this regard
Banker(s) to the Issue	Collectively, Escrow Collection Bank, Allotment Account Bank and the Refund Bank
Banker(s) to the Issue Agreement	Agreement to be entered into by and among our Company, the Registrar to the Issue, the Lead Manager and the Banker(s) to the Issue for *inter alia* collection of the Application Money from Applicants/Investors, transfer of funds to the Allotment Account and where applicable, refunds of the amounts collected from Applicants/Investors, on the terms and conditions thereof
Basis of Allotment	The basis on which the Rights Equity Shares will be Allotted to successful applicants in consultation with the Designated Stock Exchange in the Issue, as described in "*Terms of the Issue*" beginning on page 311
CareEdge Report	Report entitled "Research Report on NBFC Industry" dated July 26, 2022 prepared by CARE Advisory Research and Training Limited
"Controlling Branches" or "Controlling Branches of the SCSBs"	Such branches of the SCSBs which co-ordinate with the Lead Manager, the Registrar to the Issue and the Stock Exchanges, a list of which is available on the website of SEBI updated from time to time, or at such other website(s) as may be prescribed by the SEBI from time to time
Demographic Details	Details of Investors including the Investor's address, PAN, DP ID, Client ID, bank account details and occupation, where applicable
Designated Branch(es)	Such branches of the SCSBs which shall collect the Applications, as the case may be, used by the Investors and a list of which is available on the website of SEBI and/or such other website(s) as may be prescribed by the SEBI from time to time
Designated Stock Exchange	[●]
Depository(ies)	NSDL and CDSL or any other depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 as amended from time to time read with the Depositories Act, 1996
Draft Letter of Offer	This draft letter of offer dated July 28, 2022 filed with SEBI in accordance with the SEBI ICDR Regulations
Eligible Equity Shareholder(s)	Existing Equity Shareholders as on the Record Date. Please note that the investors eligible to participate in the Issue excludes certain overseas shareholders. For further details, see "*Notice to Investors*" and "*Restrictions on Purchases and Resales*" beginning on page 11 and 335, respectively
"Equity Shareholder(s)" or "Shareholders"	Holder(s) of the Equity Shares of our Company
Escrow Account	One or more no-lien and non-interest-bearing accounts with the Escrow Collection Bank for the purposes of collecting the Application Money from Eligible Equity Shareholders as on record date making an Application through the ASBA facility
Escrow Collection Bank	Bank(s) which are clearing members and registered with SEBI as banker to an issue and with whom an escrow account will be opened, in this case being, [●]
FPIs	Foreign portfolio investors as defined under the SEBI FPI Regulations
Fraudulent Borrower	Fraudulent Borrower as defined under Regulations 2(1)(lll) of the SEBI ICDR Regulations
"Issue" or "Rights Issue"	Issue of up to [●] Rights Equity Shares for cash at a price of ₹ [●] per Equity Share for an amount

Term	Description
	aggregating up to ₹12,000 million on a rights basis to the Eligible Equity Shareholders of our Company in the ratio of [●] Rights Equity Share for every [●] Equity Shares held by the Eligible Equity Shareholders on the Record Date
Issue Agreement	Issue agreement dated July 28, 2022 between our Company and the Lead Manager, pursuant to which certain arrangements are agreed to in relation to the Issue
Issue Closing Date	[●]
Issue Materials	Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and any other material relating to the Issue
Issue Opening Date	[●]
Issue Period	The period between the Issue Opening Date and the Issue Closing Date, inclusive of both days, during which Applicants/Investors can submit their Applications, in accordance with the SEBI ICDR Regulations
Issue Price	₹[●] per Equity Share
Issue Proceeds	The gross proceeds raised through the Issue
Issue Size	The issue of up to [●] Rights Equity Shares aggregating up to ₹12,000 million
"Lead Manager" or "I-Sec"	ICICI Securities Limited
Letter of Offer	The final letter of offer to be filed with the Stock Exchanges after incorporating the observations received from SEBI on this Draft Letter of Offer
Listing Agreement	The uniform listing agreement entered into between our Company and the Stock Exchanges in terms of the SEBI LODR Regulations
Monitoring Agency	[●]
Monitoring Agency Agreement	Agreement to be entered between our Company and the Monitoring Agency in relation to monitoring of Net Proceeds
Multiple Application Forms	More than one Application form submitted by an Eligible Shareholder/ Renouncee in respect of the same Rights Entitlements available in their demat account. However, additional applications in relation to additional Rights Equity Shares with/without using additional Rights Entitlements will not be treated as multiple application
Net Proceeds	Issue Proceeds less the Issue related expenses. For further details, see "*Objects of the Issue*" beginning on page 63
Non-Institutional Investors	An Investor other than a Retail Individual Investor or Qualified Institutional Buyer as defined under Regulation 2(1)(jj) of the SEBI ICDR Regulations
Off Market Renunciation	The renouncement of Rights Entitlements undertaken by the Investor by transferring them through off market transfer through a depository participant in accordance with the SEBI Rights Issue Circulars, circulars issued by the Depositories from time to time and other applicable laws
On Market Renunciation	The renouncement of Rights Entitlements undertaken by the Investor by trading them over the secondary market platform of the Stock Exchanges through a registered stock broker in accordance with the SEBI Rights Issue Circulars, circulars issued by the Stock Exchanges from time to time and other applicable laws, on or before [●]
Qualified Institutional Buyers or QIBs	Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations
Record Date	Designated date for the purpose of determining the Equity Shareholders eligible to apply for Rights Equity Shares, to be decided prior to filing of the Letter of Offer, being [●]
Refund Bank	The Bankers to the Issue with whom the refund account will be opened, in this case being [●]
Registrar Agreement	Agreement dated July 22, 2022 between our Company and the Registrar to the Issue in relation to the responsibilities and obligations of the Registrar pertaining to this Issue
"Registrar to the Issue" or "Registrar"	Link Intime India Private Limited
Renouncee(s)	Any person(s) who has/have acquired Rights Entitlements from the Eligible Equity Shareholders on renunciation in accordance with the SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020
Renunciation Period	The period during which the Investors can renounce or transfer their Rights Entitlements which shall commence from the Issue Opening Date. Such period shall close on [●] in case of On Market Renunciation. Eligible Equity Shareholders are requested to ensure that renunciation through off market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncee on or prior to the Issue Closing Date
Rights Entitlement(s)	Number of Rights Equity Shares that an Eligible Equity Shareholder is entitled to in proportion to the number of Equity Shares held by the Eligible Equity Shareholder on the Record Date, in this case being [●] Rights Equity Shares for every [●] Equity Shares held by an Eligible Equity Shareholder
Rights Equity Shares	Equity Shares of our Company to be Allotted pursuant to the Issue

Term	Description
Rights Entitlement Letter	Letter including details of Rights Entitlements of the Eligible Equity Shareholders. The Rights Entitlements are also accessible on the website of our Company
SCSB(s)	Self-certified syndicate bank(s) registered with SEBI, which acts as a banker to the Issue and which offers the facility of ASBA. A list of all SCSBs is available at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34, or such other website as updated from time to time
Stock Exchanges	Stock exchanges where the Equity Shares are presently listed, i.e., BSE and NSE
Transfer Date	The date on which the Application Money held in the escrow account and the Application Money blocked in the ASBA Account will be transferred to the Allotment Account(s) in respect of successful Applications, upon finalization of the Basis of Allotment, in consultation with the Designated Stock Exchange
Underwriter(s)	[●]
Underwriting Agreement	The underwriting agreement that may be entered into between our Company and the Underwriter(s)
Wilful Defaulter	Company or person, as the case may be, categorised as a wilful defaulter by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India and includes any company whose director or promoter is categorized as such
Working Days	In terms of Regulation 2(1)(mmm) of SEBI ICDR Regulations, working day means all days on which commercial banks in Mumbai are open for business. Further, in respect of Issue Period, working day means all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business. Furthermore, the time period between the Issue Closing Date and the listing of Equity Shares on the Stock Exchanges, working day means all trading days of the Stock Exchanges, excluding Sundays and bank holidays, as per circulars issued by SEBI

Conventional and General Terms or Abbreviations

Term/Abbreviation	Description/ Full Form
"₹" or "Rs." or "Rupees" or "INR"	Indian Rupee
Aadhar	Aadhar card
AIF(s)	Alternative investment funds, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
Arbitration Act	Arbitration and Conciliation Act, 1996
AS or Accounting Standards	Accounting standards issued by the ICAI
ASEAN	Association of Southeast Asian Nations
BSE	BSE Limited
CAGR	Compounded Annual Growth Rate
CARE	CARE Ratings Limited
CareEdge Research	CARE Advisory Research and Training Limited
Category I AIF	AIFs who are registered as "Category I Alternative Investment Funds" under the SEBI AIF Regulations
Category I FPIs	FPIs who are registered as "Category I foreign portfolio investors" under the SEBI FPI Regulations
Category II AIF	AIFs who are registered as "Category II Alternative Investment Funds" under the SEBI AIF Regulations
Category II FPIs	FPIs who are registered as "Category II foreign portfolio investors" under the SEBI FPI Regulations
Category III AIF	AIFs who are registered as "Category III Alternative Investment Funds" under the SEBI AIF Regulations
CBDT	Central Board of Direct Taxes, Government of India
CDSL	Central Depository Services (India) Limited
Central Government	Central Government of India
CERSAI	Central Registry of Securitisation Asset Reconstruction and Security Interest
CIBIL	Credit Information Bureau (India) Limited
CIN	Corporate Identity Number
Civil Code	Code of Civil Procedure, 1908
CIRP	Corporate Insolvency Resolution Process

Term/Abbreviation	Description/ Full Form
Client ID	The client identification number maintained with one of the Depositories in relation to the demat account
CMIE	Centre for Monitoring Indian Economy Private Limited
Companies Act	Companies Act, 1956 or the Companies Act, 2013, as applicable
Companies Act, 1956	The Companies Act, 1956 along with the relevant rules made thereunder
Companies Act, 2013	The Companies Act, 2013 along with the relevant rules made thereunder
CPI	Consumer price index
CRM	Customer relationship management
CSR	Corporate Social Responsibility
CY	Calendar year
Depositories Act	Depositories Act, 1996
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996
DIN	Director Identification Number
"DP" or "Depository Participant"	Depository participant as defined under the Depositories Act
DP ID	Depository Participant's Identification number
DPIIT	Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (formerly Department of Industrial Policy and Promotion)
EBIT	Earnings before interest and taxes
EBITDA	Earnings before interest, taxes, depreciation, and amortization
ECB	External Commercial Borrowings
ECB Master Directions	Master Direction – External Commercial Borrowings, Trade Credits and Structured Obligations dated March 26, 2019 issued by the RBI, as amended from time to time
EGM	Extraordinary general meeting
EPF	Employees' provident fund
EPFO	Employees' Provident Fund Organisation
EPS	Earnings Per Share
EUR	Euro
FDI	Foreign direct investment
FEMA	Foreign Exchange Management Act, 1999
FEMA Rules	Foreign Exchange Management (Non-debt Instruments) Rules, 2019
"Financial Year" or "Fiscal Year" or "Fiscal" or "FY"	Period of 12 months ending March 31 of that particular year
FDI Policy	Consolidated Foreign Direct Investment Policy notified by DPIIT through notification dated October 28, 2020 issued by DPIIT, effective from October 15, 2020
FIR	First information report
FPI	Foreign portfolio investors as defined and registered under the SEBI FPI Regulations
FVCI	Foreign Venture Capital Investors as defined and registered under the SEBI FVCI Regulations
FVOCI	Fair value through other comprehensive income
FVTPL	Fair value through profit or loss
GAAR	General anti-avoidance rules
GAAP	Generally Accepted Accounting Principles in India
Gazette	Official Gazette of India
GDP	Gross domestic product
GIR	General Index Register
GOI	Government of India
Government	Central Government and/ or the State Government, as applicable
GST	Goods and services tax
"IBC" or "Bankruptcy Code"	The Insolvency and Bankruptcy Code, 2016
ICAI	Institute of Chartered Accountants of India
IIP	Index of industrial production
IFRS	International Financial Reporting Standards issued by the International Accounting Standards

Term/Abbreviation	Description/ Full Form
	Board
IMF	International Monetary Fund
Income Tax Act	Income Tax Act, 1961
Ind AS	Indian Accounting Standards as specified under section 133 of the Companies Act 2013 read with Companies (Indian Accounting Standards) Rules 2015
India	Republic of India
ISIN	International Securities Identification Number
IST	Indian Standard Time
IT	Information technology
KYC	Know your customer
LTV	Loan to value
MICR	Magnetic Ink Character Recognition
MCA	Ministry of Corporate Affairs, Government of India
"Mn" or "mn"	Million
"MSME" or "SME"	Micro, Small and Medium Enterprise
Mutual Fund	Mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
MOSPI	Ministry of Statistics and Programme Implementation
NACH	National Automated Clearing House
NAV	Net Asset Value per Equity Share at a particular date computed based on total equity divided by number of Equity Shares
NBFC	Non-Banking Financial Company
NBFC-D	Deposit-Taking Non-Banking Financial Company
NBFC-ND	Non-Deposit Taking Non-Banking Financial Company
NBFC-ND-SI	Systemically Important Non-Deposit Taking Non-Banking Financial Companies
NCLT	National Company Law Tribunal
Net Worth	Net worth as defined under Regulation 2(1)(hh) of the SEBI ICDR Regulations, i.e., the aggregate value of the paid-up share capital and all reserves created out of the profits, securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation
NEFT	National Electronic Fund Transfer
Net Retail NPA	Represents closing balance of the Net NPA of our Retail AUM as of the last day of the relevant year or period.
NHB	National Housing Bank
NHB Act	National Housing Bank Act, 1987
Non-GAAP Financial Measure	A financial measure not presented in accordance with generally accepted accounting principles
NR	Non-resident or person(s) resident outside India, as defined under the FEMA
NRE	Non- Residential External
NRE Account	Non-resident external account
NRI	A person resident outside India, who is a citizen of India and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2016
NRO	Non-Resident Ordinary
NRO Account	Non-resident ordinary account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
"OCBs" or "Overseas Corporate Body"	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA
OCI	Overseas Citizen of India
ODI	Off-shore Derivate Instruments
p.a.	Per annum

Term/Abbreviation	Description/ Full Form
P/E Ratio	Price to Earnings Ratio
PAN	Permanent Account Number
PAT	Profit After Tax
PMLA	Prevention of Money Laundering Act, 2002
RBI	Reserve Bank of India
RBI Master Circular	Master Circular – Requirement for Obtaining Prior Approval of RBI in Cases of Acquisition / Transfer of Control of NBFCs (DNBR (PD) CC.No.061/03.10.119/2015-16) dated July 1, 2015 (as amended up to August 4, 2015)
RERA	Real Estate Regulation and Development Act, 2016
Regulation S	Regulation S under the U.S. Securities Act
RoC	Registrar of Companies, Maharashtra at Mumbai
ROAA	Return on average assets
ROAE	Return on average equity
ROE	Return on equity
RoNW	Average Return on Net Worth
RoW	Rest of the World
RTGS	Real Time Gross Settlement
Rule 144A	Rule 144A under the U.S. Securities Act
Rule 405 Affiliate	An affiliate as defined in Rule 405 under the U.S. Securities Act, which for the purposes of this Issue shall be deemed to include a Shareholder beneficially owning 10% or more of the outstanding Equity Shares, a Director and a Key Managerial Personnel
"SARFAESI Act" or "SARFAESI"	The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	The Securities and Exchange Board of India
SEBI Act	The Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
SEBI BTI Regulations	Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994
SEBI FPI Regulations	The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
SEBI LODR Regulations	The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI Rights Issue Circulars	SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 20 and SEBI circular bearing reference number SEBI/HO/CFD/SSEP/CIR/P/2022/66 dated May 19, 2022 and any other circular issued by SEBI in this regard
SEBI Takeover Regulations	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
SEBI VCF Regulations	The Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996, as repealed and replaced by the SEBI AIF Regulations
Stock Exchanges	BSE and NSE
STT	Securities Transaction Tax
Systemically Important NBFC	Systemically important non-banking financial company as defined under Regulation 2(1)(iii) of the SEBI ICDR Regulations
State Government	Government of a state of India
TAN	Tax deduction account number
TDS	Tax deduction at source
UPI	Unified Payment Interface
USD	United States Dollar
"U.S." or "USA" or "United States"	United States of America, its territories or possessions, any state of the United States, and the District of Columbia
U.S. Investment Company Act	U.S. Investment Company Act of 1940, as amended, together with the rules and regulations thereunder

Term/Abbreviation	Description/ Full Form
U.S. Person	U.S. person as defined in Regulation S
U.S. QIB	Qualified institutional buyer as defined in Rule 144A
U.S. Qualified Purchaser	Qualified purchaser as defined in Section 2(a)(51) of the U.S. Investment Company Act
U.S. Securities Act	U.S. Securities Act of 1933, as amended
VCFs	Venture Capital Funds as defined in and registered with SEBI under the SEBI VCF Regulations or the SEBI AIF Regulations, as the case may be
WHO	World Health Organization
Y-o-Y	Year-on-year

Industry Related Terms

Term/Abbreviation	Description/ Full Form
ALM	Asset-liability management
AML	Anti-money laundering
AUM	Assets under management, comprising net principal outstanding, principal overdue, interest overdue and accrued on standard loans, excluding excess received, if any.
Average Interest-Earning Assets	The average of the opening balance of Interest-Earning Assets at the start of the relevant fiscal year and the closing balances of Interest-Earning Assets as at the half year end and year end in the relevant fiscal year.
Average Loans	The average of the opening balance of Interest-Earning Loans at the start of the relevant fiscal year and the closing balances of Interest-Earning Loans as at the half year end and year end in the relevant fiscal year
CFT	Combating of financing of terrorism
CLSS	Credit linked subsidy scheme
CRAR	Capital to risk-weighted assets ratio
DPD	Day Past Due
ECL	Expected credit losses
ECLGS	Emergency Credit Line Guarantee Scheme
EMIs	Equated monthly instalments
GFCF	Gross fixed capital formation
GNPA	Gross non-performing assets
GVA	Gross value added
HFC	Housing finance company
HQLA	High-quality liquid assets
IBA	Indian Banks Association
IGA	An intergovernmental agreement between India and the United States potentially modifying the FATCA withholding regime
Interest-Earning Assets	Interest-Earning Loans, investments (net of depreciation or provision for investments, if any) and fixed deposits.
Interest-Earning Loans	Loans net of Expected Credit Loss provisions
LCR	Liquidity Coverage Ratio
LEF	Large Exposures Framework
LGD	Loss given default, which is the difference between the contractual cash flow due and those that the entity would expect to receive, including from realisation of collateral, divided by total outstanding at that point in time.
LTV	Loan to value
MUV	Multi utility vehicle
NCDs	Non-convertible debentures
Net Interest Income	Interest income less finance costs
Net Interest Margin	Net Interest Income divided by Average Interest-Earning Assets
NNPA	Net non-performing assets
NPA	Non-performing assets, and in relation to the RBI Master Directions, shall have the meaning ascribed to it in the RBI Master Directions
“Provision Coverage Ratio” or “PCR”	The total expected credit loss provisions divided by Gross Stage 3 Assets

Term/Abbreviation	Description/ Full Form
PFIC	Passive foreign investment company
PMAY	Pradhan Mantri Awas Yojana
POCI	Purchased or originated as credit impaired
RBI Clarification	RBI's circular bearing reference number RBI/2021-2022/158/DOR.STR.REC.85/21.04.048/2021-22 dated February 15, 2022
ROU	Right-of-use
SCB	Scheduled commercial bank
SPPI	Solely payments of principal and interest
UPI	Unified payment interface
Urban Retail	MSME loans and housing loans together
WISE	Women's integrated and synergistic empowerment
Yield on Average Loans	Average Loans divided by interest earned on loans for the relevant fiscal year

NOTICE TO INVESTORS

The distribution of this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, Application Form and Rights Entitlement Letter and the issue of Rights Entitlement and Rights Equity Shares to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer or Application Form may come are required to inform themselves about and observe such restrictions. For more details, see "*Restrictions on Purchases and Resales*" beginning on page 335.

The Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and any other material relating to the Issue (collectively, the "**Issue Materials**") will be sent/ dispatched only to the Eligible Equity Shareholders who have provided an Indian address to our Company. In case such Eligible Equity Shareholders have provided their valid e-mail address to our Company, the Issue Materials will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Issue Material will be physically dispatched, on a reasonable effort basis, to the Indian addresses provided by them. Those overseas Shareholders who do not update our records with their Indian address or the address of their duly authorized representative in India, prior to the date on which we propose to dispatch the Issue Materials, shall not be sent the Issue Materials.

Investors can also access this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer and the Application Form from the websites of our Company, the Registrar, the Lead Manager, and the Stock Exchanges.

Our Company, the Lead Manager, and the Registrar will not be liable for non-dispatch of physical copies of Issue Materials, including the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, in the event the Issue Materials have been sent to the registered email addresses of such Eligible Equity Shareholders.

The Rights Equity Shares have not been approved, disapproved or recommended by the United States Securities and Exchange Commission, any other federal or state authorities in the United States or the securities authorities of any non-U.S. jurisdiction or any other regulatory authority in any jurisdiction. No authority has passed on or endorsed the merits of the Issue or the accuracy or adequacy of this Draft Letter of Offer. Any representation to the contrary is a criminal offence in the United States and may be a criminal offence in other jurisdictions.

No action has been or will be taken to permit the Issue in any jurisdiction where action would be required for that purpose, except that this Draft Letter of Offer is being filed with SEBI for observations. Accordingly, the Rights Entitlement and the Rights Equity Shares may not be offered or sold, directly or indirectly, and this Draft Letter of Offer, Letter of Offer, and any other Issue Materials may not be distributed, in whole or in part, in or into any jurisdiction other than India except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Draft Letter of Offer, Letter of Offer or any other Issue Materials (including by way of electronic means) will not constitute an offer, invitation to or solicitation by anyone in any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorized or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, this Draft Letter of Offer, Letter of Offer, and any other Issue Materials must be treated as sent for information only and should not be acted upon for subscription to Rights Equity Shares and should not be copied or re-distributed. Accordingly, persons receiving a copy of this Draft Letter of Offer, Letter of Offer, and any other Issue Materials should not distribute or send this Draft Letter of Offer, Letter of Offer or any such documents in or into any jurisdiction where to do so, would or might contravene local securities laws or regulations, or would subject our Company or its affiliates or the Lead Manager or its affiliates to any filing or registration requirement (other than in India). If this Draft Letter of Offer or Letter of Offer or any other Issue Material is received by any person in any such jurisdiction, they must not seek to subscribe to the Rights Equity Shares. For more details, see "*Restrictions on Purchases and Resales*" beginning on page 335.

Any person who makes an application to acquire Rights Entitlements and the Rights Equity Shares offered in the Issue will be deemed to have declared, represented, warranted and agreed that such person is authorized to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in such person's jurisdiction and India, without requirement for our Company or the Lead Manager or its affiliates to make any filing or registration (other than in India). In addition, each purchaser of Rights Entitlements and the Rights Equity Shares will be deemed to make the representations, warranties, acknowledgments and agreements set forth in "*Restrictions on Purchases and Resales*" beginning on page 335. The Rights Equity Shares are transferable only in accordance with the restrictions described in "*Restrictions on Purchases and Resales*" beginning on page 335.

Our Company, in consultation with the Lead Manager, reserves the right to treat as invalid any Application Form that: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from jurisdictions where the offer and sale of the Rights Equity Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including that such person is eligible to subscribe for the Rights Equity Shares under applicable securities laws and is complying with laws of jurisdictions applicable to such person in connection with the Issue; or (iii) where a registered Indian address is not provided; and our Company shall not be bound to issue or allot any Rights Equity Shares in respect of any such Application Form.

Neither the receipt of this Draft Letter of Offer nor any sale of Rights Equity Shares hereunder, shall, under any circumstances, create any implication that there has been no change in our Company's affairs from the date hereof or the date of such information or that the information contained herein is correct as at any time subsequent to the date of this Draft Letter of Offer or the date of such information. The contents of this Draft Letter of Offer should not be construed as legal, tax, business, financial or investment advice. Prospective investors may be subject to adverse foreign, state or local tax or legal consequences as a result of the offer of Rights Equity Shares or Rights Entitlements. As a result, each investor should consult its own counsel, business advisor and tax advisor as to the legal, business, tax and related matters concerning the offer of the Rights Equity Shares or Rights Entitlements. In addition, neither our Company nor the Lead Manager or its affiliates are making any representation to any offeree or purchaser of the Rights Equity Shares regarding the legality of an investment in the Rights Entitlements or the Rights Equity Shares by such offeree or purchaser under any applicable laws or regulations.

Investors are advised to make their independent investigations and ensure that the number of Rights Equity Shares applied for do not exceed the applicable limits under laws or regulations.

The Issue Materials are supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose.

Notice to Persons in the United States and U.S. Persons

The Rights Equity Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or the securities laws of any state of the United States and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Our Company is an "investment company" (as defined in the U.S. Investment Company Act of 1940, as amended, and the related rules (the "**U.S. Investment Company Act**") and has not been and will not be registered under the U.S. Investment Company Act. Accordingly, the Rights Equity Shares are being offered and sold only (a) to persons in the United States and to U.S. persons (as defined in Regulation S ("**Regulation S**") and such persons ("**U.S. Persons**") under the U.S. Securities Act) who are reasonably believed to be (i) "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act and referred to herein as "**U.S. QIBs**") and (ii) "qualified purchasers" (as defined in Section 2(a)(51) of the U.S. Investment Company Act and referred to herein as "**U.S. Qualified Purchasers**") pursuant to Section 4(a)(2) of the U.S. Securities Act and Section 3(c)(7) of the U.S. Investment Company Act and (b) to persons outside the United States who are non-U.S. Persons in reliance on Regulation S. The Rights Equity Shares are transferable only in accordance with the restrictions described in "*Restrictions on Purchases and Resales*" beginning on page 335.

PRESENTATION OF FINANCIAL INFORMATION AND OTHER INFORMATION

Certain Conventions

Unless otherwise specified or the context otherwise requires, all references in this Draft Letter of Offer to (i) the 'US' or 'U.S.' or the 'United States' are to the United States of America, its territories and possessions, any state of the United States, and the District of Columbia; (ii) 'India' are to the Republic of India and its territories and possessions; and (iii) the 'Government' or 'GoI' or the 'Central Government' or the 'State Government' are to the Government of India, Central or State, as applicable.

Unless otherwise specified, any time mentioned in this Draft Letter of Offer is in Indian Standard Time ("**IST**"). Unless indicated otherwise, all references to a year in this Draft Letter of Offer are to a calendar year. Unless stated otherwise, all references to page numbers in this Draft Letter of Offer are to the page numbers of this Draft Letter of Offer.

Financial Data

Unless stated otherwise, the financial data in this Draft Letter of Offer is derived from the Audited Consolidated Financial Statements. The Company's Financial Year commences on April 1 of each calendar year and ends on March 31 of the following calendar year. Unless otherwise stated, references in this Draft Letter of Offer to a particular 'Financial Year' or 'Fiscal Year' or 'Fiscal' are to the financial year ended March 31. For details of the financial statements, please see "*Financial Statements*" beginning on page 126.

The Company prepares its financial statements in accordance with Ind AS, Companies Act, and other applicable statutory and/or regulatory requirements. The Company publishes its financial statements in Indian Rupees. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Letter of Offer should accordingly be limited.

In this Draft Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off, and unless otherwise specified, all financial numbers in parenthesis represent negative figures. Unless stated otherwise, throughout this Draft Letter of Offer, all figures have been expressed in Rupees, in million.

Non-GAAP Financial Measures

We have included certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance (collectively, "**Non-GAAP Financial Measures**" and each, a "**Non-GAAP Financial Measure**") in this Draft Letter of Offer, such as Net Interest Income, Yield on Average Total Interest-Earning Assets, Yield on Average Interest-Earning Loans, Cost of Funds, Spread, Net Interest Margin, return on average assets, return on average equity, debt to equity ratio, GNPA, NNPA, interest coverage ratio and net worth. These Non-GAAP Financial Measures are not required by or presented in accordance with Ind AS. 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, 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.

Market and Industry Data

Unless stated otherwise, market, industry and demographic data used in this Draft Letter of Offer have been derived from the report entitled "Research Report on NBFC Industry" dated July 26, 2022 (the "**CareEdge Report**") prepared by CARE Advisory Research and Training Limited ("**CareEdge Research**") pursuant to the engagement letters dated June 13, 2022, June 28, 2022 and June 30, 2022. The CareEdge Report has been commissioned and paid for by our Company, for an agreed fee only for the purposes of confirming our understanding of the industry in connection with the Issue. CareEdge Research is not in any manner related to our Company, our Directors or our Promoters.

Statements from third parties that involve estimates are subject to change, and actual amounts may differ materially from those included in this Draft Letter of Offer. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Accordingly, investment decisions should not be based solely on such information.

Currency of Presentation

All references to

- 'INR', '₹', 'Indian Rupees' and 'Rupees' are to the legal currency of the Republic of India;
- 'US$', 'USD', '$' and 'U.S. dollars' are to the legal currency of the United States of America;

Please note:

- One million is equal to 1,000,000 or 10 lakhs;
- One crore is equal to 10 million or 100 lakhs; and
- One lakh is equal to 100,000.

Conversion Rates for Foreign Currency:

The conversion rate for the following foreign currency is as follows:

S. No.	Name of the Currency	As of March 31, 2022 (in ₹)	As of March 31, 2021 (in ₹)	As of March 31, 2020 (in ₹)
1.	1 USD	75.81	73.50	75.39

(Source: www.fbil.org.in)

FORWARD LOOKING STATEMENTS

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

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

- Our ability to obtain debt on acceptable terms, or at all, or raise equity share capital when needed;
- Volatility in interest rates potentially causing our Net Interest Income, Net Interest Margins and the value of our fixed income investments to decline;
- Our ability to effectively control the level of Stage 3 Assets / NPAs in our portfolio and maintain adequate provisioning coverage, or any adverse change in provisioning requirements;
- Any decrease in demand for our loan products;
- Uncertainty in respect of the continuing effects of the COVID-19 pandemic on our business; and
- Noncompliance with covenants and conditions under our financing arrangements leading to a downturn in our debt ratings or to the relevant lender terminating our credit facilities, enforcing any security provided or taking other adverse actions against us.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in the sections entitled "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" beginning on pages 18, 102 and 270, respectively.

The forward-looking statements contained in this Draft Letter of Offer are based on the beliefs of our Company's management, as well as the assumptions made by, and information currently available to, our Company's management. Whilst our Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of the date of this Draft Letter of Offer or the respective dates indicated in this Draft Letter of Offer, and our Company, the Lead Manager and its respective affiliate undertake no obligation to update or revise any of them, whether as a result of new information, future events or otherwise. If any of these risks and uncertainties materialise, or if any of our Company's underlying assumptions prove to be incorrect, the actual results of operations or financial condition of our Company could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements.

In accordance with SEBI and Stock Exchange requirements, our Company and the Lead Manager will ensure that the Eligible Equity Shareholders are informed of material developments until the time of the grant of listing and trading permissions for the Rights Equity Shares by the Stock Exchanges.

SUMMARY OF DRAFT LETTER OF OFFER

The following is a general summary of certain disclosures and terms of the Issue included in this Draft Letter of Offer and is neither exhaustive, nor does it purport to contain a summary of all the disclosures in this Draft Letter of Offer or all details relevant to the prospective investors. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Draft Letter of Offer, including, in the sections entitled "*Risk Factors*", "*Objects of the Issue*", "*Our Business*" and "*Outstanding Litigation and Defaults*" beginning on pages 18, 63, 102 and 299, respectively.

For updates in relation to financial and operational performance as of and for the period ended March 31, 2022, see "*Material Developments*" beginning on page 304.

Primary Business of our Company

We offer a wide range of loans through our four lending verticals: (1) MSME loans; (2) housing loans; (3) construction finance loans; and (4) loans to other NBFCs and loans against pledge of debt securities to borrowers dealing in debt securities. We are also a corporate selling agent for third-party new car loans.

Objects of the Issue

Our Company intends to utilize the Net Proceeds from the Issue towards funding of the following objects:

(in ₹ million)

Particulars	Estimated amount (up to)
Augmenting our capital base	[●]
Total	**[●]**

For further details, see *"Objects of the Issue"* beginning on page 63.

Intention and extent of participation by our Promoters/ Promoter Group with respect to (i) their rights entitlement; and (ii) their intention to subscribe over and above their right entitlement

Our Promoters and Promoter Group have confirmed that they may (i) subscribe to their Rights Entitlements in the Issue or may renounce a portion of their Rights Entitlements in favour of the Promoters or other member(s) of our Promoter Group or in favour of existing shareholders of the Company or third party investors; (ii) subscribe to additional Rights Equity Shares including subscribing to any unsubscribed portion in the Issue, if any, or subscription pursuant to Rights Entitlement acquired through renunciation, either individually or jointly and/ or severally with the Promoter(s) or any other members of the Promoter Group, subject to compliance with the Companies Act, the SEBI ICDR Regulations, the SEBI Takeover Regulations and other applicable laws/ regulations. Provided that if any of the Promoters or members of the Promoter Group renounce any Rights Entitlements in favour of any third party investor (not being a Promoter or a member of the Promoter Group), whether or not an existing member of the Company, (i) such renouncing Promoters or member of the Promoter Group shall not apply for subscription to additional Rights Entitlement and (ii) in the event that minimum subscription of 90% is applicable to the Issue, the remaining members of the Promoters and Promoter Group shall subscribe to such number of additional Rights Equity Shares such that a minimum of 90% of the Equity Shares offered pursuant to this Issue are subscribed to in compliance with Regulation 86 of the SEBI ICDR Regulations. Further, there is a likelihood that due to participation by the Promoters and Promoter Group of the Company in the Issue, the collective holding of the Promoters and Promoter Group of the Company may exceed 75% of the issued and paid-up Equity Share capital of our Company upon completion of the Issue. Therefore, our Company *vide* letter dated July 28, 2022, ("**Exemption Application**") has sought an exemption under Regulation 300(1)(c) of the SEBI ICDR Regulations from the requirement of maintaining minimum public shareholding threshold of 25% of the issued and paid-up Equity Share capital of our Company post completion of the Issue. In terms of the Exemption Application, our Company and our Promoters and members of the Promoter Group, have jointly undertaken to reduce the shareholding of the Promoters and the Promoter Group below 75% of the issued and paid-up Equity Share capital and increase the public shareholding to 25% of the issued and paid-up Equity Share capital at the earliest and no later than 12 months from the date of fall of public shareholding below 25% of the issued and paid-up Equity Share capital in the manner specified by the SEBI and as required under Rule 19A(2) of the SCRR, which in the present instance would be from the date of Allotment in the Issue.

The allotment of Equity Shares of the Company subscribed by the Promoters and other members of the Promoter Group in this Issue shall be eligible for exemption from open offer requirements in terms of Regulation 10(4)(a) and 10(4)(b) of the SEBI Takeover Regulations. The Issue shall not result in a change of control of the management of our Company in accordance with provisions of the SEBI Takeover Regulations. Our Company is in compliance with Regulation 38 of the SEBI LODR Regulations and will continue to comply with the minimum public shareholding requirements under applicable law, pursuant to this Issue.

Summary of outstanding litigation and defaults

A summary of outstanding legal proceedings involving our Company and our Subsidiary as on the date of this Draft Letter of Offer is set forth in the table below:

Nature of Cases	Number of Cases	Amount Involved* (₹ in million)
Litigations involving our Company		
Proceedings involving issues of moral turpitude or criminal liability	1,163**	3,799.40
Civil proceedings where the amount involved is equivalent to or in excess of the materiality threshold of ₹ 51.20 million	6***	677.88
Proceedings before regulatory authorities involving material violation of statutory regulations	Nil	Nil
Matters involving economic offences where proceedings have been initiated against our Company	Nil	Nil
Other proceedings involving our Company which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Company	Nil	Nil
Recovery proceedings under the SARFAESI Act	69****	617.19
Litigations involving our Subsidiary		
Proceedings involving issues of moral turpitude or criminal liability	441#	172.43
Civil proceedings where the amount involved is equivalent to or in excess of the materiality threshold of ₹ 51.20 million	Nil	Nil
Proceedings before regulatory authorities involving material violation of statutory regulations	Nil	Nil
Matters involving economic offences where proceedings have been initiated against our Subsidiary	Nil	Nil
Other proceedings involving our Subsidiary which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Company	Nil	Nil

* *To the extent quantifiable*

** *Out of 1,163 criminal proceedings, 1,161 criminal proceedings have been initiated by our Company, and 2 criminal proceedings have been initiated against our Company*

*** *Out of 6 material civil proceedings, 5 material civil proceedings have been initiated by our Company, and 1 material civil proceeding has been initiated against our Company*

**** *Includes proceedings involving our material subsidiary, Capri Global Housing Finance Limited*

\# *441 criminal proceedings have been initiated by our Subsidiary*

For further details, see "*Outstanding Litigation and Defaults*" beginning on page 299.

Risk Factors

For details, see "*Risk Factors*" beginning on page 18. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue.

Contingent liabilities

For details regarding our contingent liabilities as per Ind AS 37 for the Financial Year 2022, see "*Financial Statements*" beginning on page 126.

Related party transactions

For details regarding our related party transactions as per Ind AS 24 entered into by us for Financial Year 2022 and Financial Year 2021, see note 42 in the notes to the 2022 Audited Consolidated Financial Statements and note 43 in the notes to the 2021 Audited Consolidated Financial Statements in "*Financial Statements*" beginning on page 126.

Issue of Equity Shares for consideration other than cash

Our Company has not made any issuances of Equity Shares for consideration other than cash in the last one year immediately preceding the date of filing this Draft Letter of Offer.

Financing Arrangements

There have been no financing arrangements whereby our Promoters, members of our Promoter Group, Directors or their relatives have financed the purchase by any other person of securities of our Company, during the period of six months immediately preceding the date of this Draft Letter of Offer.

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

Our Company *vide* its letter dated July 28, 2022 has sought an exemption under Regulation 300(1)(c) of the SEBI ICDR Regulations from the requirement of minimum public shareholding threshold of 25% of the issued and paid-up equity share capital of our Company in relation to the Issue.

SECTION II: RISK FACTORS

An investment in the Equity Shares involves a high degree of risk. Prospective investors should carefully consider the risks and uncertainties described below and the other information contained in this Draft Letter of Offer before making any investment decision relating to the Equity Shares.

The risks and uncertainties described in this section are not the only risks that are relevant to us, the Equity Shares or the industry in which we currently operate. Additional risks and uncertainties not currently known to us or that we currently believe to be immaterial may also have an adverse effect on our business, financial condition, results of operations and cash flows. If any of the following risks or other risks that are not currently known or are now deemed immaterial occur, our business, financial condition, results of operations and cash flows could be adversely affected and the trading price of the Equity Shares could decline and you may lose all or part of your investment.

Please read "Presentation of Financial Information and Other Information – Financial Data" on page 38 before reading this section. This section should also be read with "Industry Overview", "Our Business", "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Selected Statistical Information" and "Financial Statements" on pages 69, 102, 270, 47 and 126, respectively.

In making an investment decision with respect to the Issue, you must rely on your own examination of our Group and the terms of the Issue, including the merits and risks involved. Prospective investors should also consult their tax, financial and legal advisors about the particular consequences to them of an investment in the Equity Shares.

This section contains forward-looking statements that involve risks, assumptions, estimates and uncertainties. Our actual results could differ materially from those anticipated in such forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Draft Letter of Offer. For details, see "Forward-Looking Statements" on page 15.

*The industry-related information contained in this section is derived from the industry report titled "Research Report on NBFC Industry" dated July 26, 2022 prepared by CareEdge Advisory Research and Training Limited ("**CareEdge Research**" and such report, the "**CareEdge Report**"), appointed by our Company pursuant to the engagement letters dated June 13, 2022, June 28, 2022 and June 30, 2022. We commissioned and paid for the CareEdge Report specifically for the purpose of the Issue, as no report is publicly available that provides a comparable, comprehensive analysis of the sectors we compete in, and in the case of gold loans, the sector we plan to compete in, similar to the CareEdge Report.*

Our financial year ends on March 31 of each year, so all references to a particular Fiscal are to the 12 months ended March 31 of that year. Unless otherwise indicated or the context otherwise requires, the financial information included herein is derived from the Audited Consolidated Financial Statements, which are included in "Financial Statements" on page 126.

INTERNAL RISK FACTORS

Risk Factors Related to us, our Business and our Industry

1. ***If we are unable to obtain debt on acceptable terms and at competitive rates when needed or raise equity share capital when needed, it could have a material adverse effect on our business, financial condition, results of operations and cash flows.***

Our business is dependent on our timely access to, and the costs associated with, debt as well as our ability to raise equity share capital when needed. We need to raise funds in order to increase our loan book. We also face potential liquidity risks due to varying periods over which our assets and liabilities mature. Consequently, if we are unable to obtain additional debt or renew our existing credit facilities in a timely manner, it could lead to mismatches between our assets and liabilities, which in turn could have a material adverse effect on our financial condition, results of operations and cash flows.

Our funding requirements historically have been met primarily from a combination of term loans from banks, term loans from others and the issuance of non-convertible debentures ("**NCDs**"). As our Company is both an NBFC – Investment and Credit Company and a Systemically Important Non-Deposit taking NBFC, and as Capri Global Housing Finance Limited ("**CGHFL**"), our Company's wholly owned subsidiary, is a housing finance company ("**HFC**"), we do not have access to public deposits and we are also restricted from inviting interest in our NCDs that are issued on a private placement basis by advertising to the public. As at March 31, 2022, our total borrowings were ₹48,096.29 million, comprising ₹43,752.97 million of borrowings (other than debt securities), ₹4,330.90 million of debt securities (NCDs) and ₹12.42 million of derivative financial liability (collectively, "**Total Borrowings**").

Our ability to borrow on acceptable terms and at competitive rates depends on various factors, including, but not limited to, (i) our debt ratings; (ii) policy initiatives and the regulatory environment; (iii) liquidity in the markets; (iv) the attractiveness of debt of NBFCs, such as our Company, and the attractiveness of debt of HFCs, such as CGHFL, to investors and lenders; and (v) our current and future results of operations and financial condition.

The cost and availability of debt is dependent in part on the ratings given to our debt by ratings agencies. Any downgrade of our debt ratings would increase borrowing costs and constrain our access to debt. In addition, downgrades of our debt ratings could increase the possibility of additional terms and conditions being added to any new or replacement financing arrangements. None of our debt ratings were downgraded in Fiscals 2022 or 2021. The ratings provided by debt rating agencies may be suspended, withdrawn or revised at any time by the assigning rating agency and should be evaluated independently of any other rating. The table below sets forth our Company's debt ratings as at the date of this Draft Letter of Offer, which are unchanged since the start of Fiscal 2021 unless otherwise noted.

Rating Agency	Instrument	Debt Ratings	Outlook
CARE Ratings Limited	Long term bank facilities	CARE A+	Stable(1)
CARE Ratings Limited	Non-convertible debentures	CARE A+	Stable(1)
Brickwork Ratings India Private Limited	Cash credit	BWR AA-	Stable(4)
Brickwork Ratings India Private Limited	Term loans	BWR AA-	Stable(4)
Brickwork Ratings India Private Limited	Non-convertible debentures	BWR AA-	Stable(4)
Infomerics Valuation and Rating Private Limited	Cash credit	IVR AA(2)	Stable(3)
Infomerics Valuation and Rating Private Limited	Term loans	IVR AA(2)	Stable(3)
Infomerics Valuation and Rating Private Limited	Non-convertible debentures	IVR AA(2)	Stable(3)
Infomerics Valuation and Rating Private Limited	Commercial papers	IVR A1+	Stable(3)

Notes:

(1) On July 6, 2022, CARE Ratings Limited revised its outlook from "Negative" to "Stable".
(2) On February 5, 2021, Infomerics Valuation and Rating Private Limited revised its rating from "AA-" to "AA".
(3) On February 3, 2022, Infomerics Valuation and Rating Private Limited revised its outlook from "Credit watch with developing implication" to "Stable".
(4) On July 19, 2022, Brickwork Ratings India Private Limited revised its outlook from "Negative" to "Stable".

The table below sets forth CGHFL's debt ratings as at the date of this Draft Letter of Offer, which are unchanged since the start of Fiscal 2021 unless otherwise noted.

Rating Agency (1)	Instrument	Debt Ratings	Outlook
CARE	Long term bank facilities	CARE A+ (2)	Stable
Brickwork Ratings India Private Limited	Term loans	BWR AA-	Stable(3)

Notes:

(1) CGHFL's long term loan was rated by Acuité Ratings & Research Limited on April 1, 2020 as "A+". On June 29, 2021, Acuité Ratings & Research Limited revised its rating from "A+" to "AA-". On August 20, 2021, Acuité Ratings & Research Limited withdrew its "AA-" rating on the request of our Company and upon receiving no-objection certificates from the relevant bankers.
(2) On July 6, 2022, CARE revised its rating from "A-" to "A+".
(3) On July 19, 2022, Brickwork Ratings India Private Limited revised its outlook from "Negative" to "Stable".

Access to debt in India may be significantly reduced at times. For example, a default in debt repayments by a large NBFC in India in 2018 led to heightened investor focus around the health of the broader NBFC sector as well as their sources of liquidity. (*Source: CareEdge Report*). This led to some tightening in liquidity available to certain NBFCs and, as a result, it became more difficult for certain NBFCs to access debt and raise equity capital. (*Source: CareEdge Report*). This negatively affected our access to debt and resulted in an increase in our costs of funds. If an event of similar nature and magnitude occurs again in the future, it could decrease our ability to access debt in a cost-effective manner and raise equity share capital.

We have an Asset Liability Management Policy, which is approved by the Board and administered by the Asset-Liability Management Committee ("**ALCO**") to assess the risk arising out of the liquidity gap and interest rate sensitivity. We undertake the following measures in order to mitigate liquidity risk:

- We have a dedicated treasury team to manage liquidity and monitor fund availability and deployment on a daily basis;
- Reports are submitted to the ALCO, which are used to make relevant liquidity forecasts on a quarterly basis for the next six months; and
- We borrow long-term funds with repayment tenures of 2 to 10 years.

For details on the maturity pattern of our Company's liabilities and assets as at March 31, 2022 on a standalone basis, see "*Selected Statistical Information – Asset-Liability Gap – Our Company*" on page 50. For details on the maturity pattern of CGHFL's liabilities and assets as at March 31, 2022, see "*Selected Statistical Information – Asset-Liability Gap – CGHFL*" on page 51.

As at March 31, 2022, we were in a strong position to mobilise funds for growth, as our Company's Capital to Risk-weighted Assets Ratio ("**CRAR"**) on a standalone basis was 29.4% and CGHFL's CRAR on a standalone basis was 47.0%. For more details, see "***-** A decline in our capital adequacy ratios could restrict our future growth*" on page 31.

Borrowings from banks are our major source of borrowings. As at March 31, 2022, we had borrowings from 13 different banks and our total borrowings from banks were ₹40,549.61 million, or 84.3%, of our Total Borrowings of ₹48,096.29 million as at that date. Our ability to borrow from various banks may be restricted on account of circulars issued by the RBI imposing restrictions on banks in relation to their exposure to NBFCs. Under the RBI's Master Circular "Bank Finance to Non-Banking Financial Companies (NBFCs)" issued on January 5, 2022, the banks' exposures to a single NBFC (excluding gold loan companies) will be restricted to 20% of their eligible capital base (Tier I capital). However, based on the risk perception, more stringent exposure limits in respect of certain categories of NBFCs may be considered by banks. Banks' exposures to a group of connected NBFCs or group of connected counterparties having NBFCs in the group will be restricted to 25% of their Tier I Capital as detailed in the RBI's circular "Large Exposures Framework (LEF)" dated June 3, 2019 read with the RBI's notification "Large Exposures Framework" dated September 12, 2019. The RBI Master Circular "Bank Finance to Non-

Banking Financial Companies (NBFCs)" issued on January 5, 2022 also recommends banks to consider fixing internal limits for their aggregate exposure to all NBFCs put together. This limits the exposure that banks may have to NBFCs, such as us, which could decrease the potential number of banks that are able to make new loans to us in compliance with the above restrictions. However, due to our current and expected borrowings from banks, we do not believe these restrictions will have any adverse effect on our ability to borrow from banks for at least the medium term. In addition, the restrictions imposed by the RBI on banks through Master Circular "Bank Finance to Non-Banking Financial Companies (NBFCs)" dated July 1, 2015, as amended (the "**Master Circular**"), may restrict our ability to obtain bank financing for specific activities if we decide to make loans that fall with the purview of the Master Circular. None of our current or currently proposed types of loans fall within the purview of the Master Circular. Further, as per an RBI circular dated May 13, 2022, bank credit to NBFCs (including HFCs) for on-lending will be allowed up to an overall limit of 5% of an individual bank's total priority sector lending in the case of commercial banks. Any limitation on our ability to borrow from banks may increase our cost of funds, which could adversely affect our business, financial condition, results of operations and cash flows.

See also, "- *If we do not comply with covenants and conditions under our financing arrangements, it could lead to termination of our credit facilities, accelerated repayment of all amounts due thereunder, enforcement of any security provided, and the trigger of cross default provisions. Any of the above actions taken by the relevant lender could have a material adverse effect on our debt ratings, financial condition, results of operations and cash flows"* on page 24.

If we are unable to borrow funds in the amounts we require on acceptable terms and at competitive rates or raise equity share capital when needed, it could have a material adverse effect on our business, financial condition, results of operations and cash flows.

2. ***Volatility in interest rates could cause our Net Interest Income, Net Interest Margins and the value of our fixed income investments to decline and adversely affect our financial condition, results of operations and cash flows.***

Our results of operations are substantially dependent on our net interest income, which we define as our interest earned (excluding interest on security deposit) less our finance costs (excluding interest on lease liability) ("**Net Interest Income**"). Our Net Interest Income increased by ₹1,263.25 million, or 32.8% to ₹5,111.41 million in Fiscal 2022 from ₹3,873.72 million for Fiscal 2021. Our Net Interest Income is affected by changes in our net interest margin, which we define as our Net Interest Income divided by the Average Total Interest-Earning Assets ("**Net Interest Margin**"). Our Net Interest Margin was 8.2% and 8.0% for Fiscals 2022 and 2021, respectively.

Interest rates are highly sensitive and volatility in interest rates could be a result of many factors, including the RBI's monetary policies, deregulation of the financial services sector in India, domestic and international economic and political conditions, inflation and economic policies in India.

In order to mitigate interest rate risk, we undertake the following measures:

- Interest rate movements are tracked and reviewed by the ALCO on a quarterly basis and our base lending rate, i.e., long-term rate of return, is decided by the ALCO after considering various factors.
- We try to ensure that most of our borrowings are on floating interest rates. As at March 31, 2022, ₹38,952.98 million, or 81.0%, of our Total Borrowings were on floating interest rates and ₹9,143.31 million, or 19.0%, of our Total Borrowings were on fixed interest rates.
- We try to ensure that most of our loans are on floating interest rates. As at March 31, 2022, ₹35,874.95 million, or 55.0%, of our loans were on floating interest rates, ₹622.46 million, or 1.0%, of our loans were on fixed interest rates and ₹28,677.24 million, or 44.0%, of our loans were on semi-fixed (i.e., fixed for a period of time, generally three years, before converting to a floating rate) interest rates.

Despite the above measures, there can be no assurance that we will be able to adequately manage our interest rate risk in the future, which could have an adverse effect on our Net Interest Income and Net Interest Margin and could, in turn, have an adverse effect on our financial condition, results of operations and cash flows.

In a rising interest rate environment, if the yield on our interest-earning assets does not increase simultaneously with or to the same extent as our cost of funds, and conversely, 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, our Net Interest Income and Net Interest Margin would be adversely impacted. Competitive pressure may also require us to reduce the interest rates at which we lend to our customers without a proportionate reduction in the interest rates at which we borrow. While any reduction in the interest rates at which we borrow may be passed on to our customers, we are unable to pass on any increase in interest rates to customers who have existing loans on fixed interest rates. Our customers may also prepay their loans to take advantage of a declining interest rate environment. An increase in the interest rates charged by us on our products could result in our customers, particularly those with variable interest rate loans, prepaying their loans if less expensive loans are available from other sources. For more details, see "- *Our borrowers may transfer loan balances to other banks or financial institutions, resulting in a loss of expected interest income expected from such loans*" on page 30.

In addition, increases in interest rates decrease the value of our fixed income investments and adversely affect our financial condition, results of operations and cash flows. As at March 31, 2022 and March 31, 2021, our fixed income investments (i.e., investments in commercial paper and debt instruments) were ₹247.66 million and ₹1,911.88 million, respectively.

3. ***If we are unable to control the level of Stage 3 Assets / non-performing assets ("NPAs") in our portfolio effectively or if we are unable to maintain adequate provisioning coverage or if there is any change in regulation-mandated provisioning requirements, our financial condition and results of operations could be adversely affected.***

The table below sets forth certain details of our Stage 3 Assets / NPAs as at and for the years indicated.

Particulars	**As at and for the year ended**	
	March 31, 2022	**March 31, 2021**
	(₹ in millions, except percentages)	
Stage 3 Assets opening balance at the beginning of the year (1)	1,608.86	951.94
Increase/(Decrease)	(47.08)	656.92
Stage 3 Assets at the close of the year	1,561.78	1,608.86
Stage 3 Assets net of Stage 3 provision (2)	1,083.70	1,141.97
Total Loans (gross of provisions) (3)	64,414.80	48,006.45
Net Loans (net of provisions) (4)	62,614.22	46,823.52
Stage 3 Assets as a percentage of total Loans (gross of provisions)	2.4%	3.4%
Stage 3 Assets net of Stage 3 provisions as a percentage of net loans (net of provisions)	1.7%	2.4%
Stage 3 Assets provisions percentage	30.6%	29.0%

Notes:

(1) Stage 3 Assets include financial assets that have objective evidence of impairment at the reporting date.

(2) Stage 3 Provisions are lifetime expected credit loss resulting from all default events that are possible over the expected life of the financial instrument. Stage 3 Assets net of Stage 3 Provisions are Stage 3 Assets less Provisions (including fund and non-fund based provisions).

(3) Total Loans (gross of Provisions) means net principal outstanding, overdue principal, overdue interest and accrued interest on standard loans given, unamortised loan origination cost and net of unamortised processing fee (including loan to employees) and excluding Provisions.

(4) Net Loans (net of Provisions) means net principal outstanding, overdue principal, overdue interest and accrued interest on standard loans given, unamortised loan origination cost and net of unamortised processing fee (including loan to employees) as adjusted for expected credit loss provisions (including fund and non-fund based provisions).

Various factors that are beyond our control, such as macro-economic factors (including a rise in unemployment, a sharp and sustained rise in interest rates, developments in the Indian economy, movements in global commodity markets, exchange rates, rise in inflation and decreasing industrial production index), supply chain disruptions, regulatory hurdles and competition as well as customer-specific factors, such as wilful default and mismanagement of a customer's operations, may cause a further increase in the level of Stage 3 Assets/ NPAs and have a material adverse effect on the quality of our loan portfolio. In addition, our ability to recover the amounts due from customers to whom we have provided construction finance loans in a timely manner depends on the effective execution of the projects and the timely sale of the units in the project. Any delay in completion of projects or a decrease in property prices may negatively affect our borrowers in our construction finance loans sector and could lead to increases in Stage 3 Assets/ NPAs.

Any increase in our Stage 3 Assets/ NPAs could adversely affect our Company's and CGHFL's debt ratings and translate into an increase in our cost of funds. Further, if the level of Stage 3 Assets/ NPAs increases, we will have to increase our provisions accordingly. This could have a material adverse effect on our financial condition, results of operations and cash flows.

We are required to make provisions for expected credit losses ("**ECL**") on all our loans outstanding on the reporting date. For making provisions, we need to make use of analytical tools and methods to compute loss and recovery trends, and to apply on our loan book/financial assets for computing ECL provisions. We are also required to provide for the impact of forward-looking macroeconomic factors, which requires us to make choices of variables that have a strong correlation with the historical loss rate for the given portfolio(s). Further, the computation of ECL provisioning is based on historical trends and macroeconomic factors and we may make an error in computing historical loss and recovery trends. The estimates used in computing variables for ECL may also undergo material change, which may have a material adverse effect on the carrying values of our loans or impair our financial instruments and have a material adverse effect on our financial condition, results of operations and cash flows as well as our Company's and CGHFL's respective CRARs on a standalone basis. If we are unable to control the level of our Gross Stage 3 Assets/ NPAs, we will be required to increase our provisions, which would result in our net profit being less than it otherwise would be, which would adversely affect our financial condition.

The RBI regulates some aspects of the recovery of Stage 2 Assets and Stage 3 Assets, such as the use of recovery agents and the settlement of Stage 3 Assets. Any limitation on our ability to recover Stage 3 Assets as a result of these guidelines or otherwise could adversely affect our collections and ability to foreclose existing Stage 3 Assets.

In addition, the RBI has from time to time introduced more stringent classification and provisioning requirements. For example, on November 12, 2021, the RBI issued clarifications with respect to the master circular DOR.No.STR.REC.55/21.04.048/2021-22 on "Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances" dated October 1, 2021, which clarified that the classification of borrower accounts as special mention accounts or NPAs will be on a day-end position basis and accounts can only be upgraded from an NPA to a 'standard' asset after the clearance of all outstanding dues (in other words, only if the entire arrears of interest and principal are paid by the borrower). We aligned our definition of default from the number of instalments outstanding approach to the days past due approach. On February 15, 2022, vide its notification RBI/2021-2022/158/DOR.STR.REC.85/21.04.048/2021-22 ("**RBI Clarification**"), the RBI deferred the implementation of Paragraph 10 of the "Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances" circular until September 30, 2022. Accordingly, in accordance with the RBI Clarification, we decided to implement the change in income recognition, asset classification and provisioning norms until September 30, 2022. The impact of the RBI Clarification, which was recognised in our results for the nine months' period ended December 31, 2021, has been reversed by derecognising such assets as credit impaired. The implementation of these more stringent classification requirements is likely to result in an increase in our Stage 3 Assets / NPAs.

If the RBI continues to impose increasingly stringent classification requirements regarding Stage 3 Assets and provisioning for such assets, the level of Stage 3 Assets could increase, and the overall quality of our loan portfolio could deteriorate.

4. ***Any decrease in demand for our loan products could adversely affect our business, financial condition and results of operations.***

Any decrease in demand for our loan products could adversely affect our business, financial condition and results of operations. A decrease in demand for our loan products can arise from factors beyond our control, such as an economic slowdown in India, a rise in unemployment, regulatory hurdles, competition, customer-specific factors, and lockdowns or other travel restrictions imposed due to an epidemic or a pandemic (such as COVID-19). Set forth below are some specific factors that could affect demand for our loan products:

MSME Loans

As at March 31, 2022, we had more than 20,700 loans to micro, small and medium enterprises ("**MSMEs**") outstanding and our MSME loans AUM was ₹31,910.56 million, representing 49.0% of our total AUM as at that date. For further information on our MSME loans, see "*Our Business – Our Products – Urban Retail Lending – MSME Loans*" on page 109.

Our MSME loans are affected by various factors that may affect the MSME segment, such as changes in Government rules and regulations, domestic economic and political conditions, inflation and natural disasters. Such factors may result in a decline in the demand for finance from MSMEs. For further information on the MSME loans sector, see "*Industry Overview – MSME*" on page 81.

Housing Loans

As at March 31, 2022, we had more than 17,700 housing loans outstanding and our housing finance loans AUM was ₹17,473.58 million, representing 26.8% of our total AUM as at that date. For further information on our housing loans, see "*Our Business – Our Products – Urban Retail Lending – Housing Loans*" on page 110.

The demand for our housing finance loans is generally affected by developments in the real estate sector, including changes in real estate prices. For example, any significant increase in property prices, taxes, delay in receipt of residential and housing permits and the inadequate supply of properties could affect the demand for purchase of properties, and could in turn reduce demand for our housing finance loans. The COVID-19 outbreak and the concomitant lockdowns across India caused acute stress to the residential real estate segment. However, CareEdge Research expects the housing finance sector to grow by 10% in Fiscal 2023 primarily due to the sustained demand from the affordable housing segment. The bottoming out of interest rates amid high property prices will continue to be a key monitorable for the housing finance segment as a whole. (*Source: CareEdge Report*). In addition, CareEdge Research expects there will be a rise in lending rates amidst high property prices and a hike in stamp duty for Tier 1 cities, which will make high-priced homes more expensive. The effective hike in prices will affect the affordability of homes, leading to a slower growth in property sales and housing finance. (*Source: CareEdge Report*). For further information on the housing finance sector, see "*Industry Overview – Housing Finance*" on page 85.

Construction Finance Loans

Our construction finance loans AUM as at March 31, 2022 was ₹12,662.24 million, which represented 19.1% of our total AUM as at that date. For further information on our construction finance loans, see "*Our Business – Construction Finance Loans*" on page 112.

The demand for our construction finance loans is generally affected by developments in the real estate sector, including the demand for housing and the development of new properties by small and mid-sized real estate developments in Tier 1 cities and Tier 2 cities, and any downturn in such demand could in turn could reduce demand for our construction finance loans. The pandemic caused construction projects to come to a halt. However, going forward, CareEdge Research expects the construction finance segment to be a key driver of loan growth for banks as well as NBFCs due to a combination of increased demand for housing, technological innovation and growth in the manufacturing sector. (*Source: CareEdge Report*). For further information on the construction finance loans sector, see "*Industry Overview – Construction Finance*" on page 89.

Certain of our construction finance loans were adversely affected due to reasons beyond the control of the borrowers, and were delayed for legal and other reasons, such as delays in government approvals and COVID-19. These factors led to delays in project implementation. Hence, the projects' commercial commencement date was extended by between six to 24 months and the corresponding repayment period was also extended as per the RBI guidelines RBI-2013-14-459 dated January 23, 2014, and RBI-2019-20-216 dated April 17, 2020 ("**DCCO Extension**"). As at March 31, 2022, 30 loan accounts aggregating to ₹2,635.90 million (20.8% of construction finance loans) were given as per the DCCO Extension.

Indirect Lending

The AUM of loans we make to other NBFCs and loans to other borrowers secured by debt securities, which we refer to as "indirect lending" ("**Indirect Lending**"), was ₹3,128.26 million as at March 31, 2022, which represented 4.7% of our total AUM as at that date. For further information on our Indirect Lending, see "*Our Business – Indirect Lending*" on page 114.

The demand for our loans to other NBFCs is generally affected by developments in the economy, including the demand for MSME lending and microfinance by fintech-based NBFCs, and a decrease in such demand could reduce the demand for our loans to other NBFCs. The demand for our loans to other borrowers secured by debt securities is driven by the level of activity in the Indian debt markets and a decrease in such activity could result in a decrease in the demand for our loans to other borrowers secured by debt securities.

5. ***COVID-19 has had and could continue to have an adverse effect on our business, financial condition, results of operations and cash flows.***

The World Health Organization ("**WHO**") declared the outbreak of COVID-19 a global pandemic on March 11, 2020. The Government of India initiated a nation-wide lockdown from March 25, 2020 for three weeks on all services except for essential services, which was extended to May 31, 2020. NBFCs were not included in the list of essential services exempt from the nationwide lockdown until April 16, 2020. Although the nation-wide lockdown was lifted on June 1, 2020, restrictions on non-essential activities and travel were imposed until August 31, 2020 in multiple states across specific districts that were witnessing increases in COVID-19 cases. On September 1, 2020, the Government's notification dated August 29, 2020 allowing economic activities to function normally in all states while continuing with restrictions only in containment zones came into effect. Fiscal 2022 started with India being hit by the second wave of the pandemic, which saw lockdowns and restrictions being re-imposed across states for two to three months. (*Source: CareEdge Report*). As a result, we temporarily closed some of our branches at different points of time between March 2021 and June 2021 in order to comply with state and local COVID-19-related orders, notifications and regulations.

Pursuant to the RBI's circulars, we granted a full or partial moratorium on the payment of all loan instalments falling due between March 1, 2020 and August 31, 2020 to all eligible borrowers who requested the moratorium. As per the RBI's directions, loans that benefited from the moratorium were not classified as Stage 3 Assets / NPAs if the accounts had any instalments that became overdue during the moratorium period. The RBI's circulars in relation to the moratorium required us to make provisions of 10.0% on loans that were subject to moratorium and that were overdue but standard as at February 29, 2020. Considering the prevailing uncertainty over our business due to the COVID-19 pandemic, we had provisions of ₹194.40 million as at March 31, 2021 and ₹443.30 million as at March 31, 2022 against the potential impact of COVID-19 as additional provisions (other than provisions held for restructuring under COVID-19 norms). The provisions as at March 31, 2022 were in excess of the RBI's prescribed norms.

The Supreme Court of India in *Gajendra Sharma v. Union of India & Anr.*, vide its interim order dated September 3, 2020 directed banks and NBFCs that accounts not declared as NPAs as at August 31, 2020 shall not be declared as NPAs until further notice. On March 23, 2021, in *Small Scale Industrial Manufactures Association v. Union of India and others*, the Supreme Court directed that the interim order granted on September 3, 2020 declaring the accounts of borrowers as NPAs stands vacated. As per the RBI's notification dated April 7, 2021, for the period commencing on September 1, 2020, asset classification for all such accounts shall be as per the applicable classification norms. In addition, the Supreme Court directed that there shall not be any charge of interest on interest/compound interest/penal interest for the period during the moratorium on loan repayments and any amount already recovered under the same head, namely, interest on interest/penal interest/compound interest for the period during the moratorium shall be refunded to the concerned borrowers and to be given credit/adjusted in the next instalment of the loan account. The RBI issued a notification dated April 7, 2021 instructing banks and NBFCs to refund / adjust 'interest on interest' to all borrowers during the moratorium period, irrespective of whether the moratorium had been fully or partially availed, or not availed. Pursuant to these instructions, the methodology for calculation of the amount of such 'interest on interest' was finalised by the Indian Banks Association (the "**IBA**") in consultation with other industry participants/ bodies on April 19, 2021. In Fiscal 2022, we refunded ₹15.31 million to borrowers for interest on interest as prescribed by the RBI.

On August 6, 2020, the RBI issued a circular and related notifications dated September 7, 2020, May 5, 2021 and August 6, 2021, which permitted lenders to implement a resolution plan, along with asset classification benefits, for eligible corporate and individual borrower segments. Lenders had to ensure that the resolution facility was provided only to borrowers impacted by COVID-19. The resolution facility was applicable for accounts classified as standard and not in default for more than 30 days with any lending institution as at March 1, 2020. The resolution plans had to be finalised by December 31, 2020 and implemented within 180 days from the date of invocation. The RBI has also allowed restructuring of loans for MSMEs and others. In May 2021, the RBI announced several measures to protect MSMEs from the adverse impact of the second wave. For instance, the RBI announced the restructuring framework 2.0 wherein individuals and MSMEs having an aggregate loan exposure of up to ₹250 million who have not availed restructuring under any of the earlier restructuring frameworks and who were classified as 'Standard' as at March 31, 2021 were allowed to restructure their loans. Restructuring under the proposed framework was able to be invoked up to September 30, 2021 and had to be implemented within 90 days after invocation. As at March 31, 2022, out of a total of ₹65,189.12 million of our gross loans, ₹2,160.87 million, or 3.3%, was subject to a resolution plan. Based on our assessment, we have already created a provision equivalent to 22.0% of the restructured portfolio. Any slippage in this portfolio beyond our management's current estimate could adversely affect our financial condition, results of operations and cash flows.

On October 23, 2020, the Department of Financial Services, Ministry of Finance, Government of India announced the scheme for grant of ex-gratia payment of difference between compound interest and simple interest for six months to borrowers in specified loan accounts, which mandates lending institutions, including us, to make ex-gratia payments to borrowers with less than ₹20.00 million in total borrowings at all lending institutions by crediting, on or before November 5, 2020, the difference between simple interest and compound interest for the period between March 1, 2020 and August 31, 2020. Lending institutions could then make claims for reimbursement from the Government on or before December 15, 2020, which we did. Our claim for such reimbursement was ₹69.73 million for Fiscal 2021, out of which ₹67.25 million was received in Fiscal 2021.

The effects of COVID-19, including lockdowns and restrictions, led to significant disruptions for individuals and businesses, including us, and had a material adverse effect on our operations, including lending and collection of loan repayments, financial condition, results of operations and cash flows in Fiscal 2021. As evidenced by the fact that our loan disbursements increased by ₹17,399.82 million, or 68.4%, to ₹42,855.54 million for Fiscal 2022 from ₹25,455.72 million for Fiscal 2021, the effects of COVID-19 led to fewer disruptions to our operations in Fiscal 2022 compared to Fiscal 2021. However, the effects of COVID-19 were primarily responsible for our bad debts written-off of ₹438.93 million for Fiscal 2022 compared to bad debts written-off of ₹62.32 million for Fiscal 2021. Despite the bad debts written-off in Fiscal 2022, our net profit after tax increased by ₹280.86 million, or 15.9%, to ₹2,050.41 million in Fiscal 2022 from ₹1,769.55 million in Fiscal 2021.

M/s. Deloitte Haskins & Sells LLP (the "**Previous Statutory Auditors**") included an emphasis of matters in their audit report on our Company's audited standalone financial statements as at and for the year ended March 31, 2021, noting that the extent to which the COVID-19 pandemic will impact our Company's operations and asset quality will depend on future developments, which are highly uncertain. In addition, the Previous Statutory Auditors included an emphasis of matters in their audit report on CGHFL's audited financial statements as at and for the year ended March 31, 2021, noting that the extent to which the COVID-19 pandemic will impact CGHFL's operations and asset quality will depend on future developments, which are highly uncertain. Further, M/s. G M Kapadia & Co included an emphasis of matters in their audit report on CGHFL's audited financial statements as at and for the year ended March 31, 2022, noting that the extent to which the COVID-19 pandemic will impact CGHFL's operations and asset quality will depend on future developments, which are highly uncertain. No such emphasis of matters were included in M/s. M Nissim & Co LLP's **(**the "**Statutory Auditors**") audit report on our Company's audited standalone financial statements as at and for the year ended March 31, 2022.

The extent to which the COVID-19 pandemic adversely affects our businesses, financial condition, results of operations and cash flows in the future will depend on future developments that are highly uncertain, including the scope and duration of the pandemic, future actions taken by governmental authorities and other third parties in response to the pandemic, and the effects on our borrowers, counterparties, employees and third-party service providers. In addition to the risks discussed above, the COVID-19 pandemic exposes us to the following risks, the occurrence of any of which could have an adverse effect on our business, financial condition, results of operations and cash flows:

- A decrease in cash flows and income of borrowers and the value of savings of borrowers could cause borrowers to default on repayments of loans, thereby increasing our Stage 3 Assets and our provisions, and result in a decrease of eligible potential borrowers for new loans, thereby adversely affecting new loans.
- There could be a decrease in demand for our products due to lockdowns or other travel restrictions, an economic downturn or illnesses.
- We may be unable to maintain sufficient liquidity given the uncertain scope and duration of the COVID-19 pandemic.
- Our operations and the operations of our third-party service providers could be disrupted by social distancing, split-team, work from home and quarantine measures.
- We could incur increased costs to ensure that we comply with any health and safety rules or regulations adopted by the Government or state governments in response to the COVID-19 pandemic.
- The effects of the COVID-19 pandemic could heighten the other risks described in this "*Risk Factors*" section.

6. If we do not comply with covenants and conditions under our financing arrangements, it could lead to termination of our credit facilities, accelerated repayment of all amounts due thereunder, enforcement of any security provided, and the trigger of cross default provisions. Any of the above actions taken by the relevant lender could have a material adverse effect on our debt ratings, financial condition, results of operations and cash flows.

As at March 31, 2022, we had Total Borrowings of ₹48,096.29 million. The financing arrangements that we have entered into with certain banks and financial institutions and terms and conditions for the issue of NCDs issued by us contain restrictive covenants, which among other things require us to obtain prior permission of such banks, financial institutions or debenture trustees or to inform them with respect to various activities, including, alteration of our capital structure, changes in management, approaching capital markets for mobilising additional resources either in the form of debt or equity, sale, lease, transfer, assign, mortgage or disposal of our assets, undertaking new projects or implementing any new scheme of amalgamation, undertaking any merger or amalgamation, investing by way of share capital or lending to other companies, undertaking guarantee obligations on behalf of other companies and the creation of further charge on fixed assets. If the Promoters' and Promoter Group's shareholding in our Company falls below 51.0%, it would result in a default under the agreements we have entered into for certain of our borrowings, which could lead to termination of those credit facilities, accelerated repayment of all amounts due thereunder, enforcement of any security provided thereunder and the trigger of cross default provisions. In addition, certain loan agreements require us to meet and maintain prescribed financial ratios. Furthermore, some of our financing arrangements contain cross default provisions upon the occurrence of an event of default, which could automatically trigger defaults under other financing arrangements, in turn magnifying the effect of an individual default.

As at the date of this Draft Letter of Offer, we are not aware of any breaches of any covenants contained in any of our financing arrangements. However, compliance with the various terms of our loans is subject to interpretation and we cannot assure you that we have requested, received or will receive all consents from our lenders that would be required under our financing documents. As a result, it is possible that a lender could assert that we have not complied with certain terms under our financing documents. There can be no assurance that we will comply with the covenants with respect to our financing documents in the future or that we will be able to secure waivers for any such non-compliance in a timely manner or at all. If we are in breach of covenants contained in our financing arrangements, we may be required to immediately repay our borrowings either in whole or in part, together with any related costs, and because of such defaults we may be unable to find additional sources of financing. If any of these events were to occur, it would likely result in a material adverse effect on our financial condition, results of operations and cash flows and even our ability to continue as a going concern.

7. ***Our financing documents require us to obtain consents from 12 lenders for issuing further share capital, including for undertaking the Issue, three of which have not been obtained. Further, some of the consents received by us from certain lenders are subject to consents to be received from all the lenders of our Company, wherever applicable.***

Under some of our financing documents, we require consents from the certain lenders of our Company for, among others, alteration of capital structure and approaching capital markets for mobilising additional resources either in form of debt or equity. While we have made applications to all such relevant lenders where we require the consent, three of such consents are pending as on the date of this Draft Letter of Offer from a total of 12 consents. We have not yet received and are currently awaiting the final committee approval for the consents sought by our Company from these three lenders whose loans to our Company aggregated to ₹6,506.88 million (or 24.1% of the debt owed to 12 lenders) as at June 30, 2022. Further, consents received from three of our lenders, are subject to consents to be received from all other lenders, wherever required (such conditional consents, together with the three lenders consent that we are currently awaiting, the "**Pending Lender Consents**", and the financing documents relating to such Pending Lender Consents, the "**Pending Lender Consents Financing Documents**").

We are awaiting receipt of consents from three of the lenders on account of processes at the lenders' end. Undertaking the Issue, which would result in a change in the capital structure of the Company, without the Pending Lender Consents would constitute a default by us under the financing documents entered into by our Company with these lenders and may result in, among other things, acceleration of repayment or recall of the amounts outstanding under the relevant Pending Lender Consents Financing Documents and enforcement of the security interest.

We cannot assure you that we will be able to obtain consents from these lenders for undertaking the Issue, nor that, failing which, such lenders will not resort to the actions described herein.

8. ***If our borrowers default on repayment of our loans, we may not be able to recover the full loan amount, and the value of the collateral may not be sufficient to cover the outstanding amounts due under defaulted loans. Failure to recover the value of the collateral could expose us to a potential loss, thereby adversely affecting our financial condition, results of operations and cash flows.***

We extend MSME loans, housing loans, and construction finance loans secured by property/land provided as collateral by the borrower. Although we have minimum loan to value of collateral ratios, better known as the loan to value ("**LTV**") ratios, if there is a significant fall in property prices, there can be no assurance that we will be able to sell such properties at prices sufficient to cover the amounts under default, which could lead to losses that have a material adverse effect on our financial condition, results of operations and cash flows. Further, if a borrower sells collateral without our permission, we may need to take legal action to get the collateral returned to us and it could lead to a delay in the sale of the collateral by us. Further, there may be delays in being able to make such sales due to other reasons and the amount owed under the defaulted loans may increase. Any amount left from a foreclosure sale after using the net proceeds to repay the amount owed to us is paid to the borrower. If the net proceeds are insufficient to repay the amount owed to us, the borrower is still liable to repay us the difference, but as we are an unsecured creditor for the amount then outstanding, there can be no assurance that we will be repaid the difference. Also see, "*- The bankruptcy code in India may affect our rights to recover loans from borrowers*" on page 38.

As at March 31, 2022, ₹64,413.67 million of our gross loans, or 100.0% of our total gross loans of ₹64,414.80 million, were secured by collateral. The table below set forth details of the security and the asset cover as per the product rules as of 2022 for each loan vertical and the Average LTV ratio for Fiscal 2022 for our MSME loans and housing loans.

Particulars	MSME Loans	Housing Loans	Construction Finance Loans	Indirect Lending
Security	First and exclusive charge / mortgage over the collateral property (residential, commercial or industrial property)	First and exclusive charge / mortgage over the property with clean and marketable title.	Hypothecation of the project's cash flows through an escrow mechanism, with at least 2 times' cover, and	Hypothecation of receivables and pledge of debt securities.

Particulars	MSME Loans	Housing Loans	Construction Finance Loans	Indirect Lending
	with clean and marketable title.		collateral valued at a minimum of 1.5 times the amount of the loan outstanding.	
Average LTV ratio for Fiscal 2022 (1) / asset cover as per the product rules	Average LTV ratio of 53.6%. As per the product rules, the LTV at sanction is 35%-70%.	Average LTV ratio of 52.7% As per the product rules, the LTV at sanction is 60%-85%.	As per the product rules, a minimum of 1.5 times the amount of the loan outstanding.	As per the product rules, 1.05 times the amount of the loan.

Note:
(1) The average LTV ratio for Fiscal 2022 is the average of the average LTV ratio at sanction for each quarter of Fiscal 2022.

In addition, we intend to start making gold loans in the second quarter of Fiscal 2023. In the event of a decrease in the price of gold, the value of collateral gold jewellery securing gold loans would decrease in value. We may not be able to realise the assessed value of our gold collateral, due to, among other things, spurious gold, defects in the quality of gold or wastage on melting gold jewellery into gold bars. In the case of a default where we are unable to recover principal and interest payments from borrowers, we will sell the collateral gold jewellery through auctions and there can be no assurance that we will be able to sell such gold jewellery at prices sufficient to cover the amounts under default. Moreover, there may be delays associated with such auction process. A failure to recover the expected value of gold collateral could expose us to a potential loss. Any such losses could adversely affect our financial condition, results of operations and cash flows. For more details, see "- *We plan to start our gold loans business in the second quarter of Fiscal 2023. If our gold loans or any other new products we launch are unsuccessful, it could harm our reputation and adversely affect our financial condition, results of operations and cash flows*" on page 27.

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

We operate in a highly regulated industry and we have to adhere to various laws, rules and regulations. Our Company has a certificate of registration from the RBI to operate as an NBFC and is regulated by the RBI. CGHFL has obtained a certificate of registration from the National Housing Bank ("**NHB**") to operate as an HFC and is regulated by the RBI. Accordingly, legal and regulatory risks are inherent and substantial in our business. As we operate under licenses or registrations obtained from the RBI, we are subject to actions that may be taken by the RBI in the event of any non-compliance with any applicable policies, guidelines, circulars, notifications and regulations issued by the RBI.

The RBI is empowered to, amongst other things, remove and replace a director or supersede the board of directors of NBFCs and HFCs in the public interest, remove or debar auditors, frame schemes for amalgamation and reconstruct or split NBFCs into viable and non-viable businesses to preserve the continuity of the activities of the NBFCs.

The regulatory and policy environment in which we operate is continuously evolving and is subject to change. The Government may implement new laws or other regulations and policies that could affect NBFCs and HFCs.

Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing laws, regulations or policies in the jurisdictions in which we operate, including by reason of any absence or ambiguity, or a limited body, of administrative or judicial precedent may be time consuming, as well as costly for us to resolve and may adversely affect the viability of our business or restrict our ability to grow our business in the future. Clarifications on ambiguous aspects may not be received in time, which may adversely affect the manner in which we conduct our business. Additionally, if we are adversely affected, directly or indirectly, by the application or interpretation of any provision of such laws and regulations, or are required to bear any costs in order to comply with such provisions or to defend any proceedings in relation to alleged breaches of such laws and regulations, our business, results of operations or financial condition may be adversely affected.

10. Our Company is subject to periodic inspections by the RBI and our Subsidiary is subject to inspections by the NHB. Non-compliance with observations made during any such inspections could result in penalties and fines on our Company and/or our Subsidiary and could adversely affect the reputation of the business of our Company and/or our Subsidiary.

Our Company is subject to periodic inspections by the RBI of our Company's books of accounts and other records for the purpose of verifying the correctness or completeness of any statement, information or particulars furnished to the RBI or for obtaining any information, which our Company have failed to furnish when called upon to do so.

The RBI conducts an annual inspection of our Company's books of accounts and other records relating to our financial position every year under Section 45N of the RBI Act. RBI inspections are a regular exercise and are carried out periodically by RBI for banks, financial institutions and NBFCs. For instance, RBI has conducted periodic inspections in the past on various matters addressing our operations and relating to, among other things, our Company's capital adequacy, internal generation of capital, compliance assessment and customer conduct. While our Company has responded to the RBI observations, and has taken steps or is in the process of taking steps to rectify the identified deficiencies, if our Company fails to comply with the RBI's observations or all of the terms and conditions stipulated in the observations, or fails to seek waivers or extensions of time for complying with these terms and conditions, the RBI may take adverse actions against our Company, such as revoking its registration/ licence or placing stringent restrictions on our Company's operations in case of any major non-compliance with RBI guidelines, circulars or notifications, as the case may be. Any major failure to meet the RBI's directions could materially and adversely affect our Company's pending applications or requests with the RBI and our Company's ability to obtain the regulatory permits and approvals required to expand our business, or result in the interruption of all or some of our Company's operations, which could have a material adverse effect on our Company's business, financial condition and results of operations.

Our Subsidiary (CGHFL) is subject to inspection by the NHB every year. The NHB has conducted annual inspections of CGHFL in the past and addressed various operational matters, such as, (i) company policies, (ii) compliance with applicable regulatory guidelines and circulars and (iii) other operational matters. While CGHFL has suitably responded to and complied with these observations from time to time, any significant deficiencies identified by the NHB that it is unable to rectify to the NHB's satisfaction could lead to sanctions and penalties. For instance, on May 1, 2020, the NHB imposed a penalty of ₹0.07 million on CGHFL, which CGHFL has paid, on account of its non-compliance in its risk weight assignment of the computation of its capital adequacy ratio as at March 31, 2019. In the event that CGHFL is unable to comply with the applicable regulatory requirements or seek waivers or extensions of time for complying with such requirements, or if CGHFL fails to comply with the observations of the NHB, the NHB may impose penalties, take adverse action, and/or revoke CGHFL's licence/ registration or place stringent restrictions on its operations.

While no show cause notices have been issued against us by the RBI, we have received two show cause notices from the NHB in the past. We cannot assure you that there will be no adverse findings by the NHB or the RBI in future inspections and that such findings will not have a material adverse effect on our reputation and business.

11. ***We plan to start our gold loans business in the second quarter of Fiscal 2023. If our gold loans or any other new products we launch are unsuccessful, it could harm our reputation and adversely affect our financial condition, results of operations and cash flows.***

As a part of our growth strategy, we plan to start our gold loans business in the second quarter of Fiscal 2023. We plan to roll out a significant number of gold loan branches in Fiscal 2023 and then increase the number of gold loan branches over the next few years. As at June 30, 2022, we had entered into leases or memoranda of understanding in relation to leases for 52 premises to be used as gold loan branches and had hired 785 employees for our gold loan business. We have also budgeted a capital expenditure of ₹562.50 million for our gold loan business in Fiscal 2023. For more details on our plans for our gold loan business, see "*Our Business – Our Strategies – Launch our gold loan business*" on page 107.

There are certain challenges to growth of the gold loans segment for NBFCs. Aside from competition with the banking sector in gold loans, the gold loan segment faces challenges from financial service providers dealing in unsecured loans that offer customers the option to avail a loan without pledging any collateral. (*Source: CareEdge Report*). In addition, gold as an asset class has high value for low quantity and thus has to be handled cautiously during the loans life cycle. (*Source: CareEdge Report*). It is crucial for financial institutions to be aware of the possibility of theft and other fraudulent behaviour by borrowers. (*Source: CareEdge Report*). The nature of the gold loan business also results in high operating costs due to the large number of branches required, as proximity to the customer plays a key role in gold loan financing. (*Source: CareEdge Report*). Providing secure storage hubs at each branch is expensive and affects operating revenues at the branch level. (*Source: CareEdge Report*). There are also other costs involved, such as the need for adequate electronic monitoring and cybersecurity protocols to protect client data. (*Source: CareEdge Report*).

If our gold loan business, or any other new products we introduce in the future, is unsuccessful, whether due to factors within or outside of our control, such as competition, general economic conditions, a failure to understand customer demand or market requirements, it could harm our reputation and we could lose all or some of the investments that we make in them, and our financial condition, results of operations and cash flows could be adversely affected.

12. ***Our Promoters and Promoter Group have the ability to control or influence the outcome of matters submitted to Shareholders for approval, and the Promoters' and the Promoter Group's interests may differ from those of other Shareholders.***

As at the date of this Draft Letter of Offer, the Promoters and the Promoter Group collectively owned 74.7% of the outstanding Equity Shares. As long as the Promoters and the Promoter Group continue to hold a significant percentage of the outstanding Equity Shares, they have the ability to control or influence the outcome of any matter submitted to Shareholders for approval, including (i) matters relating to sale of all or part of our business; (ii) mergers, acquisitions or disposal of assets; (iii) the distribution of dividends; (iv) appointment or removal of our directors or officers; and (v) our capital structure or financing. This control could delay, defer or prevent a change in control of our Company, impede a merger, consolidation, takeover or other business combination involving our Company or discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of our Company, even if it is in the best interest of other Shareholders. The Promoters may have interests that are adverse to the interests of our other Shareholders and may take positions with which our other Shareholders may not agree.

13. ***System failures or inadequacy and security breaches in information technology and telecommunication systems may adversely affect our operations and result in financial loss and disruption of our businesses, regulatory intervention or damage to our reputation.***

We are reliant on information technology systems in connection with, but not limited to, financial controls, risk management and transaction processing. The size and complexity of our computer systems may make them potentially vulnerable to breakdown, system integration problems, malicious intrusion and computer viruses. Our ability to operate and remain competitive depends in part on our ability to maintain and upgrade our information technology systems and infrastructure on a timely and cost-effective basis, including our ability to process a large number of transactions on a daily basis. Our operations also rely on the secure processing, storage and transmission of confidential and other information in our computer systems and networks. Our financial, accounting and other data processing systems, management information systems and our corporate website may fail to operate adequately or become disabled as a result of events beyond our control, including a disruption of electrical or communications services.

We have already moved more than 50% of our information technology infrastructure to a third-party cloud service provider and intend to move more of our information technology infrastructure to the cloud. All our new applications are designed as cloud native, with high availability and auto-failover-recovery architecture.

We are also vulnerable to risks arising from the failure of employees to adhere to approved procedures, failures of security system, information system disruptions, communication systems failure and data interception during transmission through external communication channels and networks. Failure to detect these breaches in security may adversely affect our operations.

We are compliant with the RBI's requirements for system failover and disaster recovery management. In order to mitigate information technology systems risk, we undertake the following measures:

- We have information security risk monitoring systems and tools to protect sensitive customer data and guard against potential hackers and viruses;
- We have adopted governance, controls and sophisticated technology across lines of business to help ward off cyber threats and protect our information;
- We use back up procedures, restricted access to applications and other security restrictions. We upgrade our systems with the latest security standards. For critical applications, security policies and procedures are updated on a periodic basis and users are educated on adherence to the policies to help eliminate data leakages; and
- As a part of the business continuity plan, we have created a remote disaster recovery site, which is tested on a regular basis.

In April 2022, we had a system disruption due a critical bug in one of our systems, after which we had to operate a few aspects of our operations manually for a few days. This system disruption did not result in data loss or any interruptions to our business. Apart from this, there have been no instances of material system failures or inadequacies or security breaches in information technology and telecommunication systems since April 1, 2020. If any of our systems are disabled or if there are other shortcomings or failures in our internal processes or systems, it may disrupt our business, negatively affect our operational efficiencies, render us liable to regulatory intervention, result in damage to our reputation and adversely affect our results of operations.

14. ***We are subject to the risk of failure of, or a material weakness in, our internal control systems, which could have a material adverse effect on our reputation, business, financial condition, results of operations and cash flows.***

We have established internal control systems and processes for our internal audit team to scrutinise, and we periodically test and update all facets of our operations, as necessary. We believe that our risk management, compliance, audit and operational risk management functions are commensurate with the size and complexity of our operations and are equipped to make an independent and objective evaluation of the adequacy and effectiveness of internal controls on an ongoing basis to ensure that our employees adhere to compliance requirements and internal guidelines. However, we are exposed to risks arising from the inadequacy or failure of internal systems or processes, and any actions we take to mitigate these risks, which include investments in technology and digitising our operations, may not be sufficient to ensure an effective internal control environment. Given our high volume of transactions, errors may be repeated or compounded before they are discovered and rectified. We have in the past experienced certain deficiencies in our internal control systems of an immaterial nature. Although we believe that we have now taken appropriate measures to develop our internal control systems and policies to address those issues, we cannot assure you that our systems and policies will be sufficient or will be fully corrected, or that similar or other deficiencies will not arise in the future. Further, our management information systems and internal control procedures may not be able to identify non-compliance or suspicious transactions in a timely manner, or at all. Where internal control weaknesses are identified, our actions may not be sufficient to fully correct such weaknesses. As a result, we may incur expenses or suffer monetary losses, which may not be covered by our insurance policies and may result in a material adverse effect on our reputation, business, financial condition, results of operations and cash flows.

15. *Fraud, theft or misconduct by our employees could adversely affect our reputation and results of operations.*

In cases where customers repay their loans in cash directly to us, we are exposed to the risk of fraud, misappropriation or unauthorised transactions by employees responsible for dealing with such cash collections. While we have procured insurance for cash in safes and in transit and have put in place systems to detect and prevent any unauthorised transaction, fraud or misappropriation by our employees, these measures may not be effective in all cases. In the past, we have been subject to acts of fraud and theft committed by our employees of a non-material nature. However, the amount of fraud was nil in both Fiscals 2022 and 2021. There can be no assurance that such events will not recur in the future. Further, we may be subject to regulatory or other proceedings in connection with any unauthorised transaction, fraud or misappropriation by our employees, which could adversely affect our reputation and goodwill.

Misconduct by our employees could bind us to transactions that exceed authorised limits or present unacceptable risks, and our employees could conceal unauthorised or unlawful activities from us. For instance, our Company filed a first information report against a former employee for committing fraud in connivance with a few of our borrowers.

Employee misconduct could also involve front running in securities markets or the improper use or disclosure of confidential information or non-compliance with insider trading rules, which could result in regulatory sanctions and serious reputational or financial harm. Any adverse action by SEBI against us could have a material adverse effect on our business and reputation.

It is not always possible to deter fraud or misconduct by employees, and the precautions we have taken and the systems we have put in place to prevent and deter such activities may not be effective in all cases. Any instances of fraud or misconduct could adversely affect our reputation, business, results of operations and financial condition.

16. *There are certain outstanding legal proceedings involving our Company and our Subsidiary, which may adversely affect our business, financial condition and results of operations.*

There are certain outstanding legal proceedings involving our Company and our Subsidiary that are incidental to our business and operations. These include, among others, criminal proceedings, material civil proceedings, and material tax proceedings. These are pending at different levels of adjudication before various courts, tribunals, enquiry officers and appellate tribunals.

A summary of the outstanding legal proceedings against our Company and our Subsidiary as disclosed in this Draft Letter of Offer along with the amount involved, to the extent quantifiable, has been set out below:

Nature of Cases	Number of Cases	Amount Involved* (₹ in million)
Litigations involving our Company		
Proceedings involving issues of moral turpitude or criminal liability	1,163**	3,799.40
Civil proceedings where the amount involved is equivalent to or in excess of the materiality threshold of ₹51.20 million	6***	677.88
Proceedings before regulatory authorities involving material violation of statutory regulations	Nil	Nil
Matters involving economic offences where proceedings have been initiated against our Company	Nil	Nil
Other proceedings involving our Company which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Company	Nil	Nil
Recovery proceedings under the SARFAESI Act	69****	617.19
Litigations involving our Subsidiary		
Proceedings involving issues of moral turpitude or criminal liability	441#	172.43
Civil proceedings where the amount involved is equivalent to or in excess of the materiality threshold of ₹51.20 million	Nil	Nil
Proceedings before regulatory authorities involving material violation of statutory regulations	Nil	Nil
Matters involving economic offences where proceedings have been initiated against our Subsidiary	Nil	Nil
Other proceedings involving our Subsidiary which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Company	Nil	Nil

Notes:
**To the extent quantifiable*
*** Out of 1,163 criminal proceedings, 1,161 criminal proceedings have been initiated by our Company, and 2 criminal proceedings have been initiated against our Company*
**** Out of 6 material civil proceedings, 5 material civil proceedings have been initiated by our Company, and 1 material civil proceeding has been initiated against our Company*
***** Includes proceedings involving our material subsidiary, Capri Global Housing Finance Limited*
 # 441 criminal proceedings have been initiated by our Subsidiary

Any adverse judgment in some of these proceedings could have an adverse effect on our business, financial condition and results of operations. For details in relation to certain material litigation, see "*Outstanding Litigation and Defaults*" on page 299.

17. Negative publicity about us, our Promoters or the financial services industry generally could damage our reputation and adversely affect our business.

Negative public opinion about us, our Promoters or the financial services industry generally could adversely affect our ability to attract and retain customers, employees, vendors and partners, or to raise equity capital and borrowings and may expose us to litigation and regulatory action. Negative publicity could result from our actual or alleged conduct in any number of activities, including lending practices, loan servicing and foreclosure practices, corporate governance, regulatory compliance, mergers and acquisitions and related disclosure, sharing or inadequate protection of customer information, and actions taken by regulators and community organisations in response to our conduct.

18. We face competition in our business, which may result in slower growth and declining Net Interest Margins and market share, among other things, if we are unable to compete effectively.

Our competitors include established Indian banks, other NBFCs, other HFCs, small finance banks, and the private unorganised and informal financiers who principally operate in the local market. Some of the Indian banks have subsidiaries and affiliates operating as NBFCs with significant market share, distribution reach and product portfolio, and we compete with them for business. As we are unable to accept deposits, our cost of funds is higher than banks' cost of funds and, as a result, banks offer lower interest on their loans than we do. Increasing competition may result in slower growth and a reduction in our Net Interest Margin and market share, among other things, which may have an adverse effect on our results of operations and financial condition.

19. Our borrowers may transfer loan balances to other banks or financial institutions, resulting in a loss of expected interest income expected from such loans.

If interest rates rise, borrowers with variable interest rates on their loans are exposed to increased equated monthly instalments ("**EMIs**") when the loans' interest rate adjusts upward. Such borrowers may seek to refinance their loans through balance transfer to other banks and financial institutions to avoid increased EMIs that result from an upwards adjustment of the loans' interest rate. Even if interest rates do not increase, our borrowers may seek to transfer loans to banks or other financial institutions that offer lower interest rates. Loan balance transfers result in a loss of interest income expected from such loans over the course of their tenure. All NBFCs and HFCs are prohibited from charging pre-payment penalties on any floating rate term loan sanctioned for purposes other than business to individual borrowers. Even where we are allowed to charge a prepayment penalty, the amount of such penalty will not make up for all of the loss of interest income expected from such loans. Some of our borrowers may be able to find balance transfer options at comparably lower interest rates or other financing alternatives, which could have an adverse effect on our business, results of operations and financial condition.

20. We depend on our Key Managerial Personnel, senior management personnel and our other employees, and the loss of their services could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Our continued success depends to a large extent on our ability to recruit and retain Key Managerial Personnel. If we are unable to retain or suitably replace members of our Key Managerial Personnel, it could have a material adverse effect on our business, financial condition, results of operations and cash flows. For Fiscals 2021 and 2022, the attrition of our Key Managerial Personnel was three out of an average number of 13, or 23.1%, and two out of an average number of 15, or 13.3%, respectively. The attrition was calculated as the number of Key Managerial Personnel who left during the fiscal year divided by the closing headcount of Key Managerial Personnel at the end of the same fiscal year.

In addition, the success of our business is in part dependent on our ability to attract and retain senior management employees. The number of our senior management employees increased by 23.3% from 43 as at March 31, 2021 to 53 as at March 31, 2022 and increased by 1.9% to 54 as at June 30, 2022. The attrition rate for our senior management employees, which we define as the number of senior management employees who left during the fiscal year/ period divided by the closing headcount of senior management employees at the end of the same fiscal year/ period, was 13.0% for Fiscal 2021, 14.6% for Fiscal 2022 and 1.9% for the three months ended June 30, 2022.

Further, the success of our business is in part dependent on our ability to attract and retain employees. The number of our employees (including Key Managerial Personnel and senior management personnel) increased by 64.6% from 1,945 as at March 31, 2021 to 3,202 as at March 31, 2022 and increased further by 29.1% to 4,134 as at June 30, 2022. The attrition rate for our employees, which we define as the number of employees who left during the Fiscal Year/ period divided by the closing headcount of employees at the end of the same Fiscal Year/ period, was 20.0% for Fiscal 2021, 24.1% for Fiscal 2022 and 6.1% for the three months ended June 30, 2022.

We have a Board-approved succession plan in place for Key Managerial Personnel and senior management employees. We also have a well-established human resources framework in place, which includes recruitment, employee engagement and employment rewards and recognition. However, there is significant competition for employees in the financial services industry and if we are unable to attract and retain employees, our ability to expand our business will be impaired, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

21. ***If we were to incur a serious uninsured loss or a loss that significantly exceeds the limits of our insurance policies, it could have an adverse effect on our financial condition, results of operations and cash flows.***

We have an electronic equipment insurance policy, a standard fire and perils policy, a burglary insurance policy, a bankers indemnity insurance policy covering cash on hand, coverage for which is based on a certain average amount based on industry practice, vehicles insurance, a public liability insurance policy, a money in transit policy and a director and officers liability insurance policy. For details on the insurance policies that we hold, see "*Our Business – Insurance*" on page 119. The table below sets forth the gross block amount of the assets we have insured, the insured amount for such assets and the percentage of such assets insured as at March 31, 2022.

Particulars	As at March 31, 2022		
	Amount (Gross Block) [A] (₹ in million)	Insured Amount [B] (₹ in million)	Insurance Coverage [C =B/A] (%)
Buildings			
Buildings	2.70	3.15	116.7%
Leasehold Premises	22.85	26.62	116.5%
Computer Hardware	128.83	156.86	121.8%
Furniture and Fixtures	49.37	59.80	121.1%
Office Equipment	33.43	41.88	125.3%
Electrical Installation	9.82	11.58	117.9%
Vehicles	62.70	9.90	15.7%
Cash on hand (1)	14.89	300.00	2,014.8%

Note:

(1) In addition to this, the Company has money in transit policy with sum assured of ₹1,200.00 million

While we are covered by a range of insurance policies that we believe is consistent with the industry practice in India and is in accordance with the guidelines provided by RBI to cover risks associated with our business, we cannot assure you that our current insurance policies will insure us fully against all risks and losses that may arise in the future. Even if such losses are insured, we may be required to pay a significant deductible on any claim for recovery of such a loss, or the amount of the loss may exceed our coverage for the loss. In addition, our insurance policies are subject to annual review, and we cannot assure you that we will be able to renew these policies in a timely manner and on similar or otherwise acceptable terms, or at all.

Since April 1, 2020, we have not incurred a serious uninsured loss or a loss that significantly exceeds the limits of our insurance policies. If we were to incur a serious uninsured loss or a loss that significantly exceeds the limits of our insurance policies, it could have an adverse effect on our financial condition, results of operations and cash flows.

22. ***We rely on the accuracy and completeness of information about customers and counterparties. Any misrepresentation, errors in or incompleteness of such information could cause our business to suffer.***

In deciding whether to extend credit or enter into other transactions with customers and counterparties, we may rely on information furnished to us by or on behalf of customers and/or counterparties. We may also rely on certain representations as to the accuracy and completeness of that information. We primarily cater to MSMEs, self-employed non-professionals and first-time borrowers that lack access to formal credit channels. Therefore, many of our customers do not have any credit history supported by tax returns, financial statements, credit card statements, statements of previous loan exposures or other related documents. During Fiscals 2021 and 2022, 18.9% and 15.0% of our disbursed loans were to customers without any past credit history, respectively. Further, the average disbursal of new-to-credit customers represented 16.4% of disbursals for MSME loans and 13.5% of disbursals for affordable housing loans for Fiscal 2022.

Difficulties in assessing credit risks associated with our day-to-day lending operations may lead to an increase in the level of our Stage 3 Assets/ NPAs, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

23. ***A decline in our capital adequacy ratios could restrict our future growth.***

Our Company is subject to regulations relating to the capital adequacy of NBFCs, which determine the minimum amount of capital our Company must hold as a percentage of the risk-weighted assets on its loan portfolio, or CRAR. Under the RBI's Master Direction, as amended from time to time, our Company is currently required to have a regulatory minimum CRAR of 15.0%, with a minimum Tier I Capital of 10.0%. Our Company's CRAR as at March 31, 2021 and March 31, 2022 on a standalone basis was 35.5% (Tier I Capital of 35.0%) and 29.4% (Tier I Capital of 28.8%), respectively.

CGHFL is subject to regulations relating to the capital adequacy of HFCs, which determine the minimum amount of capital CGHFL must hold as a percentage of the risk-weighted assets on its loan portfolio. Under the RBI HFC Directions, as amended, CGHFL is currently required to have a regulatory minimum CRAR of 15.0%, with a minimum Tier I Capital of 10.0%. CGHFL's CRAR as at March 31, 2021 and March 31, 2022 was 31.2% (Tier I Capital of 29.9%) and 47.0% (Tier I Capital of 46.0%), respectively.

Although our Company and CGHFL have each been maintaining a CRAR well above the regulatory minimum requirement, there can be no assurance that our Company and CGHFL will be able to maintain their respective CRARs within the regulatory requirements. Further, if our Company and CGHFL continue to grow their loan portfolios, our Company and CGHFL will be required to raise additional Tier I and Tier II Capital in order to continue to meet applicable capital adequacy ratios with respect to their respective business. There can be no assurance that our Company and CGHFL will be able to raise adequate additional capital in the future on terms favourable to them, or at all. This could result in non-compliance with applicable capital adequacy ratios, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

24. ***Any decrease in demand for the third-party new car loan products we distribute could result in a decrease in our commissions for selling those products.***

We are a corporate selling agent for third-party new car loans, for which we are paid commissions. For Fiscal 2022, which was the first full fiscal year of our third-party car loan distribution business, our third-party car loan distribution business earned a gross fee income of ₹466.96 million and a net fee income of ₹276.17 million. Decreases in demand for the third-party car loan products we distribute could arise from various factors, including a decrease in demand for new cars, competition, and lockdowns or other travel restrictions imposed due to an epidemic or a pandemic (such as COVID-19). Any decrease in demand for the third-party new car loan products we distribute could cause our fee and commission income from our car loan distribution business to decrease, which could adversely affect our results of operations. For more details, see "*Our Business – Distribution of Third-Party Car Loans*" on page 115.

25. ***If we do not obtain, maintain or renew the statutory and regulatory permits and approvals required to operate our business, it could have a material adverse effect on our business, financial condition and results of operations.***

We are required to maintain a number of statutory and regulatory permits and approvals to operate our business under central, state and local government rules in India. For example, we need to maintain shops and establishment licenses for some of our branches and maintain licenses under various applicable national and state labour laws for some of our offices and employees.

Certain approvals, such as shops and establishment licenses, expire from time to time. Accordingly, we have either made an application to the appropriate authorities for renewal of such approvals or are in the process of making such applications. There can be no assurance that the relevant authorities will renew such approvals in a timely manner or at all. Moreover, we cannot assure you that approvals and licenses currently held by us would not be suspended or cancelled in the event of any major non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action.

In the future, we may be required to obtain new registrations, permits and approvals for our business, as a result of changes in current regulations or for any proposed expansion strategy or diversification into additional business lines or new financial products. There can be no assurance that the relevant authorities will issue any permits or approvals required by us in a timely manner, or at all, and/or on favourable terms and conditions.

If we fail to obtain any applicable statutory and regulatory permits and approvals in a timely manner or at all, some of our contracts with third parties may be terminated and we may not be able to undertake certain operations of our business, which would adversely affect our business, results of operations and cash flows. Also see "*– We operate in a highly regulated industry and changes in the laws, rules and regulations applicable to us may adversely affect our business, financial condition and results of operations*" on page 26.

26. ***We rely on third parties to whom we have outsourced certain of our operations. If these third parties fail to perform their obligations to us, it could adversely affect our business and cause us financial loss, which may not be recoverable from such third party in full or at all.***

We have outsourced some of our operations to various third parties, including some of our field investigations, some of our legal and technical due diligence, repossession activities, document storage, some of our IT and cloud storage. Although we have a business continuity plan in place in case these third parties fail to perform their agreed services, if these third parties fail to perform their obligations to us, it could adversely affect our business and cause us financial loss, which may not be recoverable from such third party in full or at all.

27. ***Our non-convertible debentures are listed on BSE. Any default, non-compliances and delays in complying with reporting requirements and the terms and conditions of NCDs in the future may render us liable to prosecution and/or penalties.***

Our NCDs are listed on the wholesale debt segment of BSE. We are required to comply with applicable rules and regulations, including the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 and the SEBI LODR Regulations, in terms of our listed NCDs. There has been a penalty levied against us in the past for delay in the listing of NCDs in Fiscal 2021, wherein our Company paid a penal interest of ₹0.99 million for a delay in listing NCDs beyond the 20 days from the date of allotment of NCDs during the COVID-19 pandemic. If we fail to comply with applicable rules and regulations or incur any further defaults in relation to the material covenants of NCDs as per the terms of issuance of such NCDs, we may be subject to certain penal actions, including the recall of NCDs, which may have an adverse effect on our reputation, business, financial condition and cash flows. Further, any non-compliance with the applicable rules and regulations in relation to our NCDs may result in the suspension of trading of the NCDs and levying of fines, penalties etc. by the Stock Exchanges.

28. Certain of our Company's corporate records and filings are not traceable. We cannot assure you that regulatory proceedings or actions will not be initiated against us in the future and that we will not be subject to any penalty imposed by the competent regulatory authority in this respect.

While we have the certificate of registration granted by the Registrar of Companies, West Bengal at Calcutta, on May 19, 1999, for change of name of our Company from Daiwa Securities Limited to Dover Securities Limited, we are unable to trace the board and shareholders' resolutions and the form filing for change of name of our Company from Daiwa Securities Limited to Dover Securities Limited. A search conducted by a practicing company secretary appointed by us to trace the missing records also could not find the records with the RoC. Certain disclosures in this Draft Letter of Offer in relation to such untraceable records and filings have been made in reliance on other supporting documents available in our records. We cannot assure you that the relevant corporate records will become available in the future and that regulatory proceedings or actions will not be initiated against us in the future, nor that we will not be subject to any penalty imposed by the competent regulatory authority in this respect.

29. Our investments are subject to market risk.

As at March 31, 2022, our investments were ₹3,774.84 million, which represented 5.3% of our total assets as at that date. As at March 31, 2022, our investments subject to market risks primarily included units of mutual funds, debt securities, equity instruments, government securities and certificates of deposits. The value of these investments depends on several factors beyond our control, including interest rates, the domestic and international economic and political scenario, inflationary expectations and the RBI's monetary policies. Any decline in the value of these investments may have an adverse effect on our financial condition and results of operations.

30. We have availed loans that can be recalled at any time.

As at March 31, 2022, we had two loans totalling ₹701.55 million that are repayable on demand, which represented 1.5% of our Total Borrowings as at that date. In the event any of these loans are recalled, we would need to find alternative sources of financing, which may not be available on commercially reasonable terms, or at all. The early recall of any of these loans could have an adverse effect on our financial condition, results of operations and cash flows.

31. Materialisation of contingent liabilities could adversely affect our financial condition, results of operations and cash flows.

As at March 31, 2022, we had contingent liabilities as per Ind AS 37 on "*Provisions, Contingent Liabilities and Contingent Assets*" not provided for amounting to ₹115.18 million, which relate to income tax matters under dispute. For details on income tax disputes involving our Company, see "*Outstanding Litigation and Defaults – Material Civil Proceedings*" on page 299. If any of these contingent liabilities materialise, our financial condition, results of operations and cash flows could be adversely affected.

32. We have not entered into any definitive agreements to utilise a substantial portion of the net proceeds of the Issue.

We intend to use the Net Proceeds for the purposes described in "*Objects of the Issue*" on page 63. Our management will have broad discretion to use the Net Proceeds and you will be relying on the judgment of our management regarding the application of these Net Proceeds. Our funding requirements are based on current conditions and are subject to change in light of changes in external circumstances or in our financial condition, business or strategies. Our management, in response to the competitive and dynamic nature of the industry, will have discretion to revise our business plan from time to time. Any such change in our plans may require rescheduling of our current plans or discontinuing existing plans and an increase or decrease in the fund requirements for the objects, at the discretion of the management. Pending utilisation for the purposes described above, we intend to temporarily invest the funds in interest bearing liquid instruments, including deposits with banks and investments in debt mutual funds. Such investments would be in accordance with the investment policies approved by our Board from time to time.

33. Our Company's ability to pay dividends in the future will depend on our financial condition, results of operations, cash flows and capital requirements.

Dividends that our Company has paid in the past may not be reflective of the dividends that our Company may pay in a future period. Our Company's ability to pay dividends in the future will depend on our Company's financial condition, results of operations, cash flows, capital requirements and the terms of its contracts, including financing arrangements, charter provisions and applicable laws and regulations. There can be no assurance that our Company will be able to pay dividends in the future, or if it does, that the amount thereof will not be decreased in the future.

34. Capri Global Housing Finance Limited, our Company's wholly owned subsidiary, may not pay dividends. Consequently, our Company may not receive any return on its investments in CGHFL.

CGHFL is a separate and distinct legal entity, and it has no obligation to pay dividends. We cannot assure you that CGHFL will generate sufficient profits and cash flows to be able to pay dividends, or if it does, it will not be restricted from doing so by contract, including financing arrangements, charter provisions or by applicable laws and regulations. CGHFL is an HFC and is subject to laws and regulations that may limit its ability to pay dividends. Our Company has not received any dividends from CGHFL in the past.

35. Any non-compliance with mandatory anti-money laundering, combating-terrorism financing and know your customer laws could expose us to liability and harm our reputation.

In accordance with the requirements applicable to us, we are mandated to comply with anti-money laundering ("**AML**"), combating of financing of terrorism ("**CFT**") and know your customer ("**KYC**") regulations in India. These laws and regulations require us, among other things, to adopt and enforce AML, CFT and KYC policies and procedures. While we have adopted policies and procedures aimed at collecting and maintaining all relevant AML, CFT and KYC-related information from our customers in order to detect and prevent the use of our banking networks for illegal money-laundering and terrorism financing activities, there may be instances where we collected information that may be used by other parties in attempts to engage in money-laundering, terrorism financing and other illegal or improper activities.

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 we may accordingly be subject to regulatory actions, including imposition of fines and other penalties by the relevant government agencies to whom we report to, including the Financial Intelligence Unit – India. Our business and reputation could suffer if any such parties use or attempt to use us for money-laundering, terrorism financing or illegal or improper purposes and such attempts are not detected or reported to the appropriate authorities in compliance with applicable regulatory requirements.

36. We have entered into a number of related party transactions and there can be no assurance that we could not have achieved more favourable terms if such transactions had not been entered into with related parties. We expect that we will continue to enter into related party transactions.

All related party transactions that we enter into are subject to approval by our Audit Committee, Board, or Shareholders, as required under the Companies Act and the SEBI LODR Regulations. We have entered into transactions with a number of related parties within the meaning of Accounting Standard 18 as notified by the Companies (Indian Accounting Standards) Rules, 2015 (for the period prior to April 1, 2018) and Indian Accounting Standard 24 as notified by the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Amendment Rules, 2016, as amended (for the period beginning on and from April 1, 2018). These transactions include the rent expenditure, Key Managerial Personnel remuneration, Gratuity Fund and CSR contribution. In Fiscals 2022 and 2021, our related party transactions amounted to ₹19.91 million and ₹81.48 million, respectively, which represented 0.2% and 1.1% of our total income, respectively. For further information on our related party transactions within the meaning of Ind AS 24 and AS 18, see Note 42 in the notes to the 2022 Audited Consolidated Financial Statements and Note 43 in the notes to the 2021 Audited Consolidated Financial Statements in "*Financial Statements*" on page 126. Such transactions may give rise to current or potential conflicts of interest with respect to dealings between us and such related parties. Additionally, there can be no assurance that any dispute that may arise between us and related parties will be resolved in our favour. Further, there can be no assurance that we could not have achieved more favourable terms if such transactions had not been entered into with related parties.

37. While certain of our trademarks used by us for our business are registered, any inability to protect our intellectual property or know how from third party infringement may adversely affect our business and prospects.

We have registered trademarks for "CAPRI LOANS - Capri Global Capital Limited" and "PANKH" under class 36. Our Company has applied for registration for three other trademarks, i.e., "CAPRI GLOBAL CAPITAL" under classes 35, 36 and 41 on May 4, 2022.

CGHFL has one registered trademark, i.e., "CAPRI HOME LOANS HUMEIN HAI EHSAAS-GHAR HO AAPKE PAAS", under class 36. CGHFL has applied for registration for three other trademarks, i.e., "CAPRI GLOBAL HOUSING FINANCE" under classes 35, 36 and 41 on May 5, 2022.

Further, we have applied for registration of our logo CAPRI GLOBAL CAPITAL which is pending, as on the date of filing of this Draft Letter of Offer.

With respect to our trademarks that have been applied for, and/or objected or opposed, we cannot assure you that we will be successful in resolving such challenges, nor can we guarantee that our trademark will be registered in our name. For example, our Company's trademarks with registration numbers "2829908", "2829909", "2829912" and "4523980" were rejected in the past. As a result, we may not be able to prevent infringement of our trademarks and a passing off action may not provide sufficient protection until such time that this registration is granted.

We cannot guarantee that any of our registered or unregistered intellectual property rights or our know-how, or claims thereto, will now or in the future successfully protect what we consider to be the intellectual property underlying our products and business, or that our rights will not be successfully opposed or otherwise challenged. We also rely on technical knowledge, product information, industry data and market know-how that cannot be registered and is not subject to any confidentiality or nondisclosure clauses or agreements. If such know-how is leaked to third parties, this could erode our competitive advantage. For further details on our intellectual property, see "*Our Business – Intellectual Property*" on page 120.

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

We may be subject to claims by third parties, both in and outside India, if we breach their intellectual property rights by using slogans, names, designs, software 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, which may cause us to be subjected to claims by such third parties. For instance, in March 2020, we received a notice from another company for the alleged use of their trade name. The company has since discontinued the use of the trade name and our Company settled the matter with the other company with no penalties or other adverse effects incurred by our Company.

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 injunctions), 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.

39. The housing sector may not continue to be regarded as a priority sector by the Government, which may adversely affect our financial condition, results of operations and cash flows.

Our housing loans AUM as at March 31, 2022 was ₹17,473.58 million, representing 26.8% of our total AUM as at that date. The RBI has also provided incentives to the housing finance industry by extending priority sector status to housing loans. In addition, pursuant to Section 36(1)(viii) of the Income Tax Act, 1961, up to 20% of profits from eligible business computed under the head "profits and gains of business or profession", may be carried to a "Special Reserve" and are not subject to income tax. This would be applicable until the aggregate of the amounts carried to such reserve account from time to time exceeds twice the amount of the paid-up share capital (excluding the amounts capitalised from reserves) of the company. Further, in terms of the Section 41(4A) of the Income Tax Act, where a deduction has been allowed in respect of any special reserve created and maintained under Section 36(1)(viii) of the Income Tax Act, any amount subsequently withdrawn from such special reserve shall be deemed to be the profits and gains of business or profession and accordingly be chargeable to income tax as the income of the previous year in which such amount is withdrawn. By way of notification no. NHB(ND)/DRS/Pol. Circular No. 62/2014 dated May 27, 2014, NHB stipulated that all housing finance companies are required to create a deferred tax liability on the Special Reserve created from current and past profits, irrespective of whether they intend to withdraw from such reserve or not. We cannot assure you that the Government will not change the tax laws so that such benefits are no longer available to HFCs.

40. NBFCs are subject to less beneficial tax treatment compared to banks in relation to certain matters.

In respect of the specific provisions under the Income Tax Act governing the taxation of taxpayers in respect of NBFC, section 194A of the Income Tax Act, Tax Deduction at Source ("**TDS**") at the rate of 10.0% is required to be deducted on the interest portion of the instalment paid to NBFCs. However, the Income Tax Act provides a specific exemption on non-applicability of TDS on interest portion paid to banking companies and public financial institution. Non-applicability of TDS on interest components paid/ payable to banks put them as a more preferred lender when compared to NBFCs as computation of interest in every EMI becomes more tedious for the borrower. Additionally, given the number of customers deducting TDS for NBFCs at times, the TDS deposited by the customer does not necessarily get reflected on the Government's TDS portal and hence, claim of TDS for NBFCs gets partially rejected.

As per the RBI guidelines for preparation of the financial statements, NBFCs and banks are required to make certain provisions for NPAs as prescribed thereunder. The amount of the said provision was not deductible as per income tax regulations for NBFCs until Fiscal 2017, whereas the same was deductible (up to a specific limit) for banks. Considering the fact that NBFCs were also engaged in financial lending to different sectors of society, the said provision was also made applicable to NBFCs. The amount deducted was curtailed at 5.0% of total income, whereas banks are allowed to claim at 8.5% of total income. This deduction at the lower rate leads to lower a deduction of provisions for tax purposes for NBFCs.

41. *We do not own the premises where our branches are located. In the event we are required to relocate any of these branches, they could be in less desirable and/or more expensive locations, which could have an adverse effect on our business, results of operations and cash flows.*

As at June 30, 2022, we leased/ licensed all 123 of our branches. In the event we are required to relocate any of these branches, which could be for a number of reasons, including if the owners of these properties do not renew the agreements under which we occupy the premises, or if there is early termination of any of our leases/ licenses due to our non-compliance with the lease/ license terms, these new branches could be in less desirable and/or more expensive locations, which could have an adverse effect on our business, results of operations and financial condition.

Further, some of our lease/ leave and license agreements may not be adequately stamped or duly registered. Unless such documents are adequately stamped or duly registered, such documents may be rendered inadmissible as evidence in a court in India and may not be authenticated by any public officer and the same may attract a penalty as prescribed under applicable law, any of which could result in an adverse effect on our business, results of operations and cash flows.

42. *Labour disruptions could have an adverse effect on our business, financial condition, results of operations and cash flows.*

As at June 30, 2022, we had 4,134 permanent employees. Although none of our employees are in a trade union and our relations have been good with our employees, we are exposed to the risk of labour disruptions to our operations due to disputes or other problems with our employees. We cannot guarantee that our employees will not participate in work stoppages or other industrial actions in the future. Any such event could disrupt our operations, possibly for a significant period of time, and result in increased wages and other benefits, which could have an adverse effect on our business, financial condition, results of operations and cash flows.

43. *We have included certain Non-GAAP Financial Measures and certain other selected statistical information relating to our operations and financial performance. These Non-GAAP Financial 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, including Return on Assets, Return on Average Assets, Return on Equity, Return on Average Equity, Debt-to-Equity Ratio, Gross Non-Performing Assets, Gross Non-Performing Assets Ratio, Net Non-Performing Assets, Net Non-Performing Assets Ratio, Net Interest Margin, Net Interest Income, Cost of Funds, Average Interest-Earning Advances, interest coverage ratio, Net Worth, Operating Expenses and Total Borrowings, as well as certain other metrics based on or derived from those Non-GAAP Financial Measures, relating to our operations and financial performance have been included in this section and elsewhere in this Draft Letter of Offer. 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. These Non-GAAP Financial Measures and other statistical and other information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other financial services companies.

44. *We had net cash used in operating activities for Fiscals 2022 and 2021.*

The table below sets forth selected information from our statements of cash flows for Fiscals 2022 and 2021:

Particulars	**For the year ended March 31,**	
	2022	**2021**
	(₹ in million)	
Net cash used in operating activities (A)	**(13,406.87)**	**(3,526.70)**
Of which:		
Cash generated from operations before working capital changes	3,311.44	2,768.72
(Increase)/ decrease in working capital, excluding (increase) in loans [(1)]	905.76	2,471.49
(Increase) in loans	(16,701.66)	(8,114.45)
Income taxes paid (net of refunds)	(922.41)	(652.46)
Net cash generated from/(used in) investing activities (B)	**(4,666.51)**	**(4,638.49)**
Net cash generated from financing activities (C)	**10,259.78**	**9,247.71**
Net increase in cash and cash equivalents (A+B+C)	**1,519.42**	**1,082.52**
Cash and cash equivalents at beginning of the period	**1,706.02**	**623.50**
Cash and cash equivalents at end of the period	**3,225.44**	**1,706.02**

Note:

(1) For details, see "Management's Discussion and Analysis of Financial Condition and Results of Operations – Cash Flows" on page 296.

Our cash from operations before working capital changes was positive in Fiscals 2022 and 2021 and it was cash used in making new loans that resulted in us having net cash used in operating activities for Fiscals 2022 and 2021. For more details, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Cash Flows*" on page 296.

EXTERNAL RISK FACTORS

Risk Factors Related to India

1. Any downturn in the macroeconomic environment in India could adversely affect our business, financial condition, results of operations and cash flows.

We are incorporated in India and all of our business operations and assets are located in India. As a result, our results of operations and financial condition are significantly affected by factors influencing the Indian economy. The Indian economy is affected by numerous factors, including, among other things, unemployment rates, inflation rates, changes in interest rates, agricultural output (which is affected by amount of rain received in the monsoon season), changes in commodity prices (in particular crude oil prices, as India is a net importer of crude oil), changes in Government policies, epidemics and pandemics (such as the COVID-19 pandemic), terrorist attacks or social unrest in India, upticks or downturns in the global economy, or financial instability in other countries and wars and other conflicts (such as the Russia-Ukraine war). Any slowdown in economic growth in India could adversely affect us, including our ability to grow our business, the quality of our assets and our ability to implement our strategies. Furthermore, an increase in inflation in India, an increase in India's trade deficit, a downgrading in India's sovereign debt rating or a decline in India's foreign exchange reserves could result in an increase in interest rates and adversely affect liquidity, which could adversely affect the Indian economy and thereby, our business, financial condition and results of operations.

2. Political instability or changes in the Government's policies could adversely affect economic conditions in India and, consequently, us.

The Government has traditionally exercised and continues to exercise a significant influence over many aspects of the Indian economy. A significant change in the Government's policies in the future, particularly with respect to and influencing economic liberalisation, cross-border relations, deregulation, foreign investment, foreign currency exchange rates and other matters affecting investment in India, could adversely affect our business, results of operations and financial condition.

3. If regional hostilities, terrorist attacks or social unrest in India increases, our business could be adversely affected, and the trading price of the Equity Shares could decrease.

India has from time to time experienced social and civil unrest and hostilities with neighbouring countries. India has also experienced terrorist attacks in some parts of the country. These hostilities, attacks and tensions could lead to political or economic instability in India and a possible adverse effect on our business, financial condition and results of operations. Continuing escalations could exacerbate these regional hostilities and tensions. Further, India has also experienced social unrest in some parts of the country. If such tensions occur in other parts of the country, leading to overall political and economic instability, it could have an adverse effect on our business, financial condition and results of operations.

4. Financial instability in other countries may cause increased volatility in Indian financial markets and directly or indirectly have an adverse effect on the Indian economy and our business, financial condition, results of operations and cash flows.

The Indian financial markets and the Indian economy are influenced by economic and market conditions in other countries, including conditions in the United States, Europe and emerging economies in Asia. Financial instability in other parts of the world could have a global influence and thereby negatively affect the Indian financial markets. Although economic conditions vary across markets, a loss of investor confidence in one emerging market may cause increased volatility in other emerging markets, including the Indian financial markets. Therefore, financial instability in other countries may cause increased volatility in Indian financial markets and, directly or indirectly, have an adverse effect on the Indian economy and our business, financial condition, results of operations and cash flows.

5. Financial difficulty and other problems in certain financial institutions in India could adversely affect our financial condition, results of operations and cash flows.

Our Company, as an NBFC, and CGHFL, as an HFC, are subject to the risks faced by the Indian financial system as a whole, which may be affected by the financial difficulties faced by certain Indian financial institutions because the commercial soundness of many financial institutions may be closely related as a result of credit, trading, clearing or other relationships. This risk, which may be referred to as "systemic risk", may adversely affect financial intermediaries, such as clearing agencies, banks, securities firms and exchanges with whom we have lasting relationships and who may default on their obligations due to bankruptcy, lack of liquidity, operational failure or other reasons. Any such difficulties or instability of the Indian financial system in general could create an adverse market perception about Indian financial institutions and banks and hence, could adversely affect our business. Systemic risk could lead to volatility in the Indian debt and equity markets and heighten investors' concerns about the systemic risks that Indian financial institutions face, which could adversely affect our financial condition, results of operations and cash flows. A number of Indian financial institutions have faced financial difficulties in the past, including a large NBFC in 2018. For details, see " *–If we are unable to obtain debt on acceptable terms and at competitive rates when needed or raise equity share capital when needed, it could have a material adverse effect on our business, financial condition, results of operations and cash flows"* on page 18.

6. Inflation in India could have an adverse effect on our results of operations and if significant, on our financial condition.

The Indian economy has had sustained periods of high inflation in the recent past, which has contributed to an increase in interest rates. High fluctuations in inflation rates may make it more difficult for us to accurately estimate or control our costs. Continued high rates of inflation may increase our expenses related to salaries or wages payable to our employees or any other expenses. In April 2022, the RBI projected its inflation rate at 5.70% in 2022 to 2023, with 6.30% for January to March 2022, 5.80% for April to June 2022, 5.40% for July to September 2022 and 5.10% for October to December 2022. This projection assumes a normal monsoon season in 2022 and the crude oil price outlook remaining the same. Any changes in the assumptions for such forecast, such as unpredictable monsoon behaviour or unexpected change in crude oil prices might lead to increased inflation. There can be no assurance that we will be able to pass on any additional expenses or that our revenue will increase proportionately corresponding to such inflation. Accordingly, high rates of inflation in India could have an adverse effect on our results of operations and, if significant, on our financial condition.

7. Any downgrading of India's sovereign rating by an international rating agency may adversely affect our business, financial condition, results of operations and cash flows.

India's sovereign rating is Baa3 with a "stable" outlook (Moody's), BBB-with a "stable" outlook (S&P) and BBB- with a "stable" outlook (Fitch). India's sovereign rating could be downgraded due to various factors, including changes in tax or fiscal policy or a decline in India's foreign exchange reserves. Any adverse change in India's credit ratings by international rating agencies may adversely affect the Indian economy and consequently our ability to raise additional financing in a timely manner or at all, as well as the interest rates and other commercial terms at which such additional financing is available, which could have an adverse effect on our business, financial condition, results of operations and cash flows.

8. The bankruptcy code in India may affect our rights to recover loans from borrowers.

The Insolvency and Bankruptcy Code was notified on August 5, 2016 ("**Bankruptcy Code**"), which has been amended from time to time since its notification. The Bankruptcy Code offers a uniform and comprehensive insolvency legislation encompassing all companies, limited liability partnerships, and individuals in their capacity as guarantors to these companies and limited liability partnerships (other than financial firms). It allows creditors to assess the viability of a debtor as a business decision and agree upon a plan for its revival or a speedy liquidation. The Bankruptcy Code creates a new institutional framework, consisting of a regulator, insolvency professionals, information utilities and adjudicatory mechanisms, which will facilitate a formal and time bound insolvency resolution and liquidation process. In case insolvency proceedings are initiated against a debtor, we may not have complete control over the recovery of amounts due to us. Under the Bankruptcy Code, upon invocation of an insolvency resolution process, a committee of creditors is constituted by the interim resolution professional, wherein each financial creditor is given a voting share proportionate to the debts owed to it. Any decision of the committee of creditors must be taken by a majority vote of not less than 66.67% of the voting share of all financial creditors. Any resolution plan approved by committee of creditors is binding upon all creditors, even if they vote against it. In case a liquidation process is opted for, the Bankruptcy Code provides for a fixed order of priority in which proceeds from the sale of the debtor's assets are to be distributed. Before sale proceeds are distributed to a secured creditor, they are to be distributed for the costs of the insolvency resolution and liquidation processes, debts owed to workmen and other employees and debts owed to unsecured credits. Further, under this process, dues owed to the Government and state governments rank at par with those owed to secured creditors. Moreover, other secured creditors may decide to opt out of the process, in which case they are permitted to realise their security interests in priority. Accordingly, if the provisions of the Bankruptcy Code are invoked against any of our borrowers, it may affect our ability to recover our loans from borrowers and enforcement of our rights will be subject to the Bankruptcy Code. Any such event may in turn materially and adversely affect our business, financial condition, results of operations and prospects.

9. Changes in laws, rules and regulations, including adverse application of corporate and tax laws, may adversely affect our business, financial condition and results of operations.

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

The Taxation Laws (Amendment) Act, 2019, a tax legislation issued by India's Ministry of Finance effective September 20, 2019, prescribes certain changes to the income tax rate applicable to companies in India. According to this legislation, companies can henceforth voluntarily opt in favour of a concessional tax regime (subject to no other special benefits/exemptions being claimed), which reduces the rate of income tax payable to 22.00% subject to compliance with conditions prescribed, from the erstwhile 25.00% or 30.00% depending on the total turnover or gross receipt in the relevant period. Any such future amendments may affect our other benefits.

Unfavourable changes in or interpretations of existing, or the promulgation of new laws, rules and regulations including foreign investment and stamp duty laws governing our business and operations could result in us being deemed to be in contravention of such laws and may require us to apply for additional approvals. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time-consuming and costly for us to resolve and may affect the viability of our current businesses or restrict our ability to grow our businesses in the future.

Further, we cannot predict whether any tax laws or other regulations impacting us will be enacted, or whether any such new laws or regulations would have an adverse effect on our business, financial condition and results of operations. We have not determined the impact of these recent and proposed laws and regulations on our business. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy in the jurisdictions in which we operate, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current business or restrict our ability to grow our business in the future. For instance, the Supreme Court of India on February 28, 2019, clarified that the components of basic wages need to be considered by companies while making provident fund payments, which resulted in an increase in the provident fund payments to be made by companies. We may incur increased costs and other burdens relating to compliance with such new requirements, which may also require significant management time and other resources, and any failure to comply may adversely affect our business, results of operations, cash flows and prospects. Further, if we are affected, directly or indirectly, by the application or interpretation of any provision of such laws and regulations or any related proceedings or are required to bear any costs in order to comply with such provisions or to defend such proceedings, our business and financial performance may be adversely affected.

10. It may not be possible for you to enforce a judgment obtained outside India against our Company or any of our Directors and Managerial Personnel, all of whom are residents in India, except by way of a suit in India on such judgment.

Our Company is incorporated under the laws of India, and all of our Key Managerial Personnel and the Directors reside in India. Furthermore, all of our assets are located in India. As a result, you may be unable to effect service of process in jurisdictions outside India upon our Company or enforce judgments in Indian courts that were obtained in courts of jurisdictions outside India against our Company, including judgments predicated upon the civil liability provisions of securities laws of jurisdictions outside India.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. Recognition and enforcement of foreign judgments are provided for under Sections 13, 14 and 44A of the Code of Civil Procedure, 1908 ("**Civil Code**") on a statutory basis. Section 44A of the Civil Code provides that a certified copy of a decree of any superior court, within the meaning of that Section, obtained in any country or territory outside India which the government has by notification declared to be in a reciprocating territory, may be enforced in India by proceedings in execution as if the judgment had been rendered by a district court in India. However, Section 44A of the Civil Code is applicable only to monetary decrees and does not apply to decrees for amounts payable in respect of taxes, other charges of a like nature or in respect of a fine or other penalties and does not apply to arbitration awards (even if such awards are enforceable as a decree or judgment).

The following territories have been declared by the Government to be reciprocating territories for purposes of Section 44A of the Civil Code: United Kingdom; the UAE; Singapore; Hong Kong; Bangladesh; Malaysia; Trinidad & Tobago; New Zealand; the Cook Islands (including Niue) and the Trust Territories of Western Samoa; Papua New Guinea; Fiji; and Aden. A judgment of a court of a country which is not a reciprocating territory may be enforced in India only by a suit upon the judgment under Section 13 of the Civil Code, and not by proceedings in execution. Section 13 of the Civil Code provides that foreign judgments shall be conclusive regarding any matter directly adjudicated upon except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or refusal to recognise the law of India in cases to which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; and/ or (vi) where the judgment sustains a claim founded on a breach of any law then in force in India. The suit must be brought in India within three years from the date of judgment in the same manner as any other suit filed to enforce a civil liability in India.

It is unlikely that a court in India would award damages on the same basis as a foreign court if an action were brought in India. Furthermore, it is unlikely that an Indian court would enforce a foreign judgment against Indian companies, entities, their directors and executive officers and any other parties who are residents of India. Additionally, there is no assurance that a suit brought in an Indian court in relation to a foreign judgment will be disposed of in a timely manner. It is uncertain as to whether an Indian court would enforce foreign judgments that would contravene or violate Indian law. However, a party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI under the Indian Foreign Exchange Management Act, 1999, to execute such a judgment or to repatriate any amount recovered.

11. ***Significant differences exist between Ind AS and other accounting principles, such as U.S. GAAP and IFRS, which investors outside India may be more familiar with and may consider material to their assessment of our financial condition, results of operations and cash flows.***

Our financial statements as at and for the years ended March 31, 2021 and 2022 have been prepared in accordance with Ind AS it applies to NBFCs and HFCs. No attempt has been made to reconcile any of the information given in this document to U.S. GAAP, IFRS or any other principles or to base it on any other standards. Ind AS differs from accounting principles and auditing standards with which prospective investors may be familiar in other countries, including U.S. GAAP or IFRS. Accordingly, the degree to which the financial information included in this document will provide meaningful information is dependent on your familiarity with Indian GAAP as it applies to NBFCs and HFCs. Any reliance on the financial disclosures presented in this document by persons who are unfamiliar with Ind AS it applies to NBFCs and HFCs should accordingly be limited.

12. ***Indian laws contain restrictions on the acquisition and transfer of Indian securities by persons resident outside India. The conversion of the Rupee proceeds from such sale into foreign currency and the repatriation of such foreign currency from India could require the RBI's approval. Approvals required from the RBI or any other government authority may not be obtained on terms favourable to a non-Indian resident investor or at all.***

Indian laws contain certain restrictions on the acquisition and transfer of Indian securities by persons resident outside India. The information has been provided for the benefit of investors and such information below does not purport to be a complete analysis of the restrictions under Indian laws for the acquisition and/or transfer of securities in an Indian company by a person resident outside India. Our Company and its respective officers, directors, representatives, agents, affiliates and associates accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire any Equity Shares offered in the Issue.

Any person not resident in India seeking to sell or transfer the Equity Shares (other than through a sale on one of the Stock Exchanges) should seek advice from Indian legal advisers as to the applicable requirements. If any approval is required, our Company cannot guarantee that any approval will be obtained in a timely manner or at all. Due to possible delays in obtaining requisite approvals, investors in the Equity Shares may be prevented from realising gains during periods of price increases or limiting losses during periods of price declines.

There are certain restrictions on the conversion of Indian Rupees into foreign currency. FEMA together with rules and regulations thereunder regulates transactions involving foreign exchange and provides that certain transactions cannot be carried out without the general or special permission of the RBI. FEMA has eased restrictions on current account transactions. However, the RBI continues to exercise control over capital account transactions (i.e., those which alter the assets or liabilities, including contingent liabilities, of persons). The RBI has from time to time issued regulations, circulars and guidelines under FEMA to regulate the various kinds of capital account transactions, including certain aspects of the purchase and issuance of shares of Indian companies. Approvals required from the RBI or any other government authority may not be obtained on terms favourable to a non-Indian resident investor or at all.

13. ***Our ability to borrow money in foreign markets may be constrained by Indian law, which may adversely affect our business, financial condition, results of operations and cash flows.***

As per the RBI's circular "External Commercial Borrowings (ECB) Policy – New ECB Framework" dated January 16, 2019, NBFCs are eligible to borrow up to USD 750 million or its equivalent per financial year in compliance with the external commercial borrowings ("**ECB**") framework under the "automatic" route, without the prior approval of the RBI. In a press release dated July 6, 2022, the RBI announced its decision to increase the USD 750 million limit under the automatic route of the ECB framework to USD 1.5 billion and raise the all-in cost ceiling under the ECB framework by 100 basis points, subject to the borrower having an investment grade rating. Future regulatory restrictions could limit our ability to raise foreign debt. In addition, to the extent that we want to borrow money not under the automatic route, there can be no assurances that the required approvals will be granted to us without onerous conditions, if at all. As at March 31, 2022, we had nil foreign debt. Limitations on raising foreign debt may have an adverse effect on our business, financial condition, results of operations and cash flows.

Risk Factors Related to the Issue and the Equity Shares

1. ***Certain sections of this Draft Letter of Offer contain information derived from the CareEdge Report, which was commissioned and paid for by our Company for the purposes of the Issue, and any reliance on such information for making an investment decision in the Issue is subject to inherent risks.***

This Draft Letter of Offer includes information that is derived from the CareEdge Report, which was prepared by CareEdge Research for the purposes of the Issue pursuant to an engagement with our Company for an agreed fee. CareEdge Research was appointed pursuant to the engagement letters dated June 13, 2022, June 28, 2022 and June 30, 2022 by our Company. CareEdge Research is not in any manner related to our Company, our Directors or our Promoters.

The CareEdge Report is subject to various limitations and is based on certain assumptions that are subjective in nature. Therefore, discussions of matters relating to India, its economy, the global economy and the industry in which we operate are subject to the caveat that data and statistics upon which such discussions are based may be inaccurate, incomplete or unreliable. Statements from third parties that involve estimates are subject to change, and actual amounts may differ materially from those included in this Draft Letter of Offer. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. The CareEdge Report is also subject to CareEdge Research's disclaimer, which has been reproduced in "*Presentation of Financial Information and Other Information – Market and Industry Data*" on page 13. In view of the foregoing, investors may be unable to seek legal recourse for any losses resulting from undertaking any investment in the Issue pursuant to reliance on the information in this Draft Letter of Offer based on, or derived from, the CareEdge Report. For further details, see "*Industry Overview*" on page 71.

2. Your ability to acquire and sell Equity Shares offered in the Issue is restricted by the distribution, solicitation and transfer restrictions set forth in this Draft Letter of Offer.

Your ability to acquire Equity Shares offered in the Issue is restricted by the distribution and solicitation restrictions set forth in this Draft Letter of Offer. Furthermore, the Equity Shares offered in the Issue are subject to restrictions on transferability and resale. For details, see "*Restrictions on Purchases and Resales*" on page 335. You are required to inform yourself about and observe these restrictions. Our Company, our representatives and our agents will not be obligated to recognise any acquisition, transfer or resale of the Equity Shares offered in the Issue made other than in compliance with applicable law.

3. Failure to exercise or sell the Rights Entitlements will cause the Rights Entitlements to lapse without compensation and result in a dilution of shareholding.

The Rights Entitlements that are not exercised prior to the end of the Issue Closing Date will expire and become null and void, and Eligible Equity Shareholders will not receive any consideration for them. The proportionate ownership and voting interest in our Company of Eligible Equity Shareholders who fail (or are not able) to exercise their Rights Entitlements will be diluted. Even if you elect to sell your unexercised Rights Entitlements, the consideration you receive for them may not be sufficient to fully compensate you for the dilution of your percentage ownership of the equity share capital of our Company that may be caused as a result of the Issue. Renouncee(s) may not be able to apply in case of failure in completion of renunciation through off-market transfer in such a manner that the Rights Entitlements are credited to the demat account of the Renouncee(s) prior to the Issue Closing Date. Further, in case the Rights Entitlements do not get credited in time, or in case of On Market Renunciation, such Renouncee will not be able to apply in the Issue with respect to such Rights Entitlements.

4. Applicants to the Issue are not allowed to withdraw their Applications after the Issue Closing Date.

In terms of the SEBI ICDR Regulations, Applicants in the Issue are not allowed to withdraw their Applications after the Issue Closing Date. The Allotment in the Issue and the credit of such Equity Shares to the Applicant's demat account with its depository participant shall be completed within such period as prescribed under the applicable laws. There is no assurance, however, that material adverse changes in the international or national monetary, financial, political, or economic conditions or other events in the nature of force majeure, material adverse changes in our business, results of operation, cash flows or financial condition, or other events affecting the Applicant's decision to invest in the Equity Shares, would not arise between the Issue Closing Date and the date of Allotment in the Issue. Occurrence of any such events after the Issue Closing Date could also impact the market price of the Equity Shares. The Applicants shall not have the right to withdraw their applications in the event of any such occurrence. We cannot assure you that the market price of the Equity Shares will not decline below the Issue Price. To the extent the market price for the Equity Shares declines below the Issue Price after the Issue Closing Date, the Shareholder will be required to purchase Equity Shares at a price that will be higher than the actual market price for the Equity Shares at that time. Should that occur, the Shareholder will suffer an immediate unrealised loss as a result. We may complete the Allotment even if such events may limit the Applicants' ability to sell the Equity Shares after the Issue or cause the trading price of the Equity Shares to decline.

5. After the Issue, the price of the Equity Shares may be volatile.

The Issue Price may not necessarily be indicative of the market price of the Equity Shares after the Issue is completed. The trading price of the Equity Shares may fluctuate after the Issue due to a variety of factors, including our results of operations and the performance of our business, competitive conditions, general economic, political and social factors, the performance of the Indian and global economy and significant developments in India's fiscal regime, volatility in the Indian and global securities market, performance of our competitors, the Indian financial services industry and the perception in the market about investments in the financial services industry, changes in the estimates of our performance or recommendations by financial analysts and announcements by us or others regarding contracts, acquisitions, strategic partnerships, joint ventures, or capital commitments. In addition, if the stock markets in general experience a loss of investor confidence, the trading price of the Equity Shares could decline for reasons unrelated to our business, financial condition, or results of operations. The trading price of the Equity Shares might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. Further, the trading price of the Equity Shares have been volatile in the past.

There can be no assurance that an active trading market for the Equity Shares will be sustained after the Issue, or that the price at which the Equity Shares have historically traded will correspond to the price at which the Equity Shares are offered in the Issue or the price at which the Equity Shares will trade in the market subsequent to the Issue.

6. SEBI has, by way of the SEBI Rights Issue Circulars, streamlined the process of rights issues. You should follow the instructions carefully, as stated in such SEBI circulars and in this Draft Letter of Offer.

The concept of crediting Rights Entitlements into the demat accounts of the Eligible Equity Shareholders has been introduced by SEBI in 2020. Accordingly, the process for such Rights Entitlements has been recently devised by capital markets intermediaries. Eligible Equity Shareholders are encouraged to exercise caution, carefully follow the requirements as stated in the SEBI circulars dated January 22, 2020 and May 19, 2022, as applicable ("**SEBI Rights Issue Circulars**"), and ensure completion of all necessary steps in relation to providing/ updating their demat account details in a timely manner.

Further, while in accordance with the SEBI Rights Issue Circulars, the credit of Rights Entitlements shall be made into the demat accounts of the Eligible Equity Shareholders as on the Record Date, such Eligible Equity Shareholders outside India may only participate in the Issue if they are eligible to do in accordance with the applicable laws in their respective jurisdictions. For more details, see "*Restrictions on Purchases and Resales*" on page 335.

SEBI vide circular dated May 19, 2022, has changed the minimum time period between closure of trading of Rights Entitlements on a stock exchange platform and the closure of the rights issue to at least three Working Days. For details, see "*Terms of the Issue*" on page 311.

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Equity Shares shall be made in dematerialised form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to: (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a demat suspense escrow account opened by our Company for the Eligible Equity Shareholders, which would comprise Rights Entitlements relating to: (a) Equity Shares held in the account of the IEPF authority; (b) the demat accounts of the Eligible Equity Shareholder that are frozen or the Equity Shares that are lying in the unclaimed suspense account (including those pursuant to Regulation 39 of the SEBI Listing Regulations) or details of which are unavailable with our Company or with the Registrar on the Record Date; (c) Equity Shares held by Eligible Equity Shareholders holding Equity Shares in physical form ("**Physical Shareholders**") as on the Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company or the Registrar; (d) credit of the Rights Entitlements returned, reversed or failed; (e) the ownership of the Equity Shares currently under dispute, including any court proceedings, if any; or (f) Shareholders in the United States or who are U.S. Persons who are not both U.S. QIBs and U.S. Qualified Purchasers.

In addition, the Rights Entitlements of Physical Shareholders may lapse in case they fail to furnish the details of their demat account to the Registrar. The Rights Entitlements of the Physical Shareholders shall be credited in a suspense escrow demat account opened by our Company during the Issue period. The Physical Shareholders are requested to furnish the details of their demat account to the Registrar not later than two Working Days prior to the Issue Closing Date to enable the credit of their Rights Entitlements in their demat accounts at least one day before the Issue Closing Date. The Rights Entitlements of Physical Shareholders who do not furnish the details of their demat account to the Registrar not later than two Working Days prior to the Issue Closing Date shall lapse. Further, pursuant to SEBI's press release dated December 3, 2018, with effect from April 1, 2019, a transfer of listed Equity Shares cannot be processed unless they are held in dematerialised form (except in case of transmission or transposition of the Equity Shares).

7. No market for the Right Entitlements may develop and the price of the Right Entitlements may be volatile.

No assurance can be given that an active trading market for the Rights Entitlements will develop on the Stock Exchanges during the Renunciation Period or that there will be sufficient liquidity in Rights Entitlements trading during this period. The trading price of the Rights Entitlements will not only depend on supply and demand for the Rights Entitlements, which may be affected by factors unrelated to the trading in the Equity Shares, but also on the quoted price of the Equity Shares, amongst others. Factors affecting the volatility of the price of the Equity Shares, as described herein, may magnify the volatility of the trading price of the Rights Entitlements, and a decline in the price of the Equity Shares will have an adverse effect on the trading price of the Rights Entitlements. Since the trading of the Rights Equity Shares will be on a separate segment compared to the Equity Shares on the floor of the Stock Exchanges, the trading of Rights Equity Shares may not track the trading of Equity Shares. The trading price of the Rights Entitlements may be subject to greater price fluctuations than that of the Equity Shares.

We will not distribute the Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer, Application Form and Rights Entitlement Letter (the "**Issue Materials**") to overseas Shareholders who have not provided an address in India for service of documents. We will dispatch the Issue Materials to Shareholders who have provided an address in India for service of documents. We will not distribute the Issue Materials to addresses outside India on account of restrictions that apply to circulation of such materials in overseas jurisdictions. In the case that Eligible Equity Shareholders have provided their valid e-mail addresses, the Letter of Offer will be sent only to their valid e-mail address and in the case that such Eligible Equity

Shareholders have not provided their e-mail address, then the Letter of Offer will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

However, the Companies Act requires companies to serve documents at any address, which may be provided by the members as well as through e-mail. Presently, there is lack of clarity under the Companies Act and the rules made thereunder with respect to distribution of the Issue Materials in overseas jurisdictions where such distribution may be prohibited under the applicable laws of such jurisdictions. Therefore, we cannot assure you that the regulator or authorities would not adopt a different view with respect to compliance with the Companies Act and may subject us to fines or penalties.

8. Fluctuations in the exchange rate between the Rupee and other currencies could have an adverse effect on the value of the Equity Shares in those currencies, independent of our operating results.

The Equity Shares are quoted in Rupees on the Stock Exchanges. Any dividends in respect of the Equity Shares will be paid in Rupees. Any adverse movement in currency exchange rates during the time it takes to undertake such conversion may reduce the net dividend to investors. In addition, any adverse movement in currency exchange rates during a delay in repatriating the proceeds from a sale of Equity Shares outside India, for example, because of a delay in regulatory approvals that may be required for such sale, may reduce the net proceeds received by investors. The exchange rate between the Rupee and other currencies (such as the U.S. dollar, the Euro, the Pound Sterling and the Singapore dollar) has changed substantially in the last two decades and could fluctuate substantially in the future, which may have an adverse effect on the value of the Equity Shares and returns from the Equity Shares in foreign currency terms, independent of our operating results. In addition, our Company's valuation could be harmed by a devaluation of the Rupee if investors in jurisdictions outside India analyse its value based on the relevant foreign currency equivalent of our Company's financial condition and results of operations.

9. Any future issuance of the Equity Shares by us or sales of the Equity Shares by any of our significant Shareholders may adversely affect the trading price of the Equity Shares. Further, holders of Equity Shares could be restricted in their ability to exercise pre-emptive rights under Indian law and could thereby suffer future dilution of their percentage ownership of the outstanding Equity Shares.

A company incorporated in India must offer its holders of equity shares pre-emptive rights to subscribe to and pay for a proportionate number of shares to maintain their existing ownership percentages prior to the issuance of any new equity shares, unless these rights have been waived by resolution passed by members who, being entitled so to do, vote in person or by proxy or by postal ballot, are required to be not less than three times the number of the votes, if any, cast against the resolution by members so entitled and voting. If our Company offers its Shareholders rights to subscribe for additional Equity Shares or any right of any other nature, our Company will have discretion as to the procedure to be followed in making the rights available to our Shareholders or in disposing of the rights for the benefit of our Shareholders and making the net proceeds available to the Shareholders. Our Company may choose not to offer the rights to our Shareholders having an address outside India. For example, our Company will not offer such rights to our Shareholders in the United States unless a registration statement is in effect (if a registration statement under the U.S. Securities Act is required for us to offer such rights to holders and sell the securities represented by such rights) or if the offering and sale of such rights or the underlying securities to such holders are exempt from registration under the provisions of the U.S. Securities Act.

There is no restriction on our ability to issue Equity Shares or our major Shareholders' ability to dispose of their Equity Shares, and we cannot assure you that we will not issue Equity Shares or that any major Shareholder will not dispose of, encumber, or pledge, its Equity Shares. Future issuances of Equity Shares may dilute your shareholding and may adversely affect the trading price of the Equity Shares. Such securities may also be issued at prices below the then current trading price of the Equity Shares. Sales of Equity Shares by our major Shareholders may also adversely affect the trading price of the Equity Shares. We have also issued employee stock options to certain of our employees. To the extent such outstanding employee stock options are exercised, there will be further dilution to investors in the Issue, which may also adversely affect the trading price of the Equity Shares. For details, see "*Capital Structure*" on page 60.

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

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of listed equity shares held for a period of more than 12 months in an Indian company are subject to long-term capital gains tax in India. Similarly, capital gain realised from the sale of listed equity shares held for a period of 12 months or less is subject to short-term capital gains tax in India. Further, the Finance Act, 2018 introduced taxes on long term capital gains exceeding ₹100,000 arising from the sale of listed equity shares on or after April, 1 2018. An exemption in respect of such tax is available where Securities Transaction Tax ("**STT**") has been paid on the transfer of such shares. Unrealised capital gains earned on listed equity shares up to January 31, 2018 continue to be tax-exempt. Further, STT will be levied on and collected by an Indian stock exchange if the Company's equity shares are sold on a stock exchange. Capital gains arising from the sale of the Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is a resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares.

11. ***Foreign investors are subject to foreign investment restrictions under Indian law that limits our ability to attract foreign investors, which may adversely impact the market price of the Equity Shares.***

Under the foreign exchange regulations currently in force in India, transfers of the Equity Shares between non-residents and residents are freely permitted (subject to certain exceptions) if they comply with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of the Equity Shares is not in compliance with such pricing guidelines or reporting requirements and does not fall under any of the specified exceptions, then the prior approval of the RBI will be required. Additionally, Shareholders who seek to convert the Rupee proceeds from a sale of the Equity Shares in India into foreign currency and repatriate that foreign currency from India may require a no-objection or a tax clearance certificate from the income tax authority. We cannot assure you that any required approval from the RBI or any other Government agency can be obtained on any particular terms or at all. These foreign investment restrictions may adversely affect the liquidity and free transferability of the Equity Shares and could result in an adverse effect on the price of the Equity Shares.

12. ***Investors will be subject to market risks until the Equity Shares credited to the investor's demat account are listed and permitted to trade.***

The Equity Shares that you purchase in the Issue may not be credited to your demat account with the depository participants until approximately 15 days from the Issue Closing Date. You can start trading such Equity Shares only after receipt of the listing and trading approval in respect thereof. There can be no assurance that the Equity Shares allocated to you will be credited to your demat account, or that trading in the Equity Shares will commence within the specified time period, subjecting you to market risk for such period.

13. ***Except for an investor in India, an investor's ability to acquire Rights Equity Shares is restricted by the distribution and solicitation restrictions set forth in this Draft Letter of Offer. In addition, the Rights Equity Shares are subject to restrictions on transferability and resale.***

No actions have been taken or will be taken to permit a public offering of the Rights Equity Shares in any jurisdiction except India. The ability of an investor outside India to acquire Rights Equity Shares is restricted by the distribution and solicitation restrictions set forth in this Draft Letter of Offer. Furthermore, the Rights Equity Shares are subject to restrictions on transferability and resale. For details, see "*Restrictions on Purchases and Resales*" on page 335. Investors are required to inform themselves about and observe these restrictions.

14. ***Our Company is an "investment company" under the U.S. Investment Company Act and our Company has not registered and does not intend to register under the U.S. Investment Company Act. Investors in the United States or who are U.S. Persons may not subscribe to the Rights Equity Shares unless they are both U.S. QIBs and U.S. Qualified Purchasers and there are restrictions on the transfer of Rights Equity Share by such persons.***

Our Company is offering the Rights Equity Shares to persons in the United States and U.S. Persons who are both U.S. QIBs and U.S. Qualified Purchasers on the terms contained herein. Our Company is an "investment company" under the U.S. Investment Company Act and our Company has not registered and does not intend to register under the U.S. Investment Company Act. In connection with the placing of the Rights Equity Shares to persons in the United States and U.S. Persons, our Company is seeking to rely on the exclusion provided under Section 3(c)(7) of the U.S. Investment Company Act. If any Equity Shares are owned by or transferred to a U.S. Person who is not a U.S. Qualified Purchaser, our Company may become subject to the requirement to register under the U.S. Investment Company Act. Failure to register under the U.S. Investment Company Act when required to so register may lead to fines, penalties, recession rights for investors and other adverse consequences for our Company. In order to ensure our Company is able to rely on Section 3(c)(7) of the U.S. Investment Company Act, our Company has elected to impose certain restrictions on who is eligible to participate in the Issue and on transferability of the Rights Equity Shares. For details, see "*Restrictions on Purchases and Resales*" on page 335.

15. ***Our Company is a "covered fund" under the Volcker Rule, which affects the ability of certain types of entities to purchase the Equity Shares.***

Section 13 of the U.S. Bank Holding Company Act of 1956, commonly known as the "Volcker Rule," generally prohibits, subject to certain exclusions or exemptions, "banking entities" from engaging in proprietary trading and from acting as a sponsor to, or acquiring or retaining "ownership interests" in, a "covered fund." "Banking entities" generally are defined in the Volcker Rule as (i) any U.S. insured depository institution; (ii) any company that controls a U.S. insured depository institution; (iii) any non-U.S. banking organisation that has U.S. bank subsidiaries or operates branches, agencies, or commercial lending company subsidiaries in the United States); and (iv) any affiliate or subsidiary of these types of entities, regardless of geographic location. A "covered fund" is defined to include, among others, any issuer that would be an "investment company" (as defined in Section 3(a) of the U.S. Investment Company Act) but for the exemption provided by Section 3(c)(7) of the U.S. Investment Company Act.

Our Company is deemed a "covered fund" for purposes of the Volcker Rule as our Company is relying on the exemption provided by Section 3(c)(7) of the U.S. Investment Company Act and we are unable to rely on any exemptions from the definition of a "covered fund". Therefore, the Equity Shares constitute "ownership interests" under the Volcker Rule.

The Volcker Rule's prohibition on "covered fund" investments and proprietary trading activities is subject to certain limited exemptions, including for, among other things, certain underwriting and market making activities and the activities of qualified non-U.S. banking entities which are conducted solely outside the United States. These and other exemptions under the Volcker Rule are subject to specific conditions and requirements. With respect to the market making and underwriting exemptions, recent amendments to the Volcker Rule's implementing regulations eliminated the requirement that a "banking entity" include "ownership interests" in third-party "covered funds" or "covered funds" guaranteed by a "banking entity" that are acquired or retained under the market making or underwriting exemptions towards its per-fund and aggregate "covered fund" investment limits and for the required Tier 1 capital deduction.

Any prospective investor in the Rights Equity Shares should consult its own legal counsel regarding the effect of the Volcker Rule and its ability to purchase or retain the Rights Equity Shares.

16. We expect each of our Company and CGHFL to be classified as a passive foreign investment company for U.S. federal income tax purposes for the current taxable year and the foreseeable future, and U.S. Holders may suffer adverse tax consequences as a result.

In general, a non-U.S. corporation is considered to be a passive foreign investment company ("**PFIC**") for any taxable year if either:

- at least 75% of its gross income is passive income, or
- at least 50% of its assets (based on an average of the quarterly values of the assets during a taxable year) is attributable to assets that produce or are held for the production of passive income.

Passive income for these purposes generally includes dividends, interest, royalties, rents and gains from commodities and securities transactions. For the purposes of determining whether a company is a PFIC, a company will be treated as owning its proportionate share of the assets and earning its proportionate share of the income of any other corporation in which it owns, directly or indirectly, 25% or more (by value) of the stock. We do not expect the interest income we earn to be classified as active income nor do we expect the loans that we make to be classified as assets that produce active income. Consequently, based on estimates of our gross income, gross assets, and the nature of our business, we expect our Company and CGHFL to be classified as PFICs in the current taxable year and in the foreseeable future.

If our Company and/or CGHFL are classified as a PFIC for any taxable year, U.S. Holders (as defined in "*Certain U.S. Federal Income Tax Considerations*" on page 347) may be subject to adverse U.S. federal income tax consequences, including increased tax liability on gains from dispositions of Equity Shares and certain excess distributions, and a requirement to file annual reports with the U.S. Internal Revenue Service. If our Company is a PFIC at any time during a U.S. Holder's holding period of the Equity Shares, such U.S. Holder will be subject to either the regular PFIC rules (the "**Regular PFIC Rules**") or, if a "mark-to-market" election is available and made, the special mark-to-market PFIC rules (the "**Mark-To-Market Rules**"), both of which are described in "*Certain U.S. Federal Income Tax Considerations*" on page 347. Even if a valid mark-to-market election is made with respect to the Equity Shares, there is a significant risk that indirect interests in CGHFL, which we expect to be classified as a PFIC for U.S. federal income tax purposes for the current year and the foreseeable future will not be covered by this election but will be subject to the Regular PFIC Rules. U.S. Holders cannot make a "qualified electing fund" election (which is a special election applicable to certain PFICs) because our Company does not intend to provide the information required under the qualified electing fund rules. For more details, see "*Certain U.S. Federal Income Tax Considerations—Passive Foreign Investment Company Rules*" on page 347.

Prospective U.S. investors should consult their tax advisors regarding the consequences to them if our Company and/or CGHFL are classified as a PFIC for any taxable year.

SECTION III: INTRODUCTION

THE ISSUE

The Issue has been authorized by way of resolution passed by our Board on May 21, 2022, pursuant to section 62(1)(a) of the Companies Act, 2013 and other applicable provisions. The terms and conditions of the Issue including the Record Date, Rights Entitlement, Issue Price, timing of the Issue and other related matters have been approved by a resolution passed by Rights Issue Committee at its meeting held on [●], 2022.

The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information in "*Terms of the Issue*" beginning on page 311.

Rights Equity Shares being offered by our Company	Up to [●] Equity Shares
Rights Entitlement for the Rights Equity Shares	[●] Rights Equity Share for every [●] Equity Shares held on the Record Date
Record Date	[●]
Face Value per Equity Share	₹2 each
Issue Price	₹[●] per Rights Equity Share (including a premium of ₹[●] per Rights Equity Share)
Dividend	Such dividend as may be recommended by our Board and declared by our Shareholders, in accordance with applicable law
Issue Size	Up to ₹12,000 million
Equity Shares issued, subscribed, paid-up and outstanding prior to the Issue	175,746,455 Equity Shares. For details, see "*Capital Structure*" beginning on page 60
Equity Shares outstanding after the Issue (assuming full subscription for and Allotment of the Rights Entitlement)	[●] Equity Shares
Security Codes for the Equity Shares	ISIN: INE180C01026 BSE: 531595 NSE: CGCL
ISIN for Rights Entitlements	[●]
Terms of the Issue	For further information, see "*Terms of the Issue*" beginning on page 311
Use of Issue Proceeds	For further information, see "*Objects of the Issue*" beginning on page 63

For details in relation fractional entitlements, see "*Terms of the Issue – Basis for the Issue and Terms of the Issue – Fractional Entitlements*" on page 325.

Terms of Payment

Due Date	Amount payable per Rights Equity Shares (including premium)
On the Issue application (i.e. along with the Application Form)	₹[●]

SELECTED STATISTICAL INFORMATION

Please read "Presentation of Financial and Other Information – Financial Data" on page 13 before reading this section. This section should be read together with "Our Business", "Management's Discussion and Analysis of Financial Condition and Results of Operations", and "Financial Statements" on pages 102, 270, and 126, respectively. Unless otherwise specified, the information presented in this section is on a consolidated basis.

The following information is included for analytical purposes. 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 Draft Letter of Offer. We compute and disclose such Non-GAAP Financial Measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of financial services businesses, many of which provide such Non-GAAP Financial Measures and other statistical and operational information when reporting their financial results. Such Non-GAAP Financial Measures and other statistical and operational information are not measures of operating performance or liquidity defined by Ind AS. These Non-GAAP Financial Measures and other statistical and other information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other NBFCs and HFCs in India or elsewhere.

Average Balance Sheet, Interest Earned/Expended and Yield/Cost

The tables below present our average balances for total interest-earning assets and total interest-bearing liabilities together with the related interest income and interest expense, resulting in the presentation of the average yield and average cost for each year/period.

	Year ended March 31,					
	2022			2021		
	Average Balance(1) [A]	Interest Income(2)/ Interest Expended(3) [B]	Yield/ Cost(4) (%) [C = B/A]	Average Balance(1) [A]	Interest Income(2)/ Interest Expended(3) [B]	Yield/ Cost(4) (%) [C = B/A]
	(₹ in millions, except percentages)					
Interest-earning assets:						
Loans	53,435.24	8,100.22	15.2%	42,221.45	6,679.83	15.8%
Of which:						
MSME loans	*26,575.16*	*4,275.08*	*16.1%*	*21,449.47*	*3,497.88*	*16.3%*
Housing loans	*13,642.03*	*1,830.83*	*13.4%*	*9,683.86*	*1,387.01*	*14.3%*
Construction finance loans	*10,146.83*	*1,692.63*	*16.7%*	*9,037.23*	*1,667.16*	*18.4%*
Indirect Lending loans	*3,071.22*	*301.68*	*9.8%*	*2,050.89*	*127.78*	*6.2%*
Investments	5,850.57	260.83	4.5%	5,493.70	12.89	0.2%
Other interest-earning assets (5)	1,363.72	32.71	2.4%	422.08	42.49	10.1%
Total interest-earning assets	**60,649.53**	**8,393.76**	**13.8%**	**48,137.23**	**6,735.21**	**14.0%**
Non-interest earning assets:						
Non-Financial assets	1,002.53	–	–	786.54	–	–
Non-interest earning financial assets (6)	1,191.65	–	–	886.94	–	–
Total non-interest earning assets	**2,194.18**	–	–	**1,673.48**	–	–
Total Assets	**62,843.71**	–	–	**49,810.71**	–	–
Interest-bearing liabilities:						
Debt securities	5,883.50	553.40	9.4%	4,993.73	497.48	10.0%
Borrowings (other than debt securities)	35,356.25	2,728.95	7.7%	26,882.29	2,364.01	8.8%
Total interest-bearing liabilities	**41,239.75**	**3,282.35**	**8.0%**	**31,876.02**	**2,861.49**	**9.0%**
Non-interest-bearing liabilities:						
Total non-financial liabilities	301.10	–	–	288.17	–	–
Non-interest-bearing financial liabilities (7)	3,137.66	–	–	1,330.47	–	–
Total equity	18,165.20	–	–	16,316.05	–	–
Total non-interest-bearing liabilities	**21,603.96**	–	–	**17,934.69**	–	–
Total equity and liabilities	**62,843.71**	–	–	**49,810.71**	–	–

Notes:

(1) *Average balances are calculated as the average of the opening balance at the start of the relevant fiscal year and the closing balances as at half year end and year end in the relevant fiscal year. The average investments are net of depreciation or provision for investments, if any.*
(2) *Interest earned on loans comprises interest on loans. Interest earned on investments comprises interest earned on commercial paper and pass-through certificates. Interest earned on other interest-earning assets comprises interest on fixed deposits, and excludes interest on lease liability, which is an Ind AS adjustment related to lease assets.*
(3) *Interest expended is finance costs less interest on lease liability, which is an Ind AS adjustment. Interest on bank overdraft and bank CC has been grouped with interest on borrowings (other than debt securities), as these are immaterial amounts.*
(4) *Yield/Cost on average balance is a Non-GAAP Financial Measure and is calculated as interest earned/expended divided by the average balance.*
(5) *Other interest-earning assets comprise fixed deposits.*
(6) *Non-interest earning financial assets comprise cash, balance in current account, trade receivables and other financial assets.*
(7) *Non-interest-bearing financial liabilities include trade and other payables, interest accrued but not due, and lease liability.*

Analysis of Changes in Interest Earned and Interest Expended by Volume and Rate

Particulars	**Year ended March 31, 2022 vs. Year ended March 31, 2021**		
	Net Changes in Interest[(1)] (₹ in millions)	**Change in Average Volume[(2)] (₹ in millions)**	**Change in Average Rate[(3)] (%)**
Interest income:			
Loans	1,420.39	11,213.78	(0.7)%
Investments	247.94	356.87	4.3%
Other interest-earning assets [(4)]	(9.78)	941.64	(7.7)%
Interest income [A]	**1,658.55**	**12,512.29**	**(0.2)%**
Interest expended:			
Debt securities	55.92	889.77	(0.6)%
Borrowings (other than debt securities) [(5)]	364.94	8,473.95	(1.1)%
Interest expended [B]	**420.86**	**9,363.72**	**(1.0)%**
Net Interest Income [A-B]	**1,237.69**	**3,148.57**	**0.8%**

Notes:
(1) *The changes in interest earned, interest expended and Net Interest Income between fiscal years have been reflected as attributed either to volume or rate changes. For purposes of this table, changes that are due to both volume and rate have been allocated solely to changes in rate.*
(2) *Change in average volume is computed as the increase in average balances for Fiscal 2022 and Fiscal 2021, as the case may be.*
(3) *Change in average rate represents the change in average rate for Fiscal 2022 and Fiscal 2021, as the case may be.*
(4) *Other interest-earning assets comprises fixed deposits.*
(5) *Interest on bank overdraft and bank cash credit has been grouped with interest on borrowings (other than debt securities), as these are immaterial amounts.*

Yields, Spread, Cost of Funds and Net Interest Margin

The following table sets forth, for the fiscal years indicated, the yields, spread and net interest margins on our interest-earning assets and cost of funds on our interest-bearing liabilities.

Particulars	**As at and for the year ended March 31,**	
	2022	**2021**
	(₹ in millions, except percentages)	
Interest income excluding interest on security deposit [(1)] [A]	8,393.76	6,735.21
Of which:		
Interest on loans [B]	*8,100.22*	*6,679.83*
Finance costs net off lease liability [(1)] [C]	3,282.35	2,861.49
Net Interest Income[(1)(*)] [D =A-C]	5,111.41	3,873.72
Average Interest-Earning Loans[(2)] [E]	53,435.24	42,221.45
Average Total Interest-Earning Assets[(3)] [F]	60,649.53	48,137.23
Average Total Assets[(4)] [G]	62,843.71	49,810.71
Average Total Interest-Bearing Liabilities[(5)] [H]	41,239.75	31,876.02
Average Total Interest-Earning Assets as a percentage of Average Total Interest-Bearing Liabilities[(*)] (%) [I = F/H]	147.1%	151.0%
Average Interest-Earning Loans as a percentage of Average Total Assets[(*)] (%) [J = E/G]	85.0%	84.8%
Average Total Interest-Earning Assets as a percentage of Average Total Assets[(*)] (%) [K = F/G]	96.5%	96.6%
Average Total Interest-Bearing Liabilities as a percentage of Average Total Assets[(*)] (%) [L = H/G]	65.6%	64.0%
Yield on Average Total Interest-Earning Assets[(6)(*)] (%) [M = A/F]	13.8%	14.0%
Yield on Average Interest-Earning Loans[(7)(*)] (%) [N = B/E]	15.2%	15.8%
Cost of Funds[(8)(*)] (%) [O = C/H]	8.0%	9.0%
Spread[(9)(*)] (%) [P = M-O]	5.9%	5.0%
Net Interest Margin[(10)(*)] (%) [Q = D/F]	8.4%	8.0%

Notes:
(1) *Net Interest Income is interest earned (excluding interest on security deposit of ₹2.02 million in Fiscal 2022 and nil in Fiscal 2021) minus finance costs (excluding interest on lease liability of ₹26.12 million in Fiscal 2022 and ₹25.56 million in Fiscal 2021) ("**Net Interest Income**").*

(2) *Average Interest-Earning Loans are Interest-Earning Loans calculated on the basis of the average of the opening balance at the start of the relevant fiscal year and the closing balances as at half year end and year end in the relevant fiscal year ("**Average Interest-Earning Loans**").*
(3) *Average Total Interest-Earning Assets are total interest-earning assets calculated on the basis of the average of the opening balance at the start of the relevant fiscal year and the closing balances as at half year end and year end in the relevant fiscal year ("**Average Total Interest-Earning Assets**").*
(4) *Average Total Assets are total assets calculated on the basis of the average of the opening balance at the start of the relevant fiscal year and the closing balances as at half year end and year end in the relevant fiscal year ("**Average Total Assets**").*
(5) *Average Total Interest-Bearing Liabilities are total interest-bearing liabilities calculated on the basis of the average of the opening balance at the start of the relevant fiscal year and the closing balances as at half year end and year end in the relevant fiscal year ("**Average Total Interest-Bearing Liabilities**").*
(6) *Yield on Average Total Interest-Earning Assets is calculated as the ratio of interest earned to Average Total Interest-Earning Assets.*
(7) *Yield on Average Interest-Earning Loans is calculated as ratio of interest earned on loans divided by Average Interest-Earning Loans.*
(8) *Cost of funds is the ratio of finance costs to Average Total Interest-Bearing Liabilities ("**Cost of Funds**").*
(9) *Spread is the difference between Yield on Average Total Interest-Earning Assets and Cost of Funds.*
(10) *Net Interest Margin is the ratio of Net Interest Income to Average Total Interest-Earning Assets.*
* *Non-GAAP Financial Measure.*

Disbursements

The table below presents the disbursements classified by loan verticals for Fiscals 2022 and 2021.

Particulars	**Year ended March 31,**			
	2022		**2021**	
	(₹ in millions)	**% of total**	**(₹ in millions)**	**% of total**
MSME loans	11,308.30	26.4%	7,095.64	27.9%
Housing loans	7,844.57	18.3%	3,724.30	14.6%
Construction finance loans	9,237.17	21.6%	4,171.58	16.4%
Indirect Lending loans	14,465.50	33.8%	10,464.20	41.1%
Total	**42,855.54**	**100.0%**	**25,455.72**	**100.0%**

Loan Portfolio

As at March 31, 2022, our gross loan portfolio was ₹62,708.03 million**.** All of our gross loans are to borrowers in India. The following table sets forth our gross loans by sector as at March 31, 2021 and 2022.

Particulars	**Year ended March 31,**			
	2022		**2021**	
	(₹ in millions)	**% of total**	**(₹ in millions)**	**% of total**
MSME loans	30,286.29	48.3%	23,983.63	51.2%
Housing loans	16,937.15	27.0%	11,220.65	23.9%
Construction finance loans	12,410.74	19.8%	8,609.35	18.4%
Indirect Lending loans	3,072.72	4.9%	3,047.73	6.5%
Other loans (1)	1.13	0.0%	1.19	0.0%
Total domestic loans	**62,708.03**	**100.0%**	**46,862.55**	**100.0%**
International loans	–	–	–	–
Total gross loans	**62,708.03**	**100.0%**	**46,862.55**	**100.0%**

Note:
(1) *Other loans include loans to employees.*

The following table sets forth our gross loans by floating rates and fixed rates as at March 31, 2022 and 2021.

Particulars	**As at March 31,**			
	2022		**2021**	
	(₹ in millions)	**% of total**	**(₹ in millions)**	**% of total**
Floating rates	35,874.95	55.0%	27,339.42	56.4%
Fixed rates	29,299.69	45.0%	21,141.59	43.6%
Of which:				
Fixed rates that convert to floating rates in the future (semi-fixed rates)	*28,677.24*	*44.0%*	*20,958.99*	*43.2%*
Total	**65,174.64**	**100.0%**	**48,481.01**	**100.0%**

Concentration of Loans

Our Company

The following table sets forth information on our Company's total advances (loans) to our Company's top 20 borrowers/customers on a standalone basis as at March 31, 2022 and 2021.

Particulars	As at March 31,	
	2022	2021
Total exposure top 20 largest borrowers/ customers (₹ in millions)	7,785.90	7,327.32
Percentage of exposures top 20 largest borrowers / customers to our Company's total exposure on borrowers / customers	13.4%	16.6%

CGHFL

The following table sets forth information on CGHFL's total advances (loans) to CGHFL's top 20 borrowers/customers as at March 31, 2022 and 2021.

Particulars	As at March 31,	
	2022	2021
Total exposure top 20 largest borrowers/ customers (₹ in millions)	222.97	126.00
Percentage of exposures top 20 largest borrowers / customers to CGHFL's total exposure on borrowers / customers	1.1%	1.1%

Maturity and Interest Rate Sensitivity of Assets and Liabilities

The following table sets forth the interest rate sensitivity of our assets and liabilities as at March 31, 2022.

Particulars	As at March 31, 2022				
	Due in one year or less	Due in one year to five years	Due after five years	Non-Sensitive [(2)]	Total
	Sensitive [(1)]				
	(₹ in millions)				
Assets:					
Loans	6,939.30	15,256.90	21,866.70	871.50	44,934.40
Investments	2,358.76	497.17	290.73	3,298.11	6,444.77
Fixed Assets	–	–	–	255.26	255.26
Other Assets	877.62	0.08	–	1,666.78	2,544.48
Total Assets	**10,175.68**	**15,754.15**	**22,157.43**	**6,091.65**	**54,178.91**
Liabilities:					
Capital & Reserve	–	–	–	18,221.47	18,221.47
Borrowings	6,450.05	20,235.48	2,497.72	4,330.90	33,514.15
Other Liabilities	–	–	–	2,443.29	2,443.29
Total Liabilities	**6,450.05**	**20,235.48**	**2,497.72**	**24,995.66**	**54,178.91**

Notes:

(1) *Sensitive means subject to floating rate of interest.*

(2) *Non-sensitive means subject to fixed rate of interest or not subject to interest.*

Asset-Liability Gap

Our Company

The table below presents our Company's asset and liability gap as at March 31, 2022 on a standalone basis, which is prepared/compiled based on guidelines provided by the RBI.

Particulars	Up to 1 Month	Over 1 Month to 1 Year	Over 1 Year to 3 Years	Over 3 Years to 5 Years	Over 5 Years	Total
	(₹ in millions, except percentages)					
Cash, cash equivalents and investments (net of provisions)	3,040.52	195.85	416.91	128.45	3,540.73	7,322.46
Loans (performing)	1,629.00	5,310.30	9,129.90	6,127.10	21,866.70	44,063.00
Other inflows	116.25	48.99	909.79	871.41	847.01	2,793.45
Interest receivable [(1)]	557.94	5,648.05	10,167.49	7,487.89	25,067.44	48,928.81
Total Inflows (A)	**5,343.71**	**11,203.19**	**20,624.09**	**14,614.85**	**51,321.88**	**103,107.72**
Cumulative Total Inflows (B)		**16,546.90**	**37,170.99**	**51,785.84**	**103,107.72**	

Particulars	Up to 1 Month	Over 1 Month to 1 Year	Over 1 Year to 3 Years	Over 3 Years to 5 Years	Over 5 Years	Total
	(₹ in millions, except percentages)					
Borrowings	743.21	5,873.50	15,494.27	7,405.44	3,997.72	33,514.14
Capital and Reserve and Surplus	–	–	–	–	18,221.47	18,221.47
Other outflows	89.18	555.94	977.85	–	820.32	2,443.29
Interest Payable [(2)]	197.02	2,421.48	3,361.27	1,307.09	593.47	7,880.33
Total Outflows (C)	**1,029.41**	**8,850.92**	**19,833.39**	**8,712.53**	**23,632.98**	**62,059.23**
Cumulative Total Outflows (D)		**9,880.33**	**29,713.72**	**38,426.25**	**62,059.23**	
Mismatch (E = A-C)	**4,314.30**	**2,352.27**	**790.70**	**5,902.32**	**27,688.90**	**41,048.49**
Cumulative Mismatch (F = B-D)		**6,666.57**	**7,457.27**	**13,359.59**	**41,048.49**	
Cumulative mismatch as a % (F/D)		**67.47%**	**25.10%**	**34.77%**	**66.14%**	

Notes:

(1) *Interest receivable on term loans given.*

(2) *Interest payable on borrowings.*

CGHFL

The table below presents CGHFL's asset and liability gap as at March 31, 2022, which is prepared/compiled based on guidelines provided by the RBI.

Particulars	Up to 1 Month	Over 1 Month to 1 Year	Over 1 Year to 3 Years	Over 3 Years to 5 Years	Over 5 Years	Total
	(₹ in millions, except percentages)					
Cash, cash equivalents and investments (net of provisions)	2,426.14	126.40	119.20	126.50	391.44	3,189.68
Loans (performing)	110.10	1,210.50	848.50	1,320.50	12,424.20	15,913.80
Other inflows	196.10	34.49	85.45	199.16	128.65	643.85
Interest receivable [(1)]	171.00	1,872.42	8,716.80	3,663.80	17,410.60	31,834.62
Total Inflows (A)	**2,903.34**	**3,243.81**	**9,769.95**	**5,309.96**	**30,354.89**	**51,581.95**
Cumulative Total Inflows (B)		**6,147.15**	**15,917.10**	**21,227.06**	**51,581.95**	
Borrowings	71.50	2,680.30	5,986.10	3,832.00	2,012.20	14,582.10
Capital and Reserve and Surplus	–	–	–	–	4,705.71	4,705.71
Other outflows	14.30	87.44	60.44	–	209.18	371.36
Interest Payable [(2)]	93.80	959.00	1,505.81	598.70	150.50	3,307.81
Total Outflows (C)	**179.60**	**3,726.74**	**7,552.35**	**4,430.70**	**7,077.59**	**22,966.98**
Cumulative Total Outflows (D)		**3,906.34**	**11,458.69**	**15,889.39**	**22,966.98**	
Mismatch (E = A-C)	**2,723.74**	**(482.93)**	**2,217.60**	**879.26**	**23,277.30**	**28,614.97**
Cumulative Mismatch (F = B-D)		**2,240.81**	**4,458.41**	**5,337.67**	**28,614.97**	
Cumulative mismatch as a % (F/D)		**57.4%**	**38.9%**	**33.6%**	**124.6%**	

Notes:

(1) *Interest receivable on term loans given and fund infusion by the Promoters.*

(2) *Interest payable on borrowings.*

Interest-Bearing Liabilities

The following table sets forth information related to our Interest-Bearing Liabilities as at for the periods indicated.

Interest-Bearing Liabilities	As at and for the year ended March 31,	
	2022	2021
	(₹ in millions, except percentages)	
Period end balance	48,096.29	37,688.58
Maximum outstanding [(1)]	48,096.29	37,688.58
Interest expended during the period [(2)]	3,282.35	2,861.49
Average interest rate during the period [(3)(*)]	8.7%	9.6%
Weighted average interest rate at period end [(4)(*)]	8.3%	9.2%

Notes:

(1) *The maximum outstanding is calculated on the basis of the opening balance at the start of the relevant fiscal year and the closing balances as at half year end and year end in the relevant fiscal year.*

(2) *Interest expended is finance costs less interest on lease liability, which is an Ind AS adjustment.*

(3) *Represents the ratio of interest expended to Average Total Interest-Bearing Liabilities.*

(4) *Weighted average interest rate on interest-bearing liabilities is the sum of weighted interest rate of all outstanding interest-bearing liabilities on the balance sheet date. The weighted interest rate is calculated by multiplying the weight of principal outstanding on each interest-bearing liability with the interest rate on respective interest-bearing liabilities. The weight of principal outstanding on each interest-bearing liability is calculated as follows: principal outstanding on interest-bearing liabilities / aggregate principal outstanding on interest-bearing liabilities (expressed as percentage).*

* *Non-GAAP Financial Measure.*

As at March 31, 2022, we had US$ denominated FCNR-B loans aggregating to ₹6,093.18 million, which are fully hedged by way of forward contracts. Hence, our Company does not have any unhedged foreign currency exposure.

The following table sets forth our interest-bearing liabilities by floating interest rates and fixed interest rates as at March 31, 2022 and 2021.

Particulars	As at March 31,			
	2022		2021	
	(₹ in millions)	% of total	(₹ in millions)	% of total
Variable rates	38,952.98	81.0	27,939.47	74.1
Fixed rates	9,143.31	19.0	9,749.11	25.9
Total	**48,096.29**	**100.0**	**37,688.58**	**100.0**

Concentration of Borrowings

<u>*Our Company*</u>

The following table sets forth our Company's borrowings from our Company's top 10 lenders as at March 31, 2022 and 2021.

Particulars	As at March 31,			
	2022		2021	
	(₹ in millions)	% of Total Borrowings	(₹ in millions)	% of Total Borrowings
Borrowings from our Company's top 10 lenders	31,076.30	92.4%	24,107.60	92.3%

<u>*CGHFL*</u>

The following table sets forth CGHFL's borrowings from CGHFL's top 10 lenders as at March 31, 2022 and 2021.

Particulars	As at March 31,			
	2022		2021	
	(₹ in millions)	% of Total Borrowings	(₹ in millions)	% of Total Borrowings
Borrowings from CGHFL's top 10 lenders	14,496.50	98.9%	11,542.12	99.9%

Classification of Assets and Provisioning - Gross Stage 3 Assets/NPAs, Net Stage 3 Assets/Net NPAs and Provisioning Coverage Ratio ("PCR")

The following table sets forth, for the periods indicated, information about our Stage 3 Assets.

Particulars	As at March 31,	
	2022	2021
	(₹ in millions, except percentages)	
Stage 3 Assets opening balance at the beginning of the year (1)	1,608.88	858.22
Increase/(Decrease)	(47.10)	750.66
Stage 3 Assets at the close of the year	1,561.78	1,608.88
Stage 3 Assets net of Stage 3 Provision (2)	1,083.70	1,141.97
Total Loan Assets (gross of Provisions) (3)	64,414.80	48,006.45
Net Loan Assets (net of Provisions) (4)	62,614.22	46,823.52
Stage 3 Assets as a percentage of Total Loan Assets (gross of Provisions) (5)	2.4%	3.4%
Stage 3 Assets net of Stage 3 Provisions as a percentage of Net Loan Assets (net of stage 3 provisions) (6)	1.7%	2.4%
Stage 3 Provisions percentage	30.6%	29.0%

Notes:

(1) Stage 3 Assets includes financial assets that have objective evidence of impairment at the reporting date.

(2) Stage 3 Provisions is the lifetime expected credit loss resulting from all default events that are possible over the expected life of the financial instrument. Stage 3 Assets net of Stage 3 Provisions are Stage 3 Assets less Provisions (including fund and non-fund based provisions).

(3) Total Loans (gross of Provisions) means net principal outstanding, overdue principal, overdue interest and accrued interest on standard loans given, unamortised loan origination cost and net of unamortised processing fee (including loan to employees) and excluding Provisions.

(4) Net Loans (net of Provisions) means net principal outstanding, overdue principal, overdue interest and accrued interest on standard loans given, unamortised loan origination cost and net of unamortised processing fee (including loan to employees) as adjusted for expected credit loss provisions (including fund and non-fund based provision).
(5) Total Loan Assets (gross of Provisions) means secured loans, unsecured loans and includes accrued interest on loans given, and net of unamortised processing fee excluding Provisions.
(6) Net Loan Assets (net of Provisions) means secured loans, unsecured loans and includes accrued interest on loans given, and net of unamortised processing fee as adjusted for expected credit loss model Provisions.

Gross NPA Movement

The table below presents movement of our Gross NPAs during the years ended March 31, 2022 and 2021 on a consolidated basis.

Particulars	**Year ended**	
	March 31, 2022	**March 31, 2021**
	(₹ in millions)	
Opening Gross NPAs (A)	1,608.88	858.22
Roll Forward into NPAs (i)	645.95	1,048.68
Restructuring (ii)	–	–
Total Slippages (B = i + ii)	**645.95**	**1,048.68**
Roll back to standard (iii)	329.57	81.18
Realisation from NPAs receivables (iv)	303.21	154.58
Write offs (v)	60.26	62.27
Total recoveries and write-offs (C = iii + iv + v)	693.04	298.03
Net slippages (B - C)	(47.10)	750.65
Gross NPAs (A + B - C)[(1)]	**1,561.78**	**1,608.88**

Notes:
(1) Gross NPAs represents Stage 3 Loans balance after adjusting for the impact of overdue interest considered recoverable under Ind AS and includes other receivables considered to be non-performing.

Coverage Ratios

The table below presents our coverage ratios as at March 31, 2022 and 2021.

Particulars	**As at March 31,**	
	2022	**2021**
	(₹ in millions, except percentages)	
Gross Stage 1 and 2 Assets (A)	63,627.34	47,250.83
Impairment loss allowance for Stage 1 and 2 Assets (B)	1,322.49	716.03
Net Stage 1 and 2 Assets (A – B)	**62,304.85**	**46,534.80**
Coverage ratio Stage 1 and 2 Assets (C = B/A)	**2.1%**	**1.5%**
Gross NPAs (D)	1,561.78	1,608.87
Impairment loss allowance for Stage 3 Assets (E)	478.09	466.89
Net NPAs (D – E)	1,083.69	1,141.98
Provision Coverage Ratio (F = E/D)	**30.6%**	**29.0%**
Overall coverage ratio ((B+E) / (A+D))	**2.8%**	**2.4%**

Credit Quality and Provisioning Coverage

The table below presents our comparative credit quality and provisioning coverage ratios as at March 31, 2022 and 2021.

Particulars	**As at March 31, 2022**			**As at March 31, 2021**			**Gross NPA %[(4)] as at March 31,**		**Net NPA %[(5)] as at March 31,**	
	Gross NPAs[(1)]	**Net NPAs[(2)]**	**PCR[(3)]**	**Gross NPAs[(1)]**	**Net NPAs[(2)]**	**PCR[(3)]**	**2022**	**2021**	**2022**	**2021**
	(₹ in millions, except percentages)									
MSME loans	1,276.66	882.90	30.8%	1,389.58	993.11	28.5%	4.0%	5.5%	2.8%	4.0%
Housing loans	261.94	182.42	30.4%	202.54	148.86	26.5%	1.5%	1.7%	1.0%	1.3%
Construction Finance loans	–	–	–	16.75	–	100.0%	0.0%	0.2%	0.0%	0.0%
Indirect Lending loans	23.18	18.38	20.7%	–	–	–	0.7%	0.0%	0.6%	0.0%
Total	**1,561.78**	**1,083.70**	**30.6%**	**1,608.87**	**1,141.98**	**29.0%**	**2.4%**	**3.3%**	**1.7%**	**2.4%**

Notes:
(1) Gross NPAs represents Stage 3 Assets after adjusting for the impact of overdue interest considered recoverable under Ind AS and includes other receivables considered to be non-performing.
(2) Net NPAs = Gross NPAs less total Provisions.
(3) PCR = Provisions as a percentage of Gross NPAs.
(4) Gross NPA % = Gross NPAs as a percentage of Gross Credit Exposure.
(5) Net NPA % = Net NPAs to Net Advances (Net of Provision on NPAs).

Concentration of NPAs

Our Company

The following table sets forth our Company's exposure to our Company's top four NPA accounts (gross) on a standalone basis as at March 31, 2022 and 2021.

Particulars	As at March 31,	
	2022	2021
	(₹ in millions)	
Total exposure to top four NPA accounts (gross)	138.40	150.26

CGHFL

The following table sets forth CGHFL's exposure to CGHFL's top 10 NPA accounts (gross) as at March 31, 2022 and 2021.

Particulars	As at March 31,	
	2022	2021
	(₹ in millions)	
Total exposure to top 10 NPA accounts (gross)	30.18	30.11

Dupont Analysis on Return on Assets

Particulars	Year ended March 31,	
	2022	2021
	In percentages (%)	
Interest income	13.0	13.1
Interest expenses	5.1	5.6
Net Interest Income (A)	**7.9**	**7.5**
Other income (B)	**1.9**	**1.2**
Of which:		
Non-Interest Income [(1)]	1.7	1.2
Other income	0.2	0.0
Net income (C) = (A) + (B)	**9.8**	**8.7**
Operating expenses (D)	**3.9**	**3.0**
Of which:		
Employee expenses	2.7	1.9
Other expenses	1.2	1.0
Operating profit (E) = (C) – (D)	**5.9**	**5.7**
Provisions (F)	**1.7**	**1.2**
Of which:		
ECL provisions	1.0	1.1
Write-offs	0.7	0.1
Profit before tax (G) = (E) – (F)	**4.2**	**4.6**
Less:		
Taxes	1.0	1.1
Profit after tax (RoA)	**3.2**	**3.5**

Notes:

(1) *Revenue from operations excluding interest income and commission fees.*

Reconciliation of Certain Non-GAAP Financial Measures

Reconciliation of Net Profit after Tax to Return on Average Assets

The following table sets forth our return on average assets ("**ROAA**"), which is a Non-GAAP Financial Measure, for Fiscals 2022 and 2021.

Particulars	Year ended March 31,	
	2022	2021
	(₹ in millions, except percentages)	
Net profit after tax (A)	**2,050.41**	**1,769.55**
Average financial assets (B) = [(i)+(ii)]/2	**63,812.82**	**50,488.82**
Financial assets at the beginning of the year (i)	57,307.78	43,669.85

Particulars	Year ended March 31,	
	2022	2021
	(₹ in millions, except percentages)	
Financial assets at the end of the year (ii)	70,317.86	57,307.78
Average financial assets (C) = [(iii)+(iv)]/2	**1,016.44**	**784.01**
Non-financial assets at the beginning of the year (iii)	823.05	744.96
Non-financial assets at the end of the year (iv)	1,209.83	823.05
Total Average Assets (D) = (B)+(C)	**64,829.26**	**51,272.82**
ROAA (E) = (A/D) (%)	**3.2**	**3.5**

Reconciliation of Net Profit after Tax to Return on Average Equity

The following table sets forth our return on average equity ("**ROAE**"), which is a Non-GAAP Financial Measure, for Fiscals 2022 and 2021.

Particulars	Year ended March 31,	
	2022	2021
	(₹ in millions, except percentages)	
Net profit after tax (A)	**2,050.41**	**1,769.55**
Average equity share capital (B) = [(i)+(ii)]/2	**350.94**	**350.42**
Equity share capital at the beginning of the year (i)	350.57	350.27
Equity share capital at the end of the year (ii)	351.31	350.57
Average other equity (C) = [(iii)+(iv)]/2	**17,847.92**	**15,932.01**
Other equity at the beginning of the year (iii)	16,822.44	15,041.58
Other equity at the end of the year (iv)	18,873.40	16,822.44
Total Average Equity (D) = (B)+(C)	**18,198.86**	**16,282.43**
ROAE (A/D) (%)	**11.3**	**10.9**

GENERAL INFORMATION

Our Company was originally incorporated as "Daiwa Securities Limited" in Calcutta on November 15, 1994, as a public limited company under the Companies Act, 1956, with a certificate of incorporation granted by the Registrar of Companies, West Bengal at Calcutta. Our Company received the certificate of commencement of business from the Registrar of Companies, West Bengal at Calcutta on November 28, 1994. The name of our Company was changed to "Dover Securities Limited" and a fresh certificate of incorporation was granted by the Registrar of Companies, West Bengal at Calcutta, on May 19, 1999. The name of our Company was further changed to "Money Matters Financial Services Limited" and a fresh certificate of incorporation was issued by the RoC on October 6, 2008. The name of our Company was further changed to Capri Global Capital Limited and a fresh certificate of registration was issued by the RoC on July 24, 2013.

Our Company's registered office was shifted from 501 Shubham, 1 Sarojini Naidu Sarani, P S Shakespeare Sarani, Kolkata 700017, West Bengal to 1-B, 1st Floor, Court Chambers, 35, Sir Vithaldas Thackersey Marg, New Marine Lines, Mumbai 400 020, Maharashtra with effect from June 16, 2007. Our Company's registered office was further changed from 1-B, 1st Floor, Court Chambers, 35, Sir Vithaldas Thackersey Marg, New Marine Lines, Mumbai 400 020, Maharashtra, India to 502, Tower A, Peninsula Business Park, Senapati Bapat Marg, Lower Parel, Mumbai 400 013, Maharashtra, India with effect from June 1, 2017.

Registered and Corporate Office of our Company
502, Tower A, Peninsula Business Park
Senapati Bapat Marg, Lower Parel
Mumbai 400 013
Maharashtra, India
Tel : +91 22 4088 8100/ 4582 2500
Website: www.capriloans.in
Corporate Identity Number: L65921MH1994PLC173469
Registration Number: 173469
E-mail: secretarial@capriglobal.in

Address of the RoC
Our Company is registered with the RoC, which is situated at the following address:
Registrar of Companies
Everest, 5th Floor
100, Marine Drive
Mumbai 400 002
Maharashtra, India

Company Secretary and Compliance Officer

Yashesh Bhatt is the Company Secretary and Compliance Officer of our Company. His details are as follows:

Yashesh Bhatt
502, Tower A, Peninsula Business Park
Senapati Bapat Marg, Lower Parel
Mumbai 400 013
Maharashtra, India
Tel: +91 22 4088 8125
E-mail: secretarial@capriglobal.in
Lead Manager to the Issue

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ICICI Venture House
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Maharashtra, India
Tel: +91 22 6807 7100
E-mail: cgcl.rights@icicisecurities.com
Investor Grievance ID: customercare@icicisecurities.com
Website: www.icicisecurities.com
Contact Person: Rupesh Khant/ Akhil Mohod
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Maharashtra, India
Tel: +91 22 2496 9900
E-mail: skkhemani@mmnissim.com
Firm Registration No.: 107122W/ W100672
Peer Review Certificate No.: 014093

Registrar to the Issue

Link Intime India Private Limited
C-101, 1st floor, 247 Park
L.B.S. Marg, Vikhroli (West)
Mumbai 400 083
Maharashtra, India
Tel: +91 22 4918 6200
E-mail: capri.rights@linkintime.co.in
Investor Grievance ID: capri.rights@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Sumeet Deshpande
SEBI Registration No.: INR000004058

Investors may contact the Registrar to the Issue or our Company Secretary and Compliance Officer for any pre-Issue or post-Issue related matters. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the Applicant, contact number(s), e-mail address of the sole/ first holder, folio number or demat account, number of Rights Equity Shares applied for, amount blocked, ASBA Account number and the Designated Branch of the SCSB where the Application Forms, or the plain paper application, as the case may be, was submitted by the Investors along with a photocopy of the acknowledgement slip. For details on the ASBA process, see "*Terms of the Issue*" beginning on page 311.

Experts

Our Company has received consent from its Statutory Auditors, M/s M M Nissim & Co. LLP, Chartered Accountants through their letter dated July 28, 2022 to include their name as required under Section 26(1) of the Companies Act, 2013 in this Draft Letter of Offer and as an "expert" as defined under Section 2(38) of the Companies Act, 2013 in respect of the 2022 Audited Consolidated Financial Statements of the Statutory Auditors, the audit reports in respect of the 2022 Audited Consolidated Financial Statements, and the statement of special tax benefits dated July 28, 2022 and such consents have not been withdrawn as of the date of this Draft Letter of Offer. However, the term "expert" shall not be construed to mean an "Expert" as defined under the U.S. Securities Act.

Our Company has received written consent dated July 28, 2022 from Independent Chartered Accountants, namely, M/s SCA and Associates, Chartered Accountants, to include its name in this Draft Letter of Offer, as an "expert" as defined under section 2(38) of the Companies Act, 2013 in respect of the certificates issued by them in their capacity as an independent chartered accountant to our Company and such consent has not been withdrawn as on the date of this Draft Letter of Offer.

Our Company has received consent from its Previous Statutory Auditors, Deloitte Haskins & Sells LLP, Chartered Accountants through their letter dated July 28, 2022 to include their name as required under Section 26(1) of the Companies Act, 2013 in this Draft Letter of Offer and as an "expert" as defined under Section 2(38) of the Companies Act, 2013 to the extent and in their capacity as Previous Statutory Auditor in respect of their the auditor's reports dated June 17, 2021, on our 2021 Audited Consolidated Financial Statements and such consents have has not been withdrawn as of the date of this Draft Letter of Offer. However, the term "expert" and the consent thereof shall not be construed to mean an "Expert" or consent within the meaning as defined under the U.S. Securities Act.

Banker(s) to the Issue

[●]

Self-Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as the SCSBs for the ASBA process is provided on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 and updated from time to time. For a list of branches of the SCSBs named by the respective SCSBs to receive the ASBA Forms from the Designated Intermediaries, please refer to the above-mentioned link.

Issue Schedule

Last Date for credit of Rights Entitlements	[●]
Issue Opening Date	[●]
Last date for On Market Renunciation of Rights Entitlements #	[●]
Issue Closing Date*	[●]
Finalization of Basis of Allotment (on or about)	[●]
Date of Allotment (on or about)	[●]
Date of credit (on or about)	[●]
Date of listing (on or about)	[●]

Eligible Equity Shareholders are requested to ensure that renunciation through off market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.

* *Our Board or the Rights Issue Committee will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.*

The above schedule is indicative and does not constitute any obligation on our Company or the Lead Manager.

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, *i.e.*, [●] to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date, *i.e.*, [●].

Investors are advised to ensure that the Application Forms are submitted on or before the Issue Closing Date. Our Company, the Lead Manager or the Registrar will not be liable for any loss on account of non-submission of Application Forms on or before the Issue Closing Date. Further, it is also encouraged that the applications are submitted well in advance before Issue Closing Date. For details on submitting Application Forms, see "*Terms of the Issue - Process of making an Application in the Issue*" beginning on page 312.

The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar at www.linkintime.co.in after keying in their respective details along with other security control measures implemented thereat. For further details, see "*Terms of the Issue - Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders*" beginning on page 322.

Please note that if no Application is made by the Eligible Equity Shareholders of Rights Entitlements on or before the Issue Closing Date, such Rights Entitlements shall lapse and shall be extinguished after the Issue Closing Date. No Rights Equity Shares for such lapsed Rights Entitlements will be credited, even if such Rights Entitlements were purchased from the market and the purchaser will lose the premium paid to acquire the Rights Entitlements. Persons who are credited the Rights Entitlements are required to make an Application to apply for Rights Equity Shares offered under the Issue for subscribing to the Rights Equity Shares offered under the Issue.

Inter se allocation of responsibilities

Since only one Lead Manager has been appointed for purposes of the Issue, there is no requirement of an inter-se allocation of responsibilities.

Credit Rating

As the Issue is of Equity Shares, there is no credit rating required for the Issue.

Debenture Trustee

As the Issue is of Equity Shares, the appointment of a debenture trustee is not required.

Monitoring Agency

Our Company will appoint a monitoring agency, in accordance with Regulation 82 of the SEBI ICDR Regulations, prior to filing of the Letter of Offer with the Stock Exchanges.

Minimum Subscription

The objects of the Issue involve augmenting our capital base. Further, our Promoters and Promoter Group have confirmed that they may (i) subscribe to their Rights Entitlements in the Issue or may renounce a portion of their Rights Entitlements in favour of the Promoters or other member(s) of our Promoter Group or in favour of existing shareholders of the Company or third party investors; (ii) subscribe to additional Rights Equity Shares including subscribing to any unsubscribed portion in the Issue, if any, or subscription pursuant to Rights Entitlement acquired through renunciation, either individually or jointly and/ or severally with the Promoter(s) or any other members of the Promoter Group, subject to compliance with the Companies Act, the SEBI ICDR Regulations, the SEBI Takeover Regulations and other applicable laws/ regulations. Provided that if any of the Promoters or members of the Promoter Group renounce any Rights Entitlements in favour of any third party investor (not being a Promoter or a member of the Promoter Group), whether or not an existing member of the Company, (i) such renouncing Promoters or member of the Promoter Group shall not apply for subscription to additional Rights Entitlement and (ii) in the event that minimum subscription of 90% is applicable to the Issue, the remaining members of the Promoters and Promoter Group shall subscribe to such number of additional Rights Equity Shares such that a minimum of 90% of the Equity Shares offered pursuant to this Issue are subscribed to in compliance with Regulation 86 of the SEBI ICDR Regulations. Further, there is a likelihood that due to participation by the Promoters and Promoter Group of the Company in the Issue, the collective holding of the Promoters and Promoter Group of the Company may exceed 75% of the issued and paid-up Equity Share capital of our Company upon completion of the Issue. Therefore, our Company *vide* letter dated July 28, 2022, ("**Exemption Application**") has sought an exemption under Regulation 300(1)(c) of the SEBI ICDR Regulations from the requirement of maintaining minimum public shareholding threshold of 25% of the issued and paid-up Equity Share capital of our Company post completion of the Issue. In terms of the Exemption Application, our Company and our Promoters and members of the Promoter Group, have jointly undertaken to reduce the shareholding of the Promoters and the Promoter Group below 75% of the issued and paid-up Equity Share capital and increase the public shareholding to 25% of the issued and paid-up Equity Share capital at the earliest and no later than 12 months from the date of fall of public shareholding below 25% of the issued and paid-up Equity Share capital in the manner specified by the SEBI and as required under Rule 19A(2) of the SCRR, which in the present instance would be from the date of Allotment in the Issue.

The allotment of Equity Shares of the Company subscribed by the Promoters and other members of the Promoter Group in this Issue shall be eligible for exemption from open offer requirements in terms of Regulation 10(4)(a) and 10(4)(b) of the SEBI Takeover Regulations. The Issue shall not result in a change of control of the management of our Company in accordance with provisions of the SEBI Takeover Regulations. Our Company is in compliance with Regulation 38 of the SEBI LODR Regulations and will continue to comply with the minimum public shareholding requirements under applicable law, pursuant to this Issue.

Underwriting

Our Company may enter into an Underwriting Agreement with Underwriter(s) for underwriting the Rights Equity Shares. The details of such Underwriting Agreement, if entered into, shall be included in the Letter of Offer to be filed with the SEBI and the Stock Exchanges pursuant to receipt of SEBI's observations on this Draft Letter of Offer. Our Company shall ensure that the Underwriter(s) appointed shall have sufficient resources to enable them to discharge their underwriting obligations in full.

Filing

This Draft Letter of Offer has been filed with SEBI for its observations electronically through the SEBI intermediary portal at https://siportal.sebi.gov.in in terms of the SEBI circular bearing reference no. SEBI/HO/CFD/DIL1/CIR/P/2018/011 dated January 19, 2018, and with the Stock Exchanges. Further, in light of the SEBI notification dated March 27, 2020, our Company has submitted a copy of this Draft Letter of Offer to the e-mail address: cfddil@sebi.gov.in After SEBI gives its observations, the final Letter of Offer will be filed with SEBI and the Stock Exchanges simultaneously with the filing of the Letter of Offer with the Designated Stock Exchange as per the provisions of the SEBI ICDR Regulations.

CAPITAL STRUCTURE

The equity share capital of our Company as at the date of this Draft Letter of Offer, and the details of the Equity Shares proposed to be issued in the Issue, and the issued, subscribed and paid up share capital after the Issue, are set forth below:

(In ₹ million, except share data)

		Aggregate Value at Face Value	Aggregate Value at Issue Price*
A	**AUTHORISED SHARE CAPITAL**		
	360,000,000 Equity Shares	720.00	NA
B	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE ISSUE**		
	175,746,455 Equity Shares(1)	351.49	NA
C	**PRESENT ISSUE IN TERMS OF THIS DRAFT LETTER OF OFFER**		
	Up to [●] Rights Equity Shares of ₹ 2 each(1)	[●]	Up to [●]
D	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE ISSUE(3)**		
	[●] Equity Shares	[●]	[●]
SECURITIES PREMIUM ACCOUNT		*(in ₹ million)*	
Before the Issue(2)		4,554.04	
After the Issue(3)		[●]	

** To be updated upon finalisation of the Issue Price.*

(1) *The Issue has been authorised by the Board pursuant to a resolution dated May 21, 2022. The terms of the Issue including the Record Date and Rights Entitlement Ratio, have been approved by a resolution passed by the Rights Issue Committee at its meeting held on [●], 2022.*

(2) *As on date of this Draft Letter of Offer.*

(3) *Assuming full subscription for and Allotment of Equity Shares. Subject to finalisation of Basis of Allotment, Allotment and deduction of Issue related expenses.*

Notes to the Capital Structure

1. **Shareholding Pattern of our Company as per the last filing with the Stock Exchanges in compliance with the provisions of the SEBI LODR Regulations**

   a) The shareholding pattern of our Company as on June 30, 2022, can be accessed on the website of BSE at www.bseindia.com/stock-share-price/capri-global-capital-limited/cgcl/531595/shareholding-pattern/ and NSE at www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern;

   b) The statement showing holding of Equity Shares of persons belonging to the category "Promoters and Promoter Group" including the details of lock-in, pledge of and encumbrance thereon, as on June 30, 2022, can be accessed on the website of BSE at www.bseindia.com/corporates/shpPromoterNGroup.aspx?scripcd=531595&qtrid=114.00&QtrName= and NSE at www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern; and

   c) The statement showing details of shareholders of our Company belonging to the category "Public" including Equity Shareholders holding more than 1% of the total number of Equity Shares as on June 30, 2022 as well as details of shares which remain unclaimed for public can be accessed on the website of BSE at www.bseindia.com/corporates/shpPublicShareholder.aspx?scripcd=531595&qtrid=114.00&QtrName= and NSE at www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern;

2. Except as disclosed below, no Equity Shares have been acquired by the Promoters or members of the Promoter Group in the year immediately preceding the date of filing of this Draft Letter of Offer with the Stock Exchanges and submission to SEBI.

S. No.	Name of the Promoter/ Promoter Group	Number of Equity Shares acquired	Percentage of Equity Shares acquired (%)	Date of acquisition
1.	Ramesh Chandra Sharma HUF	2,135,405	1.22	January 17, 2022
2.	Rajesh Sharma*	45,900,035	26.12	January 17, 2022

**Held by Rajesh Sharma as a trustee of the JJR Family Trust*

3. Except as provided below, there are no outstanding options or convertible securities, including any outstanding warrants or rights to convert debentures, loans or other instruments convertible into our Equity Shares as on the date of this Draft Letter of Offer.

   Employee Stock Option Plans

   Our Company has formulated an employee stock option plan, namely: Money Matters Employee Stock Option Plan, 2009 ("**ESOP 2009**") pursuant to a Board resolution dated August 21, 2009 and a shareholders' resolution dated September 22, 2009.

The following table sets forth details in respect of ESOP, 2009 as on March 31, 2022

Particulars	ESOP Scheme- 2009
Total number of options	26,151,340
Options granted	4,587,000
Options vested	611,800
Options exercised	519,250
Options cancelled	1,026,950
Total options outstanding	3,040,800

4. **Subscription to the Issue by the Promoters and the Promoter Group**

Our Promoters and Promoter Group have confirmed that they may (i) subscribe to their Rights Entitlements in the Issue or may renounce a portion of their Rights Entitlements in favour of the Promoters or other member(s) of our Promoter Group or in favour of existing shareholders of the Company or third party investors; (ii) subscribe to additional Rights Equity Shares including subscribing to any unsubscribed portion in the Issue, if any, or subscription pursuant to Rights Entitlement acquired through renunciation, either individually or jointly and/ or severally with the Promoter(s) or any other members of the Promoter Group, subject to compliance with the Companies Act, the SEBI ICDR Regulations, the SEBI Takeover Regulations and other applicable laws/ regulations. Provided that if any of the Promoters or members of the Promoter Group renounce any Rights Entitlements in favour of any third party investor (not being a Promoter or a member of the Promoter Group), whether or not an existing member of the Company, (i) such renouncing Promoters or member of the Promoter Group shall not apply for subscription to additional Rights Entitlement and (ii) in the event that minimum subscription of 90% is applicable to the Issue, the remaining members of the Promoters and Promoter Group shall subscribe to such number of additional Rights Equity Shares such that a minimum of 90% of the Equity Shares offered pursuant to this Issue are subscribed to in compliance with Regulation 86 of the SEBI ICDR Regulations. Further, there is a likelihood that due to participation by the Promoters and Promoter Group of the Company in the Issue, the collective holding of the Promoters and Promoter Group of the Company may exceed 75% of the issued and paid-up Equity Share capital of our Company upon completion of the Issue. Therefore, our Company *vide* letter dated July 28, 2022, ("**Exemption Application**") has sought an exemption under Regulation 300(1)(c) of the SEBI ICDR Regulations from the requirement of maintaining minimum public shareholding threshold of 25% of the issued and paid-up Equity Share capital of our Company post completion of the Issue. In terms of the Exemption Application, our Company and our Promoters and members of the Promoter Group, have jointly undertaken to reduce the shareholding of the Promoters and the Promoter Group below 75% of the issued and paid-up Equity Share capital and increase the public shareholding to 25% of the issued and paid-up Equity Share capital at the earliest and no later than 12 months from the date of fall of public shareholding below 25% of the issued and paid-up Equity Share capital in the manner specified by the SEBI and as required under Rule 19A(2) of the SCRR, which in the present instance would be from the date of Allotment in the Issue.

The allotment of Equity Shares of the Company subscribed by the Promoters and other members of the Promoter Group in this Issue shall be eligible for exemption from open offer requirements in terms of Regulation 10(4)(a) and 10(4)(b) of the SEBI Takeover Regulations. The Issue shall not result in a change of control of the management of the Company in accordance with provisions of the SEBI Takeover Regulations. Our Company is in compliance with Regulation 38 of the SEBI LODR Regulations and will continue to comply with the minimum public shareholding requirements under applicable law, pursuant to this Issue.

5. The ex-rights price of the Equity Shares as per regulation 10(4)(b) of the SEBI Takeover Regulations is ₹ [●].

6. Our Company shall ensure that any transaction in the Equity Shares by the Promoters and the Promoter Group during the period between the date of filing this Draft Letter of Offer and the date of closure of the Issue shall be reported to the Stock Exchange within 24 hours of such transaction.

7. At any given time, there shall be only one denomination of the Equity Shares of our Company.

8. All Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of this Draft Letter of Offer. Further, the Rights Equity Shares allotted pursuant to the Issue, shall be fully paid up.

9. Details of the Equity Shareholders holding more than 1% of the issued and paid-up Equity Share capital

The table below sets forth details of Equity Shareholders holding more than 1% of the issued and paid-up Equity Share capital of our Company, as on June 30, 2022.

S. No.	Name of the Equity Shareholders	Number of Equity Shares held	Percentage of Equity Shares held (%)
1.	Rajesh Sharma	45,900,035*	26.12
2.	Capri Global Holdings Private Limited	67,824,643	38.61

S. No.	Name of the Equity Shareholders	Number of Equity Shares held	Percentage of Equity Shares held (%)
3.	Capri Global Advisory Services Private Limited	17,517,060	9.97
4.	Life Insurance Corporation of India	13,299,171	7.57
5.	Gainful Multitrade Private Limited	9,379,456	5.34
6.	Roopam Multitrade Private Limited	6,816,027	3.88
7.	Badrikedar Commercials Private Limited	2,411,566	1.37
8.	Samvrudhi Multitrade Private Limited	3,186,956	1.81
9.	Gladiolus Property and Investments Private Limited	2,580,375	1.47
10.	Samvrudhi Tradesol Private Limited	2,315,729	1.32

**Held by Rajesh Sharma as a trustee of the JJR Family Trust*

OBJECTS OF THE ISSUE

The object of the Offer is to augment our Company's capital base to meet our Company's future capital requirements.

The main objects and objects incidental or ancillary to the main objects as stated in the Memorandum of Association enable our Company to undertake (i) its existing activities; and (ii) the activities proposed to be funded from the Net Proceeds. Further, our objects as stated in the Memorandum of Association do not restrict us from undertaking the activities for which the funds are being raised by our Company through the Issue.

The details of the Net Proceeds are summarized in the table below:

(in ₹ million)

Particulars	Amount
Gross Proceeds from the Issue*	Up to 12,000
Less: Estimated Issue related expenses**	[●]
Net Proceeds**	[●]

* *Assuming full subscription in the Issue and subject to finalization of the Basis of Allotment and to be adjusted per the Rights Entitlement ratio.*

** *To be finalized upon determination of the Issue Price and updated in the Letter of Offer. See "- Estimated Issue Related Expenses" on page* 64.

Requirement of funds and utilisation of Net Proceeds

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

(in ₹ million)

Particulars	Estimated amount (up to)
Augmenting our capital base	[●]
Net Proceeds	[●]

Appraising entity

None of the objects of the Issue for which the Net Proceeds will be utilised has been appraised by any bank, financial institution or any other external agency.

Means of Finance

The funding requirements mentioned above are based on the internal management estimates of our Company and have not been appraised by any bank, financial institution or any other external agency. They are based on current circumstances of our business and our arrangements with the lenders. The Company may have to revise its estimates from time to time on account of various factors beyond its control, such as market conditions, competitive environment, and interest or exchange rate fluctuations. Consequently, the funding requirements of our Company and deployment schedules are subject to revision in the future at the discretion of the management. If additional funds are required for the purposes as mentioned above, such requirement may be met through internal accruals, additional capital infusion, debt arrangements or any combination of them, subject to compliance with applicable laws.

The Company proposes to meet the entire funding requirements for the proposed Object of the Issue from the Net Proceeds and identifiable internal accruals, if required. Therefore, the Company is not required to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised from the Issue.

Proposed Schedule of Implementation or Deployment of Net Proceeds

The following table provides the schedule of utilisation of the Net Proceeds:

(in ₹ million)

Particulars	Amount to be funded from the Net Proceeds	Proposed Schedule for deployment of the Net Proceeds
		Financial Year 2022-23
Augmenting our capital base	[●]	[●]
Net Proceeds	[●]	[●]

In the event that the Net Proceeds are not completely utilized for the purposes stated above and as per the estimated schedule of utilisation specified above, the same would be utilized in subsequent Financial Years for achieving the objects of the Issue.

Details of the activities to be financed from the Net Proceeds

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

Augmenting our capital base

We are a non-banking financial company registered with RBI and a notified financial institution under the SARFAESI Act. As per the capital adequacy norms issued by RBI, we are required to maintain a minimum capital adequacy ratio, consisting of Tier I capital and Tier II capital. The total of Tier II Capital at any point of time, cannot exceed 100% of Tier I Capital. The minimum capital ratio as prescribed by RBI guidelines and applicable to our Company, consisting of Tier I and Tier II capital, cannot be less than 15% with Tier I not being below 10% of our aggregate risk weighted assets on-balance sheet and of risk adjusted value of off balance sheet. As on June 30, 2022, our Tier I capital adequacy ratio stood at 28.77% and Tier II capital adequacy ratio stood at 0.62%.

Accordingly, we intend to utilise up to ₹[●] from the Net Proceeds to augment our capital base to meet our future capital requirements, which are expected to arise out of growth of our business and assets, including but not limited to onward lending as part of our business activities, ensuring compliance with applicable regulatory requirements, payment of operating expenditure and funding growth opportunities.

Estimated Issue Related Expenses

The estimated Issue related expenses are as follows:

(In ₹ million, except percentages)

S. No.	Particulars	Estimated amount*	Percentage of total estimated Issue expenditure* (%)	Percentage of Issue Size* (%)
1.	Fees payable to the Lead Manager (including underwriting commission, brokerage, selling commission and upload fees)	[●]	[●]	[●]
2.	Fee payable to the legal advisors, other professional service providers	[●]	[●]	[●]
3.	Fee payable to the Registrar to the Issue	[●]	[●]	[●]
4.	Advertising, marketing and shareholder outreach expenses	[●]	[●]	[●]
5.	Fees payable to regulators, including Stock Exchanges, SEBI, depositories and other statutory fee	[●]	[●]	[●]
6.	Printing and stationery, distribution, postage etc.	[●]	[●]	[●]
7.	Other expenses (including miscellaneous expenses and stamp duty)	[●]	[●]	[●]
Total estimated Issue related expenses*		[●]	[●]	[●]

* *Amount will be finalized at the time of filing of the Letter of Offer and determination of Issue Price and other details.*

Bridge Financing Facilities

Our Company has not availed any bridge loans from any banks or financial institutions as on the date of this Draft Letter of Offer, which are proposed to be repaid from the Net Proceeds.

Interim Use of Net Proceeds

Our Company shall deposit the Net Proceeds, pending utilisation of the Net Proceeds for the purposes described above, by depositing the same with scheduled commercial banks included in second schedule of Reserve Bank of India Act, 1934.

Monitoring Utilization of Funds from the Issue

Our Company shall appoint a Monitoring Agency for the Issue prior to the filing of the Letter of Offer. Our Board and Monitoring Agency shall monitor the utilization of the Net Proceeds and the Monitoring Agency shall submit a report to our Board as required under Regulation 82 of the SEBI ICDR Regulations. Our Company will disclose the utilization of the Net Proceeds under a separate head in our balance sheet along with the relevant details, for all such amounts that have not been utilized. Our Company will indicate instances, if any, of unutilized Net Proceeds in the balance sheet of our Company for the relevant Financial Years subsequent to receipt of listing and trading approvals from the Stock Exchanges.

Pursuant to Regulation 32(3) of the SEBI LODR Regulations, our Company shall, on a quarterly basis, disclose to the Audit Committee the uses and applications of the Net Proceeds, which shall discuss, monitor and approve the use of the Net Proceeds along with our Board. On an annual basis, our Company shall prepare a statement of funds utilized for purposes other than those stated in this Draft Letter of Offer and place it before the Audit Committee and make other disclosures as may be required until such time as the Net Proceeds remain unutilized. Such disclosure shall be made only until such time that all the Net Proceeds have been utilized in full. The statement prepared on an annual basis for utilization of the Net Proceeds shall be certified by the Statutory Auditors which shall be submitted by the Company with the Monitoring Agency.

Furthermore, in accordance with Regulation 32(1) of the SEBI LODR Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the actual utilization of the proceeds of the Issue from the Objects; and (ii) details of category wise variations in the actual utilization of the proceeds of the Issue from the Objects. This information will also be published on our website and explanation for such variation (if any) will be included in our Director's report, after placing it before the Audit Committee.

Strategic or Financial Partners

There are no strategic or financial partners to the Objects of the Issue.

Other confirmations

No part of the Net Proceeds of the Issue will be paid by our Company to our Promoters, our Promoter Group, our Directors or Key Managerial Personnel.

Our Promoters, our Promoter Group and our Directors do not have any interest in the objects of the Issue.

There are no material existing or anticipated transactions in relation to utilization of Net Proceeds with our Promoter, our Promoter Group, our Directors and our Key Managerial Personnel.

STATEMENT OF SPECIAL TAX BENEFITS

STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY, ITS MATERIAL SUBSIDIARY AND ITS SHAREHOLDERS UNDER THE APPLICABLE LAWS IN INDIA

The Board of Directors

Capri Global Capital Limited
502, Tower A, Peninsula Business Park
Senapati Bapat Marg, Lower Parel
Mumbai – 400 013

Dear Sirs

Sub: Statement of possible special tax benefits available in connection with proposed rights issue of Equity Shares (the "Rights Issue") of Capri Global Capital Limited (the "Company"), (the "Statement").

1. This report is issued in accordance with the terms of our engagement dated July 15, 2022.

2. We have been requested by the Company to confirm that the enclosed Annexure, prepared by the Company, provides the possible special tax benefits available to the Company, Capri Global Housing Finance Limited (its "Material Subsidiary") and to the shareholders of the Company under the Income-tax Act, 1961 ('the IT Act') as amended, for the Financial Year 2021-22 relevant to the assessment year 2022-23, presently in force in India.

Management responsibility

3. The Management is responsible for the preparation of enclosed Annexure which provide the possible special tax benefits available to the Company, Material Subsidiary and to the shareholders of the Company under the IT Act as amended, for the Financial Year 2021-22 relevant to the assessment year 2022-23.

Auditor's responsibility

4. We performed these procedures in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) (the 'Guidance Note') issued by the ICAI. The guidance note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI and in accordance with 'Guidance Note on Reports in Company Prospectuses' (Revised 2019). We hereby confirm that while providing this certificate we have complied with the above guidance notes.

5. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that perform Audits and reviews of Historical Financial Information, and Other Assurance and Related Services Engagements, issued by ICAI.

6. Pursuant to the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended and the Companies Act, 2013, it is our responsibility to report whether the Annexure prepared by the Company, presents, in all material respects, the possible special tax benefits available as of July 24, 2022 to the Company, the Material Subsidiary and the shareholders of the Company, in accordance with applicable tax regulations in India as on the date of this certificate.

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

   - The Company or its Material Subsidiary or its shareholders will continue to obtain these benefits in future;
   - The conditions prescribed for availing the benefits have been / would be met with; and
   - The revenue authorities / courts will concur with the view expressed herein.

Conclusion

8. In connection with the Rights Issue by the Company, we hereby confirm that the enclosed Annexure, initialled by us for identification purpose, prepared by the Company, provides the possible special tax benefits available to the Company, Capri Global Housing Finance Limited (its "**Material Subsidiary**") and to the shareholders of the Company under the Income-tax Act, 1961 ('the IT Act') as amended, for the Financial Year 2021-22 relevant to the assessment year 2022-23, presently in force in India. Several of these benefits are dependent on the Company or its shareholders or its Material Subsidiary fulfilling the conditions prescribed under the relevant provisions of the aforesaid tax laws. Hence, the ability of the Company and / or its shareholders and / or its Material Subsidiary to derive the possible special 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. A material subsidiary identified in accordance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, includes a subsidiary

whose income or net worth in the immediately preceding year (i.e. 31 March 2021) exceeds 10% of the consolidated income or consolidated net worth respectively, of the holding company and its subsidiary in the immediate preceding year.

9. The benefits discussed in the enclosed Annexure are not exhaustive and the preparation of the contents stated is the responsibility of the Company's management. This statement is only intended to provide general information to 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 Rights Issue particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail. Neither are we suggesting nor are we advising the investor to invest money based on this statement.

10. The benefits discussed in the Statement are only intended to provide the special tax benefits to the Company, Material Subsidiary and the shareholders of the Company in a general and summary manner and does not purport to be a complete analysis or listing of all the provisions or possible tax consequences of the subscription, purchase, ownership or disposal, etc. of the shares. The special tax benefits listed herein are only the possible benefits which may be available under the current tax laws presently in force in India. Several of these benefits are dependent on the Company, the Material Subsidiary or the shareholders of the Company fulfilling the conditions prescribed under the relevant tax laws, which based on business imperative it faces in the future, it may or may not choose to fulfil.

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

12. Our views expressed herein are based on the facts and assumptions indicated to us. No assurance is given that the revenue authorities/ courts will concur with the views expressed herein. Our views are based on the existing provisions of Tax Law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to the Company for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to the Company and any other person in respect of this Statement.

Restriction of use

13. We hereby give our consent to include enclosed statement regarding the special tax benefits available to the Company, its Material Subsidiary and to its shareholder in the Draft Letter of Offer and Letter of Offer prepared in connection with the proposed Rights Issue of the Company and is not to be used, referred to or distributed for any other purpose.

Yours faithfully,

For M M Nissim & Co LLP
Chartered Accountants
Firm Registration Number: 107122W/W100672

Sanjay Khemani
Partner
Membership No. 044577
ICAI UDIN: 22044577ANTGEH4782
Place: Mumbai
Date: July 28, 2022

Encl.: Annexure to the Statement of special tax benefits available to the Company, the Material Subsidiary and the shareholders of the Company under the applicable tax laws in India.

ANNEXURE OF SPECIAL TAX BENEFITS AVAILABLE TO CAPRI GLOBAL CAPITAL LIMITED (THE "COMPANY"), ITS MATERIAL SUBSIDIARY AND ITS SHAREHOLDERS UNDER THE APPLICABLE TAX LAWS IN INDIA

Outlined below are the special tax benefits available to the Company and its shareholders under the Act applicable for the Financial Year 2021-22. These possible special tax benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the Act.

I Under the Income -tax Act, 1961 (the IT Act)

A. Special tax benefits available to the Company and Material Subsidiary

1. Deduction under section 36(1)(viia) of the IT Act

   The Company is entitled to accelerated deduction in respect of bad and doubtful debts up to the limit specified under section 36(1)(viia) of the Act in computing its income under the head "Profits and gains of business or profession", to the extent of five per cent (5%) of the gross total income (computed before making any deduction under this section and Chapter VI-A), and subject to satisfaction of prescribed conditions.

   As per section 36(1)(vii) of the Act, where the Company has claimed deduction under section 36(1)(viia) of the Act, then the subsequent claim of deduction of actual bad debts under section 36(1)(vii) of the Act shall be reduced to the extent of deduction already claimed under section 36(1)(viia) of the Act.

   Further, as per section 41(4) of the Act, where any deduction has been claimed by the Company in respect of a bad debt under Section 36(1)(vii) of the Act, then any amount subsequently recovered on any such debt is greater than the difference between such debt and the amount so allowed as a deduction under section 36(1)(vii) of the Act, the excess shall be deemed to be business income of the year in which it is recovered.

   As per provisions of section 43D of the Act, in case of a Systemically Important Non-Deposit taking NBFC or a deposit taking NBFC, the income by way of interest in relation to such categories of bad or doubtful debts (i.e. Non-performing assets) as may be prescribed having regard to the guidelines issued by the Reserve Bank of India in relation to such debts shall be chargeable to tax in the previous year in which it is credited to its profit and loss account or, as the case may be, in the year in which it is actually received by that NBFC, whichever is earlier.

2. Concessional corporate tax rates - Section 115BAA of the IT Act

   The Taxation Laws (Amendment) Act, 2019 introduced section 115BAA wherein domestic companies are entitled to avail a concessional tax rate of 22% (plus applicable surcharge and cess) on fulfilment of certain conditions. The option to apply this tax rate is available from Financial Year ('FY') 2019-20 relevant to Assessment Year ('AY') 2020-21 and the option once exercised shall apply to subsequent AYs. The concessional rate is subject to a company not availing any of the following deductions under the provisions of the IT Act:

   - Section10AA: Tax holiday available to units in a Special Economic Zone.
   - Section 32(1)(iia): Additional depreciation;
   - Section 32AD: Investment allowance.
   - Section 33AB/33ABA: Tea coffee rubber development expenses/site restoration expenses
   - Section 35(1)/35(2AA)/ 35(2AB): Expenditure on scientific research.
   - Section 35AD: Deduction for capital expenditure incurred on specified businesses.
   - Section 35CCC/35CCD: expenditure on agricultural extension /skill development.
   - Chapter VI-A except for the provisions of section 80JJAA and section 80M.

   The total income of a company availing the concessional rate of 25.17% (i.e. 22% along with surcharge and health & education cess) is required to be computed without set-off of any carried forward loss and depreciation attributable to any of the aforesaid deductions/incentives. A company can exercise the option to apply for the concessional tax rate in its return of income filed under section 139(1) of the Act. Further, provisions of Minimum Alternate Tax ('MAT') under section 115JB of the IT Act shall not be applicable to companies availing this reduced tax rate, thus, any carried forward MAT credit also cannot be claimed.

   The provisions do not specify any limitation/ condition on account of turnover, nature of business or date of incorporation for opting for the concessional tax rate. Accordingly, all existing as well as new domestic companies are eligible to avail this concessional rate of tax.

   Note: The Company has already opted for the concessional tax rate benefit for the FY 2019-20 relevant to the AY 2020-21 as mentioned in the Section 115BAA for which declaration in Form 10-IC has already been filed with the income tax authority.

3. Deductions in respect of employment of new employees – Section 80JJAA of the IT Act

As per section 80JJAA of the IT Act, where a company is subject to tax audit under section 44AB of the Act and derives income from business, it shall be allowed to claim a deduction of an amount equal to 30% of additional employee cost incurred in the course of such business in a previous year, for 3 consecutive assessment years including the assessment year relevant to the previous year in which such additional employment cost is incurred.

The eligibility to claim the deduction is subject to fulfilment of prescribed conditions specified in sub- section (2) of section 80JJAA of the IT Act.

4. Deduction with respect to inter-corporate dividends – Section 80M of the IT Act

As per the provisions of section 80M of the IT Act, inserted with effect from 1st April 2021, a domestic company shall be allowed to claim a deduction of divided income earned from any other domestic company or a foreign company or a business trust. The amount of deduction so claimed should not exceed the amount of dividend distributed by it and is subject to fulfilment of other conditions laid down therein.

B. Special tax benefits available to material subsidiary

As per section 36(1)(viii) of the IT Act, a housing finance company ("HFC") (being a public company formed or registered in India with the main object of carrying on the business of providing long-term finance for construction or purchase of houses in India for residential purposes) is allowed a deduction of an amount not exceeding 20% of the profits derived from eligible business computed under the head "Profits and gains of business or profession" (before making any deduction under the said clause (viii)) carried to any special reserve created and maintained by the HFC.

The term 'eligible business' means the business of providing long-term finance for the construction or purchase of houses in India for residential purposes. Provided that where the aggregate of the amounts carried to such reserve account from time to time exceeds twice the amount of the paid up share capital and of the general reserves of the specified entity, no allowance under section 36(1)(viii) shall be made in respect of such excess.

Capri Global Housing Finance Limited, being a registered HFC, is eligible to claim deduction under section 36(1)(viii), subject to the fulfilment of the conditions mentioned therein.

C. Special tax benefits available to the shareholders.

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

II Indirect tax (Indirect tax regulations)

The Central Goods and Services Tax Act, 2017, Integrated Goods and Services Tax Act, 2017, respective State Goods and Services Tax Act, 2017, Customs Act, 1962, Customs Tariff Act, 1975 as amended, including the relevant rules, notifications and circulars issued there under, the Foreign Trade (Development and Regulation) Act, 1992 (read with Foreign Trade Policy 2015-20) (collectively referred as "Indirect Tax Regulations")

A. Special tax benefits available to the Company, Material Subsidiary or Shareholder.

There are no special tax benefits available to the Company, Material Subsidiary or Shareholder under the Indirect Tax Regulations.

Notes:

1. The ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the Company or its shareholders may or may not choose to fulfil.

2. The special tax benefits discussed in the Statement are not exhaustive and is only intended to provide general information to the investors and hence, is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences aid 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. The Statement has been prepared on the basis that the shares of the Company are listed on a recognized stock exchange in India and the Company will be issuing shares.

4. The Statement is prepared on the basis of information available with the management of the Company and there is no assurance that:
   - The Company or its shareholders will continue to obtain these benefits in future;
   - The conditions prescribed for availing the benefits have been/ would be met with; and
   - The revenue authorities/courts will concur with the view expressed herein.

5. The above views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time.

6. We do not assume responsibility to update the views consequent to such change

The above Statement of Special Tax Benefits 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.

For **Capri Global Capital Limited**

Authorized Signatory

SECTION IV: ABOUT OUR COMPANY

INDUSTRY OVERVIEW

All information in this section is sourced from the CareEdge Report prepared by CareEdge Research pursuant to the engagement letters dated June 13, 2022, June 28, 2022 and June 30, 2022. The CareEdge Report has been commissioned and paid for by our Company for an agreed fee only for the purposes of confirming our understanding of the industry in connection with the Issue. CareEdge Research is not in any manner related to our Company, our Directors or our Promoters.

Except as noted otherwise, all forward-looking statements, estimates and projections in this section are CareEdge Research's forward-looking statements, estimates and projections.

The CareEdge Report is subject to various limitations and is based on certain assumptions that are subjective in nature. Therefore, discussions of matters relating to India, its economy, the global economy and the industry in which we operate are subject to the caveat that data and statistics upon which such discussions are based may be inaccurate, incomplete or unreliable. Statements from third parties that involve estimates are subject to change, and actual amounts may differ materially from those included in this Draft Letter of Offer. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. In view of the foregoing, investors may be unable to seek legal recourse for any losses resulting from undertaking any investment in the Issue pursuant to reliance on the information in this Draft Letter of Offer based on, or derived from, the CareEdge Report.

1. ECONOMIC OUTLOOK

1.1 Global Economy

As per the International Monetary Fund's ("**IMF**") 'World Economic Outlook – April 2022' report released on 19 April 2022 containing growth projections, the global economy grew by 6.1% in calendar year ("**CY**") 2021. For CY 2022, the IMF projects global economic growth to decrease to 3.6%, due to disruptions such as the Russia-Ukraine conflict and global inflation. The IMF expects that emerging economies, which will be hit harder by higher energy and food prices, will underperform compared to their more economically-advanced counterparts in CY 2022 and CY 2023.

Table 1: Global Growth for CY 2021 and Projections for CYs 2022 and 2023 (Real Gross Domestic Product ("GDP"), Year-on-Year ("Y-o-Y") increase in %)

Country/Group	2021	2022P	2023P
World Output	6.1	3.6	3.6
Advanced Economies	5.2	3.3	2.4
United States	5.7	3.7	2.3
Euro Area	5.3	2.8	2.3
Japan	1.6	2.4	2.3
United Kingdom	7.4	3.7	1.2
Canada	4.6	3.9	2.8
Remaining Advances Economies	5.0	3.1	3.0
Emerging Market & Developing Economies	6.8	3.8	4.4
Emerging and Developing Asia	7.3	5.4	5.6
China	8.1	4.4	5.1
India*	8.9	8.2	6.9
ASEAN**	3.4	5.3	5.9
Emerging and Developing Europe	6.7	-2.9	1.3
Latin America and the Caribbean	6.8	2.5	2.5
Middle East and Central Asia	5.7	4.6	3.7
Sub-Saharan Africa	4.5	3.8	4.0

Notes:
P - Projection
**For India, data and forecasts are presented on a fiscal year basis (i.e., the year ended 31 March of a particular year (referred to herein as "Fiscal" or "FY") and GDP from 2011 onward is based on GDP at market prices with Fiscal 2012 as the base year.*
*** Includes Indonesia, Malaysia, Philippines, Thailand and Vietnam.*
Source: IMF – World Economic Outlook, April-2022.

The geopolitical tension between Russia and Ukraine has led to adverse economic consequences. Surges in energy and commodity prices have added pressure to the existing global inflation. In Asia, the IMF expects that the biggest impact on current account will be felt among oil importers of the Association of Southeast Asian Nations ("**ASEAN**") economies, India and frontier economies, including some Pacific Islands. Less serious impacts are likely to be seen in the neighbouring economies as a result of disrupted trade and supply chains. Furthermore, the ramification of this overall situation are reduced business confidence and greater investor uncertainty weighing on asset prices, tightening financial conditions and potentially spurring capital outflows from emerging markets.

Advanced economies group

Advanced economies group grew by 5.2% in CY 2021 and are projected by the IMF to grow by 3.3% in CY 2022 and 2.4% in CY 2023.

The forecast for the United States was downgraded in January 2022, largely reflecting the non-passage of the "Build Back Better" fiscal policy package and continued supply chain disruptions. The additional 0.3% points forecast markdown for CY 2022 in the current round reflects faster withdrawal of monetary support than in the previous projection— as policy tightens to rein in inflation — and the impact of lower growth in trading partners because of disruptions resulting from the war.

The forecast for Canada is marked down 0.2% point, reflecting the withdrawal of policy support and weaker external demand from the United States.

Emerging market and developing economies group

The growth of emerging market and developing economies group was 6.8% in CY 2021. On the other hand, in CY 2022, the estimated growth is 3.8%, which is 1% lower than the previous estimation made in January 2022(quarterly) outlook report. In emerging markets and developing economies, increases in food and fuel prices could significantly increase the risk of social unrest.

The Russia-Ukraine war and the impending increase in global interest rates will further reduce the fiscal space in many countries, especially oil and food-importing emerging markets and developing economies. Moreover, with continued tight policies towards the real estate sector and the possibility of more widespread lockdowns as part of the strict zero-COVID-19 strategy, China's economy could slow more than the current projection —with consequences for Asia and beyond. It caused a downgrade in projected growth to 4.4% for China in CY 2022. This could further set back the economic recovery, particularly in emerging markets and developing economies.

The estimates for India have been lowered to 8.2% in CY 2022 by 0.8% point, while for CY 2023 the projection was released at 6.9%. The downgrade is reflected in part weaker domestic demand — as the IMF expects that higher oil prices will weigh on private consumption and investment and shudder net exports. Yet, these estimates highlight that India is the fastest growing major economy in the world.

Impact of COVID-19 on Global Economy

During the COVID-19 pandemic in CY 2020, the global economy faced disruptions in supply chains due to temporary trade restrictions and shortages of pharmaceuticals, critical medical supplies, and other products. As a consequence of all these problems, manufacturers worldwide felt greater political and competitive pressures to increase their domestic production, grow employment in their home countries, and reduce or even eliminate their dependencies on external sources for supplies.

Worker shortages and mobility restrictions compounded supply disruptions and bottlenecks early in CY 2022, which were also constraining business activity and added to inflation. Restrictions have eased as the peak of the Omicron wave has passed and global weekly COVID-19 deaths have declined.

With continued global efforts to ensure widespread vaccination, testing, and access to therapeutics, including the newly developed anti-viral medications, it can be believed that the world will be able to break the pandemic's hold.

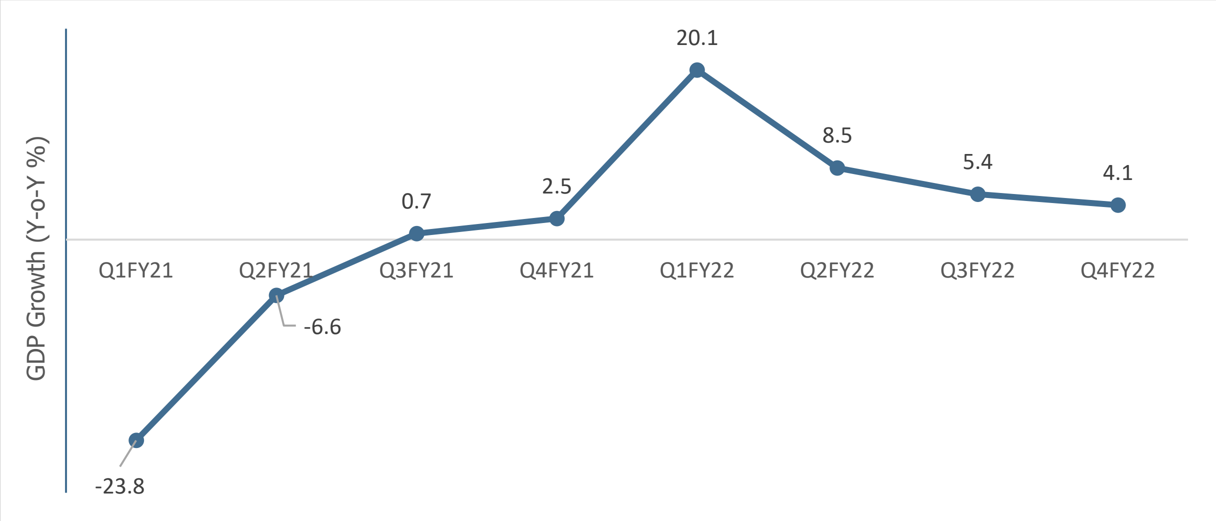
1.2 Indian Economy

GDP growth and Outlook

The sudden outbreak of the COVID-19 global pandemic and consequent lockdown restrictions led to economic output contracting significantly by 23.8% on a year-on-year ("**Y-o-Y**") basis in Q1 of Fiscal 2021. Subsequently, with easing of lockdown restrictions, the impact reduced to 6.6% Y-o-Y degrowth in Q2 of Fiscal 2021 and the Y-o-Y change eventually moved to a positive territory in Q3 of Fiscal 2021. The economy witnessed a further pick-up in growth during Q4 of Fiscal 2021, with the output increasing 2.5% Y-o-Y.

Despite Fiscal 2022 starting with India being hit by the second wave of the pandemic, which saw lockdowns and restrictions being re-imposed across states for 2 to 3 months, the Indian economy bounced back strongly in Q1 of Fiscal 2022 with 20.3% Y-o-Y growth due to a low base effect. The easing of lockdowns and restrictions across states since June 2021, coupled with the decline in COVID-19 cases and higher vaccination rates, facilitated higher economic activity at a faster than expected rate and this was reflected in the GDP for the Q2 of Fiscal 2022, which grew annually by 8.5%. The dip in Q3 of Fiscal 2022 of 5.4% can be attributed to fading base effect. India's economy recorded modest growth at 4.1% in Q4 of Fiscal 2022, down from 5.4% in the previous quarter. The economy was hit by the third wave of COVID-19 during the quarter.

Chart 1: Growth in GDP at constant prices (Y-o-Y in %)



*Source: Ministry of Statistics and Programme Implementation ("**MOSPI**")*

As the economy was getting back on its feet, global supply bottlenecks due to the Russia-Ukraine war and higher input costs slowed the pace of recovery again. The contraction in the manufacturing sector, which struggled with supply bottlenecks and high input prices, in the last quarter of Fiscal 2022 is a cause of concern. The other worrying aspect is the decline in consumption to GDP ratio in Q4 of Fiscal 2022, even when the investment to GDP ratio has bounced back. The slowest quarterly growth in Fiscal 2022 was also partly because of the unfavourable base effect.

Apart from this, the announcements in the Union Budget for Fiscal 2023 on boosting public infrastructure through enhanced capital expenditure are expected to augment growth and boost-in private investment through large multiplier effects.

Table 2: Reserve Bank of India's ("RBI") GDP Growth Outlook (Y-o-Y %)

Month	Q1 Fiscal 2023	Q2 Fiscal 2023	Q3 Fiscal 2023	Q4 Fiscal 2023	Fiscal 2023
June 2022 Outlook (April 2022 Outlook - Retained)	16.2	6.2	4.1	4.0	7.2
February 2022 Outlook	17.2	7	4.3	4.5	7.8

Source: RBI press releases dated June 8, 2022, April 8, 2022 and February 28, 2022

With the ebbing of the third wave and expanding vaccination coverage, the pick-up in contact-intensive services and urban demand the growth in GDP is expected to be sustained. The escalation of the geopolitical situation and the accompanying surge in international crude oil and other commodity prices, tightening of global financial conditions, persistence of supply-side disruptions and significantly weaker external demand pose downside risks to the outlook. Taking all these factors into consideration, the real GDP growth for 2022-23 is pared down to 7.2% by RBI for the April 2022 Outlook from the estimated figure of 7.8% for the February 2022 Outlook. In the recent June 2022 Outlook, the RBI retained its GDP growth projection at 7.2% for Fiscal 2023, with risks broadly balanced.

Gross Value Added ("GVA")

GVA is the measure of the value of goods and services produced in an economy. GVA gives a picture of supply side whereas GDP gives a picture of consumption.

- The gap between GDP and GVA growth has turned positive in Fiscal 2022 (after two years) as a result of robust tax collections.

- Agriculture sector recorded a robust growth of 4.1% in Q4 of Fiscal 2022, which was over a low base of 2.8% growth in the same period last year. The sector was hit by heatwaves in many parts of India that has impacted the production of several crops including wheat, coarse cereals and pulses. However, the total food grain production is still at an all-time high of 314.5 million tonnes, as per the third advance estimate published by MOSPI for Fiscal 2022. CareEdge Research expects that the incoming normal monsoon, coupled with high prices for Agri products and subsidy supports from the Indian central government (the "Government"), will bode well for the sector.

- Industrial sector grew modestly by 1.3% in Q4 of Fiscal 2022 due to negative growth in the manufacturing segment. High commodity and input prices have been a pain point for the manufacturing sector. The construction segment benefitted from a rebound in economic activity after the third wave of COVID-19 pandemic.

- Services **sector** recorded a growth of 5.5% in Q4 of Fiscal 2022, primarily led by trade, hotels, transport, communication and services related to broadcasting and finance, real estate & professional service. The easing of restrictions has aided a fast rebound in this sector.

Table 3: Sectoral Growth (Y-o-Y % Growth) - at Constant Prices

At constant Prices	Q4 Fiscal 2021	Q1 Fiscal 2022	Q2 Fiscal 2022	Q3 Fiscal 2022	Q4 Fiscal 2022	Fiscal 2020	Fiscal 2021	Fiscal 2022
Agriculture, forestry & fishing	**2.8**	**2.2**	**3.2**	**2.5**	**4.1**	**5.5**	**3.3**	**3**
Industrial	**13.4**	**46.6**	**7**	**0.3**	**1.3**	**-1.4**	**-3.3**	**10.3**
Mining & quarrying	-3.9	18	14.5	9.2	6.7	-1.5	-8.6	11.5
Manufacturing	15.2	49	5.6	0.3	-0.2	-2.9	-0.6	9.9
Electricity, gas, water supply & other utility services	3.2	13.8	8.5	3.7	4.5	2.2	-3.6	7.5
Construction	18.3	71.3	8.1	-2.8	2	1.2	-7.3	11.5
Services	**2.1**	**10.5**	**10.2**	**8.1**	**5.5**	**6.3**	**-7.8**	**8.4**
Trade, hotels, transport, communication & broadcasting	-3.4	34.3	9.6	6.3	5.3	5.9	-20.2	11.1
Financial, real estate & professional services	8.8	2.3	6.1	4.2	4.3	6.7	2.2	4.2
Public administration, defence and other services	1.7	6.2	19.4	16.7	7.7	6.3	-5.5	12.6
GVA at Basic Price	**5.7**	**18.1**	**8.3**	**4.7**	**3.9**	**3.8**	**-4.8**	**8.1**

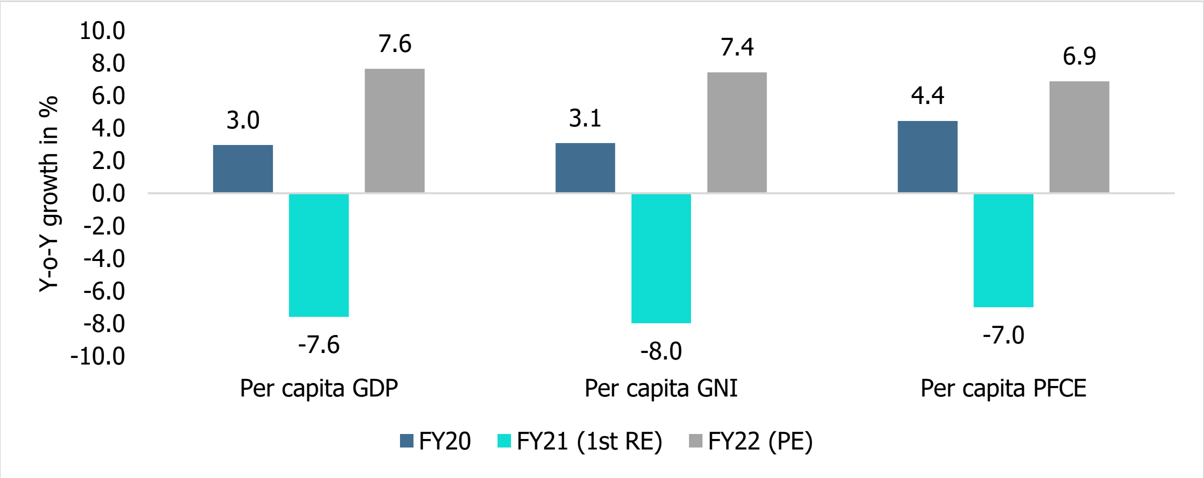
Source: MOSPI

Per Capita GDP, Income and Final Consumption

India has a population of about 1.3 billion with a young demographic profile. (*Source: MOSPI*). The advantages associated with this demographic profile are better economic growth, rapid industrialization and urbanization.

GDP per capita is a measure of a country's economic output per person. Fiscal 2021 witnessed a significant slowdown due to the pandemic. However, in Fiscal 2022 the economy is on a path of recovery and the per capita GDP is estimated to grow by 7.6%. The Gross National Income ("**GNI**") is also estimated to increase by 7.4% in Fiscal 2022. The per capita private final consumption expenditure ("**PFCE**"), that represents consumer spending, is likely to increase by 6.9% in Fiscal 2022. Majorly, the Fiscal 2022 reflects per capita growth due to a lower base.

Chart 2: Growth in Per Capita GDP, Income and Final Consumption (Y-o-Y growth in %)

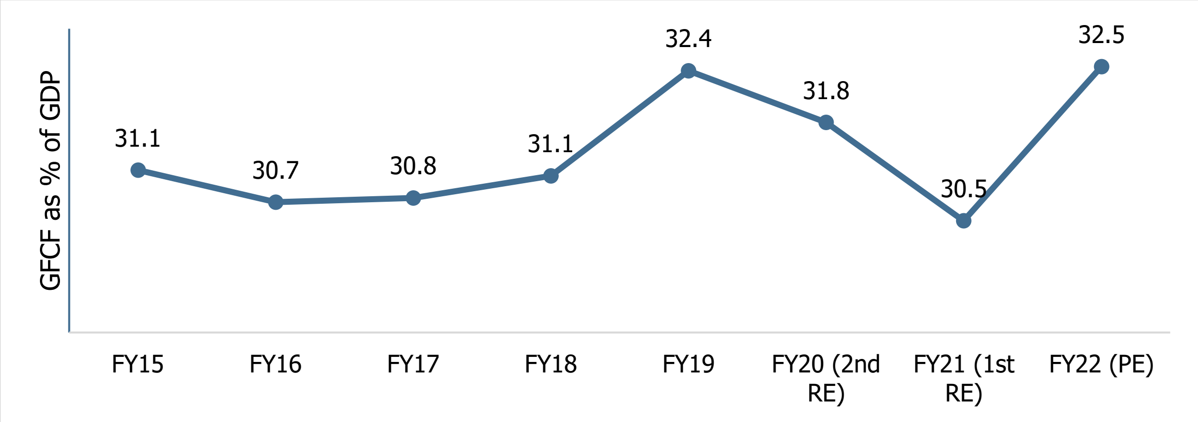


Source: MOSPI

Investment Trend in infrastructure:

Gross Fixed Capital Formation ("**GFCF**"), which is a measure of the net increase in physical asset, is projected to see an improvement in Fiscal 2022. As a proportion of GDP, it is estimated to be at 32.5%, which is the second highest in 7 years (since Fiscal 2015).

Chart 3: Gross Fixed Capital Formation (GFCF) as % of GDP (At constant prices)



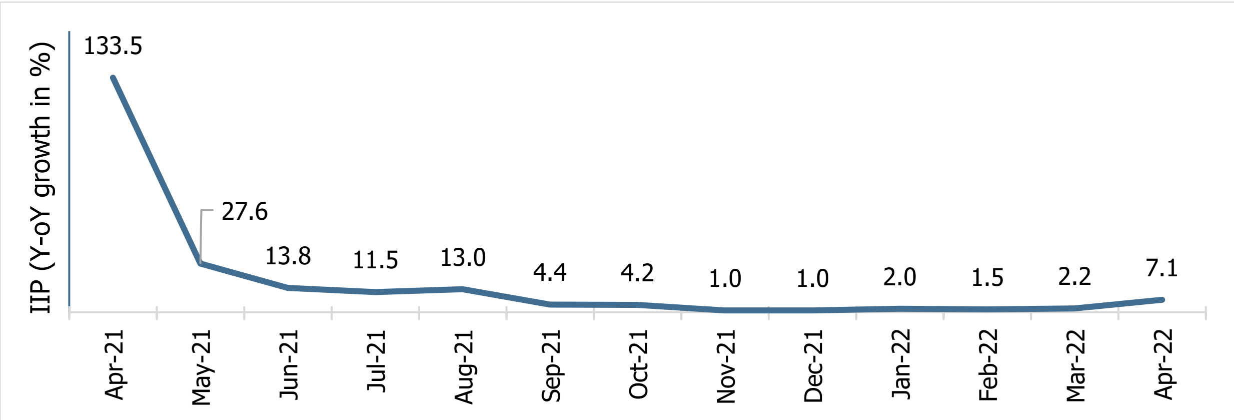
Notes:
PE: Provisional Estimates, AE: Advanced Estimate
Source: MOSPI

Overall, support of public investment in infrastructure is likely to gain traction from the rationale of Atmanirbhar Bharat.

Industrial Growth

The IIP growth has accelerated to an eight-month high of 7.1% in April 2022, supported by a broad-based improvement across sectors with strong growth recorded in the manufacturing and electricity sectors. The improved performance of mining, manufacturing and electricity sector is also in line with the rise in the core sector output to a six-month high in April 2022.

Chart 4: Y-o-Y growth in IIP (in %)



Source: MOSPI

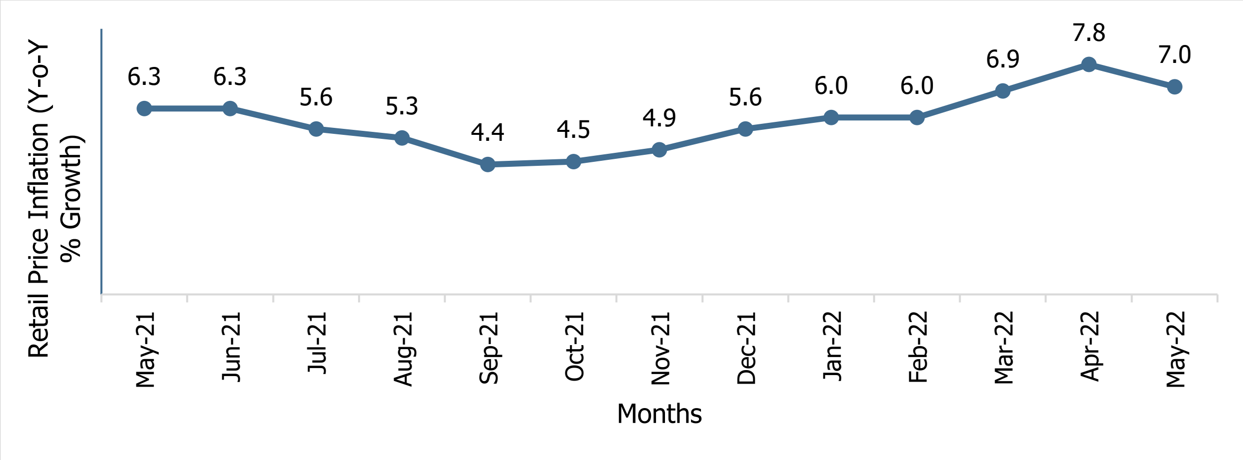
There continues to be challenges for the industrial sector in the form of high commodity prices. However, going forward, a gradual pick-up in consumption and investment demand would be supportive of the sector.

On a cumulative basis, IIP grew by 11.4% in Fiscal 2022. However, this high growth is mainly backed by a low base in Fiscal 2021. The index of industrial production is higher by 2.0% when compared with the pre-pandemic level in Fiscal 2020, suggesting that while economic recovery is underway, it is still very nascent.

Consumer Price Index

India's retail inflation softened marginally to 7.0% in May 2022 from an eight-year high of 7.8% in April 2022, aided by a favourable base.

Chart 5: Retail Price Inflation (Y-o-Y Growth in %)



Source: MOSPI

Consumer inflation increased from October 2021 to April 2022 and declined from May 2022 onwards. Despite the slight moderation, it remained sharply above the RBI's tolerance level of 6% for the fifth straight month, driven by elevated food and fuel prices

Table 4: Component wise retail inflation (Y-o-Y growth in %)

	Food and Beverages	Pan, tobacco and intoxicants	Clothing & footwear	Housing	Fuel & light	Miscellaneous
Weight	**45.9**	**2.4**	**6.5**	**10.1**	**6.8**	**28.3**
May-21	5.2	10.0	5.3	3.9	11.6	7.5
Jun-21	5.6	4.0	6.2	3.8	12.7	7.3
Jul-21	4.5	4.7	6.5	3.9	12.4	6.7
Aug-21	3.8	4.0	6.8	3.9	13.0	6.4
Sep-21	1.6	4.2	7.2	3.6	13.6	6.4
Oct-21	1.8	4.3	7.5	3.5	14.4	6.8
Nov-21	2.6	4.1	7.9	3.7	13.4	6.8
Dec-21	4.5	3.2	8.3	3.6	11.0	6.7
Jan-22	5.6	2.5	8.8	3.5	9.3	6.5
Feb-22	5.9	2.4	8.9	3.6	8.7	6.5
Mar-22	7.4	2.9	9.4	3.3	7.5	7.0
Apr-22	8.1	2.7	9.9	3.4	10.8	8.0
May-22	7.8	1.2	8.9	3.7	9.5	6.8

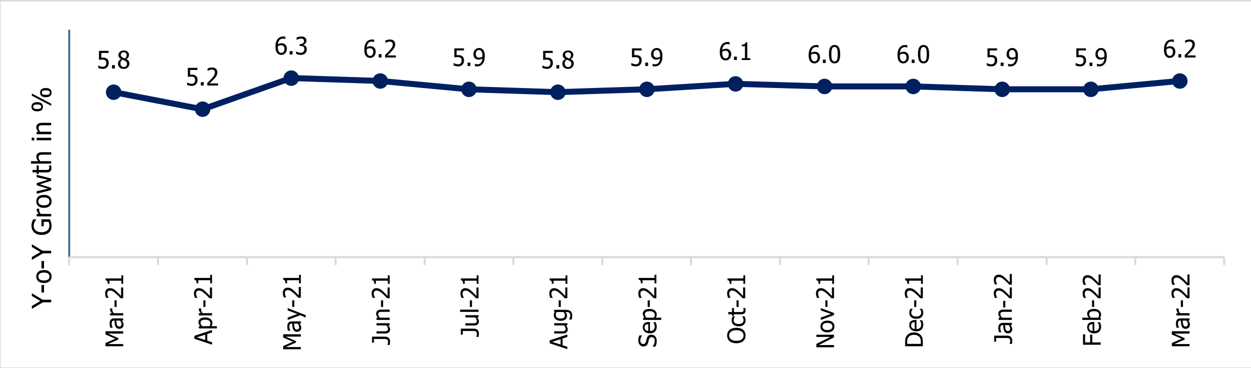
Source: MOSPI

- **Food** continues to be the main driver of total inflation, contributing to 50% of total inflation. At 7.84% in May 2022, food inflation witnessed a slight decline from 8.1% in the last month. However, food prices gained momentum on account of rising price pressures for items like cereals, vegetables and edible oils.
    - **Cereals** inflation at 5.3% in May 2022 was primarily because of the rise in wheat and rice prices. Retail wheat prices have increased because of production shortfall due to the heatwaves in the country while rice prices have also increased, mirroring the increase in wheat price on solid demand.
    - **Vegetable inflation** accelerated to 18.2% in May 2022 compared to 15.3% in the last month. Among key vegetables, tomato prices rose sharply in May owing to lower production due to the heatwaves prevailing in key supplier states and high fuel prices. Potato prices also hardened in May. Prices of meat and dairy rose and this is driven by higher feed costs. Going ahead, normal monsoon and the recent supply-side measures taken by the Government may help to ease the food price pressures to some extent.
- **Fuel and light inflation** remained high at 9.5% in May as a result of a hike in LPG cylinder prices (Domestic: Rs. 53.5/cylinder; Commercial: Rs. 102.5/cylinder) during the month and electricity tariff revisions by many states. Coal and natural gas prices have skyrocketed in the past few months and have prompted domestic players to raise prices to maintain their margins. Rising fuel inflation had a cascading effect on inflation as it feeds into input costs due to higher transportation and logistics costs.

Core CPI

Core inflation (which excludes volatile components, such as food and energy prices) eased out but was still close to the 6.0% mark, indicating that inflation has become broad-based.

Chart 6: Core CPI (Y-o-Y Growth in %)



Source: MOSPI and CareEdge Research

Concluding Remarks

The RBI at its monetary policy meeting for Fiscal 2023 concluded on 4 June 2022, increased the repo rate from 4.4% to 4.9%. The Monetary Policy committee changed its stance to 'focus on withdrawal of accommodation'. RBI prioritized its repo rate hikes to tackle concerns around inflation being broad-based and deeply entrenched in the system.

The major headwinds to economic growth are escalating geopolitical tensions, elevated global commodity prices and shortages of key inputs. However, the bright spots for the economy are improving demand conditions, support from Government capital expenditure and improving business confidence.

The prospects for economic growth in the coming quarters to be contingent on multiple factors, such as progress on the Russia-Ukraine war, the pace of monetary tightening by central banks globally and the overall global economic growth trajectory.

Consumption demand is yet to see a durable pick-up in the domestic economy. Rural demand recovery has also been bleak. High food and fuel inflation pressure is further likely to adversely impact consumer spending. But with the economy opening up, CareEdge Research expects the employment situation to improve, providing some support to consumption expenditure.

Public investment to exhibit healthy growth as the Government has budgeted for a strong capital expenditure growth in Fiscal 2023. There is greater interest within the private sector in investments as seen by data on the new investment projects that were announced. However, the sharp rise in commodity prices and the economic uncertainties resulting from global turbulence is likely to slow down the pick-up in the private investment cycle.

Among sectors, CareEdge Research believes that the manufacturing sector will continue to be negatively impacted due to high input prices. CareEdge Research expects the services sector to see a bounce back in Fiscal 2023 with a return to economic normalcy. However, in the services sector, some segments, such as Information Technology, would be adversely affected by the slow rate of US economic growth.

1. OVERVIEW OF NBFCS' CREDIT

1.1. Introduction

The Indian banking industry is classified into scheduled and non-scheduled banks. Banks that are included in the Second Schedule to the Reserve Bank of India Act, 1934 are called scheduled banks. These banks are then further classified into scheduled commercial banks ("**SCBs**") and scheduled co-operative banks. SCBs are banks that are permitted to conduct the normal business of banking, which entails collecting deposits, sanctioning loans and offering other banking services. SCBs are further divided into Public Sector Banks ("**PSBs**"), Private Banks ("**PVBs**"), Foreign Banks and Regional Rural Banks ("**RRBs**").

Apart from SCBs, there are non-banking financial companies ("**NBFCs**") that also play an important role in the Indian financial system by complementing and competing with banks, and by promoting efficiency and diversity into financial intermediation. NBFCs have evolved considerably in terms of operations, heterogeneity, asset quality and profitability, and regulatory architecture.

NBFCs can be classified on the basis of a) asset/liability structures; b) systemic importance; and c) the activities they undertake, according to the RBI. In terms of liability structures, NBFCs are subdivided into deposit-taking NBFCs ("**NBFCs-D**") - which accept and hold public deposits - and non-deposit taking NBFCs ("**NBFCs-ND**") - which source their funding from markets and banks. Among NBFCs-ND, those with asset size of Rs. 5 billion or more are classified as non-deposit taking systemically important NBFCs ("**NBFCs- ND-SI**"). As on September 30, 2021, there were 52 NBFCs-D and 312 NBFCs-ND-SI, according to RBI.

Since NBFCs cater to niche areas, they are also categorised on the basis of activities they undertake. Up until February 21, 2019, NBFCs were divided into 12 categories. Thereafter, these categories were harmonized by the RBI in order to provide NBFCs with greater operational flexibility. As a result, asset finance companies ("**AFCs**"), loan companies ("**LCs**") and investment companies ("**ICs**") were merged into a new category called Investment and Credit Companies ("**NBFC-ICC**"). At present, there are 11 categories of NBFCs in the activity- based classification.

Table 5: Types of NBFCs

Type of NBFCs	Activity
Investment and Credit Company (ICCs)	Lending and investment.
NBFC-Infrastructure Finance Company (NBFC-IFC)	Provision of infrastructure loans.
NBFC-Systemically Important Core Investment Company (CIC-ND-SI)	Investment in equity shares, preference shares, debt or loans of group companies.
Infrastructure Debt Fund-NBFC (IDF-NBFC)	Facilitation of flow of long-term debt into infrastructure projects.
NBFC-Micro Finance Institution (NBFC-MFI)	Credit to economically disadvantaged groups.
NBFC-Factor	Acquisition of receivables of an assignor or extending loans against the security interest of the receivables at a discount
NBFC-Non-Operative Financial Holding Company (NOFHC)	Facilitation of promoters/ promoter groups in setting up new banks.
Mortgage Guarantee Company (MGC)	Undertaking of mortgage guarantee business.
NBFC-Account Aggregator (NBFC-AA)	Collecting and providing information about a customer's financial assets in a consolidated, organised and retrievable manner to the customer or others as specified by the customer
NBFC–Peer to Peer Lending Platform (NBFC-P2P)	Providing an online platform to bring lenders and borrowers together to help mobilise funds
Housing Finance Companies (HFC)	Financing for housing.

Source: RBI

In October 2021, RBI decided to classify NBFCs based on size and risk perception using Scale Based Approach – The Filtering Process by segregating NBFCs into four categories namely NBFC Base Layer (BL), NBFC Middle Layer (ML), NBFC Upper Layer (UL), and NBFC Top Layer (TL)

Classification of NBFCs

NBFC BL	NBFCs with asset size of not more than 10 billion, Type 1 NBFC, Peer to Peer (P2P), Account Aggregator (AA), and Non-Operative Financial Holding Company (NOFHC)
NBFC ML	NBFC-ND that are systematically important (SI) having asset size of less than 10 billion and also NBFC-HFCs, IFCs, IDFs, CICs, and Standalone Primary Dealers irrespective of their asset size
NBFC UL	Top NBFCs to be filtered based on their Size & leverage, Inter-connectedness, Complexity, and Superior inputs (including group structure, liability mix, and segment penetration).
NBFC TL	Top Layer will remain empty unless RBI takes a view on specific NBFCs in the Upper Layer

Source: RBI, CareEdge Research

Recognition of NBFCs in Upper Layer:

NBFC categorization is based on an annual review. The paper recognizes two parameters; quantitative and qualitative:

- The quantitative parameters will have 70% weightage.
- The qualitative parameters will have 30% weightage.

The table below represents quantitative and qualitative parameters as proposed:

Parameter	**Sub-parameter**	**Sub weight**	**Weights**
Quantitative Parameters (70%)			
Size & Leverage	Size: Total exposure (on-and off-balance sheet) Leverage: total debt to total equity	20+15	35
Interconnectedness	i) Intra-financial system assets: – Lending to FIs – Securities of other FIs – Mark to market REPO – OTC derivatives ii) Intra-financial system liabilities –Borrowings from FIs – Marketable securities issued by the finance company to FI – Mark to market OTC derivative with FIs	10 10 5	25

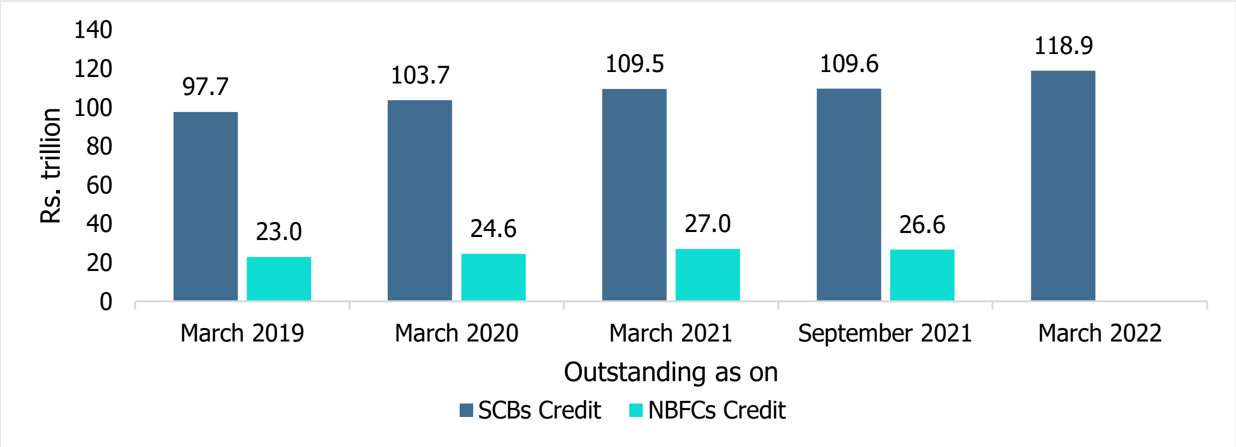
Parameter	Sub-parameter	Sub weight	Weights
	iii) Securities outstanding (issued by NBFC)		
Complexity	i) Notional amount of OTC derivatives – CCP centrally – Bilateral OTC ii) Trading and available for sale securities	5 5	10
Qualitative Parameters/Supervisory inputs (30%)			
Nature and type of liabilities	– Degree of reliance on short term funding – Liquid asset ratios – Callable debts – Asset-backed funding Vs. other funding – Asset liability duration and gap analysis – Borrowing split (secured debt, CCPS, CPs, unsecured debt)	10	30
Group Structure	– Total number of entities – Total number of layers – Total intra-group exposure	10	
Segment Penetration	Importance of NBFC as a source of credit in a specific segment or area	10	

Source: RBI

1.2. Credit growth of SCBs and NBFCs

Credit disbursed by SCBs and NBFCs is broadly classified into two parts – food and non-food credit. Food credit accounts for a fraction of total credit disbursed. Non-food credit makes up close to 99% of total credit extended by SCBs and NBFCs and the movement in overall credit growth therefore hinges on the movement in non-food credit growth.

Chart 7: SCBs' and NBFCs' Credit Deployed



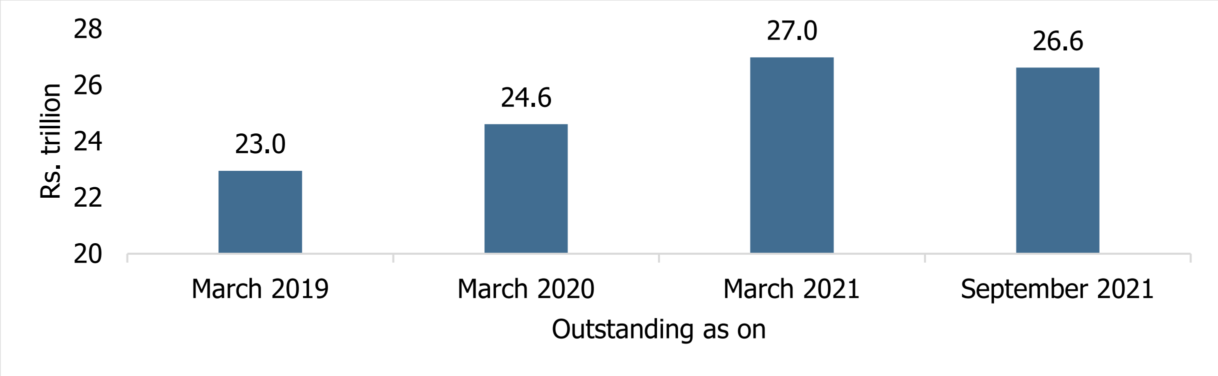
Source: CMIE, RBI

Note: March 2022 Data is provisional, data for NBFCs is available up to September 2021

Bank credit growth, including food and non-food credit growth, witnessed a slowdown in Fiscal 2020 on account of a gradual slowdown in the economy and the resultant fall in demand. Credit growth declined to 6.1% as of March 2020. The outbreak of coronavirus led to a further easing of credit growth to 5.6% as of March 2021. Post pandemic, led by the re-opening of the economy and a resumption in spending, the credit growth registered a pick up and ended Fiscal 2022 at 118.9 trillion, 8.6% higher than in the previous year.

A default in debt repayments by a large NBFC in India in 2018 led to heightened investor focus around the health of the broader NBFC sector as well as their sources of liquidity. This led to some tightening in liquidity available to certain NBFCs and, as a result, it become more difficult for certain NBFCs to access debt and raise equity capital. NBFCs recorded a similar trajectory in their credit growth over the past three years. While NBFCs' credit grew by 9.6% in Fiscal 2021, it dipped again and showed a contraction of 1.3% in September 2021 over March 2021. CareEdge Research believes that the contraction was partly due to caution on the part of NBFCs in deploying credit while maintaining asset quality, and largely due to the second wave of the pandemic, which impacted rural and semi-urban India – and this demographic group forms the large chunk of NBFCs' customer base.

Chart 8: Gross credit deployed by NBFCs

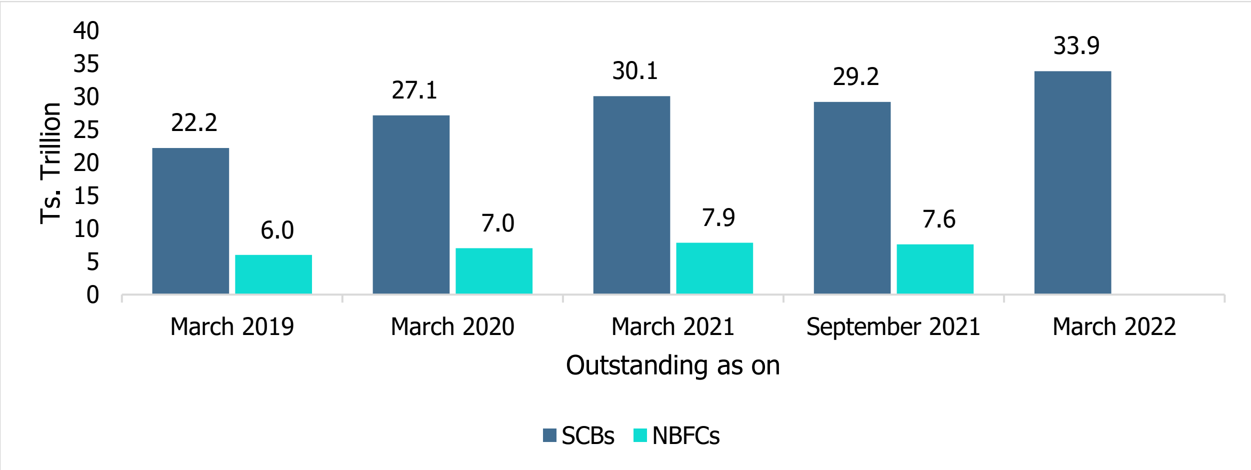


Source: CMIE, RBI, CareEdge Research
Note: Data for NBFCs is available up to September 2021

NBFCs' credit grew by 9.6% in Fiscal 2021, but it dipped again and showed a contraction of 1.3% from March 2021 to September 2021. CareEdge Research believes that this contraction was partly due to caution on the part of NBFCs in deploying credit while maintaining asset quality, and largely due to the second wave of the pandemic, which impacted rural and semi-urban India – and this demographic group forms the large chunk of NBFCs' customer base.

However, CareEdge Research expects that with growing economy activity, increased liquidity and strong balance sheets coupled with high provisions, these factors will support asset quality and encourage NBFCs to expand their loan books.

Chart 9: Retail Credit portfolio of SCBs & NBFCs



Source: CMIE, RBI, CareEdge Research
Note: Data for NBFCs is available up to September 2021

As of September 2021, Retail credit make up nearly 30% of NBFCs gross credit deployed and around 26% of SCBs gross credit deployed. Banks and NBFCs are shifting their focus on retail lending as over the years with the increase in demand for retail credit. There has been a shift in consumer behaviour towards borrowing, consumers want to create a better standard of living and are ready to borrow personal loans to fulfill those needs.

1.3. Growth Drivers

Last mile financing & unbanked population

NBFCs have a strong presence in unorganized and under-served areas where banks may not have a strong foothold. This is on account of the absence of necessary infrastructure of banks in these areas as well as an aversion on the part of banks to disburse loans to smaller companies. The ease of internet access and affordable data packs have not only contributed to increased spending and demand for retail credit from these areas, but have also increased the potential consumer base of NBFCs.

Focus on informal customer base

Traditional banks may not be very keen on lending to retail borrowers from semi-urban and rural areas or small companies with weaker credit scores and lack of documentation, when compared to larger borrowers. However, in terms of volume, the number of potential customers in this category is higher and NBFC have created niche segment by having customized credit assessment method based on cash flow assessment and field verification. This gives NBFCs an opportunity to extend credit to the financially weaker set of customers, a growing customer base in the informal customer segment opens up avenues for NBFCs' growth.

Technological adoption and Co-lending arrangements:

NBFCs deploy technological solutions to develop innovative products and lower operational costs. Since NBFCs are fairly new in the financial landscape as compared to most banks, they are more agile and better positioned to leverage technology to enhance their reach while increasing efficiency.

NBFCs also partner with various alternative financiers and commercial banks, which enables them to diversify their income avenues and reach their targeted customer base through different channels.

Shift in buying behaviour

Over the years, there has been significant change is perception of consumers towards borrowing. With the need to improve lifestyle, more and more people especially the younger population are moving towards borrowing to attain a certain standard of living.

Rising demand from retail customers

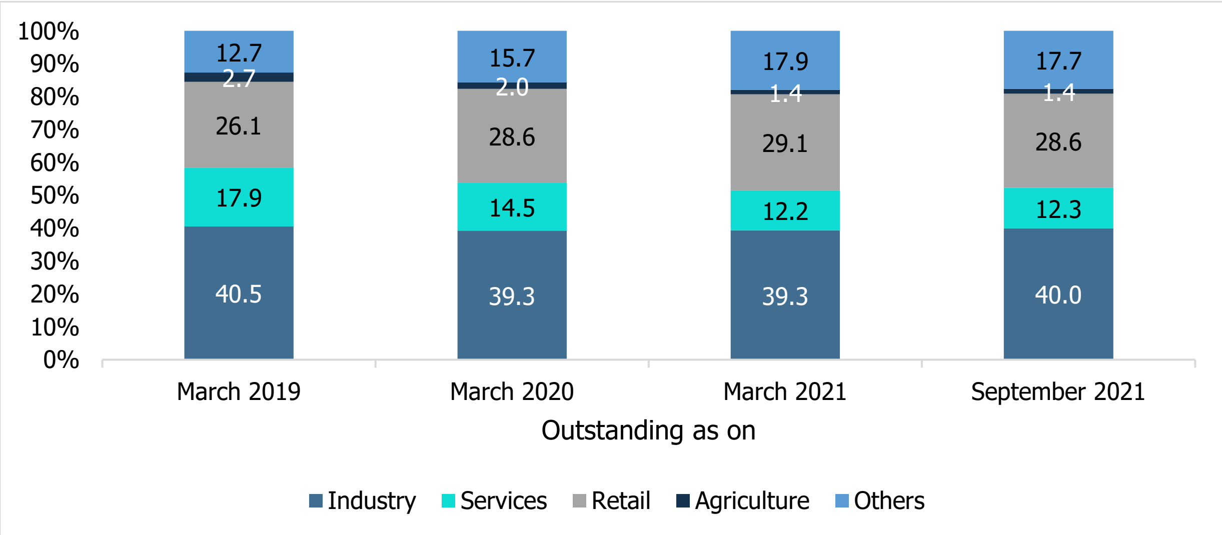
Retail borrowers accounted for nearly 30% of total credit disbursed by NBFCs as on 30 September 2021, as per data published by the RBI. Along with being a significant chunk of the customer base of NBFCs, the retail segment has shown a consistent growth in credit demand throughout the pandemic. Going forward, CareEdge Research believes that the demand for consumer durables, consumption of services, home loans and gold loans are likely to support the growth in retail demand and, consequently, aid in the new business of NBFCs.

Increased demand from MSME and agriculture

Favourable Government policies aimed at boosting agriculture, small-scale industries and consumption are likely to act as long-term growth catalysts in improving demand for MSME and agricultural credit. The "Make in India", "Start-up India" initiatives, for example, are likely to support industrial activity and contribute to the demand for credit from NBFCs. As per the Economic survey of 2021-22, more than 6634 thousand micro, small and medium enterprises (MSMEs) have registered on the Udyam portal, of which 6,280 thousand are micro enterprises; 320 thousand are small enterprises; and 34 thousand are medium enterprises. Micro and small enterprises form 99.5% of the total registered MSMEs. The coverage of the formal banking system in MSMEs still remain low, this provides a major opportunity to NBFCs to expand their reach.

1.4. Distribution between segments

Chart 10: Sectoral distribution of NBFCs' credit



Source: RBI, CareEdge Research
Note: Others includes Food credit and Other non-food credit

The industry sector has remained the largest recipient of credit extended by NBFCs followed by retail loans, services, other non-food credit, and agriculture & allied activities. Following the IL & FS crisis, NBFCs' exposure to the manufacturing declined, as per data published by RBI, as NBFCs were facing liquidity crunch and were hesitant to deploy long term credit to industry. However, after recovering from the IL & FS crisis and the impact of the COVID-19 pandemic, NBFCs have improved liquidity and stronger balance sheets. NBFCs have increased the amount of credit deployed to industry on account of an improved demand for credit amid the reopening of the economy and resumption of manufacturing activities. As of September 2021, industry credit amounts to Rs. 10.64 trillion that is around 40% of

NBFCs gross credit deployed, according to the RBI.

While NBFCs' credit to industry is growing, their credit to services is declining majorly on account of the decline in credit to the commercial real estate sector and retail trade. The commercial real estate sector and the retail trade sector were highly impacted during the COVID-19 pandemic as the nationwide lockdown halted construction activities and the movement of people and goods. As of September 2021, as per data published by RBI, credit deployed to the service sector amounts to Rs. 3.3 trillion that is around 12% of NBFCs gross credit deployed.

Retail loans comprise housing loans, vehicle loans, loans against gold, consumer durable loans and other such personal loans. In 2019, retail credit accounted for around 26% of total credit deployed by NBFCs. As of September 2021, the contribution of retail loans increased to nearly a third of NBFCs gross credit deployed, which stood at Rs. 26.62 trillion.

1.5. Outlook

CareEdge Research believes assets under management of NBFCs are estimated to have grown by around 5-6% for Fiscal 2022 (in spite of a 1.5% de-growth in the first half). The growth in AUM is expected to be higher at around 8% in Fiscal 2023 driven by an increased focus on extending credit to customers belonging to segments where the penetration of bank credit is low, ease of access to internet and investments made in technology infrastructure due to the COVID-19 pandemic. In terms of segmental growth, CareEdge Research expects the retail segment to continue its growth momentum, while credit to industry will likely remain a laggard.

CareEdge Research believes that NBFCs are shifting their focus towards retail financing, which is anticipated to show a smart growth with a pick-up in economic activity and increased penetration of financial institutions providing convenient financing options to borrowers. The retail segment comprises vehicle loans, consumer durable loans, advances against golds, real estate loans and other such individual loans.

While the vehicle loans comprise a major portion of retail financing, CareEdge Research expects other types of retail finances, such as the consumer durable finance segment, to grow at a steady pace as customers resume purchases of consumer durables amidst a benign interest rate regime. Although inflation is on an upward march and interest rates have bottomed out, CareEdge Research believes that they are unlikely to rise very sharply in the near term. CareEdge Research believes that retail demand, particularly during the festive and harvest season, will not only sustain but also improve, albeit moderately.

Gold loans are a highly secured and liquid asset class that generates high returns with minimal credit losses and encourages financial institutions to extend their credit towards gold loans. CareEdge Research believes that with the rise in the price of gold amidst geopolitical unrest, a large geographic reach and the fast turnaround time on loan application, the demand for gold loans to fund the working capital of micro enterprises and an individual's personal requirements will grow.

CareEdge Research believes that real estate financing will grow with the opening of offices and surge in demand for housing. CareEdge Research expects the demand for housing and housing finance to grow on account of lower interest rates compared to the pre-pandemic era, an increase in incomes and stable property prices. Property prices as published by the RBI are already on an upswing, indicating that the demand for housing is high.

In the coming months, CareEdge Research expects NBFCs to recover from the effects of the pandemic and the resumption in demand for credit will facilitate disbursements. In addition to this, CareEdge Research expects high provisions against non-performing assets and improved capital positions will aid this growth.

2. MSME

2.1. Introduction to MSMEs

The micro, small and medium enterprises ("**MSME**") sector is a vibrant and dynamic sector with crucial linkages to employment. The MSME sector is considered the growth engine of the Indian economy, with significant contribution to the GDP, exports and employment generation. The sector contributes significantly in the economic and social development of the country by fostering entrepreneurship and generating large employment opportunities at comparatively lower capital cost, next only to agriculture. MSMEs are complementary to large industries as ancillary units and the sector therefore contributes significantly in the inclusive industrial development of the country.

MSMEs are widening their domain across sectors of the economy, producing a diverse range of products and services to meet demands of domestic as well as global markets.

In accordance with the provision of Micro, Small & Medium Enterprises Development ("**MSMED**") Act, 2006 MSMEs are classified as follows:

Enterprise Category	Investment in Plant & Machinery or Equipment	Annual Turnover
Micro Enterprises	Does not exceed 10 million	Does not exceed Rs. 50 million

Small Enterprises	More than Rs. 10 million but does not exceed Rs. 100 million	More than Rs. 50 million but does not exceed Rs. 500 million
Medium Enterprises	More than Rs. 100 million but does not exceed Rs. 500 million	More than Rs. 500 million but does not exceed Rs. 2,500 million

Table 6: Number of MSMEs in India

Category	Number of MSMEs
Micro	6,279,858
Small	319,793
Medium	34,355
Total	**6,634,006**

Source: Economic Survey 2021-22, Data as of 17th January 2022.

As per the Economic Survey of 2021-22, around 6,634 thousand MSMEs are registered under Udyam portal, of which around 94.6% enterprises are micro category and around 4.8% of the enterprises fall under small category and the remaining are medium enterprises.

2.2. Credit to MSMEs

Table 7: SCBs and NBFCs credit exposure to MSMEs

(Figures in Rs. billion)

Outstanding as on	NBFCs			SCBs		
	Micro and Small Enterprise	Medium Enterprise	Total	Micro and Small Enterprise	Medium Enterprise	Total
March 2019	373.6	160.2	533.8	3,755.1	1,063.9	4,819.0
March 2020	364.4	139.3	503.7	3,922.7	1,050.9	4,973.6
March 2021	442.9	150.4	593.3	4,322.5	1,384.8	5,707.2
September 2021	361.6	151.7	513.3	5,320.8	2,139.9	7,460.8

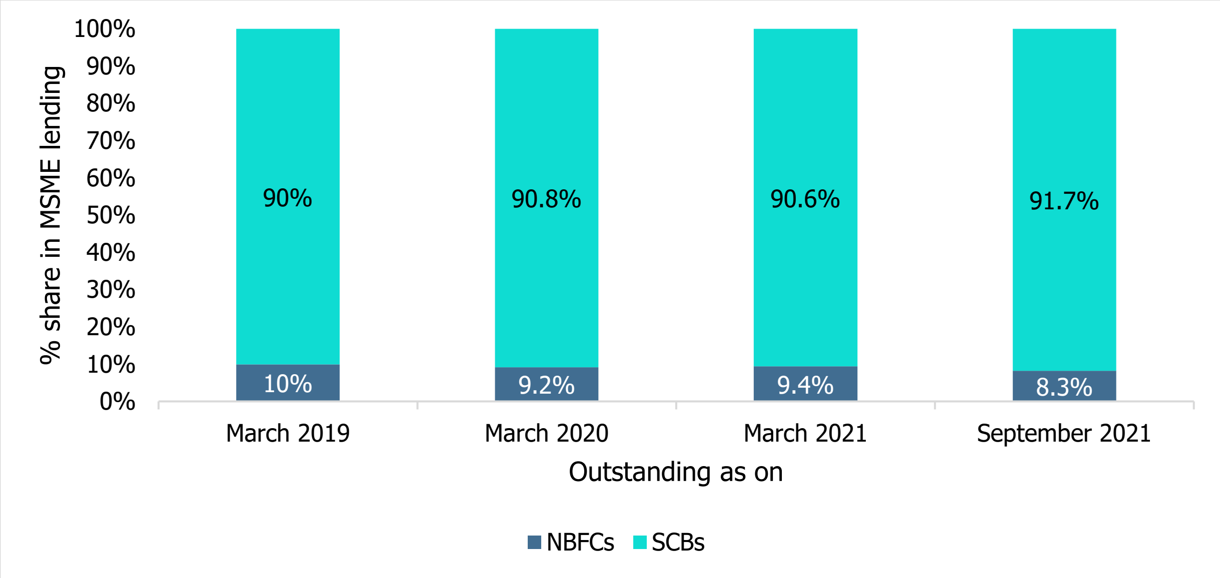
Source: RBI, CareEdge Research
Note: The credit exposure for MSMEs is NBFCs and SCBs credit exposure to `Micro & Small' and `Medium' enterprises under 'Industrial Sector' only.

NBFCs' credit deployed to MSMEs engaged in the manufacturing sector as per RBI was on a downtrend and stood at Rs. 503.7 billion as of March 2020 due to a combination of weakened demand from MSMEs and nagging liquidity issues of NBFCs. NBFCs mainly deploy credit to MSMEs belonging to the services and agricultural sectors. In comparison, bank credit to MSMEs witnessed a consistent growth. Bank credit deployed to MSMEs witnessed an improvement in the year ending March 2021 and strengthened further in the first half of Fiscal 2022 on account of a resurgence in demand from MSMEs as well as support from the Central Government by way of credit guarantee. The emergency credit line guarantee scheme or the ECLGS scheme announced by the Government in May 2020 after the pandemic hit the country in March 2020 revived credit offtake by MSMEs. The scheme was introduced to help mitigate the economic distress faced by MSMEs by providing them additional funding in the form of a fully guaranteed emergency credit line.

The credit extended towards MSME has increased significantly as during the COVID-19 pandemic, the Government encouraged banks to extend credit to MSMEs and aid them to buffer the effects of the pandemic. And as micro and small enterprises were more vulnerable, the credit towards them during the pandemic increased significantly during the Fiscal 2021, as per data published by the RBI. On the other hand, medium enterprises were able to buffer the effects of pandemic to a certain extent. Although the credit towards medium enterprises increased over the previous Fiscal year, the growth was moderate compared to growth in credit extended to micro and small enterprises.

2.3. Share of Banks & Non-Banks in MSME lending

Chart 11: Share of banks & NBFCs in MSME lending



Source: RBI, CareEdge Research
Note: The credit exposure for MSMEs is NBFCs and SCBs credit exposure to `Micro & Small' and `Medium' enterprises under 'Industrial Sector' only.

The MSME sector is underpenetrated by NBFCs and there is a huge unmet credit demand in the sector, primarily due to lack of documentation and credit history required to access to financing from formal banking channels. There is also a significant gap between the original credit requirement and the actual credit exposure of formal channels to MSMEs, which provides a huge opportunity in MSME lending. (to explain data – services & agri share of MSMEs will be large; explain the data available in the chart)

2.4. Asset Quality Trends for Banks

Table 8: Bank-wise SMA distribution of MSME Portfolio

Period Ended	Public Sector Banks					Private Sector Banks				
	0 days past due	SMA-0	SMA-1	SMA-2	NPA	0 days past due	SMA-0	SMA-1	SMA-2	NPA
March 2021	61.2%	10.2%	8.4%	3.4%	16.8%	89.4%	3.8%	2.4%	0.8%	3.6%
June 2021	60.9%	10.9%	4.6%	4.8%	18.8%	86.0%	5.9%	2.8%	1.7%	3.6%
September 2021	66.6%	7.6%	3.4%	3.9%	18.5%	87.9%	5.5%	1.7%	2.1%	2.8%

Source: RBI, CareEdge Research

MSMEs have poor financial muscle and were severely impacted by the COVID-19 pandemic. Since most MSMEs operate in the manufacturing sector, the nationwide lockdown, which impacted production as well as demand caused increased stress to MSMEs. Additionally, MSMEs likely witnessed delayed payments on orders serviced and the inability to adopt digitisation or accommodate higher costs on social distancing along with a limited workforce. Many went out of business and some struggled to tide over the crisis with cash flow issues, which translated into a strain on their ability to repay banks.

MSMEs seeking loans from banks also struggled to meet their obligations due to uncertainty and the second wave of the pandemic. As per data published by the RBI, NPAs from the MSME segment witnessed a spike for the pandemic year of Fiscal 2021 and rose further to 18.8% towards the end of June 2021, which coincided with the second wave of the virus. NPAs seemed to decline at the start of September 2021 as operations returned back to normalcy. CareEdge Research estimates NPA levels to lower for December 2021 and ease gradually over the next year.

2.5. Outlook

The MSME sector is the driving force of the Indian economy and has major potential to spur industrialisation across the economy. However, this sector is small in terms of the scale of operations and business size. MSMEs employ a large number of people, making the sector a key contributor to the economic development of the country. The sheer number of people in the workforce has also led to the Government disbursing various kinds of support and benefits.

In the coming months, CareEdge Research expects MSMEs to recover from the effects of the pandemic and input inflation and grow on account of increased demand for finished products, availability of labour, improved use of digital solutions adopted during the pandemic.

In addition, the extension of the Emergency Credit Line Guarantee Scheme ("**ECLGS**") to March 31, 2023 is aimed at assisting MSMEs in availing credit that is required to ensure recovery, and is likely to aid in the recovery and growth of this sector. Besides, an additional Rs. 2 trillion provided by the Government through the Credit Guarantee Trust for Micro and Small Enterprises ("**CGTMSE**") is also expected to further encourage growth of the sector. CareEdge Research expects these initiatives to stimulate credit outreach to MSMEs, provide last-mile financial inclusion and promote job creation in the sector.

MSMEs have to generate employment opportunities, improve performance, transform their business operations and carry out technology-based production and invest in research and development activities. In addition to this, CareEdge Research expects MSMEs to contribute more than 40% of India's nominal gross domestic product ("**GDP**") by Fiscal 2025 for which it will require immense support from the Government, institutions and banks.

3. HOUSING FINANCE

The real estate industry is one of the most crucial and recognized sectors across the globe. The industry can be further segmented into four sub-sections – housing, commercial, retail, and hospitality. Of these, the residential segment contributes to around 80 percent of the overall sector. The growth of the overall real estate industry also depends on the growth in the corporate environment and the demand for office spaces, urban and semi-urban accommodations. The construction industry is therefore one of the major sectors in terms of its direct, indirect, and induced impacts on all sectors of the economy.

The housing finance sector in India comprises financial institutions, scheduled commercial banks, regional rural banks, agriculture, and rural development banks, housing finance companies, state-level apex cooperative housing finance society, NBFCs, Finance institutions ("**MFIs**"), and self-help groups.

3.1. Credit Growth in housing finance

The residential real estate segment has performed exceptionally well since the early 1990s when interest and principal repayments on capital borrowed for the purchase or construction of housing were tax deductible up to certain limits, and tax rebates were made available for borrowers of such capital up to specified income levels. Along with this, growth in the economy and the services sector resulted in migration to metros and propelled the demand for housing units. However, problems related to elevated property prices, delayed launches by developers, and stalled projects triggered some cold feet towards the sector. From the point of view of financing too, the IL&FS crisis created problems in the NBFC sector, which is a pivotal source of funding for real estate. To add to this, the COVID-19 outbreak in early 2020 and the concomitant lockdowns across the country caused acute stress to the residential real estate segment and CareEdge Research expects this segment to fully recover and grow further in Fiscal 2023.

Table 9: SCBs, HFCs' and NBFCs' housing loans

Outstanding as on	Housing Loans (Rs. billion)		
	SCBs	**HFCS**	**NBFCs**
March 2019	12,043.6	7,676.8	184.5
March 2020	13,964.4	7,693.2	194.8
March 2021	15,619.2	8,304.7	214.8
September 2021	14,784.5	NA	215.0
March 2022	16,844.2	NA	NA

Source: RBI

Note: SCBs and NBFCs include retail housing loan only, HFCs only includes home loans. Information on housing loans of HFCs is available up to March 2021 and information on housing loans of NBFCs is available up to September 2021.

SCBs continue to contribute to a major portion of housing loans. Nearly 65% of the housing loans are deployed by SCBs, while HFCs form around 34% of housing loans. SCBs housing loan book is nearly double that of housing finance companies housing loan book. NBFCs housing loan book is around 1.4% of SCBs housing loan book and around 1% of the overall housing loans.

3.2. Growth Drivers

The non-banking housing finance market in India is fragmented with over 80 HFCs. However, the top four players command over 70 percent of the market share. The top two players Housing Development Finance Corporation (HDFC) and LIC Housing Finance Limited each have assets over Rs. 1 trillion and command over 60 percent of the overall market as of March 2021. In addition, unlike banks, the HFCs are governed by the National Housing Bank ("**NHB**"), a subsidiary of the RBI. As HFCs were not able to accept deposits from consumers in normal circumstances earlier, they have less stringent regulations vis-à-vis banks.

The HFCs gained prominence when the retail housing segment was neglected by banks, with many small consumers unable to fulfill the stringent documentation requirements of banks. Although the interest rates charged were higher than that of banks (due to a higher cost of funding), this did not deter small consumers from pursuing HFCs because of a clear lack of alternatives. Thus, in the last few years, there has been a large influx of new players, taking the number of non-deposit-taking HFCs from 55 in Fiscal 2014 to currently more than 80 in Fiscal 2022, according to the National

Housing Bank.

In cases where the home value does not exceed Rs. 1 million, HFCs may add stamp duty, registration costs and other documentation charges to the home value to increase the maximum allowable loan on a property. This in turn, allows these HFCs to lend more to home buyers as compared to banks. Further, with banks having switched to marginal-cost-based lending rates (changing from base rate regime) in 2016, interest rates may increase with funding costs, thereby, reducing the gap in rates offered by banks and HFCs. Despite the banks' larger scale and funding advantages, they have been losing out to the HFCs.

➢ **Population Demographic & Increase in Urbanization**

The Indian age demographic has two-thirds of our population below 35 years of age, and the share of people in the age group of 0-14 is 26.16%. The share of the working-age population (15-65 years) is 67.27%, which indicates a very positive future outlook for the Indian housing sector.

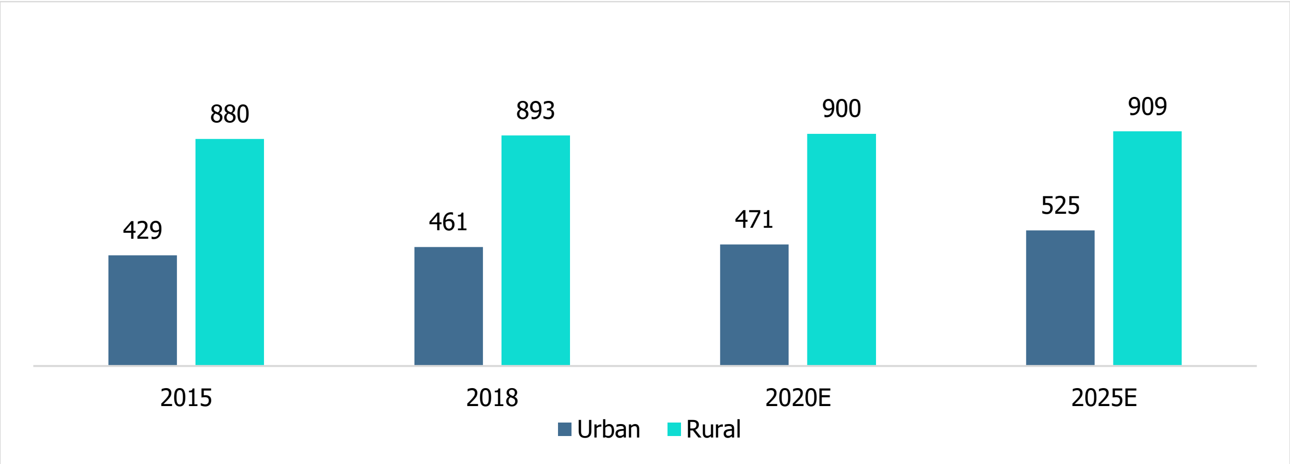
The demand for new houses is steadily increasing as the pace of urbanization is expected to increase with the Government's focus on building new smart cities as well as a focus on Tier 2 cities, which have a population of around one million, and Tier 3 cities, which have a population of less than one million. Thus, CareEdge Research expects that surging growth and employment in these cities will prove to be a significant driver for people in the rural and semi-urban areas to shift to Tier 2 and Tier 3 cities.

- Demand for residential properties has surged due to increased urbanization and rising household income. India is among the top 10 price appreciating housing markets internationally.
- About 10 million people migrate to cities every year.
- Growing economy driving demand for commercial and retail space. Residential segment contributes ~80 percent of the real estate sector.

The Indian economy has experienced robust growth in the past decade and was expected to be one of the fastest-growing economies in the coming years.

- According to a United Nations report named "World Urbanisation Prospects", India's urban population is expected to reach 525 million by 2025, up from an estimated 461 million in 2018.
- Rising income and employment opportunities have led to more urbanisation and more affordability for real estate in cities.
- COVID-19 had negatively impacted the Indian housing sector. Since then, the sector has started recovering and reached pre-pandemic level growth in Fiscal 2022 as the Government supported the housing industry since it has majorly contributed towards India's economic growth over the last few years and would aid overall growth if it is supported efficiently. The income in the hands of the urban population in Tier 1 and Tier 2 cities will be an important aspect of the growth of the housing finance industry in the next few years.

Chart 12: Population breakdown of India (in millions)



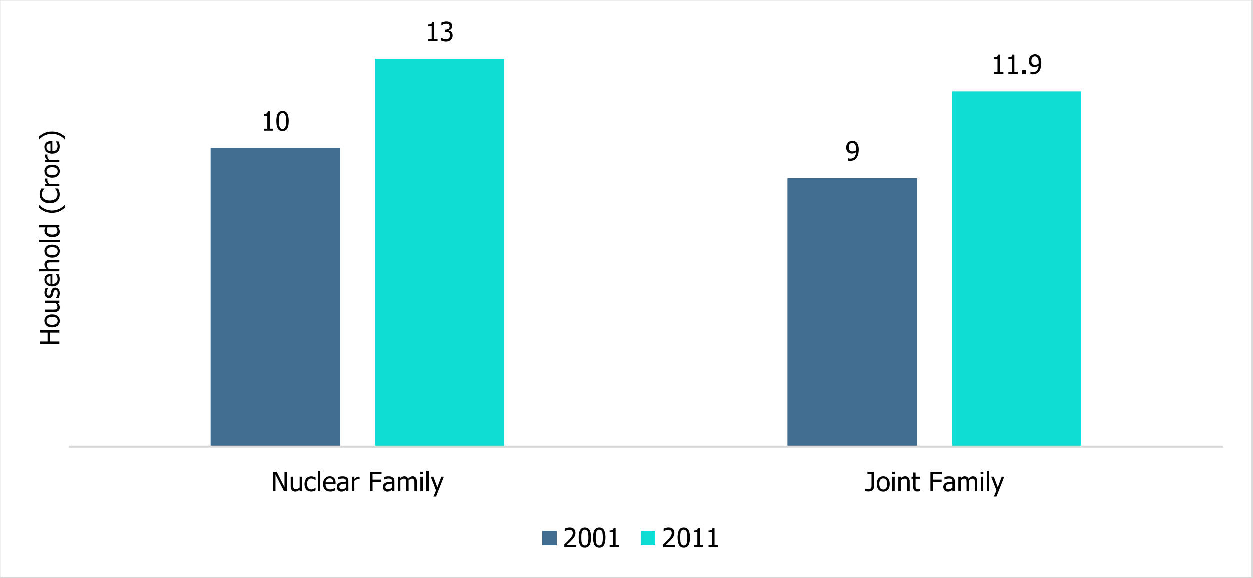
Source: Ministry of Home Affairs, CareEdge Research
Note: E means estimated

➢ **Nuclear Family Trend**

There are fundamental changes in the social setup of Indian families. We are heading from the joint family concept to the nuclear family concept. In the traditional Indian joint family setup, many people lived in the same house with their families. However, the traditional Indian concept of the joint family has seen a radical change. Nuclear families are now the norm, rather than the exception. Usually, a nuclear family consists of a couple and their children. Nuclear families do not require as much space, as compared to a joint family. Consequently, the property buying decisions of a nuclear family are radically different from those of a joint family, both, in terms of the people who take the decisions and the choices that are made. As this trend is spreading in urban sections of India, the demand for homes is increasing tremendously. Previously, the bread earners were the senior-most male member in the family but now there are married couples who are earning members, which makes buying a house a viable option. The Growth in Household Incomes in Indian Cities has increased consistently. This has led to an increase in demands for new homes tremendously.

According to 2001 census, out of 190 million households, 100 million or a little over 50 % were nuclear households. In the 2011 census, the share grew to 52.1% - 130 million nuclear out of 249 million households.

Chart 13: Nuclear & Joint Family Household



Source: Census Data

- **Technological development (Fintech)**

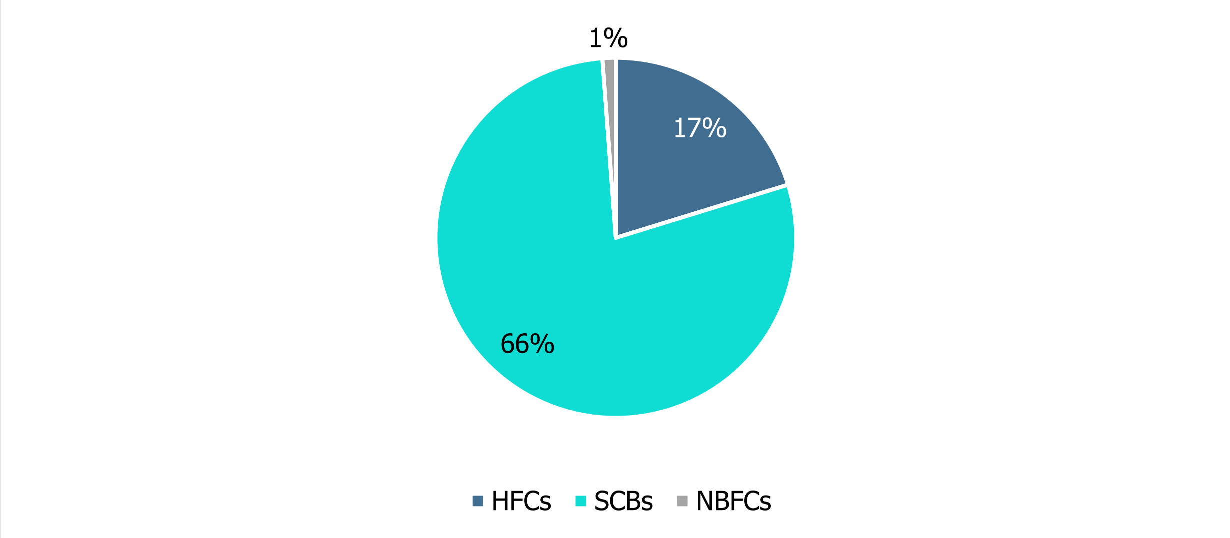
  - Technology has helped HFCs and NBFCs to provide fast, efficient, cost-effective, customised products and services to customers. It helps in increasing manpower productivity, facilitates the better utilisation of resources, and the automation of many manual procedures. Fintech is among the most talked-about development in the world currently. Having emerged as the world's second-largest fin-tech hub (trailing only the US), India, too, is experiencing this 'FinTech Boom'. Given that consumer banking is on the verge of disruption, there should be greater emphasis on the customer.

  - While traditional banks have yet to embrace a customer-centric model, CareEdge Research believes fintech can help guide and boost the housing finance industry. It has helped in reaching out to larger geographies for business acquisition without relying on the brick-and-mortar setup. The use of mobile and mobile technology has made the onboarding of a customer easy, fast, and cost-effective. Technology helps to manage risk through analytics. It helps in making informed credit decisions.

The collection and recovery processes have become far more effective and efficient and significant scale-up of businesses across geographies at a cost-effective manner is possible with the help of technology. CareEdge Research expects technological advancement to help housing finance companies big time. Such advancements will help monitor NPA values and ensure that companies will be customer-centric and be able to serve their consumers more effectively.

3.3. Market Share of Banks vs HFCs

Chart 14: Market share of banks, NBFCs & HFCs in housing loans



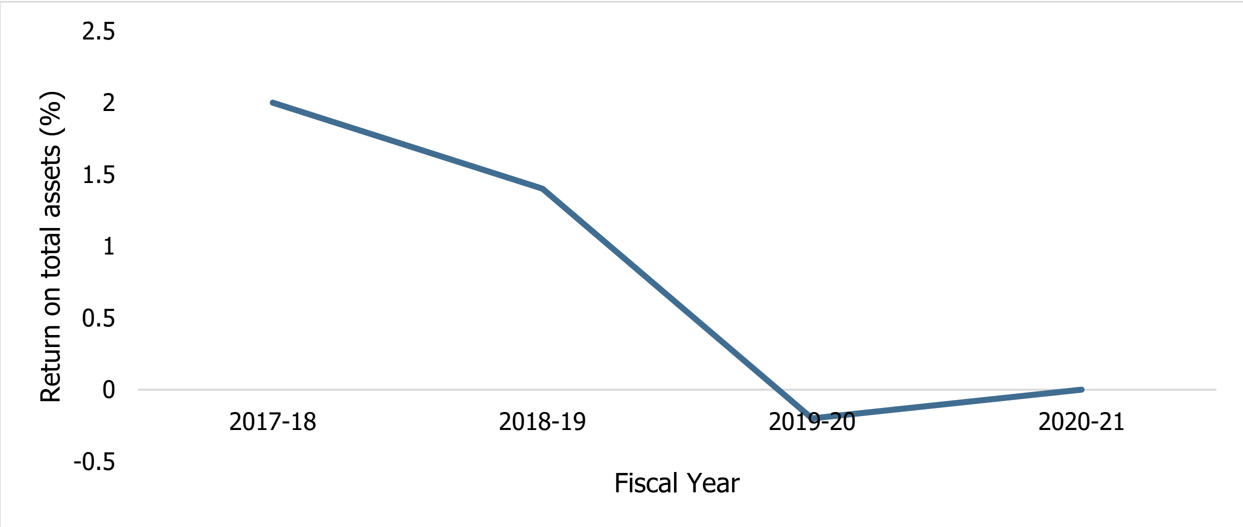
Source: RBI, CareEdge Research
Note: HFCs' share excludes loans disbursed by HFCs in LAP, construction finance, and others.

While HFCs' credit to the housing sector accelerated in Fiscal 2020 and Fiscal 2021 due to low interest rates, bank credit to the housing sector remained higher than that of HFCs. NBFCs accounted for around 1% of total housing loans. Housing finance companies registered a 7.9% growth in their home loan portfolio to Rs. 8.3 trillion. However, bank credit to the housing sector grew by 12.8% to Rs. 16.8 trillion during the year.

Banks continued to account for a majority of the housing loan market and made up nearly 70% of total housing loans disbursed during the year. The share of HFCs in overall housing loans is expected to increase gradually in tandem with the increase in demand for affordable housing and home loans from smaller towns and cities. During the pandemic year though, demand for new homes is estimated to have come from urban areas where the presence of banks remains dominant.

3.4. Profitability Trends of HFCs

Chart 15: Profitability of HFCs



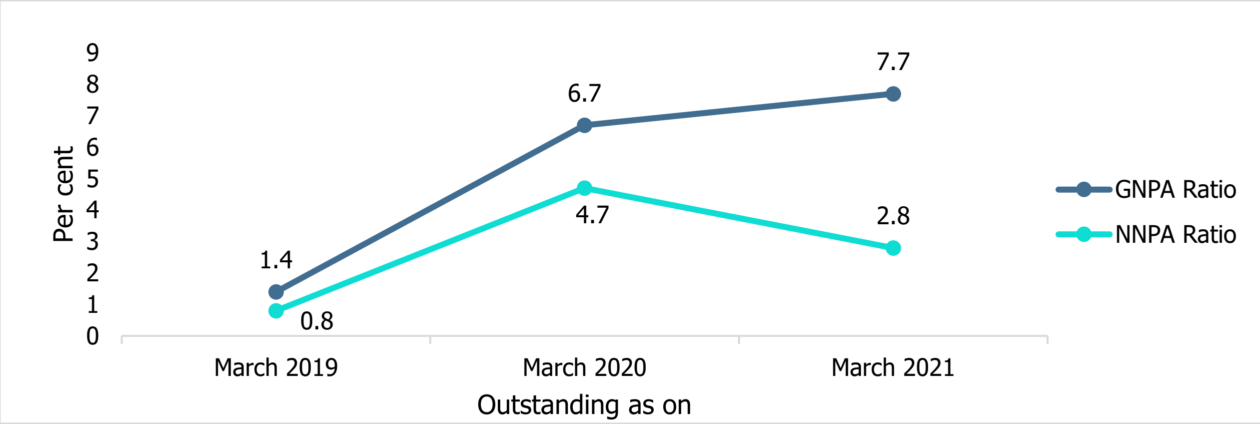
Source: NHB, RBI

The profitability of HFCs as indicated by the return on total assets showed a gradual fall for three consecutive years ending Fiscal 2019 and Fiscal 2020 when the industry incurred a loss at the net level. During the pandemic year, the consolidated income of HFCs witnessed a contraction of 8.6% as per data published by the RBI (sourced from NHB) on account of a moderation in fee income. HFCs also managed to lower their expenses due to a lowering of their finance costs. However, the profits earned as a proportion of total assets reached zero during the year.

3.5. Asset Quality trends of HFCs

As of March 2021, although the GNPA ratio of HFCs has increased, the NNPA ratio declined on account of significant increase in provisioning. HFCs increased provisioning in anticipation of a decline in asset quality due to the moratorium and other initiatives for borrowers.

Chart 16: Trend in asset quality of HFCs



Source: RBI, CareEdge Research

3.6. Outlook

CareEdge Research estimates the growth in housing loans of NBFCs and HFCs to have been around 6-8% in Fiscal 2022. CareEdge Research expects the housing finance sector to grow by 10% in Fiscal 2023 primarily due to sustained demand from the affordable housing segment. At present, there is a huge unmet demand for affordable housing in India. However, the bottoming out of interest rates amid high property prices will continue to be a key monitorable for the housing finance segment as a whole.

Lending rates of banks, and consecutively, housing financiers are projected to inch up in Fiscal 2023 after registering a deceleration in Fiscal 2021. Interest rates on loans eased sharply following an expansionary monetary policy as the coronavirus pandemic prompted the central bank to prioritise growth and recovery. Interest rates subsequently remained benign during Fiscal 2022 as weak investment climate, muted demand for fresh credit and recurrent COVID-19 waves kept a lid on credit growth.

The ongoing Fiscal year is likely to witness a gradual restoration of benchmark policy rates on account of food inflation and fuel inflation led by geopolitical tensions. CareEdge Research expects this to translate into a bottoming out of interest rates although the nascent recovery in credit growth will ensure that interest rates do not rise sharply. Some larger banks have already announced an upward revision in their lending rates and CareEdge Research expects this to increase the cost of funds for housing financiers. Resultantly, the effective lending rates of housing finance companies are projected to inch up. A rise in interest rates is unlikely to bode well for the recovery of the economy and may dissuade consumers, particularly retail consumers, from actively seeking home loans. CareEdge Research expects there will be a rise in lending rates amidst high property prices and a hike in stamp duty of Tier 1 cities, which will make high-priced homes more expensive. The effective hike in prices will affect the affordability of homes leading to a slower growth in property sales and housing finance.

The Government is making ample of efforts towards affordable housing finance, such as the Pradhan Mantri Awas Yojana ("**PMAY**"), which was launched in June 2015 to provide affordable housing to the urban poor. In February 2022, the Government allocated an outlay of Rs. 480 billion under PMAY towards the construction of 8 million homes. While CareEdge Research expects this to facilitate the affordable housing segment, it is unlikely that the benefits will be witnessed during the ongoing Fiscal year itself. CareEdge Research expects the outcome of this additional outlay under PMAY in the medium term to remain contingent upon the efficient construction and timely delivery of houses.

Data as per PMAY indicates a completion rate of around 48% for the affordable housing program. Since inception, the Government sanctioned 11.5 million houses under PMAY, of which 5.6 million were completed as of November 2021. CareEdge Research expects affordable housing demand to gain slight momentum on account of Government incentives. CareEdge Research expects the overall boost in demand in the residential segment to aid the need for housing finance.

4. CONSTRUCTION FINANCE

Construction finance constitutes loans extended for the purpose of real estate construction, including residential buildings, commercial offices, warehouses, hotels, malls, retail stores and hospitals. Construction loans are generally non-individual loans extended to real estate developers for the duration of construction, which typically ranges from three to five years (same as the construction period of the project).

Types of construction financing –

1) Construction funding towards financing the overall cost of a real estate project;

2) Discounting of receivables towards flats/ apartments that are already sold or to be sold; and

3) Inventory Financing for flats / apartments / office / malls that are unsold.

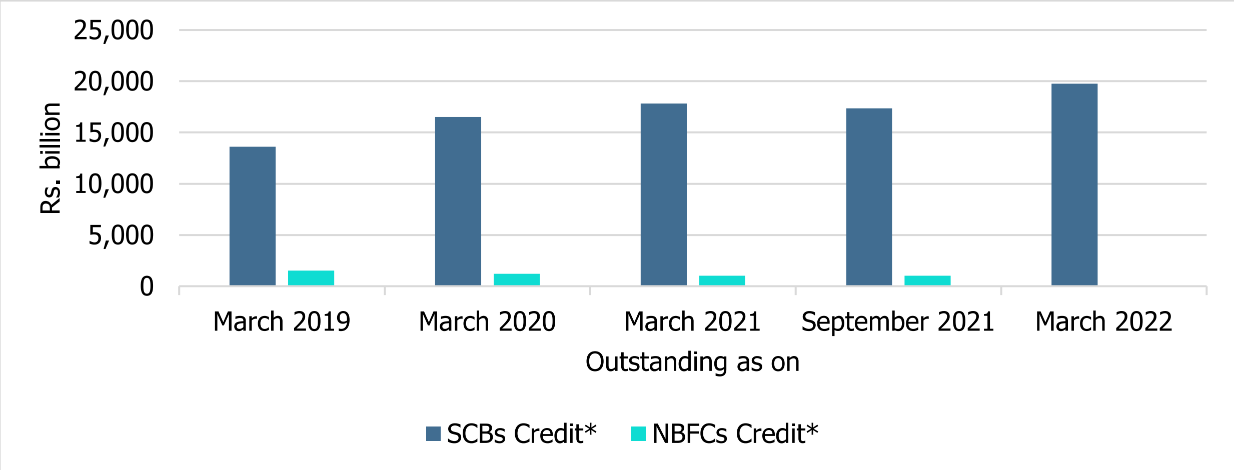
Banks and NBFCs are usually selective when it comes to lending to the construction finance industry. As a result, the loan approval process includes a detailed evaluation of the technical, financial, legal, commercial aspects of the project and the borrower's financial strength, experience and credibility. Construction finance loans are usually fully secured and lending institutions have full recourse against the borrowers. Lenders are also likely to require borrowers to submit periodic reports regarding the progress made on the project. Further, the disbursement of a construction finance loans depends on the progress of construction of a project and therefore has a lag between the approval of the loan and the full disbursement of the same.

Over the past few years, the construction finance segment witnessed a gradual pick-up in credit growth on account of the growth in the Indian real estate industry, which in turn was driven by increased demand for homes, particularly in the affordable segment, lower inventory levels and a strong pipeline of new project launches as well as grade A offices in the commercial real estate space. Additionally, the impetus on domestic manufacturing post the introduction of the Production Linked Incentive scheme and a robust growth in e-commerce translated into demand for construction finance for warehousing. The construction finance segment also registered continued traction from the retail industry, particularly in large format stores in tier 1 cities and malls in tier 2 and tier 3 cities. Along with this, the hotels industry also continued to be steady demand driver for construction finance.

The demand for construction finance is driven by the real estate and infrastructure sectors. Construction finance is therefore critical in ensuring sustainable real estate and infrastructure development.

4.1. Credit growth

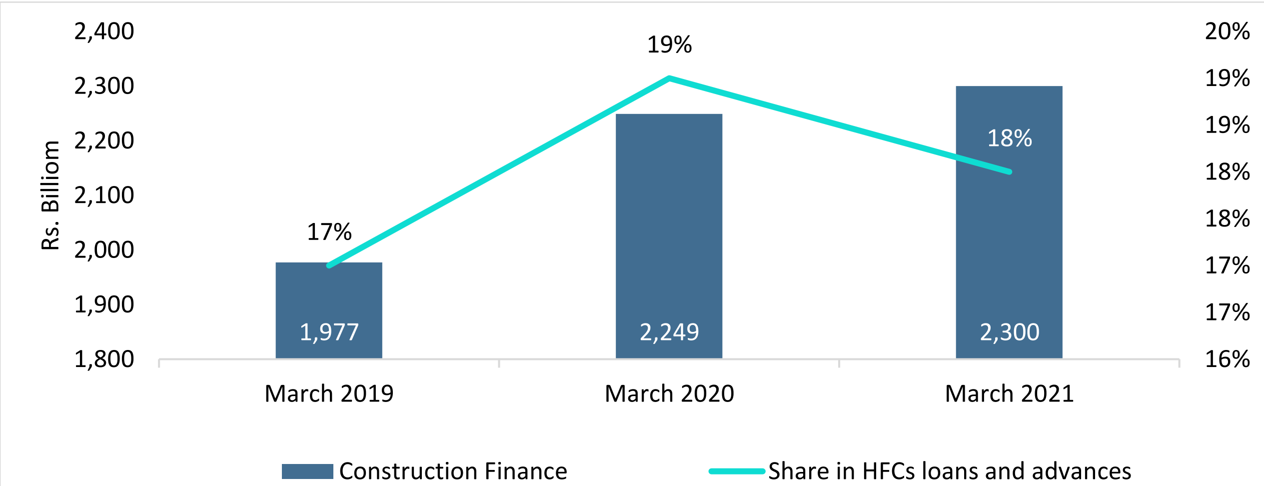
Chart 17: SCBs and NBFCs credit to commercial and residential real-estate



Source: CareEdge Research
*Note: * denotes credit to commercial and residential real-estate*

At present SCBs form a major chunk of credit towards commercial and residential sector. With the increase in need for affordable financing in semi-urban and rural areas, SCBs have increased their lending towards priority sector. In addition to this, Government's focus on infrastructure development has also encouraged SCBs to extend more credit towards construction finance.

Chart 18: Trends in construction finance loans by HFCs



Source: CareEdge Research

Over the period of three years ending March 2021, construction portfolio of HFCs grew at a CAGR of 4.31%. However, the Indian economy was severely impacted due to the lockdowns imposed to restrict the spread of COVID-19. This restriction of movement led to the migration of labourers. Construction projects came to halt and the construction finance portfolio of HFCs declined in Fiscal 2021, constituting just 15% of HFCs portfolio at around ₹ 2.07 trillion. The portfolio further declined by 5.5% in June 2021.

4.2. Growth drivers

- **Increased demand holiday and second homes**

  The need for social distancing and pandemic-led cabin fever opened up a new avenue for realtors – second homes and holiday homes. Consumers, mainly the affluent classes, are feeling the need to go on a holiday for a quick getaway over the weekend or even to socially distance themselves in second homes. CareEdge Research expects the demand for holiday homes close to metros and tier-1 cities to increase due to higher demand from consumers residing in these cities.

- **Relocations**

  The pandemic made the middle-income consumers aware of the drawbacks of their present residences. As the pandemic forced individuals to spend all their time within the confines of their homes, most families did not have sufficient space within their homes. This is also compounded by the limited facilities offered in their complexes. CareEdge Research expects such families, mostly from metros and tier-1 cities, to relocate and make new purchases from a desire for more open spaces, modern amenities, closer proximity to their workplaces and a desire to relocate closer to extended families and friends.

- **Growth in economy coupled with increased urbanisation to boost demand**

  - The Indian economy has experienced steady growth in the past decade and CareEdge Research expects it to be one of the fastest growing economies in the post-pandemic era.

  - CareEdge Research expects the India's urban population to reach over half a billion by Fiscal 2025 from an estimated 461 million in Fiscal 2018.

  - Rising income and employment opportunities have led to migration to urban areas, thereby creating greater need for real estate in major Indian cities.

- **Government policies enabling demand through greater transparency**

  - The real estate segment has received a massive boost from Government initiatives, such as the Affordable Housing Scheme, Goods and Services Tax ("**GST**") and the Real Estate Regulation and Development Act, 2016 ("**RERA**").

  - While the initial months following the implementation of these initiatives created some disruption, the policies increased transparency and competence of the sector. As a result, confidence of domestic and foreign investors in the real estate industry witnessed a boost leading to higher Foreign Direct Investment in the sector.

- **Growth in e-commerce to be key driver for warehousing**

  CareEdge Research believes that the e-commerce industry is likely to be the demand driver for the warehousing industry. Unlike most sectors, the e-commerce industry benefited from the coronavirus pandemic. While the nationwide lockdown during the June 2020 quarter halted operations of online marketplaces selling non-essential products, the pandemic accelerated the shift to the online medium for shopping. Even consumers who were averse to using e-commerce websites to shop were forced to do so as retail stores remained shut and malls were not allowed to operate. The reliance on online marketplaces selling groceries and medicines also increased and in such times of distress, discounts and offers offered by these companies made them more attractive to consumers. CareEdge Research expects the shifts in buying habits of consumers are unlikely to change after the departure of the pandemic and this will create the demand for more storage facilities for online marketplaces.

- **Congestion at ports, food grain storage capacities to support demand**

  CareEdge Research expects agricultural warehousing to benefit from higher demand on the back of increased procurement prices and improved kharif output this year. According to industry estimates, additional storage capacities to the tune of one million metric tonnes are likely to come up near Agricultural Produce Market Committees (APMCs) Along with higher food grain storage, new warehousing capacities are likely for cold storage. The requirement of temperature-controlled warehouses is increasing for storage of vaccines, food products for quick service restaurants ("**QSRs**") and perishable foods like dairy, meats, fruits and vegetables.

Besides food grains, warehousing plays an important role in the EXIM trade of any country. Container Freight Stations ("**CFS**"), where cargos belonging to exporters and importers are stored before being exported or imported, and Internal Container Depots ("**ICDs**") have assumed greater relevance in the pandemic times. CFS and ICDs essentially help reduce congestion at ports. This is relevant because as countries are re-opening at different times, the problems of container shortage and delayed turnaround at ports are getting accentuated. Additional warehousing facilities close to ports will ease constraints and help to streamline transportation. CareEdge Research expects this segment to see an improved demand in the post-pandemic era.

- **Demand for cold chain logistics to increase due to pharma, packaged foods industries**

  Cold chain logistics is another key demand driver for the supply chain industry. The cold chain logistics system allows for the safe transport of temperature-sensitive goods and products along the supply chain. This branch of logistics depends on science and technology to maintain the balance between temperature and perishability.

  In the post-pandemic world where the safe transportation of vaccines and booster doses will remain crucial, CareEdge Research believes cold chain logistics will propel the demand for efficient integrated supply chain management. Apart from the pharma industry, another user of cold chain logistics is the grocery and meat products industry. With the advent of e-commerce and specialty companies offering varieties of meat and meat products, the reliance on cold chain, and, consequently on integrated supply chain will increase.

4.3. Outlook

Given the massive funding requirement for construction, there remains a need for a sound and robust financing ecosystem that is aided by Government initiatives. At present, CareEdge Research believes banks are likely to be the key source for construction finance followed by NBFCs and HFCs. Bank credit to construction finance remains challenging as access to funds for smaller projects is costlier. However, over the past few years various policy measures, such as re-finance schemes, were announced by the Government and the RBI also relaxed their external commercial borrowings framework to permit developers to raise funds for low -cost and affordable housing projects. Additionally, the transparency and structure provided by the introduction of RERA has helped support the sourcing of foreign funding. CareEdge Research expects this to give a leg-up to the growth in construction finance loans disbursed particularly in the real estate space.

The scope of funding has been widened further by way of real estate and infrastructure funds ("**REITs and InVITs**") and this has opened up funding avenues for niche segments, such as logistics, data centres and warehousing. Going forward, CareEdge Research expects the construction finance segment to be a key driver of loan growth for banks as well as NBFCs due to a combination of increased demand for housing, technological innovation and growth in the manufacturing sector.

Office spaces -

Commercial real estate, particularly commercial leasing, was disrupted by the pandemic. Work-from-home policies negatively affected office leases as rentals fell sharply. However, with the effects of the pandemic subsiding, employees are now able to return to the office and "working from office" has resumed in full swing. As a result, CareEdge Research expects demand for offices, especially Grade A offices, to strengthen in the medium term. CareEdge Research expects a sharp pick-up in office space leasing in the short term and new investments in the commercial real estate are projected reach completion.

Warehousing -

The warehousing industry is projected to come out of the coronavirus pandemic stronger than pre-COVID-19. The pace of growth of the warehousing industry is likely to surpass pre-COVID levels in the medium term. CareEdge Research believes companies will want to stock up on inventory to avoid supply shortage, as e-commerce companies will want to cater to increased consumption. Lastly, the preference for grade A and B warehouses will also increase. The outlook for the warehousing industry is positive with strong green shoots for this year.

Retail & Hospitality –

CareEdge Research expects the hospitality and retail industries to see an uptick in investments on new projects as well as the revamping of existing ones as a result of a resurgence in consumption demand. The growth in demand is likely to come on the back of leisure travel, particularly from domestic tourists, and a gradual increase in foreign tourist arrivals. Along with tourism, CareEdge Research expects the construction finance segment to witness an increase in demand from the retail sector by way of standalone and experience stores, retail outlets of e-commerce and luxe brands, and new malls. The average Indian consumer is returning to socialising and shopping after a two-year hiatus and CareEdge Research believes this is likely to propel the demand for newer, larger retail spaces.

5. GOLD FINANCE

5.1. Overview of Gold Industry

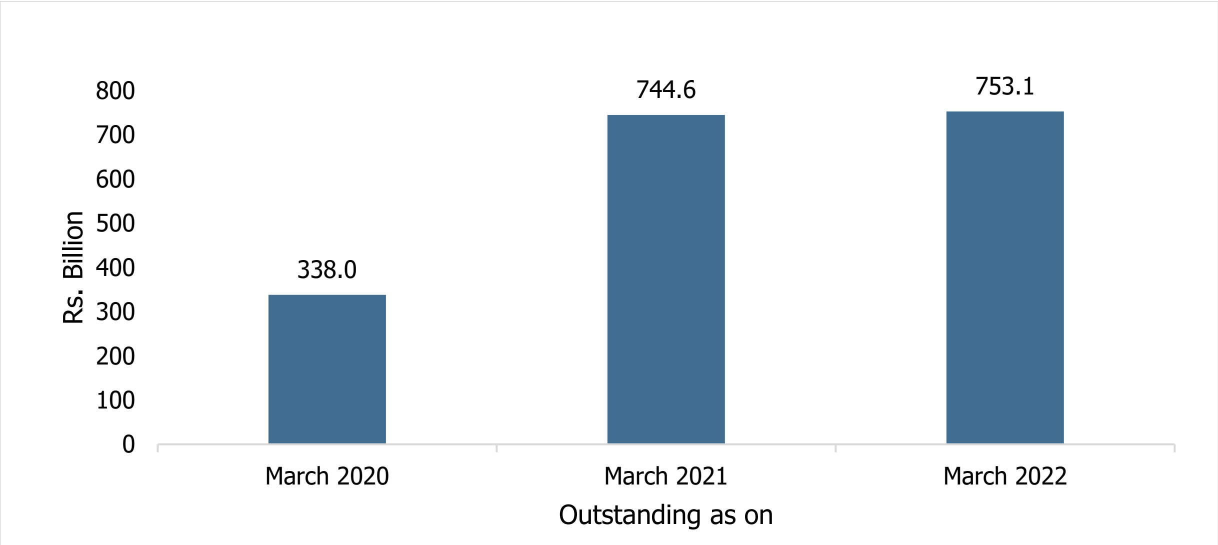
The Indian jewellery market is traditionally dominated by gold jewellery. Gold jewellery purchases in India are not only limited to consumption, as is the case with fashion jewellery, but they do have a strong saving significance. This is more evident in rural communities where access, literacy, and acceptance of other financial savings instruments are all lower. These factors have resulted in gold being a major saving asset class. Cultural differences, religious and trust concerns, as well as other elements that influence jewellery purchases have all contributed to gold jewellery's significance.

Resultantly, the gold financing industry offers strength and support for economic growth. With an emotional sentiment attached to the metal, Indians rarely sell their gold jewellery but pledge it as a collateral with financiers for securing short-term loans.

During the COVID-19 pandemic, the gold prices surged amid the rise in demand for gold. Gold is considered as safe heaven and there was uncertainty in the market during the pandemic, which lead to rise in offtake of gold loans.

5.2. Trend in credit towards gold loan financing

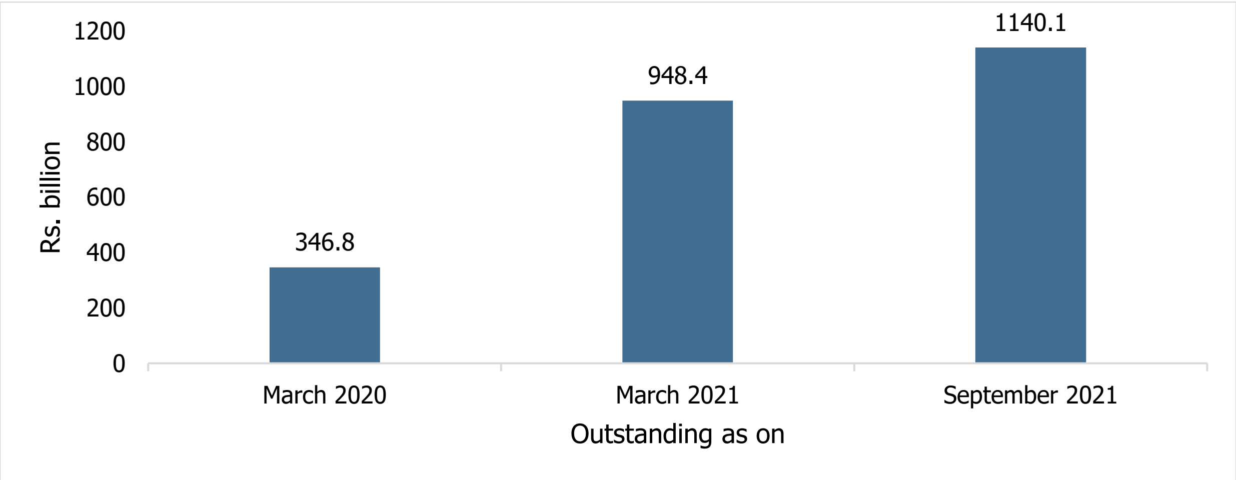
Chart 19: SCBs' loans against jewellery



Source: RBI, CMIE, CareEdge Research

As per RBI data, SCBs' loans against jewellery grew by 2.2x in Fiscal 2021 over Fiscal 2020. This growth was due to the pandemic-led financial distress, unemployment, salary cuts and sudden health expenses, which led to people borrowing loans by pledging gold. As of March 2022, the y-o-y growth of credit deployed to gold loans was around 1% over March 2021. This came as the impact of the pandemic waned with increased vaccinations and the economy reopened and recovered during Fiscal 2022.

Chart 20: NBFCs' advances to individuals against Gold



Source: RBI, CMIE, CareEdge Research

The Indian gold loan market is divided into two segments namely organised and un-organised segment.

Organised Segment

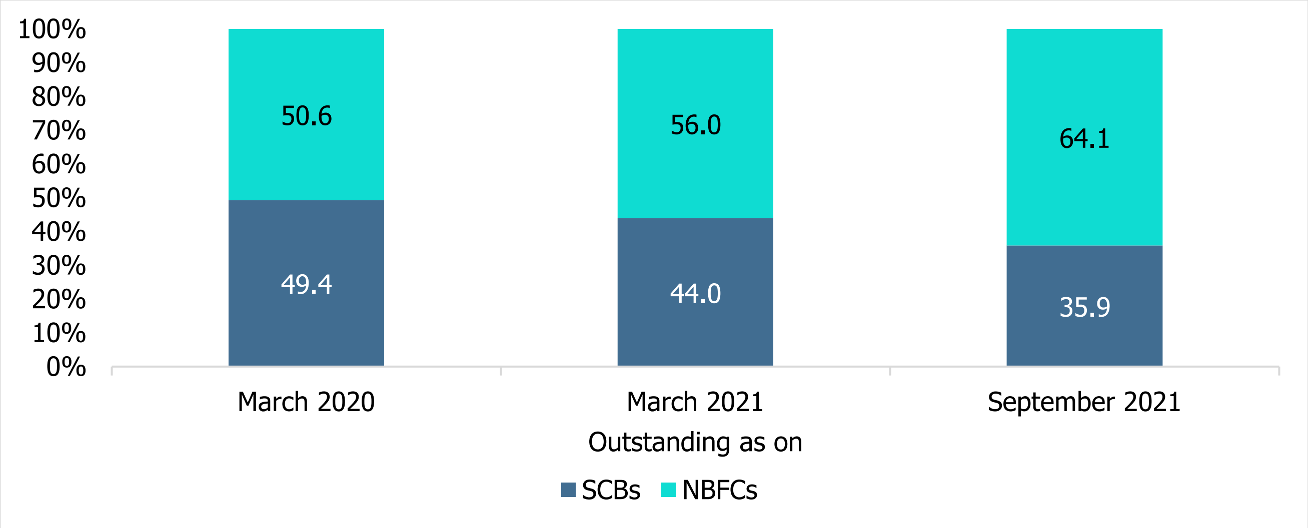
The organised Gold loan market accounts for only a minor part of the overall Indian gold loan market and CareEdge Research expects it to grow exponentially between 2021-25 due to the increasing number of financial institutions providing gold loans to the under-banked population.

As per RBI Data, at the end of March 2021, NBFCs advances against gold stood at ₹ 948.4 billion, indicating 2.7x growth over previous financial year, NBFCs credit against gold further grew to ₹ 1,140.1 billion by the end of September 2021.

Unorganised Segment

While the formal organised sector comprises financial institutions, the unorganised (informal) sector comprises of indigenous bankers, money lenders, etc., that provide loans against gold at high interest rates to local borrowers.

5.3. Share in Credit deployed towards Gold loan financing



Source: RBI, CareEdge Research

NBFCs' share in gold loans accounted for more than half of total gold loans extended for two consecutive years ending Fiscal 2021, as per data published by the RBI. The share of growth increased to 64% as of September 2021, RBI data showed. A majority of gold loans in India is disbursed by NBFCs, particularly gold loan focused ones, due to their rapid expansion in rural and semi-urban areas and a faster conversion rate. As NBFCs have a strong presence in these regions, reaching out of to NBFCs for loans is a more lucrative proposition when compared to local moneylenders who may be charging a higher interest rate.

Of late, NBFCs have been aggressive in onboarding new customers through branding, advertising and expansion. Banks too increased their focus on the gold loan segment as higher demand from gold loans, particularly during the pandemic, meant a steady avenue for credit growth. Other factors that drive the growth of gold loans are need for credit, attractive interest rates of banks and NBFCs vis-à-vis local moneylenders, faster loan processing, digitization, gold loans for varied tenures, accurate gold valuation, safekeeping and auctioning, which are extremely vital to gold loan customer segment.

Additionally, in August 2020, the loan-to-value (LTV) ratio for loans against gold ornaments for non-agricultural end-users was increased from 75 per cent to 90 per cent. This provision was applicable till 31 March 2021 and was aimed at offering support to households and small businesses to help them mitigate the economic impact of the pandemic. This resultant growth in these loans indicates the extent of relief of this measure and may have played a part in retail loans holding their growth rates.

5.4. Outlook for Gold Loans

For financial institutions, gold loans are highly secured assets and liquid collateral that generate high returns with minimal credit losses. CareEdge Research anticipates that with large geographic reach and fast turnaround time on loan applications, the demand for gold loans to fund working capital of micro enterprises and individual's personal requirements will grow with ease of restrictions in economic activity.

The outlook for gold loans remains positive also due to continued focus on part of banks and NBFCs on the gold loan segment. CareEdge Research expects growth in AUM of gold loan NBFCs to hover at 12-13% for Fiscal 2023.

The gold loan segment is a highly liquid one and in case of delayed repayments, the lender can easily sell the asset pledged and recoup the funds. In the post pandemic era, where rising inflationary concerns are likely to slow down growth and impact pace of economic revival, gold loans will continue to remain as a source of funds for consumers who may have the need for urgent financing, and banks who may perceive this segment to be a lucrative one should other avenues witness headwinds.

Going forward, the growth is expected to come on account of the following drivers:

Geographic Reach:

Organised financial institutions especially NBFCs have a geographically wider reach especially in the southern regions with high coverage in non-metro, semi-urban and rural areas. Borrowers keen on availing gold loans are more likely to choose a specialised NBFC over an unorganised lender if the location is convenient and minimises the risk of travelling a distance with valuable assets.

Quicker Turnaround time:

The turnaround time of financial institutions is short. This is attributed to a smaller loan ticket size, the desire of the borrower to procure the loan amount as quickly as possible, and the availability of well-trained and experienced employees in the assessment and valuation of the gold collateral being pledged.

Focused business areas and efficiency in operations:

Although banks also extend gold loans, some NBFCs have developed expertise in this segment by exclusively focusing on gold loans. Through this, gold financing companies have specialised capabilities and also offer customised solutions to customers. As a result, NBFCs are likely to maintain their strong foothold in the gold financing segment.

Increased stock of gold:

According to the World Gold Council, a 1% rise in income supports the demand for gold by 1%. CareEdge Research expects India's total gold stock to increase following the recovery and growth in the economy and this will likely translate into a higher stock of gold in India. With consumers being less averse to using gold to meet their credit requirement, a higher stock of gold bodes well for the gold finance segment.

Challenges to growth:

Increased competition among companies and other financial products:

With the thrust on gold loans by the banking sector, NBFCs are likely to continue their aggressive strategies to maintain their share in overall gold loans. However, the gold loan segment also faces challenges from financial services providers dealing in unsecured loans, which offer customers the option of availing a loan without pledging any collateral.

Security:

Gold as an asset class has high value for a low quantity and has to be handled cautiously during the loans life cycle. It becomes crucial for financial institutions to be aware about the possibility of theft and other fraudulent behaviour.

Operating expenses:

The nature of the gold loan business results in high operating cost due to large number of branches required as proximity to the customer plays a key role in gold loan financing.

Storage Costs:

Providing secure storage hubs at each branch is expensive and effects operating revenues at the branch level. In addition, to this there are other costs, such as strong electronic monitoring and cybersecurity protocols, to protect client data.

Reluctance over pledging:

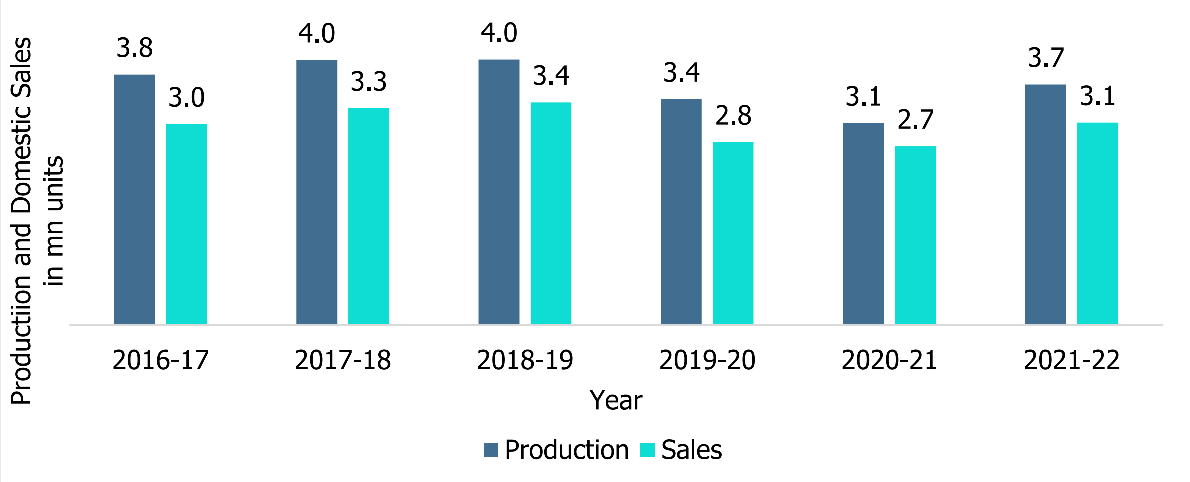
Indians consider gold as one of the most reliable and auspicious liquid assets. With an emotional sentiment attached to the metal, Indians are reluctant on pledging it as a collateral with financiers for securing short-term loans. This makes it difficult for financers to convince the borrowers to take a loan against gold. But of late, it's not only the rural communities who are open to using gold jewellery to meet their financial needs, but also individuals from urban areas who are no longer considering gold finance as a taboo. Over time, CareEdge Research expects the relatively untapped market of urban areas to open new frontiers for gold financiers.

6. AUTO FINANCE

6.1. Overview of passenger vehicles (PVs)

The Indian passenger vehicle ("**PV**") industry forms around 15% of total automobile industry in India in terms of domestic sales volumes. Passenger vehicles registered a 13.2% growth in sales during Fiscal 2022 while overall automobiles sales volumes declined by 6% on account of a fall in two-wheeler sales. Passenger vehicles witnessed a continued traction in sales volumes due to a combination of high demand, new launches and gradually reducing waiting period with easing of supply-side issues.

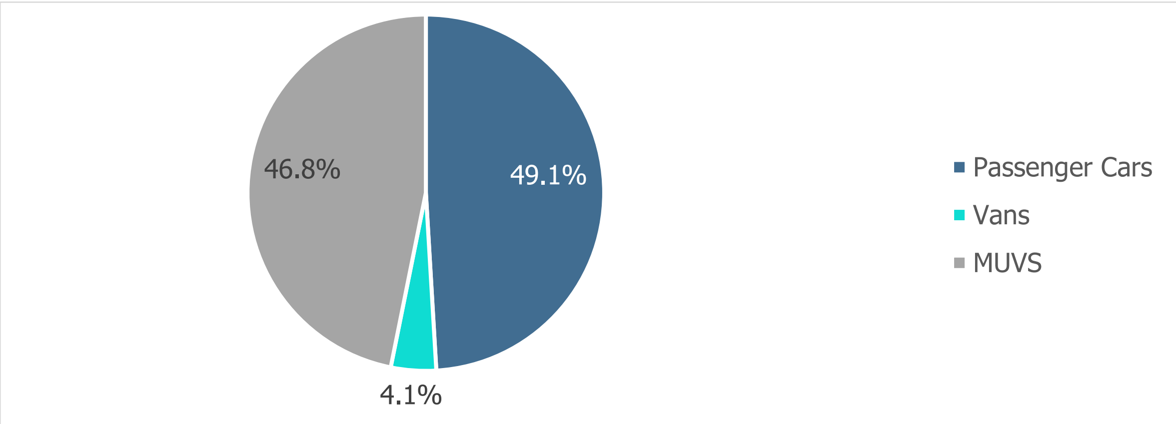
Chart 21: Production and Domestic Sales of Passenger Vehicles in India



Source: SIAM, CareEdge Research

The passenger cars segment contributed highest to the domestic PV sales at 49.1% in Fiscal 2022 followed by multi utility vehicles ("**MUVs**") at 46.8% and vans at 4.1%. The break-up of domestic sales of PVs into various categories in Fiscal 2022 is depicted below:

Chart 22: Category-Wise break-up of Domestic Sales of Passenger Vehicles in Fiscal 2022



Source: SIAM, CareEdge Research

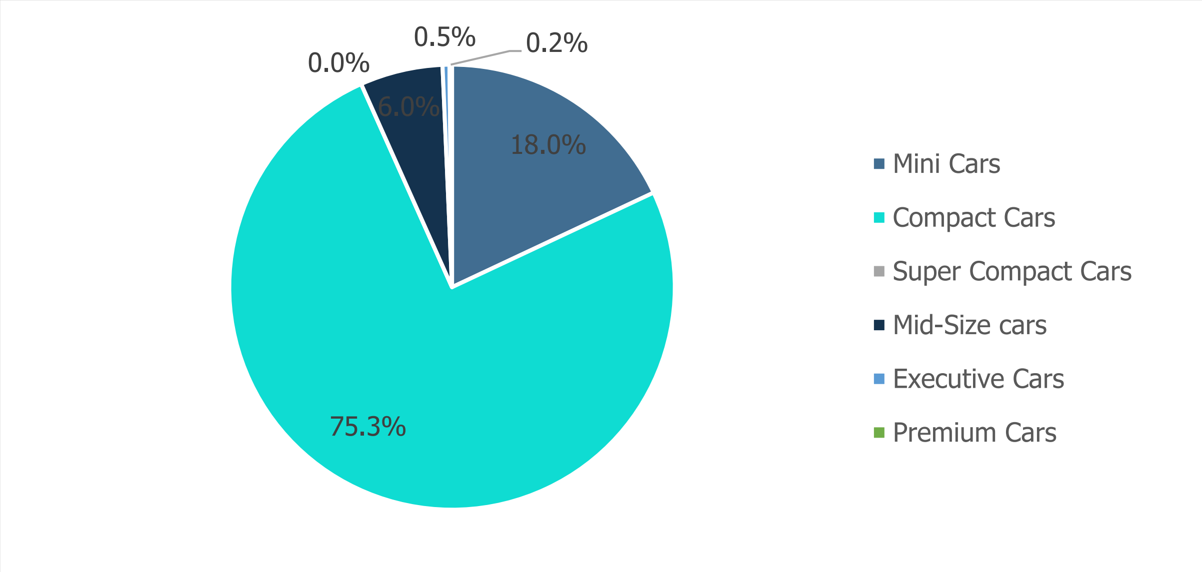
Passenger cars can further be classified into six main categories, namely, Mini Cars, Super Compact Cars, Compact Cars, Mid-Sized Cars, Premium Cars and Executive cars.

The classification of segment is done on the basis of the length of the vehicle as depicted below:

- **Mini**: Seats up to 5, Length Normally <3600 mm, Body Style-Hatchback, Engine Displacement Normally up to 1.0 Litre, Example – Nano (Tata)
- **Compact**: Seats up to 5, Length Normally between 3,600 – 4,000 mm, Body Style-Sedan/Estate/Hatch/Notchback, Engine Displacement Normally up to 1.4 litres, Example – Alto, Wagon R (Maruti)
- **Super Compact**: Seats up to 5, Length Normally between 4,000 – 4,250 mm, Body Style-Sedan/Estate/Hatch/Notchback, Engine Displacement Normally up to 1.6 litres
- **Mid-Size**: Seats up to 5, Length Normally between 4,250 – 4,500 mm, Body Style-Sedan/Estate/Hatch/Notchback, Engine Displacement Normally up to 1.6 litres, Example – Dzire (Maruti), Amaze (Honda)
- **Executive:** Seats up to 5, Length Normally between 4,500 – 4,700 mm, Body Style-Sedan/Estate/Hatch/Notchback, Engine Displacement Normally up to 2 litres, Example – Corolla (Toyota)
- **Premium:** Seats up to-5, Length Normally between 4700 - 5000 mm, Body Style-Sedan/Estates, Engine Displacement Normally up to 3 litres, Example – Accord (Honda)

The share of the aforementioned segments in the Indian passenger cars market in Fiscal 2022 is depicted below:

Chart 23: Category-wise sales break-up of passenger cars



Source: SIAM, CareEdge Research

It can be observed from the above figure that compact cars segment leads the Indian passenger car market with around 75.3% market share followed by mini cars, which hold around 18% share.

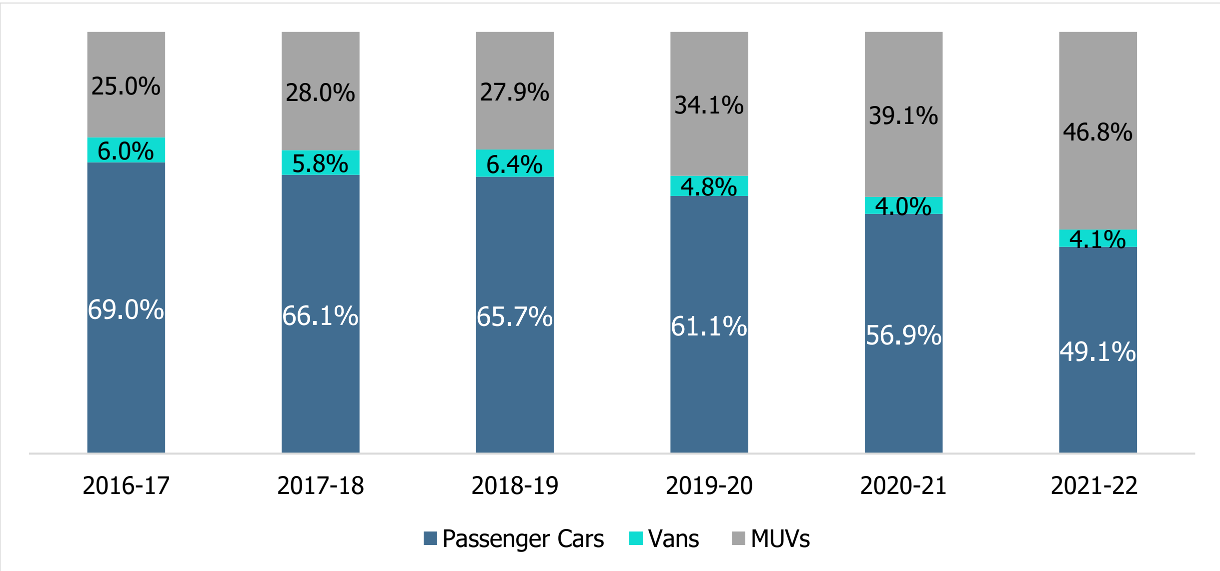
MUVs can be classified into various categories based on length and price namely – Up to 4400 mm & price < ₹ 2 million, 4,401mm-4,700mm & price < ₹ 2 million, above 4,700mm and price < ₹ 2 million, price between ₹ 2-3 million and price above ₹ 3 million.

Vans can be classified as hard-top vans and soft-top vans.

The trend of share of various segments in the total domestic sales of passenger vehicles is depicted below:

The passenger cars segment contributed highest to the domestic PV sales at 49.1% in Fiscal 2022 followed by MUVs at 46.8% and Vans at 4.1%. The break-up of domestic sales of PVs into various categories in Fiscal 2022 is depicted below:

Chart 24: Trend in share of various PV segments in overall sales



Source: SIAM, CareEdge Research

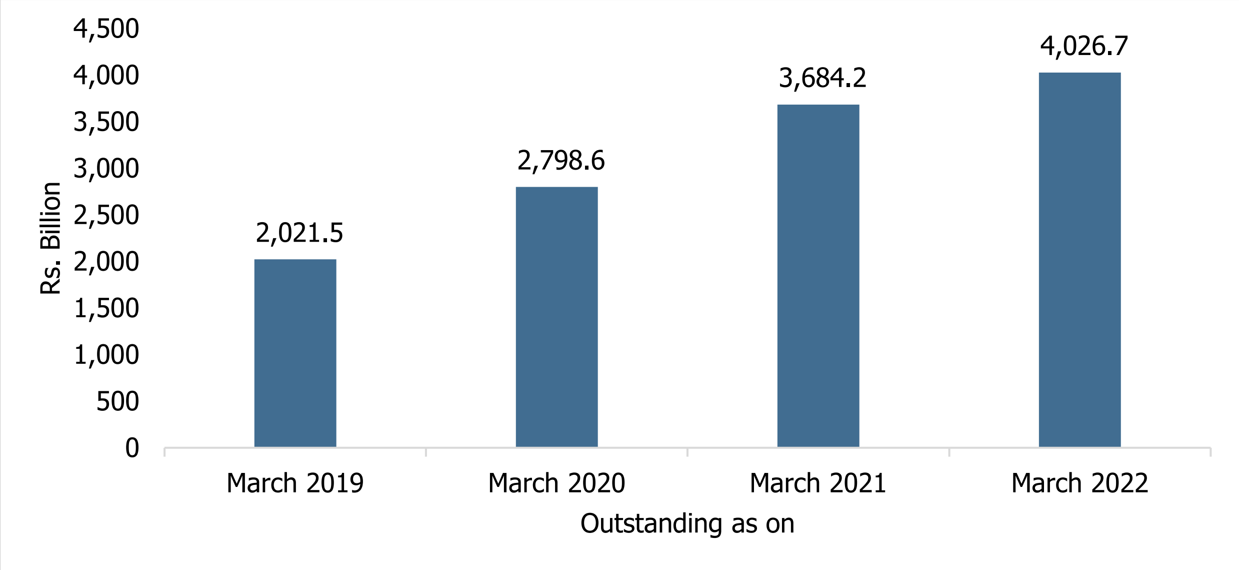
It can be observed from the above figure that the share of MUVs has grown consistently over the years while the share of passenger cars and vans has decreased. This reflects the growing inclination of consumers towards MUVs and increased focus of OEMs on product development and upgradations in MUVs.

While the demand for passenger vehicles remains upbeat, the global automobile industry is facing supply chain disruptions amidst the ongoing semiconductor shortage. The demand for used cars is rising sharply as the waiting period for new cars is getting longer. As customers are forced to postpone purchases due to long waiting period for popular models, they are opting for used cars and this is likely to prop up the demand for auto financing.

6.2. Overview of Auto Finance

Lending money to borrowers for purchasing new or pre-owned vehicles is termed as auto financing. Borrowers can avail auto loans to purchase two-wheelers, three-wheelers, commercial vehicles (CVs) and passenger vehicles (PVs), tractors.

Chart 25: Credit deployed by SCBs to Auto finance



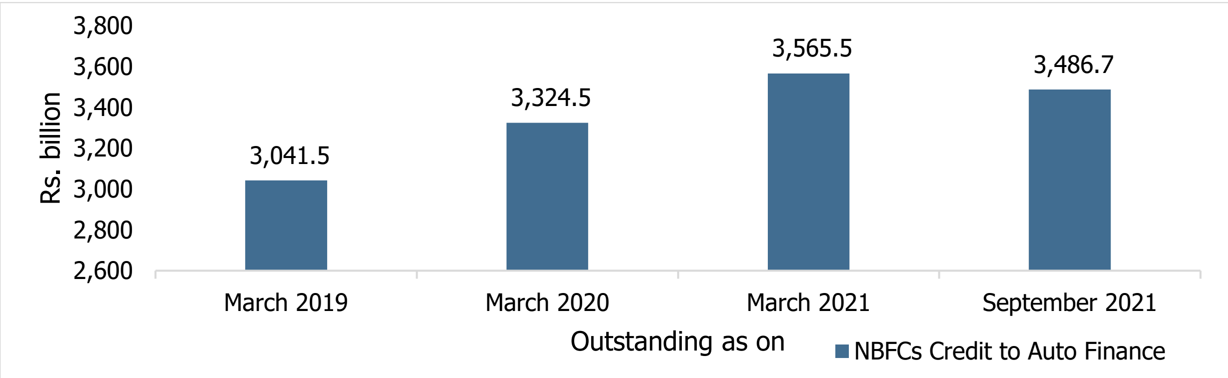
Source: RBI, CareEdge Research
Note: Auto loans data published by the RBI includes loans extended towards financing of two wheelers, three wheelers, tractors, passenger vehicles and commercial vehicles

As of March 2022, the growth of SCBs credit to auto loans moderated to around 9.3% as vehicle sales declined due to the rise in acquisition costs and high fuel cost amid geopolitical tensions. In addition to this, the semi-conductor chip shortage due to global supply chain issues led to decline in vehicle sales, which further impacted the need for auto financing.

SCBs' auto loans had witnessed a growth of over 30 per cent for two consecutive years ending Fiscal 21. This growth was on account of an increased in demand for vehicles, particularly during the pandemic year of Fiscal 2021, when automobile companies offered substantial discounts to push revenue growth.

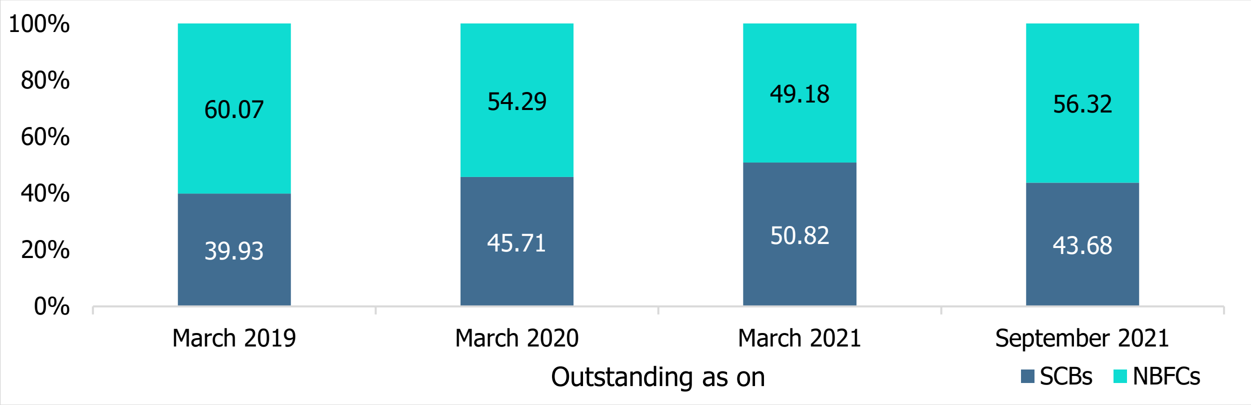
Gradually, the pace of growth in auto loans disbursed appeared to moderate due to gradual recovery of the economy amid the COVID-19 pandemic. Sales of new vehicles faced headwinds due to supply-side constraints, such as semi-conductor chip shortage and global supply chain issues.

Chart 26: Credit deployed by NBFCs to Auto finance



Source: RBI, CMIE, CareEdge Research
Note: Auto loans data published by the RBI includes loans extended towards financing of two wheelers, three wheelers, tractors, passenger *vehicles and commercial vehicles*

Chart 27: Share in credit deployed towards auto financing



Source: CareEdge Research
Note: Auto loans data published by the RBI includes loans extended towards financing of two wheelers, three wheelers, tractors, passenger vehicles and commercial vehicles.

NBFCs have been a pillar of strength for the automobile industry, primarily lending to customers in semi-urban and rural areas where credit availability from the banking sector is generally difficult. NBFCs mainly disburse loans to the CV segment through captive financing arms of auto companies, while banks mainly lend in the PV segment. NBFCs' share in auto loans briefly declined in Fiscal 2021 as SCBs were aggressive in pushing auto loans. SCBs' share in auto loans correspondingly witnessed an uptick from less than 40% in Fiscal 2019 to 50% at the close of Fiscal 2021 as the COVID-19 pandemic led social distancing practice resulted in people preferred having private modes of transport. This led to increase in vehicle purchases and the need for financing such purchases. The latest data published by the RBI shows that NBFCs regained their pole position in disbursing auto loans and accounted for around 56% of auto loans disbursed as of 30 September 2021.

6.3. Outlook

The automobile industry is witnessing a challenging time primarily on the supply side primarily on account of unavailability of semi-conductor chips. To an extent, the demand disruption caused by the pandemic and high fuel costs are also posing as headwinds to the growth of the automobile industry. However, CareEdge Research believes that over the medium term, sustained improvement in economic growth, decline in fuel prices and sufficient supply of semi-conductor are likely to aid growth in demand for vehicles. In addition to this, with the resumption in economic activity, reopening of schools, offices will increase the demand for two and three-wheelers. The increase in infrastructure activities will also aid in the demand for commercial vehicles. This growth of auto industry will further lead to increase in demand for financing vehicles.

Key Growth Drivers

Growth in demand for automobiles

- **Low car penetration & rising family income to support PVs demand:**
    - India has very low car penetration with about 20 cars per 1,000 people, which is expected to rise with the increase in household income as per a report by NITI Aayog. The growing domestic income is expected to make passenger vehicles more affordable for local consumers.

- **Favourable demographics and increasing domestic customer base:**
    - The customer base in India is witnessing rising income levels and improvement in overall employment. Rise in education among the youth could lead to a decline in dependency ratio and enhance lifestyles. This, in turn could strengthen discretionary spending on new vehicles as well as purchase of old vehicle.

- **Adoption of electronic vehicles**
    - There is a growing thrust on adoption of electric vehicles ("**EV**") across the globe amid increasing carbon emissions, which have serious repercussions, including global warming. As India is significantly dependent on crude oil imports and various cities in India are facing pollution menace, the Indian Government has also acknowledged the need to promote EVs. The Government has launched various favourable polices aimed at faster adoption of EVs in India. This will eventually aid the growth of the auto industry and growth of auto finance industry as more people opt for electronic vehicles.

- **Urbanisation**
    - Urbanization is a key driver of India's overall growth. More and more people are moving to urban cities, this is leading to increase in need for movement and thus increase in need for vehicles. Delhi, Mumbai, and Kolkata are among the world's largest cities and there is good opportunity for sales of passenger as well as commercial vehicles. The rapid urbanization is likely to increase the demand of vehicles, followed by the need for vehicle financing.

- **Demand for commercial vehicles following pick-up in industrial activity**
    - CareEdge Research expects the commercial vehicle segment to show improvement in sales going ahead with Government's focus on improving infrastructure and construction activities. In addition to that, most of the corporates, schools & colleges will improve the demand for bus segment, two-wheeler and three-wheeler segment. CareEdge Research expects the tractors segment to show some improvement in the coming months due to increased budget allocation on rural and agri sector, higher reservoir levels and overall higher rabi sowing. With new launches by the auto manufacturers and with the increase in movement of goods and passengers, CareEdge Research expects there to be an improvement in overall automobile industry sales. However, continuing supply side challenges, increased acquisition costs of vehicles, higher commodity and fuel prices might impact sales in coming months.

Untapped potential and improvement in infrastructure of NBFCs

- **Digital over traditional**
    - The Indian retail loan market largely consists of a young population with high aspirations, and increased gap in their income and expenditure. Customers today prefer digital loan approval as it's hassle-free and the cost of transaction is low as compared to the traditional way of the loan application. As a result, retail loan lenders are using online and digital models and partnering with fintech companies to increase their reach or investing in their digital capabilities to onboard new customers. With the help of digitization, it has become possible to quickly process a loan, enhance collections and other operational efficiencies along with ensuring customer satisfaction. Incumbents in the industry will have to increase their investments in technology to capture the untapped market of tech-savvy customers and widen access to retail loan instruments.

- **Large population with low access to credit**
    - With the ease of internet access, there has been an increase in middle-class spending and growth in rural population consumption. NBFCs, fintech have transformed the credit distribution landscape to support the financial needs of these consumers. One can avail services from the comfort of their home with minimum documentation required.
    - Majority of India's population lives in rural areas, people do not have sufficient collateral and there is a lack of organized financial support. This is where financial institutions like banks and NBFCs play a crucial role in providing financial support through their various products that cater to the rural population.

Challenges to the Growth

Macroeconomic factors

- **Bottoming out of interest rates**
    - The RBI has raised its benchmark policy rates due to inflationary pressures following persistent geopolitical tensions and more rate hikes are on the cards the year. This bottoming out of interest rates comes after two years of benign rate regime and will translate into a corresponding rise in the cost of funds. CareEdge Research expects the commensurate rise in the cost of funds of NBFCs to be higher than that of banks since NBFCs primarily rely on banks for funding. The uptick in the cost of borrowing may have a bearing on the competitiveness of NBFCs vis-à-vis banks while servicing the demand for auto loans.

- **Nascent recovery in economy**
    - The domestic economy is grappling with higher inflation amid nascent recovery post the pandemic. This may culminate into sluggish demand resulting from limited income growth, higher prices and a high rate of unemployment. In this scenario, low income generating households may need to dip into their savings while leveraging themselves, which may constrain their ability to spend.

Dependence on the automobile industry

- **Semi-Conductor dependence**
    - Production volumes of automobiles have been under pressure and OEMs took production cuts during the June 2022 quarter on account of the semi-conductor chip shortage. While there have been some signs of improvement recently, the industry is yet to fully recover in terms of availability of semi-conductors.

- **Steep rise in raw material prices increasing the cost of vehicles**
    - The automobile industry faces headwinds from high acquisition costs of vehicles and rising fuel prices. Original equipment manufacturers ("**OEMs**") have raised prices of their products due to increasing input costs. Price sensitive consumers are likely to opt for lower priced vehicles instead of deferring vehicle purchases amid high costs. As a result, the impact on demand for auto financing is likely to be restricted.

- **Safety norms and BS-VI increasing the acquisition cost of vehicles**
    - In an attempt to improve the vehicle safety conditions, the Government has made safety features such as anti-braking system (ABS), combined braking system (CBS), air bags, seat belts, speed limit trackers and rear parking sensor mandatory for various vehicle segments. All these norms may marginally increase vehicle costs.

OUR BUSINESS

Some of the information contained in the following discussion, including information with respect to our plans and strategies, contains forward-looking statements that involve risks and uncertainties. You should read "Forward-Looking Statements" on page 15 for a discussion of the risks and uncertainties related to those statements and also "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations on a Consolidated Basis" on pages 18 and 270, respectively, for a discussion and analysis of factors that may affect our business, financial condition, results of operations or cash flows. Our actual results may differ materially from those expressed in or implied by these forward-looking statements.

Our fiscal year commences on April 1 and ends on March 31 of the subsequent year, and references to a particular "Fiscal" are to the 12 months ended March 31 of that year. All financial information included herein is given on a consolidated basis unless stated otherwise. Please read "Presentation of Financial and Other Information – Financial Data" on page 13 before reading this section.

Industry and market data used in this section are derived from the CareEdge Report, which was exclusively prepared for the purpose of the Issue. Our Company commissioned and paid for the CareEdge Report pursuant to the engagement letters dated June 13, 2022, June 28, 2022 and June 30, 2022. CareEdge Research is not related in any manner to our Company, any of the Directors or the Promoters. For more details, see "Presentation of Financial Information and Other Information - Industry and Market Data" on page 13.

OVERVIEW

We offer a wide range of loans through our four lending verticals: (1) MSME loans; (2) housing loans; (3) construction finance loans; and (4) loans to other NBFCs and loans against pledge of debt securities to borrowers dealing in debt securities ("**Indirect Lending**"). We are also a corporate selling agent for third-party new car loans.

Our Company is a NBFC - Investment and Credit Company and a Systemically Important Non-Deposit Taking NBFC Our Company's wholly owned subsidiary, Capri Global Housing Finance Limited ("**CGHFL**"), is an HFC. Our housing loan business is owned and operated by CGHFL.

We primarily cater to MSMEs, self-employed non-professionals and first-time borrowers that lack access to formal credit channels, while contributing to India's financial inclusion agenda and "Housing for All by 2022" mission under Pradhan Mantri Awas Yojana ("**PMAY**"). As at March 31, 2022, (i) we had more than 20,700 loans to MSMEs outstanding and (ii) we had more than 17,700 housing loans outstanding, out of which more than 7,500 were under the PMAY initiative.

An overview of our loan products as at June 30, 2022 is set out below:

Particulars	**MSME Loans**	**Housing Loans**	**Construction Finance Loans**	**Indirect Lending**
Product Portfolio	Business loans to MSMEs	Loans for the purchase of residential units, construction and extension, renovation of home, purchase of land and home equity loans	Loans to small and midsize real estate developers, primarily for affordable housing projects in Tier 1 and Tier 2 cities	Loans to other NBFCs engaging in MSME lending and microfinance and fintech businesses and loans against pledge of debt securities to borrowers dealing in debt securities
Ticket Size(1)	₹0.2 million – ₹15 million.	₹0.2 million – ₹10 million.	₹20 million – ₹600 million.	₹30 million – ₹1,000 million.
Tenor of Loans(2)	Up to 15 years.	Up to 25 years.	Less than 7 years.	1-3 years.
Security	First and exclusive charge / mortgage over the collateral property (residential, commercial or industrial property) with clear and marketable title.	First and exclusive charge / mortgage over the property with clear and marketable title.	First and exclusive charge / mortgage over the property with clear and marketable title, along with hypothecation of the project's cash flows through an escrow mechanism.	Hypothecation of receivables and pledge of debt securities.
Average LTV (*)(3) ratio as a percentage as at March 31, 2022 / asset cover as per the	Average LTV ratio of 53.6%. As per the product rules,	Average LTV ratio of 52.7% As per the product rules,	As per the product rules, a minimum of 1.5 times the amount of the loan	As per the product rules, a minimum of 1.05 times the amount of the loan

Particulars	MSME Loans	Housing Loans	Construction Finance Loans	Indirect Lending
product rules	the LTV at sanction is 35%-70%.	the LTV at sanction is 60%-85%.	outstanding.	outstanding.

Notes:

(1) *Minimum and maximum loan size as per the applicable product rules.*

(2) *Minimum and maximum loan tenor as per the applicable product rules.*

(3) *The average LTV ratio for Fiscal 2022 is the average of the average LTV ratio at sanction for each quarter of Fiscal 2022.*

**Non-GAAP Financial Measure.*

We entered into an agreement with Union Bank of India and State Bank of India in November 2021 for co-lending in the MSME sector based on the co-lending guidelines announced by the RBI. We also entered into an arrangement with State Bank of India in February 2022 for co-lending in the affordable housing sector based on the co-lending guidelines announced by the RBI.

We are a corporate selling agent for new car loan products of Union Bank of India, Bank of Baroda, HDFC Bank Limited, Indian Overseas Bank, Yes Bank and Bank of India. We launched our third-party new car loan distribution business in February 2021. As at June 30, 2022, our third-party new car loan distribution business had 661 employees in 279 locations across 25 states and Union Territories.

As at June 30, 2022, we had 123 branches, including four exclusive branches for our third-party new car loan distribution business, across 12 states and Union Territories in India.

We have won numerous awards over the years, including more recently, "Fastest Growing Lending Finance Company of The Year" at the 3rd Annual BFSI Technology Excellence Awards Program 2022 by Quantic, We have also made it to the list of "Best BFSI Brands" by The Economic Times for the years 2021 and 2019. Further, we were recognised as "India's Most Admired Financial Service Company" by White Page India in 2019.

The following table sets forth certain information relating to our operations and financial performance as at and for the years indicated:

Particulars	As at and for the year ended March 31, 2022	As at and for the year ended March 31, 2021
	(₹ in millions, except ratios and percentages)	
AUM (1)	66,329.32 (2)	48,481.01
Of which:		
MSME loans	*33,065.24* (2)	*25,114.24*
Housing finance (including co-lending)	*17,473.58*	*11,551.83*
Construction finance	*12,662.24*	*8,734.53*
Indirect Lending	*3,128.26*	*3,080.41*
Loans	62,708.03	46,862.75
Average Interest-Earning Assets(3) [A]	60,649.53	48,137.24
Interest income excluding interest on security deposit (4) [B]	8,393.76	6,735.21
Finance costs net off interest income on lease liability (5) [C]	3,282.35	2,861.49
Net Interest Income(*) [D = B-C]	5,111.41	3,873.72
Net Interest Margin(*) (%) [E = D/A]	8.4%	8.0%
Total revenue from operations [F]	9,689.87	7,360.83
Total expenses [G]	7,091.64	5,014.24
Operating Expenses(*) [H = G-C-J]	2,752.61	1,608.07
Expense Ratio(*) (%) [I = H/F]	28.4%	21.8%
Impairment of financial instruments (expected credit loss) [J]	1,056.68	544.68
Credit cost(*) (%) [K = J/A]	1.7%	1.1%
Profit before tax [L]	2,726.23	2,357.13
Net profit after tax [M]	2,050.41	1,769.55
Average total assets (6) [N]	64,829.26	51,272.82
Return on average total assets – Net profit after tax(*) (%) [O = M/N]	3.2%	3.5%
Average total equity (7) [P]	18,198.86	16,282.43
Return on average total equity – Net profit after tax(*) (%) [Q = M/P]	11.3%	10.9%
Gross Stage 3 Assets (NPAs)	1,561.78	1,608.88
Stage 3 Assets (net)	1,083.70	1,141.97
Provision Coverage Ratio (8) (%)	115.3%	73.5%
Our Company's Tier I Capital (standalone) (%)	28.8%	35.0%
Our Company's CRAR (standalone) (%)	29.4%	35.5%
CGHFL's CRAR (standalone) (%)	47.0%	31.2%

Notes:
(1) *AUM comprises net principal outstanding, principal overdue, interest overdue and accrued on standard loans, excluding excess received, if any.*
(2) *Includes ₹1,154.68 million under the co-lending mechanism.*
(3) *Interest-Earning Assets comprises Interest-Earning Loans, investments and fixed deposits. The average investments are net of depreciation or provision for investments, if any. Average Interest-Earning Assets is the average of the opening balance at the start of the relevant fiscal year and the closing balances as at the half year end and year end in the relevant fiscal year.*
(4) *Interest income includes interest on loans, investments, and deposits (excluding interest on security deposit of ₹ 2.02 million in Fiscal 2022 and nil in Fiscal 2021).*
(5) *Interest on lease liability was ₹ 26.12 million in Fiscal 2022 and ₹ 25.56 million in Fiscal 2021.*
(6) *Average total assets is calculated as the average of the opening and closing total assets of the fiscal year.*
(7) *Average total equity is calculated as the average of the opening and closing total equity of the fiscal year.*
(8) *Provision coverage ratio is the total expected credit loss provisions divided by gross Stage 3 Assets ("**Provision Coverage Ratio**").*
(*) *Non-GAAP Financial Measure.*

OUR HISTORY

The table below sets forth a summary of our significant milestones since 2011, which is when our journey as a NBFC began.

Fiscal Year	Milestones
2011	• Journey as a NBFC begins – raised ₹4.45 billion in equity capital and started the construction finance business.
2013	• Ventured into MSME lending
2016	• Secured CARE A+ credit rating from CARE for our Company's long-term bank facility. • Increased our AUM to over ₹10 billion as at March 31, 2016. • Forayed into housing finance, through our wholly owned subsidiary, CGHFL.
2017	• Increased our branch network to 66 as at March 31, 2017. • Increased our workforce to 1,350 as at March 31, 2017.
2021	• Entered into an agreement for distribution of third-party new car loans.
2022	• Announced co-lending arrangements with State Bank of India and Union Bank of India for MSME loans. • Expanded our branch network to 117 branches across 12 states and Union Territories as at March 31, 2022. • Increased our workforce to approximately 3,200 as at March 31, 2022.

OUR STRENGTHS

Strong focus on low ticket size MSME loans and affordable housing loans to self-employed non-professionals, with deep expertise on new to credit to borrowers

We have a strong focus on low ticket size MSME loans and affordable housing loans to self-employed non-professionals. The average ticket size of our MSME loans at sanction was ₹1.74 million and ₹1.76 million for Fiscals 2022 and 2021, respectively. The average ticket size of our MSME loans outstanding was ₹1.55 million and ₹1.56 million as at March 31, 2022 and 2021, respectively. The average ticket size of our housing loans at disbursal was ₹1.17 million and ₹1.06 million for Fiscals 2022 and 2021, respectively. The average ticket size of our housing loans outstanding was ₹0.99 million and ₹0.88 million as at March 31, 2022 and 2021, respectively. As at March 31, 2022, we had more than 20,700 active MSME loans and more than 17,700 active housing loans. The high number of these loans and the low ticket size of these loans reduces our concentration risk. Our focus on and expertise in making loans to self-employed non-professionals gives us a competitive edge in the self-employed non-professionals category, which we believe is underserved by larger financial institutions. We have expertise in assessing new to credit to borrowers. During Fiscals 2021 and 2022, approximately 19% and 15% of our disbursed loans were to customers without any past credit history, respectively. Cumulatively, 43% of total number of disbursals for MSME loans and 29% of total number of disbursals for affordable housing have been to new-to-credit customers.

As at March 31, 2022, we had more than 20,700 loans to MSMEs outstanding, including small enterprises with inadequate income documentation proof, and self-employed non-professionals for their stores, retail outlets, handicrafts manufacturers and other businesses. We entered into an arrangement with Union Bank of India and State Bank of India in November 2021 for co-lending in the MSME sector based on the co-lending guidelines announced by the RBI. Our MSME loans AUM increased by 31.7% to ₹33,065.24 million, including ₹1,154.68 million under the co-lending mechanism, as at March 31, 2022 from ₹25,114.24 million as at March 31, 2021. As at March 31, 2022, our MSME loans AUM represented 49.9% of our consolidated AUM, including 1.7% under the co-lending mechanism.

The MSME sector is considered the growth engine of the Indian economy, with significant contribution to the GDP, exports and employment generation. (*Source: CareEdge Report*). There are over 6.63 million MSMEs are registered under Udyam portal, of which around 94.6% enterprises are micro category and around 4.8% of the enterprises fall under small category and the remaining are medium enterprises (*Source: CareEdge Report*). Our strong focus on MSME loans gives us a competitive edge as the MSME sector is underpenetrated by NBFCs and there is a huge unmet credit demand in the sector, primarily due to lack of documentation and credit history required to access to financing from formal banking channels. There is also a significant gap between the original credit requirement and the actual credit exposure of formal channels to MSMEs, which provides a huge opportunity in MSME lending. (*Source: CareEdge Report*). As at September 2021, the share of the total credit disbursed to MSMEs in the industrial sector was 8.3% for NBFCs and 91.7% for banks (*Source: CareEdge Report*). For more details on the MSME loan sector, see "*Industry Overview – MSME*" on page 82.

Our housing loans AUM increased by 51.3% to ₹17,473.58 million as at March 31, 2022 from ₹11,551.83 million as at March 31, 2021. As at March 31, 2022, the AUM of our housing loans represented 26.3% of our total AUM.

In Fiscal 2016, we entered into a memorandum of understanding with NHB for us to act as a lender and thereby undertake the responsibility to pass on the benefit of the credit linked subsidy scheme ("**CLSS**") to eligible borrowers/beneficiaries by crediting the eligible subsidy amount to their housing loans accounts as per the CLSS. As at March 31, 2022, we had more than 17,700 housing loans outstanding, out of which more than 7,500 were under the PMAY initiative. PMAY was launched in June 2015 to provide affordable housing to the urban poor. (*Source: CareEdge Report*). In February 2022, the Government allocated an outlay of ₹480 billion under PMAY towards the construction of eight million homes. (*Source: CareEdge Report*). Since inception, the Government has sanctioned 11.5 million houses under PMAY, of which 5.6 million were completed as of November 2021. (*Source: CareEdge Report*). Notwithstanding the increasing demand in the affordable housing lending segment, in Fiscal 2021, HFCs only accounted for around 34% of housing loans and NBFCs' only accounted for around 1% of housing loans. (*Source: CareEdge Report*).

We entered into a co-lending arrangement with State Bank of India for affordable housing in February 2022, based on the co-lending guidelines announced by the RBI. We plan to start making affordable housing based on the co-lending mechanism in the second quarter of Fiscal 2023.

Demand for housing and housing finance is expected to grow on account of lower interest rates compared to the pre-pandemic era, an increase in incomes and stable property prices. (*Source: CareEdge Report*). In addition, the demand for new houses is steadily increasing as the pace of urbanisation is expected to increase with the Government's focus on building new smart cities as well as a focus on Tier 2 cities and Tier 3 cities (*Source: CareEdge Report*). CareEdge Research expects that surging growth and employment in these cities will prove to be a significant driver for people in the rural and semi-urban areas to shift to Tier 2 and 3 cities. COVID-19 has negatively affected the Indian housing sector. Since then, the sector has started recovering and reached pre-pandemic level growth in Fiscal 2022 as the Government has been quite supportive of the housing industry. (*Source: CareEdge Report*). For more details on the housing loan sector, see "*Industry Overview – Housing Finance*" on page 85.

High-yielding construction finance loan vertical that primarily focuses on lending to affordable housing projects, predominantly in Tier 1 and 2 cities

Our construction finance loan business focusses on construction finance and project related expenses for residential real estate in affordable and mid-segment projects in key markets such as Ahmedabad, Bengaluru, Delhi-National Capital Region, Hyderabad, Mumbai Metropolitan Region, Pune, Surat, Vijayawada and Jaipur. Our focus on loans for affordable mid segment housing projects results in relatively low average ticket sizes. The average ticket size of our construction finance loans at sanction was ₹167.8 million and ₹162.1 million for Fiscals 2022 and 2021, respectively. The average ticket size of our construction finance loans outstanding was ₹83.70 million and ₹69.4 million as at March 31, 2022 and 2021, respectively. As at March 31, 2022 and 2021, we provided loans to 151 live projects and 126 live projects, respectively. The large number of projects we finance and the relatively low average ticket sizes of these loans reduces our concentration risk.

Lending to developers for affordable and mid-segment housing projects in Tier 1 and 2 cities is a relatively niche sector of the market, which we have developed deep expertise in, having been making construction finance loans since we began our lending operations in Fiscal 2011. Our yields on our construction finance loans are higher than the yields on our other loans, with an Average Yield on our construction finance loans of 16.7% for Fiscal 2022 and 18.4% for Fiscal 2021, compared to the Average Yield on our loans of 15.2% and 15.8% for Fiscals 2022 and 2021, respectively. Our construction finance loans AUM increased by 45.0% to ₹12,662.24 million as at March 31, 2022 from ₹8,734.53 million as at March 31, 2021. As at March 31, 2022, our construction finance loans AUM represented 19.1% of our total AUM.

As noted above, the expected growth in demand for new houses will increase demand for construction finance loans. For more details on the construction finance sector, see "*Industry Overview – Construction Finance*" on page 89.

Branches in 12 states and Union Territories across North and West India and third party new car loan distribution employees in 25 states and Union Territories

As at June 30, 2022, we had 123 branches located in 12 states and Union Territories, among which, four are exclusive car loan distribution branches. We have increased the number of our branches from 85 as at March 31, 2021. In addition, as at June 30, 2022, our third-party new car loan distribution business had 661 employees in 279 cities across 25 states and Union Territories. We launched our third-party new car loan distribution in January 2021. We believe that the increase in the number of our branches and the rapid scale up our third-party new car loan distribution businesses showcases our strong execution capability.

Own sourcing model and in-house collection model

We source our loans through our in-house direct sales team or feet on street staff. We believe our own in-house sourcing model enables us to conduct better lead generation and due diligence on potential borrowers and increases relationship-based customer retention.

Our in-house collection team helps to ensure full focus on recovery in delinquent accounts and builds better relationships with our borrowers by following Fair Debt Collection Practice Code, which helps to resolve delinquencies at the earliest. We have a separate litigation division under our legal vertical that handles recovery efforts by enforcing legal actions. Given that all of our loans (except employee loans) are secured, in cases of default, our collection team facilitates the sale of the collateral and realise the money in case of non-cooperation by the borrowers towards repayment of the loan.

Strong credit appraisal and risk management systems, resulting in relatively low NPAs, with loans secured by collateral

We identify, assess and monitor our principal lending risks throughout the lifecycle of our loans.

We have a customized underwriting approach to analyse a potential borrower's profile. We primarily cater to MSMEs, self-employed non-professionals and first-time borrowers that lack of access to formal credit channels. Therefore, many of our customers do not have any credit history supported by tax returns, financial statements, credit card statements, statements of previous loan exposures or other related documents. The average disbursal of new-to-credit customers represented approximately 16.4% of disbursals for MSME loans and 13.5% of disbursals for affordable housing loans for Fiscal 2022. Our credit team personally spends time with customers who do not have a credit history or formal documents to assess their income to understand their business dynamics and derive cash flows. We have developed an in-house income assessment program for such customers for assessing their repayment capacity.

We have a product policy for the appraisal and extending of construction finance loans, which has been drafted to identify and mitigate risks. Our construction finance approval process includes evaluation of a project and the borrower from a technical, commercial, financial, and legal perspective and the borrower group's financial strength and experience. As part of the appraisal process, we prepare a note to the Credit Committee that identifies each of the project risks, the mitigating factors with respect to those risks that can be mitigated and those risks that cannot be mitigated. We have a monitoring mechanism in place, which requires the borrower to submit monthly reports. We continue monitoring the exposure until loans are fully repaid. Borrowers are required to submit a no objection certificate for each individual unit in a project, prior to selling it to a third party, and to deposit the cash from such sale into the designated project collection account, which is ring-fenced by way of escrow. Under this mechanism, all receivables flow into escrow account from where amounts are directly credited into our account. This mechanism mitigates cash flow intermingling risks.

We also have in-house legal, technical and risk containment units as well as empanelled vendors to conduct due diligence and monitor the repayment risks throughout the lifecycle of loans. Our strong credit appraisal system is demonstrated by the fact that our disbursal-to-application ratio was approximately 34% in Fiscal 2022.

We believe that our credit and risk management policies as well as the use of technology in our risk management framework have helped us to maintain relatively low Stage 3 Assets / NPAs. As at March 31, 2022, our gross NPAs as a percentage of our gross credit exposure was 2.4%, our net Stage 3 Assets/ NPAs as a percentage of our net credit exposure was –0.38% and our provision coverage ratio ("**PCR**"), which is our total expected credit loss provisions divided by Gross Stage 3 Assets / NPAs, was 115.3%.

All of our loans (except employee loans) are secured by collateral, which helps us to recover amounts due on NPAs, keeping our actual loss experience low. This is borne out in the loss given default ("**LGD**") for all our loan sectors. LGD is the amount of money a financial institution loses when a borrower defaults on a loan, after taking into consideration any recovery, represented as a percentage of total exposure at the time of loss. As a conservative approach, we have maintained a consistently higher PCR on Stage 3 loans than the LGD experience in each loan sector. The following table illustrates the LGD within each of our loan sectors (with construction finance and Indirect Lending combined) and the PCR on Stage 3 loans as at March 31, 2021 and 2022.

	MSME Lending		**Housing Finance**		**Construction Finance and Indirect Lending**	
	LGD	**PCR on Stage 3 loans**	**LGD**	**PCR on Stage 3 loans**	**LGD**	**PCR on Stage 3 loans**
As at March 31, 2021	25.5%	28.5%	23.4%	26.5%	19.1%	100.0%
As at March 31, 2022	27.0%	30.8%	28.7%	30.4%	20.7%	20.7%

Note:

(1) LGD is based on the difference between the contractual cash flow due and those that the Group would expect to receive, including from realisation of collateral divided by total outstanding at that point in time. LGD is a Non-GAAP Financial Measure.

Technology backed platform and analytics powered infrastructure

We have developed a technology backed platform covering the complete customer on-boarding lifecycle, including origination, credit underwriting, disbursement, customer relationship and collection. Our digital solution integrates with identify verification and screening, bureau scrubs, credit analysis and evolved e-payment gateway for disbursement and collection. As part of our underwriting process, the platform generates scorecards after considering all factors so that our underwriting team can decide whether to approve or reject a loan request within a short time frame. We have established an entirely cloud based tech footprint, OCR and KYC engine, data analytics platform and data warehouse. In order to expand our third-party new car loan distribution business, we have also developed our own car loan leads App.

We have a customer self-service portal and a customer relationship management ("**CRM**") application to interact with customers digitally. Our customers may transact with us and repay their loans due via multiple electronic payment options, including net banking, payment gateways, and a unified payment interface ("**UPI**"). Our platform also embeds a data analytics platform, which analyses customer information and facilitates product recommendations at point-of-sale.

Key enablers of our expanding technology footprint are our in-house technology team, investments in and deployment of the latest technologies, including machine learning and artificial intelligence, and our data analytics platform. As at June 30, 2022, our in-house tech team comprised 59 employees.

Hub and spoke business model that improves efficiencies and decreases costs

Our "hub & spoke" business model improves efficiencies and decreases costs. Our larger branches are the "hubs". These larger branches perform functions in respect of sales and credit, operations, risk containment unit, legal and technical checks and collections. Our spokes are our smaller branches, which are in Tier 3 and Tier 4 cities. The primary focus of our smaller branches is to source new loans and provide doorstep services to our customers. Each "hub" typically supports a radius of maximum 70 km. We believe this model allows us to penetrate into underserved markets with relatively low costs and helps to optimize turnaround times.

Award winning and experienced senior management team and experienced Board

We have an experienced management team, which is supported by a capable and motivated pool of employees. Our senior management team has diverse experience in various financial services and functions related to our business, and an in-depth understanding of the specific industry, products and geographic regions they cover, which enables them to appropriately support and guide our employees.

Our experienced management team is guided by our experienced Board. Our Board includes: Managing Director, Rajesh Sharma, who was recognised as the "Most Promising Business Leader of Asia" by the Economic Times 2020-2021 and "India's Most Inspirational Business Leader" by White Page India 2019 and the following Independent Directors: Ajit Mohan Sharan; Beni Prasad Rauka; Bhagyam Ramani; Desh Raj Dogra; and Mukesh Kacker. For further information on our Board and senior management, see "*Our Management*" on page 122.

High capital adequacy ratios and a significantly positive asset-liability gap position on a cumulative basis across all buckets

As at March 31, 2022, our Company's capital adequacy ratio on a standalone basis was 29.4%, compared to the statutory required minimum of 15%, and CGHFL's capital adequacy ratio on a standalone basis was 47.0%, compared to the statutory required minimum of 15%.

Our Company and CGHFL both had a significantly positive asset-liability gap position on a cumulative basis across all buckets (i.e., certain defined periods) as at March 31, 2022. For details on the maturity pattern of our Company's assets and liabilities as at March 31, 2022 on a standalone basis and the maturity pattern of CGHFL's liabilities and assets as at March 31, 2022 on a standalone basis, see "*Selected Statistical Information – Asset-Liability Gap – Our Company*" and "*Selected Statistical Information – Asset-Liability Gap – CGHFL*" on pages 50 and 51, respectively. Our asset-liability management ("**ALM**") strategy aims to ensure that there are no excessive concentrations on either side of the balance sheet. We have raised long-term borrowings from various scheduled commercial banks and financial institutions and issued non-convertible debentures. We had nil exposure to short-term money market instruments as at March 31, 2022. Our preference for long-term term borrowings is in line with the long tenor of our loans, and the need to manage liquidity and interest rate risks.

We believe that our diversified sources of borrowings, our conservative approach to ALM and high capital adequacy ratios will support our future growth and profitability.

OUR STRATEGIES

Our goal is to become a leading diversified NBFC by the end of Fiscal 2026. Our strategies for achieving this goal are set forth below.

Launch our gold loan business

We plan to launch our gold loan business in the second quarter of Fiscal 2023. Our gold loans will be available to owners of gold jewellery, including those who do not have formal income proof and limited credit history. To enhance the accessibility of our gold loans, we will require minimal documentation and will a have simplified underwriting process, with the aim of disbursing loans within an hour, and offer flexible repayment options. We plan to leverage our brand presence in North and West India to build an image of a "trusted gold loan partner".

We plan to roll out a significant number of gold loan branches in Fiscal 2023 and then increase the number of gold loan branches over the next few years. We have budgeted capital expenditure of ₹562.50 million for our gold loan business in Fiscal 2023. As at June 30, 2022, we had entered into leases or memorandum of understandings for leases for 52 premises to be used as gold loan branches and we had hired 785 employees for our gold loan business.

The majority of gold loans in the organised segment in India is disbursed by NBFCs, particularly gold loan focused NBFCs, due to their rapid expansion in rural and semi-urban areas and faster conversion rate. (*Source: CareEdge Report*). NBFCs have a strong presence in unorganized and under-served areas where banks may not have a strong foothold. (*Source: CareEdge Report*). As NBFCs have a strong presence in these regions, reaching out to NBFCs for loans is a more lucrative proposition when compared to local moneylenders who may be charging a higher interest rate. (*Source: CareEdge Report*). NBFCs' share in the organised gold loan segment accounted for 50.6% of the total gold loans extended in the organised segment as at March 2020, which increased to 56.0% as at March 2021, and further increased to 64.1% as at September 2021. (*Source: CareEdge*

Report). At the end of March 2021, NBFCs' advances against gold stood at ₹948.4 billion, indicating a 2.7 times growth over the previous financial year, and grew further to ₹1,140.1 billion by the end of September 2021. (*Source: CareEdge Report*).

According to CareEdge Research, with the rise in the price of gold amidst geopolitical unrest, a large geographic reach and the fast turnaround time on loan applications, the demand for gold loans is expected to grow *(Source: CareEdge Report).* Other factors that drive the growth of gold loans in the organised segment are the need for credit, attractive interest rates of banks and NBFCs vis-à-vis local moneylenders, faster loan processing, digitization, gold loans for varied tenures, accurate gold valuation, safekeeping and auctioning, which are extremely vital to the gold loan customer segment. (*Source: CareEdge Report).* In the post-pandemic era, where rising inflationary concerns are likely to slow down growth and impact pace of economic revival, gold loans will continue to remain a source of funds for consumers who may need urgent financing. (*Source: CareEdge Report*). CareEdge Research expects the growth in AUM of gold loans for NBFCs to hover at 12-13% during Fiscal 2023. (*Source: CareEdge Report*). Therefore, we believe there are ample opportunities to significantly increase our gold loans by cross selling to our existing customers as well as selling to new customers. For more details on the gold loan sector, see "*Industry Overview – Gold Finance*" on page 92.

Grow our third-party new car loan distribution business

We started acting as a corporate selling agent for third-party new car loans in January 2021, for which we receive commissions. Fiscal 2022 was the first full year of operations for our third-party new car loan distribution business. For Fiscal 2022, the third-party new car loan distribution business earned a gross fee income of ₹466.96 million and a net fee income of ₹276.17 million on a total car loan origination volume of ₹17,020 million. We intend to continue expanding our third-party new car loan distribution business by adding new distribution partnerships as well as expanding our footprint to new locations through feet-on-street presence and, wherever necessary, through additions of new branches.

India has very low car penetration with about 20 cars per 1,000 people. *(Source: CareEdge Report)*. The car loan penetration is expected to rise as a result of the increase in household income as per the NITI Aayog report. The growing domestic income is expected to make passenger vehicles more affordable for local consumers *(Source: CareEdge Report)*. Other factors that drive the growth of car loans are urbanisation, rising income, growing thrust on adoption of electric vehicles and the increasing demand of the commercial vehicle following pick-up in automobile industry. *(Source: CareEdge Report)*. For more details on the car loan sector, see "*Industry Overview – Auto Finance*" on page 95.

Tie-up with more leading banks to offer co-lending to maintain the desired portfolio mix at a consolidated level

We intend to achieve continuous AUM growth in the MSME loan sector and affordable housing sector while maintaining our desired loan portfolio mix. Part of our strategy to achieve this goal is to enter into more co-lending arrangements. In 2020, the RBI issued a notification on co-lending model between banks and NBFCs under which banks together with NBFCs shall provide loans to the priority sector borrowers on the basis of prior agreement. In line with the RBI's co-lending model, we entered into tie-ups for co-lending in the MSME sector with Union Bank of India and State Bank of India in November 2021 and entered into a tie-up for co-lending in the affordable housing sector with State Bank of India in February 2022. Under our co-lending arrangements with the banks, we retain 20-30% of co-originated loans on our balance sheet while the co-lending banks retain the balance. We are also entitled to a spread and loan service fee from the co-lending banks. Credit costs are shared proportionately between us and the co-lending banks. We believe the co-lending model will be return on equity accretive. To support this initiative, we will also deploy a new platform for co-lending to be seamlessly integrated with the co-lending banks' systems.

As at March 31, 2022, our AUM under the co-lending model for the MSME sector was ₹1,154.68 million. We plan to formally launch our co-lending loans for affordable housing loans in the second quarter of Fiscal 2023.

Deepen our presence and increase our customer base to support growth

We intend to continue to grow our AUM by expanding our presence through the addition of new branches, including branches dedicated to car loans and gold loans. As at June 30, 2022, we had 123 branches. We plan to roll out a significant number of gold loan branches in Fiscal 2023 and then increase the number of gold loan branches over the next few years. As at June 30, 2022, we had entered into leases or memorandum of understandings for leases for 52 new branches. We also plan to increase significantly the number of branches for our MSME loan business and housing loans business. Our strategy for branch expansion includes further deepening our presence in North and West India. In order to optimize our expansion, we assess potential markets by analysing demographic, competitive and regulatory factors, site selection and availability, and growth potential. Branch expansion will also increase the visibility of our brand and help to attract new customers.

Our strategy to enlarge our customer base is to enhance the accessibility of our loans, penetrate new markets and customize underwriting procedures. As part of our strategy to acquire new customers, we plan to introduce gold loans in the second quarter of Fiscal 2023.

Allow third parties (Capri mitras) to refer potential borrowers for our loans

We allow third parties (Capri mitras) to refer potential borrowers to us and earn a fee if the borrower takes a loan from us, thereby creating an alternate leads channel across all businesses. These leads will be followed up by our-house sales and credit teams and the third-party referrers will play no role in the due diligence and underwriting process.

Continue to leverage modern technology to drive business growth

We will continue to further scale up our digital platform to improve efficiency. We plan to introduce a customer service application, which we believe will help to improve our ability to serve customers. We are also in the process of developing a co-lending mechanism analytics model and cross-selling analytics so that our decision makers can make decisions based on data analysis. We believe that the ability to capture data across our business will allow us to become more efficient and provide customer centric and bespoke solutions, thereby improving customer satisfaction, engagement and retention. We are also in the midst of developing other in-house platforms and systems, including: (i) a loan origination platform; (ii) a lead management system; (iii) a distributed services architecture platform for third parties (Capri mitras) for referring potential borrowers to us; and (iv) a customer on-boarding application.

OUR PRODUCTS

We offer a wide range of loans through our four lending verticals: (1) MSME loans; (2) housing finance; (3) construction finance; and (4) Indirect Lending. We refer to our MSME loans and housing loans together are our "**Urban Retail**" lending.

Urban Retail Lending

MSME loans

We provide finance to (i) self-employed non-professionals; provision stores, retail outlets, handicrafts; (ii) self-employed service providers in sectors such as education, healthcare and transportation who need to purchase equipment, machinery and vehicles; and (ii) small enterprises with inadequate proof of income documentation. Our core business growth driver is MSME loans.

As per our products rules as at June 30, 2022, at disbursement our MSME loans have a ticket size of ₹0.2 million – ₹15 million, with a maximum tenor of 15 years. We offer a semi fixed interest rate for three years and a floating interest rate to be determined by our management depending on customer profile, CIBIL Score, income source, property type and location of property.

MSME Loans	**As at for the year ended March 31, 2022**	**As at and for the year ended March 31, 2021**	**Percentage increase / (decrease) or increase / (decrease) in percentage (as applicable)**
	(₹ in millions, except percentages and as noted)		
AUM	33,065.24[(1)]	25,114.24	31.7%
MSME loans AUM as a percentage of our total AUM (%)	49.9%	51.8%	(1.9)%
Average Loans [(2)]	26,575.16	21,449.47	23.9%
Yield on Average Loans [(3)] [(*)] (%)	16.1%	16.3%	(0.2)%
Average ticket size at disbursal [(4)]	1.74	1.76	(0.02)%
Average ticket size at the balance sheet date [(*)]	1.55	1.56	(0.6)%
Disbursements [(*)]	11,308.30	7,095.60	59.37%
Average LTVs on fresh disbursals [(5)] [(*)] (%)	53.6%	52.3%	1.3%
Active accounts (actual number, not in millions)	20,773	16,141	28.7%

Notes:

(1) Includes ₹1,154.68 million under the co-lending mechanism.

*(2) Average loans is the average of the opening balance of loans net of provisions for Stage 3 assets/NPAs ("**Interest-Earning Loans**") at the start of the relevant fiscal year and the closing balances of Interest-Earning Loans as at the half year end and year end in the relevant fiscal year ("**Average Loans**").*

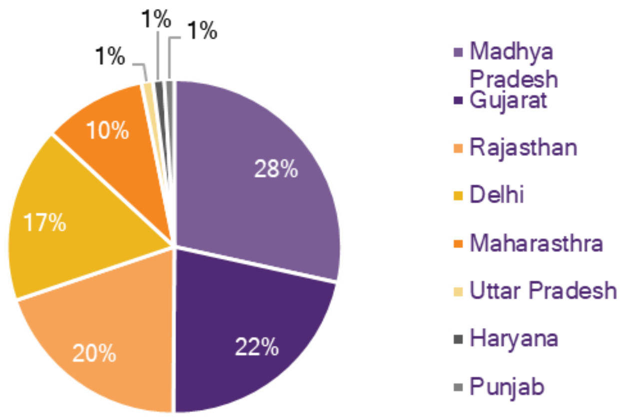
*(3) Yield on Average Loans is Average Loans divided by interest earned on loans for the relevant fiscal year ("**Yield on Average Loans**").*

(4) Average ticket size at disbursal for the Fiscal Year is based on the cumulative disbursed amounts and the number of loans for the Fiscal Year.

(5) Average of quarterly average LTV at disbursal.

(*) Non-GAAP Financial Measure.

The pie chart below shows the geographical distribution of our MSME loans by value as at March 31, 2022:



Housing Loans

We provide loans for (i) the purchase of residential units, (ii) the construction, extension, and renovation of homes, (iii) the purchase of land and (iv) home equity loans.

The categories of borrowers for our housing loans are economically weaker section households, low income group and middle income group. As at March 31, 2022, approximately 55% of our housing loans outstanding were made to self-employed persons and approximately 45% of our housing loans outstanding were made to persons earning a salary.

In March 2017, we entered into a memorandum of understanding with NHB for us to act as a lender and thereby undertake the responsibility to pass on the benefit of the CLSS to eligible borrowers/beneficiaries by crediting the eligible subsidy amount to their housing loans accounts as per the CLSS. We entered into a co-lending arrangement with State Bank of India for affordable housing in February 2022, based on the RBI's co-lending guidelines. We plan to start making loans under this co-lending mechanism in the second quarter of Fiscal 2023.

As at March 31, 2022, we had more than 17,700 housing loans outstanding to families to help realize their dreams of owning their own home, out of which more than 7,500 were under the PMAY initiative.

As per our products rules as at June 30, 2022, at disbursement our housing loans have a ticket size of ₹0.2 million – ₹10 million, with a maximum tenor of 25 years. We offer a semi fixed interest rate for three years and a floating interest rate to be determined by our management depending on customer profile, CIBIL Score, income source, property type and location of property.

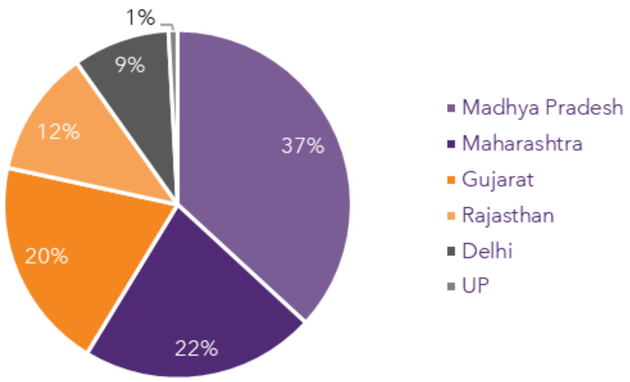
The following table sets forth certain information relating to our housing loans as at and for the years indicated:

Housing Loans	**As at for the year ended March 31, 2022**	**As at and for the year ended March 31, 2021**	**Percentage increase / (decrease) or increase / (decrease) in percentage (as applicable)**
	(₹ in millions, except percentages and as noted)		
AUM	17,473.58	11,551.83	51.3%
Housing loans AUM as a percentage of our total AUM (%)	26.3%	23.8%	2.5%
Average Loans	13,642.03	9,683.86	40.9%
Yield on Average Loans (*) (%)	13.4%	14.3%	(0.9)%
Average ticket size at disbursal (1) (*)	1.17	1.06	10.4%
Average ticket size at the balance sheet date (*)	0.99	0.88	12.5%
Disbursements (*)	7,844.57	3,724.30	110.6%
Average LTV on disbursal (2) (%)	52.7%	54.9%	(2.2)%
Number of active accounts (actual number, not in millions)	17,739	13,149	34.9%

Notes:

(1) Average ticket size at disbursal for the Fiscal Year is based on the cumulative disbursed amounts and the number of loans for the Fiscal Year.
(2) Average of quarterly average LTV at disbursal.
(*) Non-GAAP Financial Measure.

The pie chart below shows our geographical distribution of housing loans by value as at March 31, 2022:



Business origination

We have a dedicated Urban Retail sales team for business origination, which pertains to sourcing and identifying customers eligible as prospective borrowers for our Urban Retail businesses. The sales team also has doorstep meetings with customers and collects the necessary documents for underwriting. To facilitate the business origination, we also developed a mobility application that can be used in sales and collections. As at June 30, 2022, our in-house sourcing team for origination comprised 1,427 employees.

Credit underwriting

The credit worthiness is measured by capacity, commitment and intention of the customer to repay. We have a strict scrutiny checks at multiple levels, which resulted in a disbursal-to-application ratio of approximately 34% in Fiscal 2022. The independent credit underwriting team undertakes bureau checks, field investigations, customer meetings, and evaluation of customers' cash flows through formal and informal records. We have developed an in-house income assessment program for customers who do not have a credit history or formal documents for assessing their repayment capacity.

Risk containment unit, legal and technical checks

Our in-house legal and technical teams conduct due diligence on customers, including fraud check of documents and customer profile, check of our internal database and property related verifications.

Security

The security for our MSME loans is a first and exclusive charge / mortgage over the collateral property (residential, commercial or industrial property) with clear and marketable title. As per the product rules as of 2022, the LTV ratio at sanction is 35%-70%.

The security for our housing loans is a first and exclusive charge / mortgage over the property with clear and marketable title. As per the product rules as of 2022, the LTV ratio at sanction is 60%-85%.

Operations

Our operation team undertakes pre-disbursal checks, centralized banking, management of repayments, as well as file storage and digitization through vendors.

Disbursals

To ensure faster turn-around time and better customer service, after the loans are sanctioned, our branches make disbursements via cheques or NEFT.

Collections

Centralized tele-calling

Any loan default by a customer will be notified to them and the necessary action will be taken by our central team. In case of any default, we notify the customer and demand payment of outstanding amounts. In this regard, our automatic allocation system will identify fresh bounce cases and refer them to the centralized tele-calling team in Mumbai to take appropriate actions and will ensure there is no time lag in post-bounce allocation. Our tele-callers log outcomes in the system for respective teams to take further actions including personal visits, issuance of dunning notices, if necessary, to collect payment.

Soft delinquencies

Soft delinquencies, which are loans that are 1 - 59 days past due on their payment, are handled by a dedicated in-house collection team. We utilize a dedicated app to log and track all collection efforts, including visit remarks, promise to pay, geo-tagging of place of visit, receipting, and instrument details. Our application driven artificial intelligence and machine learning system further segments customers based on their past repayment behaviour, bounce strings, credit bureau scrubs so as to determine appropriate further actions to be taken.

Hard delinquencies

Hard delinquencies, which are loans that are 60 days past due on their payment, are handled by a dedicated and experienced in-house collection team specializing in hard delinquencies. The team coordinates with the litigation team to initiate the process for legal action, if needed.

Litigation

Those hard delinquencies that are likely to become NPAs are referred to the litigation team to initiate action. The dedicated litigation team at the regional level is responsible for ensuring legal actions are initiated in a timely manner.

Repossession and liquidation

Our specialised marketing team will ensure the repossessed properties are sold or auctioned at a fair value, in a timely manner, and in line with the applicable statutory guidelines, as well as ensure sufficient competitiveness of the properties that are put up for auction. The repossession of property is governed by three legislations, namely: Negotiable Instruments Act, 1881, Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 and the Arbitration and Conciliation Act, 1996, each as amended.

Construction Finance Loans

Our construction finance loans are available to small and medium size real estate developers with a proven track record seeking to complete any under-construction projects. We have a comprehensive framework for project selection and credit appraisal and offer competitive rates for high quality, multi-family real estate projects.

As per our products rules as at June 30, 2022, at disbursement, our construction finance loans have a ticket size of ₹20 million – ₹600 million, with a tenor of less than seven years. The interest rates on our construction finance loans are floating rates linked to our benchmark interest rate, as decided by the management from time to time. The upper end rate of interest would depend upon the degree of risk/potential returns in the construction project on a case-by-case basis. In exceptional cases, interest rates may be quoted as a fixed rate, subject to the approval of the Credit Committee.

The following table sets forth certain information relating to our construction finance loans as at and for the years indicated:

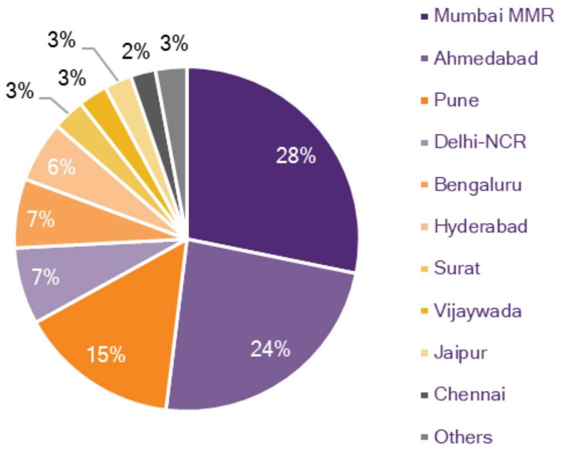
Construction Finance Loans	As at for the year ended March 31, 2022	As at and for the year ended March 31, 2021	Percentage increase / (decrease) or increase / (decrease) in percentage (as applicable)
	(₹ in millions, except percentages and as noted)		
AUM	12,662.24	8,734.53	45.0%
Construction finance loans AUM as a percentage of our total AUM (%)	19.1	18.0	1.1%
Average Loans	10,146.83	9,037.01	12,3%
Yield on Average Loans (*) (%)	16.7%	18.4%	(1.7)%
Average ticket size at sanction (1) (*)	167.80	162.1	3.5%
Average ticket size at the balance sheet date (*)	83.70	69.40	20.6%
Disbursements (*)	9,237.17	4,171.58	121.4%
Number of live projects (actual number, not in millions)	151	126	19.8%

Notes:

(1) *Average ticket size at disbursal for the Fiscal Year is based on the cumulative disbursed amounts and the number of loans for the Fiscal Year.*

(*) *Non-GAAP Financial Measure.*

The pie chart below shows our geographical distribution of construction loans by value as at March 31, 2022:



Originations

Our in-house marketing team is responsible for sourcing, initial due diligence and gathering market information on the project and the promoters.

Selection criteria

We evaluate both creditworthiness of the promoter/group and the project value. Our profile evaluation/ project selection is made on the basis of the project completion history and ongoing projects, previous/existing borrowing track records, and satisfactory net worth. For project selection, we will take into account all factors, like (i) whether a particular project is affordable and located in marketable location; (ii) whether it is able to be mortgaged; (iii) validation of the approval authority and its status; (iv) whether we will be the sole lender to the project; and (v) the cash flow visibility in the near future.

Credit appraisal and due diligence

We have a well-defined authority matrix in place for delegating authority to credit officers and a policy to ensure that credit decisions are objective. Our independent credit appraisal is undertaken in three stages: (i) business stage; (ii) local and central credit stage; and the Credit Committee stage. Our dedicated team will arrange for meetings with promotors and site visits as well as conduct bureau checks, litigation searches and social media searches through our in-house team and external vendors. Our in-house legal team reviews title report of the property done by a third-party law firm (legal due diligence, including title searches), while our third-party technical team is responsible for valuation. Our in-house internal control team conducts the internal audit of our sales, while the micro market analysis and RERA checks are done by our credit team. We have an internal risk rating model. We target those projects over which the first and exclusive charge can be created, with promotors as co-obligors. We also measure whether the physical security and cash flow cover are satisfactory.

Credit committee approval and documentation

Our local credit team proposes the detailed note to the Credit Committee, which is reviewed by the central credit team. The credit head thereafter recommends the proposal to the Credit Committee for approval. Upon approval, our in-house team arranges for borrowers to enter into our standard financing agreement. An empanelled advocate carries out a title search of the collateral for the previous 30 years. The title search report is further vetted by our in-house legal team, before creating a mortgage/ security interest over the collateral. We also conduct a detailed compliance check prior to disbursement to make sure all conditions precedents are satisfied.

Security

The security for our construction finance loans is first and exclusive charge / mortgage over the property with clear and marketable title along with hypothecation of the project's cash flows through an escrow mechanism, as per the product rules as of 2022.

Monitoring

Upon disbursement of a loan, the loan transaction is monitored until due repayment. Our monitoring team, which comprised 15 employees, headed by an associate director, as at June 30, 2022, monitors (i) early warning signals through internal reports, pertaining to site inspection, cash flow analysis, account conduct, overdue, interest and loan instalment servicing, (ii) compliances and milestone tracking, in particular, submission of monthly MIS and MIS analysis, all collections are routed in the designated account, construction, sales and collection milestones, and maintenance of insurance tracker; and (iii) the cash flows and security, in particular, timely recovery of monthly dues, collections vis-a-vis escrow sweeps and direct fund transfers, tracking and recovering deficits, monitoring revisions in sweep ratios and stipulated minimum support price rates. If the team officer is satisfied with the results, he/she issues a no objection certificate for registration of the housing unit or a no due letter after recovery of deficit/dues.

Indirect Lending

We extend (i) loans to other NBFCs engaging in MSME lending and microfinance as well as fintech-based NBFCs and (ii) loans against pledge of debt securities to borrowers dealing in debt securities, which we refer together as Indirect Lending. We launched our Indirect Lending business in March 2018. However, due to the NBFC crisis in 2018, we paused making new loans to NBFCs from October 2018 to December 2020. A default in debt repayments by a large NBFC in India in 2018 led to heightened investor focus around the health of the broader NBFC sector as well as their sources of liquidity. (*Source: CareEdge Report*). This led to some tightening in liquidity available to certain NBFCs and, as a result, it has become more difficult for certain NBFCs to access debt and raise equity capital. (*Source: CareEdge Report*).

As per our products rules as at June 30, 2022, at disbursement, our Indirect Lending loans have a ticket size of ₹30 million – ₹1,000 million, with a tenor of one to three years. As per our products rules as at June 30, 2022, our maximum exposure to each NBFC is ₹250 million. As per our products rules as at June 30, 2022, the interest rates on our Indirect Lending loans are fixed with a minimum rate of 11.5% for secured loans and a minimum rate of 12.5% for unsecured loans.

The following table sets forth certain information relating to our Indirect Lending as at and for the years indicated:

Indirect Lending	**As at and for the year ended March 31, 2022**	**As at and for the year ended March 31, 2021**	**Percentage increase / (decrease) or increase / (decrease) in percentage (as applicable)**
	(₹ in millions, except percentages and as noted)		
AUM	3,128.26	3,080.41	1.6%
Indirect Lending as a percentage of our total AUM (%)	4.7	6.4	(1.7)%
Average Loans(1)	3,071.22	2,050.89	49.7%
Yield on Average Loans (*) (%)	9.8%	6.2%	3.6%
Average ticket size at sanction (1) (*)	291.25	397.50	(26.7)%
Average ticket size at the balance sheet date(*)	239.50	284.29	(15.8)%
Disbursements (*)	2,912.50	2,949.50	(1.3)%
Number of live accounts (actual number, not in millions)	15	14	7.1%

Notes:

(1) *Average ticket size at disbursal for the Fiscal Year is based on the cumulative disbursed amounts and the number of loans for the Fiscal Year.*

(*) *Non-GAAP Financial Measure.*

Originations

We have our in-house team for sourcing loans to NBFCs.

We do not actively seek new customers for loans against pledge of debt securities to borrowers dealing in debt securities. We are approached by borrowers from time to time who apply for short-term funding against debt securities.

Selection criteria

According to our product rules, we cater primarily to NBFCs with a net worth of over ₹250 million and AUM of ₹750-1,500 million, with BBB credit rating or unrated with strong credentials and with at least a two year's old loan portfolio. We set eligibility of profitability for the past three years or demonstrated ability to raise capital. We also set a single exposure limit of 5% of borrower NBFC's loan book.

Credit appraisal and due diligence

Our credit team carries out the initial due diligence, studies the business model and based on their net-owned funds, leverage, security coverage, ALM position, collections and delinquency data, they process the underwriting proposal, ensuring that the proposal is within the loan policy guidelines.

The central credit team then escalates the loan proposal to the Credit Committee.

We have adopted a cautious approach for Indirect Lending, which has resulted in negligible NPAs for Indirect Lending as at March 31, 2022.

Credit committee approval and documentation

The process to be completed prior to disburse to smaller NBFCs includes evaluation of the AUM of the borrower NBFC on various parameters such as vintage, granularity, book quality, geographic diversification, diverse investors and financial performance. The detailed note will be presented to the Credit Committee for approval. Once it is approved, a sanction letter will be issued.

Security

For NBFCs, receivables are hypothecated and, in some cases, we get the personal guarantees of promoters/corporate guarantee of the holding company to add another layer of security. For loans against pledge of debt securities to borrowers dealing in debt securities, debt securities are pledged. The minimum value of collateral for Indirect Lending is 1.05 times the value of the loan outstanding as per the product rules as of 2022.

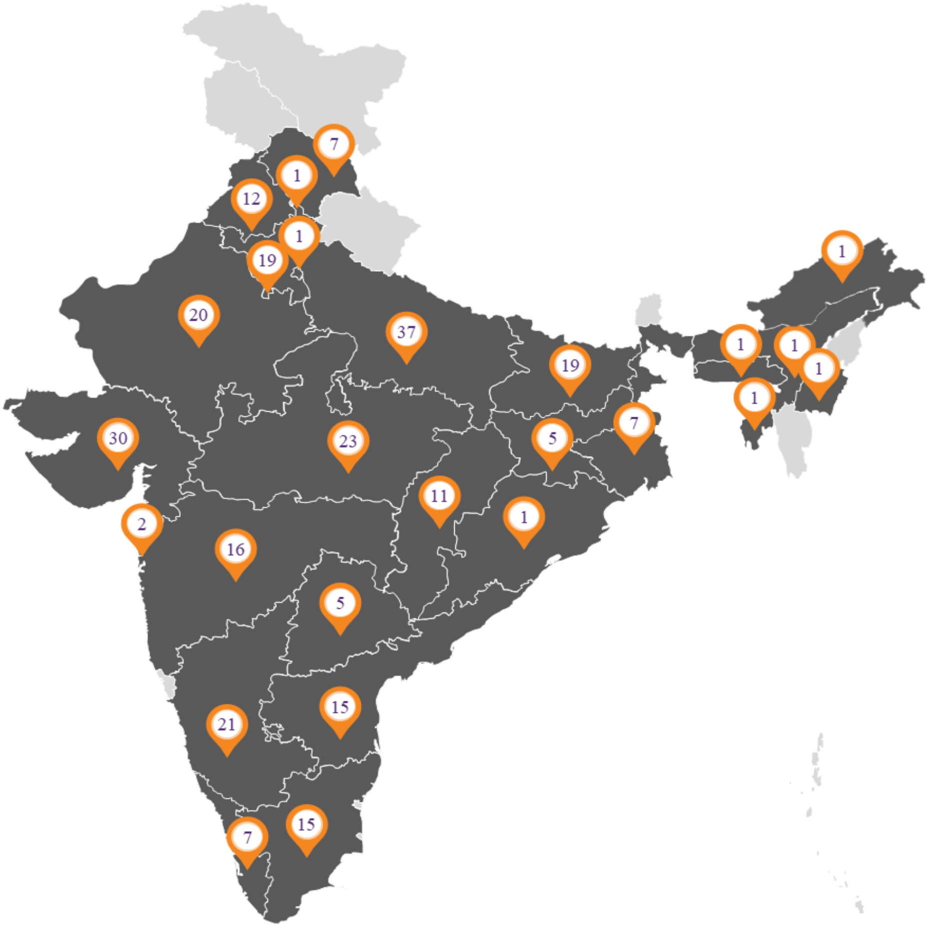
Monitoring

Our post disbursement monitoring includes receipt of information from customers at periodic intervals, analysis of the financial information and sharing the triggers on breach of any covenants.

DISTRIBUTION OF THIRD-PARTY NEW CAR LOANS

We are a corporate selling agent for new car loan products of Union Bank of India, Bank of Baroda, HDFC Bank Limited, Indian Overseas Bank, Yes Bank and Bank of India, for which receive commissions. We launched our distribution of third-party new car loans business in January 2021.

As at June 30, 2022, we had four branches dedicated to our distribution of third-party new car loans business, which are located in Chandigarh, Lucknow, Kolkata and Surat, and had a near pan-Indian network through 661 employees in 279 locations in 25 states and Union Territories. A diagrammatic representation of this network as at June 30, 2022 is set out below.



Fiscal 2022 was the first full year of operations for our third-party new car loan distribution business. For Fiscal 2022, the third-party new car loan distribution business earned a gross fee income of ₹466.96 million and a net fee income of ₹276.17 million on a total car loan origination volume of ₹17,020 million, with an average ticket size at disbursement of ₹1.2 million.

OUR BRANCH NETWORK

As at June 30, 2022, we had 123 branches located in 12 states and Union Territories, amongst which, four are exclusive third-party new car loan distribution branches. The table below sets forth our branch network by state and Union Territory as at June 30, 2022:

State / Union Territory	Number of branches
Rajasthan	34
Madhya Pradesh	32
Gujarat	22
Maharashtra	19

State / Union Territory	Number of branches
Uttar Pradesh	5
Haryana	4
Chhattisgarh	2
Delhi	1
Punjab	1
Chandigarh	1
West Bengal	1
Karnataka	1
Total	**123**

CUSTOMER SERVICE

As part of our CRM service initiatives, we maintain mandatory welcome calls to new customers and a customer grievance redressal system as well as use electromagnetic interference methods including SMS and telecall reminders to cater the needs of our customers. We are also in the midst of developing a customer service app to improve the customer service experience and enhance our brand identity.

TREASURY OPERATIONS

Our dedicated treasury team undertakes liquidity management by seeking to maintain an optimum level of liquidity and monitors cash and bank balances on a daily basis. The objective is to ensure the sufficient cash reserves at all our branches while at the same time avoid holding cash in excess of what may be required in the ordinary course. The treasury team prepares reports for submission to the Asset Liability Management Committee ("**ALCO**"), based on which liquidity forecasts are made on a quarterly basis for the next six months.

We have a well-balanced asset-liability position for short-term while are well-capitalized for medium term growth. As at March 31, 2022, our Company's CRAR on a standalone basis was 29.4% and CGHFL's CRAR was 47.0%. As at March 31, 2022, our gearing ratio (Total Borrowings/Net Worth) was 2.6. Our borrowings are primarily borrowings from banks and financial institutions, with repayment tenures of 2-10 years. We also issue non-convertible debt.

RISK MANAGEMENT

Interest Rate Risk

Volatility in interest rates can have a negative effect on our borrowing costs and result in a decline in our interest income and Net Interest Margins. This can cause a mismatch on our asset–liability position and could lead to lower profitability and lower returns.

We have an Asset Liability Management Policy, approved by the Board and administered by the ALCO to assess the risk arising out of the liquidity gap. In order to mitigate interest rate risk, we undertake the following measures:

(i) Interest rate movements are tracked and reviewed by the ALCO at least once in a half year/ financial year on a quarterly basis and base reference lending rate, i.e., long-term rate of return is decided by the ALCO after considering various factors;

(ii) Most of our loan portfolio is on floating interest rates. As at March 31, 2022, 55.0% of our loans had a floating interest rate; and

(iii) Interest rates are primarily market driven and our interest risk strategy is well adept at managing the changing market dynamics.

Credit Risk

The most common risk faced by any lending institution is the borrower's inability to repay the loan. The delinquencies may result in monetary losses, higher NPAs and deterioration of asset quality and ultimately capital

adequacy.

We undertake the following measures in order to mitigate credit risk:

(i) Prudent lending policies are stipulated for each business vertical, considering the risk involved with different products and customer profiles;

(ii) Our credit appraisal system is designed to minimise the probability of default;

(iii) Our credit appraisal system conducts customer meetings (business and residence) and field investigations, credit information bureau checks, in-house technical and legal verification, adequate loan to value ratio and term cove for insurance. Thorough reference checks of the borrower's overall goodwill and integrity in the market are conducted. This is followed by a thorough business assessment and long-term viability by analysing cash flows of the potential customers;

and

(iv) All loans (except employee loans) are secured by collateral. We have an in-house risk containment unit, having expert knowledge in fraud detection and forensic analysis of documents, to detect and help eliminate potential frauds being committed on us.

Collateral Risk

Collateral risk is the risk of loss arising from errors in the nature, quantity, pricing, or characteristics of collateral securing a loan.

We undertake the following measures in order to mitigate collateral risk:

(i) Collateral insurance must be taken for all loans other than those secured by land plot;

(ii) Strict criteria for acceptable collateral are set. Pursuant to our product policy, some properties are not eligible for funding, such as collateral owned by special purpose vehicles of an unrelated individual, and property occupied by seller.

(iii) All collaterals must be supported by positive valuation report as per our valuation policy;

(iv) Collateral visit report is also required after credit manager's site visit; and

(v) Additional collateral for credit comfort or interim collateral may be required till the occurrence of a specified future event during the tenancy of a loan.

Liquidity Risk

Liquidity risks emanates from the gaps in financing activity. A skewed asset-liability profile can potentially initiate a liquidity shortfall and result in significantly higher costs of funds.

We undertake the following measures in order to mitigate liquidity risk:

(i) We have a dedicated treasury team to manage liquidity and monitor fund availability and deployment on a daily basis;

(ii) Reports are submitted to the ALCO members, and are used to make relevant liquidity forecasts on a quarterly basis for the next six months; and

(iii) We borrow long-term funds with repayment tenures of 2-10 years.

Portfolio Concentration Risk

This category of risk is associated with the concentration of credit in a particular sector of borrowers, products or geography. Skewed exposure in one particular sector and geographical concentration may result in losses if the sector or geography does not do well. It affects the quality of the asset-book and assessment by financing institutions.

In order to mitigate loan portfolio concentration risk, we have a loan portfolio with exposure to multiple sectors, with each sector having varied customer profiles and a focus on smaller ticket sizes, coupled with a large customer base and a wide geographical distribution.

Operational Risk

Operational risk is the risk of possible losses, arising due to lack of proper flow and inadequate controls over our internal processes, people, systems and operations. Operational lapses could lead to adverse impact on the sustainability of the business in the long-term and loss of profitability.

We undertake the following measures in order to mitigate operational risk:

(i) We have a state-of-the-art technology-driven process flow and operational control systems; and

(ii) Our internal control infrastructure is well-aligned with our underwriting and collection processes, which are managed by a highly competent and trained team.

Regulatory and Compliance Risk

Our Company is a NBFC-ICC and NBFC-ND-SI under the regulatory supervision of the RBI. CGHFL is an HFC under the regulatory supervision of the RBI. Being a listed entity, our Company is also required to comply with SEBI's regulations and directions. Non-compliance of rules, regulations and statutes leads to stringent actions and penalties from the regulator or statutory authorities. In order to mitigate regulatory and compliance risk, we undertake the following measures:

(i) We have a separate compliance department, headed by a senior personnel. We keep ourselves abreast of recent developments and changes in the regulatory framework/guidelines to ensure timely, effective and proper implementation and compliance; and

(ii) We have an internal audit and control framework in place to help ensure we comply with capital adequacy norms, fair practice code, asset classification, KYC/PMLA guidelines, provisioning norms, corporate governance framework and timely reporting to the RBI, SEBI, Stock Exchanges and Ministry of Corporate Affairs, among others.

Information Technology Systems Risk

We deploy information technology systems, including enterprise resource planning, loan management applications, data repository and mobile solutions to support our business processes, communications and customer details and loan records. Risks could primarily arise from the unavailability of systems and/or loss or manipulation of information or information data security. In order to mitigate information technology systems risk, we undertake the following measures:

(i) We have information security risk monitoring systems and tools to protect sensitive customer data and guard against potential hackers and viruses;

(ii) We have adopted governance, controls and sophisticated technology across lines of business to help ward off cyber threats and protect our information;

(i) We use back up procedures, restricted access to applications and other security restrictions. We upgrade our systems with the latest security standards. For critical applications, security policies and procedures are updated on a periodic basis and users are educated on adherence to the policies to eliminate data leakages; and

(ii) As a part of the business continuity plan, we have created a remote disaster recovery site, which gets tested on a regular basis.

For more information on our risk management, see Note 40 in the notes to the 2022 Audited Consolidated Financial Statements in "*Financial Statements*" on page 126.

TECHNOLOGY

We deploy state-of-the-art technologies to improve and simplify business processes, which reduces costs, enhances productivity and efficiency, and results in a better customer experience.

We have developed a technology backed platform covering the complete customer on-boarding lifecycle, including origination, credit underwriting, disbursement, customer relationship and collection. Our digital solution integrates with identify verification and screening, bureau scrubs, credit analysis and evolved e-payment gateway for disbursement and collection. As part of our underwriting process, the platform generates scorecards after considering all factors so that our underwriting team can decide whether to approve or reject a loan request within a short time frame.

Our sales mobility app has digitized approximately 50% of the loan origination to disbursal process.

We have established an entirely cloud based tech footprint, OCR and KYC engine, data analytics platform and data warehouse.

In order to expand our third-party new car loan distribution business, we have also developed our own car loan leads app.

We have a customer self-service portal and a customer relationship management ("**CRM**") application to interact with customers digitally. Our customers may transact with us and repay their loans due via multiple electronic payment options, including net banking, payment gateways, and a unified payment interface ("**UPI**"). Our platform also embeds a data analytics platform, which analyses customer information and facilitates product recommendations at point-of-sale. Real time data is also captured and processed by our in-house tech team for further analysis.

Key enablers of our expanding technology footprint are our in-house technology team, investments in and deployment of the latest technologies, including machine learning and artificial intelligence, and our data analytics platform. As at June 30, 2022, our in-house tech team comprised 59 employees.

Currently we have a mix of physical and digital models. The current processes are in the midst of change whereby we aim to achieve maximum digitalization from onboarding to maintenance and exit of customers. Our key digital initiatives include OCR-based documentation, eNACH registration, video KYC, digital signatures, and incorporation of UPI payments from leading payment service providers and gateways into our system. We continue improving our processes and evaluating all opportunities to leverage the digitization and make the entire loan journey seamless.

AWARDS AND RECOGNITION

We have received numerous awards over the years, including more recently:

- "Fastest Growing Lending Finance Company of The Year" at the 3rd Annual BFSI Technology Excellence Awards Program 2022 by Quantic;

- “Best BFSI Brands” by the Economic Times for the years 2021 and 2019;
- “India’s Most Admired Financial Service Company” by White Page India in 2019; and
- “Great Place to Work” by Great Place to Work Institution in 2022.

COMPETITION

Our competitors include established Indian banks, other NBFCs, other HFCs, small finance banks, and the private unorganised and informal financiers who principally operate in the local market. Some of the Indian banks have subsidiaries and affiliates operating as NBFCs with significant market share, distribution reach and product portfolio, and we compete with them for business. As we are unable to accept deposits, our cost of funds is higher than banks’ cost of funds and, as a result, banks offer lower interest on their loans than we do.

EMPLOYEES

As at June 30, 2022, we had 4,134 employees, details of which are given in the table below.

Particulars	Number of Employees
MSME & Housing Loans	2,344
Gold Loans	785
Car Loans	661
Construction Finance and Indirect Lending	54
Technology	20[(1)]
Support staff	172
Non-executive staff	98
Total	**4,134**

Note:
(1) We had 59 employees in our in-house tech team as at June 30, 2022, comprising 20 technology staff for coding and 39 support staff for system maintenance, data analytics, and troubleshooting.

Learning and Development

Our employees are encouraged to gain overall experience by working in different verticals within the organization. We have various learning and development programs for employees, which enable them to define and progress their career paths.

In addition, with the help of training need analysis, we train our employees at our branches on a monthly basis, which helps them to better understand our business and perform well.

To encourage a culture of self-learning in the organization and build a digital learning environment, in Fiscal 2022 we started to release online courses, podcasts, Ted talks, e-books, massive open online courses from external learning platforms every month based on a specific theme.

We also train our employees on various systems, such as Credit nirvana, eNACH, original property papers quick personal discussion application, and Salesforce CRM. We also have initiated collateral-oriented raining for the ground-level sales team. Our internal trainers discuss the critical case studies and any newly introduced laws related to local authorities.

Our mobile learning application for our employees, Capri Pedia, is a seamless way for our content to be synced up and organized for easy viewing. This application was launched with the objective of quick learning and easy access to product knowledge, standard operating procedures, organization announcements, etc. It is a user-friendly mobile application that can be accessed from anywhere and anytime. In Fiscal 2022, we introduced product and process learning videos in the Hindi language on Capri Pedia. We publish quick learning bytes in respect of actions to be taken in unexpected situations on the Capri Pedia on a daily basis. We identify weekly themes and release the daily byte accordingly. This helps employees to adapt to new ways of working and embrace sudden changes, such as happened during COVID-19.

Reward and Recognition

We value the effort of our employees. Our appraisal systems are designed to recognise and reward exceptional performers on a quarterly and yearly basis. We have introduced the spot and monthly awards to our sales and collection team members. Employees are rewarded with e-certificate/vouchers, which helps to keep them motivated. Employees who have met their threshold limits and performed beyond their set targets are rewarded with gifts and recognised with badges and certificates.

Our ability to attract and retain talent is demonstrated by us being featured as the ‘Great Place to Work’, 2022 by the Great Place to Work Institute, which is a global research, consulting and training firm that identifies, great workplaces with high-trust workplace cultures.

INSURANCE

We maintain various insurance policies to cover the different risks involved in the operation of our business. We maintain a 360 degree protector directors and officers liability policy to cover certain liabilities that may be imposed on our directors and officers. We also maintain insurance policies covering Bharat Laghu Udyam Suraksha-other content, burglary, all risk, money in safe, money in transit, electronic equipment, public liability and annual turnover. We maintain a burglary policy for office premises located in Bhadwa Jaipur and a policy covering Bharat Sookshma Udyam Suraksha – other contents for office premises located in Agolai Jodhpur. In addition, we maintain a Specie All Risk insurance policy for our gold loan business, which covers All Risks for both premises and transit, and infidelity and terrorism for all locations, including transit.

INTELLECTUAL PROPERTY

Our Company has two registered trademarks, i.e., "CAPRI LOANS -Capri Global Capital Limited", which expires on January 11, 2026, and "PANKH", which expires on May 14, 2030. Our Company has applied for registration for three other trademarks, i.e., "CAPRI GLOBAL CAPITAL" under classes 35, 36 and 41, respectively, on May 4, 2022.

CGHFL has one registered trademark, i.e., "CAPRI HOME LOANS HUMEIN HAI EHSAAS-GHAR HO AAPKE PAAS", which expires on August 30, 2027. CGHFL has applied for registration for three other trademarks, i.e., "CAPRI GLOBAL HOUSING FINANCE" under classes 35, 36 and 41, respectively, on May 5, 2022.

PROPERTY

We lease our corporate and registered offices at A-502, Peninsula Business Park, Senapati Bapat Marg, Lower Parel West, Mumbai – 400 051, Maharashtra, India.

As at June 30, 2022, we had 123 branches, all of which we lease or license.

We also own property situated in No. 100 Guduvanchery to Tirupporur Road, Nellikuppam, Chennai- 603 108, comprised in Sy. Nos. 149/10A1A, 149/10D2 (currently 149/10D2B), 149/11, 152/1B, 152/2, 152/3, 152/4 and 152/7B situated in No. 100, Nellikuppam Village, Chengalpattu Taluk, Kancheepuram District, measuring a total extent of 13.6764 acres.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

In order to reduce the use of paper as well as reduce turnaround times, our sales mobility app has digitized approximately 50% of the loan origination to disbursal process.

We promote financial inclusion by providing income generating loans to MSMEs and housing loans to self-employed non-professionals borrowers not having proof of income. The average disbursal of new-to-credit customers represented approximately 16.4% of disbursals for MSME loans and 13.5% of disbursals for affordable housing loans for Fiscal 2022. As at March 31, 2022, (i) we had more than 20,700 loans to MSMEs outstanding and (ii) we had more than 17,700 housing loans outstanding, which helped families to realise their dreams of owning their own home, out of which more than 7,500 were under the PMAY initiative. Women borrowers as primary applicants represented 6% of our borrowers by the number of borrowers for Fiscal 2022.

By enabling timely access to loans, we also help our borrowers improve their credit scores. A pre-pandemic social impact study that we conducted in 2019 revealed that the average increase of the score by Credit Information Bureau (India) Limited for borrowers of MSME loans, housing loans, and construction finance loans was 46%, 66% and 5.7%, respectively.

For details on our other social initiatives, see "- *Corporate Social Responsibility ("CSR")*" on page 120.

Our philosophy on corporate governance is to ensure fairness to the stakeholders through timely and transparent disclosures, equitable treatment of all Shareholders, empowerment of employees and collective decision making. As part of our corporate governance initiatives, the Board of Directors has constituted various dedicated committees, including audit, nomination and remuneration, stakeholder relationship, CSR, and risk management committees.

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

Our CSR committee comprises Rajesh Sharma, Bhagyam Ramani and Beni Prasad Rauka. The CSR committee formulates the CSR policy and recommends the amount of expenditure to be incurred on CSR projects to the Board, and monitors the implementation of the CSR policy and projects.

We work with non-governmental organizations, including Entrepreneurs Associates, Mann Deshi Foundation, Save the Children of India, Catalysts for Social Action and Buzz Women, in various CSR areas, primarily: (i) healthcare and sanitation; (ii) education; (iii) woman's empowerment; (iv) crisis and epidemic; and (v) community empowerment. Some of our notable CSR programmes are set out below:

- Self-Shakti: we support the training program offered by Buzz Women through mobile classroom, which equips low-income women with the basics of financial management, entrepreneurship, self-confidence and community involvement.

- Training sessions offered by Entrepreneurs Associate: we support the initiative of Entrepreneurs Associate which has helped to build an entrepreneurial spirit within the residents of rural Nagaland and other North-Eastern states. It works passionately to promote entrepreneurship and develop sustainable livelihoods to increase participation among local communities for social equity and harmony.

- Women's integrated and synergistic empowerment ("**WISE**") initiative: We have been promoting Women Entrepreneurial Network under the WISE initiative in Maheshwar since 2019, with the aim to identify their skills, in particular weaving skills, and link them to markets where their products can be sold and give them resources for marketing.

- Improving rural education: we, in association with Seva Kutir, help children in rural India gain a better quality of education, by providing them with nutritious meals.

- "Hello Saheli": we, in association with Sukhibhava, offer a one-stop virtual solution for menstrual health and reproductive health concerns of women and girls.

- Breast cancer care and tuberculosis initiatives: we, in association with Win Over Cancer and Doctors for You, offer breast cancer survivors across India primary health care services and active case finding for tuberculosis.

OUR MANAGEMENT

Board of Directors

The composition of the Board is governed by the provisions of the Companies Act, 2013, the rules prescribed thereunder, the SEBI LODR Regulations and the Articles of Association. In accordance with the Articles of Association, unless otherwise determined by our Company in General Meeting, our Company shall not have less than three Directors and not more than 15 Directors.

Pursuant to the provisions of the Companies Act, 2013, at least two-thirds of the total number of Directors, excluding the Independent Directors, are liable to retire by rotation, with one-third of such number retiring at each AGM. A retiring Director is eligible for re-election. Further, pursuant to the Companies Act, 2013, the Independent Directors may be appointed for a maximum of two consecutive terms of up to five consecutive years each and thereafter have a cooling off period of three years prior to being eligible for re-appointment. Any re-appointment of Independent Directors shall be on the basis of, *inter alia*, the performance evaluation report and approval by the shareholders of our Company, by way of a special resolution.

The following table provides details regarding the Board of Directors of our Company as of the date of filing this Draft Letter of Offer:

Name, Address, Designation, Occupation, Term, Period of Directorship, DIN and Date of Birth	Age (in years)	Other Directorships
Rajesh Sharma ***Address***: C-1401, Floor - 14, Tower C, Beau Monde, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400025, Maharashtra ***Designation:*** Managing Director and Chief Financial Officer ***Occupation:*** Service ***Term:*** Office of Director liable to retire by rotation. Appointed as the Managing Director for a period of five years with effect from July 4, 2018 to July 3, 2023 ***Period of Directorship:*** Since May 15, 2007 ***DIN***: 00020037 ***Date of Birth:*** February 28, 1970	52	• Budhinath Advisory Services Private Limited • Capri Global Advisory Services Private Limited • Capri Global Asset Reconstruction Private Limited • Capri Global Finance Private Limited • Capri Global Holdings Private Limited • Capri Global Housing Finance Limited • Dnyaneshwar Trading and Investments Private Limited • Money Matters Properties Private Limited • Parijat Properties Private Limited • Parshwanath Buildcon Private Limited • Sarvasiddhanta Properties Private Limited • Shri Rangji Realties Private Limited • Sitilite Properties Private Limited • Stroll Properties Private Limited • Sweet Memories Property Private Limited • Terrain Properties Private Limited
Bhagyam Ramani ***Address***: 501, Anand Co- operative Housing Society, Juhu Versova Link Road, Behind Sky Lark Building, Andheri West, Mumbai 400058, Maharashtra ***Designation:*** Independent Director ***Occupation:*** Professional ***Term:*** For a period of five years with effect from April 1, 2019 to March 31, 2024, not liable to retire by rotation ***Period of Directorship:*** Since July 28, 2012	70	• Capri Global Housing Finance Limited • Gujarat Sidhee Cement Limited • Lloyds Metals and Energy Limited • NSE Clearing Limited • Saurashtra Cement Limited

Name, Address, Designation, Occupation, Term, Period of Directorship, DIN and Date of Birth	Age (in years)	Other Directorships
DIN: 00107097 ***Date of Birth:*** January 9, 1952		
Desh Raj Dogra ***Address***: 402 Somerset, Hiranandani Gardens, Powai, Mumbai 400076, Maharashtra ***Designation:*** Independent Director ***Occupation:*** Retired ***Term:*** For a period of five years with effect from February 1, 2021, not liable to retire by rotation ***Period of Directorship:*** Since February 1, 2021 ***DIN***: 00226775 ***Date of Birth:*** September 21, 1954	68	• Aham Housing Finance Private Limited • AMPL Cleantech Private Limited • Asirvad Micro Finance Limited • Axiscades Aerospace & Technologies Private Limited • Axiscades Technologies Limited • G R Infraprojects Limited • IFB Industries Limited • M Power Micro Finance Private Limited • S Chand and Company Limited • Welspun Corp Limited
Beni Prasad Rauka ***Address***: B-802, Ivy Tower, Vasant Valley, Film City Road, Near Dindoshi Bus Depot, Malad (East), Mumbai 400097, Maharashtra ***Designation:*** Independent Director ***Occupation:*** Service ***Term:*** For a period of five years with effect from April 1, 2019 to March 31, 2024, not liable to retire by rotation ***Period of Directorship:*** Since January 12, 2011 ***DIN***: 00295213 ***Date of Birth:*** April 1, 1964	58	• Advanced Bio-Agro Tech Limited • Advanced Enzytech Solutions Limited • Capri Global Housing Finance Limited • Capri Global Resources Private Limited • Indergiri Finance Limited • Indergiri Securities Private Limited • Indergiri Share and Stock Brokers Private Limited • JC Biotech Private Limited • Manoo Finance and Investment Private Limited • Pranoo Financial Services Private Limited • Scitech Specialities Private Limited
Mukesh Kacker ***Address***: House No-5, Ground Floor, Munirka Marg, Vasant Vihar-1, New Delhi 110057 ***Designation:*** Independent Director ***Occupation:*** Service ***Term:*** For a period of five years with effect from April 1, 2019 to March 31, 2024, not liable to retire by rotation ***Period of Directorship:*** Since February 11, 2012 ***DIN***: 01569098 ***Date of Birth:*** April 13, 1957	65	• DMIC Haryana MRTS Project Limited • NICDC Haryana Global City Project Limited
Ajit Mohan Sharan	65	• Avon Radio Pharmaceuticals Solutions Private Limited

Name, Address, Designation, Occupation, Term, Period of Directorship, DIN and Date of Birth	Age (in years)	Other Directorships
Address: A 1/88, Safdarjung Enclave, New Delhi 110029 ***Designation:*** Independent Director ***Occupation:*** Business ***Term:*** For a period of five years with effect from June 1, 2019 to May 31, 2024, not liable to retire by rotation ***Period of Directorship:*** Since June 1, 2019 ***DIN***: 02458844 ***Date of Birth:*** March 2, 1957		• Dabur India Limited • OIT Infrastructure Management Limited • SDS Life Sciences Private Limited • Transstadia Holdings Private Limited

Confirmations

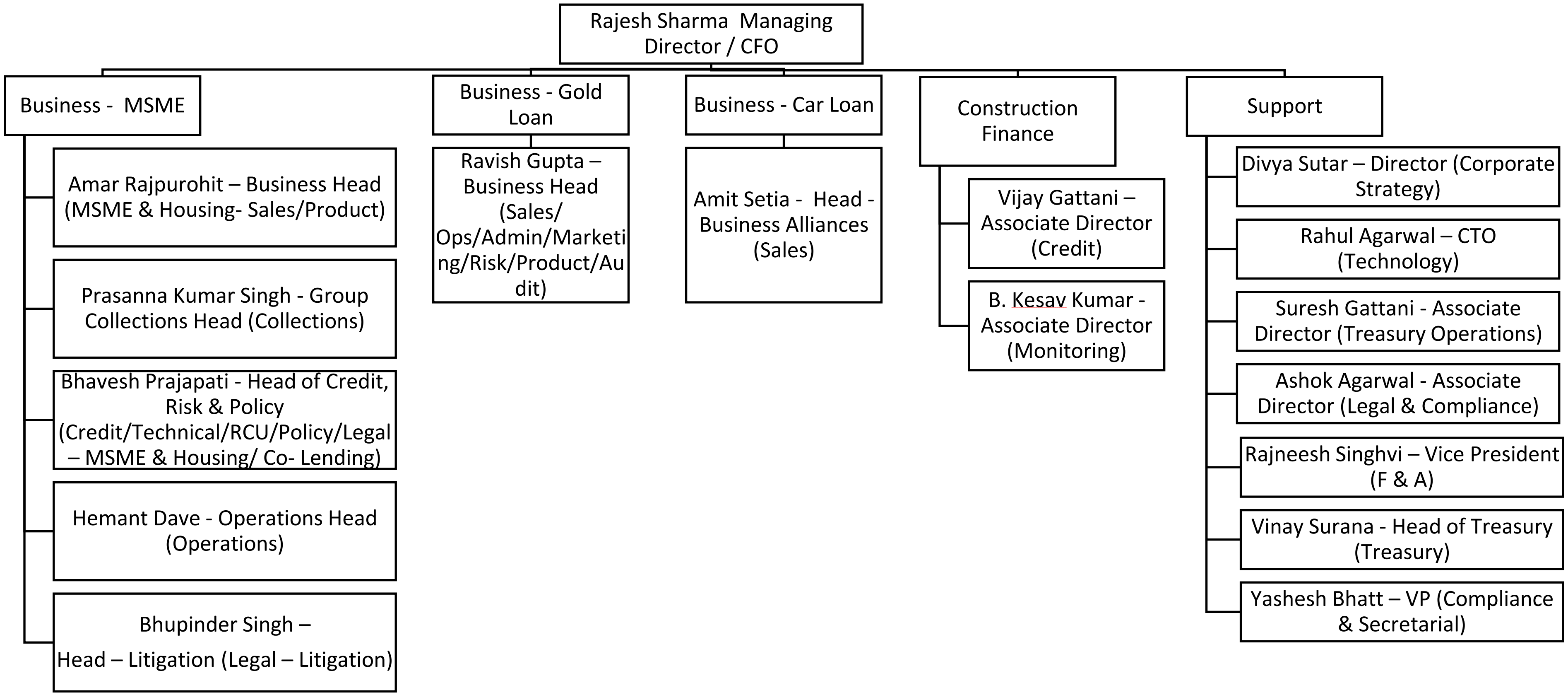
None of our Directors is or was a director of any listed company during the five years preceding the date of filing of this Draft Letter of Offer, whose equity shares have been or were suspended from being traded on any stock exchange, during the term of their directorship in such company.

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, in the last ten years immediately preceding the date of filing of this Draft Letter of Offer.

Details of Key Managerial Personnel and senior managerial personnel

S. No.	Name of KMP/ SMP	Designation
1.	Rajesh Sharma	Managing Director and Chief Financial Officer
2.	Divya Sutar	Director - Corporate Strategy
3.	Rahul Agarwal	Chief Technology Officer- Technology
4.	Vinay Surana	Head - Treasury
5.	Bhaskarla Kesav Kumar	Associate Director – CF Monitoring
6.	Vijay Kumar Gattani	Associate Director – CF Credit
7.	Suresh Gattani	Associate Director – Treasury Operations
8.	Ashok Agarwal	Associate Director - Legal and Compliance
9.	Amar Rajpurohit	Business Head – MSME and Housing – Sales/ Product
10.	Prasanna Kumar Singh	Group Collections Head
11.	Bhavesh Prajapati	Head of Credit, Risk and Policy
12.	Bhupinder Singh	Head – Legal Litigation
13.	Hemant Dave	Operations Head
14.	Ravish Gupta	Business Head – Gold Loan
15.	Amit Setia	Head – Business Alliances (Sales)
16.	Yashesh Bhatt	Vice President – Compliance and Secretarial
17.	Rajneesh Singhvi	Vice President – Finance and Accounts

ORGANISATIONAL STRUCTURE



SECTION V: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

Independent Auditor's Report

To the Members of Capri Global Capital Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of Capri Global Capital Limited ('the Holding Company') and its subsidiary – Capri Global Housing Finance Limited (the Holding Company and its subsidiary together referred to as the 'Group'), which comprise the Consolidated Balance Sheet as at 31 March 2022, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as the 'consolidated financial statements').

2. In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of report of other auditor on separate financial statements of a subsidiary, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India of the consolidated state of affairs of the Group as at 31 March 2022, and their consolidated profit (including other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us along with the consideration of audit report of the other auditor referred to in the 'Other Matter' paragraph below is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5. We have determined the matters described below to be the key audit matters to be communicated in our report.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Impairment of loans and advances to customers
(Refer Note 2.5 for significant accounting policies and Note 40.2 for credit risk disclosures)</td></tr>
<tr><td>As at 31 March 2022, the Group has reported gross loan assets of ₹ 64,414.80 million against which an impairment loss of ₹ 1,706.77 million has been recorded. The Group recognized impairment provision for loan assets based on the Expected Credit Loss ("ECL") approach laid down under 'Ind AS 109 – Financial Instruments'.
The estimation of ECL on financial instruments involves significant management judgement and estimates and the use of different techniques and assumptions which could have a material impact on reported profits. Significant management judgement and assumptions involved in measuring ECL is required with respect to:
➢ ensuring completeness and accuracy of the data used
➢ determining the criteria for a significant increase in credit risk
➢ factoring in future economic assumptions
➢ techniques used to determine probability of default, loss given default and exposure at default.

These parameters are derived from the Group's historical data.
During the previous and current years, RBI announced various relief measures for the borrowers which were implemented by the Group such as "COVID 19 Regulatory Package- Asset Classification and Provisioning" announced by the RBI on 17 April 2020 and RBI circular on "Asset Classification and Income Recognition following the expiry of Covid-19 regulatory package" dated 07 April 2021 (collectively referred to as 'the RBI circulars'), and</td><td>Our audit focused on assessing the appropriateness of management's judgment and estimates used in the impairment analysis through procedures that included, but were not limited to, the following:

• Obtained an understanding of the techniques adopted by the Group including the key inputs and assumptions. Since assumptions and parameters are based on historical data, we assessed whether historical experience was representative of current circumstances and was relevant in view of the recent impairment losses incurred within the portfolios;

• Considered the Group's accounting policies for estimation of expected credit loss on loans and assessing compliance with the policies in terms of Ind AS 109

• Understanding management's updated processes, systems and controls implemented in relation to impairment allowance process, particularly in view of COVID-19 Regulatory Package.

• Tested the design and operating effectiveness of key controls over completeness and accuracy of the key inputs and assumptions considered for calculation, recording, monitoring of the impairment loss recognized and staging of assets. Also evaluated the controls over the validation of data and related approvals.

• Evaluated the appropriateness of the Company's determination of Significant Increase in Credit Risk ("SICR") in accordance with the applicable accounting standard considering the impact of COVID-19 on account of moratorium and restructuring benefit extended by the Holding Company and the basis for classification of</td></tr>
</table>

"Resolution Framework for COVID-19 related Stress" (the 'Resolution Framework') dated on 6 August 2020 and 4 June 2021, which have been collectively considered by the management in identification, classification and provisioning of loan assets for impairment. On the basis of an estimate made by the respective management of the entities included in the Group, an overlay to the tune of Rs 443.30 million has been recognized by the Group as at 31 March 2022 on account of increase in default risk due to the impact of COVID-19 on recoverability of loans of the Group. The basis of estimates and assumptions involved in arriving at the overlay are monitored by the Group periodically and significantly depend on future developments in the economy including expected impairment losses. **Disclosure** The disclosures regarding the Group's application of Ind AS 109 are key to explaining the key judgements and material inputs to ECL computation. Further, disclosures to be provided as per RBI circulars with regards to non-performing assets and provisions is also an area of focus. Considering the significance of the above matter to the overall financial statements, additional complexities involved on account of ongoing impact of COVID-19 and extent of management's estimates and judgements involved, it required significant auditor attention. Accordingly, we have identified this as a key audit matter.	various exposures into various stages. Further, assessed the critical assumptions and input data used in the estimation of expected credit loss for specific key credit risk parameters, such as the movement between stages, Exposure at default (EAD), probability of default (PD) or loss given default (LGD); • Evaluated the reports and working for the methodology used in the computation of Through The Cycle PD, Point In Time PD and LGD, among others. • Verified that the Group's approved policy in relation to moratorium and restructuring is in accordance with the RBI requirements. Evaluated that the restructuring was approved and implemented in accordance with such policy, and the provisions created on such restructured loan assets were in accordance with the Company's policy. • Performed test of details over calculations of ECL, in relation to the completeness and accuracy of data. • Obtained written representations from management and those charged with governance on whether they believe significant assumptions used in calculation of expected credit losses are reasonable. • Assessed the appropriateness and adequacy of the related presentation and disclosures of Note 40.2 "Credit risk" and ECL disclosed in the accompanying financial statements, including disclosure of key judgements and assumptions involved, in accordance with the applicable accounting standards and related RBI circulars and Resolution Framework.
Information Technology system for the financial reporting process	
The Group is highly dependent upon its information technology (IT) systems for carrying out its operations and processing significant volume of transactions, which impacts key financial accounting and reporting activities. The Group has put in place the IT General Controls and application controls to ensure that the information produced by the company complete, accurate and reliable. Among other things, the Management also uses the information produced by the entity's IT	Our audit procedures for assessment of the IT systems and controls with reference to financial statements, included but were not limited to the following: • Obtained an understanding of the key IT systems, IT General Controls which covered access controls, program/ system changes, program development and computer operations i.e. job processing, data/ system backup and incident management and application controls relevant to our audit.

systems for accounting and preparation and the presentation of the financial statements. Since our audit strategy included focus on entity's key IT systems relevant to our audit due to their potential pervasive impact on the consolidated financial statements, we have determined the audit of IT systems and related control environment for accounting and financial reporting as a key audit matter.	• Tested the design, implementation and operating effectiveness of the general IT controls over the key IT systems that are critical to financial reporting. This included evaluation of entity's controls to ensure segregation of duties and access rights being provisioned / modified based on duly approved requests, access for exit cases being revoked in a timely manner and access of all users being re-certified during the period of audit. Further, controls related to program change were evaluated to verify whether the changes were approved, tested in an environment that was segregated from production and moved to production by appropriate users; • Tested application controls (automated controls), related interfaces and report logic for system generated reports relevant to the audit for evaluating completeness and accuracy; • Tested compensating controls or performed alternate audit procedures to assess whether there were any unaddressed IT risks that would impact the controls or completeness and/or accuracy of data.

Information other than the Consolidated Financial Statements and Auditor's Report thereon

6. The Holding Company's Management and the Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

   Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

   In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

   When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

7. The accompanying consolidated financial statements have been approved by the Holding Company's Management and the Board of Directors. The Holding Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India. The respective Management and the Board of Directors of the entities included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of their respective Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.

8. In preparing the consolidated financial statements, the respective management and Board of Directors of the companies included in the Group are responsible for assessing the ability of respective Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

9. The respective Board of Directors of the companies included in the Group is also responsible for overseeing the financial reporting process of each company.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements *(Continued)*

11. As part of an audit in accordance with Standards on Auditing specified under section 143(10) of the Act, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act we are also responsible for expressing our opinion on the internal financial controls with reference to the consolidated financial statements and the operating effectiveness of such controls based on our audit;

    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management and the Board of Directors;

    - Conclude on the appropriateness of management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

    - Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and

    - Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the consolidated financial statements, of which we are the independent auditors. For the other entity included in the consolidated financial statements, which have been audited by other auditor, such other auditor remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements *(Continued)*

12. We communicate with those charged with governance of the Holding Company, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

15. The consolidated financial statements include the audited financial statements of a subsidiary, whose financial statements reflect total assets (before consolidation adjustments) of Rs. 20,354.33 million as at 31 March, 2022, total revenue (before consolidation adjustments) of Rs. 2,204.36 million and net profit after tax (before consolidation adjustments) of Rs. 431.77 million and net cash inflows of Rs. 2,146.43 million for the year ended on that date, as considered in the consolidated financial statements, which has been audited by its independent auditor. The independent auditor's report on the financial statements of this entity has been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, is based solely on the report of such auditor and the procedures performed by us are as stated in paragraph above.

    Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matter with respect to our reliance on the work done and the report of the other auditor.

16. The consolidated financial statements of the Group for the year ended 31 March 2021 were audited by the predecessor auditor, Deloitte Haskins & Sells LLP, Chartered Accountants who have expressed an unmodified opinion on those consolidated financial statements vide their audit report dated 17 June 2021, and which has been relied upon by us for the purpose of our audit of the consolidated financial statements.

Report on Other Legal and Regulatory Requirements

17. As required by section 197(16) of the Act based on our audit and the report of the statutory auditor of a subsidiary company incorporated in India which was not audited by us, we report that the remuneration paid during the current year by the Holding Company and its subsidiary company to its directors is in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.

Report on Other Legal and Regulatory Requirements *(Continued)*

18. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/"CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us for the Company and its subsidiary included in the consolidated financial statements of the Company, we report that there are no qualifications or adverse remarks in these CARO reports.

19. As required by section 143(3) of the Act, based on our audit and on the consideration of report of the other auditor on separate financial statements of a subsidiary, as noted in 'other matters paragraph', we report, to the extent applicable, that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

    b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the report of the other auditor;

    c) The consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

    d) in our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015;

    e) On the basis of the written representations received from the directors of the Holding Company, and taken on record by the Board of Directors of the Holding Company and reports of the statutory auditor of its subsidiary company incorporated in India, none of the directors of the Group Companies incorporated in India is disqualified as on 31 March 2022 from being appointed as a director in terms of section 164(2) of the Act.

    f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary company incorporated in India, and the operating effectiveness of such controls, refer to our separate report in 'Annexure I' wherein we have expressed an unmodified opinion; and

    g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of report of the other auditor on the separate financial statements of the subsidiary as noted in other matter paragraph:

        i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group as detailed in Note 49 to the consolidated financial statements;

Report on Other Legal and Regulatory Requirements ***(Continued)***

ii. The Group did not have any material foreseeable losses, on long-term contracts including derivative contracts during the year ended 31 March 2022;

iii. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India during the year ended 31 March 2022;

iv. a. The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Holding Company to or in any persons or entities, including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;

b. The management has represented that, to the best of its knowledge and belief, no funds have been received by the Holding Company from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Holding Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c. Based on such audit procedures performed, as considered reasonable and appropriate in the circumstances, nothing has come to our attention that causes us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement

v. The dividend declared during the year ended 31 March 2022 by the Holding Company is in compliance with section 123 of the Act.

For **M M Nissim & Co LLP**
Chartered Accountants
Firm's Registration No: 107122W/W100672

SD/-
Sanjay Khemani
Partner
Membership No. 044577
UDIN: 22044577AJJZNF5940

Mumbai
21 May 2022

Annexure I

Independent Auditor's Report on the internal financial controls with reference to consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

(Referred to in paragraph 1(A) (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

1. In conjunction with our audit of the consolidated financial statements of Capri Global Capital Limited ('the Holding Company') and its subsidiary (collectively referred as 'Group') as at and for the year ended 31 March 2022, we have audited the internal financial controls with reference to the consolidated financial statements of the Holding Company and its subsidiary company, which is the company covered under the Act, as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the internal financial controls with reference to the consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to the consolidated financial statements, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to the consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements *(Continued)*

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to the consolidated financial statements includes obtaining an understanding of such internal financial controls with reference to the consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor in the subsidiary company in terms of their reports referred to in the other matters below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to the consolidated financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to the consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to the consolidated financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

Inherent Limitations of Internal Financial Controls with Reference to the Consolidated Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to the consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to the consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to the consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Holding Company and such company incorporated in India which is its subsidiary company, have in all material respects, adequate internal financial controls with reference to the consolidated financial statements and such controls were operating effectively as at 31 March 2022, based on the internal financial controls with reference to the consolidated financial statements criteria established by such Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matter

9. Our aforesaid report under Section 143 (3) (i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to the consolidated financial statements insofar as it relates to a subsidiary company, which is a company incorporated in India, is based on the corresponding report of the auditor of such company incorporated in India.

For **M M Nissim & Co LLP**
Chartered Accountants
Firm's Registration No: 107122W/W100672

SD/-
Sanjay Khemani
Partner
Membership No. 044577
UDIN: 22044577AJJZNF5940
Mumbai
21 May 2022

CAPRI GLOBAL CAPITAL LIMITED

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2022

(₹ in millions)

	Particulars	Note No.	As at March 31, 2022	As at March 31, 2021
	ASSETS			
(1)	**Financial assets**			
(a)	Cash and cash equivalents	3	3,225.06	1,705.80
(b)	Bank Balances other than cash and cash equivalents	4	306.15	536.68
(c)	Receivables	5	81.64	15.08
(d)	Loans	6	62,708.03	46,862.55
(e)	Investments	7	3,774.84	8,074.53
(f)	Other financial assets	8	222.14	113.14
	Total Financial Assets		**70,317.86**	**57,307.78**
(2)	**Non-financial Assets**			
(a)	Current Tax Assets (Net)	9	100.38	82.63
(b)	Deferred tax assets (Net)	10	366.83	257.29
(c)	Investment Properties	11	-	6.67
(d)	Property, plant and equipment	12	318.02	254.61
(e)	Intangible Assets Under Development		23.20	0.70
(f)	Other intangible assets		25.66	16.81
(g)	Other non-financial assets	13	375.74	204.34
	Total Non-Financial Assets		**1,209.83**	**823.05**
	Total Assets		**71,527.69**	**58,130.83**
	EQUITY AND LIABILITIES			
	LIABILITIES			
(1)	**Financial Liabilities**			
(a)	Derivative financial instruments	16A	12.42	-
(b)	Payables			
	(A) Trade Payables	14		
	(i) total outstanding dues of micro enterprises and small enterprises		1.75	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		333.10	74.94
	(B) Other Payables			
	(i) total outstanding dues of micro enterprises and small enterprises		-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		78.25	72.27
(c)	Debt Securities	15	4,330.90	6,741.30
(d)	Borrowings (Other than Debt Securities)	16B	43,752.97	30,994.57
(e)	Other Financial liabilities	17	3,508.81	2,776.54
	Total Financial Liabilities		**52,018.20**	**40,659.62**
(2)	**Non-financial Liabilities**			
(a)	Current tax liabilities (net)	18	27.89	148.86
(b)	Provisions	19	166.19	125.67
(c)	Other non-financial liabilities	20	90.70	23.67
	Total Non-Financial Liabilities		**284.78**	**298.20**
	Total Liabilities		**52,302.98**	**40,957.82**
(3)	**Equity**			
(a)	Equity Share Capital	21	351.31	350.57
(b)	Other Equity	22	18,873.40	16,822.44
	Total Equity		**19,224.71**	**17,173.01**
	Total Equity and Liabilities		**71,527.69**	**58,130.83**

The accompanying notes are an integral part of the Financial Statements

In terms of our report attached
For M M Nissim & Co LLP
Chartered Accountants
(Firm's Registration No. 107122W/W100672)

For and on behalf of the Board of Directors

(Rajesh Sharma)
Managing Director &
Chief Financial Officer
DIN 00020037

(Beni Prasad Rauka)
Independent Director
DIN 00295213

Sanjay Khemani
Partner
Membership No. 044577

(Yashesh Bhatt)
Company Secretary
ACS-20491

Place: Mumbai
Date: May 21, 2022

Place: Mumbai
Date: May 21, 2022

CAPRI GLOBAL CAPITAL LIMITED

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2022

(₹ in millions)

	Particulars	Note No.	Year ended March 31, 2022	Year ended March 31, 2021
	Revenue from operations			
(i)	Interest income	23	8,395.78	6,735.21
(ii)	Dividend income		1.23	1.18
(iii)	Fee and commission income	24	506.77	20.74
(iv)	Net Gain on Derecognition of Financial Instruement		170.01	-
(v)	Net gain on fair value changes	25	236.17	288.23
(vi)	Sale of Service		137.06	-
(vii)	Other operating income	26	242.85	315.47
(I)	**Total Revenue from operations**		**9,689.87**	**7,360.83**
(II)	**Other Income**	27	128.00	10.54
(III)	**Total Income (I + II)**		**9,817.87**	**7,371.37**
	Expenses			
(i)	Finance costs	28	3,308.47	2,887.05
(ii)	Fees and commission Expense		190.79	-
(iii)	Impairement of financial instruments (Expected Credit Loss)	29	1,056.68	544.68
(iv)	Employee benefit expenses	30	1,746.04	993.79
(v)	Depreciation and amortisation expense	12	98.77	105.11
(vi)	Other expenses	31	690.89	483.61
(IV)	**Total Expenses**		**7,091.64**	**5,014.24**
(V)	**Profit before tax (III- IV)**		**2,726.23**	**2,357.13**
	Tax Expense:			
	- Current tax	35	779.55	693.03
	- Deferred tax	36	(109.53)	(105.45)
	- Tax Pertaining to earlier years		5.80	-
(VI)	**Total tax expense**		**675.82**	**587.58**
(VII)	**Net Profit After Tax (V - VI)**		**2,050.41**	**1,769.55**
(VIII)	**Other Comprehensive Income**	32		
	(A) Items that will not be reclassified to profit or loss			
	Remeasurement of defined benefit plans		(0.47)	6.27
	Income Tax impact on above		0.12	(1.56)
	Total (A)		**(0.35)**	**4.71**
	(B) Items that will be reclassified to profit or loss			
	Fair Value Gain on time value of forward element of forward contract in hedging relationship		(6.10)	-
	Income Tax impact on above		1.53	-
	Total (B)		**(4.57)**	**-**
	Other Comprehensive Income (A) + (B)		**(4.92)**	**4.71**
(IX)	**Total Comprehensive Income (VII + VIII)**		**2,045.49**	**1,774.26**
(X)	**Earnings per equity share (of ₹ 2 Each)**			
	Basic (₹)		11.69	10.10
	Diluted (₹)		11.56	10.03

The accompanying notes are an integral part of the Financial Statements.

In terms of our report attached
For M M Nissim & Co LLP
Chartered Accountants
(Firm's Registration No. 107122W/W100672)

For and on behalf of the Board of Directors

(Rajesh Sharma)
Managing Director &
Chief Financial Officer
DIN 00020037

(Beni Prasad Rauka)
Independent Director
DIN 00295213

Sanjay Khemani
Partner
Membership No. 044577

(Yashesh Bhatt)
Company Secretary
ACS-20491

Place: Mumbai
Date: May 21, 2022

Place: Mumbai
Date: May 21, 2022

CAPRI GLOBAL CAPITAL LIMITED
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2022

(₹ in millions)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Cash Flow From Operating activities		
Profit before tax from continuing operations	2,726.23	2,357.13
Adjustments for:		
Depreciation & amortisation	98.77	105.11
Impairment on financial instruments	1,056.68	607.01
Net gain on fair valuation of financial instruments	(236.17)	(288.23)
Net gain on derecognition of financial instruments	(170.01)	-
Loss/(Gain) on sale of fixed assets	(0.73)	0.21
Loss/(Gain) on sale of Investment Property	(2.93)	-
Gain on sale of Investments	-	-
Share Based Payments to employees	54.78	25.45
Dividend income	(1.23)	(1.19)
Fair value of derivative	(4.30)	-
Interest on lease liability	26.12	25.56
Interest income	(8,395.78)	(6,735.23)
Finance cost	3,308.47	2,887.05
Interest received	8,285.99	6,632.39
Interest Paid	(3,434.45)	(2,545.84)
Operating profit before working capital changes	**3,311.44**	**3,069.42**
Working capital changes		
Loans	(16,701.66)	(8,124.83)
Trade receivables & other financial assets	(48.76)	(49.32)
Other non-financial assets	(175.79)	(30.24)
Trade payables	261.31	3.03
Other financial liability	817.09	2,537.62
Other non-financial liability	67.02	14.02
Provision	(15.11)	46.85
Cash flows (used in)/generated from operating activities	**(12,484.46)**	**(2,533.45)**
Income tax paid	(922.41)	(652.48)
Net cash flows (used in)/generated from operating activities	**(13,406.87)**	**(3,185.93)**
Cash Flow From Investing activities		
Increase/(decrease) in Fixed deposits not considered as cash and cash equivalent	235.35	(417.50)
Purchase of fixed and intangible assets	(106.55)	(64.25)
Intangible Assets Under Development	(11.70)	1.28
Proceeds from sale of property and equipment	3.98	2.73
Sale/(Purchase) of investment in Mutual Funds (net)	2,329.16	(529.43)
Proceeds from Sale of investment	3,228.62	-
Purchase of Investment	(1,018.59)	(3,649.61)
Dividend received	1.23	1.18
Proceeds from sale of Investment Properties	5.01	2.15
Net cash flows (used in)/generated from investing activities	**4,666.51**	**(4,653.45)**
Cash Flow From Financing activities		
Debt securities Issued	-	5,250.00
Debt securities Redeemed	(2,416.67)	-
Proceed from Borrowings other than debt securities	18,640.00	14,810.00
Repayment of Borrowings other than debt securities Repaid	(6,514.25)	(11,078.76)
Other short term loan (net)	654.26	-
Payments for the principal portion of the lease liability	(33.59)	(19.83)
Payments for the interest portion of the lease liability	(26.12)	(25.56)
Dividends paid	(70.14)	(35.04)
Issue of Equity Share	26.29	21.09
Net cash flows (used in)/generated from financing activities	**10,259.78**	**8,921.90**
Net increase in cash and cash equivalents	1,519.42	1,082.52
Cash and cash equivalents at April 1, 2021	1,706.02	623.50
Cash and cash equivalents at March 31, 2022	**3,225.44**	**1,706.02**
Components of cash and cash equivalents		
Cash on hand	14.88	14.75
Cheques on Hand	8.81	-
Balances with banks		
In current accounts	1,101.54	1,691.05
In Unpaid Dividend Account	0.21	0.22
Current maturities of fixed deposits with Original Maturity of Less than 3 Months	2,100.00	-
Total cash and cash equivalents	**3,225.44**	**1,706.02**

1. Cash flows arising on account of taxes on income are not specifically bifurcated with respect to investing & financing activities.
2. Previous Years figures have been regrouped, wherever necessary to confirm to current year's classification.
3. Figures in brackets represent outflows.

In terms of our report attached
For M M Nissim & Co LLP
Chartered Accountants
(Firm's Registration No. 107122W/W100672)

For and on behalf of the Board of Directors

(Rajesh Sharma)
Managing Director &
Chief Financial Officer
DIN 00020037

(Beni Prasad Rauka)
Independent Director
DIN 00295213

Sanjay Khemani
Partner
Membership No. 044577

(Yashesh Bhatt)
Company Secretary
ACS-20491

Place: Mumbai
Date: May 21, 2022

Place: Mumbai
Date: May 21, 2022

CAPRI GLOBAL CAPITAL LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT MARCH 31, 2022

A. EQUITY SHARE CAPITAL

(1) Current year (₹ in millions)

Balance as at April 01, 2021	Changes in equity share capital due to prior period errors	Restated balance as at April 01, 2021	Changes in equity share capital during the current year	Balance as at March 31, 2022
350.57	-	350.57	0.74	351.31

(2) Previous year (₹ in millions)

Balance as at April 01, 2020	Changes in equity share capital due to prior period errors	Restated balance as at April 01, 2020	Changes in equity share capital during the current year	Balance as at March 31, 2021
350.27	-	350.27	0.30	350.57

B. OTHER EQUITY

(₹ in millions)

Particulars	Reserves and Surplus						Other Comprehensive Income		Total
	General Reserve	Securities Premium	Retained Earnings	Employee Share Option Outstanding	Statutory Reserve pursuant to Section 45-IC of the RBI Act, 1934	Statutory Reserve under Section 29C of the National Housing Bank Act, 1987	Employee Benefit Expenses (Gratuity - OCI)	Hedging Reserve (Forward Contract - OCI)	
Balance as at April 1, 2020	**642.05**	**4,471.01**	**7,656.42**	**57.92**	**2,120.04**	**91.10**	**3.04**	-	**15,041.58**
Changes in accounting policy/prior period errors	-	-	-	-	-	-	-	-	-
Restated balance as at April 1, 2020	**642.05**	**4,471.01**	**7,656.42**	**57.92**	**2,120.04**	**91.10**	**3.04**	-	**15,041.58**
Profit for the year	-	-	1,769.35	-	-		-	-	1,769.55
Other Comprehensive income / (losses)	-	-	-	-	-		4.71	-	4.71
Dividends	-	-	(35.04)	-	-		-	-	(35.04)
Transfer from retained earnings	-	-	(355.12)	-	-		-	-	(355.12)
Addition during the Year	-	20.79		20.85	287.92	67.20	-	-	396.76
Balance as at March 31, 2021	**642.05**	**4,491.80**	**9,035.81**	**78.77**	**2,407.96**	**158.30**	**7.75**	-	**16,822.44**
Changes in accounting policy/prior period errors	-	-	-	-	-	-	-	-	-
Restated balance as at April 1, 2021	**642.05**	**4,491.80**	**9,035.81**	**78.77**	**2,407.96**	**158.30**	**7.75**	-	**16,822.44**
Profit for the year	-	-	2,050.41	-	-		-	-	2,050.41
Other Comprehensive income / (losses)	-	-	-	-	-		(0.36)	(4.57)	(4.93)
Dividends	-	-	(70.14)	-	-		-	-	(70.14)
Transfer from retained earnings	-	-	(410.17)	-	-		-	-	(410.17)
Addition during the Year	-	49.34	-	26.28	323.77	86.40	-	-	485.79
Balance as at March 31, 2022	**642.05**	**4,541.14**	**10,605.91**	**105.05**	**2,731.73**	**244.70**	**7.39**	**(4.57)**	**18,873.40**

In terms of our report attached
For M M Nissim & Co LLP
Chartered Accountants
(Firm's Registration No. 107122W/W100672)

For and on behalf of the Board of Directors

(Rajesh Sharma)
Managing Director &
Chief Financial Officer
DIN 00020037

(Beni Prasad Rauka)
Independent Director
DIN 00295213

Sanjay Khemani
Partner
Membership No. 044577

Place: Mumbai
Date: May 21, 2022

(Yashesh Bhatt)
Company Secretary
ACS-20491

Place: Mumbai
Date: May 21, 2022

1. Corporate Information

Capri Global Capital Limited ("the Company/Holding Company") having principal place of business at Registered office, 502, Tower A, Peninsula Business Park, Senapati Bapat Marg, Lower Parel, Mumbai - 400013 is engaged in the business of providing loans to Micro, Small and Medium Enterprises (MSMEs), providing long term finance for construction of residential houses in India, retail Lending in India and in providing ancillary services related to the said business activities. The Holding Company is NBFC – Investment and Credit Company (NBFC-ICC), holding a Certificate of Registration No. B-13.01882 from the Reserve Bank of India ("RBI") dated November 05, 2007, having CIN: L65921MH1994PLC173469.
Capri Global Housing Finance Limited (the Subsidiary Company) holds registration certificate No. 07.0139.16 with National Housing Bank under section 29A of the National Housing Bank Act, 1987 dated 18th July 2016 and is engaged in the business of providing loans primarily to customers for purchase / construction / repair and renovation of residential property.

The consolidated financial statements relate to the Holding Company and its Subsidiary Company (together regrouped as the "Group").

The Consolidated financial statements for the year ended March 31, 2022 were authorised for issue in accordance with a resolution of the board of directors on May 21, 2022.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements of the holding and its subsidiary (together the "Group") have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time). The consolidated financial statements have been prepared under the historical cost convention, as modified by the application of fair value measurements required or allowed by relevant Accounting Standards. Accounting policies have been consistently applied to all periods presented, unless otherwise stated.

The preparation of financial statements requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosed amount of contingent liabilities. Areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the Group are discussed in Note 2.14 - Significant accounting judgements, estimates and assumptions.

The financial statements are presented in Indian Rupees (₹) and all values are rounded to the nearest millions, except when otherwise indicated.

2.2. Presentation of financial statement

The financial statements of the Group are presented as per Schedule III (Division III) of the Companies Act, 2013 (the Act) applicable to NBFCs, as notified by the Ministry of Corporate Affairs (MCA). Financial assets and financial liabilities are generally reported on a gross basis except when, there is an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event and the parties intend to settle on a net basis in the following circumstances:
i. The normal course of business
ii. The event of default
iii. The event of insolvency or bankruptcy of the Group and/or its counterparties

2.3. Statement of compliance

The financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period as explained in the accounting policies below and the relevant provisions of the Act.

Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

2.4 Basis of Consolidation

(i) The following subsidiary company has been considered in the preparation of the consolidated financial statements:

Name of Entity	Relationship	Country of Incorporation	Ownership held by	% of holding and voting power	
				As at March 31, 2022	As at March 31, 2021
Capri Global Housing Finance Limited	Subsidiary	India	Capri Global Capital Limited	100%	100%

(ii) Principles of Consolidation:
The consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) 110 - "Consolidated Financial Statements" notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time). The consolidated financial statements have been prepared on the following basis:

a) The financial statements of Group have been combined on a line by line basis of like items of assets, liabilities, equity, income, expenses and cash flows of the Holding Company with those of its subsidiary. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements as at March 31, 2022.

b) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Holding Company's separate financial statements. Appropriate adjustments have been made in the financial statements of the subsidiary with respect to different accounting policies for like transaction and events in similar circumstances for the purpose of preparation of consolidated financial statements.

c) Elimination of the carrying amount of the Holding Company's investment in each subsidiary and the Holding Company's portion of equity of each subsidiary.

d) The financial statements of the subsidiary used in consolidation are drawn up to the same reporting date as that of the Holding Company i.e. year ended March 31, 2022.

2.5 Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet on trade date, i.e. when the group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs and revenues that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs and revenues of financial assets or financial liabilities carried at fair value through the profit or loss account are recognised immediately in the Statement of Profit or Loss. Trade Receivables are measured at transaction price.

(i) Classification of financial instruments

The Group classifies its financial assets into the following measurement categories:

1. Financial assets to be measured at amortised cost
2. Financial assets to be measured at fair value through profit or loss account

The classification depends on the contractual terms of the financial assets' cash flows and the Group's business model for managing financial assets which are explained below:

Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

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

► The risks that affect the performance of the business model (and the financial assets held within that business model) and the way those risks are managed

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

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

The Solely Payments of Principal and Interest (SPPI) test

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

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

In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

The Group classifies its financial liabilities at amortised costs unless it has designated liabilities at fair value through the profit and loss account or is required to measure liabilities at fair value through profit or loss such as derivative liabilities.

(ii) Financial assets measured at amortised cost

Debt instruments

These financial assets comprises of bank balances, receivables, investments and other financial assets.

Debt instruments are measured at amortised cost where they have:

a) contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest on the principal amount outstanding; and

b) are held within a business model whose objective is achieved by holding to collect contractual cash flows.

These debt instruments are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost.

(iii) Items at fair value through profit or loss (FVTPL)

Items at fair value through profit or loss comprise:

• Investments (including equity shares) held for trading;
• debt instruments with contractual terms that do not represent solely payments of principal and interest.

Financial instruments held at FVTPL are initially recognised at fair value, with transaction costs recognised in the statement of profit and loss as incurred. Subsequently, they are measured at fair value and any gains or losses are recognised in the statement of profit and loss as they arise.

(iv) Debt securities and other borrowed funds

After initial measurement, debt issued, and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the Effective Interest Rate (EIR).

(v) Reclassification

If the business model under which the Group holds financial assets undergoes changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that result in reclassifying the Group's financial assets. Changes in contractual cash flows are considered under the accounting policy on Modification and derecognition of financial assets described in subsequent paragraphs.

(vi) Recognition and Derecognition of financial assets and liabilities

Recognition:

a) Loans and Advances are initially recognised when the Financial Instruments are transferred to the customers.

b) Investments are initially recognised on the settlement date.

c) Debt securities and borrowings are initially recognised when funds are received by the Group.

d) Other Financial assets and liabilities are initially recognised on the trade date, i.e., the date that the Group becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Derecognition of financial assets due to substantial modification of terms and conditions:

The Group derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be Purchased or Originated as Credit Impaired (POCI).

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Group records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

Derecognition of financial assets other than due to substantial modification

a) Financial assets:

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Group also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Group has transferred the financial asset if, the Group has transferred its contractual rights to receive cash flows from the financial asset.

A transfer only qualifies for derecognition if either:

i. The Group has transferred substantially all the risks and rewards of the asset, or

ii. The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The Group considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Group has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Group's continuing involvement, in which case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

b) Financial liabilities

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

(vii) Impairment of financial assets

Overview of the ECL principles

The Group records allowance for expected credit losses for all loans, other debt financial assets not held at FVTPL, in this section all referred to as 'financial instruments. Equity instruments are not subject to impairment under Ind AS 109.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is the portion of Lifetime ECL that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both Lifetime ECLs and 12-month ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments. The Group has grouped its loan portfolio into Micro, Small and Medium Enterprises (MSMEs), Construction Finance, Indirect Lending and Housing Finance.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Group does the assessment of significant increase in credit risk at a borrower level. If a borrower has various facilities having different past due status, then the highest days past due (DPD) is considered to be applicable for all the facilities of that borrower.

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

Stage 1
All exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. The Group classifies all standard advances and advances up to 30 days default under this category. Stage 1 loans also include facilities where the credit risk has reduced and the loan has been reclassified from Stage 2.

Stage 2
All exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired are classified under this stage. Financial assets past due for 31 to 90 days are classified under this stage. Stage 2 loans also include facilities where the credit risk has reduced and the loan has been reclassified from Stage 3.

Stage 3
All exposures assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred are classified in this stage. For exposures that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount. More than 90 days Past Due is considered as default for classifying a financial instrument as credit impaired.

Credit-impaired financial assets:
At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt financial assets carried at FVTOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.
Evidence that a financial asset is credit-impaired includes the following observable data:
a) Significant financial difficulty of the borrower or issuer;
b) A breach of contract such as a default or past due event;
c) The restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
d) It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
e) The disappearance of an active market for a security because of financial difficulties.

The mechanics of ECL:
The Group calculates ECLs based on historical experience to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive.
The mechanics of the ECL calculations are outlined below and the key elements are, as follows:
Probability of Default (PD) - The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

Loss Given Default (LGD) - The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Group would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

Exposure at Default (EAD) - The Exposure at Default is an estimate of the exposure including interest accrued thereon and also including the undrawn commitments.

Collateral Valuation
To mitigate its credit risks on financial assets, the Group seeks to use collateral, where possible. The collateral comes in various forms, such as the underlying asset financed, cash, securities, letters of credit/guarantees, etc. However, the fair value of collateral affects the calculation of ECLs. To the extent possible, the Group uses active market data for valuing financial assets held as collateral.

Collateral repossessed
In its normal course of business, Group repossess assets under SARFASI/ arbitration Act, but do not transfer these assets in its book of accounts. The Group continues to show these loans account as Non-Performing Assets (NPA) in the books, till the liquidation of the secured assets through public auction and realise actual payment against these loans.

(viii) Write-offs
The Group reduces the gross carrying amount of a financial asset when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write-offs. Any subsequent recoveries against such loans are credited to the Statement of Profit and Loss.

(ix) Determination of fair value
On initial recognition, all the financial instruments are measured at fair value. For subsequent measurement, the Group measures certain categories of financial instruments (as explained in note) at fair value on each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

i. In the principal market for the asset or liability, or
ii. In the absence of a principal market, in the most advantageous market for the asset or liability
The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

Level 1 financial instruments - Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Group has access to at the measurement date. The Group considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.

Level 2 financial instruments - Those where the inputs that are used for valuation are significant and are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Group will classify the instruments as Level 3.

Level 3 financial instruments - Those that include one or more unobservable input that is significant to the measurement as whole.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Difference between transaction price and fair value at initial recognition

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Group recognises the difference between the transaction price and the fair value in profit or loss on initial recognition (i.e. on day one).

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Group recognises the difference between the transaction price and fair value in net gain on fair value changes. In the cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is not recognised at the initial recognition stage.

2.6 Revenue from operations

(i) Interest Income

Interest income is recognised by applying EIR to the gross carrying amount of financial assets other than credit-impaired assets and financial assets classified as measured at FVTPL, taking into account the amount outstanding and the applicable interest rate. For credit impaired financial assets, the Group applies the EIR to the amortised cost of the financial asset in subsequent reporting period.

The EIR is computed

a. As the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset to the gross carrying amount of a financial asset

b. By considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) in estimating the cash flows

c. Including all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Any subsequent changes in the estimation of the future cash flows is recognised in interest income with the corresponding adjustment to the carrying amount of the assets.

(ii) Dividend Income

Dividend income is recognised when the right to receive the payment is established.

(iii) Fees & Commission Income

Fees and commissions are recognised when the Group satisfies the performance obligation, at fair value of the consideration received or receivable based on a five-step model as set out below, unless included in the effective interest calculation.

The Group recognises Fees & Commission Income based on a five step model as set out in Ind AS 115:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation. Fees for sale of services are accounted as and when the service is rendered, provided there is reasonable certainty of its ultimate realisation.

Revenue from contracts with customers for sale of service is recognised when the services are transferred to customer at an amount that reflects the consideration that the Group expects to be entitled in exchange for those services. All fees are recognised when reasonable right of recovery is established, revenue can be reliably measured and as and when they become due.

(iv) Net gain on Fair value changes

Any differences between the fair values of financial assets classified as FVTPL held by the Group on the reporting date is recognised as an unrealised gain / loss. In cases there is a net gain in the aggregate, the same is recognised in "Net gains on fair value changes" under Revenue from operations and if there is a net loss the same is disclosed as "Net loss on fair value changes" under Expenses in the Statement of Profit and Loss.

Similarly, any realised gain or loss on sale of financial instruments measured at FVTPL is recognised in net gain / loss on fair value changes.

However, net gain/loss on derecognition of financial instruments classified as amortised cost is presented separately under the respective head in the Statement of Profit and Loss.

(V) Loan Processing Fees

Loan processing fees is collected towards processing of loan, is amortised on EIR basis over the expected tenure of the loan for MSME and Housing Finance and over the contractual tenure of the loan for Construction finance and Indirect lending.

2.7 Expenses

(i) Finance costs

Finance costs on borrowings is paid towards availing of loan, is amortised on EIR basis over the contractual life of loan.

The EIR in case of a financial liability is computed

a. As the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the gross carrying amount of the amortised cost of a financial liability

b. By considering all the contractual terms of the financial instrument in estimating the cash flows

c. Including all fees paid between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts

Any subsequent changes in the estimation of the future cash flows is recognised in interest expense with the corresponding adjustment to the carrying amount of the liability.

Interest expense includes issue costs that are initially recognized as part of the carrying value of the financial liability and amortized over the expected life using the effective interest method. These include fees and commissions payable to advisers and other expenses such as external legal costs, Rating Fee etc, provided these are incremental costs that are directly related to the issue of a financial liability.

(ii) Retirement and other employee benefits

Short term employee benefit

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include short term compensated absences such as paid annual leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised as an expense during the period. Benefits such as salaries and wages, etc. and the expected cost of the bonus/ex-gratia are recognised in the period in which the employee renders the related service.

Post-employment employee benefits

a) Defined contribution schemes

All the eligible employees of the Group who have opted to receive benefits under the Provident Fund and Employees State Insurance scheme, defined contribution plans in which both the employee and the Group contribute monthly at a stipulated rate. The Group has no liability for future benefits other than its annual contribution and recognises such contributions as an expense in the period in which employee renders the related service. If the contribution payable to the scheme for service received before the Balance Sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the Balance Sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

b) Defined Benefit schemes

The Group provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated years mentioned under 'The Payment of Gratuity Act, 1972'. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation, carried out by an independent actuary at each Balance Sheet date, using the Projected Unit Credit Method, which recognizes each period of service as giving rise to an additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government Securities as at the Balance Sheet date.

Net interest recognized in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognized as part of re-measurement of net defined liability or asset through other comprehensive income. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, attrition rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The Group fully contributes all ascertained liabilities to the Gratuity Fund created for the said purpose. Trustees administer contributions made to the trust and contributions are invested in a scheme of insurance with the IRDA approved Insurance Companies.

Re-measurement, comprising of actuarial gains and losses and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit and loss in subsequent periods.

(iii) Leases
The Group leases most of its office facilities under operating lease agreements that are renewable on a periodic basis at the option of the lessor and the lessee. The lease agreements contain rent free periods and rent escalation clauses.

The Group assesses whether a contract contains a lease at the inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves the use of an identified asset, (ii) the Group has substantially all of the economic benefits from the use of the asset through the period of the lease, and (iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognizes a ROU asset and a corresponding lease liability for all lease arrangements under which it is a lessee, except for short-term leases and low value leases. ROU assets represent the Group's right to use an underlying asset for the lease term and lease liabilities represent the Group's obligation to make lease payments arising from the lease. For short-term leases and low value leases, the Group recognizes the lease payments as an expense on a straight-line basis over the term of the lease.

The lease arrangements include options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities include these options when it is reasonably certain that they will be exercised.

The ROU assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

ROU assets are depreciated from the date of commencement of the lease on a straight-line basis over the lease term.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. For leases under which the rate implicit in the lease is not readily determinable, the Group uses its incremental borrowing rate based on the information available at the date of commencement of the lease in determining the present value of lease payments. Lease liabilities are remeasured with a corresponding adjustment to the related ROU asset if the Group changes its assessment as to whether it will exercise an extension or a termination option.

(iv) Other income and expenses
All Other income and expense are recognized on accrual basis in the period they occur.

(v) Impairment of non-financial assets
The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

(vi) Taxes
Current Tax
Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax
Deferred tax assets and liabilities are recognised for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are only recognised for temporary differences, unused tax losses and unused tax credits if it is probable that future taxable amounts will arise to utilise those temporary differences and losses. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and they relate to income taxes levied by the same tax authority on the same taxable entity.

2.8 Cash and cash equivalents
Cash and cash equivalents comprise the net amount of short-term, highly liquid investments that are readily convertible to known amounts of cash (short-term deposits with an original maturity of three months or less) and are subject to an insignificant risk of change in value. They are held for the purposes of meeting short-term cash commitments (rather than for investment or other purposes).

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short- term deposits, as defined above.

2.9 Property, plant and equipment

Property, plant and equipment (PPE) are measured at cost less accumulated depreciation and accumulated impairment, (if any). The total cost of assets comprises its purchase price, freight, duties, taxes and any other incidental expenses directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

Subsequent expenditure related to an item of tangible asset are added to its gross value only if it increases the future benefits of the existing asset, beyond its previously assessed standards of performance and cost can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

Depreciation

Depreciation is calculated using the written down value method to write down the cost of property and equipment to their residual values over their estimated useful lives which is in line with the estimated useful life as specified in Schedule II of the Act. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Property plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

2.10 Intangible assets

An intangible asset is recognised only when its cost can be measured reliably, and it is probable that the expected future economic benefits that are attributable to it will flow to the Group.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset comprises its purchase price and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or infinite. Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end.

Changes in the expected useful life, or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortisation period or methodology, as appropriate, which are then treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is presented as a separate line item in the statement of profit and loss. Amortisation on assets acquired/sold during the year is recognised on a pro-rata basis to the Statement of Profit and Loss from / upto the date of acquisition/sale.

Amortisation is calculated using the straight–line method to write down the cost of intangible assets to their residual values over their estimated useful lives. Intangible assets comprising of software are amortised on a straight-line basis over a period of 3 years, unless it has a shorter useful life.

Gains or losses from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the Statement of Profit and Loss when the asset is derecognised.

2.11 Provisions

Provisions are recognised when the enterprise has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

When the effect of the time value of money is material, the enterprise determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the Statement of Profit and Loss net of any reimbursement.

2.12 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 Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

2.13 Earning Per Share

The Group reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividend and attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

2.14 Significant accounting judgements, estimates and assumptions

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

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

(i) Defined employee benefit assets and liabilities - Refer 2.7(ii)

(ii) Impairment of loans portfolio - Refer 2.5(vii)

(iii) Effective Interest Rate (EIR) method - Refer 2.6(i) and 2.7(i)

(iv) Lease accounting - Refer 2.7(iii)

(v) Impairment test of non-financial assets - Refer 2.7(v)

(vi) Useful life of property, plant, equipment and intangibles - Refer 2.9 & 2.10

(vii) Provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions - Refer 2.7(vi)

(viii) Recognition and Measurement of Provision and Contingencies - Refer 2.11 and 2.12

(ix) Determination of the fair value of financial instruments - Refer 2.5(ix)

(x) Business Model Assessment - Refer 2.5(i)

2.15 Recent amendments applicable from April 01, 2022

The following amendments to standards have been issued and will be effective from April 01, 2022. The Group is evaluating the requirements of these standards, improvements and amendments and has not yet determined the impact on the financial statements.

• Indian Accounting Standard (Ind AS) 103 – Business Combinations – Qualifications prescribed for recognition of the identifiable assets acquired and liabilities assumed, as part of applying the acquisition method – should meet the definition of assets and liabilities in the Conceptual Framework for Financial Reporting under Ind AS (Conceptual Framework) issued by the ICAI at the acquisition date. Modification to the exceptions to recognition principle relating to contingent liabilities and contingent assets acquired in a business combination at the acquisition date.
• Indian Accounting Standard (Ind AS) 109 – Financial Instruments – Modification in accounting treatment of certain costs incurred on derecognition of financial liabilities.
• Indian Accounting Standard (Ind AS) 16 - Property, Plant and Equipment – Modification in treatment of excess of net sale proceeds of items produced over the cost of testing as part of cost of an item of property, plant, and equipment.
• Indian Accounting Standard (Ind AS) 37 - Provisions, Contingent Liabilities and Contingent Assets – Modifications in application of recognition and measurement principles relating to onerous contracts.

Note 3 - Cash and cash equivalents

(₹ in millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Cash on hand	14.89	14.75
Cheques on hand	8.81	-
Balances with banks:		
- in current accounts	1,101.36	1,691.05
- In Deposit accounts with original maturity of 3 months or less	2,100.00	-
Total	**3,225.06**	**1,705.80**

Note 4 - Bank balances other than cash and cash equivalents

(₹ in millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Earmarked balances with banks		
- Original Maturity more than 3 months	305.94	536.46
- Unclaimed Dividend Account	0.21	0.22
Total	**306.15**	**536.68**

Out of the above ₹ 184.60 Millions (March 31, 2021 - ₹ 185.67 Millions) balance in deposit accounts with banks are being earmarked towards Borrowings from National Housing Bank.
Balance in deposit accounts with banks are being earmarked towards Overdraft facilities and agaisnt Customer Advance.
Deposits are made for varying period from 7 days to 10 years and earn interest at the respective fixed rate.

Note 5 - Receivables

(₹ in millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Secured, considered good		
-Outstanding for a period exceeding six months from the due date of payment of payment	-	-
-Outstanding for a period less than six months	81.64	15.08
Total	**81.64**	**15.08**

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days. The Group has assessed that, the impact of impairment of trade receivables is immaterial and hence no impairment loss has been provided.

No trade or other receivable are due from directors or other officers of the Group either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

Ageing schedule

(1) Current year (₹ in millions)

Particulars	Not Due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables - considered good	-	81.64	-	-	-	-	81.64
(ii) Undisputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade receivables - credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade receivables - considered good	-	-	-	-	-	-	-
(v) Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade receivables - credit impaired	-	-	-	-	-	-	-

(2) Previous year (₹ in millions)

Particulars	Not Due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables - considered good	-	15.03	0.04	0.01	-	-	15.08
(ii) Undisputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade receivables - credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade receivables - considered good	-	-	-	-	-	-	-
(v) Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade receivables - credit impaired	-	-	-	-	-	-	-

Note 6 - Loans

(₹ in millions)

Particulars	As at March 31, 2022	As at March 31, 2021
	Total	Total
Secured (Amortised Cost)		
Term Loans	64,413.67	48,005.46
Unsecured (Amortised Cost)		-
Loan to employees	1.13	1.19
Total – Gross (A)	**64,414.80**	**48,006.65**
Less : Expected Credit Loss	(1,706.77)	(1,144.10)
Total – Net (A)	**62,708.03**	**46,862.55**
(a) Secured by Tangible Assets	61,291.34	44,924.87
(b) Secured by Book Debts	3,122.33	3,080.59
(c) Unsecured	1.13	1.19
Total - Gross (B)	**64,414.80**	**48,006.65**
Less : Expected Credit Loss	(1,706.77)	(1,144.10)
Total - Net (B)	**62,708.03**	**46,862.55**
Loans in India		
i) Public Sector	-	-
ii) Others	64,414.80	48,006.65
Total - Gross (C)	**64,414.80**	**48,006.65**
Less: Expected Credit Loss	(1,706.77)	(1,144.10)
Total - Net (C)	**62,708.03**	**46,862.55**

Note 1 - The Group's business model is to Collect contractual cash flows, being the payment of Principal and Interest, accordingly the loans are measured at amortised cost.

Note 2 - Underlying for the term loans secured by tangible assets are properties.

Note 3 - The Group does not have any loans outside India.

Note 7 - Investments

(₹ in millions)

Investments	As at March 31, 2022			As at March 31, 2021		
	At Fair Value Through profit and loss	At Amortized Cost	Total	At Fair Value Through profit and loss	At Amortized Cost	Total
Investments in Mutual funds	2,304.43	-	2,304.43	4,394.08	-	4,394.08
Investments in Commercial Paper	-	-	-	-	959.13	959.13
Investments in Debt Securities			-			
- Debt Instrument	-	247.66	247.66	-	952.76	952.76
- Pass Through Certificates	-	1,174.64	1,174.64	-	1,729.83	1,729.83
Investments in Equity Instruments	48.11	-	48.11	38.73	-	38.73
Total - Gross (A)	**2,352.54**	**1,422.30**	**3,774.84**	**4,432.81**	**3,641.72**	**8,074.53**
i) Investments outside India	-	-	-	-		-
ii) Investments in India	2,352.54	1,422.30	3,774.84	4,432.81	3,641.72	8,074.53
Total (B)	**2,352.54**	**1,422.30**	**3,774.84**	**4,432.81**	**3,641.72**	**8,074.53**

Particulars	As at March 31, 2022	As at March 31, 2021
	Numbers/Units	Numbers/Units
Investment in Equity		
1. Equity Shares of CARE Ratings Limited of Rs.10/- each fully paid up	94,242.00	94,242.00
Investment in Mutual Funds		
1. ICICI Prudential Ultra Short Term Fund - Direct Plan - Growth	92,90,561.00	74,90,392.66
2. ICICI Pru. Floating Interest Fund -Direct Growth	-	9,18,910.39
3. HDFC Low Duration Fund Direct Growth	-	3,76,034.86
4. Aditya Birla Sun Life Banking & PSU Debt Fund - DG	-	6,93,806.12
5. Nippon India Floating Rate Fund - DG	-	83,80,194.95
6. HDFC Corporate Bond Fund	-	2,02,54,665.89
7. Aditya Birla Sun Life Savings Fund - DG	6,76,389.73	1,88,159.74
8. HDFC Ultra Short Term Fund	-	83,84,762.47
9. ICICI Prudential Money Market Fund Regular Growth	1,98,269.03	-
10. ICICI Prudential Money Market Fund Direct Growth	16,29,143.98	-
11. Nippon India Money Market Fund Direct Growth	1,85,170.45	-
12. Aditya Birla Sun Life Money Manager Fund - Direct Growth	6,69,388.31	-
13. Aditya Birla Sun Life Liquid Fund - Direct Growth	5,83,099.82	-
14. Nippon Indian Liquid Fund Direct Growth	38,439.85	-
15. ICICI Prudential Liquid Fund	-	2,02,667.70
16. Kotak Short term Fund	-	34,57,849.03
17. Aditya Birla Sunlife Liquid Fund	-	1,50,823.16
18. Baroda Liquid Fund	-	12,689.66
19. ICICI Prudential Liquid Fund	-	3,28,174.61
20. Kotak Liquid Fund	-	36,072.83
21. SBI Liquid Fund	-	31,046.09
22. UTI Liquid Fund	-	23,852.06
23. Aditya Birla Sunlife Money Manager Fund	-	13,95,891.84
24. UTI Money Market Fund	-	1,25,600.20
25. Nippon India Money Market Fund	-	1,24,459.18
26. ICICI Prudential Ultra Short Fund	-	87,83,819.42
27. Axis Ultra Short Fund	-	75,76,159.83
28. ICICI Prudential Savings Fund	-	5,74,082.59
29. Kotak Low Duration Fund	-	36,052.05
30. Aditya Birla Sunlife Floating Rate Fund	-	4,83,024.04
31. ICICI Prudential Floating Interest Fund	-	3,10,073.14
Investment in Bonds		
1. Aditya Birla Finance Limited SR PPMLD K1 BR NCD 04MY21 FVRS10LAC	-	130.00
2. 8.50% Shriram Transport Finance Co. Ltd - SR-D-14 8.5 NCD 16AG21 FVRS10LAC	-	150.00
3. 8.85% Shriram Transport Finance Co. Ltd - SR-D-11 8.85 NCD 03AG21 FVRS10LAC	-	40.00
4. Shriram City Union Finance Co. Ltd - SR I TR I 9.55 NCD 30AP21 FVRS1000	-	3,50,000.00
5.Shriram Transport Finance Co. Ltd - SR F-16 OPT I NCD 31MY21 FVRS10LAC	-	200.00
6.Edelweiss Financial Services Ltd - 11 NCD 05OCT23 FVRS10LAC	250.00	-
Investment in Commercial Papers		
1. ADANI ENTERPRISES LIMITED - 181D CP 23SEP21	-	1,000.00
2. ADANI ENTERPRISES LIMITED - 185D CP 06SEP21	-	1,000.00
Investment in Pass Through Certificates		
1. INDIAN RECEIVABLE TRUST 2019 SERIES 5 - SERIES A1 PTC 01MR19	-	1,750.00
2. INDIAN RECEIVABLE TRUST 2019 SERIES 5 - SERIES A2 PTC 01MR19	2,318.00	2,318.00

Note 12 - Property, plant and equipment & Intangible Assets

Current Year:

Property, plant and equipment :

(₹ in millions)

Particulars	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
	As at April 01,2021	Additions	Deductions	As at March 31,2022	As at April 01,2021	For the Year	Deductions	As at March 31,2022	As at March 31,2022	As at March 31,2021
Buildings :										
Buildings	2.70	-	-	2.70	0.49	0.11	-	0.60	2.10	2.21
Leasehold Premises	22.85	-	-	22.85	15.84	1.81	-	17.65	5.20	7.01
Computer Hardware	91.67	51.92	14.76	128.83	75.37	20.80	13.89	82.28	46.55	16.30
Furniture and Fixtures	50.31	1.52	2.46	49.37	34.03	4.25	1.80	36.48	12.89	16.28
Office Equipments	33.22	3.96	3.75	33.43	28.35	2.54	3.47	27.42	6.01	4.87
Vehicles	61.40	9.88	8.58	62.70	42.02	6.04	5.41	42.65	20.05	19.38
Electrical Installation	9.94	-	0.12	9.82	7.02	0.74	0.09	7.67	2.15	2.92
Right of Use	296.79	93.90	37.75	352.94	111.15	42.82	24.10	129.87	223.07	185.64
Total	**568.88**	**161.18**	**67.42**	**662.64**	**314.27**	**79.11**	**48.76**	**344.62**	**318.02**	**254.61**

Intangible Assets under development:

(₹ in millions)

Particulars	GROSS AMOUNT			
	As at April 01,2021	Additions	Deductions	As at March 31,2022
Software	0.70	23.52	1.02	23.20
Total	**0.70**	**23.52**	**1.02**	**23.20**

Intangible assets :

(₹ in millions)

Particulars	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
	As at April 01,2021	Additions	Deductions	As at March 31,2022	As at April 01,2021	For the Year	Deductions	As at March 31,2022	As at March 31,2022	As at March 31,2021
Software	78.74	28.48	-	107.22	61.93	19.63	-	81.56	25.66	16.81
Total	**78.74**	**28.48**	**-**	**107.22**	**61.93**	**19.63**	**-**	**81.56**	**25.66**	**16.81**

Previous Year:

Property, plant and equipment

(₹ in millions)

Particulars	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
	As at April 01,2020	Additions	Deductions	As at March 31,2021	As at April 01,2020	For the Year	Deductions	As at March 31,2021	As at March 31,2021	As at March 31,2020
Buildings :										
Buildings	2.70	-	-	2.70	0.38	0.11	-	0.49	2.21	2.32
Leasehold Premises	22.85	-	-	22.85	13.39	2.45	-	15.84	7.01	9.46
Computer Hardware	88.01	11.08	7.42	91.67	72.01	10.39	7.03	75.37	16.30	16.00
Furniture and Fixtures	48.59	1.86	0.14	50.31	28.68	5.43	0.08	34.03	16.28	19.91
Office Equipments	32.35	1.50	0.63	33.22	25.77	3.14	0.56	28.35	4.87	6.58
Vehicles	55.57	6.93	1.10	61.40	35.46	6.93	0.37	42.02	19.38	20.11
Electrical Installation	9.91	0.03	-	9.94	6.00	1.02	-	7.02	2.92	3.91
Right of Use	273.24	23.55	-	296.79	56.20	54.95	-	111.15	185.64	217.04
Total	**533.22**	**44.95**	**9.29**	**568.88**	**237.89**	**84.42**	**8.04**	**314.27**	**254.61**	**295.33**

Intangible Assets under development:

(₹ in millions)

Particulars	GROSS AMOUNT			
	As at April 01,2020	Additions	Deductions	As at March 31,2021
Software	1.98	6.67	7.95	0.70
Total	**1.98**	**6.67**	**7.95**	**0.70**

Intangible assets :

(₹ in millions)

Particulars	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
	As at April 01,2020	Additions	Deductions	As at March 31,2021	As at April 01,2020	For the Year	Deductions	As at March 31,2021	As at March 31,2021	As at March 31,2020
Software	59.43	19.31	-	78.74	41.25	20.68	-	61.93	16.81	18.18
Total	**59.43**	**19.31**	**-**	**78.74**	**41.25**	**20.68**	**-**	**61.93**	**16.81**	**18.18**

Note 8 - Other Financial Assets

(₹ in millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Security Deposits	32.30	23.43
Interest Accrued but not due on Commercial Papers	-	3.68
Interest Accrued but not due on Debt Instruments	2.03	43.06
Interest Accrued but not due on PTC	6.08	-
Receivable on sale of Investment Equity share	-	27.50
Spread receivable on assigned portfolio	168.45	-
Advertisement Income Receivable	11.62	14.99
Other Receivable	1.66	0.48
Total	**222.14**	**113.14**

Note 9 - Current Tax Assets (Net)

(₹ in millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Advance Tax	100.38	82.63
[net of provision for tax of ₹ 3,129.87 Millions (March 31, 2021 ₹ 1,896.46 Millions)]		
Total	**100.38**	**82.63**

Note 10 - Deferred Tax Assets

The major components of deferred tax assets and liabilities are :

(₹ in millions)

Particulars	As at March 31, 2022		As at March 31, 2021	
	Assets	**Liabilities**	**Assets**	**Liabilities**
a) Depreciation	24.25	-	22.95	-
b) Provision for Employee Benefits	15.21	-	12.63	-
c) Unmortised fees on borrowings	-	1.38	-	4.36
d) Impairment allowance for financial assets	359.08	-	195.69	-
e) Unmortised fees on loans	4.20	-	13.75	-
f) MAT Credit Entitlement	-	-	8.08	-
g) Financial Instruments at FVTPL	0.75	-	-	3.81
h) Others	7.12	-	12.36	-
i) Gain on derecognition of financial instruments	-	42.40	-	-
Total	**410.61**	**43.78**	**265.46**	**8.17**
Net Deferred tax assets		**366.83**		**257.29**

Note 11 - Investment Properties

(₹ in millions)

Particulars	As at March 31, 2022	As at March 31, 2021*
Investment Properties	-	6.67
Total	-	**6.67**

(₹ in millions)

Cost or Deemed Cost	As at March 31, 2022	As at March 31, 2021
Balance at the beginning of the year	6.67	8.82
Additions during the year	-	-
Disposals	2.21	2.15
Transferred to Assets held for sale	4.46	-
Balance at the end of the year	-	**6.67**

* Investment Properties are in the nature of freehold properties and fair value of the properties is ₹ 25.19 millions as on March 31, 2021

Note 13 - Other Non-Financial Assets

(₹ in millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Capital Advances	156.95	148.06
Less: Provision on Capital Advances	(3.71)	(3.71)
Net Capital Advances	**153.24**	**144.35**
Assets Held for sale	47.44	48.24
Less: Provision on Assets held for sale	(42.98)	(44.48)
Net Assets Held for Sale	**4.46**	**3.76**
Prepaid expenses	35.33	24.04
Accrued Income	170.46	8.61
Deferred lease rentals	-	9.65
GST Input Credit	-	0.47
Advance to vendor	7.59	11.91
Other Assets	4.66	1.55
Total	**375.74**	**204.34**

Note 14 - Payables

Trade Payables

(₹ in millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Total outstanding dues of micro enterprises and small enterprises*	1.75	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	333.10	74.94
Total	**334.85**	**74.94**

(₹ in millions)

Particulars	As at March 31, 2022	As at March 31, 2021
1) Principal amount due and remaining unpaid	1.75	-
2) Interest due on (1) above and the unpaid interest	-	-
3) Interest paid on all delayed payment under the MSMED Act	-	-
4) Payment made beyond the appointed day during the year	-	-
5) Interest due and payable for the period of delay other than (3) above	-	-
6) Interest accrued and remaining unpaid	-	-
7) Amount of further interest remaining due and payable in succeeding years	-	-
Total	**1.75**	**-**

Ageing schedule

(1) Current year

(₹ in millions)

Particulars	Not Due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	1.75	-	-	-	1.75
(ii) Others	325.10	6.21	0.24	1.55	-	333.10
(iii) Disputed dues - MSME	-	-	-	-	-	-
(iii) Disputed dues - Others	-	-	-	-	-	-

(1) Previous year

(₹ in millions)

Particulars	Not Due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-	-
(ii) Others	63.08	6.46	1.60	0.46	3.34	74.94
(iii) Disputed dues - MSME	-	-	-	-	-	-
(iii) Disputed dues - Others	-	-	-	-	-	-

Other Payables

(₹ in millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Accrued Employee Benefit Expense	78.25	72.27
Total	**78.25**	**72.27**

(1) Current year

(₹ in millions)

Particulars	Not Due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Others		78.20	0.05	-	-	78.25

(2) Previous year

(₹ in millions)

Particulars	Not Due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Others		64.35	6.40	0.74	0.78	72.27

Note 15 - Debt securities

(₹ in millions)

Particulars	As at March 31, 2022		As at March 31, 2021	
	At Amortised Cost	Total	At Amortised Cost	Total
Non-Convertible debentures	4,330.90	4,330.90	6,741.30	6,741.30
Total (A)	**4,330.90**	**4,330.90**	**6,741.30**	**6,741.30**
Debt securities in India	4,330.90	4,330.90	6,741.30	6,741.30
Debt securities outside India	-	-	-	-
Total (B)	**4,330.90**	**4,330.90**	**6,741.30**	**6,741.30**

Terms of repayment, nature of security & rate of interest in case of Non Convertible Debtenture.

(₹ in millions)

Name of Security	Maturity date	Terms of repayment	Coupon/ Interest rate	As at March 31, 2022	As at March 31, 2021
Series 4 (FV ₹10 Lacs)	09-08-2029	Bullet payment on maturity	10.23%	1,500.00	1,500.00
Series 8 (FV ₹10 Lacs)	23-07-2023	Payable in 3 equal annual instalments	8.80%	333.33	500.00
Series 6 (FV ₹10 Lacs)	05-06-2023	Bullet payment on maturity	9.00%	500.00	500.00
Series 5 (FV ₹10 Lacs)	22-05-2023	Bullet payment on maturity	8.80%	2,000.00	2,000.00
Series 9 (FV ₹10 Lacs)	04-02-2022	Bullet payment on maturity	8.35%	-	1,500.00
Series 7 (FV ₹10 Lacs)	16-01-2022	Bullet payment on maturity	8.25%	-	500.00
Series 1 (FV ₹10 Lacs)	28-01-2022	Bullet payment on maturity	8.00%	-	250.00
Total (A)				**4,333.33**	**6,750.00**
Less : Unamortised borrowing cost (B)				(2.43)	(8.70)
Total (A+B)				**4,330.90**	**6,741.30**

Disclosure under regulation 53(e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:
Debenture Trustees:
Catalyst Trusteeship Limited
604, Windsor, Off CST Road,
Kalina, Santacruz East,
Mumbai - 400098.
Contact : + 91 (022) 49220555

Disclosure under regulation 53(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:
Related party transaction - Refer Note 42

Disclosure under regulation 54(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:
Asset Cover
The above NCD's are secured against first pari-passu charge by way of hypothecation on the immovable property, loan receivables/book debts, bank balances and investments of the Group with asset cover range of 1.25 to 1.33 times.

Note 16A - Derivative financial instruments

(₹ in millions)

Particulars	As at March 31, 2022			As at March 31, 2021		
	Notional Amounts *	Fair Value - Assets	Fair Value - Liabilities	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities
Part I						
(i) Currency Derivatives:						
-Forwards	6,129.62	-	12.42	-	-	-
Total Derivative Financial Instruments	**6,129.62**	**-**	**12.42**	**-**	**-**	**-**
Part II						
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:						
(i) Cashflow Hedging:						
-Currency Derivatives : Forwards	6,129.62	-	12.42	-	-	-
Total Derivative Financial Instruments	**6,129.62**	**-**	**12.42**	**-**	**-**	**-**

* Notional amount of the respective currency has been converted as at March 31,2022 exchange rate.

Note 16B - Borrowings (Other Than Debt Securities) - At Amortised Cost

(₹ in millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Secured		
Term Loans from Banks*	37,017.16	26,314.10
Term Loans from others**	6,034.26	4,633.16
Unsecured		
Loan from Director	-	0.02
Loan Repayable on Demand		
From Banks (Cash Credit)	701.55	47.29
Total (A)	**43,752.97**	**30,994.57**
Borrowings in India	43,752.97	30,994.57
Borrowings outside India	-	-
Total (B)	**43,752.97**	**30,994.57**

* Exclusive charge by way of hypothecation of Group's loan receivables, bank balances with asset cover of 1.20 times in favour of borrowing from SBI of ₹ 1,640.80 millions.

Borrowings other than above: First pari-passu charge by way of hypothecation of the Group's loan receivables / book debts, bank balances and investments with asset cover of 1.10 to 1.33 times.

** Exclusive charge by way of hypothecation of Group's loan receivables with minimum assets cover of 1.25 times in favour of borrowing from NABARD of ₹ 3,600 millions and asset cover of 1.25 to 1.35 times in favour of borrowing from NHB of ₹ 1,546.76 millions.

Borrowings other than above: First pari-passu charge by way of hypothecation of the Group's loan receivables / book debts, bank balance and investments with asset cover in the range of 1.15 to 1.33 times.

Terms of repayment & rate of interest in case of Borrowings (Other than Debt Securities)

(₹ in millions)

Nature of Facility	Maturity Range	Interest Range	As at March 31, 2022	As at March 31, 2021
Term Loans	0-3 yrs	7.50% - 9.50%	5,770.10	2,707.64
Term Loans	3-5 yrs	7.50% - 9.50%	17,623.69	17,316.58
Term Loans	5-7 yrs	7.50% - 9.50%	16,561.00	7,694.94
Term Loans	Beyond 7 years	7.50% - 9.50%	1,749.99	1,499.99
Refinance from NHB	0-3 yrs	3% - 6.50%	347.20	-
Refinance from NHB	3-5 yrs	3% - 6.50%	4.85	473.60
Refinance from NHB	5-7 yrs	3% - 6.50%	795.91	1,007.81
Refinance from NHB	Beyond 7 years	3% - 6.50%	398.80	466.75
Total (A)			**43,251.54**	**31,167.31**
Less : Unamortised borrowing cost (B)			(200.10)	(220.05)
Total (A+B)			**43,051.44**	**30,947.26**

Note 17 - Other Financial Liabilities

(₹ in millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Book Overdraft	2,817.52	2,008.13
Unclaimed dividend	0.21	0.22
Margin money received from Customer	139.98	179.81
Advances from customers	1.55	3.29
Lease Liability	248.20	211.74
Interest Accrued but not due on borrowings	238.17	372.98
Other Financial Liabilities	63.18	0.37
Total	**3,508.81**	**2,776.54**

Note 18 - Current Tax Liabilities (Net)

(₹ in millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for Tax	27.89	148.86
[net of advance tax of ₹ 740.87 Millions (March 31, 2021 ₹ 1,131.56)]		
Total	**27.89**	**148.86**

Note 19 - Provisions

(₹ in millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Provision on non-fund exposure	93.76	38.61
Provision for Interest on Interest Waiver	-	34.39
Provision for employee benefits		
- Gratuity	13.15	6.38
- Compensated Absences	59.28	46.29
Total	**166.19**	**125.67**

Note 20 - Other Non - financial liabilities

(₹ in millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Statutory Remittances	90.70	23.67
Total	**90.70**	**23.67**

Note 21 - Equity Share Capital

(₹ in millions)

Particulars	As at March 31, 2022	As at March 31, 2021
AUTHORISED		
36,00,00,000 Equity Shares of ₹ 2 each	720.00	720.00
(Previous Year 36,00,00,000 Equity Shares of ₹ 2 each)		
	720.00	**720.00**
ISSUED, SUBSCRIBED AND FULLY PAID UP		
17,56,54,055 Equity Shares of ₹ 2 each	351.31	350.57
(Previous Year 17,52,85,355 Equity Shares of ₹ 2 each)		
	351.31	**350.57**

Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period:

Particulars	As at March 31, 2022		As at March 31, 2021	
	Number	Amount (₹ in millions)	Number	Amount (₹ in millions)
Equity shares outstanding as at the beginning of the year	17,52,85,355	350.57	17,51,34,805	350.27
Issued during the year	3,68,700	0.74	1,50,550	0.30
Equity shares outstanding as at the end of the year	**17,56,54,055**	**351.31**	**17,52,85,355**	**350.57**

During the year the Holding Company has allotted 3,68,700 equity shares of ₹ 2/- each for consideration of ₹ 21.60 Millions as ESOPs. In previous year the Holding Company had allotted 1,50,550 equity shares of ₹ 2/- each for consideration of ₹ 11.38 Millions as ESOPs.

During the period of five years immediately preceding the Balance Sheet date, the Holding Company has not issued any shares without payment being received in cash or by way of bonus shares. Further there have been no shares bought back.

Details of shareholders holding more than 5 percent shares in the Holding Company are given below:

Particulars	As at March 31, 2022		As at March 31, 2021	
	Number	%	Number	%
Capri Global Holdings Pvt. Ltd.	6,78,24,643	38.61%	6,78,24,643	38.69%
Rameshchandra Sharma	-	0.00%	4,37,64,930	24.97%
Capri Global Advisory Services Pvt. Ltd.	1,75,17,060	9.97%	1,75,17,060	9.99%
Rajesh Sharma	4,59,00,035	26.13%	-	0.00%

Details of Promoters holding shares in the Holding Company are given below:

Promoter Name	As at March 31, 2022		As at March 31, 2021		% change during the year
	Number of shares	% of total shares	Number of shares	% of total shares	
Individuals / Hindu Undivided Family					
Ramesh Chandra Sharma	-	0.00%	4,37,64,630	24.97%	-100.00%
Ramesh Chandra Sharma Huf	-	0.00%	21,35,405	1.22%	-100.00%
Rajesh Sharma	500	0.00%	500	0.00%	0.00%
Jahnavi Sharma	100	0.00%	100	0.00%	0.00%
Jinisha Sharma	100	0.00%	100	0.00%	0.00%
Raghav Sharma	100	0.00%	100	0.00%	0.00%
Promoter Trust					
Rajesh Sharma	4,59,00,035	26.13%	-	0.00%	100.00%
Bodies Corporate					
Capri Global Holdings Private Limited	6,78,24,643	38.61%	6,78,24,643	38.69%	0.00%
Capri Global Advisory Services Private Limited	1,75,17,060	9.97%	1,75,17,060	9.99%	0.00%
Total	**13,12,42,538**	**74.72%**	**13,12,42,538**	**74.87%**	0.00%

Terms/Rights attached to equity shares:

1. The Holding Company has only one class of equity share having a par value of ₹ 2/- per share. Each holder of equity shares is entitled to one vote per share. The Holding Company declares and pays dividends in Indian Rupees.

2. In the event of liquidation of the Holding Company, the holders of equity shares will be entitled to receive remaining assets of the Holding Company, after distribution of all preferential amounts. The distribution will be proportion to the number of equity shares held by the shareholders.

Shares reservation :

In FY 2021-22, 30,40,800 shares (FY 2020-21 15,80,45 shares) of ₹ 2 each towards outstanding employee stock options granted (Refer Note 46)

Objective for managing capital:

The Group maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of the regulator, Reserve Bank of India (RBI). The adequacy of the Holding Company's capital is monitored using, among other measures, the regulations issued by RBI.

Note 22 - Other Equity

Particulars	As at March 31, 2022	As at March 31, 2020
Statutory Reserve pursuant to Section 45-IC of the RBI Act, 1934		
Balance as per the last Financial Statements	2,407.96	2,120.04
Add: Amount transferred from surplus balance in the Statement of Profit and Loss	323.77	287.92
Closing balance	**2,731.73**	**2,407.96**
Statutory Reserve Section 29C of the National Housing Bank Act, 1987		
Balance as per the last Financial Statements	158.30	91.10
Add: Amount transferred from surplus balance in the Statement of Profit and Loss	86.40	67.20
Closing balance	**244.70**	**158.30**
Securities premium		
Balance as per the last financial statements	4,491.80	4,471.01
Add: On account of ESOP Exercised	49.34	20.79
Closing balance	**4,541.14**	**4,491.80**
General Reserve		
Balance as per the last financial statements	642.05	642.05
Closing balance	**642.05**	**642.05**
Other reserves & surplus - Employee stock option outstanding		
Balance as per the last Financial Statements	78.77	57.92
Add/Less: Amount transferred from surplus balance in the Statement of Profit and Loss	26.28	20.85
Closing balance	**105.05**	**78.77**
Retained earnings (Surplus in profit & loss account)		
Surplus in statement of profit and loss	9,043.56	7,659.46
Profit for the year	2,050.41	1,769.55
Other Comprehensive Income	(4.92)	4.71
Dividend Paid	(70.15)	(35.04)
Transfer to Reserve Fund Section 29C of the National Housing Bank Act, 1987	(86.40)	(67.20)
Transfer to Reserve Fund under Section 45-IC of Reserve Bank of India Act,1934	(323.77)	(287.92)
Closing Balance	**10,608.73**	**9,043.56**
Total	**18,873.40**	**16,822.44**

Securities premium
Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

General reserve
Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid-up capital of the Group for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.

Statutory Reserve pursuant to Section 45-IC of the RBI Act, 1934
Every non-banking financial company is required to create a reserve fund and transfer therein a sum not less than twenty per cent of its net profit every year as disclosed in the statement of profit and loss before any dividend is declared.

Statutory Reserve pursuant to Section 29C of the National Housing Bank Act, 1987
Every housing finance institution which is a company shall create a reserve fund and transfer therein a sum not less than twenty per cent of its profit every year as disclosed in the profit and loss account and before any dividend is declared. Explanation - A housing finance institution creating and maintaining any special reserve in terms of clause (viii) of sub-section (1) of section 36 of the Income-tax Act, 1961 (43 of 1961) may take into account any sum transferred by it for the year to such special reserve for the purposes of this sub-section. For the previous comparative periods, company has maintained transfer to statutory reserve on profit calculated under erstwhile GAAP.

Employee Stock Option Reserve
This reserve is used to record the employee stock options which are outstanding. The said reserve will be utilised for issuance of share to the eligible employees.

Note 23 - Interest Income

(₹ in millions)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
	On Financials Assets measured at Amortised Cost	On Financials Assets measured at Amortised Cost
Interest on Loans	8,100.22	6,679.83
Interest on deposits	32.71	42.49
Interest income from investments	260.83	12.89
Interest on Others	2.02	-
Total	**8,395.78**	**6,735.21**

Note 24 - Fee and commission Income

(₹ in millions)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Application Fees	39.81	20.74
Car Loan Commission	466.96	-
Total	**506.77**	**20.74**

Note 25 - Net gain on fair value changes

(₹ in millions)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
(A) Net gain on financial instruments at fair value through profit or loss		
(i) On trading portfolio		
- Investments in Shares	144.75	126.68
- Mutual Funds and Bonds	91.42	161.55
(B) Others	-	-
(C) Total Net gain on fair value changes	**236.17**	**288.23**
(D) Fair Value changes:		
- Realised	228.95	273.10
- Unrealised	7.22	15.13
Total Net gain on fair value changes	**236.17**	**288.23**

Note 26 - Other Operating Income

(₹ in millions)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Advertisement Income	-	153.95
Foreclosure Fees	80.19	61.85
Bad Debts Recovered	0.34	1.10
Legal Charges Received	13.93	7.49
Other Charges	148.39	91.08
Total	**242.85**	**315.47**

Note 27 - Other Income

(₹ in millions)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Advertisement Income	113.60	-
Profit on sale of Investment Property	2.93	3.28
Service Fees	-	1.77
Write Back	7.47	-
Interest on Income Tax Refund	-	4.94
Other	4.00	0.55
Total	**128.00**	**10.54**

Note 28 - Finance Costs

(₹ in millions)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest on borrowings Other than debt Securities	2,721.83	2,361.41
Interest on Bank Overdraft	-	0.32
Interest on debt securities	553.40	497.48
Interest on Bank CC	7.12	2.28
Interest on Lease Liability	26.12	25.56
Total	**3,308.47**	**2,887.05**

Note 29 - Impairment on financial instruments (at Amortised Cost)

(₹ in millions)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Loans and advances to customers	562.59	544.04
Loan commitments	55.16	0.64
Bad Debts Written Off	438.93	-
Total impairment loss	**1,056.68**	**544.68**

Note 30 - Employee Benefit Expense

(₹ in millions)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Salaries and Bonus	1,569.47	900.06
Contribution to provident and other funds	84.65	47.81
Share Based Payments to employees	54.78	31.20
Staff Training and Welfare Expenses	37.14	14.72
Total	**1,746.04**	**993.79**

Note 31 - Other expenses

(₹ in millions)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Advertising	6.17	6.24
Auditors' Remuneration	5.76	5.70
Bad Debts Written Off	-	62.32
Banking Charges	7.44	9.19
Business Development Expenses	22.92	6.98
Corporate Social Responsibility Expenses*	44.92	37.47
Directors' Fees and Commission	7.93	7.74
Electricity Charges	13.07	9.00
Legal Expenses	224.61	124.89
Loss On Sale of Fixed Assets	1.02	0.20
Recruitment Expenses	36.12	13.93
Membership & Subscription Expenses	2.47	2.45
Processing Fees on Co Lending	0.03	-
Postage, Telephone and Fax	33.98	25.84
Printing and Stationery	21.65	10.50
Rent	28.42	9.08
Software Expenses	62.39	35.86
Filing & Other Fees to ROC	0.09	0.12
Travelling and Conveyance	103.85	55.50
Service fees*	3.96	4.05
NOC Review Charges	13.52	18.43
Write off - Others	1.34	-
Miscellaneous Expenses	49.23	38.12
Total	**690.89**	**483.61**

*The above CSR expenses includes ₹ 1.22 millions pertaining to the previous year funds utilization which was transferred to the designated bank account in line with the notification No. G.S.R. 40(E) dated 22nd January, 2021 issued the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021

1. Auditors' Remuneration

(₹ in millions)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
a) For Statutory Audit	1.66	1.70
b) For Tax Audit	0.38	0.40
c) For Limited Review	1.08	1.05
d) For other services (Certification Fees and Interim audit Fees)	2.09	2.20
e) For reimbursement of expenses	0.08	0.12
f) GST to the extent of ITC not availed	0.47	0.23
Total	**5.76**	**5.70**

2. Corporate Social Responsibility Expenses

(₹ in millions)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Gross Amount Required to be spent during the year	44.92	37.47
Amount spent during the year on CSR		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	44.92	37.47
Shortfall at the end of the year	-	-
Total of previous years shortfall	-	-
Reason for shortfall	NA	NA
Nature of CSR activities	Refer note 3 below	Refer note 3 below
Details of related party transactions in relation to CSR expenditure as per relevant Accounting Standard	Refer note no. 42	Refer note no. 42

3. Nature of CSR activities - Women Empower, Livelihood Initiative, Education Initiative, Health Initiative (including nutrition project), COVID-19 Relief support, Animal Welfare

4. Disclosure in relation to undisclosed income - There are no transactions which are not recorded in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

5. Details of Crypto currency or Virtual currency - The Group has not traded or invested in crypto currency or virtual currency during the financial year

Note 32 - Other Comprehensive Income

(₹ in millions)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurement loss (gain) on defined benefit plan	(0.47)	6.27
Income tax relating to these items	0.12	(1.56)
Items that may be reclassified to profit or loss		
Fair Value Gain on time value of forward element of forward contract	(6.10)	-
Income tax relating to these items	1.53	-
Other comprehensive income for the year, net of tax	**(4.92)**	**4.71**

Note 33 - MSME Loans

1.1 Credit quality of assets

(₹ in millions)

Particulars	As at March 31, 2022				As at March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade #								
Performing								
High grade	24,458.84	-	-	24,458.84	18,508.18	-	-	18,508.18
Standard grade	1,468.90	-	-	1,468.90	1,942.41	-	-	1,942.41
Sub-standard grade	-	1,204.54	-	1,204.54	-	976.79	-	976.79
Past due but not impaired	-	1,564.06	-	1,564.06	-	736.26	-	736.26
Restructured	-	1,937.56	-	1,937.56	-	1,817.97	-	1,817.97
Non Performing								
Individually impaired	-	-	1,276.66	1,276.66	-		1,389.58	1,389.58
Total	**25,927.74**	**4,706.16**	**1,276.66**	**31,910.56**	**20,450.59**	**3,531.02**	**1,389.58**	**25,371.19**

1.2 An analysis of changes in the gross carrying amount (excluding interest) and the corresponding ECL allowances in relation to lending is, as follows:

(₹ in millions)

Particulars	As at March 31, 2022				As at March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**20,450.58**	**3,531.02**	**1,389.58**	**25,371.18**	**17,700.21**	**1,664.22**	**733.20**	**20,097.63**
New assets originated	11,510.38	-	-	11,510.38	7,447.60	-	-	7,447.60
Assets derecognised or repaid (excluding write offs)	(4,010.62)	(519.24)	(264.42)	(4,794.28)	(2,488.39)	(110.65)	(152.36)	(2,751.40)
Transfers to Stage 1	549.53	(334.83)	(214.70)	-	442.02	(389.24)	(52.78)	-
Transfers to Stage 2	(2,205.65)	2,287.75	(82.10)	-	(2,208.77)	2,231.76	(22.99)	-
Transfers to Stage 3	(265.18)	(203.52)	468.70	-	(442.09)	(298.73)	740.82	-
Other movements (on account of change in EAD)	-	-	-	-	-	433.66	197.89	631.55
Amounts written off	(101.30)	(55.02)	(20.40)	(176.72)	-	-	(54.20)	(54.20)
Gross carrying amount closing balance	**25,927.74**	**4,706.16**	**1,276.66**	**31,910.56**	**20,450.58**	**3,531.02**	**1,389.58**	**25,371.18**
Number of Loans	**17,766**	**2,385**	**622**	**20,773**	**14,113**	**1,462**	**566**	**16,141**

Reconciliation of ECL balance is given below:

(₹ in millions)

Particulars	As at March 31, 2022				As at March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	**135.58**	**381.95**	**394.91**	**912.44**	**83.86**	**109.36**	**256.43**	**449.65**
New assets originated	79.66	-	-	79.66	45.59	-	-	45.59
Assets derecognised or repaid (excluding write offs)	(21.74)	(66.34)	(80.72)	(168.80)	(9.83)	(11.87)	(52.36)	(74.06)
Transfers to Stage 1	6.08	(4.78)	(1.30)	-	35.89	(23.51)	(12.38)	-
Transfers to Stage 2	(210.43)	216.87	(6.44)	-	(10.53)	15.87	(5.34)	-
Transfers to Stage 3	(67.13)	(59.67)	126.80	-	(2.11)	(17.78)	19.89	-
Other movements (on account of change in EAD)	268.29	223.94	18.77	511.00	(7.29)	309.88	202.49	505.08
Amounts written off	(1.16)	(0.89)	(58.85)	(60.90)			(13.82)	(13.82)
ECL allowance - closing balance	**189.15**	**691.08**	**393.17**	**1,273.40**	**135.58**	**381.95**	**394.91**	**912.44**

#Internal rating grades are classified on below basis

Grade	Classification Basis	Stage
High grade	0 DPD	Stage 1
Standard grade	1-30 DPD	Stage 1
Sub-standard grade	31-60 DPD	Stage 2
Past due but not impaired	61-90 DPD	Stage 2
Restructured	<90 DPD & Resturctured	Stage 2
Individually impaired	>90 DPD & Restructured	Stage 3

Note - Higher grade has been considered for Customers having 2 or more loans based on the highest DPD

Loan Given Default (In %)

Particulars	As at March 31, 2022	As at March 31, 2021
LGD	27.04	25.50

Probability of Default (In %)

Particulars	As at March 31, 2022	As at March 31, 2021
Stage 1	2.56	2.60
Stage 2	36.92	42.44
Stage 3	100.00	100.00

E. Details of collateral received against loan portfolio :

Nature of security against advances :

Underline securities for the assets secured by tangible assets - Property & and book debts.

Advances (LTV band wise) :

LTV ratio	Gross carrying amount of advances	Cumulative loss allowance
<= 50%	11,578.63	417.57
>50% <= 70%	18,462.35	685.82
>70% <=90%	1,867.77	170.00
>90% <=100%	1.81	0.01

Credit impaired advances (LTV band wise) :

LTV ratio	Gross carrying amount of advances	Cumulative loss allowance
<= 50%	415.26	125.13
>50% <= 70%	716.55	216.84
>70% <=90%	144.85	51.20
>90% <=100%	-	-

Note 33.1- Construction Finance Loans

1.1 Credit quality of assets

(₹ in millions)

Particulars	As at March 31, 2022				As at March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade #								
Performing								
High grade	15,209.18	-	-	15,209.18	10,990.72	-	-	10,990.72
Standard grade	3.05	-	-	3.05	27.73	-	-	27.73
Sub-standard grade	-	569.57	-	569.57	-	791.41	-	791.41
Past due but not impaired	-	-	-	-	-	-	-	-
Non Performing								
Individually impaired	-	-	23.18	23.18	-	-	16.75	16.75
Total	**15,212.23**	**569.57**	**23.18**	**15,804.98**	**11,018.45**	**791.41**	**16.75**	**11,826.61**

1.2 An analysis of changes in the gross carrying amount (excluding interest) and the corresponding ECL allowances in relation to lending is, as follows:

(₹ in millions)

Particulars	As at March 31, 2022				As at March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**11,018.45**	**791.41**	**16.75**	**11,826.61**	**9,698.74**	**1,176.32**	**16.75**	**10,891.81**
New assets originated	8,404.76	-	-	8,404.76	5,061.12	-	-	5,061.12
Assets derecognised or repaid (excluding write offs)	(3,951.11)	(311.73)	-	(4,262.84)	(3,878.17)	(248.15)	-	(4,126.32)
Transfer to Stage 1	(553.73)	553.73	-	-	605.57	(605.57)	-	-
Transfer to Stage 2	351.44	(351.44)	-	-	(468.81)	468.81	-	-
Transfer to Stage 3	(23.18)	-	23.18	-	-	-	-	-
Amounts written off	(34.40)	(112.40)	(16.75)	(163.55)	-	-	-	-
Gross carrying amount closing balance	**15,212.23**	**569.57**	**23.18**	**15,804.98**	**11,018.45**	**791.41**	**16.75**	**11,826.61**
Number of Loans	**155**	**13**	**1**	**169**	**128**	**11**	**1**	**140**

Reconciliation of ECL balance is given below:

(₹ in millions)

Particulars	As at March 31, 2022				As at March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	**65.85**	**4.08**	**16.75**	**86.68**	**65.22**	**13.70**	**3.20**	**82.12**
New assets originated	108.66	-	-	108.66	14.49	-	-	14.49
Assets derecognised or repaid (excluding write offs)	(8.76)	(0.83)	-	(9.59)	(25.07)	(2.82)	-	(27.89)
Transfers to Stage 1	(21.19)	21.19	-	-	9.35	(9.35)	-	-
Transfers to Stage 2	2.53	(2.53)	-	-	(3.15)	3.15	-	-
Transfers to Stage 3	(4.80)	-	4.80	-	-	-	-	-
Other movements (on account of change in EAD)	-	-	-	-	5.01	(0.60)	13.55	17.96
Amounts written off	(34.40)	(0.61)	(16.75)	(51.76)	-	-	-	-
ECL allowance - closing balance	**107.89**	**21.30**	**4.80**	**133.99**	**65.85**	**4.08**	**16.75**	**86.68**

 # Internal rating grades are classified on below basis

Grade	Classification Basis	Stage
High grade	0 DPD	Stage 1
Standard grade	1-30 DPD	Stage 1
Sub-standard grade	31-60 DPD	Stage 2
Past due but not impaired	61-90 DPD	Stage 2
Individually impaired	>90 DPD & Restructured	Stage 3

Note - Higher grade has been considered for Customers having 2 or more loans based on the highest DPD

Loan Given Default (In %)

Particulars	As at March 31, 2022	As at March 31, 2021
LGD	20.70	19.09

Probability of Default$ (In %)

Particulars	As at March 31, 2022	As at March 31, 2021
Stage 1	2.56	1.50
Stage 2	4.05	3.84
Stage 3	100.00	100.00

Note 33.2 - Housing Loans

33.1 Credit quality of assets

(₹ in millions)

Particulars	As at March 31, 2022				As at March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade*								
Performing								
High grade	15,272.03	-	-	15,272.03	9,666.49	-	-	9,666.49
Standard grade	842.71	-	-	842.71	1,035.44	-	-	1,035.44
Sub-standard grade	-	447.97	-	447.97	-	425.14	-	425.14
Past due but not impaired	-	517.49	-	517.49	-	310.24	-	310.24
Restructured Assets	-	131.44	-	131.44	-	22.54	-	22.54
Non Performing								
Individually impaired	-	-	261.94	261.94	-	-	202.06	202.06
Total	**16,114.74**	**1,096.90**	**261.94**	**17,473.58**	**10,701.93**	**757.92**	**202.06**	**11,661.91**

33.2 An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to lending is, as follows:

(₹ in millions)

Particulars	As at March 31, 2022				As at March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**10,701.93**	**757.92**	**202.06**	**11,661.91**	**8,652.57**	**259.26**	**108.27**	**9,020.10**
New assets originated or purchased	7,921.01	-	-	7,921.01	3,770.17	-	-	3,770.17
Assets derecognised or repaid (excluding write offs)	(1,876.52)	(95.39)	(38.79)	(2,010.70)	(1,105.23)	(12.84)	(2.22)	(1,120.29)
Transfers to Stage 1	233.86	(216.67)	(17.19)	-	99.86	(99.07)	(0.78)	0.00
Transfers to Stage 2	(703.27)	718.84	(15.57)	0.00	(640.37)	645.00	(4.63)	-
Transfers to Stage 3	(110.92)	(43.62)	154.54	-	(75.07)	(34.43)	109.50	-
Amounts written off	(51.35)	(24.18)	(23.11)	(98.64)	-	-	(8.07)	(8.07)
Gross carrying amount closing balance	**16,114.74**	**1,096.90**	**261.94**	**17,473.58**	**10,701.93**	**757.92**	**202.06**	**11,661.91**

Reconciliation of ECL balance is given below:

(₹ in millions)

Particulars	As at March 31, 2022				As at March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	**35.34**	**57.58**	**52.07**	**144.99**	**21.45**	**14.32**	**34.01**	**69.78**
New assets originated or purchased	195.07	-	-	195.07	19.56	-	-	19.56
Assets derecognised or repaid (excluding write offs)	(5.21)	(21.11)	(14.32)	(40.64)	(2.04)	(1.58)	(4.37)	(7.99)
Transfers to Stage 1	2.24	(2.12)	(0.12)	0.00	5.83	(5.61)	(0.23)	(0.01)
Transfers to Stage 2	(114.81)	116.96	(2.15)	(0.00)	(1.53)	2.86	(1.33)	-
Transfers to Stage 3	(34.60)	(12.51)	47.10	(0.01)	(0.18)	(1.88)	2.07	0.01
Other movements	2.27	2.48	(4.75)	-	(7.76)	49.46	21.93	63.63
Amounts written off	-	-	-	-	-	-	-	-
ECL allowance - closing balance	**80.30**	**141.28**	**77.83**	**299.41**	**35.34**	**57.58**	**52.07**	**144.98**

* Internal Rating Grades are classified on below basis

Grade	Classification Basis	Stage
High grade	0 DPD	Stage 1
Standard grade	1-30 DPD	Stage 1
Sub-standard grade	31-60 DPD	Stage 2
Past due but not impaired	61-90 DPD	Stage 2
Restructured Assets	0 DPD & Restructured	Stage 2
Individually impaired	>90 DPD & Restructured	Stage 3

Note - Higher grade has been considered for Customers having 2 or more loans based on the highest DPD

Loan Given Default $

(In %)

Particulars	As at March 31, 2022	As at March 31, 2021
LGD	28.68	23.42

Probability of Default $

(In %)

Particulars	As at March 31, 2022	As at March 31, 2021
Stage 1	1.66	1.50
Stage 2	33.21	33.46
Stage 3	100.00	100.00

$ PD & LGD includes management overlay due to COVID-19 pandemic (refer note no. 34)

Details of collateral received against loan portfolio :
Nature of security against advances :
Underlying securities for the assets secured by tangible assets - Property & book debts.
Advances (LTV band wise):

LTV ratio	Gross carrying amount of advances	Cumulative loss allowance
<= 50%	5,110.30	66.69
> 50% - <= 70%	5,280.60	65.84
> 70% - <= 90%	7,082.68	166.86

Credit impaired advances (LTV band wise):

LTV ratio	Gross carrying amount of advances	Cumulative loss allowance
<= 50%	37.98	10.89
> 50% - <= 70%	46.36	13.30
> 70% - <= 90%	177.60	53.63

Note 34

The extent to which any new wave of COVID-19 pandemic will impact the Group's results will depend on ongoing as well as future developments, including, among other things, any new information concerning the severity of the COVID-19 pandemic, and any action to contain its spread or mitigate its impact whether government-mandated or elected by us.

The Group has assessed the potential impact of COVID-19 on the carrying value of its assets based on relevant internal and external factors/information available, upto the date of approval of these financial results. In order to cover the impact of COVID-19 on the future expected credit losses, the Group carries a management and macro economic variable outlay of ₹ 443.30 millions as on March 31, 2022 (as on March 31, 2021 ₹ 194.40 millions). The Group will continue to closely monitor the material changes in the macro-economic factors impacting the operations of the Group.

Note 35 - Income Taxes relating to continuing operations

1. Income Tax recognised in statement of profit and loss

(₹ in millions)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Current Tax		
In respect of the current year	779.55	693.03
In respect of prior years	5.80	-
	785.35	**693.03**
Deferred Tax		
In respect of the current year	(109.53)	(105.45)
On Other Comprehensive Income	-	-
	(109.53)	**(105.45)**
Total Income tax expense recognised in the current year relating to continuing operations	**675.82**	**587.58**

2. Reconciliation of income tax expense for the year:

(₹ in millions)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Consolidated Profit Before tax	**2,726.23**	**2,357.13**
Total tax expense (As per P&L)		
- Current tax	779.55	693.03
- Deferred tax	(109.53)	(105.45)
- Tax Pertaining to earlier Years	5.80	-
Total Tax Expenses	**675.82**	**587.58**
Effective tax rate	24.58%	24.93%
Adjustments of allowable and non-allowable income and expenses:		
Effect on Effective Tax rate due to permanent difference		
a) Non allowability of Claim of CSR, Other Expenses & Special Reserve	50.12	22.52
b) Difference due to Tax Rate of STCG & LTCG	146.41	-
c) Deferred Tax Assets/MAT credit reversal u/s 115JB	(8.08)	-
Total of items affecting tax rate	**188.45**	**22.52**

3. Reconciliation of income tax rate is as follows:

(In %)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Normal Tax Rate	22.00	22.00
Surcharge (@ 10% of Normal Tax Rate)	2.20	2.20
Education cess (including secondary and higher education cess)		
Health and Education Cess	0.97	0.97
Total Tax Rate	**25.17**	**25.17**
Tax Impact on Non allowability of Claim of CSR, Other Expenses & Special Reserve	(0.46)	(0.24)
Tax Impact on Capital Gain on sale of shares, mutual funds, interest, Property etc.	(0.43)	-
Tax Impact on Deferred Tax Assets/MAT credit Reversal u/s 115JB	0.30	-
Effective Tax Rate	**24.58**	**24.93**

Note 36 - Deferred Tax

The following table shows deferred tax recorded in the balance sheet and changes recorded in the Income tax expense:

(₹ in millions)

Particulars	Deferred Tax Assets	Income Statement	OCI	Deferred Tax Assets
	As at March 31, 2021	2021-22	2021-22	As at March 31, 2022
Deferred Tax Assets:				
Provision for Employee Benefits	12.63	2.58	-	15.21
Depreciation	22.95	1.30	-	24.25
Impairment allowance for financial assets	195.69	163.39	-	359.08
Unmortised fees on loans	18.08	(13.88)	-	4.20
Others	8.03	(0.91)	-	7.12
MAT Credit Entitlement	8.08	(8.08)	-	-
Deferred Tax Liabilities:				
Financial Instruments at FVTPL	(3.81)	4.56	-	0.75
Unmortised fees on borrowings	(4.36)	2.98	-	(1.38)
Gain on derecognition of financial instruments*	-	(42.40)	-	(42.40)
Deferred Tax Assets (net)	**257.29**	**109.54**	**-**	**366.83**

*As per Ind AS 109 'Financial Instruments', on derecognition of loans, the Group recognise difference between the carrying amount (measured at the date of derecognition) and consideration received (including new asset obtained less any new liability assumed) as gain in Statement of profit and loss account. Such gain recognised on derecognition of loans is not a real income as per Income tax Act, 1961, hence is offered to tax over the tenure of loans. Accordingly, deferred tax liability has been created on the Spread receivable on assigned portfolio (Co-lending portfolio).

(₹ in millions)

Particulars	Deferred Tax Assets	Income Statement	OCI	Deferred Tax Assets
	As at March 31, 2020	2020-21	2020-21	As at March 31, 2021
Deferred Tax Assets:				
Provision for Employee Benefits	9.54	3.09	-	12.63
Depreciation	21.32	1.63	-	22.95
Impairment allowance for financial assets	97.29	98.40	-	195.69
Unmortised fees on loans	21.36	(3.28)	-	18.08
Others	3.68	4.35	-	8.03
MAT Credit Entitlement	8.08	-		8.08
Deferred Tax Liabilities:				
Financial Instruments at FVTPL	-	(3.81)	-	(3.81)
Unmortised fees on borrowings	(9.42)	5.06	-	(4.36)
Deferred Tax Assets (net)	**151.85**	**105.44**	**-**	**257.29**

Deferred Tax Assets / Liabilities are calculated at the applicable rate of 25.17%

Note 37 - Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. They have been classified to mature and/or be repaid within 12 months. With regards to loans and advances to customers, the Group uses the same basis of expected repayment as used for estimating the EIR.

(₹ in millions)

Particulars	As at March 31, 2022			As at March 31, 2021		
ASSETS	**Within 12 months**	**After 12 months**	**Total**	**Within 12 months**	**After 12 months**	**Total**
Financial Assets						
Cash and cash equivalents	3,225.06	-	3,225.06	1,705.80	-	1,705.80
Bank Balances other than cash and cash equivalents	198.57	107.58	306.15	427.63	109.05	536.68
Receivables	81.64	-	81.64	15.08	-	15.08
Loans	8,366.10	54,341.93	62,708.03	7,198.00	39,664.55	46,862.55
Investments	2,411.89	1,362.95	3,774.84	4,729.78	3,344.75	8,074.53
Other financial Assets	78.90	143.24	222.14	94.66	18.48	113.14
Total Financial Assets	**14,362.16**	**55,955.70**	**70,317.86**	**14,170.95**	**43,136.83**	**57,307.78**
LIABILITIES						
Financial Liabilities						
Derivative financial instruments	12.42	-	12.42	-	-	-
Payables						
-Trade Payables	334.85	-	334.85	74.94	-	74.94
-Other Payables	78.25	-	78.25	72.27	-	72.27
Debt Securities	166.67	4,164.23	4,330.90	2,415.16	4,326.14	6,741.30
Borrowings (Other than debt securities)	9,201.84	34,551.13	43,752.97	6,002.59	24,991.98	30,994.57
Other financial liabilities	3,124.50	384.31	3,508.81	2,546.39	230.15	2,776.54
Total Financial Liabilities	**12,918.53**	**39,099.67**	**52,018.20**	**11,111.35**	**29,548.27**	**40,659.62**
Net	**1,443.63**	**16,856.03**	**18,299.66**	**3,059.60**	**13,588.56**	**16,648.17**

Capital Management

The primary objectives of the Group's capital management policy are to ensure that the Group complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholders value. The Group manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. Capital Management Policy, objectives and processes are under constant review by the Board.

Note 38 - Change in liabilities arising from financing activities

(₹ in millions)

Particulars	As at April 1, 2021	Cash flows	Other	As at March 31, 2022
Debt Securities	6,741.30	(2,416.67)	6.27	4,330.90
Borrowings other than debt securities	30,994.57	12,088.92	669.48	43,752.97
Total liabilities from financing activities	**37,735.87**	**9,672.25**	**675.75**	**48,083.87**

(₹ in millions)

Particulars	As at April 1, 2020	Cash flows	Other	As at March 31, 2021
Debt Securities	1,500.00	5,248.49	(7.19)	6,741.30
Borrowings other than debt securities	26,866.11	3,745.94	382.52	30,994.57
Total liabilities from financing activities	**28,366.11**	**8,994.43**	**375.33**	**37,735.87**

Note 39 - Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions , regardless of whether that price is directly observable or estimated using a valuation technique.

Ind AS 109, 'Financial Instrument - Disclosure' requires classification of the valuation method of financial instruments measured at fair value in the balance Sheet, using a three level fair-value-hierarchy (which reflects the significance of inputs used in the measurements). The hierarchy gives the highest priority to un-adjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair-value-hierarchy under Ind AS 107 are described below:

39.1 Financial instruments by category

(₹ in millions)

Particulars	As at March 31, 2022				As at March 31, 2021			
	FVTPL	Amortised cost	FVTOCI	Total	FVTPL	Amortised cost	FVTOCI	Total
Financial assets								
Investments								
- Mutual funds	2,304.43	-	-	2,304.43	4,394.08	-	-	4,394.08
- Commercial Paper	-	-	-	-	-	959.13	-	959.13
- Equity instruments	48.11	-	-	48.11	38.73	-	-	38.73
- Debt Instrument	-	247.66	-	247.66	-	952.76	-	952.76
- Pass Through Certificates	-	1,174.64	-	1,174.64	-	1,729.83	-	1,729.83
Trade receivables	-	81.64	-	81.64	-	15.08	-	15.08
Loans	-	62,708.03	-	62,708.03	-	46,862.55	-	46,862.55
Cash and cash equivalents	-	3,225.06	-	3,225.06	-	1,705.80	-	1,705.80
Bank Balances other than above	-	306.15	-	306.15	-	536.68	-	536.68
Other financial Assets	-	222.14	-	222.14	-	113.14	-	113.14
Total financial assets	**2,352.54**	**67,965.32**	**-**	**70,317.86**	**4,432.81**	**52,874.97**	**-**	**57,307.78**
Financial liabilities								
Derivative financial instruments	-	-	12.42	12.42	-	-	-	-
Borrowings (including Debt Securities)	-	48,083.87	-	48,083.87	-	37,735.87	-	37,735.87
Trade and other payables	-	413.10	-	413.10	-	147.21	-	147.21
Other financial liabilities	-	3,508.81	-	3,508.81	-	2,776.54	-	2,776.54
Total financial liabilities	**-**	**52,005.78**	**12.42**	**52,018.20**	**-**	**40,659.62**	**-**	**40,659.62**

39.2 Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

(₹ in millions)

Financial assets and liabilities measured at fair value - recurring fair value measurements	Notes	Carrying Amount	Fair Value			
			Level 1	Level 2	Level 3	Total
As at March 31, 2022						
Financial assets						
Financial Investments at FVTPL						
Listed equity investments	7	48.11	48.11	-	-	**48.11**
Mutual funds	7	2,304.43	2,304.43	-	-	**2,304.43**
Total financial assets		**2,352.54**	**2,352.54**	-	-	**2,352.54**
Financial Liabilities						
Derivative financial instruments	16A	12.42	-	12.42	-	**12.42**
Total financial liabilities		**12.42**	**-**	**12.42**	**-**	**12.42**

(₹ in millions)

Assets and liabilities which are measured at amortised cost for which fair values are disclosed	Notes	Carrying Amount	Fair Value			
			Level 1	Level 2	Level 3	Total
As at March 31, 2022						
Financial assets						
Cash and cash equivalents	3	3,225.06	3,225.06	-	-	**3,225.06**
Bank Balance other than above	4	306.15	306.15	-	-	**306.15**
Trade Receivable	5	81.64	-	-	81.64	**81.64**
Loans						**-**
Loans to employees	6	1.13			1.13	**1.13**
Loans - SME & CF		62,706.90	-	-	62,984.44	**62,984.44**
Investments						
- Commercial Paper	7	-	-	-	-	**-**
- Debt Instrument		247.66	-	-	247.66	**247.66**
- Pass Through Certificates		1,174.64	-	-	1,174.64	**1,174.64**
Other financial assets	8	222.14	-	-	222.14	**222.14**
Total financial assets		**67,965.32**	**3,531.21**	**-**	**64,711.65**	**68,242.86**
Financial Liabilities						
Trade and other payable	14	413.10	-	-	413.10	**413.10**
Debt Securities	15	4,330.90	4,452.63		-	**4,452.63**
Borrowings other than Debt Securities	16B	43,752.97	-	-	43,752.97	**43,752.97**
Other Financial Liabilities	17	3,508.81	-	-	3,508.81	**3,508.81**
Total financial liabilities		**52,005.78**	**4,452.63**	**-**	**47,674.88**	**52,127.51**

(₹ in millions)

Financial assets and liabilities measured at fair value - recurring fair value measurements	Notes	Carrying Amount	Fair Value			
			Level 1	Level 2	Level 3	Total
As at March 31, 2021						
Financial assets						
Financial Investments at FVTPL						
Listed equity investments	7	38.73	38.73	-	-	**38.73**
Mutual funds	7	4,394.08	4,394.08	-	-	**4,394.08**
Total financial assets		**4,432.81**	**4,432.81**	-	-	**4,432.81**
Financial liabilities		-	-	-	-	**-**
Total financial liabilities		-	-	-	-	**-**

(₹ in millions)

Assets and liabilities which are measured at amortised cost for which fair values are disclosed	Notes	Carrying Amount	Fair Value			
			Level 1	Level 2	Level 3	Total
As at March 31, 2021						
Financial assets						
Cash and cash equivalents	3	1,705.80	1,705.80	-		**1,705.80**
Bank Balance other than above	4	536.68	536.68	-		**536.68**
Trade Receivable	5	15.08	-	-	15.08	**15.08**
Loans						
Loans to employees	6	1.19	-	-	1.19	**1.19**
Loans - SME & CF		46,861.36	-	-	46,861.36	**46,861.36**
Investments						
- Commercial Paper	7	959.13	-	959.13	-	**959.13**
- Debt Instrument		952.76	-	952.76	-	**952.76**
- Pass Through Certificates		1,729.83	-	-	1,729.83	**1,729.83**
Other financial assets	8	113.14	-	-	113.14	**113.14**
Total financial assets		**52,874.97**	**2,242.48**	**1,911.89**	**48,720.60**	**52,874.97**
Financial Liabilities						
Trade and other payable	14	147.21	-	-	147.21	**147.21**
Debt Securities	15	6,492.81	6,492.81	-	-	**6,492.81**
Borrowings other than Debt Securities	16B	31,243.06	-	-	**31,243.06**	**31,243.06**
Other Financial Liabilities	17	2,776.54	-	-	2,776.54	**2,776.54**
Total financial liabilities		**40,659.62**	**6,492.81**	**-**	**34,166.81**	**40,659.62**

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the- counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

The carrying amounts of trade receivables, trade payables, capital creditors and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature.

Note 40 - Risk Management

40.1. Risk Disclosures

Group's risk is managed through an integrated risk management framework, including ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities. The Group is exposed to credit risk, liquidity risk and interest rate risk.

It is the Group's policy to ensure that a robust risk awareness is embedded in its organisational risk culture.

40.2. Credit risk

Credit risk is the risk that the Group will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Group manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties.

40.2.1 Impairment assessment

40.2.1.1 Exposure at Default

EAD is taken as the gross exposure under a facility upon default of an obligor. The amortized principal and the interest accrued is considered as EAD for the purpose of ECL computation

The advances have been bifurcated into following three stages:

Stage 1 – Advances with low credit risk and where there is no significant increase in credit risk. Hence, the advances up to 0-30 days are classified as Stage1

Stage 2 – Advances with significant increase in credit risk. Hence the advances from 31 to 90 days are classified as Stage 2

Stage 3 – Advances that have defaulted / Credit impaired advances. Hence the advances with more than 90 days past due or Restructured Advances are classified as Stage 3. Another loan of the same customer whether in Stage 1 or Stage 2 is also considered as Stage 3 loan.

40.2.1.2 Significant increase in credit risk

The Group continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12 months ECL or lifetime ECL, the Group assesses whether there has been a significant increase in credit risk since initial recognition. The Group considers an exposure to have significantly increased in credit risk if contractual payments are more than 30 days past due.

40.2.1.3 Definition of default and cure

The Group considers a financial instrument defaulted and therefore Stage 3 (credit impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

As a part of a qualitative assessment of whether a customer is in default, the Group also considers a variety of instances that may indicate inability to pay. When such events occur, the Group carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate. Such events include:

a) Significant financial difficulty of the borrower or issuer;

b) A breach of contract such as a default or past due event;

c) The restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise; or

d) It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation

It is the Group's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when the borrower makes necessary payments & the borrower is not 90 days past due after such payments. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

40.2.1.4 Probability of Default ("PD") estimation process

The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. Probability of Default is computed based on number of accounts that default during a year as a percentage of average number of accounts outstanding (refer note 33).

a) The Group has applied 12 months PD to stage 1 advances

b) The Lifetime PD is computed using basic exponentiation technique after considering the residual maturity of the respective loan.

c) PD of 100% is considered for Stage 3 assets.

40.2.1.5 Loss Given Default ("LGD")

The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that would be expected to receive, including from realisation of any prime/collateral security. LGD is computed based discounted expected recoveries at an account level based on collateral valuation after applying appropriate hair cut and appropriate recovery time. Accordingly, an average LGD is derived at the portfolio level.

40.2.2 Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Group has guidelines in place covering the acceptability and valuation of each type of collateral.

1) The main type of collateral for construction finance is mortgage of project and hypothecation of Receivables.

2) In case of MSME loans, collaterals are Residential/Commercial/Industrial property.

Management monitors the market value of collateral and will request additional collateral in accordance with the underlying agreement.

In case of defaults by customers, where the Group is unable to recover the dues, the Group through a legal process enforces the security and recovers the dues.

40.2.3 In accordance with the instructions in the RBI circular dated April 07 2021 , all lending institutions shall refund / adjust 'interest on interest' to all borrowers, irrespective of whether moratorium had been fully or partially availed, or not availed. Pursuant to these instructions, the Indian Banks Association (IBA) in consultation with other industry participants / bodies published the methodology for calculation of the amount of such 'interest on interest'. Accordingly. the Group has estimated the said amount and made provision for refund/adjustment.

40.2.4 The outbreak of Covid-19 pandemic across the globe & India has contributed to a significant volatility and decline in the global and Indian financial markets and slowdown in the economic activities. Pursuant to the guidelines issued by RBI dated, March 27, 2020, April 17, 2020 and May 23, 2020 relating to COVID-19 Regulatory Package, the Group has granted moratorium on the payment of instalments falling due between March 01, 2020 and August 31, 2020 to the eligible borrowers. For the purpose of asset classification on all such accounts, the number of days past due as on March 31, 2021 excludes the moratorium period to the respective borrower, as per the policy.

40.2.5 Hon'able Supreme court vide order dated March 23, 2021, in the matter of Small Scale industrial Manufacturers Associations VS UOI & Ors. Has stated that interim relief granted vide an interim order dated September 03, 2020 stands vacated. Accordingly the Group has classified non performing assets as per extant RBI guidelines.

40.3. Liquidity risk and funding management

Liquidity risk is defined as the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Group might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to the Group on acceptable terms. To limit this risk, management has arranged for diversified funding sources and adopted a policy of managing assets by monitoring future cash flows and liquidity on a daily basis.

Liquidity risk is managed in accordance with our Asset Liability Management Policy. This policy is framed as per the current regulatory guidelines and is approved by the Board of Directors. The Asset Liability Management Policy is reviewed periodically to incorporate changes as required by regulatory stipulation or to realign the policy with changes in the economic landscape. The Asset Liability Committee (ALCO) of the Group formulates and reviews strategies and provides guidance for management of liquidity risk within the framework laid out in the Asset Liability Management Policy.

The table below summarises the maturity profile of the undiscounted cash flow of the Group's financial liabilities:

Current Year (₹ in millions)

Particulars	upto 30/31 days	Over 1 month upto 2 months	Over 2 months upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 year to 5 years	Over 5 years	Total
Debt Securities	-	213.42	45.00	234.68	77.36	3,209.23	306.90	1,882.99	5,969.58
Borrowings	403.95	824.82	1,381.84	2,916.70	6,240.42	23,049.92	12,871.24	5,023.27	52,712.16
Trade Payable	413.10	-	-	-	-	-	-	-	413.10
Lease liability	6.31	6.32	6.30	19.07	37.61	132.18	87.94	16.92	312.65
Other Financial Liability	3,039.19	-	-	-	-	-	-	-	3,039.19

Previous Year (₹ in millions)

Particulars	upto 30/31 days	Over 1 month upto 2 months	Over 2 months upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 year to 5 years	Over 5 years	Total
Debt Securities	-	-	-	166.67	2,250.00	2,826.14	-	1,500.00	6,742.81
Borrowings	116.30	364.63	827.02	1,541.66	3,152.96	13,221.57	9,799.80	1,923.33	30,947.27
Trade Payable	147.11	-	-	-	-	-	-	-	147.11
Lease liability	5.36	5.33	5.33	15.97	30.08	97.49	92.13	28.50	280.19
Other Financial Liability	2,229.22	-	-	-	-	-	-	-	2,229.22

40.4. Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The core business of the Group is providing loans to MSME Construction Finance, Indirect Lending and Housing Finance. The Group borrows through various financial instruments to finance its core lending activity. These activities expose the Group to interest rate risk.

Interest rate risk is measured through earnings at risk from an earnings perspective and through duration of equity from an economic value perspective. Further, exposure to fluctuations in interest rates is also measured by way of gap analysis, providing a static view of the maturity and re-pricing characteristic of Balance sheet positions. An interest rate sensitivity gap report is prepared by classifying all rate sensitive assets and rate sensitive liabilities into various time period categories according to contracted/behavioural maturities or anticipated re-pricing date. The difference in the amount of rate sensitive assets and rate sensitive liabilities maturing or being re-priced in any time period category, gives an indication of the extent of exposure to the risk of potential changes in the margins on new or re-priced assets and liabilities. The interest rate risk is monitored through above measures on a quarterly basis.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates (all other variables being considered as constant) of the Group's statement of profit and loss and equity.

(₹ in millions)

Currency	Increase / (decrease) in basis points	Sensitivity of profit or loss		Sensitivity of equity	
2021-22					
Loans (₹)	25 Basis point Up	Impact on Profit before Tax	159.58	Impact on equity	119.42
	50 Basis point Up		319.15		238.83
	25 Basis point Down		(159.58)		(119.42)
	50 Basis point Down		(319.15)		(238.83)
Borrowings (₹)	25 Basis point Up	Impact on Profit before Tax	(120.73)	Impact on equity	(90.34)
	50 Basis point Up		(241.46)		(180.68)
	25 Basis point Down		120.73		90.34
	50 Basis point Down		241.46		180.68

(₹ in millions)

Currency	Increase / (decrease) in basis points	Sensitivity of profit or loss		Sensitivity of equity	
2020-21					
Loans (₹)	25 Basis point Up	Impact on Profit before Tax	120.66	Impact on equity	90.29
	50 Basis point Up		241.32		180.59
	25 Basis point Down		(120.66)		(90.29)
	50 Basis point Down		(241.32)		(180.59)
Borrowings (₹)	25 Basis point Up	Impact on Profit before Tax	(78.32)	Impact on equity	(58.31)
	50 Basis point Up		(155.83)		(117.55)
	25 Basis point Down		78.32		58.31
	50 Basis point Down		155.83		117.55

Operational Risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Group cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include maker-checker controls, effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of internal audit.

During the year, the Group has not come across any instances of fraud.

Capital Management :

Group's capital management objective is primarily to safeguard business continuity. The Group's capital raising policy is aligned to macro economic situation and incidental risk factors. The Group's cashflows are regularly monitored in sync with annual operating plans and long-term and other strategic investment plans. The operational funding requirements are met through debt and operating cash flows generated. The Group believes this approach would create shareholder value in long run. Also, the Group has adopted a conservative approach for ALM management with primacy to adequate liquidity. At present a large portion of the Group's resource base is equity. Therefore the Group enjoys a low gearing.

The Group maintains its capital structure in line with economic conditions and the risk characteristics of its activities and the board reviews the capital position on a regular basis.

Gearing ratio : (₹ in millions)

Particulars	As at March 31, 2022	As at March 31, 2021
The gearing ratio at each date were as follows :		
Debt (I)	48,096.29	37,900.30
Cash and bank balances (II) (refer note 3)	3,225.06	1,705.72
Net debt (I - II)	**44,871.23**	**36,194.58**
Total equity	**19,224.71**	**17,173.01**
Net debt to equity ratio	**2.33**	**2.11**

Note 41A- Defined Contribution Plan

The Group's state governed provident fund scheme are defined contribution plan for its employees. The Contribution by the employer and employee together with interest accumulated there on are payable to the employee at the time of separation from Group or retirement whichever is earlier. The benefit vests immediately on rendering of services by the employee.

(₹ in millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Employer's contribution to provident fund	57.61	28.03
Employer's contribution to National Pension Scheme	2.98	3.25
Total	**60.59**	**31.28**

Note 41B- Defined Benefit Plan

The Group has a defined benefit gratuity plan in India (funded). The Group's defined benefit gratuity plan is a final salary plan for its employees, which requires contributions to be made to a separately administered fund. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at separation/retirement. The fund has the form of a trust and it is governed by the Board of Trustees, which consists of an equal number of employer and employee representatives. The Board of Trustees is responsible for the administration of the plan assets and for the definition of the investment strategy.

The following table sets out the status of the Defined Benefit Gratuity Plan as per the actuarial valuation by the independent Actuary appointed by the Group:

Principal assumptions used for the actuarial valuations are as follows:

(₹ in millions)

Particulars	Gratuity Plans	
	As at March 31, 2022	As at March 31, 2021
Discount Rate	5.66%	5.58%
Expected Rate of return on Plan Asset	5.66%	5.58%
Salary Escalation	5.00%	5.00%
Attrition Rate	24.00%	20.00%
Mortality Table	Indian Assured Lives Mortality 2012-14 (Urban)	Indian Assured Lives Mortality (2006-08) Ultimate

Movements in the present value of the defined benefit obligation are as follows:

(₹ in millions)

Particulars	Gratuity Plans	
	As at March 31, 2022	As at March 31, 2021
Present Value of Benefit Obligation at the Beginning of the Period	42.23	38.44
Current Service Cost	12.36	12.35
Interest Cost	2.36	2.40
Past Service Cost (Vested Benefit)	-	-
Liability transferred In/ Acquisitions	-	-
Remeasurement (gains)/losses	-	-
Benefit Paid From the Fund	(3.80)	(4.99)
Direct Payment by the Group	-	-
Actuarial (Gains)/Losses on Obligations - Due to Change in Demographic Assumptions	(2.14)	(1.60)
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	(0.15)	1.15
Actuarial (Gains)/Losses on Obligations - Due to Experience	3.38	(5.52)
Present Value of Benefit Obligation at the End of the Period	**54.24**	**42.23**

Movements in the fair value of the plan assets are as follows:

(₹ in millions)

Particulars	Gratuity Plans	
	As at March 31, 2022	As at March 31, 2021
Fair Value of Plan Assets at the Beginning of the Period	35.84	29.12
Interest income	2.00	1.82
Contributions by employer	6.43	9.60
Assets transferred In/Acquisitions	-	-
Expected Contributions by the employees	-	-
Benefit Paid From the Fund	(3.80)	(4.99)
Remeasurement gain (loss)	-	-
Return on Plan Assets, Excluding Interest Income	0.62	0.29
Fair Value of Plan Assets at the End of the Period	**41.09**	**35.84**

Amount recognized in the balance sheet from the Group's obligation in respect of its defined benefit plans is as follows:

(₹ in millions)

Particulars	Gratuity Plans	
	As at March 31, 2022	As at March 31, 2021
(Present Value of Benefit Obligation at the end of the Period)	(54.25)	(42.22)
Fair value of plan assets	41.10	35.84
Funded status (Surplus/ (Deficit))	(13.15)	(6.38)
Net (Liability)/Asset Recognized in the Balance Sheet	**(13.15)**	**(6.38)**

Net Interest Cost for current period:

(₹ in millions)

Particulars	Gratuity Plans	
	As at March 31, 2022	As at March 31, 2021
Present Value of Benefit Obligation at the Beginning of the Period	42.23	38.44
(Fair Value of Plan Assets at the Beginning of the Period)	(35.84)	(29.13)
Net Liability/(Asset) at the Beginning	6.39	9.31
Interest Cost	2.35	2.40
(Interest Income)	(2.00)	(1.82)
Net Interest Cost for Current Period	**0.35**	**0.58**

Amounts recognised in the statement of profit and loss in respect of these defined benefit plans are as follows:

(₹ in millions)

Particulars	Gratuity Plans	
	As at March 31, 2022	As at March 31, 2021
Service cost:		
Current service cost	12.36	12.35
Expected Contributions by the employees	-	-
Past Service Cost (Amortised) Recognised	-	-
Past Service Cost (Vested Benefit) Recognised	-	-
Net interest expense	0.36	0.58
Expense Recognized	**12.72**	**12.93**

Amounts recognised in the Other Comprehensive Income (OCI) in respect of these defined benefit plans are as follows:

(₹ in millions)

Particulars	Gratuity Plans	
	As at March 31, 2022	As at March 31, 2021
Return on plan assets (excluding amounts included in net interest expense)	(0.62)	(0.29)
Actuarial (gains) / losses on defined benefit obligations	1.09	(5.98)
Change in asset ceiling		-
Net (Income)/Expense For the Period Recognized in OCI	**0.47**	**(6.27)**

The fair value of the plan assets for India are as follows:

(₹ in millions)

Category of Assets	Gratuity Fund	
	As at March 31, 2022	As at March 31, 2021
Central Govt. Securities	-	-
State Govt. Securities	-	-
Debt Securities, Money Market Securities and Bank Deposits	-	-
Mutual Funds	-	-
Insurer Managed Funds*	41.10	35.84
Others	-	-
Total	**41.10**	**35.84**

*The investment further done by the insurer are in Govt. Securities 38.10%, Corporate Bonds 59.28% and Cash, Deposits, Money Market Instruements 2.62%

Maturity Analysis of benefit payments

(₹ in millions)

Projected Benefits Payable in Future Years From the Date of Reporting	As at March 31, 2022	As at March 31, 2021
1st Following Year	9.20	5.94
2nd Following Year	9.18	4.51
3rd Following Year	9.05	6.24
4th Following Year	7.32	6.91
5th Following Year	6.98	5.33
Sum of Years 6 To 10	18.22	16.46
Sum of Years 11 and above	7.63	10.04

The estimates of future salary growth, factored in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. Such estimates are very long term and are not based on limited past experience / immediate future. Empirical evidence also suggests that in very long term, consistent high salary growth rates are not possible. The said estimates and assumptions have been relied upon by the auditors.

Sensitivity analysis

(₹ in millions)

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Sensitivity Level	1% increase	1% increase	1% decrease	1% decrease
Impact on defined benefit obligation (in ₹)				
1) Discount Rate	(1.78)	(1.72)	1.92	1.87
2) Future Salary Increases	1.85	1.81	(1.77)	(1.70)
3) Employee Turnover	(0.51)	(0.48)	0.52	0.49

Note :

-The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

-The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

-Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognised in the balance sheet.

-There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

Note 42 - Related party disclosures as per Ind AS 24

A. List of Related Parties and related party relationship:

Considering only parties with whom transaction has entered during the FY 2021-22

Sr. No.	Name of the Related Party	Relationship
a) Enterprises over which Management and/or their relatives have control		
1	Capri Global Holdings Private Limited	
2	Parshwanath Buildcon Private Limited	
b) Key Management Personnel		
1	Mr. Rajesh Sharma	Managing Director
2	Mr. Jayesh Doshi	Whole Time Director (Resigned w.e.f.31.03.20)
3	Mr. Beni Prasad Rauka	Independent Director
4	Ms. Bhagyam Ramani	Independent Director
5	Mr. Mukesh Kacker	Independent Director
6	Mr. Ajay Relan	Independent Director
7	Mr. Ajit Mohan Sharan	Independent Director
8	Mr. Desh Raj Dogra	Independent Director
9	Mr. T.R. Bajalia	Independent Director
c) Trust under common control:		
1	Capri Foundation	
2	Money Matters Financial Services Limited Employees Group Gratuity Assurance Scheme	
3	Money Matters Securities Private Limited Employees Group Gratuity Assurance Scheme	

B. Details of transactions during the year and closing balances as at the year end:

(₹ in millions)

Sr. No.	Particulars	Subsidiaries		Enterprises over which Management and/or their relatives have control		Key Management Personnel		Trust Under Common Control		Total	
		Year Ended March 31, 2022	Year Ended March 31, 2021	Year Ended March 31, 2022	Year Ended March 31, 2021	Year Ended March 31, 2022	Year Ended March 31, 2021	Year Ended March 31, 2022	Year Ended March 31, 2021	Year Ended March 31, 2022	Year Ended March 31, 2021
a.	**Statement of Profit and Loss Items:**										
I	**INCOMES :**										
i	**Interest on Loan Given to Subsidiaries**										
	Capri Global Resources Private Limited	0.04	-	-	-	-	-	-	-	0.04	-
ii	**Sale of Investment**										
	Capri Global Holding Private Limited	-	-	0.28	-	-	-	-	-	0.28	-
II	**EXPENSES :**										
i	**Rent Paid**										
	Parshwanath Buildcon Private Limited	-	-	0.20	0.26	-	-	-	-	0.20	0.26
	Capri Global Holding Private Limited	-	-	0.36	0.38	-	-	-	-	0.36	0.38
ii	**Salaries, Commission and other benefits**										
	Mr. Rajesh Sharma	-	-	-	-	3.60	-	-	-	3.60	-
	Mr. Jayesh Doshi	-	-	-	-	-	10.35	-	-	-	10.35
iii	**Director Sitting Fees**										
	Mr. Beni Prasad Rauka	-	-	-	-	1.82	2.38	-	-	1.82	2.38
	Ms. Bhagyam Ramani	-	-	-	-	3.30	2.49	-	-	3.30	2.49
	Mr. Mukesh Kacker	-	-	-	-	0.84	1.06	-	-	0.84	1.06
	Mr. Desh Raj Dogra	-	-	-	-	0.78	0.08	-	-	0.78	0.08
	Mr. Ajit Sharan	-	-	-	-	0.60	0.70	-	-	0.60	0.70
	Mr. Ajay Kumar Relan	-	-	-	-	0.16	0.57	-	-	0.16	0.57
	Mr. T.R. Bajalia	-	-	-	-	0.42	0.45				0.45
iv	**Employee Benefits**										
	Money Matters Financial Services Limited Employees Group Gratuity Assurance Scheme	-	-	-	-	-	-	4.50	7.50	4.50	7.50
	Money Matters Securities Private Limited Employees Group Gratuity Assurance Scheme	-	-	-	-	-	-	1.93	2.35	1.93	2.35
v	**Corporate Social Responsibility**										
	Capri Foundation	-	-	1.07	37.27	-	-	-	-	1.07	37.27

Sr. No.	Particulars	Subsidiaries		Enterprises over which Management and/or their relatives have control		Key Management Personnel		Trust Under Common Control		Total	
		As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
b	**Balance Sheet Items (Closing Balances):**										
i	**Other Payable**										
	Parshwanath Buildcon Private Limited	-	-	-	0.16	-	-	-	-	-	0.16

Note 43 - Segment Information (IND-AS 108)

Operating Segment:

The Group operates mainly in the business segment of fund based financing activity. All other activities revolve around the main business. Further, all activities are carried out within India. As such, there are no separate reportable segments as per the provisions of IND AS 108 on 'Operating Segments'.

Note 44 - In Accordance with IND AS - 33 Earnings Per Share

The computation of earning per share is set out below:

Particulars			For the Year Ended March 31, 2022	For the Year Ended March 31, 2021
Net Profit after tax as per Statement of Profit and Loss	(A)	(₹ in millions)	2,050.41	1,769.55
Weighted average number of equity shares for calculating Basic EPS	(B)	Nos.	17,54,26,904	17,52,85,355
Weighted average number of equity shares for calculating Diluted EPS	(C)	Nos.	17,74,05,541	17,65,01,662
Basic earnings per equity share (Face value of ₹ 2/- per share)	(A)/(B)	₹	11.69	10.10
Diluted earnings per equity share (Face value of ₹ 2/- per share)	(A)/(C)	₹	11.56	10.03

Particulars		For the Year Ended March 31, 2022	For the Year Ended March 31, 2021
Weighted average number of equity shares for calculating EPS	Nos.	17,54,26,904	17,52,85,355
Add : Equity shares for no consideration arising on grant of stock options under ESOP	Nos.	19,78,637	12,16,307
Weighted average number of equity shares in calculation of diluted EPS	Nos.	17,74,05,541	17,65,01,662

Note 45 - Leases

The changes in the carrying value of ROU assets are as follows:

(₹ in millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Gross carrying value		
Balance as at the beginning of the Year	296.79	273.24
On adoption of IND AS 116	-	-
Additions/Modifications	93.90	23.55
Terminations	37.75	-
Translation adjustments	-	-
Balance as at the end of the Year	352.94	296.79
Accumulated depreciation		
Balance as at the beginning of the Year	111.15	56.20
Depreciation	42.82	54.95
Terminations/modifications	24.10	-
Translation adjustments	-	-
Balance as at the end of the Year	129.87	111.15
Net Carrying Value at the end of the Year	**223.07**	**185.64**

The following is the movement in lease liabilities during the year:

(₹ in millions)

Particulars	As at March 31, 2022	As at March 31, 2021
Lease liabilities		
Balance as at the beginning of the Year	**211.74**	**231.58**
Additions/Modification	83.23	23.55
Terminations/modifications	16.36	-
Finance expense	26.12	25.56
Payment of lease liabilities	56.53	68.94
Translation adjustments	-	-
Balance as at the end of the Year	**248.20**	**211.74**

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2022, on an undiscounted basis:

(₹ in millions)

Tenure	31st March 2022	31st March 2021
Less than 1 year	20.05	62.07
1-3 years	44.51	97.49
3-5 years	216.40	92.14
More than 5 years	31.70	28.50
Total	**312.66**	**280.20**

The Group has adequate liquidity for payment of lease liabilities. The Group regularly monitor and pays lease rentals on timely manner as per the terms of respective leave and license agreement.

The Group has right to extend lease term as per mutually agreed terms laid down in respective leave and license agreement. The Group takes into account effect of extended lease term while recording the lease assets and lease liabilities accordingly.

Note 46 - Employee Stock Option

The Holding Company has granted Employee Stock Options (ESOP) under the Employee Stock Option Scheme 2009 (ESOP 2009) to employees of the Holding Company and Subsidiary spread over a period 1 to 4 years.

Employee Stock Option Plans

A Summary of the general terms of grants under stock options plans are as under: -

Name of Plan	As at March 31, 2022		As at March 31, 2021	
	Number of options under the Plan	Range of Exercise Price	Number of options under the Plan	Range of Exercise Price
Employee Stock Option Plan	30,40,800	₹ 2 to ₹ 300	15,80,450	₹ 2 to ₹194.9

The activity of the Stock Plans is summarised below:

Particulars	Year ended			
	As at March 31, 2022		As at March 31, 2021	
	Numbers	Exercise Price/ Vesting Price (₹)	Numbers	Exercise Price/ Vesting Price (₹)
Outstanding at the beginning of the year	4,42,000	100.00	5,74,000	100.00
	2,85,000	70.00	2,85,000	70.00
	7,32,950	2.00	5,55,000	2.00
	50,500	130.00	2,00,500	130.00
	50,000	174.00	50,000	174.00
	20,000	194.90	15,000	158.20
Granted	10,000	232.80	2,95,000	2.00
	3,70,000	225.00	20,000	194.90
	8,75,000	250.00	-	-
	9,50,000	300.00		
Exercised	1,29,600	2.00	1,13,000	100.00
	85,500	70.00	37,550	2.00
	1,53,600	100.00		
Forfeited, expired and cancelled	37,950	2.00	25,500	100.00
	28,000	130.00	52,000	2.00
	10,000	232.80	1,50,000	130.00
	3,00,000	225.00	15,000	158.20
			21,000	2.00
Outstanding at the end of the year	2,88,400	100.00	4,42,000	100.00
	1,99,500	70.00	2,85,000	70.00
	5,65,400	2.00	7,32,950	2.00
	22,500	130.00	50,500	130.00
	50,000	174.00	50,000	174.00
	20,000	194.90	20,000	194.90
	70,000	225.00	-	-
	8,75,000	250.00	-	-
	9,50,000	300.00	-	-

The Weighted average fair value of the new ESOPs granted during the year is ₹ 335.20 (previous Year ₹ 164.12).

The following table summarises information about stock option plans:

Exercise Price (₹)	Year ended			
	As at March 31, 2022		As at March 31, 2021	
	Numbers	Weighted Average Remaining Life (Months)	Numbers	Weighted Average Remaining Life (Months)
130.00	22,500	19	50,500	31
174.00	50,000	19	50,000	31
194.90	20,000	35	20,000	48
100.00	2,88,400	10	4,42,000	16
70.00	1,99,500	6	2,85,000	12
2.00	5,65,400	21	7,32,950	28
225.00	70,000	44	-	-
250.00	8,75,000	46	-	-
300.00	9,50,000	48	-	-

Fair Value Methodology:

The fair value of the shares are measured using Black-Scholes-Merton formula. Measurement inputs include share price on measurement date, exercise date of the instrument, exercise price, expected life, risk free interest rate, dividend yield, expected volatility.

The following table summarizes the assumptions used in calculating the grant date fair value.

Particulars	March 31, 2022	March 31, 2021
Expected life of the options	3 to 5 Years	3 to 5 Years
Expected volatility	50% to 60%	60%
Dividend yield	1%	1%
Risk-free interest rate	4.72% to 6.28%	4.59% to 5.62%

Expected life of the options: Expected life of the options is the period for which the holding company expects the Options to be live. The minimum life of a stock option is the minimum period before which the options cannot be exercised, and the maximum life is the period after which the options cannot be exercised.

Expected volatility: The measure of volatility used in ESOP pricing model is the annualised standard deviation of the continuously compounded rates of return (calculated by log function) on the share over a period prior to the date of grant corresponding to the expected life of the option.

Dividend yield: Dividend Yield has been calculated as an average of dividend yields of six financial years preceding the date of grant. The dividend yield for the year is derived by dividing the dividend per share by the share price as on dividend effective date.

Risk-free interest rate: The rate used to discount employee benefit obligations reflects the estimated timing of benefit payments and the currency in which the benefits are to be paid. We have used the Discount Rate which relates to the par-yield rate available on ZYC Government Securities (G. Sec.) for the tenure of the expected life of options. (Ref: G Sec. rates available through www.fbil.org.in with prices/yields published by FBIL).

The Weighted average market price of the ESOPs exercised during the year is ₹ 530.71 (previous year ₹ 269.37).

ESOP cost recognised in the Statement of Profit and Loss for March 31,2022 ₹ 54.78 Millions (March 31, 2021 ₹ 31.20 Millions)

Note 47 - Expenditure in Foreign Currency

Software Expenses ₹ 1.47 Millions (March 31, 2021 ₹ 1.61 Millions)

Note 48 - Details of dues to micro and small enterprises

The Group has sent confirmations to suppliers to confirm whether they are covered under The Micro, Small and Medium Enterprises Development Act 2006 (MSMED Act, 2006) as well as they have filled required memorandum with prescribed authorities. Out of the confirmations sent to the parties, some confirmation have been received till date of finalisation of Balance Sheet. Based on the confirmations received, outstanding amounts payable to vendors covered under The Micro, Small and Medium Enterprises Development Act 2006 has been disclosed under note no. 14.

Note 49 - Contingent Liabilities

Income Tax matters under dispute: March 31, 2022 ₹ 115.18 Millions (March 31, 2021 ₹ 3.63 Millions)

Note 50 - Capital and Other Commitments

a) Estimated amount of contracts remaining to be executed on capital account and not provided for March 31, 2022 ₹ 66.55 Millions (March 31, 2021 ₹ 13.88 Millions)

b) Amount payable towards acquisition of Property for March 31, 2022 ₹ 39.82 Millions (March 31, 2021 ₹ 48.10 Millions)
c) Other Commitments
Pending disbursements of sanctioned loans for March 31, 2022 ₹ 13,341.79 Millions (March 31, 2021 ₹ 9,259.46 Millions)

Note 51 - Fraud Reporting

The group has reported frauds aggregating March 31, 2022 ₹ NIL (March 31, 2021 ₹ NIL) based on management reporting to risk committee and to the RBI through prescribed returns.

Note 52 - Details of all collateral used as security for liabilities

(₹ in millions)

Particulars	Carrying amount of financial assets pledged	
	As at 31st March, 2022	As at 31st March, 2021
Assets type		
Loans receivable as collateral under lending agreements	63,627.34	47,853.20
Loans receivable as collateral under PTC agreements	1,177.71	1,729.84
Receivables from investment in securities as collateral	2,554.12	5,389.90
Cash and other bank balance collateral under lending agreements	3,515.09	2,141.42

Note 53 A- Additional regulatory information under division III to schedule III as per notification dated March 24, 2021

(i) Revaluation of Property, Plant and Equipment:
The Group has not revalued Property, Plant and Equipment during the year.

(ii) Revaluation of Intangible Assets:
The Group has not revalued Intangible assets during the year.

(iii) Loans or Advances:
During the year, the Group has not provided any loans or advances granted to promoters, directors and KMPs.
However, the loan was provided to one of the subisidiary and the same was repaid as well.

(iv) Intangible assets under development ageing schedule:

(₹ in millions)

Intangible Assets under development	Amount in Intangible Assets under development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress (Software)	23.20	-	-	-	23.20

(v) Details of Benami Property held:
No proceedings have been initiated or pending against the Group for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended from time to time) and the rules made thereunder.

(vi) Security of current assets against borrowings:
Quarterly returns or statements of current assets filed by the Group with banks or financial institutions are in agreement with the books of accounts.

(vii) Wilful Defaulter:
The Group has not been declared as wilful defaulter by any bank or financial institution or other lender.

(viii) Relationship with Struck off Companies:
Details of transaction with struck off Companies is as follows-

Name of struck off Company	Nature of transaction with struck off Company	Balance outstanding	Relationship with struck off Company
Netclick Infocomm Private Limited	Internet service	-	NA

(ix) Compliance with number of layers of companies:
The Group has complied with the requirements of number of layers as per Section 186 of Companies Act, 2013.

(x) Compliance with approved Scheme(s) of Arrangements:
The Group has not entered into any scheme of arrangement.

(xi) Utilisation of Borrowed funds and share premium
Borrowed funds have been utilised for the purpose they have been sanctioned and share premium has been utilised in working capital.

(xvii)
(a) The Group has not advanced or loaned or invested (either from borrowed funds or share premium or any other sources or other kind of funds) to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The Group has not received any funds (which are material either individually or in the aggregate) from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Group shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

Note 53 B - Additional Disclosures

(i) Pursuant to the RBI circular dated November 12, 2021 - "Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances - Clarifications" (RBI Circular - RBI/2021-2022/125/DOR.STR.REC.68/21.04.048/2021-22) the Group had aligned its definition of default from number of instalments outstanding approach to Days Past Due approach. Subsequently on February 15, 2022 vide circular RBI/2021-2022/158/DOR.STR.REC.85/21.04.048/2021-22 (RBI Clarification), RBI has deferred the implementation of Para 10 of circular till September 30, 2022. Accordingly, the Group, in accordance with the said RBI clarification, has decided to implement the change in Income Recognition, Asset Classification and Provisioning norms by September 30, 2022. The impact of the RBI circular, which was recognized in the results of nine months' period ended December 31, 2021 has been reversed by derecognizing such assets as credit impaired.

(ii) **Events after reporting date** - There have been no events after the reporting date that require disclosure in these financial statements.

Note 54 - Additional information pursuant to para 2 of general instructions for the preparations of Consolidated Financial Statements :

Name of the entity in the Group	Net Assets, i.e. total assets minus total liability		Share in Profit or Loss		Share in Other Comprehensive income		Share in total Comprehensive income	
	As % of consolidated net assets	Amount (₹ in millions)	As % of Consolidated Profit or Loss	Amount (₹ in millions)	As % of Consolidated other comprehensive income	Amount (₹ in millions)	As % of total Comprehensive income	Amount (₹ in millions)
Parent								
Capri Global Capital Limited (net off elimination)	93.02%	17,883.54	79.83%	1,636.86	65.23%	(3.21)	79.87%	1,633.65
Subsidiaries								
Indian								
Capri Global Housing Finance Limited (net off elimination)	6.98%	1,341.17	20.17%	413.55	34.77%	(1.71)	20.13%	411.84
Total	**100.00%**	**19,224.71**	**100.00%**	**2,050.41**	**100.00%**	**(4.92)**	**100.00%**	**2,045.49**

Note 55 - Previous year figures

Previous year's figures have been regrouped and reclassified wherever necessary to confirm to current year's presentation.

In terms of our report attached
For M M Nissim & Co LLP
Chartered Accountants
(Firm's Registration No. 107122W/W100672)

For and on behalf of the Board of Directors

(Rajesh Sharma)	(Beni Prasad Rauka)
Managing Director & Chief Financial Officer	Independent Director
DIN 00020037	DIN 00295213

Sanjay Khemani
Partner
Membership No. 044577

(Yashesh Bhatt)
Company Secretary
ACS-20491

Place: Mumbai
Date: May 21, 2022

Place: Mumbai
Date: May 21, 2022

INDEPENDENT AUDITOR'S REPORT

To The Members of Capri Global Capital Limited
Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Capri Global Capital Limited ("the Holding Company") and its subsidiaries, (the Holding Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31st March 2021, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS'), and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2021, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143 (10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Emphasis of Matter

We draw your attention to Note 34 to the Statement, which describes the continuing uncertainty arising from the COVID-19 Pandemic of the Group's financial statements.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter Description

As at March 31, 2021, loan assets aggregating to ₹ 468,625.53 lacs, constituting 80.62% of the Group's total assets and the related impairment provisions amounting to Rs. 11440.99 lacs including macro-economic overlays on account of COVID. Since the loans and advances form a major portion of the Groups's assets, and due to the significance of the judgments used in classifying loans and advances into various stages as stipulated in IND AS 109 and determining related impairment provision requirements, this is considered to be the area that had a greater focus of our overall audit of the Group and a key audit matter.

As part of our risk assessment, we determined that the allowance for ECL on loan assets (including undisbursed commitments) has a high degree of estimation uncertainty, with a potential range of reasonable outcomes for the financial statements.

Management estimates impairment provision using Expected Credit loss model for the loan exposure. Measurement of loan impairment involves application of significant judgement by the management. The most significant judgements are:

- Timely identification and classification of the impaired loans, and
- Determination of probability of defaults (PD) and estimation of loss given defaults (LGD) based on the value of collaterals and relevant factors

The estimation of Expected Credit Loss (ECL) on financial instruments involve significant judgements and estimates. Following are points with increased level of audit focus:

- Classification of assets to stage 1, 2, or 3 using criteria in accordance with Ind AS 109 which also include considering the impact RBI circulars including COVID-19 Regulatory package.
- Accounting interpretations, modelling assumptions and data used to build and run the models;
- Measurement of individual borrowers' provisions including Covid-19 impact assessment of multiple economic scenarios;
- Inputs and Judgements used in determination of management overlay at various asset stages considering the current uncertain economic environment with the range of possible effects unknown to the country arising out of the COVID 19 Pandemic and
- The disclosures made in financial statements for ECL especially in relation to judgements and estimates by the Management in determination of the ECL.

<u>How the Key Audit Matter Was Addressed in the Audit</u>

The audit procedures performed by us included the following:

We examined Board Policy approving methodologies for computation of ECL that address policies, procedures and controls for assessing and measuring credit risk on all lending exposures, commensurate with the size, complexity and risk profile specific to the Group. The parameters and assumptions used and their rationale and basis are clearly documented.

Additionally, we have confirmed that adjustments to the output of the ECL Model is consistent with the documented rationale and basis for such adjustments and that the amount of adjustment has been approved by the Audit Committee of the Board of Directors

- Testing the design and effectiveness of internal controls over the:
  - completeness and accuracy of the Exposure at Default ("EAD") and the classification thereof into stages consistent with the definitions applied in accordance with the policy approved by the Board of Directors including the appropriateness of the qualitative factors to be applied.
  - Accuracy of PD and LGD computed based on Company's past history.
  - where relevant, we used Information System specialists to gain comfort on data integrity and completeness of the aging report based on which the Staging of the loans is done into Stage 1, 2 and 3
  - computation of the ECL including methodology used to determine macro-economic overlays and adjustments to the output of the ECL Model.

- Also, on a sample basis tested:
  - Accuracy of the Days past due computation and the staging thereon.
  - completeness and accuracy of information used in the estimation of the PD and LGD for the different stages depending on the nature of the portfolio.
  - Computation of the PD and LGD based on the underlying data.
  - for exposures determined to be individually impaired, we tested a sample of loans and advances and examined management's estimate of LGD by comparing actual recoveries post the loan asset becoming credit impaired with estimates of LGD.
  - we tested computation of provision for expected credit loss by using PD and LGD (EAD*PD*LGD*) to ensure the correctness of the Company's working.

- We performed an overall assessment of the ECL provision levels at each stage and reasonableness of the management's overlays on account of Covid-19 taking into consideration the Group's portfolio, risk profile, credit risk management practices and the macroeconomic environment.

- We also assessed the disclosures made in relation to the ECL allowance to confirm compliance with the provisions of Ind AS 107.

Information Other than the Financial Statements and Auditor's Report Thereon

i. The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report, Management Discussion and Analysis and Corporate Governance report, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon. The Director's report, Management Discussion and Analysis and Corporate Governance report is expected to be made available to us after the date of this auditor's report.

- Our opinion on the consolidated financial statements does not cover the other information and we and will not express any form of assurance conclusion thereon.

- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

- If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

- When we read the Director's report, Management Discussion and Analysis and Corporate Governance report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit, we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept by the Holding Company so far as it appears from our examination of those books.

c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2021 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Holding company and Subsidiary company incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Holding Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group;

ii) the Group did not have any material foreseeable losses on long-term contracts including derivative contracts.

iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Anjum A. Qazi
(Partner)
(Membership No. 104968)
(UDIN: **21104968AAAAEF6057**)

Place: Mumbai
Date: June 17, 2021

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated IND AS financial statements of the Company as of and for the year ended 31st March 2021, we have audited the internal financial controls over financial reporting of Capri Global Capital Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies incorporated in India as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding Company and its subsidiary companies, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion to the best of our information and according to the explanations given to us, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2021, based on the criteria for internal financial control over financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Anjum A. Qazi
(Partner)
(Membership No. 104968)
(UDIN: **21104968AAAAEF6057**)

Place: Mumbai
Date: June 17, 2021

CAPRI GLOBAL CAPITAL LIMITED

Consolidated Balance Sheet as at March 31, 2021

(INR in Millions)

	Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
	ASSETS			
(1)	**Financial assets**			
(a)	Cash and cash equivalents	3	1,705.82	623.25
(b)	Bank Balance other than above	4	536.66	118.77
(c)	Receivables	5	30.56	9.12
(d)	Loans	6	46,862.55	39,288.41
(e)	Investments	7	8,074.53	3,607.28
(f)	Other financial assets	8	97.66	23.02
	Total Financial Assets		**57,307.78**	**43,669.85**
(2)	**Non-financial Assets**			
(a)	Current tax assets (net)	9	82.62	93.01
(b)	Deferred tax assets	10	257.29	151.84
(c)	Investment Properties	11	6.67	8.82
(d)	Property, plant and equipment	12	68.97	78.29
(e)	Other Intangible assets		202.47	235.25
(f)	Intagible Assets under development		0.69	3.64
(g)	Other non financial assets	13	204.34	174.11
	Total Non-Financial Assets		**823.05**	**744.96**
	Total Assets		**58,130.83**	**44,414.81**
	EQUITY AND LIABILITIES			
	LIABILITIES			
(1)	**Financial Liabilities**			
(a)	Payables			
	(A) Trade Payables	14		
	(i) total outstanding dues of micro enterprises and small enterprises		-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		74.95	68.58
	(B) Other Payables			
	(i) total outstanding dues of micro enterprises and small enterprises		-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		72.26	68.22
(b)	Debt Securities	15	6,741.30	1,500.00
(c)	Borrowings (Other than Debt Securities)	16	30,947.28	26,866.12
(d)	Other Financial liabilities	17	2,823.82	308.81
	Total Financial Liabilities		**40,659.61**	**28,811.73**
(2)	**Non-financial Liabilities**			
(a)	Current tax liabilities (net)	18	148.87	117.12
(b)	Provisions	19	125.66	84.44
(c)	Other non-financial liabilities	20	23.68	9.67
	Total Non-Financial Liabilities		**298.21**	**211.23**
	Total Liabilities		**40,957.82**	**29,022.96**
3	**Equity**			
(a)	Equity Share Capital	21	350.57	350.27
(b)	Other Equity	22	16,822.44	15,041.58
	Total Equity		**17,173.01**	**15,391.85**
	Total Equity and Liabilities		**58,130.83**	**44,414.81**

The accompanying notes are an integral part of the Financial Statements.

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

Anjum A. Qazi
Partner
(Membership No. 104968)

Place: Mumbai
Date: June 17, 2021

For and on behalf of the Board of Directors

(Rajesh Sharma)
Managing Director
DIN 00020037

(Beni Prasad Rauka)
Independent Director
DIN 00295213

(Harish Agrawal)
Senior Vice President & Company Secretary

(Raj Ahuja)
Group Chief Financial Officer

Place: Mumbai
Date: May 27, 2021

CAPRI GLOBAL CAPITAL LIMITED

Consolidated Statement of Profit and Loss for the year ended March 31, 2021

(INR in Millions)

	Particulars	Note No.	Year ended March 31, 2021	Year ended March 31, 2020
	Revenue from operations			
(i)	Interest income	23	6,735.21	6,699.62
(ii)	Dividend income		1.18	2.73
(iii)	Fee and commission income	24	20.74	50.36
(iv)	Net gain on fair value changes	25	288.23	122.83
(v)	Other operating income	26	315.47	285.48
(I)	**Total Revenue from operations**		**7,360.83**	**7,161.02**
(II)	**Other Income**	27	10.54	34.02
(III)	**Total Income (I + II)**		**7,371.37**	**7,195.04**
	Expenses			
(i)	Finance costs	28	2,887.05	2,828.02
(ii)	Net loss on fair value changes	25 A	-	62.41
(iii)	Impairement of financial instruments (Expected Credit Loss)	29	544.68	299.23
(iv)	Employee benefit expenses	30	993.79	1,188.07
(v)	Depreciation and amortisation expense	12	105.11	107.84
(vi)	Other expenses	31	483.61	489.66
(IV)	**Total Expenses**		**5,014.24**	**4,975.23**
(V)	**Profit before tax (III- IV)**		**2,357.13**	**2,219.81**
	Tax Expense:			
	- Current tax		693.03	606.04
	- Deferred tax		(105.45)	(5.04)
	- Tax Pertaining to earlier years		-	6.48
(VI)	**Total tax expense**		**587.58**	**607.48**
(VII)	**Net Profit After Tax**		**1,769.55**	**1,612.33**
(VIII)	**Other Comprehensive Income**	32		
	(i) Items that will not be classified to profit and loss - Remeasurement of defined benefit plans		6.27	3.77
	(ii) Income tax relating to items that will not be reclassified to profit and loss		(1.56)	(0.94)
	Other Comprehensive Income		**4.71**	**2.83**
(IX)	**Total Comprehensive Income (VII + VIII)**		**1,774.26**	**1,615.16**
(X)	**Earnings per equity share (Face value INR 2/- each)**			
	Basic (Rs.)		10.10	9.21
	Diluted (Rs.)		10.03	9.15

The accompanying notes are an integral part of the Financial Statements.

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

Anjum A. Qazi
Partner
(Membership No. 104968)

Place: Mumbai
Date: June 17, 2021

For and on behalf of the Board of Directors

(Rajesh Sharma)
Managing Director
DIN 00020037

(Beni Prasad Rauka)
Independent Director
DIN 00295213

(Harish Agrawal)
Senior Vice President & Company Secretary

(Raj Ahuja)
Group Chief Financial Officer

Place: Mumbai
Date: May 27, 2021

CAPRI GLOBAL CAPITAL LIMITED

Consolidated Statement of Cash Flow for the year ended March 31, 2021

(INR in Millions)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Cash Flow From Operating activities		
Profit before tax from continuing operations	2,357.13	2,219.81
Profit before tax	2,357.13	2,219.81
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation & amortisation	105.11	107.84
Impairment on financial instruments	544.68	299.23
Net (gain)/loss on sale of financial instruments / fair valuation of financial instruments	(288.23)	46.67
Loss/(Gain) on sale of Fixed Assets	0.20	3.14
Share Based Payments to employees	25.45	27.23
Dividend income	(1.18)	(2.73)
Interest on Leased Assets	25.56	25.09
Operating Profit before working capital changes	**2,768.72**	**2,726.28**
Working capital changes		
Loans	(8,114.45)	637.42
Trade receivables and contract asset	(98.83)	77.22
Other Non-financial Assets	(30.23)	5.39
Trade payables and contract liability	5.79	(17.74)
Other financial liability	2,538.34	(864.08)
Other Non-financial liability	13.30	(22.25)
Provision	43.12	13.17
Cash flows (used in)/ generated from operating activities	**(2,874.24)**	**2,555.41**
Income tax paid	(652.46)	(455.84)
Net cash flows (used in)/ generated from operating activities	**(3,526.70)**	**2,099.57**
Cash Flow From Investing activities		
Purchase of fixed and intangible assets	(45.90)	(37.72)
Loss on Cessation of Subsidiary	-	(1.33)
Proceeds from sale of property and equipment	1.06	9.96
Proceeds from sale of Investment Property	2.15	2.15
Increase in Fixed deposits not considered as cash and cash equivalent	(417.94)	68.01
Purchase of investment (net)	(4,179.04)	(3,560.68)
Dividend received	1.18	2.73
Net cash flows from/(used in) investing activities	**(4,638.49)**	**(3,516.88)**
Cash Flow From Financing activities		
Debt securities issued	4,992.81	1,000.52
Payments for the principal portion of the lease liability	(35.23)	(41.69)
Payments for the interest portion of the lease liability	(25.56)	(25.09)
Borrowings other than debt securities issued/(repaid)	4,329.63	(321.44)
Dividends paid including Dividend Distribution Tax	(35.03)	(76.01)
Issue of Equity Share	21.09	-
Net cash flows from financing activities	**9,247.71**	**536.29**
Net increase/(decrease) in cash and cash equivalents	1,082.52	(881.02)
Cash and cash equivalents at the beginning of the Year	623.50	1,504.52
Cash and cash equivalents at the end of the Year (Refer note 3)	**1,706.02**	**623.50**
1. Operational cash flows from interest and dividends		
Interest paid	2,545.84	2,803.96
Interest received	6,558.43	6,618.22
Dividend received	1.18	2.73

2. Cash flows arising on account of taxes on income are not specifically bifurcated with respect to investing & financing activities.
3. Previous Years figures have been regrouped, wherever necessary to confirm to current year's classification.
4. Figures in brackets represent outflows.

The accompanying notes are an integral part of the Financial Statements.

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

Anjum A. Qazi
Partner
(Membership No. 104968)

Place: Mumbai
Date: June 17, 2021

For and on behalf of the Board of Directors

(Rajesh Sharma)
Managing Director
DIN 00020037

(Beni Prasad Rauka)
Independent Director
DIN 00295213

(Harish Agrawal)
Senior Vice President &
Company Secretary

(Raj Ahuja)
Group Chief Financial Officer

Place: Mumbai
Date: May 27, 2021

CAPRI GLOBAL CAPITAL LIMITED

Consolidated Statement of Changes in Equity As at March 31, 2021

A. EQUITY SHARE CAPITAL

(INR in Millions)

As at April 01, 2019	Changes in equity share capital during the year 2019-20	As at March 31, 2020	Changes in equity share capital during the year 2020-21	As at March 31, 2021
350.27	-	350.27	0.30	350.57

B. OTHER EQUITY

(INR in Millions)

	Reserves and Surplus					Other Comprehensive Income	
	General Reserve	**Securities Premium**	**Retained Earnings**	**Employee Share Option Outstanding**	**Statutory Reserve pursuant to Section 45-IC of the RBI Act, 1934**	**Statutory Reserve Section 29C of the National Housing Bank Act, 1987**	**Employee Benefit Expenses (Gratuity - OCI)**	**Total**
Balance as at April 1, 2019	**642.05**	**4,471.01**	**6,442.46**	**30.69**	**1,848.00**	**42.10**	**0.21**	**1,34,765.22**
Dividends #	-	-	(76.01)	-	-	-	-	(76.01)
Transfer from retained earnings	-	-	(323.87)	-	272.04	49.00	2.83	0.00
Loss on Cessastion of Subsidiaries			(1.33)					(1.33)
Transfer to retained earnings	-	-	1,615.17	27.23	-	-	-	1,642.40
Balance as at April 1, 2020	**642.05**	**4,471.01**	**7,656.42**	**57.92**	**2,120.04**	**91.10**	**3.04**	**15,041.58**
Dividends ##	-	-	(35.04)	-	-	-	-	(35.04)
Transfer from retained earnings	-	20.79	(359.83)	-	287.92	67.20	4.71	20.79
Loss on Cessastion of Subsidiaries	-	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	1,774.26	20.85	-	-	-	1,795.11
Balance as at March 31, 2021	**642.05**	**4,491.80**	**9,035.81**	**78.77**	**2,407.96**	**158.30**	**7.75**	**16,822.44**

During the FY 2019-20 the Company has paid the dividend of Rs. 76.01 Millions (including dividend distribution tax of Rs.12.96 Millions) at Re.0.36 per equity share (on face value of Rs.2/- per equity share) approved in its Annual General Meeting held on 2nd August, 2019.

During the FY 2020-21 the Company has paid the dividend of Rs. 35.03 Millions at Re.0.10 per equity share (on face value of Rs.2/- per equity share) approved in its Annual General Meeting held on 31st July, 2020.

The accompanying notes are an integral part of the Financial Statements.

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

For and on behalf of the Board of Directors

(Rajesh Sharma)
Managing Director
DIN 00020037

(Beni Prasad Rauka)
Independent Director
DIN 00295213

Anjum A. Qazi
Partner
(Membership No. 104968)

(Harish Agrawal)
Senior Vice President &
Company Secretary

(Raj Ahuja)
Group Chief Financial Officer

Place: Mumbai
Date: June 17, 2021

Place: Mumbai
Date: May 27, 2021

1. Corporate Information

Capri Global Capital Limited (the Company) having principal place of business at Registered office, 502, Tower A, Peninsula Business Park, Senapati Bapat Marg, Lower Parel, Mumbai - 400013 is engaged in the business of providing loans to Micro, Small and Medium Enterprises (MSMEs), providing long term finance for construction of residential houses in India, retail Lending in India and in providing ancillary services related to the said business activities. The Company is NBFC – Investment and Credit Company (NBFC-ICC), holding a Certificate of Registration No. B-13.01882 from the Reserve Bank of India ("RBI") dated November 05, 2007, having CIN: L65921MH1994PLC173469.

The financial statements for the year ended March 31, 2021 were authorised for issue in accordance with a resolution of the board of directors on May 27, 2021.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements of the holding and its subsidiary companies (together the "Group") have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time). The financial statements have been prepared under the historical cost convention, as modified by the application of fair value measurements required or allowed by relevant Accounting Standards. Accounting policies have been consistently applied to all periods presented, unless otherwise stated.

The preparation of financial statements requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosed amount of contingent liabilities. Areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the Group are discussed in Note 2.15- Significant accounting judgements, estimates and assumptions.

The financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest Millions, except when otherwise indicated.

2.2 Presentation of financial statements

The financial statements of the Group are presented as per Schedule III (Division III) of the Companies Act, 2013 (the Act) applicable to NBFCs, as notified by the Ministry of Corporate Affairs (MCA). Financial assets and financial liabilities are generally reported on a gross basis except when, there is an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event and the parties intend to settle on a net basis in the following circumstances:

i. The normal course of business
ii. The event of default
iii. The event of insolvency or bankruptcy of the Group and/or its counterparties

2.3 Statement of compliance

The financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period as explained in the accounting policies below and the relevant provisions of the Act.

Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

2.4 Basis of Consolidation

The consolidated financial statements relate to Capri Global Capital Limited (the holding Company) and its wholly owned subsidiary companies which are as follows.

1) Capri Global Housing Finance Limited
2) Capri Global Resources Private Limited

(i) Principles of Consolidation:
The consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) 110 - "Consolidated Financial Statements" notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).The consolidated financial statements have been prepared on the following basis:

a) The financial statements of Group have been combined on a line by line basis of like items of assets, liabilities, equity, income, expenses and cash flows of the holding with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements as at March 31, 2021.

b) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the holding Company's separate financial statements. Appropriate adjustments have been made in the financial statements of the subsidiaries with respect to different accounting policies for like transaction and events in similar circumstances for the purpose of preparation of consolidated financial statements.

c) Elimination of the carrying amount of the holding's investment in each subsidiary and the holding's portion of equity of each subsidiary.

d) The financial statements of the subsidiaries used in consolidation are drawn up to the same reporting date as that of the holding Company i.e. period ended on March 31, 2021.

2.5 Financial instruments

(i) Classification of financial instruments
The Group classifies its financial assets into the following measurement categories:

1. Financial assets to be measured at amortised cost
2. Financial assets to be measured at fair value through profit or loss

The classification depends on the contractual terms of the financial assets' cash flows and the Group's business model for managing financial assets which are explained below:

<u>Business model assessment</u>

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

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- The expected frequency, value and timing of sales are also important aspects of the Group's assessment. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

<u>The Solely Payments of Principal and Interest (SPPI) test</u>

As a second step of its classification process the Group assesses the contractual terms of financial assets to identify whether they meet the SPPI test.
'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).
In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

The Group classifies its financial liabilities at amortised costs unless it has designated liabilities at fair value through the profit and loss account or is required to measure liabilities at fair value through profit or loss such as derivative liabilities.

(ii) Financial assets measured at amortised cost

Debt instruments

These financial assets comprise bank balances, receivables, investments and other financial assets. Debt instruments are measured at amortised cost where they have:

a) contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest on the principal amount outstanding; and
b) are held within a business model whose objective is achieved by holding to collect contractual cash flows.

These debt instruments are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost.

(iii) Financial instruments at fair value through profit or loss (FVTPL)

Items at fair value through profit or loss comprise:

- Investments (including equity shares) held for trading;
- debt instruments with contractual terms that do not represent solely payments of principal and interest.

Financial instruments held at FVTPL are initially recognised at fair value, with transaction costs recognised in the statement of profit and loss as incurred. Subsequently, they are measured at fair value and any gains or losses are recognised in the statement of profit and loss as they arise.

(iv) Debt securities and other borrowed funds

After initial measurement, debt issued, and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the Effective Interest Rate (EIR).

(v) Reclassification

If the business model under which the Group holds financial assets undergoes changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that result in reclassifying the Group's financial assets. Changes in contractual cash flows are considered under the accounting policy on Modification and derecognition of financial assets described in subsequent paragraphs.

(vi) Recognition and Derecognition of financial assets and liabilities

<u>Recognition:</u>

a) Loans and Advances are initially recognised when the Financial Instruments are transferred to the customers.
b) Investments are initially recognised on the settlement date.
c) Debt securities, deposits and borrowings are initially recognised when funds are received by the Group.

d) Other Financial assets and liabilities are initially recognised on the trade date, i.e., the date that the Group becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Derecognition of financial assets due to substantial modification of terms and conditions:

The Group derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be Purchased or Originated as Credit Impaired (POCI).

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Group records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

Derecognition of financial assets other than due to substantial modification

a) Financial assets:

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Group also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Group has transferred the financial asset if, the Group has transferred its contractual rights to receive cash flows from the financial asset.

A transfer only qualifies for derecognition if either:

i. The Group has transferred substantially all the risks and rewards of the asset, or
ii. The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The Group considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Group has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Group's continuing involvement, in which case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

b) Financial liabilities

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

(vii) Impairment of financial assets

Overview of the ECL principles

The Group records allowance for expected credit losses for all loans, other debt financial assets not held at FVTPL, together with financial guarantee contracts, in this section all referred to as 'financial instruments. Equity instruments are not subject to impairment under Ind AS 109.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is the portion of Lifetime ECL that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both Lifetime ECLs and 12-month ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments. The Group has grouped its loan portfolio into Micro, Small and Medium Enterprises (MSMEs), Construction Finance and Housing Finance.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Group does the assessment of significant increase in credit risk at a borrower level. If a borrower has various facilities having different past due status, then the highest days past due (DPD) is considered to be applicable for all the facilities of that borrower.

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

Stage 1

All exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. The Group classifies all standard advances and advances up to 0-29 days default under this category. Stage 1 loans also include facilities where the credit risk has reduced and the loan has been reclassified from Stage 2.

Stage 2

All exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired are classified under this stage. Financial assets past due for 30 to 89 days are classified under this stage. Stage 2 loans also include facilities where the credit risk has reduced, and the loan has been reclassified from Stage 3.

Stage 3

All exposures assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred are classified in this stage. For exposures that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount. 90 days Past Due is considered as default for classifying a financial instrument as credit impaired. If an event (for eg. any natural calamity) warrants a provision higher than as mandated under ECL methodology, the Group may classify the financial asset in Stage 3 accordingly.

Credit-impaired financial assets:

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt financial assets carried at FVTOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:
a) Significant financial difficulty of the borrower or issuer;
b) A breach of contract such as a default or past due event;
c) The restructuring of a loan or advance by the group on terms that the group would not consider otherwise;
d) It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
e) The disappearance of an active market for a security because of financial difficulties.

The mechanics of ECL:

The Group calculates ECLs based on probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

Probability of Default (PD) - The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

Loss Given Default (LGD) - The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

Exposure at Default (EAD) - The Exposure at Default is an estimate of the exposure at a future default date including the undrawn commitments.

Collateral Valuation

To mitigate its credit risks on financial assets, the Group seeks to use collateral, where possible. The collateral comes in various forms, such as the underlying asset financed, cash, securities, letters of credit/guarantees, etc. However, the fair value of collateral affects the calculation of ECLs. To the extent possible, the Group uses active market data for valuing financial assets held as collateral.

Collateral repossessed

In its normal course of business, the Group does not physically repossess properties or other assets in its retail portfolio, but engages its employees to recover funds, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, assets under legal repossession processes are not recorded on the balance sheet.

(viii) Write-offs

The Group reduces the gross carrying amount of a financial asset when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write-offs. Any subsequent recoveries against such loans are credited to the Statement of Profit and Loss.

(ix) Determination of fair value

On initial recognition, all the financial instruments are measured at fair value. For subsequent measurement, the Group measures certain categories of financial instruments (as explained in note.40) at fair value on each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

i. In the principal market for the asset or liability, or
ii. In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which enough data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

Level 1 financial instruments - Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Group has access to at the measurement date. The Group considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.

Level 2 financial instruments - Those where the inputs that are used for valuation are significant and are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Group will classify the instruments as Level 3.

Level 3 financial instruments - Those that include one or more unobservable input that is significant to the measurement as whole.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

<u>Difference between transaction price and fair value at initial recognition</u>

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Group recognises the difference between the transaction price and the fair value in profit or loss on initial recognition (i.e. on day one).

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Group recognises the difference between the transaction price and fair value in net gain on fair value changes. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is not recognised at the initial recognition stage.

2.6 Revenue from operations

(i) Interest Income

Interest income is recognised by applying EIR to the gross carrying amount of financial assets other than credit-impaired assets and financial assets classified as measured at FVTPL, taking into account the amount outstanding and the applicable interest rate. For credit impaired financial assets, the group applies the EIR to the amortised cost of the financial asset in subsequent reporting period.

The EIR is computed

a. As the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.
b. By considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) in estimating the cash flows
c. Including all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Any subsequent changes in the estimation of the future cash flows is recognised in interest income with the corresponding adjustment to the carrying amount of the assets.

(ii) Dividend Income

Dividend income is recognised when the right to receive the payment is established,

(iii) Fees & Commission Income

Fees and commissions are recognised when the Group satisfies the performance obligation, at fair value of the consideration received or receivable.

(iv) Net gain on Fair value changes

Any differences between the fair values of financial assets classified as FVTPL held by the Group on the reporting date is recognised as an unrealised gain / loss. In cases there is a net gain in the aggregate, the same is recognised in “Net gains on fair value changes” under Revenue from operations and if there is a net loss the same is disclosed as “Net loss on fair value changes” under Expenses in the Statement of Profit and Loss.

Similarly, any realised gain or loss on sale of financial instruments measured at FVTPL and debt instruments measured at FVTOCI is recognised in net gain / loss on fair value changes.

However, net gain / loss on derecognition of financial instruments classified as amortised cost is presented separately under the respective head in the Statement of Profit and Loss.

(v) Loan Processing Fees

Loan processing fees is collected towards processing of loan, is amortised on EIR basis over the contractual life of the loan.

2.7 Expenses

(i) Finance costs

Finance costs on borrowings is paid towards availing of loan, is amortised on EIR basis over the contractual tenure of the loan.

The EIR in case of a financial liability is computed

a. As the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the gross carrying amount of the amortised cost of a financial liability.
b. By considering all the contractual terms of the financial instrument in estimating the cash flows
c. Including all fees paid between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Any subsequent changes in the estimation of the future cash flows is recognised in interest expense with the corresponding adjustment to the carrying amount of the liability.

Interest expense includes issue costs that are initially recognized as part of the carrying value of the financial liability and amortized over the expected life using the effective interest method. These include fees and commissions payable to advisers and other expenses such as external legal costs, Rating Fee etc, provided these are incremental costs that are directly related to the issue of a financial liability.

(ii) Retirement and other employee benefits

Short term employee benefit

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include short term compensated absences such as paid annual leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised as an expense during the period. Benefits such as salaries and wages, etc. and the expected cost of the bonus/ex-gratia are recognised in the period in which the employee renders the related service.

Post-employment employee benefits

a) Defined contribution schemes

All the eligible employees of the Group who have opted to receive benefits under the Provident Fund and Employees State Insurance scheme, defined contribution plans in which both the employee and the Group contribute monthly at a stipulated rate. The Group has no liability for future benefits other than its annual contribution and recognises such contributions as an expense in the period in which employee renders the related service. If the contribution payable to the scheme for service received before the Balance Sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the Balance Sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

b) Defined Benefit schemes

The Group provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated years mentioned under 'The Payment of Gratuity Act, 1972'. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation, carried out by an independent actuary at each Balance Sheet date, using the Projected Unit Credit Method, which recognizes each period of service as giving rise to an additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government Securities as at the Balance Sheet date.

Net interest recognized in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognized as part of re-measurement of net defined liability or asset through other comprehensive income. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, attrition rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The Group fully contributes all ascertained liabilities to the respective Trusts created for this purpose. Trustees administer contributions made to the trust and contributions are invested in a scheme of insurance with the IRDA approved Insurance Companies.

Re-measurement, comprising of actuarial gains and losses and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit and loss in subsequent periods.

Other long-term employee benefits

Group's liabilities towards compensated absences to employees are accrued on the basis of valuations, as at the Balance Sheet date, carried out by an independent actuary using Projected Unit Credit Method. Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Statement of Profit and Loss.

The Group presents the Provision for compensated absences under provisions in the Balance Sheet.

(iii) Leases Rent:

The Group leases most of its office facilities under operating lease agreements that are renewable on a periodic basis at the option of the lessor and the lessee. The lease agreements contain rent free periods and rent escalation clauses.

The Group assesses whether a contract contains a lease at the inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves the use of an identified asset, (ii) the Group has substantially all of the economic benefits from the use of the asset through the period of the lease, and (iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognizes a ROU asset and a corresponding lease liability for all lease arrangements under which it is a lessee, except for short-term leases and low value leases. ROU assets represent the Group's right to use an underlying asset for the lease term and lease liabilities represent the Group's obligation to make lease payments arising from the lease. For short-term leases and low value leases, the Group recognizes the lease payments as an expense on a straight-line basis over the term of the lease.

The lease arrangements include options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities include these options when it is reasonably certain that they will be exercised.

The ROU assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

ROU assets are depreciated from the date of commencement of the lease on a straight-line basis over the shorter of the lease term and the useful life of the underlying asset.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. For leases under which the rate implicit in the lease is not readily determinable, the Group uses its incremental borrowing rate based on the information available at the date of commencement of the lease in determining the present value of lease payments. Lease liabilities are remeasured with a corresponding adjustment to the related ROU asset if the Group changes its assessment as to whether it will exercise an extension or a termination option.

(iv) Other income and expenses

All Other income and expense are recognized on accrual basis in the period they occur.

(v) Impairment of non-financial assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

(vi) Taxes

Current Tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Group operates and generates taxable income.
Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax assets and liabilities are recognised for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are only recognised for temporary differences, unused tax losses and unused tax credits if it is probable that future taxable amounts will arise to utilise those temporary differences and losses. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and they relate to income taxes levied by the same tax authority on the same taxable entity.

Minimum Alternate Tax (MAT)

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Group recognizes MAT credit available as an asset only to the extent that it is probable that the Group will pay normal income tax during the specified period, i.e., the period for which MAT credit can be carried forward. In the year in which the Group 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 Group reviews the MAT Credit Entitlement asset at each reporting date and writes down the asset to the extent the Group does not have convincing evidence that it will pay normal tax during the specified period.

Goods and services tax paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the goods and services tax paid, except:

i. When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
ii. When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.8 Cash and cash equivalents

Cash and cash equivalents comprise the net amount of short-term, highly liquid investments that are readily convertible to known amounts of cash (short-term deposits with an original maturity of three months or less) and are subject to an insignificant risk of change in value. They are held for the purposes of meeting short-term cash commitments (rather than for investment or other purposes).

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

2.9 Property, plant and equipment

Property, plant and equipment (PPE) are measured at cost less accumulated depreciation and accumulated impairment, (if any). The total cost of assets comprises its purchase price, freight, duties, taxes and any other incidental expenses directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

Subsequent expenditure related to an item of tangible asset are added to its gross value only if it increases the future benefits of the existing asset, beyond its previously assessed standards of performance and cost can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

Depreciation

Depreciation is calculated using the written down value method to write down the cost of property and equipment to their residual values over their estimated useful lives which is in line with the estimated useful life as specified in Schedule II of the Act. The estimated useful lives are as prescribed by Schedule II of the Act. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Property plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

2.10 Intangible assets

An intangible asset is recognised only when its cost can be measured reliably, and it is probable that the expected future economic benefits that are attributable to it will flow to the Group.
Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset comprises its purchase price and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or infinite. Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life, or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortisation period or methodology, as appropriate, which are then treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is presented as a separate line item in the statement of profit and loss. Amortisation on assets acquired/sold during the year is recognised on a pro-rata basis to the Statement of Profit and Loss from / upto the date of acquisition/sale.

Amortisation is calculated using the straight–line method to write down the cost of intangible assets to their residual values over their estimated useful lives. Intangible assets comprising of software are amortised on a straight-line basis over a period of 3 years, unless it has a shorter useful life.

Gains or losses from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the Statement of Profit and Loss when the asset is derecognised.

ROU assets are depreciated from the date of commencement of the lease on a straight-line basis over the shorter of the lease term and the useful life of the underlying asset.

2.11 Investment Property

Properties, held to earn rentals and/or capital appreciation are classified as investment property and measured and reported at cost, including transaction costs. For transition to Ind AS, the Group has elected to adopt as deemed cost, the carrying value of investment property as per Indian GAAP less accumulated depreciation and cumulative impairment (if any) as on the transition date of April 1, 2017.

Depreciation is recognised using straight line method so as to write off the cost of the investment property less their residual values over their useful lives specified in Schedule II to the Act or in case of assets where the useful life was determined by technical evaluation, over the useful life so determined. Depreciation method is reviewed at each financial year end to reflect the expected pattern of consumption of the future benefits embodied in the investment property. The estimated useful life and residual values are also reviewed at each financial year end and the effect of any change in the estimates of useful life/residual value is accounted on prospective basis.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of property is recognised in the Statement of Profit and Loss in the same period.

2.12 Provisions

Provisions are recognised when the enterprise has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

When the effect of the time value of money is material, the enterprise determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the Statement of Profit and Loss net of any reimbursement.

2.13 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 Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

2.14 Earning Per Share

The Group reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividend and attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

2.15 Significant accounting judgements, estimates and assumptions

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

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

(i) Defined employee benefit assets and liabilities

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

(ii) Impairment of loans portfolio

The measurement of impairment losses across all categories of financial assets requires judgement the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.
It has been the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

(iii) Effective Interest Rate (EIR) method
The Group's EIR methodology, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes to India's base rate and other fee income/expense that are integral parts of the instrument

(iv) Lease accounting

The Group determines the lease term as the non-cancellable period of a lease including any option to extend or terminate the lease, if the use of such option is reasonably certain. The Group makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Group considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to operations, taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

The Group has applied an incremental borrowing rate for the purpose of computing lease liabilities based on the rate prevailing in respective geographies.

2.16 Operating Cycle

Based on the nature of products/activities of the Group and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Group has determined its operating cycle as 12 months.

Note 3: Cash and cash equivalents

(INR in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
(i) Cash on hand	14.75	2.32
(ii) Balances with Banks		-
- in current accounts	1,691.07	620.93
- In Deposit accounts with original maturity of 3 months or less	-	
Total	**1,705.82**	**623.25**

Note 4: Bank Balances other than above

(INR in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Earmarked balances with banks		
- Original Maturity more than 3 months	536.46	118.53
- Unclaimed Dividend Account	0.20	0.24
Total	**536.66**	**118.77**

Out of above Rs. 185.67 Millions balance in deposit accounts with banks are being earmarked towards Borrowing from national Housing Bank.

Balance in deposit accounts with banks are being earmarked towards Borrowing.

Deposits are made for varying period from 7 Month to 10 years and earn interest at the respective fixed rates.

Note 5 : Receivables

(INR in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Secured, considered good		
Outstanding for a period exceeding six months from the due date of payment	-	-
Outstanding for a period less than six months	30.56	9.12
Total	**30.56**	**9.12**

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days. The Group has assessed that, the impact of impairment of trade receivables is immaterial and hence no impairment loss has been provided.

No trade or other receivable are due from directors or other officers of the Group either severally or jointly with any other person. No trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

Note 6 : Loans

(INR in Millions)

Particulars	As at March 31, 2021		As at March 31, 2020	
	Amortised Cost	Total	Amortised Cost	Total
A				
Loans	48,005.46	48,005.46	39,885.47	39,885.47
Others:			-	
Loan to employees	1.19	1.19	4.51	4.51
Total – Gross (A)	**48,006.65**	**48,006.65**	**39,889.98**	**39,889.98**
Less : Expected Credit Loss	(1,144.10)	(1,144.10)	(601.57)	(601.57)
Total – Net (A)	**46,862.55**	**46,862.55**	**39,288.41**	**39,288.41**
B				
(a) Secured by tangible assets	44,924.87	44,924.87	39,885.47	39,885.47
(b) Secured by Book Debts	3,080.59	3,080.59	-	-
(c) Unsecured	1.19	1.19	4.51	4.51
Total - Gross (B)	**48,006.65**	**48,006.65**	**39,889.98**	**39,889.98**
Less : Expected Credit Loss	(1,144.10)	(1,144.10)	(601.57)	(601.57)
Total - Net (B)	**46,862.55**	**46,862.55**	**39,288.41**	**39,288.41**
C				
Loans in India				
i) Public Sector	-	-	-	-
ii) Others	48,006.65	48,006.65	39,889.98	39,889.98
Total - (C) Gross	**48,006.65**	**48,006.65**	**39,889.98**	**39,889.98**
Less: Expected Credit Loss (C)	(1,144.10)	(1,144.10)	(601.57)	(601.57)
Total - (C) Net	**46,862.55**	**46,862.55**	**39,288.41**	**39,288.41**

Note 1 - The Group's business model is to Collect contractual cash flows, being the payment of Principal and Interest, accordingly the loans are measured at amortised cost.

Note 2 - Underlying for the term loans secured by tangible assets are properties.

Note 3 - The Group does not have any loans outside India.

Note 7: Investments

(INR in Millions)

Investments	As at March 31, 2021			As at March 31, 2020		
	At Fair Value Through profit and loss	At Amortized Cost	Total	At Fair Value Through profit and loss	At Amortized Cost	Total
Investments in Commercial Paper	-	959.13	959.13	-	-	-
Investments in Equity Instruments	38.73	-	38.73	30.86	-	30.86
Investments in Mutual funds	4,394.08	-	4,394.08	3,576.42	-	3,576.42
Investments in Debt Securities						
-Debt Instruements	-	952.76	952.76	-	-	-
-Pass Through Certificates	-	1,729.83	1,729.83	-	-	-
Total	**4,432.81**	**3,641.72**	**8,074.53**	**3,607.28**	**-**	**3,607.28**
i) Investments outside India	-	-	-	-		-
ii) Investments in India	4,432.81	3,641.72	8,074.53	3,607.28	-	3,607.28
Total	**4,432.81**	**3,641.72**	**8,074.53**	**3,607.28**	**-**	**3,607.28**

Particulars	As at March 31, 2021	As at March 31, 2020
	Numbers/Units	Numbers/Units
Investment in Equity		
1. Equity Shares of CARE Ratings Limited of Rs.10/- each fully paid up	94,242.00	94,242.00
Investment in Mutual Funds		
1. Axis Money Market Fund - Direct Growth	-	95,940.54
2. PGIM India Money Market Direct Growth	-	49,982.78
3. HDFC Money Market Fund - Direct Plan - Growth	-	71,446.04
4. ICICI Prudential Ultra Short Term Fund - Direct Plan - Growth	74,90,392.66	2,33,47,248.29
5. ICICI Pru. Money Market Fund Direct Growth	-	3,59,696.83
6. ICICI Pru. Floating Interest Fund -Direct Growth	9,18,910.39	15,81,123.16
7. Mirae Asset Saving Fund - Direct Plan - Growth	-	28,296.04
8. SBI Saving Fund Direct Growth	-	31,00,996.35
9. NIPPON ULTRA SHORT DURATION FUND DG	-	64,856.53
10. SUNDARAM MONEY MARKET FUND (176MMDG)	-	89,57,282.72
11. SUNDARAM ULTRA SHORT TERM FUND	-	9,52,253.85
12. UTI Corporate Bond Fund DG	-	84,93,795.28
13. Kotak Liquid Fund	36,072.83	35,027.76
14. SBI Liquid Fund	31,046.09	86,890.18
15. HDFC Low Duration Fund Direct Growth	3,76,034.86	5,123.17
16. Aditya Birla Sun Life Banking & PSU Debt Fund - DG	6,93,806.12	2,19,141.72
17. Nippon India Floating Rate Fund - DG	83,80,194.95	22,523.13
18. HDFC Corporate Bond Fund	2,02,54,665.89	15,84,116.03
19. Aditya Birla Sun Life Savings Fund - DG	1,88,159.74	2,30,72,613.14
20. HDFC Ultra Short Term Fund	83,84,762.47	83,84,762.47
21. HDFC Liquid Fund	-	5,123.17
22. ICICI Prudential Liquid Fund	2,02,667.70	-
23. Aditya Birla Sunlife Liquid Fund	1,50,823.16	2,19,141.72
24.Baroda Liquid Fund	12,689.66	-
25.ICICI Prudential Liquid Fund	3,28,174.61	15,84,116.03
26. UTI Liquid Fund	23,852.06	-
27. Aditya Birla Sunlife Money Manager Fund	13,95,891.84	-
28.UTI Money Market Fund	1,25,600.20	-

29. Nippon India Money Market Fund	1,24,459.18	-
30. ICICI Prudential Ultra Short Fund	87,83,819.42	2,30,72,613.14
31. Axis Ultra Short Fund	75,76,459.83	-
32. ICICI Prudential Savings Fund	5,74,082.59	-
33. Kotak Low Duration Fund	36,052.05	-
34. Aditya Birla Sunlife Floating Rate Fund	4,83,024.04	-
35. ICICI Prudential Floating Interest Fund	3,10,073.14	-
36. Kotak Short term Fund	34,57,849.03	-
Investment in Bonds		
1. Aditya Birla Finance Limited SR PPMLD K1 BR NCD 04MY21 FVRS10LAC	130.00	-
2. 8.50% Shriram Transport Finance Co. Ltd - SR-D-14 8.5 NCD 16AG21 FVRS10LAC	150.00	-
3. 8.85% Shriram Transport Finance Co. Ltd - SR-D-11 8.85 NCD 03AG21 FVRS10LAC	40.00	-
4. Shriram City Union Finance Co. Ltd - SR I TR I 9.55 NCD 30AP21 FVRS1000	3,50,000.00	-
5.Shriram Transport Finance Co. Ltd - SR F-16 OPT I NCD 31MY21 FVRS10LAC	200.00	-
Investment in Commercial Papers		
1. ADANI ENTERPRISES LIMITED - 181D CP 23SEP21	1,000.00	-
2. ADANI ENTERPRISES LIMITED - 185D CP 06SEP21	1,000.00	-
Investment in Pass Through Certificates		
1. INDIAN RECEIVABLE TRUST 2019 SERIES 5 - SERIES A1 PTC 01MR19	1,750.00	-
2. INDIAN RECEIVABLE TRUST 2019 SERIES 5 - SERIES A2 PTC 01MR19	2,318.00	-

Note 8 : Other financial assets

(INR in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Security Deposits	23.42	23.02
Interest Accrued on Commercial Papers	3.68	-
Interest Accrued on Bonds/Debentures	43.06	-
Receivable on sale of Investment in Equity share	27.50	-
Total	**97.66**	**23.02**

Note 9 : Current tax assets (Net)

(INR in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Advance Tax (net of provision for tax)	82.62	93.01
Total	**82.62**	**93.01**

Note 10 : Deferred Tax Assets (Net)

The major components of deferred tax assets and liabilities are :

(INR in Millions)

Particulars	As at March 31, 2021		As at March 31, 2020	
	Assets	Liabilities	Assets	Liabilities
a) Depreciation	22.95	-	21.33	-
b) Provision for employee benefits	12.63	-	9.54	-
c) Amortised Finance Cost	-	4.36	-	9.43
d) Provisions for loans	195.69	-	97.29	-
e) Amortised Fees Income	13.75	-	-	-
f) MAT Credit Entitlement	8.08	-	8.08	-
g) Financial Instruments at FVTPL	-	3.81	-	-
h) Others	12.36	-	25.03	-
Total	**265.46**	**8.17**	**161.27**	**9.43**
Net Deferred tax assets		**257.29**		**151.84**

Note 11 : Investment Properties

(INR in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Investment Properties*	6.67	8.82
Total	**6.67**	**8.82**

(INR in Millions)

Cost or Deemed Cost	As at March 31, 2021	As at March 31, 2020
Balance at the beginning of the year	8.82	10.97
Additions during the year	-	-
Disposals	2.15	2.15
Balance at the end of the year	**6.67**	**8.82**

* Investment Properties are in the nature of freehold properties and fair value of the properties is Rs. 25.19 Millions.

Note 13 : Other non financial assets

(INR in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Capital Advances/ Asset Under Financing*	144.35	134.97
Prepaid expenses	24.04	15.59
Assets Held for sale	3.75	5.26
Accrued Income	6.14	-
Deferred lease rentals	9.65	11.01
GST Input Credit	0.47	1.52
Advance to vendor	11.91	4.20
Other Assets	4.03	1.56
Total	**204.34**	**174.11**

* Net of provision of Rs. 48.19 Millions (31st March 2020 Rs. 42.98 Millions)

Note 12. Property, plant and equipment & Intangible Assets
Property, plant and equipment

(INR in Millions)

Particulars	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
	As at April 01,2020	Additions	Deductions	As at March 31,2021	As at April 01,2020	For the Year	Deductions	As at March 31,2021	As at March 31,2021	As at March 31,2020
Buildings :										
Buildings	2.70	-	-	2.70	0.38	0.11	-	0.49	2.21	2.32
Leasehold Premises	22.85	-	-	22.85	13.39	2.45	-	15.84	7.01	9.46
Computer Hardware	88.01	11.08	7.42	91.67	72.01	10.39	7.03	75.37	16.30	16.00
Furniture and Fixtures	48.59	1.86	0.14	50.31	28.68	5.43	0.08	34.03	16.28	19.91
Office Equipments	32.35	1.50	0.63	33.22	25.77	3.14	0.56	28.35	4.87	6.58
Vehicles	55.57	6.93	1.10	61.40	35.46	6.93	0.37	42.02	19.38	20.11
Electrical Installation	9.91	0.03	-	9.94	6.00	1.02	-	7.02	2.92	3.91
Total	**259.98**	**21.40**	**9.29**	**272.09**	**181.69**	**29.47**	**8.04**	**203.12**	**68.97**	**78.29**

Intangible assets :

(INR in Millions)

Particulars	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
	As at April 01,2020	Additions	Deductions	As at March 31,2021	As at April 01,2020	For the Year	Deductions	As at March 31,2021	As at March 31,2021	As at March 31,2020
Software	59.43	19.31	-	78.74	41.25	20.69	-	61.94	16.80	18.18
Right of Use*	273.27	23.55	-	296.82	56.20	54.95	-	111.15	185.67	217.07
Royalty	-	-	-	-	-	-	-	-	-	-
Total	**332.70**	**42.86**	**-**	**375.56**	**97.45**	**75.64**	**-**	**173.09**	**202.47**	**235.25**

* refer note no. 39

Note 12. Property, plant and equipment & Intangible Assets
Property, plant and equipment

(INR in Millions)

Particulars	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
	As at April 01, 2019	Additions	Deductions	As at March 31, 2020	As at April 01, 2019	For the Year	Deductions	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
Buildings :										
Buildings	2.70	-	-	2.70	0.26	0.12	-	0.38	2.32	2.44
Leasehold Premises	22.85	-	-	22.85	10.08	3.31	-	13.39	9.46	12.77
	-	-	-		-	-	-			
Computer Hardware	84.37	11.14	7.50	88.01	62.44	16.69	7.12	72.01	16.00	21.93
	-	-	-		-	-	-			
Furniture and Fixtures	65.23	0.47	17.11	48.59	36.78	7.16	15.26	28.68	19.91	28.45
	-	-	-		-	-	-			
Office Equipments	36.06	1.64	5.35	32.35	25.77	5.01	5.01	25.77	6.58	10.29
	-	-	-		-	-	-			
Vehicles	53.93	12.74	11.10	55.57	28.64	7.58	0.76	35.46	20.11	25.29
	-	-	-		-	-	-			
Electrical Installation	12.82	-	2.91	9.91	7.34	1.39	2.73	6.00	3.91	5.48
Total	**277.96**	**25.99**	**43.97**	**259.98**	**171.31**	**41.26**	**30.88**	**181.69**	**78.29**	**106.66**

Intangible assets :

(INR in Millions)

Particulars	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
	As at April 01,2019	Additions	Deductions	As at March 31,2020	As at April 01,2019	For the Year	Deductions	As at March 31,2020	As at March 31,2020	As at March 31,2019
Software	49.94	9.49	-	59.43	30.87	10.38	-	41.25	18.18	19.07
Right of Use*	-	273.27	-	273.27	-	56.20	-	56.20	217.07	-
Royalty	70.54	-	70.54	-	70.54	-	70.54	-	-	-
Total	**120.48**	**282.76**	**70.54**	**332.70**	**101.41**	**66.58**	**70.54**	**97.45**	**235.25**	**19.07**

* refer note no. 39

Note 14: Payables

Trade Payables (INR in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Total outstanding dues of micro enterprises and small enterprises*	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	74.95	68.58
Total	**74.95**	**68.58**

Other Payables (INR in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Accrued Employee Benefit Expense	72.26	68.22
Total	**72.26**	**68.22**

*The information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of Information available with the Group. The amount of principal and interest outstanding during the year is given below.

(INR in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
a) Amount outstanding but not due as at year end	-	-
b) Amount due but unpaid as at the year end	-	-
c) Amounts paid after appointed date during the year	-	-
d) Amount of interest accrued and unpaid as at year end	-	-
e) The amount of further interest due and payable even in the succeeding year	-	-
Total	**-**	**-**

Note 15 : Debt securities

(INR in Millions)

Particulars	As at March 31, 2021		As at March 31, 2020	
	At Amortised Cost	Total	At Amortised Cost	Total
Non-Convertible debentures	6,741.30	6,741.30	1,500.00	1,500.00
Total (A)	**6,741.30**	**6,741.30**	**1,500.00**	**1,500.00**
Debt securities in India	6,741.30	6,741.30	1,500.00	1,500.00
Debt securities outside India	6,492.81	-	-	-
Total (B)	**13,234.11**	**6,741.30**	**1,500.00**	**1,500.00**

Terms of repayment, nature of security & rate of interest in case of Non Convertible Debtenture.

(INR in Millions)

Name of Security	Maturity date	Terms of repayment	Coupon/ Interest rate	As at March 31, 2021	As at March 31, 2020
Series 4 (FV Rs.10 Lacs)	09-08-2029	Bullet payment on maturity	10.23%	1,500.00	1,500.00
Series 8(FV Rs.10 Lacs)	23-07-2023	Payable in 3 equal annual instalments	8.80%	500.00	-
Series 6(FV Rs.10 Lacs)	05-06-2023	Bullet payment on maturity	9.00%	500.00	-
Series 5(FV Rs.10 Lacs)	22-05-2023	Bullet payment on maturity	8.80%	2,000.00	-
Series 9(FV Rs.10 Lacs)	04-02-2022	Bullet payment on maturity	8.35%	1,500.00	-
Series 7(FV Rs.10 Lacs)	16-01-2022	Bullet payment on maturity	8.25%	500.00	-
Series 1 (FV Rs.10 Lacs)	28-01-2022	Bullet payment on maturity	8.00%	250.00	-
		Total		**6,750.00**	**1,500.00**

The above NCD's are secured against first pari-passu charge by way of hypothecation on the loan receivables/book debts, bank balances and investments of the Group.

Note 16 : Borrowings (Other than debt securities) - At Amortised Cost

(INR in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Secured		
Term Loans from Banks*	26,314.10	24,878.65
Term Loans from others**	4,633.16	1,541.24
Unsecured		
Loan from Director	0.02	0.01
Loan Repayable on Demand		
From Banks (Cash Credit)	-	446.22
Total (A)	**30,947.28**	**26,866.12**
Borrowings in India	30,947.28	26,866.12
Borrowings outside India	-	-
Total (B)	**30,947.28**	**26,866.12**

* Exclusive charge by way of hypothecation of Company's loan receivables, bank balances and investments with assets cover of 1.2 times in favour of borrowing from SBI of Rs. 928.50 million.
Borrowings other than above: First pari-passu charge by way of hypothecation of the Group's loan receivables / book debts, bank balances and investments with asset cover of 1.10 to 1.33 times and weighted average cost for FY 20-21 is 9.72% p.a. and for FY 19-20 is 10.38% p.a.

** Exclusive charge by way of hypothecation of Group's loan receivables with assets cover 1.25 times in favour of borrowing from NABARD of Rs. 2000 million.

**Exclusive charge by way of hypothecation of the Group's loan receivables / book debts with asset cover of 1.25 to 1.35 times in favour of borrowing from NHB and weighted average cost for FY 20-21 is 7.26% p.a. and 7.89% p.a. for FY 19-20.
Borrowings other than above: First pari-passu charge by way of hypothecation of the Group's loan receivables / book debts, bank balance and investments with asset cover of 1.33 times and weighted average cost for FY 20-21 is 9.59% p.a. and for FY 19-20 is 10.50% p.a.

Terms of repayment, nature of security & rate of interest in case of Borrowings from Banks (Other than Debt Securities)

(INR in Millions)

Name of Bank	Maturity date	Repayable In	As at March 31, 2021	As at March 31, 2020
Small Industrial Development Bank of India	June 10, 2024	19 quarterly instalments starting from Dec 2019	685.00	895.00
National Bank for Agriculture and Rural Development	December 31, 2025	19 quarterly instalments starting from Jun 2021	2,000.00	-
Canara Bank	March 13, 2027	26 quarterly instalments starting from Dec 2020	692.29	500.00
Canara Bank (Erstwhile known as Syndicate Bank)	March 31, 2026	24 quarterly instalments starting from Jun 2020	416.67	500.00
State Bank Of India - Term Loan 1	October 31, 2021	12 quarterly instalments starting from Jan 2019	166.70	583.50
State Bank Of India - Term Loan 2	January 1, 2026	28 quarterly instalments starting from Apr 2019	1,696.30	2,142.80
State Bank Of India - Term Loan 3	August 31, 2026	24 quarterly instalments starting from Nov 2020	1,830.29	1,000.00
State Bank Of India - Term Loan 4	November 30, 2025	16 quarterly instalments starting from Feb 2022	1,500.00	-
Indian Bank - Term Loan 1	February 6, 2025	24 quarterly instalments starting from May 2019	665.31	832.31
Indian Bank - Term Loan 2	December 31, 2024	18 quarterly instalments starting from Sept 2020	833.12	50.00
Union Bank of India - Term Loan 1	November 30, 2020	12 quarterly instalments starting from May 2018	-	249.55
Union Bank of India - Term Loan 2	December 31, 2024	24 quarterly instalments starting from Feb 2019	311.65	395.70
Union Bank of India - Term Loan 3	March 31, 2025	24 quarterly instalments starting from Jun 2019	1,331.71	1,666.19
Union Bank of India - Term Loan 4	December 31, 2025	24 quarterly instalments starting from Mar 2020	395.13	478.98
Union Bank of India - Term Loan 4	November 30, 2025	24 quarterly instalments starting from Feb 2020	592.47	718.25
Union Bank of India - Term Loan 5	May 31, 2026	24 quarterly instalments starting from Aug 2020	1,310.47	1,499.15
Union Bank of India (Erstwhile known as Andhra Bank) - Term Loan 3	November 30, 2020	12 quarterly instalments starting from Feb 2018	-	125.00
Union Bank of India (Erstwhile known as Andhra Bank) - Term Loan 4	December 26, 2026	24 quarterly instalments starting from Mar 2021	479.09	100.00
Bank of India - Term Loan 3	December 31, 2024	16 quarterly instalments starting from Mar 2021	234.38	250.00
Bank of India - Term Loan 4	September 30, 2025	16 quarterly instalments starting from Dec 2021	500.00	-
Punjab & Sind Bank - Term Loan	February 16, 2025	24 quarterly instalments starting from May 2019	333.34	416.67
Bank of Maharashtra - Term Loan 3	October 30, 2025	24 quarterly instalments starting from Jan 2020	395.83	479.17

Bank of Maharashtra - Term Loan 4	January 13, 2027	24 quarterly instalments starting from Apr 2021	500.00	300.00
Bank Of Baroda - Term Loan	June 30, 2021	12 quarterly instalments starting from Sept 2018	166.01	833.13
Bank of Baroda (Erstwhile known as Vijaya Bank - Term Loan 2)	September 30, 2020	12 quarterly instalments starting from Dec 2017	-	124.92
Bank of Baroda (Erstwhile known as Vijaya Bank - Term Loan 3)	March 27, 2021	12 quarterly instalments starting from Jun 2018	-	166.49
Bank of Baroda (Erstwhile known as Vijaya Bank - Term Loan 4)	March 31, 2024	16 quarterly instalments starting from Jun 2020	374.02	499.82
Bank of Baroda (Erstwhile known as Dena Bank)	September 30, 2021	12 quarterly instalments starting from Dec 2018	41.32	124.90
UCO Bank - Term Loan 1	July 4, 2021	12 quarterly instalments starting from Oct 2018	-	224.71
UCO Bank - Term Loan 2	December 31, 2025	24 quarterly instalments starting from Mar 2020	197.06	239.22
UCO Bank - Term Loan 3	February 28, 2028	24 quarterly instalments starting from May 2022	499.86	-
UCO Bank - Term Loan 4	March 31, 2028	24 quarterly instalments starting from Jun 2022	500.00	-
ICICI Bank - Term Loan	December 31, 2021	16 quarterly instalments starting from Dec 2017	43.75	106.25
Karnataka Bank - Term Loan 1	March 31, 2021	12 quarterly instalments starting from Jun 2018	-	66.39
Karnataka Bank - Term Loan 2	December 13, 2022	11 quarterly instalments starting from Jun 2020	63.46	99.99
HDFC Bank - Term Loan	July 07, 2021	36 monthly instalments starting from July 2018	9.59	45.14
Indian Overseas Bank	September 21, 2026	22 quarterly instalments starting from Jun 2021	999.81	-
Punjab National Bank - Term Loan	December 31, 2024	24 quarterly instalments starting from Mar 2019	-	791.38
Punjab National Bank (Erstwhile known as United Bank of India)- Term Loan	September 11, 2021	12 quarterly instalments starting from Dec 2018	-	249.31
YES Bank - Term Loan 1	December 30, 2021	16 quarterly instalments starting from Mar 2018	-	25.00
YES Bank - Term Loan 1	March 28, 2022	Repayable in 16 quarterly instalments starting from July 2018	-	281.25
YES Bank - Term Loan 1	April 25, 2022	Repayable in 16 quarterly instalments starting from July 2018	-	421.88
YES Bank - Term Loan 2	July 30, 2022	16 quarterly instalments starting from Nov 2018	-	312.50
YES Bank - Term Loan 3	August 22, 2022	16 quarterly instalments starting from Dec 2018	-	187.50
YES Bank - Term Loan 3	September 19, 2022	16 quarterly instalments starting from Jan 2019	-	137.50
YES Bank - Term Loan 4	September 19, 2022	16 quarterly instalments starting from Jan 2019	-	206.25
YES Bank - Term Loan 4	September 24, 2022	16 quarterly instalments starting from Jan 2019	-	137.50
YES Bank - Term Loan 5	September 24, 2022	16 quarterly instalments starting from Jan 2019	-	206.25
YES Bank - Term Loan 5	October 3, 2022	16 quarterly instalments starting from Jan 2019	-	137.50
Union Bank of India - Term Loan 1	November 30, 2025	Repayable in 28 Equal Quarterly Installment starting from Feb 2019	339.05	410.67
Union Bank of India - Term Loan 2	August 30, 2025	Repayable in 24 Equal Quarterly Installment starting from Nov 2019	149.75	183.16
Union Bank of India - Term Loan 2	September 30, 2025	Repayable in 24 Equal Quarterly Installment starting from Dec 2019	373.68	457.18
Union Bank of India - Term Loan 2	November 30, 2025	Repayable in 24 Equal Quarterly Installment starting from Feb 2020	316.48	383.31
Union Bank of India - Term Loan 2	December 31, 2025	Repayable in 24 Equal Quarterly Installment starting from Mar 2020	316.49	383.32
Union Bank of India - Term Loan 3	September 30, 2027	Repayable in 24 Equal Quarterly Installment starting from Dec 2021	249.95	-
Union Bank of India (Erstwhile known as Andhra Bank) - Term Loan	February 27, 2026	Repayable in 28 Equal Quarterly Installment starting from May 2019	178.57	214.29
State Bank Of India - Term Loan 1	December 31, 2025	Repayable in 28 Equal Quarterly Installment starting from April 2019	338.90	428.57

State Bank Of India - Term Loan 2	October 31, 2027	Repayable in 28 Equal Quarterly Installment starting from Jan 2021	926.80	1,000.00
State Bank Of India - Term Loan 3	June 30, 2025	Repayable in 16 Equal Quarterly Installment starting from Sept 2021	2,000.00	-
YES Bank - Term Loan 1	December 30, 2022	Repayable in 20 Equal Quarterly Installment starting from April 2018	-	30.00
YES Bank - Term Loan 1	April 17, 2023	Repayable in 20 Equal Quarterly Installment starting from July 2018	-	97.50
YES Bank - Term Loan 1	April 25, 2023	Repayable in 20 Equal Quarterly Installment starting from 01 July 2018	-	130.00
YES Bank - Term Loan 2	July 30, 2023	Repayable in 20 Equal Quarterly Installment starting from Nov 2018	-	70.00
YES Bank - Term Loan 2	December 31, 2023	Repayable in 20 Equal Quarterly Installment starting from April 2019	-	120.00
YES Bank - Term Loan 3	December 31, 2023	Repayable in 20 Equal Quarterly Installment starting from April 2019	12.50	200.00
YES Bank - Term Loan 4	October 19, 2023	Repayable in 20 Equal Quarterly Installment starting from Feb 2019	-	187.50
YES Bank - Term Loan 5	October 19, 2023	Repayable in 20 Equal Quarterly Installment starting from Feb 2019	-	187.50
Bank of Maharashtra - Term Loan	December 31, 2024	Repayable in 24 Equal Quarterly Installment starting from March 2019	466.57	591.57
Bank of Baroda (Erswhile known as Vijaya Bank) - Term Loan	February 28, 2026	Repayable in 28 Equal Quarterly Installment starting from May 2019	214.06	256.95
Punjab National Bank (Erstwhile known as United Bank of India) - Term Loan 1	February 28, 2026	Repayable in 28 Equal Quarterly Installment starting from May 2019	178.36	214.02
Punjab National Bank (Erstwhile known as United Bank of India) - Term Loan 2	August 28, 2027	Repayable in 28 Equal Quarterly Installment starting from Nov 2020	-	249.99
UCO Bank - Term Loan 1	February 28, 2026	Repayable in 28 Equal Quarterly Installment starting from May 2019	356.70	428.29
UCO Bank - Term Loan 2	August 10, 2028	Repayable in 28 Equal Quarterly Installment starting from Nov 2021	500.00	-
Punjab Sindh Bank - Term Loan	June 14, 2026	Repayable in 28 Equal Quarterly Installment starting from Sept 2019	187.41	223.21
Indian Bank - Term Loan 1	August 15, 2026	Repayable in 28 Equal Quarterly Installment starting from Nov 2019	589.26	696.43
Indian Bank - Term Loan 2	November 11, 2028	Repayable in 31 Equal Quarterly Installment starting from May 2021	499.99	-
Indian Bank - Term Loan 3	March 31, 2029	Repayable in 28 Equal Quarterly Installment starting from Jun 2022	500.00	-
Indian Overseas Bank	March 31, 2028	Repayable in 24 Equal Quarterly Installment starting from Jun 2022	10.00	-
Bank of India	December 31, 2027	Repayable in 26 Equal Quarterly Installment starting from Sept 2021	750.00	-
National Housing Bank (Refinance)	April 1, 2026	Repayable in 28 Equal Quarterly Installment starting from Oct 2019	7.81	17.78
National Housing Bank (Refinance)	April 1, 2034	Repayable in 60 Equal Quarterly Installment starting from Oct 2019	18.43	28.47
National Housing Bank (Refinance)	January 1, 2025	Repayable in 19 Equal Quarterly Installment starting from Jul 2020	473.60	600.00
National Housing Bank (Refinance)	April 1, 2030	Repayable in 39 Equal Quarterly Installment starting from Oct 2020	448.32	-
National Housing Bank (Refinance)	January 1, 2028	Repayable in 27 Equal Quarterly Installment starting from Jul 2021	1,000.00	-

Note 17 : Other financial liabilities

(INR in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Book Overdraft	2,055.41	-
Unclaimed dividend	0.22	0.24
Margin money received from customers	179.81	19.67
Advances from customers	3.29	-
Lease Liability	211.74	231.58
Interest Accrued but not due on borrowings	372.98	31.78
Others	0.37	25.54
Total	**2,823.82**	**308.81**

Note 18 : Current Tax Liabilities (Net)

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for Tax (Net of Advance Tax)	148.87	117.12
Total	**148.87**	**117.12**

Note 19 : Provisions

Particulars	As at March 31, 2021	As at March 31, 2020
Provision on non-fund exposure	38.61	37.98
Provision for Interest on Interest Waiver	34.39	-
Provision for employee benefits		
- Gratuity	6.38	9.31
- Compensated Absences	46.28	37.15
Total	**125.66**	**84.44**

Note 20 : Other Non - financial liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Other Payables		
Statutory Dues	23.68	9.42
Advance received from customer	-	0.25
Total	**23.68**	**9.67**

Note 21. SHARE CAPITAL

(INR in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
AUTHORISED		
36,00,00,000 Equity Shares of ₹ 2 each	720.00	720.00
(Previous Year 36,00,00,000 Equity Shares of ₹ 2 each)		
	720.00	**720.00**
ISSUED, SUBSCRIBED AND FULLY PAID UP		
17,52,85,355 Equity Shares of ₹ 2 each	350.57	350.27
(Previous Year 17,51,34,805 Equity Shares of ₹ 2 each)		
	350.57	**350.27**

Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period: (INR in Millions)

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number	**Amount**	**Number**	**Amount**
Equity shares outstanding as at the beginning of the year	17,51,34,805	350.27	17,51,34,805	350.27
Issued during the year	1,50,550	0.30	-	-
Equity shares outstanding as at the end of the year	**17,52,85,355**	**350.57**	**17,51,34,805**	**350.27**

During the year the Company has allotted 1,50,550 equity shares of ₹ 2/- each for consideration of ₹ 0.30 Millions as ESOPs.

Details of shareholders holding more than 5 percent shares in the Company are given below:

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number	**%**	**Number**	**%**
Capri Global Holdings Pvt. Ltd.	6,78,24,643	38.69%	6,78,24,643	38.73%
Mr. Rameshchandra Sharma	4,37,64,630	24.97%	4,37,64,930	24.99%
Capri Global Advisory Services Pvt. Ltd.	1,75,17,060	9.99%	1,75,17,060	10.00%

Terms/Rights attached to equity shares:

1. The Company has only one class of equity share having a par value of Rs. 2/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The Board of Directors at their meeting held on 27th May, 2021 have recommended a dividend of Re. 0.40 per equity share on face value of Rs.2/- per equity share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

2. During the year the Company has paid the dividend of Rs. 35.02 Millions at Re.0.10 per equity share (on face value of Rs.2/- per equity share) approved in its Annual General Meeting held on 31st July, 2020.

3. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be proportion to the number of equity shares held by the shareholders.

Shares reservation :

In FY 2020-21 No. of 15,80,450 (FY 2019-20 no. of 16,79,500) shares of ₹ 2 each towards outstanding employee stock options granted (Refer Note 46)

Objective for managing capital:

The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of the local regulator, Reserve Bank of India (RBI). The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI.

Note 22 : Other Equity

(INR in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Statutory Reserve pursuant to Section 45-IC of the RBI Act, 1934		
Balance as per the last Financial Statements	2,120.04	1,848.00
Add: Amount transferred from surplus balance in the Statement of Profit and Loss	287.92	272.04
Closing balance	**2,407.96**	**2,120.04**
Statutory Reserve Section 29C of the National Housing Bank Act, 1987		
Balance as per the last Financial Statements	91.10	42.10
Add: Amount transferred from surplus balance in the Statement of Profit and Loss	67.20	49.00
Closing balance	**158.30**	**91.10**
Securities premium		
Balance as per the last financial statements	4,471.01	4,471.01
Add: Amount transferred from surplus balance in the statement of profit and loss	20.79	-
Closing balance	**4,491.80**	**4,471.01**
General Reserve		
Balance as per the last financial statements	642.05	642.05
Add: Amount transferred from surplus balance in the statement of profit and loss	-	-
Closing balance	**642.05**	**642.05**
Employee Stock Option Reserve		
Balance as per the last Financial Statements	57.92	30.69
Add/Less: Amount transferred from surplus balance in the Statement of Profit and Loss	20.85	27.23
Closing balance	**78.77**	**57.92**
Retained earnings (Surplus/deficit in statement of profit and loss)		
Surplus/(Deficit) in Profit & Loss Account	7,659.46	6,442.68
Profit for the year:	1,774.26	1,615.16
Less: Appropriations		
Loss on Cessastion of Subsidiaries		(1.33)
Transfer to Reserve Fund Section 29C of the National Housing Bank Act, 1987	(67.20)	(49.00)
Dividend Paid	(35.04)	(63.05)
Tax on Dividend Paid	-	(12.96)
Transfer to Reserve Fund under Section 45 I C(1) of Reserve Bank of India Act,1934	(287.92)	(272.04)
Closing Balance	**9,043.56**	**7,659.46**
Total	**16,822.44**	**15,041.58**

Securities premium

Securities premium is credited when shares are issued at premium. It can be used to issue bonus shares, to provide for premium on redemption of shares or debentures, write-off equity related expenses like underwriting costs, etc.

General reserve

It is a free reserve which is created by appropriation from profits of the current year and/or undistributed profits of previous years, before declaration of dividend duly complying with any regulations in this regard.

Statutory Reserve pursuant to Section 45-IC of the RBI Act, 1934

Every non-banking financial company shall create a reserve fund to transfer therein a sum not less than twenty per cent of its net profit every year as disclosed in the statement of profit and loss and before any dividend is declared.

Statutory Reserve pursuant to Section 29C of the National Housing Bank Act, 1987

Every housing finance institution which is a company shall create a reserve fund and transfer therein a sum not less than twenty per cent of its profit every year as disclosed in the profit and loss account and before any dividend is declared. Explanation.—A housing finance institution creating and maintaining any special reserve in terms of clause (viii) of sub-section (1) of section 36 of the Income-tax Act, 1961 (43 of 1961) may take into account any sum transferred by it for the year to such special reserve for the purposes of this sub-section. For the previous comparative periods, the Housing finance subsidiary has maintained transfer to statutory reserve on profit calculated under erstwhile GAAP.

Employee Stock Option Reserve

This reserve is used to record the employee stock options which are outstanding. The said reserve will be utilised for issuance of share to the eligible employees.

Note 23: Interest Income

(INR in Millions)

Particulars	2020-21		2019-20	
	On Financials Assets measured at Amortised Cost	Total	On Financials Assets measured at Amortised Cost	Total
Interest on loans	6,679.83	6,679.83	6,688.67	6,688.67
Interest on deposits	42.49	42.49	10.95	10.95
Interest income from investments	12.89	12.89	-	-
Total	**6,735.21**	**6,735.21**	**6,699.62**	**6,699.62**

Note 24: Fee and commission Income

(INR in Millions)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Application Fees	20.74	50.36
Total	**20.74**	**50.36**

Note 25: Net gain on fair value changes

(INR in Millions)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(A) Net gain on financial instruments at fair value through profit or loss		
(i) On trading portfolio		
- Investments	126.68	28.65
- Mutual Funds and Bonds	161.55	94.18
(B) Total Net gain on fair value changes	288.23	122.83
(C) Fair Value changes:		
- Realised	273.10	107.09
- Unrealised	15.13	15.74
Total Net gain on fair value changes	**288.23**	**122.83**

Note 25 A: Net loss on fair value changes

(INR in Millions)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(A) Net loss on financial instruments at fair value through profit or loss		
(i) On trading portfolio		
- Investments	-	62.41
- Mutual Funds and Bonds	-	-
(B) Total Net loss on fair value changes	-	62.41
(C) Fair Value changes:		
- Realised	-	-
- Unrealised	-	62.41
Total Net loss on fair value changes	**-**	**62.41**

Note 26: Other Operating Income

(INR in Millions)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Advertisement Income	153.95	95.10
Foreclosure Fees	61.85	116.15
Bad Debts Recovered	1.10	1.60
Legal Charges Received	7.49	4.54
Other Charges	91.08	68.09
Total	**315.47**	**285.48**

Note 27: Other Income

(INR in Millions)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit on sale of other assets	-	1.53
Profit on sale of investment Property	3.28	5.14
Interest on deposits with Banks	-	1.15
Other	0.55	26.20
Service Fees	1.77	(0.00)
Interest on Income Tax Refund	4.94	-
Total	**10.54**	**34.02**

Note 28: Finance Costs

(INR in Millions)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest on Borrowings other than Debt Securities	2,361.41	2,638.37
Interest on Bank Overdraft	0.32	25.65
Interest on Debt Securities	497.48	103.67
Interest on Bank CC	2.28	34.68
Interest on Lease Liability	25.56	25.09
Interest Others	-	0.56
Total	**2,887.05**	**2,828.02**

Note 29: Impairment on financial instruments

The table below displays Stagewise ECL charged to the Statement of Profit and Loss: (INR in Millions)

Particulars	2020-21				2019-20			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers	66.28	307.60	170.16	544.04	30.12	101.05	120.73	251.90
Disbursement/Loan commitments	(2.19)	0.49	2.34	0.64	(3.29)	3.74	0.19	0.64
Others	-	-	-	-	-	-	46.69	46.69
Total impairment loss	**64.09**	**308.09**	**172.50**	**544.68**	**26.83**	**104.79**	**167.61**	**299.23**

The ECL figures given in brackets indicate stagewise release of the provision amount.

Note 30: Employee Benefit Expense

(INR in Millions)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries and Bonus	903.91	1,081.87
Contribution to provident and other funds	43.96	47.19
Share Based Payments to employees	30.87	31.71
Staff Training and Welfare Expenses	15.05	27.30
Total	**993.79**	**1,188.07**

Note 31: Other expenses

(INR in Millions)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Advertising	6.24	2.83
Auditors' Remuneration	5.70	5.46
Bad Debts Written Off	62.32	53.89
Banking Charges	9.19	5.68
Business Development Expenses	6.98	10.20
Corporate Social Responsibility Expenses	37.47	28.44
Directors' Fees and Commission	7.74	5.91
Electricity Charges	9.00	12.90
Legal Expenses	124.89	138.66
Loss On Sale of Fixed Assets	0.20	3.14
Recruitment Expenses	13.93	9.65
Membership & Subscription Expenses	2.45	2.56
Postage, Telephone and Fax	25.84	24.59
Printing and Stationery	10.50	10.04
Rent	9.08	25.80
Software Expenses	35.86	32.65
Filing & Other Fees to ROC	0.12	0.20
Travelling and Conveyance	55.50	64.10
Service fees*	4.05	2.02
NOC Review Charges	18.43	6.39
Miscellaneous Expenses	38.12	44.55
Total	**483.61**	**489.66**

1. Auditors' Remuneration

(INR in Millions)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
a) For Audit	2.55	1.82
b) For Tax Audit	0.50	0.50
c) For Limited Review	1.13	1.13
d) For other services (Certification Fees)	1.40	1.77
e) For reimbursement of expenses	0.12	0.24
Total	**5.70**	**5.46**

2. Corporate Social Responsibility Expenses

(INR in Millions)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Gross Amount Required to be spent during the year	37.47	28.44
Amount spent during the year on Corporate Social Responsibility in line with Schedule VII of the Companies Act 2013	37.47	28.44

Note 32 -Other comprehensive income

(INR in Millions)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Other comprehensive income		
Items that will not be reclassified to profit and loss		
Remeasurement gain on defined benefit plan	6.27	3.77
Income tax relating to these items	(1.56)	(0.94)
Total other comprehensive income for the year, net of tax	**4.71**	**2.83**

Note 33.1- Construction Finance Loans

1.1 Credit quality of assets

(INR In Millions)

Particulars	As at March 31, 2021				As at March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade #								
Performing								
High grade	10,990.72			10,990.72	9,698.74	-	-	9,698.74
Standard grade	27.73	-		27.73	-	-	-	-
Sub-standard grade	-	791.41		791.41	-	1,176.32	-	1,176.32
Past due but not impaired				-	-	-	-	-
Non Performing								
Individually impaired			16.75	16.75	-	-	16.75	16.75
Total	**11,018.45**	**791.41**	**16.75**	**11,826.61**	**9,698.74**	**1,176.32**	**16.75**	**10,891.81**

1.2 An analysis of changes in the gross carrying amount (excluding interest) and the corresponding ECL allowances in relation to lending is, as follows:

(INR In Millions)

Particulars	As at March 31, 2021				As at March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**9,698.74**	**1,176.32**	**16.75**	**10,891.81**	**13,363.24**	**-**	**16.75**	**13,379.99**
New assets originated	5,061.12			5,061.12	2,493.36	-	-	2,493.36
Assets derecognised or repaid (excluding write offs)	(3,878.17)	(248.15)		-4,126.32	(4,981.53)	-	-	(4,981.53)
Transfers to Stage 1	605.57	(605.57)		-				-
Transfers to Stage 2	(468.81)	468.81		-	(1,176.32)	1,176.32		-
Transfers to Stage 3				-				-
Amounts written off				-				-
Gross carrying amount closing balance	**11,018.45**	**791.41**	**16.75**	**11,826.61**	**9,698.74**	**1,176.32**	**16.75**	**10,891.81**

Reconciliation of ECL balance is given below:

Particulars	As at March 31, 2021				As at March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	**65.22**	**13.70**	**3.20**	**82.12**	**74.83**	**-0.00**	**2.67**	**77.50**
New assets originated	14.49			14.49	24.67			24.67
Assets derecognised or repaid (excluding write offs)	(25.07)	(2.82)		(27.89)	(20.05)			(20.05)
Transfers to Stage 1	9.35	(9.35)		-				-
Transfers to Stage 2	(3.15)	3.15		-	(13.70)	13.70		-
Transfers to Stage 3			-	-	(0.53)		0.53	-
Other movements (on account of change in EAD)	5.01	(0.60)	13.55	17.96				-
Amounts written off				-				-
ECL allowance - closing balance	**65.85**	**4.08**	**16.75**	**86.68**	**65.22**	**13.70**	**3.20**	**82.12**

 # Internal rating grades are classified on below basis

Grade	Classification Basis	Stage
High grade	0 DPD	Stage 1
Standard grade	1-29 DPD	Stage 1
Sub-standard grade	30-59 DPD	Stage 2
Past due but not impaired	60-89 DPD	Stage 2
Individually impaired	>=90 DPD & Restructured	Stage 3

Loan Given Default (In %)

Particulars	As at March 31, 2021	As at March 31, 2020
LGD	19.09	19.09

Probability of Default$ (In %)

Particulars	As at March 31, 2021	As at March 31, 2020
Stage 1	1.50	3.52
Stage 2	3.84	4.21
Stage 3	100.00	100.00

Note 33.2 - MSME Loans

1.1 Credit quality of assets

(INR In Millions)

Particulars	As at March 31, 2021				As at March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade #								
Performing								
High grade	18,508.18	-	-	18,508.18	16,540.48	-	-	16,540.48
Standard grade	1,942.41	-	-	1,942.41	1,159.73	-	-	1,159.73
Sub-standard grade	-	976.79	-	976.79	-	788.39	-	788.39
Past due but not impaired	-	736.26	-	736.26	-	875.82	-	875.82
Restructured	-	1,817.97	-	1,817.97				
Non Performing								
Individually impaired	-		1,389.58	1,389.58	-	-	733.20	733.20
Total	**20,450.59**	**3,531.02**	**1,389.58**	**25,371.19**	**17,700.21**	**1,664.22**	**733.20**	**20,097.63**

1.2 An analysis of changes in the gross carrying amount (excluding interest) and the corresponding ECL allowances in relation to lending is, as follows:

(INR In Millions)

Particulars	As at March 31, 2021				As at March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**17,700.21**	**1,664.22**	**733.20**	**20,097.63**	**17,923.15**	**1,057.45**	**461.41**	**19,442.00**
New assets originated	7,447.60	-		7,447.60	4,146.28	-	-	4,146.28
Assets derecognised or repaid (excluding write offs)	(2,488.39)	(110.65)	(152.36)	(2,751.40)	(3,127.99)	(185.50)	(132.40)	(3,445.90)
Transfers to Stage 1	442.02	(389.24)	(52.78)	-	206.78	(168.09)	(38.69)	-
Transfers to Stage 2	(2,208.77)	2,231.76	(22.99)	0.00	(1,172.19)	1,204.21	(32.02)	-
Transfers to Stage 3	(442.09)	(298.73)	740.82	-	(275.81)	(243.84)	519.66	-
Other movements (on account of change in EAD)		433.66	197.89	631.55	-	-	-	-
Amounts written off*			(54.20)	(54.20)	-	-	(44.76)	(44.76)
Gross carrying amount closing balance	**20,450.58**	**3,531.02**	**1,389.58**	**25,371.19**	**17,700.21**	**1,664.22**	**733.20**	**20,097.63**

* The amount written off are subject to enforcement of collaterals and other legal remedies that are available to the company.

Reconciliation of ECL balance is given below:

(INR In Millions)

Particulars	As at March 31, 2021				As at March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	**83.86**	**109.36**	**256.43**	**449.65**	**54.26**	**33.32**	**158.86**	**246.44**
New assets originated	45.59	-	-	45.59	238.29	-	-	238.29
Assets derecognised or repaid (excluding write offs)	(9.83)	(11.87)	(52.36)	(74.06)	(9.78)	(3.35)	(21.94)	(35.07)
Transfers to Stage 1	35.89	(23.51)	(12.38)	-	13.45	(4.55)	(8.91)	-
Transfers to Stage 2	(10.53)	15.87	(5.34)	-	(85.36)	92.35	(6.99)	-
Transfers to Stage 3	(2.11)	(17.78)	19.89	-	(127.00)	(8.42)	135.41	-
Other movements (on account of change in EAD)	(7.29)	309.88	202.49	505.08				
Amounts written off			(13.82)	(13.82)	-	-	-	-
ECL allowance - closing balance	**135.58**	**381.95**	**394.91**	**912.44**	**83.86**	**109.36**	**256.43**	**449.66**

#Internal rating grades are classified on below basis

Grade	Classification Basis	Stage
High grade	0 DPD	Stage 1
Standard grade	1-29 DPD	Stage 1
Sub-standard grade	30-59 DPD	Stage 2
Past due but not impaired	60-89 DPD	Stage 2
Restructured	0 DPD & Resturctured	Stage 2
Individually impaired	>=90 DPD & Restructured	Stage 3

Loan Given Default (In %)

Particulars	As at March 31, 2021	As at March 31, 2020
LGD	25.5	22.65

Probability of Default (In %)

Particulars	As at March 31, 2021	As at March 31, 2020
Stage 1	2.60	2.06

Stage 2	42.44	23.43
Stage 3	100.00	100.00

E. Details of collateral received against loan portfolio :

Nature of security against advances :

Underline securities for the assets secured by tangible assets - Property & and book debts.

Advances (LTV band wise) :

LTV ratio	Gross carrying amount of advances	Cumulative loss allowance
Less than 50%	8,868.40	295.62
51% - 70%	12,386.38	435.36
71%-90%	3,947.47	180.48
91%-100%	168.95	1.18
more than 100%	-	-

Credit impaired advances (LTV band wise) :

LTV ratio	Gross carrying amount of advances	Cumulative loss allowance
Less than 50%	469.20	133.18
51% - 70%	648.78	177.68
71%-90%	271.52	84.03
91%-100%	0.08	0.02
more than 100%	-	-

Note 33.3- Individual Loans

1.1 Credit quality of assets

(Amount in INR Millions)

Particulars	As at March 31, 2021				As at March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade*								
Performing	-	-	-		-	-	-	
High grade	9,666.49	-	-	9,666.49	8,374.91	-	-	8,374.91
Standard grade	1,035.44	-	-	1,035.44	277.66	-	-	277.66
Sub-standard grade	-	425.14	-	425.14	-	150.24	-	150.24
Past due but not impaired	-	310.24	-	310.24	-	109.01	-	109.01
Restructured Assets		22.54		22.54				
Non Performing								
Individually impaired	-		202.06	202.06	-	-	108.27	108.27
Total	**10,701.93**	**757.92**	**202.06**	**11,661.91**	**8,652.57**	**259.25**	**108.27**	**9,020.09**

1.2 An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to lending is, as follows:

(Amount in INR Millions)

Particulars	As at March 31, 2021				As at March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**8,652.57**	**259.25**	**108.27**	**9,020**	**7,720.69**	**105.68**	**37.88**	**7,864.25**
New assets originated or purchased	3,770.17	-	-	3,770.17	1,515.74	-	-	1,515.74
Assets derecognised or repaid (excluding write offs)	-1,105.23	-12.84	-2.22	-1,120.29	-310.88	-30.24	-18.78	-359.90
Transfers to Stage 1	99.86	-99.07	-0.78	-0.00	30.92	-29.06	-1.86	0.00
Transfers to Stage 2	-640.37	645.00	-4.63	-	-227.91	235.25	-7.34	-0.00
Transfers to Stage 3	-75.07	-34.43	109.50	-	-75.99	-22.38	98.37	-
Amounts written off	-	-	-8.07	-8.07	-	-		-
Gross carrying amount closing balance	**10,701.93**	**757.92**	**202.06**	**11,661.91**	**8,652.57**	**259.25**	**108.27**	**9,020.09**

Reconciliation of ECL balance is given below:

(Amount in INR Millions)

Particulars	As at March 31, 2021				As at March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	**21.45**	**14.32**	**34.01**	**69.78**	**11.33**	**3.02**	**11.38**	**25.73**
New assets originated or purchased	19.56		-	19.56	51.74	-	-	51.74
Assets derecognised or repaid (excluding write offs)	-2.04	-1.58	-4.37	-7.99	-0.93	-0.79	-5.97	-7.69
Transfers to Stage 1	5.83	-5.61	-0.23	-0.01	1.45	-0.96	-0.49	-
Transfers to Stage 2	-1.53	2.86	-1.33	0.00	-11.73	13.68	-1.95	-
Transfers to Stage 3	-0.18	-1.88	2.07	0.01	-30.41	-0.63	31.04	-
Other movements (on account of change in EAD)	-7.76	49.46	21.93	63.63	-	-	-	
Amounts written off	-	-			-	-	-	
ECL allowance - closing balance	**35.34**	**57.58**	**52.07**	**144.98**	**21.45**	**14.32**	**34.01**	**69.78**

* Internal Rating Grades are classified on below basis

Grade	Classification Basis	Stage
High grade	0 DPD	Stage 1
Standard grade	1-30 DPD	Stage 1
Sub-standard grade	31-60 DPD	Stage 2
Past due but not impaired	61-89 DPD	Stage 2
Restructured Assets	0 DPD & Restu	Stage 2
Individually impaired	>=90 DPD & Restructured	Stage 3

Loan Given Default $ (In %)

Particulars	As at March 31, 2021	As at March 31, 2020
LGD	23.42	28.78

Probability of Default $ (In %)

Particulars	As at March 31, 2021	As at March 31, 2020
Stage 1	1.5	0.85
Stage 2	33.46	17.68
Stage 3	100.00	100.00

$ PD & LGD includes management overlay due to COVID-19 pandemic (refer note no. 34)

E. Details of collateral received against loan portfolio :

Nature of security against advances :

Underline securities for the assets secured by tangible assets - Property & and book debts.

Advances (LTV band wise) :

LTV ratio	Gross carrying amount of advances	Cumulative loss allowance
Less than 50%	3,319.59	31.67
51% - 70%	2,864.01	29.27
71%-90%	5,478.31	84.04

Credit impaired advances (LTV band wise) :

LTV ratio	Gross carrying amount of advances	Cumulative loss allowance
Less than 50%	36.91	8.65
51% - 70%	35.44	8.30
71%-90%	129.70	35.13

Note 34 The outbreak of COVID-19 pandemic across the globe and in India has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities.

Further, the management of the group, based on current available information, has estimated overlays based on the policy of the group for the purpose of determination of the provision for impairment of financial assets carried at amortised cost. Based on the current indicators of future economic conditions, the group considers these provisions to be adequate. Given the uncertainty over the potential macro-economic impact, the management has considered internal and external information up to the date of approval of these financial results.

The extent to which the COVID-19 pandemic, including the current "second wave" that has significantly increased the number of cases in India will continue to impact future results of the group will depend on the current as well as future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by the group. Given the uncertainty over the potential macro-economic condition, the impact of the global health pandemic may be different from that estimated as at the date of approval of these financial results and the group will continue to closely monitor any material changes to future economic conditions, which will be given effect to in the respective future period.

Note 35 - Income Taxes relating to continuing operations

1. Income Tax recognised in statement of profit and loss

(INR in Millions)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Current Tax		
In respect of the current year	693.03	606.04
In respect of prior years	-	6.48
	693.03	**612.52**
Deferred Tax		
In respect of the current year	(105.45)	(5.04)
On Other Comprehensive Income		-
	(105.45)	**(5.04)**
Total Income tax expense recognised in the current year relating to continuing operations	**587.58**	**607.48**

2. Reconciliation of income tax expense for the year:

(INR in Millions)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Consolidated Profit before tax	2,357.13	2,219.82
Adjustments of allowable and non-allowable income and expenses:		
Tax Effect of non-deductible expenses	481.22	157.33
Tx Effect of income exempt from tax/ deduction allowable	-	(2.73)
Tax Effect of income considered separatey	(357.89)	(114.92)
Tax Effect of capital Gain on sale of shares,mutual funds, interest etc	273.10	117.31
Tax Effect of deduction under Chapter VI A/ Other Sections	-	(0.69)
Taxable Profits/ (loss)	**2,753.57**	**2,376.12**
Income tax expense recognised in statement of profit and loss	**693.02**	**606.03**

3. Reconciliation of income tax rate is as follows:

(In %)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Normal Tax Rate	22.00	22.00
Surcharge (@ 10% of Normal Tax Rate)	2.20	2.20
Health and Education Cess	0.97	0.97
Total Tax Rate	**25.17**	**25.17**
Adjustments of Tax Effect of allowable and non-allowable income and expenses:		
Non-deductible expenses	5.14	1.78
Income exempt from tax/ deduction allowable	-	(0.03)
Income considered separatey	(3.82)	(1.30)
Capital Gain on sale of shares,mutual funds, interest etc	2.92	1.33
Deduction under Chapter VI A/ Other Sections	-	(0.01)
Deferred Tax Assets/MAT credit	(4.47)	(0.06)
Non taxable susidiaries and effect of differential tax rate	-	0.41
Prior Period Expenses	-	0.07
Effecttive Tax Rate	**24.93**	**27.36**

Note 36 - Deferred Tax

The following table shows deferred tax recorded in the balance sheet and changes recorded in the Income tax expense:

(INR in Millions)

Particulars	Deferred Tax Assets	Deferred Tax Liabilities	Income Statement	OCI
	As at March 31, 2021	As at March 31, 2021	2020-21	2020-21
Provisions	12.64	-	3.09	-
Depreciation	22.95	-	1.63	-
MAT Credit	8.08	-	-	-
Impairment allowance for financial assets	195.69	-	98.41	-
Remeasurement gain / (loss) on defined benefit plan	-	-	-	-
Financial Instruments at FVTPL	-	3.81	(3.81)	-
Unmortised borrowing Cost	-	4.37	5.06	-
Unmortised Fees and commission	18.07	-	(3.29)	-
Adjusted against current tax	-	-	-	-
Others	8.03	-	4.36	-
Total	**265.46**	**8.17**	**105.45**	**-**

(INR in Millions)

Particulars	Deferred Tax Assets	Deferred Tax Liabilities	Income Statement	OCI
	As at March 31, 2020	As at March 31, 2020	2019-20	2019-20
Provisions	9.54	-	1.56	-
Depreciation	21.33	-	(4.59)	-
MAT Credit entitlement	8.08	-	-	-
Impairment allowance for financial assets	97.28	-	24.65	-
Financial Instruments at FVTPL	-	-	(0.33)	-
Unmortised borrowing Cost	-	9.43	27.05	-
Tax related to earlier years	-	-	91.15	-
Others	3.67	-	3.54	-
Unmortised Fees and commission	21.36	-	(137.98)	-
Total	**161.27**	**9.43**	**5.04**	**-**

Deffered Tax Assets / Liabilities are calculated at the applicable rate of 25.17%

Note 37 - Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. They have been classified to mature and/or be repaid within 12 months. With regards to loans and advances to customers, the Group uses the same basis of expected repayment as used for estimating the EIR.

(INR in Millions)

Particulars	**As at March 31, 2021**			**As at March 31, 2020**		
ASSETS	**Within 12 months**	**After 12 months**	**Total**	**Within 12 months**	**After 12 months**	**Total**
Financial Assets						
Cash and cash equivalents	1,705.82	-	1,705.82	623.25	-	623.25
Bank Balance other than above	427.61	109.05	536.66	111.13	7.64	118.77
Trade Receivables	30.56	-	30.56	9.12	-	9.12
Loans	7,198.20	39,664.35	46,862.55	7,437.81	31,850.60	39,288.41
Investments	6,479.78	1,594.75	8,074.53	3,607.28	-	3,607.28
Other financial Assets	79.19	18.47	97.66	2.38	20.64	23.02
Total Assets	**15,921.16**	**41,386.62**	**57,307.78**	**11,790.97**	**31,878.88**	**43,669.85**
LIABILITIES						
Financial Liabilities						
Payables						
-Trade Payables	74.95	-	74.95	68.57	-	68.57
-Other Payables	72.26	-	72.26	68.31	-	68.31
Debt Securities	2,415.16	4,326.14	6,741.30	-	1,500.00	1,500.00
Borrowings (Other than debt securities)	6,002.59	24,944.69	30,947.28	7,295.09	19,571.02	26,866.11
Other financial liabilities	2,546.39	277.43	2,823.82	105.09	203.71	308.80
Total liabilities	**11,111.35**	**29,548.26**	**40,659.61**	**7,537.06**	**21,274.74**	**28,811.80**
Net	**4,809.81**	**11,838.36**	**16,648.17**	**4,253.91**	**10,604.15**	**14,858.06**

Classification of assets and liabilities under the maturity buckets is based on the same estimates and assumptions as used by the Company for compiling the return submitted to the RBI. The Above is based on the information available with the company which has been relied upon by the auditor.

Capital Management

The primary objectives of the Group’s capital management policy are to ensure that the Group complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholders value.

The Group manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. Capital Management Policy, objectives and processes are under constant review by the Board.

Note 38 - Change in liabilities arising from financing activities

(INR in Millions)

Particulars	As at April 1, 2020	Cash flows	Other	As at March 31, 2021
Debt Securities	1,500.00	5,241.30	-	6,741.30
Borrowings other than debt securities	26,866.12	4,081.16	-	30,947.28
Book Overdraft	-	2,055.41	-	2,055.41
Unclaimed dividend	0.24	(0.02)	-	0.22
Margin money	19.67	160.14	-	179.81
Advances from customers	-	3.29	-	3.29
Lease Liability	231.58	(19.84)	-	211.74
Interest Accrued but not due on borrowings	31.78	341.21	-	372.98
Others	25.54	(25.17)	-	0.37
Total liabilities from financing activities	**28,674.92**	**11,837.48**	**-**	**40,512.41**

(INR in Millions)

Particulars	As at April 1, 2019	Cash flows	Other	As at March 31, 2020
Debt Securities	499.48	1,000.52	-	1,500.00
Borrowings other than debt securities	27,187.57	(321.45)	-	26,866.12
Book Overdraft	898.89	(898.89)	-	-
Unclaimed dividend	0.22	0.02	-	0.24
Margin money	13.89	5.78	-	19.67
Advances from customers	-	-	-	-
Lease Liability	-	231.58	-	231.58
Interest Accrued but not due on borrowings	7.71	24.07	-	31.78
Others	30.76	(5.23)	-	25.54
			-	
Total liabilities from financing activities	**28,638.52**	**36.39**	**-**	**28,674.92**

Note- 39 Leases

The changes in the carrying value of ROU assets are as follows:

(INR in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Gross carrying value		
Balance as at the beginning of the Year	273.27	264.25
On adoption of IND AS 116	-	-
Additions/Modifications	23.55	9.02
Terminations/modifications	-	-
Translation adjustments	-	-
Balance as at the end of the Year	296.82	273.27
Accumulated depreciation		
Balance as at the beginning of the Year	56.20	-
Depreciation	54.95	56.20
Terminations/modifications	-	-
Translation adjustments	-	-
Balance as at the end of the Year	111.15	56.20
Net carrying value as at March 31, 2021	**185.67**	**217.07**

The following is the movement in lease liabilities during the year:

(INR in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Lease liabilities		
Balance as at April 1, 2020	**231.58**	**264.25**
Additions	23.55	9.02
Terminations/modifications	-	-
Finance expense	25.56	25.09
Payment of lease liabilities	68.95	66.78
Translation adjustments	-	-
Balance as at March 31, 2021	**211.74**	**231.58**

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2021, on an undiscounted basis:

(INR in Millions)

Tenure	31st March 2021	31st March 2020
Less than 1 year	62.07	58.74
1-3 years	97.49	97.63
3-5 years	92.14	86.02
More than 5 years	28.50	70.23
Total	**280.20**	**312.63**

The entity has adequate liquidity for payment of lease liabilities. The Group regularly monitor and pays lease rentals on timely manner as per the terms of respective leave and license agreement.

The Group has right to extend lease term as per mutually agreed terms laid down in respective leave and license agreement. The Group takes into account effect of extended lease term while recording the lease assets and lease liabilities accordingly.

Note 40- Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions , regardless of whether that price is directly observable or estimated using a valuation technique.

IndAS 107, 'Financial Instrument - Disclosure' requires classification of the valuation method of financial instruments measured at fair value in the balance Sheet, using a three level fair-value-hierarchy (which reflects the significance of inputs used in the measurements). The hierarchy gives the highest priority to un-adjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair-value-hierarchy under Ind AS 107 are described below:

40.1 Financial instruments by category

Particulars	As at March 31, 2021		As at March 31, 2020	
	FVTPL	Amortised cost	FVTPL	Amortised cost
Financial assets				
Investments				
- Equity instruments (Other than subsidiaries)	38.73	-	30.86	-
- Mutual funds	4,394.08	-	3,576.42	-
- Commercial Papers	-	959.13	-	-
- Debt Securities	-	952.76	-	-
- Pass Through Certificates	-	1,729.83	-	-
-Equity Shares - Subsidiaries	-	-	-	-
Trade receivables	-	30.56	-	9.12
Loans	-	46,862.55	-	39,288.41
Cash and cash equivalents	-	1,705.82	-	623.25
Bank Balances other than above	-	536.66	-	118.77
Other financial Assets	-	97.66	-	23.02
Total financial assets	**4,432.81**	**52,874.96**	**3,607.28**	**40,062.58**
Financial liabilities				
Borrowings (including Debt Securities)	-	37,688.58	-	28,366.12
Trade payables	-	74.95	-	68.58
Other financial liabilities	-	2,823.82	-	308.81
Total financial liabilities	**-**	**40,587.35**	**-**	**28,743.52**

40.2 Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

			Fair Value			
Financial assets and liabilities measured at fair value - recurring fair value measurements	**Notes**	**Carrying Amount**	**Level 1**	**Level 2**	**Level 3**	**Total**
As at March 31, 2021						
Financial assets						
Financial Investments at FVTPL						
Listed equity investments	7	38.73	38.73	-	-	**38.73**
Mutual funds		4,394.08	4,394.08	-	-	**4,394.08**
Total financial assets		**4,432.81**	**4,432.81**	-	-	**4,432.81**
Financial liabilities		-	-	-	-	-
Total financial liabilities		-	-	-	-	-

			Fair Value			
Assets and liabilities which are measured at amortised cost for which fair values are disclosed	**Notes**	**Carrying Amount**	**Level 1**	**Level 2**	**Level 3**	**Total**
As at March 31, 2021						
Financial assets						
Cash and cash equivalents	3	1,705.82	1,705.82	-	-	**1,705.82**
Bank Balance other than above	4	536.66	536.66	-	-	**536.66**
Trade Receivable	5	30.56	-	-	30.56	**30.56**
Loans		-	-	-	-	**-**
Loans to employees	6	1.19	-	-	1.19	**1.19**
Loans - Others		46,861.36	-	-	46,861.36	**46,861.36**
Investments		-	-	-	-	
- Commercial Paper	7	959.13	-	959.13	-	**959.13**
- Debt Securities		952.76	-	952.76	-	**952.76**
- Pass Through Certificates		1,729.83	-	-	1,729.83	**1,729.83**
Other financial assets	8	97.66	-	-	97.66	**97.66**
Total financial assets		**52,874.96**	**2,242.48**	1,911.89	**48,720.59**	**52,874.96**

Financial Liabilities						
Trade Payable	14	74.95	-	-	74.95	**74.95**
Debt Securities	15	6,741.30	6,741.30	-		**6,741.30**
Borrowings other than Debt Securities	16	30,947.28	-	-	30,947.28	**30,947.28**
Other Financial Liabilities	17	2,823.82	-	-	2,823.82	**2,823.82**
Total financial liabilities		**40,587.35**	**6,741.30**	-	**33,846.05**	**40,587.35**

			Fair Value			
Financial assets and liabilities measured at fair value - recurring fair value measurements	**Notes**	**Carrying Amount**	**Level 1**	**Level 2**	**Level 3**	**Total**
As at March 31, 2020						
Financial assets						
Financial Investments at FVTPL						
Listed equity investments	7	30.86	30.86	**-**	**-**	**30.86**
Mutual funds		3,576.42	3,576.42	**-**	**-**	**3,576.42**
Total financial assets		**3,607.28**	**3,607.28**	**-**	**-**	**3,607.28**
Financial liabilities		**-**	**-**	**-**	**-**	**-**
Total financial liabilities		**-**	**-**	**-**	**-**	**-**

			Fair Value			
Assets and liabilities which are measured at amortised cost for which fair values are disclosed	**Notes**	**Carrying Amount**	**Level 1**	**Level 2**	**Level 3**	**Total**
As at March 31, 2020						
Financial assets						
Cash and cash equivalents	3	623.25	623.25	-	-	**623.25**
Bank Balance other than above	4	118.77	118.77	-	-	**118.77**
Trade Receivable	5	9.12	-	-	9.12	**9.12**
Loans						**-**
Loans to employees	6	4.51	-	-	4.51	**4.51**
Loans - SME & CF		39,283.90	-	-	39,283.90	**39,283.90**
Other financial assets	8	23.02	-	-	23.02	**23.02**
Total financial assets		**40,062.57**	**742.02**	-	**39,320.55**	**40,062.57**
Financial Liabilities						
Trade Payable	14	68.58	-	-	68.58	**68.58**
Debt Securities	15	1,500.00	1,500.00	-	-	**1,500.00**
Borrowings other than Debt Securities	16	26,866.12	-	-	26,866.12	**26,866.12**
Other Financial Liabilities	17	308.81	-	-	308.81	**308.81**
Total financial liabilities		**28,743.52**	**1,500.00**	-	**27,243.52**	**28,743.52**

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the- counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

The carrying amounts of trade receivables, trade payables, capital creditors and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature.

The Group gives loans at floating rates with terms including the fixed interest rate for initial period. The fair value of these loans approximates the carrying amount.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

The Group borrowings are at floating rates therefore fair value of these borrowings approximates the carrying value.

The fair value of Debentures approximates the carrying value.

41.1. Risk Disclosures

Group's risk is managed at Group level through an integrated risk management framework, including ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities. The Group is exposed to credit risk, liquidity risk and interest rate risk.
It is the Group's policy to ensure that a robust risk awareness is embedded in its organisational risk culture.

41.2. Credit risk

Credit risk is the risk that the Group will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Group manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties.

41.2.1 Impairment assessment

41.2.1.1 Exposure at Default

EAD is taken as the gross exposure under a facility upon default of an obligor.The amortized principal and the interest
The advances have been bifurcated into following three stages:
Stage 1 – Advances with low credit risk and where there is no significant increase in credit risk. Hence, the advances up to 0-29 days are classified as Stage1
Stage 2 – Advances with significant increase in credit risk. Hence the advances from 30 to 89 days are classified as Stage 2
Stage 3 – Advances that have defaulted / Credit impaired advances. Hence the advances with 90 days past due or Restructured Advances are classified as Stage 3. Non payment on another loan of the same customer whether in Stage 1
Note:-The impact of RBI Circular dated March 27, 2020, has been considered for the aforesaid classification into Stage 1 , Stage 2 and Stage 3 Loans.

41.2.1.2 Significant increase in credit risk

The Group continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12 months ECL or lifetime ECL, the Group assesses whether there has been a significant increase in credit risk since initial recognition. The Group considers an exposure to have significantly increased in credit risk if contractual payments are more than 30 days past due.

41.2.1.3 Definition of default and cure

The Group considers a financial instrument defaulted and therefore Stage 3 (credit impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.
As a part of a qualitative assessment of whether a customer is in default, the Group also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Group carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate. Such events include:
a) Significant financial difficulty of the borrower or issuer;
b) A breach of contract such as a default or past due event;
c) The restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise; or
d) It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

It is the Group's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when the borrower makes necessary payments & the borrower is not 90 days past due after such payments. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

41.2.1.4 PD estimation process

The probability of default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.Probability of Default is computed based on number of accounts that default during a year as a percentage of average no. of accounts outstanding (refer note 34).

a) The Group has applied 12 months PD to stage 1 advances

b)The Lifetime PD is computed using basic exponentiation technique after considering the residual maturity of the respective loan.

41.2.1.5 Loss given default

The loss given default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that would be expected to receive, including from realisation of any prime/collateral security. LGD is computed based on discounted expected recoveries at an account level based on collateral valuation and appropriate recovery time. Accordingly, an average LGD is derived at the portfolio level (refer note 34).

41.2.2 Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Group has guidelines are in place covering the acceptability and valuation of each type of collateral.

1) The main type of collateral for construction finance is mortgage of project and hypothication of Receivables.

2) In case of MSME loans, collaterals are Residential/Commercial/Industrial property.

3) In case of retail lending, collaterals are by way of hypothication of Receviables/Book Debts.

4) In case of Housing loans the Group adhers to the NHB guidelines in respect of maintainence of adequate Loan to Value Ratios. The main types of collateral for home loans are mortgages over residential properties.

Management monitors the market value of collateral and will request additional collateral in accordance with the underlying agreement.

In case of defaults by customers, where the Group is unable to recover the dues, the Group through a legal process enforces the security and recovers the dues.

41.2.3

In accordance with the instructions in the RBI circular dated April 07 2021 , all lending institutions shall refund / adjust 'interest on interest' to all borrowers, irrespective of whether moratorium had been fully or partially availed, or not availed. Pursuant to these instructions, the Indian Banks Association (IBA) in consullation with other industry participants / bodies published the methodology for calculation of the amount of such 'interest on interest'. Accordingly. the Company has estimated the said amount and made provision for refund/adjustment.

41.2.4

The outbreak of Covid-19 pandemic across the globe & India has contributed to a significant volatility and decline in the global and Indian financial markets and slowdown in the economic activities. Pursuant to the guidelines issued by RBI dated, March 27, 2020, April 17, 2020 and May 23, 2020 relating to COVID-19 Regulatory Package, the Company has granted moratorium on the payment of instalments falling due between March 01, 2020 and August 31, 2020 to the eligible borrowers. For the purpose of asset classification on all such accounts, the number of days past due as on March 31, 2021 excludes the moratorium period to the respective borrower, as per the policy.

41.2.5

Hon'able Supreme court vide order dated 23 March 2021, in the matter of Small Scale industrial Manufacturers Associations VS UOI & Ors. Has stated that interium relief granted vide an interim order dated 3 September 2020 stands vacated. Accordingly the company has classified non performing assets as per extant RBI guidlines.

41.3. Liquidity risk and funding management

Liquidity risk is defined as the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Group might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to the Group on acceptable terms. To limit this risk, management has arranged for diversified funding sources and adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on a daily basis.

Liquidity risk is managed in accordance with our Asset Liability Management Policy. This policy is framed as per the current regulatory guidelines and is approved by the Board of Directors. The Asset Liability Management Policy is reviewed periodically to incorporate changes as required by regulatory stipulation or to realign the policy with changes in the economic landscape. The Asset Liability Committee (ALCO) of the Group formulates and reviews strategies and provides guidance for management of liquidity risk within the framework laid out in the Asset Liability Management Policy.

Analysis of financial assets and liabilities by remaining contractual maturities is provided in Note No. 37

41.4. Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

The core business of the Group is providing loans to MSME, Construction Finance and Housing Finance. The Group borrows through various financial instruments to finance its core lending activity. These activities expose the Group to interest rate risk.

Interest rate risk is measured through earnings at risk from an earnings perspective and through duration of equity from an economic value perspective. Further, exposure to fluctuations in interest rates is also measured by way of gap analysis, providing a static view of the maturity and re-pricing characteristic of Balance sheet positions. An interest rate sensitivity gap report is prepared by classifying all rate sensitive assets and rate sensitive liabilities into various time period categories according to contracted/behavioural maturities or anticipated re-pricing date. The difference in the amount of rate sensitive assets and rate sensitive liabilities maturing or being re-priced in any time period category, gives an indication of the extent of exposure to the risk of potential changes in the margins on new or re-priced assets and liabilities. The interest rate risk is monitored through above measures on a quarterly basis.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates (all other variables being considered as constant) of the Group's statement of profit and loss and equity.

(INR in Millions)

Particulars	Increase / (decrease) in basis points	Sensitivity of profit or loss		Sensitivity of equity	
2020-21					
Loans (INR)	25 Basis point Up	Impact on Profit before Tax	120.66	Impact on equity	90.29
	50 Basis point Up		241.33		180.59
	25 Basis point Down		(120.66)		(90.29)
	50 Basis point Down		(241.33)		(180.59)
Borrowings (INR)	25 Basis point Up	Impact on Profit before Tax	(77.92)	Impact on equity	(58.31)
	50 Basis point Up		(155.84)		(116.62)
	25 Basis point Down		77.92		58.31
	50 Basis point Down		155.84		116.62

(INR in Millions)

2019-20					
Loans (INR)	25 Basis point Up	Impact on Profit before Tax	99.70	Impact on equity	73.73
	50 Basis point Up		199.40		147.46
	25 Basis point Down		(99.70)		(73.73)
	50 Basis point Down		(199.40)		(147.46)
Borrowings (INR)	25 Basis point Up	Impact on Profit before Tax	(67.61)	Impact on equity	(49.82)
	50 Basis point Up		(135.21)		(99.64)
	25 Basis point Down		67.61		49.82
	50 Basis point Down		135.21		99.64

Operational Risk:

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Company cannot expect to eliminate all operational risks, but it endeavors to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include maker-checker controls, effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of internal audit.
During the year, the the Company has not come across any instances of fraud.

Capital Management :

Company's capital management objective is primarily to safeguard business continuity. The Company's capital raising policy is aligned to macro economic situation and incidental risk factors. The Company's cashflows are regularly monitored in sync with annual operating plans and long-term and other strategic investment plans. The operational funding requirements are met through debt and operating cash flows generated. The company believes this approach would create shareholder value in long run. Also, the company has adopted a conservative approach for ALM management with primacy to adequate liquidity. At present a large portion of the company's resource base is equity. Therefore the company enjoys a low gearing.

The Company maintains its capital structure in line with economic conditions and the risk characteristics of its activities and the board reviews the capital position on a regular basis.

Gearing ratio :

Particulars	**As at March 31, 2021**	**As at March 31, 2020**
The gearing ratio at each date were as follows :		
*Debt (I)	37,900.30	28,597.69
Cash and bank balances (II) (refer note 3)	1,705.72	623.25
Net debt (I - II)	**36,194.58**	**27,974.44**
Total equity	**18,922.75**	**17,141.49**
Net debt to equity ratio	**1.91**	**1.63**

* Debt includes debt securities, borrowings and lease liabilities.

Note 42A- Defined Contribution Plan

The group's state governed provident fund scheme are defined contribution plan for its employees. The Contribution by the employer and employee together with interest accumulated there on are payable to the employee at the time of separation from group or retirement whichever is earlier. The benefit vests immediately on rendering of services by the employee.

(INR in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020
Employer's contribution to provident fund	28.03	21.88
Employer's contribution to National Pension Scheme	3.25	3.90
Total	**31.28**	**25.78**

Note 42B- Defined Benefit Plan

The group has a defined benefit gratuity plan in India (funded). The group's defined benefit gratuity plan is a final salary plan for its employees, which requires contributions to be made to a separately administered fund.The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at separation/retirement. The fund has the form of a trust and it is governed by the Board of Trustees, which consists of an equal number of employer and employee representatives. The Board of Trustees is responsible for the administration of the plan assets and for the definition of the investment strategy.

The following table sets out the status of the Defined Benefit Gratuity Plan as per the actuarial valuation by the independent Actuary appointed by the group:-

Principal assumptions used for the actuarial valuations are as follows:

(INR in Millions)

Particulars	Gratuity Plans	
	As at March 31, 2021	**As at March 31, 2020**
Discount Rate	5.58%	6.24%
Expected Rate of return on Plan Asset	5.58%	6.24%
Salary Escalation	5.00%	5.00%
Attrition Rate	20.00%	16.10%
Mortality Table	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate

Movements in the present value of the defined benefit obligation are as follows:

(INR in Millions)

Particulars	Gratuity Plans	
	As at March 31, 2021	**As at March 31, 2020**
Present Value of Benefit Obligation at the Beginning of the Period	38.44	30.91
Current Service Cost	12.35	13.00
Interest Cost	2.40	2.31
Past Service Cost (Vested Benefit)	-	-
Liability transferred In/ Acquisitions	-	-
Remeasurement (gains)/losses	-	-
Benefit Paid From the Fund	(4.99)	(4.17)
Direct Payment by the group	-	-
Actuarial (Gains)/Losses on Obligations - Due to Change in Demographic Assumptions	(1.60)	(0.74)
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	1.15	2.32
Actuarial (Gains)/Losses on Obligations - Due to Experience	(5.53)	(5.19)
Present Value of Benefit Obligation at the End of the Period	**42.22**	**38.44**

Movements in the fair value of the plan assets are as follows:

(INR in Millions)

Particulars	Gratuity Plans	
	As at March 31, 2021	**As at March 31, 2020**
Fair Value of Plan Assets at the Beginning of the Period	29.12	20.81
Interest income	1.82	1.56
Contributions by employer	9.60	10.50
Assets transferred In/Acquisitions	-	-
Expected Contributions by the employees	-	-
Benefit Paid From the Fund	(4.99)	(4.17)
Remeasurement gain (loss)	-	-
Return on Plan Assets, Excluding Interest Income	0.29	0.44
Fair Value of Plan Assets at the End of the Period	**35.84**	**29.12**

Amount recognized in the balance sheet from the group's obligation in respect of its defined benefit plans is as follows:

(INR in Millions)

Particulars	Gratuity Plans	
	As at March 31, 2021	**As at March 31, 2020**
(Present Value of Benefit Obligation at the end of the Period)	(42.22)	(38.44)
Fair value of plan assets	35.84	29.13
Funded status (Surplus/ (Deficit))	(6.38)	(9.31)
Net (Liability)/Asset Recognized in the Balance Sheet	**(6.38)**	**(9.31)**

Net Interest Cost for current period:

(INR in Millions)

Particulars	Gratuity Plans	
	As at March 31, 2021	As at March 31, 2020
Present Value of Benefit Obligation at the Beginning of the Period	38.44	30.91
(Fair Value of Plan Assets at the Beginning of the Period)	(29.13)	(20.81)
Net Liability/(Asset) at the Beginning	9.31	10.10
Interest Cost	2.40	2.31
(Interest Income)	(1.82)	(1.56)
Net Interest Cost for Current Period	**0.58**	**0.76**

Amounts recognised in the statement of profit and loss in respect of these defined benefit plans are as follows:

(INR in Millions)

Particulars	Gratuity Plans	
	As at March 31, 2021	As at March 31, 2020
Service cost:		
Current service cost	12.35	13.00
Expected Contributions by the employees	-	-
Past Service Cost (Amortised) Recognised	-	-
Past Service Cost (Vested Benefit) Recognised	-	-
Net interest expense	0.58	0.76
Expense Recognized	**12.94**	**13.76**

Amounts recognised in the Other Comprehensive Income (OCI) in respect of these defined benefit plans are as follows:

(INR in Millions)

Particulars	Gratuity Plans	
	As at March 31, 2021	As at March 31, 2020
Return on plan assets (excluding amounts included in net interest expense)	(0.29)	(0.44)
Actuarial (gains) / losses on defined benefit obligations	(5.98)	(3.61)
Change in asset ceiling	-	-
Net (Income)/Expense For the Period Recognized in OCI	**(6.26)**	**(4.05)**

The fair value of the plan assets for the India at the end of the year 31st March 2021 for each category, are as follows:

(INR in Millions)

Category of Assets	Gratuity Fund	
	As at March 31, 2021	As at March 31, 2020
Central Govt. Securities	-	-
State Govt. Securities	-	-
Debt Securities, Money Market Securities and Bank Deposits	-	-
Mutual Funds	-	-
Insurer Managed Funds	35.84	29.13
Others	-	-
Total	**35.84**	**29.13**

Maturity Analysis of benefit payments

(INR in Millions)

Projected Benefits Payable in Future Years From the Date of Reporting	As at March 31, 2021	As at March 31, 2020
1st Following Year	5.94	3.81
2nd Following Year	4.51	4.35
3rd Following Year	6.24	4.05
4th Following Year	6.91	5.11
5th Following Year	5.33	5.80
Sum of Years 6 To 10	16.46	17.59
Sum of Years 11 and above	10.04	15.59

The estimates of future salary growth, factored in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. Such estimates are very long term and are not based on limited past experience / immediate future. Empirical evidence also suggests that in very long term, consistent high salary growth rates are not possible. The said estimates and assumptions have been relied upon by the auditors.

Senstivity analysis

(INR in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Sensitivity Level	1% increase	1% increase	1% decrease	1% decrease
Impact on defined benefit obligation (in ₹)				
1) Discount Rate	(1.72)	(1.89)	1.87	2.09
2) Future Salary Increases	1.81	1.97	(1.70)	(1.83)
3) Employee Turnover	(0.48)	(0.38)	0.49	0.37

Note :

-The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

-The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

-Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognised in the balance sheet.

-There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

Note 43 - Related party disclosures in respect of transactions for the year

Compensation of key management personnel of the Group

Key management personnel are those individuals who have the authority and responsibility for planning and exercising power to directly or indirectly control the activities of the Group and its employees. The Group includes the members of the Board of Directors which include independent directors (and its sub-committees) and Executive Committee to be key management personnel for the purposes of Ind AS 24 Related Party Disclosures.

(INR in Millions)

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2020
Employee benefits	26.09	13.44
Total	**26.09**	**13.44**

A. List of Related Parties and related party relationship:

Considering only parties with whom transaction has entered during the FY 2020-21

a) Enterprises over which Management and/or their relatives have control

1	Capri Global Holdings Private Limited
2	Ramesh Chandra Sharma - HUF
3	Parshwanath Buildcon Private Limited

b) Key Management Personnel of the Company

Sr no	Name of KMP	March 31, 2021	March 31, 2020
1	Mr. Quintin E Primo III	Not Applicable	Non-Executive Chairman (Resigned w.e.f 01.06.201
2	Mr. Rajesh Sharma	Managing Director	Managing Director
3	Mr. Jayesh Doshi	Whole Time Director (Resigned w.e.f.31.03.20)	Not Applicable
4	Mr. Beni Prasad Rauka	Independent Director	Independent Director
5	Ms. Bhagyam Ramani	Independent Director	Independent Director
6	Mr. Mukesh Kacker	Independent Director	Independent Director
7	Mr. Tilak Raj Bajalia	Not Applicable	Independent Director (Resigned w.e.f 19.12.2019)
8	Mr. Ajay Relan	Independent Director	Independent Director
9	Mr. Ajit Mohan Sharan	Independent Director	Independent Director (Appointed w.e.f 01.06.2019)
10	Mr. Ashish Gupta	Chief Financial Officer (Resigned w.e.f 08.07.2020)	Chief Financial Officer (Appointed w.e.f 03.05.2019)
11	Mr. Raj Ahuja	Chief Financial Officer (Appointed w.e.f 15.12.2020)	Not Applicable
12	Mr. Abhishekh Kanoi	Company Secretary (Resigned w.e.f 06.11.2020)	Company Secretary
13	Mr. Harish Agrawal	Company Secretary (Appointed w.e.f 07.11.2020)	Not Applicable

c) Post-employment benefit plan

1	Money Matters Financial Services Limited Employees Group Gratuity Assurance Scheme
2	Money Matters Securities Private Limited Employee Group Gratuity Assurance Scheme

d) Corporate Social Responsibility

1	Capri Foundation

B) Details of transactions during the year end and closing balances as at the year end:

(INR in Millions)

Sr. No.	Particulars	Enterprises over which Management and/or their relatives have control		Key Management Personnel		Post-employment benefit plan		Total	
		Year Ended March 31, 2021	Year Ended March 31, 2020	Year Ended March 31, 2021	Year Ended March 31, 2020	Year Ended March 31, 2021	Year Ended March 31, 2020	Year Ended March 31, 2021	Year Ended March 31, 2020
a.	**Statement of Profit and Loss Items:**								
I	**INCOMES :**								
i	**Sale of Investment**								
	Capri Global Holdings Private Limited	-	26.80	-	-			-	26.80
II	**EXPENSES :**								
i	**Rent Paid**								
	Capri Global Holdings Private Limited	0.38	0.42	-	-	-	-	0.38	0.42
	Ramesh Chandra Sharma (HUF)	-	1.65	-	-	-	-	-	1.65
	Parshwanath Buildcon Private Limited	0.25	0.28	-	-	-	-	0.25	0.28
ii	**Salaries, Commission and other benefits**								
	Mr. Rajesh Sharma	-	-	-	3.60	-	-	-	3.60
	Mr. Ashish Gupta	-	-	5.55	9.84	-	-	5.55	9.84
	Mr. Abhishekh Kanoi	-	-	2.37	-	-	-	2.37	-
	Mr. Harish Agrawal	-	-	2.46	-	-	-	2.46	-
	Mr. Jayesh Doshi	-	-	10.35	-	-	-	10.35	-
	Mr. Raj Ahuja	-	-	5.36	-	-	-	5.36	-
iii	**Director Sitting Fees**								
	Mr. Quintin E Primo III	-	-	-	0.15	-	-	-	0.15
	Mr. Beni Prasad Rauka	-	-	2.38	1.50	-	-	2.38	1.50
	Ms. Bhagyam Ramani	-	-	2.49	1.19	-	-	2.49	1.19
	Mr. Mukesh Kacker	-	-	1.06	0.68	-	-	1.06	0.68
	Mr. Tilak Raj Bajalia	-	-	0.45	1.05	-	-	0.45	1.05
	Mr. Ajit Sharan			0.70	0.33			0.70	0.33
	Mr. Ajay Kumar Relan	-	-	0.57	0.45	-	-	0.57	0.45
	Mr. Desh Raj Dogra			0.08					
iv	**Employee Benefits**								
	Money Matters Financial Services Limited Employees Group Gratuity Assurance Scheme	-	-	-	-	7.50	8.50	7.50	8.50
	Money Matters Securities Private Limited Employees Group Gratuity Assurance Scheme	-	-	-	-	2.35	2.01	2.35	2.01
v	**Corporate Social Responsibility**								
	Capri Foundation	-	-	37.26	28.06	-	-	37.26	28.06

(INR in Millions)

Sr. No.	Particulars	Enterprises over which Management and/or their relatives have control		Key Management Personnel		Post-employment benefit plan		Total	
		As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
c	**Balance Sheet Items (Closing Balances):**								
	Other Liabilities for rendering services								
i	**Other Payable**								
	Parshwanath Buildcon Private Limited	0.16	0.58					0.16	0.58

Note 44 - Segment Information (IND-AS 108)
Operating Segment:
The Group operates mainly in the business segment of fund based financing activity. All other activities revolve around the main business. Further, all activities are carried out within India. As such, there are no separate reportable segments as per the provisions of IND AS 108 on 'Operating Segments'.

Note 45 - In Accordance with IND AS - 33 Earnings Per Share
The computation of earning per share is set out below:

Particulars			**For the Year Ended March 31, 2020**	**For the Year Ended March 31, 2019**
Net Profit after tax as per Statement of Profit and Loss	(A)	INR In Millions	1,769.55	1,612.33
Weighted average number of equity shares for calculating Basic EPS	(B)	Nos.	17,51,34,805	17,51,34,805
Weighted average number of equity shares for calculating Diluted EPS	(C)	Nos.	17,65,01,662	17,61,93,461
Basic earnings per equity share (in Rupees) (Face value of Rs. 2/- per share)	(A)/(B)	INR	10.10	9.21
Diluted earnings per equity share (in Rupees) (Face value of Rs. 2/- per share)	(A)/(C)	INR	10.03	9.15

Particulars			**For the Year Ended March 31, 2020**	**For the Year Ended March 31, 2019**
Weighted average number of equity shares for calculating EPS		Nos.	17,52,85,355	17,51,34,805
Add : Equity shares for no consideration arising on grant of stock options under ESOP		Nos.	12,16,307	10,58,656
Weighted average number of equity shares in calculation of diluted EPS		Nos.	17,65,01,662	17,61,93,461

Note 46 - Employee Stock Option

The Capri Global Capital Limited has granted Employee Stock Options (ESOP) under the Employee Stock Option Scheme 2009 (ESOP 2009) to employees of the Group spread over a period 1 to 4 years.

Employee Stock Option Plans

A Summary of the general terms of grants under stock options plans are as under: -

Name of Plan	Number of options under the Plan	Range of Exercise Price
Employee Stock Option Plan	15,80,450	Rs. 2 to Rs.194.9

The activity of the Stock Plans is summarised below

Particulars	Year ended			
	As at March 31, 2021		As at March 31, 2020	
	Numbers	Vesting Price (Rs.)	Numbers	Vesting Price (Rs.)
Outstanding at the beginning of the year	5,74,000	100.00	7,71,500	100.00
	2,85,000	70.00	2,85,000	70.00
	5,55,000	2.00	6,87,500	2.00
	2,00,500	130.00	-	-
	50,000	174.00	-	-
	15,000	158.20	-	-
Granted				
	2,95,000	2.00	2,00,500	130.00
	20,000	194.9	50,000	174.00
	-	-	15,000	158.20
Exercised				
	1,13,000	100.00	-	-
	37,550	2.00		
Forfieted, expired and cancelled				
	25,500	100.00	1,97,500	100.00
	52,000	2.00	-	70.00
	1,50,000	130.00	1,32,500	2.00
	15,000	158.20	-	-
	21,000	2.00	-	-
Outstanding at the end of the year	4,42,000	100.00	5,74,000	100.00
	2,85,000	70.00	2,85,000	70.00
	7,32,950	2.00	5,55,000	2.00
	50,500	130.00	2,00,500	130.00
	50,000	174.00	50,000	174.00
	20,000	194.90	15,000	158.20

The following table summarises information about stock option plans

Exercise Price (Rs.)	Year ended			
	As at March 31, 2021		As at March 31, 2020	
	Numbers	Weighted Average Remaining Life (Months)	Numbers	Weighted Average Remaining Life (Months)
130.00	50,500	31	2,00,500	43
174.00	50,000	31	50,000	43

158.20	-	-	15,000	48
194.90	20,000	48	-	-
100.00	4,42,000	16	5,74,000	24
70.00	2,85,000	12	2,85,000	22
2.00	7,32,950	28	5,55,000	30

The following table summarizes the assumptions used in calculating the grant date fair value.

Particulars	**March 31, 2021**	**March 31, 2021**
Expected life of the options	3 to 5 Years	3 to 5 Years
Expected volatility	60%	60%
Dividend yield	1%	1%
Risk-free interest rate	4.59% to 5.62%	6.07% to 6.66%

ESOP cost recognised in the Statement of Profit and Loss for March 31,2021 Rs.26.59 Millions (March 31, 2020 Rs. 22.45 Millions)

An aggregate amount of Rs 4.60 Millions being the difference between the exercise price and fair value of the options is receivable from the subsidiary Group with which employees are employed.

Note 47 - Expenditure in Foreign Currency

Foreign Travelling Expenses	-	NIL (March 31, 2020 Rs. 2.84 Millions)
Professional Fees		NIL (March 31, 2020 Rs. 1.64 Millions)
Training & Development		NIL (March 31, 2020 Rs. 5.05 Millions)
Director Sitting Fees	-	NIL (March 31, 2020 Rs. 0.15 Millions)
Software Expenses		Rs. 1.61 Millions (March 31, 2020 Rs. NIL)

Note 48 - Details of dues to micro and small enterprises

The Group has sent confirmations to suppliers to confirm whether they are covered under The Micro, Small and Medium Enterprises Development Act 2006 (MSMED Act, 2006) as well as they have filled required memorandum with prescribed authorities. Out of the confirmations sent to the parties, some confirmation have been received till date of finalisation of Balance Sheet. Based on the confirmations received, there are no outstanding amounts payable to vendors covered under The Micro, Small and Medium Enterprises Development Act 2006. The Above is based on the information available with the Group which has been relied upon by the auditor.

Note 49 - Contingent Liabilities

Income Tax matters under dispute: March 31, 2021 Rs. 3.63 Millions (March 31, 2020 Rs. 9.70 Millions).

Note 50 - Capital and Other Commitments

a) Estimated amount of contracts remaining to be executed on capital account and not provided for March 31, 2021 Rs.13.88 Millions (March 31, 2020 Rs. 3.55 Millions).
b) Amount payable towards acquisition of Property for March 31, 2021 Rs.48.10 Millions (March 31, 2020 Rs. 59.63 Millions).
c) Other Commitments
Pending disbursements of sanctioned loans for March 31,2021 Rs.9,259.46 Millions (March 31,2020 Rs.7,059.45 Millions).

Note 51

The Group has reported frauds aggregating March 31,2021 Rs. NIL (March 31, 2020: Rs. 15.83 Millions) based on management reporting to risk committee and to the RBI through prescribed returns.

Note 52 - Details of all collateral used as security for liabilities

(INR in Millions)

Particulars	**Carrying amount of financial assets pledged**	
	As at 31st March, 2021	**As at 31st March, 2020**
Assets type		
Loans receivable as collateral under lending agreements	47,853.20	39,397.51
Loans receivable as collateral under PTC agreements	1,729.84	-
Recievables from debt securities as collateral	5,389.90	3,576.42
Cash collateral under lending agreements	2,141.42	741.77

Note 53 - Additional information:

(INR in Millions)

Name of the entity in the Group	Net Assets, i.e. total		Share in Profit or Loss		Share in Other		Share in total Comprehensive	
	As % of consolidated net assets	Amount	As % of Consolidated Profit or Loss	Amount	As % of Consolidated other comprehensive income	Amount	As % of total Comprehensive income	Amount
Parent								
Capri Global Capital Limited	94.76%	16,272.69	81.10%	1,435.18	93.85%	4.42	81.14%	1,439.60
Subsidiaries								
Indian								
1. Capri Global Housing Finance Limited	15.43%	2,650.07	18.90%	334.47	6.15%	0.29	18.87%	334.76
3.Capri Global Resources Private Limited	0.00%	0.25	-0.01%	(0.10)	-	-	-0.01%	(0.10)
Consolidation Adjustment	-10.19%	(1,750.00)	0.00%	(0.01)			0.00%	(0.01)
Total	**100.00%**	**17,173.01**	**100.00%**	**1,769.55**	**100.00%**	**4.71**	**100.00%**	**1,774.26**

Note 54 -Previous year figures

Previous year figures have been regrouped and reclassified wherever necessary to confirm to current year's presentation.

For and on behalf of the Board of Directors

(Rajesh Sharma)	**(Beni Prasad Rauka)**
Managing Director	Independent Director
DIN 00020037	DIN 00295213

(Harish Agrawal)	**(Raj Ahuja)**
Senior Vice President & Company Secretary	Group Chief Financial Officer

Place: Mumbai
Date: May 27, 2021

ACCOUNTING RATIOS AND CAPITALISATION STATEMENT

Accounting Ratios

The following tables present certain accounting and other ratios computed on the basis of amounts derived from the 2022 Audited Consolidated Financial Statements, included in "*Financial Statements*" beginning on page 126:

(₹ in million, except percentages and per Equity Share data)

Particulars	Consolidated
	As at and for the year ended March 31, 2022
Basic EPS (₹)	11.69
Diluted EPS (₹)	11.56
Return on Net Worth (%)	10.87
Net Asset Value per Equity Share (₹)	107.36
EBITDA (₹ in million)	6,133.47

* *Not annualized*

The formulae used in the computation of the above ratios are as follows:

Basic EPS	Profit and loss attributable to Equity shareholders of Company / Weighted average number of Equity shares outstanding at the end of the period as adjusted for treasury shares
Diluted EPS	Profit and loss attributable to Equity shareholders of Company / Weighted average number of Equity shares outstanding at the end of the period as adjusted for treasury shares and for the effects of all dilutive potential equity shares
Return on Net Worth	Net profit after tax for the period as presented in the consolidated statement of profit and loss in the Financial Statements / Net Worth
Net Asset Value per Equity Share	Net Worth / Number of Equity Shares subscribed and fully paid outstanding as at the end of the period
EBITDA	Net profit after tax for the period adjusted for income tax expense, finance costs, depreciation and amortisation expense as presented in the Audited Consolidated Financial Statements

(a) Calculation of Return on Net Worth

(₹ in million, except percentages)

Particulars	Consolidated
	As at and for the year ended March 31, 2022
Net profit after tax (A)	2,050.41
Net Worth (B)	18,857.88
Return on Net Worth [A / B] * 100 (%)	**10.87**

(b) Calculation of Net Worth and Net asset value per Equity Share

(₹ in million, except per share data)

Particulars	Consolidated
	As at and for the year ended March 31, 2022
Equity Share capital (A)	351.31
Other equity (including non-controlling interest) (B)	18,873.40
Deferred Tax Asset (C)	366.83
Net Worth (D = A + B – C)	18,857.88
No. of Equity shares subscribed and fully paid outstanding (E)	175,654,055
Net Asset Value per Equity Share [D / (E/10^6)] (₹)	**107.36**

(c) Details of EBITDA

(₹ in million, except per share data)

Particulars	Consolidated
	As at and for the year ended March 31, 2022
Net profit after tax (A)	2,050.41
Income tax expense (B)	675.82
Finance costs (C)	3,308.47
Depreciation and amortisation expense (D) (₹ in million)	98.77
EBITDA (E)= [A+B+C+D]	**6,133.47**

Consolidated Capitalisation Statement

The following table sets forth the capitalisation statement of our Company (i) derived from the Audited Financial Statements; and (ii) as adjusted for the Issue:

(₹ in million)

Particulars	Pre-Issue as at March 31, 2022	As adjusted for the Issue
Total Borrowings		
Debt securities (A)	4,330.90	[●]
Borrowings (other than debt securities) (B)	43,752.97	
Derivative Financial Liability (C)	12.42	[●]
Deposits (D)	-	[●]
Subordinated Liabilities (E)	-	[●]
Total Borrowings (F)	**48,096.29**	[●]
Total Equity		
Equity Share Capital (G)	351.31	[●]
Other Equity (excluding non-controlling interests) (H)	18,873.40	[●]
Total Equity (I = G + H)	**19,224.71**	[●]
Total Borrowings / Total Equity (F/I)	**2.50**	

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

An investment in the Equity Shares involves a high degree of risk. Prospective investors should carefully consider all the information in this Draft Letter of Offer, including the risks and uncertainties described below, before making an investment in the Equity Shares. This section should be read in conjunction with "Risk Factors", "Industry Overview", "Our Business", "Selected Statistical Information", and "Financial Information" on pages 18, 71, 102, 47 and 126, respectively, before making an investment decision in relation to the Equity Shares.

This section contains forward-looking statements. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. See "Forward-Looking Statements" on page 15 for a discussion of the risks and uncertainties related to those statements and "Risk Factors" on page 18 for a discussion of certain factors that may affect our business, financial condition, results of operations or cash flows.

Our fiscal year commences on April 1 and ends on March 31 of the subsequent year, and references to a particular "Fiscal" are to the 12 months ended March 31 of that year. Unless otherwise specified or as the context requires, financial information herein is derived from the Consolidated Financial Statements. However, all information in this section regarding cost, yield and average balances is based on the average balances outstanding during the relevant Fiscal year. For further information, see "Selected Statistical Information" on page 47.

Certain non-GAAP financial measures and certain other statistical and operational information relating to our operations and financial performance have been included in this section. For further details, see "Presentation of Financial Information and Other Information – Non-GAAP Financial Measures" on page 13.

Industry and market data used in this section are derived from the CareEdge Report, which was exclusively prepared for the purpose of the Issue. Our Company commissioned and paid for the CareEdge Report pursuant to the engagement letters dated June 13, 2022, June 28, 2022 and June 30, 2022. CareEdge Research is not related in any manner to our Company, any of the Directors or the Promoters. For more details, see "Presentation of Financial Information and Other Information – Market and Industry Data" on page 13 .

OVERVIEW

We offer a wide range of loans through our four lending verticals: (1) MSME loans; (2) housing loans; (3) construction finance loans; and (4) loans to other NBFCs and loans against pledge of debt securities to borrowers dealing in debt securities ("**Indirect Lending**"). We are also a corporate selling agent for third-party new car loans.

Our Company is a NBFC - Investment and Credit Company and a Systemically Important Non-Deposit Taking NBFC Our Company's wholly owned subsidiary, Capri Global Housing Finance Limited ("**CGHFL**"), is an HFC. Our housing loan business is owned and operated by CGHFL.

We primarily cater to MSMEs, self-employed non-professionals and first-time borrowers that lack access to formal credit channels, while contributing to India's financial inclusion agenda and "Housing for All by 2022" mission under Pradhan Mantri Awas Yojana ("**PMAY**"). As at March 31, 2022, (i) we had more than 20,700 loans to MSMEs outstanding and (ii) we had more than 17,700 housing loans outstanding, out of which more than 7,500 were under the PMAY initiative.

An overview of our loan products as at June 30, 2022 is set out below:

Particulars	MSME Loans	Housing Loans	Construction Finance Loans	Indirect Lending
Product Portfolio	Business loans to MSMEs	Loans for the purchase of residential units, construction and extension, renovation of home, purchase of land and home equity loans	Loans to small and midsize real estate developers, primarily for affordable housing projects in Tier 1 and Tier 2 cities	Loans to other NBFCs engaging in MSME lending and microfinance and fintech businesses and loans against pledge of debt securities to borrowers dealing in debt securities
Ticket Size[(1)]	₹0.2 million – ₹15 million.	₹0.2 million – ₹10 million.	₹20 million – ₹600 million.	₹30 million – ₹1,000 million.
Tenor of Loans[(2)]	Up to 15 years.	Up to 25 years.	Less than 7 years.	1-3 years.
Security	First and exclusive charge / mortgage over the collateral property (residential, commercial or industrial property) with clear and	First and exclusive charge / mortgage over the property with clear and marketable title.	First and exclusive charge / mortgage over the property with clear and marketable title along with hypothecation of the project's cash flows	Hypothecation of receivables and pledge of debt securities.

Particulars	MSME Loans	Housing Loans	Construction Finance Loans	Indirect Lending
	marketable title.		through an escrow mechanism.	
Average LTV ratio[(*)(3)] as a percentage as at March 31, 2022 / asset cover as per the product rules	Average LTV ratio of 53.6%. As per the product rules, the LTV at sanction is 35%-70%.	Average LTV ratio of 52.7% As per the product rules, the LTV at sanction is 60%-85%.	As per the product rules, a minimum of 1.5 times the amount of the loan outstanding.	As per the product rules, a minimum of 1.05 times the amount of the loan outstanding.

Notes:

(1) Minimum and maximum loan size as per the applicable product rules.
(2) Minimum and maximum loan tenor as per the applicable product rules.
(3) The average LTV ratio for Fiscal 2022 is the average of the average LTV ratio at sanction for each quarter of Fiscal 2022.
(*) Non-GAAP Financial Measure.

We entered into an agreement with Union Bank of India and State Bank of India in November 2021 for co-lending in the MSME sector based on the co-lending guidelines announced by the RBI. We also entered into an arrangement with State Bank of India in February 2022 for co-lending in the affordable housing sector based on the co-lending guidelines announced by the RBI.

We are a corporate selling agent for new car loan products of Union Bank of India, Bank of Baroda, HDFC Bank Limited, Indian Overseas Bank, Yes Bank and Bank of India. We launched our third-party new car loan distribution business in February 2021. As at June 30, 2022, our third-party new car loan distribution business had 661 employees in 279 locations across 25 states and Union Territories.

As at June 30, 2022, we had 123 branches, including four exclusive branches for our third-party new car loan distribution business, across 12 states and Union Territories in India.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Our financial condition and results of operations have been, and are expected to be, influenced by numerous factors. A summary of the most important factors that have had, and that we expect will continue to have, a significant effect on our financial condition and results of operations is set forth below.

Net Interest Income

Our results of operations are substantially dependent upon the amount of our net interest income. Net interest income is interest earned (excluding interest on security deposit of ₹2.02 million in Fiscal 2022 and nil in Fiscal 2021) minus finance costs (excluding interest on lease liability of ₹26.12 million in Fiscal 2022 and ₹25.56 million in Fiscal 2021) ("**Net Interest Income**"). The table below sets forth details of our Net Interest Income for Fiscal 2022 and Fiscal 2021.

Particulars	For the year ended March 31,		Increase/ (decrease)(%)
	2022	2021	
	(₹ in millions, except percentages)		
Interest income [A]	8,395.78	6,735.21	24.7
Interest on security deposit [B]	2.02	–	–
Interest income excluding interest on security deposit [C= A - B]	8,393.76	6,735.21	24.6
Finance costs [D]	3,308.47	2,887.05	14.6
Interest on lease liability [E]	26.12	25.56	2.2
Finance cost net off interest on lease liability [F = D - E]	3,282.35	2,861.49	14.7
Net Interest Income [A= C - F]	**5,111.41**	**3,873.72**	**32.0**

Our Net Interest Income increased by 32.0% from ₹3,873.72 million for Fiscal 2021 to ₹5,111.41 million for Fiscal 2022. Our Net Interest Income is primarily dependent on: (i) the average amount of our loans outstanding during the period and the average interest rates we charge (yield) on our Average Loans; and (ii) the average amount of our interest-bearing borrowings (which are also our interest-bearing liabilities) outstanding during the period and the interest rates we pay (cost) on our average interest bearing borrowings (interest-bearing liabilities). Our Average Loans increased by 26.56% from ₹42,221.45 million in Fiscal 2021 to ₹53,435.24 million in Fiscal 2022 and our Yield on Average Loans decreased from 15.8% to 15.2% for Fiscals 2021 and 2022, respectively. Our Average Total Interest-Bearing Liabilities increased by 29.38% from ₹31,876.03 million in Fiscal 2021 to ₹41,239.75 million in Fiscal 2022 and our cost of Average Total Interest-Bearing Liabilities decreased from 9.0% to 8.0% for Fiscals 2021 and 2022, respectively. For details on our Average Loans, Yield on Average Loans, Average Total Interest-Bearing Liabilities and our cost of Average Total Interest-Bearing Liabilities, see "*Selected Statistical Information – Average Balance Sheet, Interest Earned/Expended and Yield/Cost*" on page 47.

Our loan products comprise floating, semi-fixed (i.e., fixed for a period of time, generally three years, before converting to a floating rate) and fixed rate interest rate loans. Our floating rate products are predominately composed of our MSME loans, housing loans, construction finance loans and Indirect Lending. Our semi-fixed rate and fixed rate products are predominately composed of our MSME loans and housing loans. As at March 31, 2021 and March 31, 2022, 56.39% and 55.04% of our loans had floating interest rates, respectively, and 43.61% and 44.96% of our loans (including semi-fixed interest rate loans that had a fixed interest rate as at those dates) had fixed interest rates, respectively. As at March 31, 2021 and March 31, 2022, 43.23% and 44.00% of our loans that had fixed interest rates as at those dates were semi-fixed interest rate loans that had a fixed interest rate as at those dates, respectively. Our lending rates are generally linked to the interest rate environment and are also influenced by our competition.

In order to manage our exposure to interest rates and liquidity risk arising from the mismatch between interest rates and loan tenure of our borrowings and assets, we diversify our borrowings mix across borrowing instruments, tenors and a mix of fixed and floating interest rate borrowings. Our floating rate borrowings are primarily term loans from banks and other financial institutions, which are shown in our financial statements as borrowings (other than debt securities). Our fixed rate borrowings are primarily our non-convertible debentures, which are shown in our financial statements as debt securities. As at March 31, 2021 and March 31, 2022, our floating rate borrowings represented 74.13% and 80.99% of our interest-bearing borrowings, respectively, and our fixed rate borrowings represented 25.87% and 19.01% of our interest-bearing borrowings, respectively. Interest rates on our borrowings are sensitive to many factors beyond our control, including the RBI's monetary policies, domestic and international economic and political conditions, inflation and other factors.

Our ability to continue to meet customer demand for new loans will depend primarily on our ability to borrow from various external sources on suitable terms and in a timely manner. For more details, see "*Risk Factors – If we are unable to obtain debt on acceptable terms and at competitive rates when needed or raise equity share capital when needed, it could have a material adverse effect on our business, financial condition, results of operations and cash flows*" on page 18.

Operating Expenses

The amount of our operating expenses has a bearing on our results of operations. For Fiscal 2022 and Fiscal 2021, our operating expenses, which comprise (i) fees and commission expense (ii) employee benefit expense, (iii) depreciation and amortisation expense and (iv) other expenses (collectively, "**Operating Expenses**"), were ₹2,726.49 million and ₹1,582.51 million, respectively, which represented 28.1% and 21.5% of our revenue from operations, respectively. The following table sets forth our Operating Expenses for Fiscals 2022 and 2021:

Particulars	**For the year ended March 31, 2022**	**For the year ended March 31, 2021**	**Increase/(Decrease) (%)**
	(₹ in millions, except percentages)		
Fees and commission expense	190.79	–	*N.C*
Employee benefit expense	1,746.04	993.79	75.7
Depreciation and amortisation expense	98.77	105.11	(6.0)
Other expenses(1)	690.89	483.61	42.9
Total	**2,726.49**	**1,582.51**	**72.3**

Notes:
* *N.C means not comparable.*
(1) Other expenses include bad debts of ₹62.32 million in Fiscal 2021.

Our employee benefit expense increased by 75.7% from ₹993.79 million in Fiscal 2021 to ₹1,746.04 million in Fiscal 2022 and represented 13.5% and 18.0% of our revenue from operations for Fiscals 2021 and 2022, respectively. As our business has grown, we have increased the number of our employees. The number of our employees increased by 64.6% from 1,945 as at March 31, 2021 to 3,202 as at March 31, 2022. We intend to continue to increase the number of our employees as we expand our business and in particular our gold loans.

Credit Quality and Provisioning

Our ability to manage the credit quality of our loan portfolio, which we measure in part through non-performing assets ("**NPAs**"), is a key driver of our results of operations. Credit quality is the outcome of the credit appraisal mechanism and recovery system followed by us. We classify NPAs in accordance with the NBFC-ND-SI Directions and applicable Ind AS rules. Defaults by our customers for a period of more than 90 days result in such loans being classified as Stage 3 Assets (NPAs).

On November 12, 2021, the RBI issued clarifications with respect to the master circular DOR.No.STR.REC.55/21.04.048/2021-22 on "Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances" dated October 1, 2021 which clarified that:

- The classification of borrower accounts as special mention accounts or NPAs will be on a day-end position basis (i.e., NBFCs are to recognise NPAs on a daily due basis as part of their day-end process), which is expected to lead to higher gross NPA. Typically, NBFCs would ramp up their collection activity between due-date and month-end, leading to lower dues by end of month. This flexibility will no longer be available to the NBFCs which could cause some proportion of loans in the 60-90-day period category to slip into over 90-day period category.

- Accounts can only be upgraded from an NPA to a 'standard' asset after the clearance of all outstanding dues (in other words, only if the entire arrears of interest and principal are paid by the borrower). As such, a borrower slipping into the NPA category to remain in the same category for longer time as compared to the past.

Following RBI's clarification, we aligned our definition of default from the number of instalments outstanding approach to the days past due approach. Subsequently on February 15, 2022, vide circular RBI/2021-

2022/158/DOR.STR.REC.85/21.04.048/2021-22 ("**RBI Clarification**"), RBI deferred the implementation of Paragraph 10 of the circular until September 30, 2022. In accordance with the RBI Clarification, we have decided to implement the change in income recognition, asset classification and provisioning norms by September 30, 2022. The impact of the RBI Clarification, which was recognised in our results for the nine months' period ended December 31, 2021 has since been reversed by derecognising such assets as credit impaired.

The following table sets forth the composition of our loans across classification stages, as well as the provisioning thereof as at March 31, 2022 and March 31, 2021:

Particulars(5)	**As at March 31,**	
	2022	**2021**
	(₹ in millions, except percentages)	
Gross Carrying Amount – Loans		
Stage 1(1)	57,254.71	42,170.96
Stage 2(2)	6,372.63	5,079.87
Stage 3(3)	1,561.78	1,608.87
Total Gross Carrying Amount – Loans (A)	**65,189.12**	**48,859.70**
Expected credit loss ("**ECL**") Provisions – Loans		
Stage 1	451.17	267.68
Stage 2	871.32	448.45
Stage 3	478.09	466.90
Total ECL Provisions Amount – Loans (B)(4)	**1,800.58**	**1,182.03**
Net Carrying Amount – Loans		
Stage 1	56,803.54	41,903.28
Stage 2	5,501.31	4,631.42
Stage 3	1,083.69	1,141.97
Total Net Carrying Amount – Loans (C) = (A)-(B)	**63,388.54**	**47,676.67**
ECL Provisions (%)		
Stage 1	0.8	0.6
Stage 2	13.7	8.8
Stage 3	30.6	29.0
Total ECL Provisions (%) (D) = (B)/(A)	**2.8**	**2.44**

Notes:

(1) *Stage 1 loans refer to 0 to 30 Day Past Due ("**DPD**") accounts other than restructured 0 to 30 DPD accounts and NPA 0 to 30 DPD accounts.*

(2) *Stage 2 loans refer to 31 to 90 DPD and all loans restructured under the RBI's restructuring scheme which allowed a one-time restructuring of loans impacted by COVID-19 pandemic, which are Stage 2 or below as per DPD.*

(3) *Stage 3 loans refer to Stage 3 loans assets under our gross loan book as of the last day of the relevant period, or closing balance of our gross loan book, which are NPAs as defined in the master circular dated July 1, 2015 "Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances" issued by the RBI, as amended.*

(4) *As at March 31, 2022, our Company has considered all loans restructured under the RBI's restructuring scheme as an indicator of significant increase in credit risk and accordingly classified such loans as Stage 2.*

(5) *The figures in the table pertain to loan and provisioning with respect to the MSME, housing finance, construction finance, and Indirect Lending sectors.*

The following table sets forth the details relating to our impairment on financial instruments (at amortised cost).

Particulars	**For the year ended March 31,**		**Increase/(Decrease) (%)**
	2022	**2021**	
	(₹ in millions, except percentages)		
Total impairment loss:			
Of which			
Loans and advances to customers	562.59	544.04	3.41
Loan commitments	55.16	0.64	8,518.75
Bad debts written off	438.93	–	*N.C*
Total impairment loss	**1,056.68**	**544.68**	**94.00**

Note:

* *N.C means not comparable.*

All of our loans (except employee loans) are secured by collateral, which helps us to recover amounts due on NPAs, keeping our actual loss experience low. This is borne out in the loss given default ("**LGD**") for all our loan sectors. LGD is the amount of money a financial institution loses when a borrower defaults on a loan, after taking into consideration any recovery, represented as a percentage of total exposure at the time of loss. As a conservative approach, we have maintained a consistently higher PCR on Stage 3 loans than the LGD experience in each loan sector. The following table illustrates the LGD within each of our loan sectors (with construction finance and Indirect Lending combined) and the PCR on Stage 3 loans as at March 31, 2021 and 2022. For more details, see "*Our Business – Our Strengths – Strong credit appraisal and risk management systems, resulting in relatively low NPAs, with loans secured by collateral*" on page 106.

COVID-19 Restructuring Scheme

In August 2020, the RBI introduced a restructuring scheme for corporates under stress due to the COVID-19 pandemic. Pursuant to the restructuring scheme, only those borrower accounts that were classified as 'standard' but not in default for more than 30 days with any lending institution as on March 1, 2020 were eligible for resolution. In May 2021, the RBI introduced a second restructuring scheme due to the onset of the "second wave" of the COVID-19 pandemic. The second restructuring scheme was extended to small businesses for a loan amount of up to ₹250.00 million. It was applicable to borrower accounts that were standard as of March 31, 2021 and that had not availed the benefit of the first restructuring scheme. In June 2021, the exposure limit for restructuring was enhanced from ₹250 million to ₹500 million, provided that the borrower accounts were not restructured in terms of the earlier schemes.

The following table sets forth the details of our restructured loan portfolio as at March 31, 2022 and March 31, 2021:

Product-wise Restructured Portfolio Classified as Standard (Gross Loan Book)	As at March 31,					
	2022			2021		
	Restructured Amount (A) (₹ in millions)	Total Gross Loan Book (B) (₹ in millions)	In percentages (A/B) (%)	Restructured Amount (A) (₹ in millions)	Total Gross Loan Book (B) (₹ in millions)	In percentages (A/B) (%)
MSME	2,029.43	31,910.56	6.4%	1,817.98	25,371.19	7.2%
Housing finance	131.44	17,473.58	0.8%	22.54	11,661.90	0.2%
Construction finance	–	12,676.73	–	–	8,746.02	–
Indirect Lending	–	3,128.26	–	–	3,080.41	–
Total	**2,160.87**	**65,189.12**	**3.3%**	**1,840.52**	**48,859.52**	**3.8%**

Note:
** Data for March 31, 2022 includes March 31, 2021 data.*

The following table sets forth the restructured portfolio provisioning of our gross loan book as at March 31, 2022 and March 31, 2021:

Restructured Portfolio Provisioning	As at	
	March 31, 2022	March 31, 2021
	In percentages (%)	
MSME	22.1%	12.6%
Housing finance	20.0%	10.8%
Construction finance	–	–
Indirect Lending	–	–
Percentage of total provision held to total restructured gross loan book (classified as standard)	**22.0%**	**12.5%**

Our loans classified as Stage 3 loans decreased by 2.9% from ₹1,608.87 million as at March 31, 2021 to ₹1,561.78 million as at March 31, 2022. Our Stage 3 loans to total gross loan book were 3.3% as at March 31, 2021 and 2.4% as at March 31, 2022. Our Stage 3 loan assets (net off Stage 3 provision) decreased by 5.1% from ₹1,141.98 million as at March 31, 2021 to ₹1,083.70 million as at March 31, 2022. Our Stage 3 loans (net off Stage 3 provision) to total net loans were 2.4% as at March 31, 2021 and 1.7% as at March 31, 2022.

General Economic Conditions in India and the Effects of the COVID-19 Pandemic

Our results of operations are affected by the general economic conditions prevalent in India, as well as the perception of those conditions and future economic prospects. Overall economic growth and an increase in GDP are likely to result in an increase in incomes and spending, which would lead to business expansion in India, which may in turn lead to an increase in demand for our MSME loans. Conversely, a slowdown in the Indian economy could adversely affect our business and our borrowers. Several factors beyond our control, such as developments in the Indian economy and domestic employment levels, conditions in the world economy, fluctuations in interest rates, movements in global commodity markets and exchange rates could have either a positive or an adverse effect on the quality of our gross loan book. Any trends or events that have a significant effect on the economic conditions in India could have a significant effect on our financial condition, results and cash flows.

An outbreak of COVID-19 was recognised as a pandemic by the World Health Organization ("**WHO**") on March 11, 2020. In response to the COVID-19 outbreak, the governments of several countries, including the GoI, have taken and may continue to take preventive or protective actions, such as imposing country-wide lockdowns, restrictions on travel and business operations and advising or requiring individuals to limit their time outside of their homes. Numerous businesses temporarily closed either on a non-voluntary or voluntary basis (or both) as a result of COVID-19 as well. A resurgence of COVID-19 in India in April 2021 led to further lockdowns in various regions of India and a number of businesses were temporarily closed. Despite Fiscal 2022 starting with India being hit by the second wave of the pandemic, lockdowns and restrictions were re-imposed across states for two to three months. (*Source: CareEdge Report*). While lockdowns are being progressively relaxed, the scope, duration, and frequency of such measures and the adverse effects of COVID-19 remain uncertain and could be severe.

In particular, restrictions on movement of people during the lockdown adversely impacted our cash collections due to the inability of employees to make on-field visits. However, we are focused on providing alternate ways to ensure customer convenience and accordingly, set up additional digital channels for payments and payment links for customers to make it convenient for them to make the required payment. The trend in quarterly collection efficiency ratio (total collections excluding foreclosures divided by scheduled billings unadjusted for moratorium) shows a marked improvement in collections post the second COVID-19 wave ebbing in June 2021. However, it is important that the momentum is sustained and there is no resurgence of COVID-19 which will affect us. The following table sets our collection efficiency for the respective quarters in Fiscal 2022 and Fiscal 2021.

Collection Efficiency#(1)	**For the Fiscal year ended**							
	2022				**2021**			
	In percentages (%)							
	Quarter ended June 30, 2021	**Quarter ended September 30, 2021**	**Quarter ended December 31, 2021**	**Quarter ended March 31, 2022**	**Quarter ended June 30, 2020(3)**	**Quarter ended September 30, 2020(3)**	**Quarter ended December 31, 2020**	**Quarter ended March 31, 2021**
Overall Collection Efficiency(2)	91.4	98.9	99.1	101.8	69.1	85.7	94.8	99.2

Notes:

*# In line with the reporting methodology being widely followed, we have shifted from reporting collection efficiency based on principal outstanding previously to one based on billing presently. Past data has been suitably adjusted. Collection efficiency = (total collections less foreclosures and prepayments) / total billings for the period * 100.*

(1) *Collection efficiency is calculated as a percentage of total collections, less foreclosures/prepayments, divided by the total billings for the period.*

(2) *Overall collection efficiency is arrived at using formula in (1) above after aggregating collection values in the MSME, housing finance, construction finance, and Indirect Lending sectors.*

(3) *Our collection efficiency was lower for the quarter ended June 30, 2020 and quarter ended September 30, 2020 due to the implementation of the RBI moratorium for the period between March 1, 2020 to August 31, 2020 vide the circular BC.47/21.04.048/2019-20 dated March 27, 2020.*

Apart from collection efficiency, the COVID-19 pandemic has affected and may continue to affect our business, results of operations and financial condition in a number of ways such as:

- leading to a temporary closure of our offices and branches and causing a decline in general economic and business activity, resulting in a slowdown of disbursements of our loans in Fiscal 2021, which recovered in Fiscal 2022; we disbursed loans amounting to ₹25,456.02 million and ₹42,855.54 million for Fiscal 2021 and Fiscal 2022, respectively;

- pursuant to the RBI circular "Asset Classification and Income Recognition following the expiry of COVID-19 regulatory package" dated April 7, 2021, we granted a moratorium on loan instalments falling due from March 1, 2020 to August 31, 2020 on eligible loan accounts; the RBI also clarified that for all standard accounts as at February 29, 2020, the moratorium period will be excluded from days past-due for the purpose of asset classification under the norms on income recognition and asset classification. We granted moratoria to 11,739 instalment loan accounts in total (7,102 loan accounts from our Company and 4,637 from CGHFL) for up to six instalments, during the period between March 1, 2020 and August 31, 2020; and

- we undertook a risk assessment of our credit exposure. In addition to the provision of ₹194.40 million we made as at March 31, 2021 as required under the ECL model of our Company, we recorded an additional provision overlay (₹443.30 million as at March 31, 2022) in our balance sheet to reflect the deterioration in the macroeconomic outlook due to the impact of the COVID-19 pandemic.

For further details, see *"Risk Factors – COVID-19 has had and could continue to have an adverse effect on our business, financial condition, results of operations and cash flows"* on page 23.

Competition

Our competitors include established NBFCs, HFCs, small finance banks, lending platforms and the private unorganised and informal financiers who principally operate in the local market. More players in consumer-facing businesses with a repository of data (such as e-commerce companies and payment service providers) are expected to enter the lending business, intensifying competition. Our lending activity is not completely online and necessarily involves carrying out certain physical steps, such as physical verification and in-person visits. Furthermore, our cost of borrowings as an NBFC may be higher than that of some of our competitors, including banks and lenders that are better rated. As a result, many of our competitors may have operational advantages in terms of access to cost-effective sources of funding, and in implementing new technologies and rationalising related operational costs. Increased competition from other players could lead to lending rates offered by our competitors in the sectors we operate in to be unviable for us or unprofitable for us to provide, given our cost of borrowings.

Additionally, we are subject to the potential increase in competition brought about by changes in the laws and regulations governing our business.

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

For more details, see "*Risk Factors – We face competition in our business, which may result in slower growth and declining Net Interest Margins and market share, among other things, if we are unable to compete effectively*" on page 30.

Changes in Laws, Rules and Regulations or the Introduction of New Laws, Rules and Regulations

We operate in a highly regulated industry and we are required to comply with, among others, limits on borrowings, investments and interest rates, prudential norms for income recognition, asset classification and norms for creation of special reserves as well as minimum capital adequacy requirements. The regulations applicable to us also address issues such as our conduct with customers and recovery practices, market conduct and foreign investment.

In addition to the changes in laws, rules and regulations discussed above, the following changes in laws, rules and regulations affected our financial condition as at March 31, 2021 and/or March 31, 2022 and results of operations in Fiscal 2021 and/or Fiscal 2022.

Introduction of Net Owned Fund Requirements

As per the NBFC-ND-SI Directions introduced in September 1, 2016, NBFCs, including our Company, are required to have a net owned fund (calculated as per the 45-IA Reserve Bank of India Act, 1934) ("**Net Owned Fund**") of at least ₹20.00 million. For HFCs, including CGHFL, the minimum Net Owned Fund requirement as per paragraph 5 of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 is ₹200.00 million. As at March 31, 2021 and March 31, 2022, our Company's Net Owned Fund was ₹15,874.14 million and ₹15,879.35 million, respectively, and CGHFL's Net Owned Fund was ₹2,585.13 million and ₹4,408.35 million, respectively. The capital to risk-weighted assets ratio ("**CRAR**") for our Company and CGHFL are both above the required limits as stipulated by the RBI and NHB Directions.

Guidelines Issued by the RBI Regarding the Liquidity Risk Management Framework for NBFCs

The RBI issued the guidelines "Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies" dated November 4, 2019 ("**HQLA Guidelines**"), which introduced a Liquidity Coverage Ratio ("**LCR**") for all non-deposit taking NBFCs with an asset size of ₹50,000 million and above with effect from December 1, 2020, which applied to our Company as at March 31, 2022. While this promotes the resilience of NBFCs against potential liquidity disruptions by ensuring that they have sufficient high-quality liquid assets ("**HQLA**") to survive any acute liquidity stress scenario lasting 30 days or more, this has resulted in a decrease in our interest income as there is less money available for loans and we earn higher interest on loans compared to our investments. The HQLA Guidelines require the stock of HQLA to be maintained to be a minimum of 100% of NBFCs' total net cash outflows over the next 30 calendar days. As per notification no. RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated November 04, 2019, the LCR requirement is binding on NBFCs with the minimum HQLA to be held being 50% of the LCR, progressively increasing in equal increments until it reaches the required level of 100% by April 1, 2024. The reporting requirement of LCR was applicable to the Company with effect from March 31, 2022. Our Company has duly complied with the LCR requirement, with our LCR recorded being 120.7% as at March 31, 2022, which is much higher than the required minimum ratio.

In addition to the above significant factors, we expect the following to have a significant effect on our financial condition and results of operations from July 1, 2022 onwards.

Launch of our Gold Loan Business

We plan to launch our gold loan business in the second quarter of Fiscal 2023. Our gold loans will be available to owners of gold jewellery, including those who do not have formal income proof and limited credit history. To enhance the accessibility of our gold loans, we will require minimal documentation and will have a simplified underwriting process, with the aim of disbursing loans within an hour, and offer flexible repayment options. We plan to leverage our brand presence in North and West India to build an image of a "trusted gold loan partner".

We plan to roll out a reasonable number of gold loan branches in Fiscal 2023 and increase the number of gold loan branches by a material amount each Fiscal up until the end of Fiscal 2027. We have budgeted capital expenditure of ₹562.50 million for our gold loan business in Fiscal 2023. As at June 30, 2022, we had entered into leases or memoranda of understanding for leases for 52 premises to be used as gold loan branches and we had hired 785 employees for our gold loan business.

For further details, see "*Our Business – Our Strategies – Launch our gold loan business*" and "*Risk Factors – We plan to start our gold loans business in the second quarter of Fiscal 2023. If our gold loans or any other new products we launch are unsuccessful, it could harm our reputation and adversely affect our financial condition, results of operations and cash flows*" on pages 107 and 27, respectively.

SUBSIDIARIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

The following subsidiary companies have been considered in the preparation of the consolidated financial statements.

Name of Entity	Relationship	Country of Incorporation	Ownership Held By	% of Holding and Voting Power	
				As at March 31, 2022	As at March 31, 2021
Capri Global Housing Finance Limited	Subsidiary	India	Capri Global Capital Limited	100%	100%
Capri Global Resources Private Limited	Subsidiary	India	Capri Global Capital Limited	–	100%

SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements of the holding and its subsidiary (together the "**Group**") have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time). The consolidated financial statements have been prepared under the historical cost convention, as modified by the application of fair value measurements required or allowed by relevant Accounting Standards. Accounting policies have been consistently applied to all periods presented, unless otherwise stated.

The preparation of financial statements requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosed amount of contingent liabilities. Areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the Group are discussed in Note 2.14 – Significant accounting judgements, estimates and assumptions.

The financial statements are presented in Indian Rupees (₹) and all values are rounded to the nearest millions, except when otherwise indicated.

Presentation of Financial Statements

The financial statements of the Group are presented as per Schedule III (Division III) of the Companies Act, 2013 (the Act) applicable to NBFCs, as notified by the Ministry of Corporate Affairs (MCA). Financial assets and financial liabilities are generally reported on a gross basis except when, there is an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event and the parties intend to settle on a net basis in the following circumstances:

i. The normal course of business

ii. The event of default

iii. The event of insolvency or bankruptcy of the Group and/or its counterparties

Statement of Compliance

The financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period as explained in the accounting policies below and the relevant provisions of the Act.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

Basis of Consolidation

Principles of Consolidation:

The consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) 110 – "Consolidated Financial Statements" notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time). The consolidated financial statements have been prepared on the following basis:

a) The financial statements of Group have been combined on a line by line basis of like items of assets, liabilities, equity, income, expenses and cash flows of the Holding Company with those of its subsidiary. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements as at March 31, 2022.

b) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Holding Company's separate financial statements. Appropriate adjustments have been made in the financial statements of the subsidiary with respect to different accounting policies for like transactions and events in similar circumstances for the purpose of preparation of consolidated financial statements.

c) Elimination of the carrying amount of the Holding Company's investment in each subsidiary and the Holding Company's portion of equity of each subsidiary.

d) The financial statements of the subsidiary used in consolidation are drawn up to the same reporting date as that of the Holding Company i.e. year ended March 31, 2022.

Financial Instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet on trade date, i.e. when the group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs and revenues that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs and revenues of financial assets or financial liabilities carried at fair value through the profit or loss account are recognised immediately in the Statement of Profit or Loss. Trade Receivables are measured at transaction price.

Classification of Financial Instruments

The Group classifies its financial assets into the following measurement categories:

1. Financial assets to be measured at amortised cost

2. Financial assets to be measured at fair value through profit or loss account

The classification depends on the contractual terms of the financial assets' cash flows and the Group's business model for managing financial assets which are explained below:

Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

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

- The risks that affect the performance of the business model (and the financial assets held within that business model) and the way those risks are managed

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

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

The Solely Payments of Principal and Interest (SPPI) test

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

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

In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified[7]and measured at fair value through profit or loss.

The Group classifies its financial liabilities at amortised costs unless it has designated liabilities at fair value through the profit and loss account or is required to measure liabilities at fair value through profit or loss such as derivative liabilities.

Financial Assets Measured at Amortised Cost

Debt instruments

These financial assets comprise of bank balances, receivables, investments and other financial assets.

Debt instruments are measured at amortised cost where they have:

contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest on the principal amount outstanding; and

are held within a business model whose objective is achieved by holding to collect contractual cash flows.

These debt instruments are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost.

Items at Fair Value Through Profit or Loss ("FVTPL")

Items at fair value through profit or loss comprise:

Investments (including equity shares) held for trading;

debt instruments with contractual terms that do not represent solely payments of principal and interest.

Financial instruments held at FVTPL are initially recognised at fair value, with transaction costs recognised in the statement of profit and loss as incurred. Subsequently, they are measured at fair value and any gains or losses are recognised in the statement of profit and loss as they arise.

Debt Securities and Other Borrowed Funds

After initial measurement, debt issued, and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the Effective Interest Rate (EIR).

Reclassification

If the business model under which the Group holds financial assets undergoes changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that result in reclassifying the Group's financial assets. Changes in contractual cash flows are considered under the accounting policy on Modification and derecognition of financial assets described in subsequent paragraphs.

Recognition and Derecognition of Financial Assets and Liabilities

Recognition:

Loans and Advances are initially recognised when the Financial Instruments are transferred to the customers.

Investments are initially recognised on the settlement date.

Debt securities and borrowings are initially recognised when funds are received by the Group.

Other Financial assets and liabilities are initially recognised on the trade date, i.e., the date that the Group becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Derecognition of financial assets due to substantial modification of terms and conditions:

The Group derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be Purchased or Originated as Credit Impaired (POCI).

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Group records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

Derecognition of financial assets other than due to substantial modification

a) Financial assets:

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Group also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Group has transferred the financial asset if, the Group has transferred its contractual rights to receive cash flows from the financial asset.

A transfer only qualifies for derecognition if either:

i. The Group has transferred substantially all the risks and rewards of the asset, or

ii. The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The Group considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Group has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Group's continuing involvement, in which case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Financial liabilities

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

Impairment of Financial Assets

Overview of the ECL principles

The Group records allowance for expected credit losses for all loans, other debt financial assets not held at FVTPL, in this section all referred to as 'financial instruments. Equity instruments are not subject to impairment under Ind AS 109.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is the portion of Lifetime ECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both Lifetime ECLs and 12-month ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments. The Group has grouped its loan portfolio into micro, small and medium enterprises (MSMEs), construction finance, Indirect Lending and housing finance.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Group does the assessment of significant increase in credit risk at a borrower level. If a borrower has various facilities having different past due statuses, then the highest days past due (DPD) is considered to be applicable for all the facilities of that borrower.

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

Stage 1

All exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. The Group classifies all standard advances and advances up to 30 days default under this category. Stage 1 loans also include facilities where the credit risk has reduced and the loan has been reclassified from Stage 2.

Stage 2

All exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired are classified under this stage. Financial assets past due for 31 to 90 days are classified under this stage. Stage 2 loans also include facilities where the credit risk has reduced and the loan has been reclassified from Stage 3.

Stage 3

All exposures assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred are classified in this stage. For exposures that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount. More than 90 days past due is considered as default for classifying a financial instrument as credit impaired.

Credit-impaired financial assets:

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt financial assets carried at FVTOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

Significant financial difficulty of the borrower or issuer;

A breach of contract such as a default or past due event;

The restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;

It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

The disappearance of an active market for a security because of financial difficulties.

The mechanics of ECL:

The Group calculates ECLs based on historical experience to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

Probability of Default (PD) - The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

Loss Given Default (LGD) - The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Group would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

Exposure at Default (EAD) - The Exposure at Default is an estimate of the exposure including interest accrued thereon and also including the undrawn commitments.

Collateral Valuation

To mitigate its credit risks on financial assets, the Group seeks to use collateral, where possible. The collateral comes in various forms, such as the underlying asset financed, cash, securities, letters of credit/guarantees, etc. However, the fair value of collateral affects the calculation of ECLs. To the extent possible, the Group uses active market data for valuing financial assets held as collateral.

Collateral repossessed

In its normal course of business, Group repossess assets under SARFASI/ arbitration Act, but do not transfer these assets in its book of accounts. The Group continues to show these loans account as Non-Performing Assets (NPA) in the books, till the liquidation of the secured assets through public auction and realise actual payment against these loans.

Write-offs

The Group reduces the gross carrying amount of a financial asset when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write-offs. Any subsequent recoveries against such loans are credited to the Statement of Profit and Loss.

Determination of Fair Value

On initial recognition, all the financial instruments are measured at fair value. For subsequent measurement, the Group measures certain categories of financial instruments (as explained in note) at fair value on each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

i. In the principal market for the asset or liability, or

ii. In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

Level 1 financial instruments - Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Group has access to at the measurement date. The Group considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.

Level 2 financial instruments - Those where the inputs that are used for valuation are significant and are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Group will classify the instruments as Level 3.

Level 3 financial instruments - Those that include one or more unobservable inputs that are significant to the measurement as whole.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Difference between transaction price and fair value at initial recognition

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Group recognises the difference between the transaction price and the fair value in profit or loss on initial recognition (i.e. on day one).

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Group recognises the difference between the transaction price and fair value in net gain on fair value changes. In the cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is not recognised at the initial recognition stage.

Revenue from Operations

Interest Income

Interest income is recognised by applying EIR to the gross carrying amount of financial assets other than credit-impaired assets and financial assets classified as measured at FVTPL, taking into account the amount outstanding and the applicable interest rate. For credit impaired financial assets, the Group applies the EIR to the amortised cost of the financial asset in subsequent reporting period.

The EIR is computed

a. As the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset to the gross carrying amount of a financial asset

b. By considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) in estimating the cash flows

c. Including all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Any subsequent changes in the estimation of the future cash flows is recognised in interest income with the corresponding adjustment to the carrying amount of the assets.

Dividend Income

Dividend income is recognised when the right to receive the payment is established.

Fees & Commission Income

Fees and commissions are recognised when the Group satisfies the performance obligation, at fair value of the consideration received or receivable based on a five-step model as set out below, unless included in the effective interest calculation.

The Group recognises Fees & Commission Income based on a five step model as set out in Ind AS 115:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation. Fees for sale of services are accounted as and when the service is rendered, provided there is reasonable certainty of its ultimate realisation.

Revenue from contracts with customers for sale of service is recognised when the services are transferred to customer at an amount that reflects the consideration that the Group expects to be entitled in exchange for those services. All fees are recognised when reasonable right of recovery is established, revenue can be reliably measured and as and when they become due.

Net Gain on Fair Value Changes

Any differences between the fair values of financial assets classified as FVTPL held by the Group on the reporting date is recognised as an unrealised gain / loss. In cases there is a net gain in the aggregate, the same is recognised in “Net gains on fair value changes” under Revenue from operations and if there is a net loss the same is disclosed as “Net loss on fair value changes” under Expenses in the Statement of Profit and Loss.

Similarly, any realised gain or loss on sale of financial instruments measured at FVTPL is recognised in net gain/ loss on fair value changes.

However, net gain/loss on derecognition of financial instruments classified as amortised cost is presented separately under the respective head in the Statement of Profit and Loss.

(v) Loan Processing Fees

Loan processing fees is collected towards processing of loan, is amortised on EIR basis over the expected tenure of the loan for MSME and housing finance and over the contractual tenure of the loan for construction finance and Indirect Lending.

Expenses

Finance Costs

Finance costs on borrowings are paid towards the availing of loans and are amortised on EIR basis over the contractual life of a loan.

The EIR in case of a financial liability is computed

a. As the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the gross carrying amount of the amortised cost of a financial liability

b. By considering all the contractual terms of the financial instrument in estimating the cash flows

c. Including all fees paid between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts

Any subsequent changes in the estimation of the future cash flows is recognised in interest expense with the corresponding adjustment to the carrying amount of the liability.

Interest expense includes issue costs that are initially recognised as part of the carrying value of the financial liability and amortized over the expected life using the effective interest method. These include fees and commissions payable to advisers and other expenses such as external legal costs, Rating Fee etc, provided these are incremental costs that are directly related to the issue of a financial liability.

Retirement and Other Employee Benefits

Short term employee benefit

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include short term compensated absences such as paid annual leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised as an expense during the period. Benefits such as salaries and wages, etc. and the expected cost of the bonus/ex-gratia are recognised in the period in which the employee renders the related service.

Post-employment employee benefits

Defined contribution schemes

All the eligible employees of the Group who have opted to receive benefits under the Provident Fund and Employees State Insurance scheme, defined contribution plans in which both the employee and the Group contribute monthly at a stipulated rate. The Group has no liability for future benefits other than its annual contribution and recognises such contributions as an expense in the period in which employee renders the related service. If the contribution payable to the scheme for service received before the Balance Sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the Balance Sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Defined Benefit schemes

The Group provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated years mentioned under ‘The Payment of Gratuity Act, 1972’. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation, carried out by an independent actuary at each Balance Sheet date, using the Projected Unit Credit Method, which recognises each period of service as giving rise to an additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government Securities as at the Balance Sheet date.

Net interest recognised in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognised as part of re-measurement of net defined liability or asset through other comprehensive income. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, attrition rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The Group fully contributes all ascertained liabilities to the Gratuity Fund created for the said purpose. Trustees administer contributions made to the trust and contributions are invested in a scheme of insurance with the IRDA approved Insurance Companies.

Re-measurement, comprising of actuarial gains and losses and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit and loss in subsequent periods.

Leases

The Group leases most of its office facilities under operating lease agreements that are renewable on a periodic basis at the option of the lessor and the lessee. The lease agreements contain rent free periods and rent escalation clauses.

The Group assesses whether a contract contains a lease at the inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves the use of an identified asset, (ii) the Group has substantially all of the economic benefits from the use of the asset through the period of the lease, and (iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognises a right-of-use ("**ROU**") asset and a corresponding lease liability for all lease arrangements under which it is a lessee, except for short-term leases and low value leases. ROD assets represent the Group's right to use an underlying asset for the lease term and lease liabilities represent the Group's obligation to make lease payments arising from the lease. For short-term leases and low value leases, the Group recognises the lease payments as an expense on a straight-line basis over the term of the lease.

The lease arrangements include options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities include these options when it is reasonably certain that they will be exercised.

The ROU assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

ROU assets are depreciated from the date of commencement of the lease on a straight-line basis over the lease term.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. For leases under which the rate implicit in the lease is not readily determinable, the Group uses its incremental borrowing rate based on the information available at the date of commencement of the lease in determining the present value of lease payments. Lease liabilities are remeasured with a corresponding adjustment to the related ROU asset if the Group changes its assessment as to whether it will exercise an extension or a termination option.

Other Income and Expenses

All Other income and expense are recognised on accrual basis in the period they occur.

Impairment of Non-Financial Assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

Taxes

Current Tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax assets and liabilities are recognised for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are only recognised for temporary differences, unused tax losses and unused tax credits if it is probable that future taxable amounts will arise to utilise those temporary differences and losses. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and they relate to income taxes levied by the same tax authority on the same taxable entity.

Cash and Cash Equivalents

Cash and cash equivalents comprise the net amount of short-term, highly liquid investments that are readily convertible to known amounts of cash (short-term deposits with an original maturity of three months or less) and are subject to an insignificant risk of change in value. They are held for the purposes of meeting short-term cash commitments (rather than for investment or other purposes).

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

Property, Plant and Equipment

Property, plant and equipment (PPE) are measured at cost less accumulated depreciation and accumulated impairment, (if any). The total cost of assets comprises its purchase price, freight, duties, taxes and any other incidental expenses directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

Subsequent expenditure related to an item of tangible asset are added to its gross value only if it increases the future benefits of the existing asset, beyond its previously assessed standards of performance and cost can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

Depreciation

Depreciation is calculated using the written down value method to write down the cost of property and equipment to their residual values over their estimated useful lives which is in line with the estimated useful life as specified in Schedule II of the Act. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Property plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

Intangible Assets

An intangible asset is recognised only when its cost can be measured reliably, and it is probable that the expected future economic benefits that are attributable to it will flow to the Group.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset comprises its purchase price and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or infinite. Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end.

Changes in the expected useful life, or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortisation period or methodology, as appropriate, which are then treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is presented as a separate line item in the statement of profit and loss. Amortisation on assets acquired/sold during the year is recognised on a pro-rata basis to the Statement of Profit and Loss from / upto the date of acquisition/sale.

Amortisation is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives. Intangible assets comprising of software are amortised on a straight-line basis over a period of three years, unless they have a shorter useful life.

Gains or losses from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the Statement of Profit and Loss when the asset is derecognised.

Provisions

Provisions are recognised when the enterprise has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

When the effect of the time value of money is material, the enterprise determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the Statement of Profit and Loss net of any reimbursement.

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 Group 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 Group does not recognise a contingent liability but discloses its existence in the financial statements.

Earnings Per Share

The Group reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividend and attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

Significant Accounting Judgements, Estimates and Assumptions

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

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

Defined employee benefit assets and liabilities - Refer 2.7(ii)

Impairment of loans portfolio - Refer 2.5(vii)

Effective Interest Rate (EIR) method - Refer 2.6(i) and 2.7(i)

Lease accounting - Refer 2.7(iii)

Impairment test of non-financial assets - Refer 2.7(v)

Useful life of property, plant, equipment and intangibles - Refer 2.9 & 2.10

Provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions - Refer 2.7(vi)

Recognition and measurement of provision and contingencies - Refer 2.11 and 2.12

Determination of the fair value of financial instruments - Refer 2.5(ix)

Business model assessment - Refer 2.5(1)

Recent Amendments Applicable from April 01, 2022

The following amendments to standards have been issued and will be effective from April 01, 2022. The Group is evaluating the requirements of these standards, improvements and amendments and has not yet determined the impact on the financial statements.

- Indian Accounting Standard (Ind AS) 103 – Business Combinations – Qualifications prescribed for recognition of the identifiable assets acquired and liabilities assumed, as part of applying the acquisition method – should meet the definition of assets and liabilities in the Conceptual Framework for Financial Reporting under Ind AS (Conceptual Framework) issued by the ICAI at the acquisition date. Modification to the exceptions to recognition principle relating to contingent liabilities and contingent assets acquired in a business combination at the acquisition date.

- Indian Accounting Standard (Ind AS) 109 – Financial Instruments – Modification in accounting treatment of certain costs incurred on derecognition of financial liabilities.

- Indian Accounting Standard (Ind AS) 16 – Property, Plant and Equipment – Modification in treatment of excess of net sale proceeds of items produced over the cost of testing as part of cost of an item of property, plant, and equipment.

- Indian Accounting Standard (Ind AS) 37 – Provisions, Contingent Liabilities and Contingent Assets – Modifications in application of recognition and measurement principles relating to onerous contracts.

AMENDMENTS TO IND AS APPLICABLE FROM APRIL 1, 2022

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- Indian Accounting Standard (Ind AS) 37 - Provisions, Contingent Liabilities and Contingent Assets - Modifications in application of recognition and measurement principles relating to onerous contracts.

CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

There were no changes in significant accounting policies during Fiscal 2021 and Fiscal 2022.

DESCRIPTION OF PRINCIPAL LINE ITEMS IN OUR CONSOLIDATED STATEMENTS OF PROFIT AND LOSS

Total Income

Our total income comprises our revenue from operations and other income.

Revenue from Operations

Our revenue from operations comprises: (i) interest income; (ii) dividend income; (iii) fees and commission income; (iv) net gain on derecognition of financial instruments; (v) net gain on fair value changes; (vi) sale of service and (vii) other operating income.

Interest Income

Our interest income primarily comprises interest income on loans, investments, deposits and other interest earning assets.

Fees and Commission Income

Our fees and commission income comprise: (i) application fees relating to loan to customers; and (ii) car loan commission.

Net Gain on Derecognition of Financial Instruments

Net gain on derecognition of financial instruments is recognised on account of co-lending arrangement through direct assignment route with banks in Fiscal 2022.

Net Gain on Fair Value Changes

Our net gain on fair value changes comprises: (i) net gain/loss on financial instruments (investments, mutual funds and bonds) measured at FVTPL; and (ii) realised gain/loss on sale of financial instruments classified as fair value through other comprehensive income ("**FVOCI**").

Other Operating Income

Our other operating income comprises: (i) sale of service; (ii) foreclosure fees; (iii) bad debt recovered; (iv) legal charges received; and (v) other charges.

Other Income

Our other income primarily comprises profit on sale of investment property, sale of service and other miscellaneous income.

Expenses

Our expenses comprise: (i) finance costs; (ii) fees and commission expense; (iii) impairment of financial instruments; (iv) employee benefit expense; (v) depreciation and amortisation expenses; and (vi) other expenses.

Finance Costs

Our finance costs on financial liabilities measured at amortised cost relate to our interest expenses on: (i) borrowings other than debt securities; (ii) bank overdraft; (iii) debt securities; (iv) bank credit cards; (v) lease liability; and (vi) others.

Fees and Commission Expense

Our fees and commission expense comprise: (i) commission and incentives, which primarily comprises payments to intermediaries for distributing our non-loan products and services; (ii) recovery costs; and (iii) loan portfolio management service charges.

Impairment on Financial Instruments (Expected Credit Loss)

Our impairment on financial instruments comprises (i) impairment on loans and advances to customers; (ii) impairment on loan commitments; and (iii) bad debts written off. Impairment charges on financial instruments are expected credit loss provision on Stage 1, Stage 2 and Stage 3 assets including amounts written off during the year on loans measured at amortised cost. Impairment on other financial instruments comprises of other sundry receivables considered doubtful of recovery, if any.

Employee Benefit Expense

Our employee benefit expense comprise (i) salaries and bonuses; (ii) contribution to provident and other funds; (iii) share based payments to employees; and (iv) staff training and welfare expenses.

Other Expenses

Our other expenses primarily include (i) legal expenses; (ii) bad debts written off; (iii) travelling and conveyance; (iv) miscellaneous expenses; (v) corporate social responsibility expenses; and (vi) software expenses.

RESULTS OF OPERATIONS

Fiscal 2022 Compared to Fiscal 2021

The following table sets forth our summary statements of profit and loss for Fiscals 2022 and 2021:

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021	Increase/(Decrease) (%)
	(₹ in millions, except percentages)		
Revenue from operations			
Interest income	8,395.78	6,735.21	24.7
Dividend income	1.23	1.18	4.5
Fees and commission income	506.77	20.74	2,343.4
Net gain on derecognition of financial instrument	170.01	–	*N.C*
Net gain on fair value changes	236.17	288.23	(18.1)
Sale of service	137.06	–	*N.C*
Other operating income(1)	242.85	315.47	(23.0)
Total revenue from operations	**9,689.87**	**7,360.83**	**31.6**
Other income	128.00	10.54	1,114.4
Total income	**9,817.87**	**7,371.37**	**33.2**
Expenses			
Finance costs	3,308.47	2,887.05	14.6
Fees and commission expense	190.79	–	*N.C*
Impairment on financial instruments (expected credit loss)(2)	1,056.68	544.68	94.0

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021	Increase/(Decrease) (%)
	(₹ in millions, except percentages)		
Employee benefit expense	1,746.04	993.79	75.7
Depreciation and amortisation expense	98.77	105.11	(6.0)
Other expenses[(2)]	690.89	483.61	42.9
Total expenses	**7,091.64**	**5,014.24**	**41.4**
Profit before tax	**2,726.23**	**2,357.13**	**15.7**
Tax expense:			
Current tax	779.55	693.03	12.5
Deferred tax (credit)/charge	(109.53)	(105.45)	3.9
Tax pertaining to earlier years	5.80	–	*N.C*
Total tax expense	**675.82**	**587.58**	**15.0**
Net profit after tax	**2,050.41**	**1,769.55**	**15.9**
Other comprehensive income			
Items that will not be reclassified to profit or loss (A):			
Re-measurement of defined benefit plans	(0.47)	6.27	(107.5)
Income tax relating to items that will not be reclassified to profit or loss	0.12	(1.56)	(107.7)
Items that will be reclassified to profit or loss (B):			
Fair value gain on time value of forward element of forward contract in hedging relationship	(6.10)	–	*N.C*
Income tax relating to items that will be reclassified to profit or loss	1.53	–	*N.C*
Other comprehensive income = (A) + (B)	**(4.92)**	**4.71**	**204.5**
Total comprehensive income	**2,045.49**	**1,774.26**	**15.3**

Notes:

* *N.C means not comparable.*

(1) *Other operating income includes advertisement income in Fiscal 2021 amounting to ₹153.95 million.*

(2) *Other expenses include bad debts of ₹62.32 million in Fiscal 2021.*

Total Income

Our total income increased by 33.2% from ₹7,371.37 million for Fiscal 2021 to ₹9,817.87 million for Fiscal 2022, which increase was primarily due to a 31.6% increase in our revenue from operations from ₹7,360.83 million for Fiscal 2021 to ₹9,689.87 million for Fiscal 2022. The primary reasons for this increase are discussed below.

Interest Income

Our interest income increased by 24.7% from ₹6,735.21 million for Fiscal 2021 to ₹8,395.78 million for Fiscal 2022. The primary reason for this increase was a 21.3% increase in interest income on loans from ₹6,679.83 million for Fiscal 2021 to ₹8,100.22 million for Fiscal 2022, which increase was due to a 26.6% increase in our Average Loans from ₹42,221.45 million for Fiscal 2021 to ₹53,435.24 million for Fiscal 2022, which was partially offset by a decrease in the Yield on Average Loans from 15.8% for Fiscal 2021 to 15.2% for Fiscal 2022. The table below sets forth a breakdown of our loans by product type for Fiscals 2022 and 2021:

Particulars	Year ended March 31,					
	2022			2021		
	Average Balance[(1)] [A]	Interest Income [B]	Average Yield [(2)] [C=B/A] (%)	Average Balance[(1)] [A]	Interest Income [B]	Average Yield [(2)] [C=B/A] (%)
	(₹ in millions, except percentages)					
Loans	53,435.24	8,100.22	15.2%	42,221.45	6,679.83	15.8%
Of which:						
MSME loans	26,575.16	4,275.08	16.1%	21,449.47	3,497.88	16.3%
Housing loans	13,642.03	1,830.83	13.4%	9,683.86	1,387.01	14.3%
Construction finance loans	10,146.83	1,692.63	16.7%	9,037.23	1,667.16	18.4%
Indirect Lending loans	3,071.22	301.68	9.8%	2,050.89	127.78	6.2%

Note:

(1) *Average balances are calculated as the average of the opening balance at the start of the relevant Fiscal year and the closing balances as at half year end and year end in the relevant Fiscal year.*

(2) *Yield on average balance is a Non-GAAP Financial Measure and is calculated as interest earned/expended divided by the average balance.*

Our interest income from MSME loans increased by 22.2% from ₹3,497.88 million for Fiscal 2021 to ₹4,275.08 million for Fiscal 2022. The increase was primarily due to an increase in our average balance of MSME loans by 23.9% from ₹21,449.47 million for Fiscal 2021 to ₹26,575.16 million for Fiscal 2022, which was partially offset by a decrease in the Yield on Average

Loans for MSME loans from 16.3% for Fiscal 2021 to 16.1% for Fiscal 2022.

Our interest income from housing loans increased by 32.0% from ₹1,387.01 million for Fiscal 2021 to ₹1,830.83 million for Fiscal 2022. The increase was primarily due to an increase in our average balance of housing loans by 40.9% from ₹9,683.86 million for Fiscal 2021 to ₹13,642.03 million for Fiscal 2022, which was partially offset by a decrease in the Yield on Average Loans for housing loans from 14.3% for Fiscal 2021 to 13.4% for Fiscal 2022.

Our interest income from construction finance loans increased by 1.53% from ₹1,667.16 million for Fiscal 2021 to ₹1,692.63 million for Fiscal 2022. The increase was primarily due to an increase in our average balance of construction finance loans by 12.28% from ₹9,037.23 million for Fiscal 2021 to ₹10,146.83 million for Fiscal 2022, which was partially offset by a decrease in the Yield on Average Loans for construction finance loans from 18.4% for Fiscal 2021 to 16.7% for Fiscal 2022.

Fees and Commission Income

Our fees and commission income increased by ₹486.03 million from ₹20.74 million for Fiscal 2021 to ₹506.77 million for Fiscal 2022. The primary reasons for this increase were:

- a ₹464.11 million increase in car loan distribution business from ₹2.85 million (grouped under other operating income) for Fiscal 2021 to ₹466.96 million for Fiscal 2022. We started our third-party car loan distribution business in January 2021; and

- a 92.0% increase in application fees from ₹20.74 million for Fiscal 2021 to ₹39.81 million for Fiscal 2022, which was primarily due to increase in disbursement in Fiscal 2022 as compared to Fiscal 2021.

Net Gain on Derecognition of Financial Instrument

Our revenue from net gain on derecognition of financial instrument increased from nil for Fiscal 2021 to ₹170.01 million for Fiscal 2022. This income was recognised on account of our co-lending arrangement through the direct assignment route with banks in Fiscal 2022.

Net Gain on Fair Value Changes

Our revenue from net gain on fair value changes decreased by 18.1% from ₹288.23 million for Fiscal 2021 to ₹236.17 million for Fiscal 2022. The primary reason for this decrease was a 43.4% decrease in net gain on our mutual funds and bonds at fair value from ₹161.55 million for Fiscal 2021 to ₹91.42 million for Fiscal 2022, which was primarily due to decrease in investments in mutual funds.

Sale of Service

Our revenue from sale of service increased from nil for Fiscal 2021 to ₹137.06 million for Fiscal 2022, which was primarily due to a 62.8% increase in our advertisement income from ₹153.95 million (grouped under other operating income) for Fiscal 2021 to ₹250.66 million (₹137.06 million grouped under sale of service and ₹113.60 million grouped under other income) for Fiscal 2022. The primary reason for this increase was due to recovery in business operations in Fiscal 2022 which was affected due to COVID-19 in Fiscal 2021.

Other Operating Income

Our other operating income decreased by 23.0% from ₹315.47 million for Fiscal 2021 to ₹242.85 million for Fiscal 2022. This decrease was mainly due to the decrease in our advertisement income grouped under other operating income from ₹153.95 million for Fiscal 2021 to nil for Fiscal 2022, which was due to the re-grouping of our advertisement income of ₹250.66 million for Fiscal 2022 from other operating income previously to two separate line items (₹137.06 million grouped under sale of service and ₹113.60 million grouped under other income) in Fiscal 2022. This decrease was partially offset by increases in: (i) foreclosure fees by 29.7% from ₹61.85 million for Fiscal 2021 to ₹80.19 million for Fiscal 2022; and (ii) other charges by 62.9% from ₹91.08 million for Fiscal 2021 to ₹148.39 million for Fiscal 2022.

Other Income

Our other income increased by ₹117.46 million from ₹10.54 million for Fiscal 2021 to ₹128.00 million for Fiscal 2022. This was due to the increase in our revenue from advertisement income grouped under other income from nil in Fiscal 2021 to ₹113.60 million in Fiscal 2022, which was due to the re-grouping of our advertisement income of ₹250.66 million for Fiscal 2022 from other operating income previously to two separate line items (₹137.06 million grouped under sale of service and ₹113.60 million grouped under other income) in Fiscal 2022.

Total Expenses

Our total expenses increased by 41.4% from ₹5,014.24 million for Fiscal 2021 to ₹7,091.64 million for Fiscal 2022. The primary reasons for this increase are discussed below.

Finance Costs

The table below sets forth our finance costs for Fiscals 2022 and 2021:

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021	Increase/(Decrease) (%)
	(₹ in millions, except percentages)		
Interest on borrowings other than debt securities	2,721.83	2,361.41	15.3
Interest on bank overdraft	–	0.32	–
Interest on debt securities	553.40	497.48	11.2
Interest on bank credit card	7.12	2.28	212.3
Interest on lease liability(1)	26.12	25.56	2.2
Total finance costs	**3,308.47**	**2,887.05**	**14.6**

Note:

(1) *Interest on lease liability is an Ind AS adjustment related to lease assets.*

Our finance costs increased by 14.6% from ₹2,887.05 million for Fiscal 2021 to ₹3,308.47 million for Fiscal 2022. This increase was primarily due to a 15.3% increase in our interest on borrowings other than debt securities from ₹2,361.41 million for Fiscal 2021 to ₹2,721.83 million for Fiscal 2022, which increase was primarily due to a 31.52% increase in our average borrowings other than debt securities from ₹26,882.29 million for Fiscal 2021 to ₹35,356.25 million for Fiscal 2022, which was partially offset by a decrease in the cost of our average borrowings other than debt securities from 9.0% for Fiscal 2021 to 8.0% for Fiscal 2022. For details of our average interest-bearing liabilities and the costs thereon, see "*Selected Statistical Information – Average Balance Sheet, Interest Earned/Expended and Yield/Cost*" on page 47.

Fees and Commission Expense

Our fees and commission expense increased from nil for Fiscal 2021 to ₹190.79 million for Fiscal 2022. This increase was primarily due to start of our third-party car loan distribution business in March 2021.

Impairment on Financial Instruments (Expected Credit Loss)

Our impairment of financial instruments on loans increased by 94.0% from ₹544.68 million for Fiscal 2021 to ₹1,056.68 million for Fiscal 2022, which increase was primarily due to: (i) an increase in bad debts written off from ₹62.32 million (grouped under other expense) for Fiscal 2021 to ₹438.93 million for Fiscal 2022; and (ii) a ₹54.52 million increase in our loan commitments from ₹0.64 million for Fiscal 2021 to ₹55.16 million for Fiscal 2022 on account of an increase in the undisbursed portion of our loans in Fiscal 2022 as compared to Fiscal 2021.

Employee Benefit Expense

Our employee benefit expense increased by 75.7% from ₹993.79 million for Fiscal 2021 to ₹1,746.04 million for Fiscal 2022, which increase was primarily due to a 74.4% increase in employees' salaries and bonuses from ₹903.91 million for Fiscal 2021 to ₹1,569.47 million for Fiscal 2022, which was primarily due to the increase in the number of our employees, which increased from 1,945 as at March 31, 2021 to 3,202 as at March 31, 2022. The increase in the number of our employees was primarily due to the growth in our business. As a percentage of our revenue from operations, our employee benefit expense increased from 13.5% for Fiscal 2021 to 18.0% for Fiscal 2022.

Other Expenses

Our other expenses increased by 42.9% from ₹483.61 million for Fiscal 2021 to ₹690.89 million for Fiscal 2022. This increase was primarily due to the following reasons:

- a 79.9% increase in our legal expenses from ₹124.89 million for Fiscal 2021 to ₹224.61 million for Fiscal 2022, which increase was primarily due to recovery in business operations in Fiscal 2022, which were adversely affected due to COVID-19 in Fiscal 2021;

- an 87.1% increase in our travelling and conveyance expense from ₹55.50 million for Fiscal 2021 to ₹103.85 million for Fiscal 2022, which increase was primarily due to increase in business travel on account of recovery in business operations in Fiscal 2022 as the physical movement was affected due to COVID-19 in Fiscal 2021; and

- a 74.0% increase in our software expenses from ₹35.86 million for Fiscal 2021 to ₹62.39 million for Fiscal 2022, which increase was primarily due to increase in head count, implementation of new system and more focus of digitisation.

Tax Expense

Our total tax expense increased by 15.0% from ₹587.58 million for Fiscal 2021 to ₹675.82 million for Fiscal 2022, which increase was primarily due to the 15.7% increase in our profit before tax from ₹2,357.13 million for Fiscal 2021 to ₹2,726.23 million for Fiscal 2022. For Fiscals 2021 and 2022, our total tax expense as a percentage of our profit before tax was 25.0% and 24.8%, respectively. The corporate income tax rate was 25.2% (including all cesses) for both Fiscal 2021 and Fiscal 2022.

Net Profit After Tax

Primarily for the reasons set forth above, our net profit after tax increased by 13.7% from ₹1,769.55 million for Fiscal 2021 to ₹2,050.41 million for Fiscal 2022.

FINANCIAL CONDITION

<u>*Total Assets*</u>

The table below sets forth the principal components of our total assets as at the dates specified:

Assets	As at March 31, 2022	As at March 31, 2021	Increase/(Decrease) (%)
	(₹ in millions, except percentages)		
Financial Assets:			
Cash and cash equivalents	3,225.06	1,705.80	89.1
Bank balances other than above	306.15	536.68	(43.0)
Receivables	81.64	30.56	167.1
Loans	62,708.03	46,862.55	33.8
Investments	3,774.84	8,074.53	(53.3)
Other financial assets	222.14	97.66	127.5
Total financial assets	**70,317.86**	**57,307.78**	**22.7**
Non-Financial Assets:			
Current tax assets (net)	100.38	82.62	(21.5)
Deferred tax assets (net)	366.83	257.29	(42.6)
Investment properties	–	6.67	*N.C*
Property, plant and equipment	318.02	68.97	361.1
Intangible assets under development	23.20	0.69	(3,214.3)
Other intangible assets	25.66	202.47	(87.3)
Other non-financial assets	375.74	204.34	83.9
Total non-financial assets	**1,209.83**	**823.05**	**47.0**
Total Assets	**71,527.69**	**58,130.83**	**23.1**

Note:
* *N.C means not comparable.*

Our cash and cash equivalents increased by 89.1% from ₹1,705.80 million as at March 31, 2021 to ₹3,225.06 million as at March 31, 2022 primarily due to an increase in investments in fixed deposits.

Our bank balances other than cash and cash equivalents decreased by 43.0% from ₹536.68 million as at March 31, 2021 to ₹306.15 million as at March 31, 2022 primarily due to the maturity of fixed deposits.

Our loans increased by 33.8% from ₹46,862.55 million as at March 31, 2021 to ₹62,708.03 million as at March 31, 2022. The table below sets forth our loans by product type as at March 31, 2022 and 2021.

Particulars	As at March 31, 2022	As at March 31, 2021	Increase/(Decrease) (%)
	(₹ in millions, except percentages)		
MSME loans	31,910.56	25,371.19	25.8%
Housing loans	17,473.58	11,661.90	49.8%
Construction finance loans	12,676.73	8,746.02	44.9%
Indirect Lending	3,128.26	3,080.41	1.6%
Less: ECL provision and other adjustments	(2,481.10)	(1,997.15)	24.2%
Total Loans	**62,708.03**	**46,862.37**	**33.8%**

Our investments decreased by 53.3% from ₹8,074.53 million as at March 31, 2021 to ₹3,774.84 million as at March 31, 2022 primarily due to a decrease in our investments in mutual funds and commercial paper.

Our other non-financial assets increased by 83.9% from ₹204.34 million as at March 31, 2021 to ₹375.74 million as at March 31, 2022 primarily due to the recognition of spread receivables on account of our co-lending arrangement through the direct assignment route with banks in Fiscal 2022.

<u>*Total Liabilities and Equity*</u>

Our total liabilities and equity as at the specified dates are set out below:

Liabilities and Equity	As at March 31, 2022	As at March 31, 2021	Increase/(Decrease) (%)
	(₹ in millions, except percentages)		
Financial Liabilities:			
Derivative financial instruments	12.42	–	*N.C*
Payables:			
Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises	1.75	–	*N.C*
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	333.10	74.95	344.4
Other payables			
(i) total outstanding dues of micro enterprises and small enterprises	–	–	*N.C*
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	78.25	72.26	8.3
Debt Securities	4,330.90	6,741.30	(35.8)
Borrowings (other than debt securities)	43,752.97	30,947.28	41.4
Other financial liabilities	3,508.81	2,823.82	24.3
Total financial liabilities	**52,018.20**	**40,659.61**	**27.9**
Non-Financial Liabilities:			
Current tax liabilities (net)	27.89	148.87	(81.3)
Provisions	166.19	125.66	32.3
Other non-financial liabilities	90.70	23.68	283.0
Total non-financial liabilities	**284.78**	**298.21**	**(4.5)**
Total liabilities	**52,302.98**	**40,957.82**	**27.7**
Equity:			
Equity share capital	351.31	350.57	0.2
Other equity	18,873.40	16,822.44	12.2
Total equity	**19,224.71**	**17,173.01**	**11.9**
Total Liabilities and Equity	**71,527.69**	**58,130.83**	**23.1**

Note:
* *N.C means not comparable.*

Our debt securities decreased by 35.8% from ₹6,741.30 million as at March 31, 2021 to ₹4,330.90 million as at March 31, 2022 primarily due to maturity of non-convertible debentures. The table below sets forth the breakdown of our debt securities as at March 31, 2021 and 2022:

Particulars	As at March 31, 2022	As at March 31, 2021	Increase/(Decrease) (%)
	(₹ in millions, except percentages)		
Non-Convertible debentures	4,330.90	6,741.30	(35.8)
Total (A)	**4,330.90**	**6,741.30**	**(35.8)**
Debt securities in India	4,330.90	6,741.30	(35.8)
Debt securities outside India	–	–	*N.C*
Total (B)	**4,330.90**	**6,741.30**	**(35.8)**

Note:
* *N.C means not comparable.*

Our borrowings (other than debt securities) increased by 41.4% from ₹30,947.28 million as at March 31, 2021 to ₹43,752.97 million as at March 31, 2022 primarily due to increase in business volume. The table below sets forth our borrowings by type of borrowing as at March 31, 2021 and 2022:

Particulars	As at March 31, 2022	As at March 31, 2021	Increase/(Decrease) (%)
	(₹ in millions, except percentages)		
Secured(3)			
Term loan from banks(1)	37,017.16	26,314.10	40.7
Term loan from others(2)	6,034.26	4,633.16	30.2
Unsecured			
Loan from director	–	0.02	(100.0)
Loan repayable on demand			
From banks (cash credit)	701.55	–	*N.C*
Total (A)	43,752.97	30,947.28	41.4

Particulars	As at March 31, 2022	As at March 31, 2021	Increase/(Decrease) (%)
	(₹ in millions, except percentages)		
Borrowings in India	43,752.97	30,947.28	41.1
Borrowings outside India	–	–	*N.C*
Total (B)	43,752.97	30,947.28	41.1

Notes:

** N.C means not comparable.*

(1) Exclusive charge by way of hypothecation of the Group's loan receivables, bank balances with asset cover of 1.20 times in favour of borrowing from State Bank of India of ₹1,640.80 million.

(2) Exclusive charge by way of hypothecation of the Group's loan receivables with minimum assets cover of 1.25 times in favour of borrowing from NABARD of ₹3,600 million and asset cover of 1.25 to 1.35 times in favour of borrowing from NHB of ₹1,546.76 million.

(3) Borrowings other than above: First pari-passu charge by way of hypothecation of the Group's loan receivables/book debts, bank balances and investments with asset cover of 1.10 to 1.33 times.

Our other financial liabilities increased by 24.3% from ₹2,823.82 million as at March 31, 2021 to ₹3,508.81 million as at March 31, 2022 primarily due to an increase in our book overdraft.

Our other equity increased by 12.2% from ₹16,822.44 million as at March 31, 2021 to ₹18,873.40 million as at March 31, 2022 primarily due to increase in our net profit after tax by 15.9% from ₹1,769.55 million for Fiscal 2021 to ₹2,050.41 million for Fiscal 2022.

LIQUIDITY AND CAPITAL RESOURCES

Capital Requirements

We fund our operations through equity share capital and other equity, which includes retained profits, and borrowings. Our primary source of funding comes from our borrowings and internal accruals. Our strategy is to raise long-term borrowings and maintain a judicious mix of borrowings from banks and financial institutions and issue non-convertible debentures

Our Board may declare interim or recommend final and/or special dividend as may be permitted under the Companies Act, 2013 or any amendment, modification, variation or re-enactment thereof. Currently, we do not have any other class of shares (including shares with differential voting rights) other than equity shares. In the absence of any other class of shares and/or shares with differential voting rights, the entire distributable profit for the purpose of declaration of dividend is considered for equity shareholders.

Our objective is to maintain appropriate levels of capital to support our business strategy, taking into account the regulatory, economic and commercial environment. We aim to maintain a strong capital base to support the risks inherent to our business and growth strategies. We endeavour to maintain a higher capital base than the mandated regulatory capital at all times.

Our assessment of our capital requirements is aligned to our planned growth, which forms part of an annual operating plan, which is approved by the Board and also a long-range strategy. These growth plans are aligned to assessment of risks, which include credit, liquidity and interest rate.

Capital to Risk (Weighted) Assets Ratio

The tables below sets forth details of our Company's CRAR as at March 31, 2021 and 2022 on a standalone basis.

Particulars	As at March 31, 2022	As at March 31, 2021	Increase/(Decrease) (%)
	(₹ in millions, except percentages)		
Risk Weighted Assets	55,189.58	45,330.98	21.8
Tier I Capital	15,879.35	15,874.14	0.0
Tier II Capital	343.2	201.44	70.4
CRAR (%)	29.4	35.5	(17.1)
Tier I (%)	28.8	35.0	(17.8)
Tier II (%)	0.6	0.5	20.0

The tables below sets forth details of CGHFL's CRAR as at March 31, 2021 and 2022.

Particulars	As at March 31, 2022	As at March 31, 2021	Increase/(Decrease) (%)
	(₹ in millions, except percentages)		
Risk Weighted Assets	9,591.36	8,665.73	10.7
Tier I Capital	4,408.35	2,585.13	70.5
Tier II Capital	97.67	106.87	(8.6)
CRAR (%)	47.0	31.10	51.1
Tier I (%)	46.0	29.9	53.8
Tier II (%)	1.0	1.2	(16.7)

Restrictive Covenants

Our financing agreements include various conditions and covenants that require us to obtain lender consents or serve prior intimation notices on such lenders prior to carrying out certain activities and entering into certain transactions. For details, see "*Risk Factors – If we do not comply with covenants and conditions under our financing arrangements, it could lead to termination of our credit facilities, accelerated repayment of all amounts due thereunder, enforcement of any security provided, and the trigger of cross default provisions. Any of the above actions taken by the relevant lender could have a material adverse effect on our debt ratings, financial condition, results of operations and cash flows*" on page 24.

We are currently in compliance with the financial covenants contained in our financing agreements.

CASH FLOWS

The following table summarises our consolidated statements of cash flows for Fiscals 2021 and 2022:

Particulars	**For the year ended March 31,**	
	2022	**2021**
	(₹ in millions, except percentages)	
Net cash used in operating activities (A)	**(13,406.87)**	**(3,526.70)**
Of which:		
Cash generated from operations before working capital changes	3,311.44	2,768.72
*(Increase)/ decrease in working capital, excluding (increase) in loans (as tabulated below)**	905.76	2,471.49
(Increase) in loans	(16,701.66)	(8,114.45)
Income taxes paid (net of refunds)	(922.41)	(652.46)
Net cash generated from/(used in) investing activities (B)	**(4,666.51)**	**(4,638.49)**
Net cash generated from financing activities (C)	**10,259.78**	**9,247.71**
Net increase in cash and cash equivalents (A+B+C)	**1,519.42**	**1,082.52**
Cash and cash equivalents at beginning of the period	**1,706.02**	**623.50**
Cash and cash equivalents at end of the period	**3,225.44**	**1,706.02**

*** Changes in working capital, excluding (increase) in loans:**

Particulars	**For the year ended March 31,**	
	2022	**2021**
	(₹ in millions, except percentages)	
(Increase)/decrease in trade receivables and other financial assets	(48.76)	(98.83)
(Increase)/decrease in other non-financial assets	(175.79)	(30.23)
Increase/(decrease) in trade payables	261.31	5.79
Increase/(decrease) in other financial liability	817.09	2,538.34
Increase/(decrease) in other non-financial liability	67.02	13.30
Increase/(decrease) in provision	(15.11)	43.12
(Increase)/decrease in working capital, excluding (increase) in loans	**905.76**	**2,471.49**

Operating Activities

For Fiscal 2022, our cash generated from operations before working capital changes was ₹3,311.44 million and our net cash used in operating activities was ₹13,406.87 million. The difference was primarily due to an increase in loans of ₹16,701.66 million and income taxes paid (net of refunds) of ₹922.41 million, which was partially offset by a decrease in working capital, excluding (increase) in loans of ₹905.76 million.

For Fiscal 2021, our cash generated from operations before working capital changes was ₹2,768.72 million and our net cash used in operating activities was ₹3,526.70 million. The difference was primarily due to an increase in loans of ₹8,114.45 million and income taxes paid (net of refunds) of ₹652.46 million, which was partially offset by a decrease in working capital, excluding (increase) in loans of ₹2,471.49 million.

Investing Activities

Net cash generated from investing activities of ₹4,666.51 million for Fiscal 2022 was due to: (i) proceeds from the sale of investment of ₹3,228.62 million on account of the redemption of investments in our mutual funds and commercial paper; (ii) sale of investment in mutual funds (net) of ₹2,329.16 million; and (iii) increase in fixed deposits not considered as cash and cash equivalent of ₹235.35 million. The increases were partially offset by the purchase of investment of ₹1,018.59 million on account of our deployment of excess liquidity.

Net cash used in investing activities was ₹4,638.49 million for Fiscal 2021 and consisted primarily of: (i) purchase of investment of ₹4,179.04 million on account of our deployment of excess liquidity; (ii) decrease in fixed deposits not considered as cash and cash equivalent of ₹417.94 million; and (iii) purchase of fixed and intangible assets of ₹45.90 million.

Financing Activities

Net cash generated from financing activities of ₹10,259.78 million for Fiscal 2022 was due to: (i) proceeds from borrowings other than debt securities of ₹18,640.00 million; and (ii) other short-term loan (net) of ₹654.26 million. The increases were partially offset by repayment of borrowings other than debt securities repaid of ₹6,514.25 million and debt securities redeemed of ₹2,416.67 million.

Net cash generated from financing activities of ₹9,427.71 million for Fiscal 2021 was due to: (i) proceeds from borrowings other than debt securities of ₹4,329.63 million; and (ii) debt securities issued of ₹4,992.81 million.

Maturity Pattern of Assets and Liabilities

For details on the maturity pattern of our Company's liabilities and assets as at March 31, 2022 on a standalone basis, see "*Selected Statistical Information – Asset-Liability Gap – Our Company*" on page 50.

For details on the maturity pattern of CGHFL's liabilities and assets as at March 31, 2022, see "*Selected Statistical Information – Asset-Liability Gap – CGHFL*" on page 51.

CAPITAL EXPENDITURES

We make capital expenditures to expand our operations, primarily through making leasehold improvements and acquiring property, plant and equipment, and intangible assets, primarily consisting of computer software. We have historically funded our capital expenditures using cash generated by our operating activities. The following table sets forth additions to property, plant and equipment by category of expenditure, for each of the period and years indicated below.

Particulars	Fiscal 2022	Fiscal 2021	Increase/(Decrease) (%)
	(₹ in millions, except percentages)		
Buildings:			
Buildings	–	–	–
Leasehold premises	–	–	–
Computer hardware	51.92	11.08	368.6
Furniture and fixtures	1.52	1.86	(18.3)
Office equipment	3.96	1.50	164.0
Vehicles	9.88	6.93	42.6
Electrical installation	–	0.03	*N.C*
Right of use(1)	93.90	23.55	298.7
Total	**161.18**	**44.95**	**258.6**

Notes:
* *N.C means not comparable.*
(1) *Right of use amounting to ₹23.55 million was grouped under intangible assets for Fiscal 2021.*

Our capital expenditure increased by 258.6% from ₹44.95 million in Fiscal 2021 to ₹161.18 million in Fiscal 2022. This increase was primarily due to: (i) our capital expenditure on computer hardware increasing by 368.6% from ₹11.08 million in Fiscal 2021 to ₹51.92 million in Fiscal 2022, which was primarily due to increase in manpower and implementation of system; and (ii) our capital expenditure on right of use increasing from ₹23.55 million (grouped under intangible assets in Fiscal 2021) in Fiscal 2021 to ₹93.90 million in Fiscal 2022, which was primarily due to the increase in our branches.

CONTINGENT LIABILITIES

As at March 31, 2022, we had contingent liabilities as per Ind AS 37 on "Provisions, Contingent Liabilities and Contingent Assets" not provided for amounting to ₹115.18 million on a consolidated basis which pertain to income tax matters under dispute.

We are of the opinion that the demands are untenable and we expect to succeed in our appeals/defense. For details in relation to the service tax matters under appeal, see "*Risk Factors – There are certain outstanding legal proceedings involving our Company and our Subsidiary, which may adversely affect our business, financial condition and results of operations*" on page 29.

CAPITAL AND OTHER COMMITMENTS

The table below sets forth our capital and other commitments as at March 31, 2022:

Particulars	As at March 31, 2022
	(₹ in millions)
Estimated amount of contracts remaining to be executed on capital account and not provided for	66.55
Amount payable towards acquisition of property	39.82
Other commitments	
Pending disbursements of sanctioned loans	13,341.79
Total capital and other commitments	**13,448.16**

OFF-BALANCE SHEET ARRANGEMENTS

Except for loans that are assigned by us to banks and other financial institutions, we have no other off-balance sheet arrangements that materially affect our financial condition or results of operations. For details of our assignment transactions on a consolidated basis undertaken during Fiscals 2022 and 2021, see Note 9 in the notes to the 2022 Audited Consolidated Financial Statements in "*Financial Statements*" on page 126.

RELATED PARTY TRANSACTIONS

For details in relation to related parties' transactions entered by us on a consolidated basis during Fiscals 2022 and 2021, as per the requirements under Ind AS, see Note 42 in the notes to the 2022 Audited Consolidated Financial Statements and Note 43 in the notes to the 2021 Audited Consolidated Financial Statements in "*Financial Statements*" on page 126.

CONTRACTUAL OBLIGATIONS

We have certain contractual obligations that require us to make future payments. This may expose us to potential liquidity risk as we may be unable to meet our payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. For details in relation to our contractual obligations as at March 31, 2022, see Note 40.3 in the notes to the 2022 Audited Consolidated Financial Statements in "*Financial Statements*" on page 126.

INTEREST COVERAGE RATIO

The following table sets forth our interest coverage ratio as at March 31, 2022 on a consolidated basis.

Assets	As at March 31, 2022
Interest coverage ratio(1)	1.86

Note:

(1) *Our interest coverage ratio is our profit after tax for the period adjusted for finance costs (net off interest on lease liability), depreciation and amortisation expenses and tax and divided by finance cost (net off interest on lease liability).*

QUALITATIVE AND QUANTITATIVE DISCLOSURE ABOUT MARKET RISKS

We are exposed to interest rate risks. For qualitative details on our interest rate risks, see "*Our Business – Risk Management – Interest Rate Risk*" on page 116. For qualitative and quantitative disclosure about our interest rate risks as at March 31, 2022, see Note 40.4 in the notes to the 2022 Audited Consolidated Financial Statements in "*Financial Statements*" on page 126.

AUDITORS' QUALIFICATIONS AND EMPHASIS OF MATTERS

There are no qualifications in the auditors' reports on our consolidated financial statements as at and for the years ended March 31, 2022 or March 31, 2021.

The audit report of the Previous Statutory Auditors on our Company's standalone financial statements as at and for the year ended March 31, 2021 had included the following emphasis of matter in relation to Note 33 of the standalone Ind AS financial statements, which describes the continuing uncertainty arising from the COVID-19 pandemic that could impact our Company's financial statements.

- "*The outbreak of COVID-19 pandemic across the globe and in India has contributed to a significant volatility in the global and Indian financial markets and slowdown in the economic activities. To cover additional challenges posed by COVID-19 pandemic, the management of the Company, based on current available information, has estimated overlays for the purpose of determination of the provision for impairment of financial assets carried at amortised cost. Based on the current indicators of future economic conditions, the Company considers these provisions to be adequate. Given the uncertainty over the potential macro-economic impact, the management has considered internal and external information up to the date of approval of these financial results. The extent, to which the COVID-19 pandemic, including the current "second wave" that has significantly increased the number of cases in India, will continue to impact future results of the Company, will depend on the current as well as future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by the Company. Given the uncertainty over the potential macro-economic condition, the impact of the global health pandemic may be different from that estimated as at the date of approval of these financial results and the Company will continue to closely monitor any material changes to future economic conditions, which will be given effect to in the respective future period*."

The Previous Statutory Auditors' opinion have not been modified in respect of this matter.

MATERIAL DEVELOPMENTS AFTER MARCH 31, 2022

In the opinion of the Directors, no circumstances have arisen since March 31, 2022 that would materially and adversely affect or are likely to affect, within the next 12 months: (a) our trading or profitability; (b) the value of our assets; or (c) our ability to pay our liabilities.

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND DEFAULTS

Our Company and our Subsidiary are subject to various legal proceedings from time to time, primarily arising in the ordinary course of business.

*There is no outstanding litigation which has been considered material in accordance with our Company's 'Policy for Determining Material Events and Information', framed in accordance with Regulation 30 of the SEBI LODR Regulations. Accordingly, there is no outstanding litigation involving our Company and/or our Subsidiary that requires disclosure in this Draft Letter of Offer. However, solely for the purpose of the Issue, our Company has disclosed in this section, outstanding litigations, including civil and tax proceedings, involving an amount equivalent to or in excess of 2.5% of the consolidated profit after tax of our Company, in terms of the Audited Consolidated Financial Statements, which is determined to be ₹51.20 million, adopted by our Board through its resolution dated July 28, 2022 ("**Materiality Threshold**").*

Except as disclosed below, there are no outstanding litigations with respect to the (i) issues of moral turpitude or criminal liability on the part of our Company and/or our Subsidiary; (ii) material violations of statutory regulations by our Company and/or our Subsidiary; (iii) economic offences where proceedings have been initiated against our Company and/or our Subsidiary; (iv) proceedings which have been initiated against our Company and our Subsidiary in relation to the SARFAESI actions initiated by our Company and/or our Subsidiary; (v) criminal proceedings initiated by our Company and / or our Subsidiary; and (vi) any pending matters, which if they result in an adverse outcome, would materially and adversely affect our operations or our financial position.

Pre-litigation notices received by our Company and/or our Subsidiary from third parties (excluding notices pertaining to any offence involving issues of moral turpitude, criminal liability, material violations of statutory regulations or proceedings related to economic offences shall not be evaluated for materiality until such time our Company and/or our Subsidiary are impleaded as defendants in litigation proceedings before any judicial forum.

I. Litigation involving our Company

A. Litigation against our Company

Criminal Proceedings

1. Bittu Singh had filed an application under Section 156(3) of the Code of Criminal Procedure, 1973 against our Company and the insurance company before the Additional District Judge, Ghaziabad, Uttar Pradesh contesting the rejection of Bittu Singh's insurance claim. The Chief Judicial Metropolitan Magistrate, Ghaziabad ("**CJM**") had rejected Bittu Singh's claim *vide* an order dated October 04, 2021. ("**Order**"). Bittu Singh has filed a criminal revision petition against dismissal of Order by CJM.

2. Our Company had filed an application under Section 14 of the SARFAESI Act before the District Magistrate, Thane to obtain physical possession and to exercise our right of enforcement of security interest over mortgaged property of Rushabh Enterprises ("**Rushabh**") due to default in repayment of loan amounting to ₹10.10 million availed from our Company. Subsequently, the District Magistrate, Thane passed the possession order dated August 16, 2019 in favour of our Company and appointed Tehsildar, Thane to take physical possession of the secured assets of Rushabh. Subsequently, Rushabh filed an application under Section 10(a) of the Maharashtra Protection of Interest of Depositors (In Financial Establishments) Act, 1999 ("**MPID Act**") ("**Application**") before the designated court under the MPID Act ("**MPID Court**") seeking to restrain our Company, among others ("**Respondents**") from taking physical possession of the mortgaged property. The Application was rejected by the MPID Court *vide* its order dated February 22, 2021 ("**Impugned Order I**") and the MPID Court directed our Company to conduct valuation of the mortgaged property of Rushabh within four weeks. Rushabh has filed a criminal appeal under Section 11 of MPID Act against Respondents, before the High Court of Bombay to set aside and grant an interim stay to the Impugned Order I. The matter is currently pending.

Material Civil Proceedings

1. An order dated March 29, 2022, was passed by the Assistant Commissioner of Income Tax (the "**CIT**") for the assessment year 2016-17, (the "**Assessment Order**") disallowing the amount of ₹9.80 million claimed by our Company as a deduction under Section 80G of the Income Tax Act, 1961 towards Capri Foundation. In terms of the Assessment Order, the CIT further added the amount ₹148.94 million, treated as floating provision of bad and doubtful debts by our Company pertaining to previous assessment years, to the business income of our Company since the previous additions of provisions were not routed through the profit and loss account of our Company and were added back in the computation of income. Subsequently, a demand notice dated March 29, 2022 has been issued by the Income Tax Department, National Faceless Assessment Centre, Delhi, for an amount of ₹104.20 million against our Company and our Company has filed an appeal before the Commission of Income-Tax (Appeals) against the Assessment Order. The matter is currently pending.

Recovery proceedings under the SARFAESI Act

1. Various individuals and entities (collectively, the "**Petitioners**") have challenged the actions of auctioning the mortgaged property, taking possession of the mortgaged property, among others, taken by our Company and our Subsidiary under the SARFAESI Act against the Petitioners. The Petitioners have filed various applications before the Debt Recovery Tribunal and High Courts of various jurisdictions, under section 17 of the SARFAESI Act, contesting, *inter alia*, the action of our Company and our Subsidiary in claiming rights over the mortgaged property and seeking restraining orders against the actions initiated by our Company and our Subsidiary against the Petitioners. The total pecuniary value involved in these matters aggregates to ₹434.25 million, along with interest and these are currently pending at various stages of adjudication.

2. Bank of India has challenged the action initiated by our Company to obtain physical possession of the mortgaged property under the SARFAESI Act against Krishna Tankers Private Limited ("**Borrower**"). The Borrower's account was classified as a non-performing asset, due to default in repayment of loan amounting to ₹51.87 million availed from our Company. Subsequently, our Company had filed an application under Section 14 of the SARFAESI Act before District Magistrate, Gurugram ("**DMG**") to exercise its right of enforcement of security interest over mortgaged property of the Borrower. The DMG passed an order dated March 26, 2019 allowing our Company to take physical possession of the mortgaged property, which was later upheld by the Debts Recovery Tribunal- II, Chandigarh *vide* its order dated May 16, 2019 ("**Impugned Order II**"). Bank of India has filed an appeal before the Debt Recovery Appellate Tribunal, Delhi ("**DRT**") under Section 18 of the SARFAESI Act to set aside the Impugned Order II and retain its status as a statutory tenant on the mortgaged property. The matter is currently pending.

3. Manyam Estates and others (collectively, the "**Applicants**") has challenged the action initiated by our Company to obtain physical possession of the mortgaged property under the SARFAESI Act against Applicants. The Applicants were sanctioned a term loan facility amounting to ₹160.00 million, out of which, ₹110.85 million was disbursed by our Company. Our Company issued a demand notice to Manyam under Section 13(2) of the SARFEASI Act amounting to ₹131.07 million. Subsequently, our Company had filed an application under Section 14 of the SARFAESI Act before Additional Chief Metropolitan Magistrate, Bangalore ("**ACMM Bangalore**") to exercise its right of enforcement of security interest over mortgaged property of the Applicant. The ACMM Bangalore passed an order dated June 16, 2022 allowing our Company to take physical possession of the mortgaged property ("**Possession Order**"). The Applicants have filed a securitization application before the Debt Recovery Appellate Tribunal, Bangalore ("**DRT**") under Section 17 of the SARFAESI Act to set aside the Possession Order and directing our Company to reschedule the loan account as per the RBI guidelines. The matter is currently pending.

B. Litigation by our Company

Criminal Proceedings

1. Our Company, in the ordinary course of business, has initiated 1,159 recovery proceedings against several of its borrowers, for dishonor of cheques issued to our Company under Section 138 of the Negotiable Instruments Act, 1881 and for dishonor of electronic funds transfer under Section 25 of the Payment and Settlement Systems Act, 2007. These proceedings are pending at various stages of adjudication before various courts. The aggregate amount involved in such proceedings is ₹3,738.00 million, to the extent ascertainable.

2. Our Company has filed a criminal complaint against Mritunjay Multiservices Private Limited and other (collectively, the "**Accused I**") under Section 156(3) of the Code of Criminal Procedure, 1973 before Additional Chief Judicial Magistrate, Mehsana ("**Magistrate I** ") alleging offences under Sections 406, 420, 422, 423, and 120B of the Indian Penal Code, 1860, *inter alia*, cheating, and causing wrongful loss caused to our Company. The criminal complaint filed by our Company was dismissed by Magistrate I *vide* an order dated February 09, 2022. Subsequently, our Company filed a criminal revision application before the Principal District and Sessions Judge, Mehsana against the Accused I under Sections 397 and 399 of the Code of Criminal Procedure, 1973 before the Magistrate I praying, *inter alia*, for allowing the criminal revision application filed by our Company. The matter is currently pending.

3. Our Company submitted a complaint dated October 25, 2021 ("**Complaint**") before the Joint Commissioner of Police (Crime), Bangalore against Manyam Estates Private Limited, Navya Infracon Projects India Private Limited and others (collectively, the "**Borrowers**") requesting to lodge a First Information Report ("**FIR**") under Section 154 of the Code of Criminal Procedure, 1973 alleging offences under Sections 120A, 403, 405, 415, 420 and 424, among others of the Indian Penal Code, 1860, *inter alia*, cheating and causing wrongful loss to Company. In the Application, our Company has alleged that Borrowers fraudulently transferred the loan amount by selling units in its project, without obtaining a no-objection certificate from our Company and misappropriated the money received from sale of such units. Subsequently, another FIR was registered on February 16, 2022 ("**February FIR**") against the promoters of the Borrowers ("**PoB**") for defrauding our Company and misappropriating the funds amounting to ₹60.16 million. Pursuant to the FIR, the PoB filed a criminal petition before the Karnataka High Court ("**High Court**") praying to quash the February FIR. Subsequently, the High Court passed an interim order staying any further proceedings against the PoB. Our Company received a show cause notice from the High Court directing us to show cause against the criminal petition filed by PoB. The matter is currently pending.

Material Civil Proceedings

1. The NCLT, New Delhi has admitted an application for initiation of the CIRP against Zillion Infraprojects Private Limited ("**Zillion**") under the Insolvency and the Bankruptcy Code, 2016 filed by L&T Finance Limited. Our Company has filed its claim as a financial creditor, before the interim resolution professional alleging that Zillion failed to repay the loan amounting to ₹52.85 million availed from our Company. Our Company's claim has been admitted, in its entirety by the interim resolution professional. The matter is currently pending.

2. Our Company has initiated arbitration proceedings against Zillion and certain other parties for a claim of an amount of ₹60.67 million, along with interest in relation to breach of terms of the loan agreement entered into between our Company and Zillion for a loan availed by Zillion from our Company. Subsequently, Zillion has also been admitted as a corporate debtor under the CIRP of the Insolvency and the Bankruptcy Code, 2016, pursuant to which, the insolvency resolution professional of Zillion has filed a statement of defense before the learned sole arbitrator praying for conclusion of arbitration proceedings since the Company's claim has already been admitted in its entirety by the committee of creditors. The directors of Zillion have also filed an application seeking stay on the arbitration proceedings. The sole arbitrator has passed an order dated July 7, 2022 adjourning the arbitration proceedings sine die.

3. The NCLT, Mumbai has admitted an application for initiation of the CIRP against Monarch Brookfields LLP ("**Monarch**") under the Insolvency and the Bankruptcy Code, 2016 filed by our Company. Our Company has filed its claim as a financial creditor, before the resolution professional alleging that Monarch has failed to repay the loan amounting to ₹400.00 million availed from our Company and filed a claim amounting to ₹1,410.13 million, of which only ₹1,399.55 million was admitted. The committee of creditors has approved the resolution plan under which our Company is expected to receive ₹120.00 million. The matter is currently pending.

4. The NCLT, New Delhi has admitted an application for initiation of the CIRP against Adel Landmarks Limited ("**Adel**") under the Insolvency and the Bankruptcy Code, 2016 filed by Edelweiss Asset Reconstruction Company Limited. Our Company has filed its claim as a financial creditor before the resolution professional alleging that Adel has failed to repay the loan amounting to ₹730.00 million availed from our Company and filed a claim amounting to ₹66.29 million. Our Company's claim has been admitted in its entirely by the resolution professional. The matter is currently pending.

5. The NCLT, New Delhi has admitted an application for initiation of the CIRP against Value Infratech India Private Limited ("**Value Infra**") under the Insolvency and the Bankruptcy Code, 2016 filed by our Company. Our Company has filed its claim as a financial creditor, before the resolution professional alleging that Value Infra has failed to repay the loan amounting to ₹375.00 million availed from our Company and has filed a claim amounting to ₹3,053.20 million, of which only ₹273.87 million was admitted. The matter is currently pending

II. Litigation involving our Subsidiary

A. **Litigation against our Subsidiary**

Recovery proceedings under the SARFAESI Act

See "*I. Litigation involving our Company – A. Litigation against our Company – Recovery proceedings under the SARFAESI Act*" on page 300.

B. **Litigation by our Subsidiary**

Criminal Proceedings

1. Our Subsidiary, in the ordinary course of business, has initiated 438 recovery proceedings against several of its borrowers, for the dishonor of cheques under Section 138 of the Negotiable Instruments Act, 1881 and for dishonor of electronic funds transfer under Section 25 of the Payment and Settlement Systems Act, 2007. These proceedings are pending at various stages of adjudication before various courts. The aggregate amount involved in such proceedings is ₹170.23 million, to the extent ascertainable.

2. Our Subsidiary has filed a criminal complaint against Shahid Ali, Vikas Sahu, Ujjwal Jain, Shailender Jaat, Raghuvir Singh Dangi and Bala Prasad (collectively, the "**Accused II**") under Section 156(3) of the Code of Criminal Procedure, 1973 before the Judicial Magistrate, I Class, Bhopal ("**Magistrate II**") alleging offences under Sections 406, 420, 467, 468, 471,120B and 34 of the Indian Penal Code, 1860, *inter alia*, cheating, forgery of documents and causing wrongful loss to our Subsidiary. Simultaneously, our Subsidiary also filed a criminal complaint against the Accused II under Section 200 of the Code of Criminal Procedure, 1973 before the Magistrate II praying, *inter alia,* for registering the case against the Accused II and directing the relevant police station to file the investigation report before the Magistrate II.

3. Our Subsidiary has filed a criminal complaint against Rajesh Jain (the "**Accused III**") under Section 156(3) of the Code of Criminal Procedure, 1973 before the Judicial Magistrate, I Class, Bhopal ("**Magistrate III**") alleging offences under Sections 406, 420, 467, 468, 471, 120B and 34 of the Indian Penal Code, 1860, *inter alia*, cheating, forgery of documents and causing wrongful loss to our Subsidiary. Simultaneously, our Subsidiary also filed a criminal complaint against the Accused III under Section 200 of the Code of Criminal Procedure, 1973 before the Magistrate III, praying, *inter alia*,

for registering the case against the Accused III and directing the relevant police station to file the investigation report before the Magistrate III.

4. Our Subsidiary has filed a criminal complaint against Ghanshyam Singrole (the "**Accused IV**") under Section 156(3) of the Code of Criminal Procedure, 1973 before the Judicial Magistrate, I Class, Bhopal ("**Magistrate IV**") alleging offences under Sections 406, 420, 467, 468, 471,120B and 34 of the Indian Penal Code, 1860, *inter alia*, cheating, forgery of documents and causing wrongful loss to our Subsidiary. Simultaneously, our Subsidiary also filed a criminal complaint against the Accused IV under Section 200 of the Code of Criminal Procedure, 1973 before the Magistrate IV praying, *inter alia,* for registering the case against the Accused IV and directing the relevant police station to file the investigation report before the Magistrate IV.

GOVERNMENT AND OTHER APPROVALS

We are not required to obtain any licenses or approvals from any government or regulatory authority for the objects of this Issue. For further details, refer to "*Objects of the Issue*" on page 63.

MATERIAL DEVELOPMENTS

There have not arisen, since the date of the last financial statements disclosed in this Draft Letter of Offer, any circumstances which materially and adversely affect or are likely to affect our operations, performance, prospects or profitability, or the value of our assets or our ability to pay material liabilities.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue has been authorised by a resolution of the Board of Directors passed at its meeting held on May 21, 2022, pursuant to Section 62(1)(a) of the Companies Act.

This Draft Letter of Offer has been approved by our Board pursuant to its resolution dated July 28, 2022. The Rights Issue Committee, in its meeting held on [●], 2022 has resolved to issue the Equity Shares to the Eligible Equity Shareholders, at ₹[●] per Rights Equity Share (including a premium of ₹[●] per Rights Equity Share) and Rights Entitlement as [●] Rights Equity Shares for every [●] Equity Shares held on the Record Date aggregating up to ₹12,000 million. The Issue Price is ₹[●] per Rights Equity Share and has been arrived at by our Company in consultation with the Lead Manager prior to determination of the Record Date.

Our Company has received in-principle approvals from BSE and NSE in accordance with Regulation 28(1) of the SEBI LODR Regulations for listing of the Rights Equity Shares to be Allotted in the Issue pursuant to their letters dated [●] and [●], respectively. Our Company will also make applications to BSE and NSE to obtain their trading approvals for the Rights Entitlements as required under the SEBI Rights Issue Circulars.

Prohibition by SEBI or Other Governmental Authorities

Our Company, the Promoters, the members of the Promoter Group, our Directors have not been and are not prohibited from accessing the capital markets or debarred from buying, selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any other jurisdiction or any other authority/court.

Further, the Promoters and the Directors are not promoter(s) or director(s) of any other company which is debarred 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.

None of our Directors are associated with entities operating in the securities market. Further, SEBI has not initiated action against any of our Directors in the past five years preceding the date of this Draft Letter of Offer.

Neither our Promoters nor any of our Directors are declared fugitive economic offenders under Section 12 of the Fugitive Economic Offenders Act, 2018.

Prohibition by RBI

Neither our Company nor our Promoters or any of our Directors have been or are identified or categorized as Wilful Defaulters or Fraudulent Borrowers.

Eligibility for the Issue

Our Company is a listed company and has been incorporated under the Companies Act, 1956. Our Equity Shares are presently listed on the Stock Exchanges. Our Company is eligible to offer Equity Shares pursuant to the Issue in terms of Chapter III of the SEBI ICDR Regulations and other applicable provisions of the SEBI ICDR Regulations. Further, our Company is undertaking the Issue in compliance with Part B of Schedule VI of the SEBI ICDR Regulations.

Confirmation under Companies (Significant Beneficial Ownership) Rules, 2018

Our Company, Promoters and members of our Promoter Group are in compliance and undertake to comply with the requirements of the Companies (Significant Beneficial Ownership) Rules, 2018, as amended, to the extent applicable, as on the date of this Draft Letter of Offer.

Compliance with Regulations 61 and 62 of the SEBI ICDR Regulations

Our Company is in compliance with the conditions specified in Regulations 61 and 62 of the SEBI ICDR Regulations, to the extent applicable. Further, in relation to compliance with Regulation 62(1)(a) of the SEBI ICDR Regulations, our Company will make applications to the Stock Exchanges for in-principle approvals for listing of the Rights Equity Shares to be issued pursuant to the Issue. [●] is the Designated Stock Exchange for the Issue.

Compliance with Part B of Schedule VI of the SEBI ICDR Regulations

Our Company is in compliance with the provisions specified in Clause (1) of Part B of Schedule VI of the SEBI ICDR Regulations as explained below:

1. Our Company has been filing periodic reports, statements and information in compliance with the Listing Agreement or the SEBI Listing Regulations, as applicable for the last three years immediately preceding the date of filing of this Draft Letter of Offer with the SEBI.

2. The reports, statements and information referred to above are available on the websites of BSE and NSE.

3. Our Company has an investor grievance handling mechanism which includes meeting of the Stakeholders' Relationship Committee at frequent intervals, appropriate delegation of power by our Board as regards share transfer and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.

As our Company satisfies the conditions specified in Clause (1) of Part B of Schedule VI of SEBI ICDR Regulations, and is not covered under the conditions specified in Clause (3) of Part B of Schedule VI of SEBI ICDR Regulations, disclosures in this Draft Letter of Offer have been made in terms of Clause (4) of Part B of Schedule VI of SEBI ICDR Regulations.

DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THIS DRAFT LETTER OF OFFER 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 ISSUE IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS DRAFT LETTER OF OFFER. THE LEAD MANAGER, BEING ICICI SECURITIES LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THIS DRAFT LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE OUR COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT LETTER OF OFFER, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER, BEING ICICI SECURITIES LIMITED, HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED JULY 28, 2022, WHICH READS AS FOLLOWS:

(1) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION, INCLUDING COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL WHILE FINALISING THIS DRAFT LETTER OF OFFER OF THE SUBJECT ISSUE.

(2) ON THE BASIS OF SUCH EXAMINATION AND DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION, CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:

(a) THE DRAFT LETTER OF OFFER FILED WITH SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS WHICH ARE MATERIAL TO THE ISSUE;

(b) ALL MATERIAL LEGAL REQUIREMENTS RELATING TO THE ISSUE AS SPECIFIED BY SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND

(c) THE MATERIAL DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE TRUE AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 2013, THE SEBI ICDR REGULATIONS AND OTHER APPLICABLE LEGAL REQUIREMENTS.

(3) BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT LETTER OF OFFER ARE REGISTERED WITH SEBI AND THAT UNTIL DATE SUCH REGISTRATION IS VALID. COMPLIED WITH

(4) WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS. NOT APPLICABLE

(5) WRITTEN CONSENT FROM THE PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF HIS SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE EQUITY SHARES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED OR SOLD OR TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT LETTER OF OFFER WITH SEBI UNTIL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS

STATED IN THE DRAFT LETTER OF OFFER. NOT APPLICABLE

(6) ALL APPLICABLE PROVISIONS OF SEBI ICDR REGULATIONS, WHICH RELATE TO EQUITY SHARES INELIGIBLE FOR COMPUTATION OF PROMOTERS' CONTRIBUTION, HAVE BEEN AND SHALL BE DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION(S) HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER. NOT APPLICABLE

(7) ALL APPLICABLE PROVISIONS OF SEBI ICDR REGULATIONS, WHICH RELATE TO RECEIPT OF PROMOTERS' CONTRIBUTION PRIOR TO OPENING OF THE ISSUE, SHALL BE COMPLIED WITH. ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE AND THE STATUTORY AUDITOR'S CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE ISSUE. NOT APPLICABLE

(8) NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONIES RECEIVED PURSUANT TO THE ISSUE ARE CREDITED OR TRANSFERRED TO A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013 AND THAT SUCH MONIES SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES, AND THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKER(S) TO THE ISSUE AND THE COMPANY SPECIFICALLY CONTAINS THIS CONDITION. NOTED FOR COMPLIANCE TO THE EXTENT APPLICABLE

(9) THE EXISTING BUSINESS AS WELL AS ANY NEW BUSINESS OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED FALL WITHIN THE 'MAIN OBJECTS' IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED IN LAST TEN YEARS ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION. COMPLIED WITH TO THE EXTENT APPLICABLE

(10) FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER:

(a) AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY, EXCLUDING SUPERIOR EQUITY SHARES, WHERE THE COMPANY HAS OUTSTANDING SUPERIOR EQUITY SHARES. COMPLIED WITH (THE COMPANY HAS NOT ISSUED ANY SUPERIOR RIGHTS EQUITY SHARES); AND

(b) AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH ALL DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI. COMPLIED WITH

(11) WE SHALL COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENTS IN TERMS OF THE SEBI ICDR REGULATIONS. NOTED FOR COMPLIANCE

(12) IF APPLICABLE, THE COMPANY IS ELIGIBLE TO LIST ON THE INNOVATORS GROWTH PLATFORM IN TERMS OF THE PROVISIONS CHAPTER X OF THE SEBI ICDR REGULATIONS. NOT APPLICABLE

(13) NONE OF THE INTERMEDIARIES NAMED IN THIS DRAFT LETTER OF OFFER HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY. COMPLIED WITH

(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 OR THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS'EXPERIENCE, ETC.- COMPLIED WITH

(15) WE ENCLOSE A CHECKLIST CONFIRMING REGULATION- WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SEBI ICDR REGULATIONS, AS AMENDED, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT LETTER OF OFFER WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.- COMPLIED WITH

THE FILING OF THE DRAFT LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH

THE LEAD MANAGER ANY IRREGULARITIES OR LAPSES IN THE LETTER OF OFFER.

Disclaimer clauses from our Company and the Lead Manager

Our Company and the Lead Manager accept no responsibility for statements made otherwise than in this Draft Letter of Offer or in any advertisement or other material issued by our Company or by any other persons at the instance of our Company and anyone placing reliance on any other source of information would be doing so at his own risk.

Eligible Equity Shareholders who invest in the Issue will be deemed to have represented to our Company, the Lead Manager and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares, and are relying on independent advice / evaluation as to their ability and quantum of investment in the Issue.

CAUTION

Our Company and the Lead Manager shall make all information available to the Eligible Equity Shareholders in accordance with the SEBI ICDR Regulations and no selective or additional information would be available for a section of the Eligible Equity Shareholders in any manner whatsoever including at presentations, in research or sales reports etc. after filing of this Draft Letter of Offer.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this Draft Letter of Offer. You must not rely on any unauthorized information or representations. This Draft Letter of Offer is an offer to sell only the Rights Equity Shares and rights to purchase the Rights Equity Shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this Draft Letter of Offer is current only as of its date.

Our Company, the Lead Manager and its directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any Applicant on whether such Applicant is eligible to acquire any Rights Equity Shares. The Lead Manager and their respective affiliates may engage in transactions with and perform services for our Company or affiliates in the ordinary course of business and have engaged, or may in the future engage, in transactions with our Company or affiliates, for which they have received and may in the future receive, compensation.

Disclaimer with respect to jurisdiction

This Draft Letter of Offer has been prepared under the provisions of Indian laws and the applicable rules and regulations thereunder. Any disputes arising out of the Issue will be subject to the jurisdiction of the appropriate court(s) in Mumbai, India only.

Designated Stock Exchange

The Designated Stock Exchange for the purpose of the Issue is [●].

Disclaimer Clause of the BSE

As required, a copy of this Draft Letter of Offer has been submitted to BSE. The disclaimer clause as intimated by BSE to us, post scrutiny of this Draft Letter of Offer, shall be included in the Letter of Offer prior to filing with SEBI and the Stock Exchanges.

Disclaimer Clause of NSE

As required, a copy of this Draft Letter of Offer has been submitted to NSE. The disclaimer clause as intimated by NSE to us, post scrutiny of this Draft Letter of Offer, shall be included in the Letter of Offer prior to filing with SEBI and the Stock Exchanges.

Disclaimer Clause of RBI

The Company is having a valid certificate of registration dated November 5, 2007 issued by the RBI under Section 45 IA of the RBI Act. However, the RBI does not accept any responsibility or guarantee about the present position as to the financial soundness of the Company or for the correctness of any of the statements or representations made or opinions expressed by the Company and for repayment of deposits /discharge of liabilities by the Company.

Disclaimer Clause of NHB

Our Subsidiary is having a valid certificate of registration dated July 18, 2016, issued by NHB under section 29A of the NHB Act. However, the NHB does not accept any responsibility or guarantee about the present position as to the financial soundness of the company or for the correctness of any of the statements or representations made or opinion expressed by the company and for repayment of deposits /discharge of liabilities by the company.

Filing

This Draft Letter of Offer has been filed with SEBI for its observations electronically through the SEBI intermediary portal at https://siportal.sebi.gov.in in terms of the SEBI circular bearing reference no. SEBI/HO/CFD/DIL1/CIR/P/2018/011) dated January 19, 2018 issued by the SEBI, and with the Stock Exchanges. Further, in light of the SEBI notification dated March 27, 2020, our Company has submitted a copy of this Draft Letter of Offer to the e-mail address: cfddil@sebi.gov.in After SEBI gives its observations, the final Letter of Offer will be filed with SEBI and the Stock Exchanges simultaneously with the filing of the Letter of Offer with the Designated Stock Exchange as per the provisions of the SEBI ICDR Regulations.

Listing

The Rights Equity Shares offered through the Letter of Offer are proposed to be listed on BSE and NSE. Applications will be made to the Stock Exchanges for obtaining permission for listing and trading of the Rights Equity Shares. [●] will be the Designated Stock Exchange with which the Basis of Allotment will be finalised.

Consents

Consents in writing of each of our Directors, Legal Counsel to our Company as to Indian Law, Legal Counsel to the Lead Manager as to Indian Law, International Legal Counsel to the Lead Manager, Bankers to our Company, the Lead Manager, Registrar to the Issue, Independent Chartered Accountant, Statutory Auditors, in their respective capacities, have been obtained, and such consents have not been withdrawn up to the time of delivery of this Draft Letter of Offer.

Experts to the Issue

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

Our Company has received consent from its Statutory Auditors, M/s M M Nissim & Co. LLP, Chartered Accountants through their letter dated July 28, 2022 to include their name as required under Section 26(1) of the Companies Act, 2013 in this Draft Letter of Offer and as an "expert" as defined under Section 2(38) of the Companies Act, 2013 in respect of the 2022 Audited Consolidated Financial Statements of the Statutory Auditors, the audit reports in respect of the 2022 Audited Consolidated Financial Statements, and the statement of special tax benefits dated July 28, 2022 and such consents have not been withdrawn as of the date of this Draft Letter of Offer. However, the term "expert" shall not be construed to mean an "Expert" as defined under the U.S. Securities Act.

Our Company has received written consent dated July 28, 2022 from Independent Chartered Accountants, namely, M/s SCA and Associates, Chartered Accountants, to include its name in this Draft Letter of Offer, as an "expert" as defined under section 2(38) of the Companies Act, 2013 in respect of the certificates issued by them in their capacity as an independent chartered accountant to our Company and such consent has not been withdrawn as on the date of this Draft Letter of Offer.

Our Company has received consent from its Previous Statutory Auditors, Deloitte Haskins & Sells LLP, Chartered Accountants through their letter dated July 28, 2022 to include their name as required under Section 26(1) of the Companies Act, 2013 in this Draft Letter of Offer and as an "expert" as defined under Section 2(38) of the Companies Act, 2013 to the extent and in their capacity as Previous Statutory Auditor in respect of their the auditor's reports dated June 17, 2021, on our 2021 Audited Consolidated Financial Statements and such consents have has not been withdrawn as of the date of this Draft Letter of Offer. However, the term "expert" and the consent thereof shall not be construed to mean an "Expert" or consent within the meaning as defined under the U.S. Securities Act.

Performance vis-à-vis objects

Our Company has not undertaken any public or rights issue in the preceding five year.

Mechanism for Redressal of Investor Grievances

Our Company has adequate arrangements for the redressal of investor complaints in compliance with the corporate governance requirements in compliance with SEBI LODR Regulations. We have been registered with the SEBI Complaints Redress System (SCORES) as required by the SEBI circular no. CIR/OIAE/2/2011 dated June 3, 2011 and shall comply with the SEBI circular no. (CIR/OIAE/1/2014) dated December 18, 2014 in relation to redressal of investor grievances through SCORES. Consequently, investor grievances are also tracked online by our Company through the SCORES mechanism.

Our Company has a Stakeholders Relationship Committee which meets at least once every year and as and when required. Its terms of reference include considering and resolving grievances of shareholders in relation to transfer of shares and effective exercise of voting rights. Link Intime India Private Limited is our Registrar and Share Transfer Agent. All investor grievances received by us have been handled by the Registrar and Share Transfer Agent in consultation with the Company Secretary and Compliance Officer.

The Investor complaints received by our Company are generally disposed of within 30 days from the date of receipt of the complaint.

Investors may contact the Registrar or our Company Secretary and Compliance Officer for any pre-Issue or post-Issue

related matter. All grievances relating to the ASBA process may be addressed to the Registrar, with a copy to the SCSBs(in case of ASBA process), giving full details such as name, address of the Applicant, contact number(s), e mail address of the sole/ first holder, folio number or demat account number, number of Rights Equity Shares applied for, amount blocked (in case of ASBA process), ASBA Account number and the Designated Branch of the SCSBs where the Application Form or the plain paper application, as the case may be, was submitted by the Investors along with a photocopy of the acknowledgement slip (in case of ASBA process). For details on the ASBA process, please see *"Terms of the Issue"* beginning on page 311.

The contact details of Registrar to the Issue and our Company Secretary and Compliance Officer are as follows:

Registrar to the Issue

Link Intime India Private Limited

C-101, 1st floor, 247 Park
L.B.S. Marg, Vikhroli (West)
Mumbai 400 083
Maharashtra, India
Tel: +91 22 4918 6200
E-mail: capri.rights@linkintime.co.in
Investor Grievance ID: capri.rights@linkintime.co.in
Website: www.linkintime.co.in
Contact person: Sumeet Deshpande
SEBI Registration No.: INR000004058

Company Secretary and Compliance Officer

Yashesh Bhatt is the company secretary and compliance officer of our Company. His details are as follows:

Yashesh Bhatt
502, Tower A, Peninsula Business Park,
Senapati Bapat Marg, Lower Parel
Mumbai 400013, Maharashtra, India
Tel: +91 22 4088 8125
E-mail: secretarial@capriglobal.in

SECTION VII: ISSUE INFORMATION

TERMS OF THE ISSUE

This section is for the information of the Investors proposing to apply in the Issue. Investors should carefully read the provisions contained in this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, before submitting the Application Form. Our Company and the Lead Manager are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Draft Letter of Offer. Investors are advised to make their independent investigation and ensure that the Application Form is accurately filled up in accordance with instructions provided therein and this Draft Letter of Offer. Unless otherwise permitted under the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, Investors proposing to apply in the Issue can apply only through ASBA or by mechanism as disclosed in this Draft Letter of Offer.

Investors are requested to note that an Application in the Issue can only be made through ASBA or any other mode which may be notified by SEBI.

The Rights Entitlement on the Equity Shares, the ownership of which is currently under dispute and including any court proceedings or are currently under transmission or are held in a demat suspense account and for which our Company has withheld the dividend, shall be held in abeyance and the Application Form along with the Rights Entitlement Letter in relation to these Rights Entitlements shall not be dispatched pending resolution of the dispute or court proceedings or completion of the transmission or pending their release from the demat suspense account. On submission of such documents /records confirming the legal and beneficial ownership of the Equity Shares with regard to these cases on or prior to the Issue Closing Date, to the satisfaction of our Company, our Company shall make available the Rights Entitlement on such Equity Shares to the identified Eligible Equity Shareholder. The identified Eligible Equity Shareholder shall be entitled to subscribe to Equity Shares pursuant to the Issue during the Issue Period with respect to these Rights Entitlement and subject to the same terms and conditions as the Eligible Equity Shareholder.

Overview

The Issue is proposed to be undertaken on a rights basis and is subject to the terms and conditions contained in this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association of our Company, the provisions of the Companies Act, 2013, the FEMA, the FEMA Rules, the SEBI ICDR Regulations, the SEBI LODR Regulations and the guidelines, notifications, circulars and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, approvals, if any, from RBI or other regulatory authorities, the terms of the Listing Agreements entered into by our Company with Stock Exchanges and the terms and conditions as stipulated in the Allotment Advice.

I. DISPATCH AND AVAILABILITY OF ISSUE MATERIALS

In accordance with the SEBI ICDR Regulations, the Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent/ dispatched only to the Eligible Equity Shareholders who have provided their Indian address to our Company and who are located in jurisdictions where the offer and sale of the Rights Entitlement or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be physically dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Further, the Letter of Offer will be sent/ dispatched to the Eligible Equity Shareholders who have provided Indian address and who have made a request in this regard.

Investors can access this Draft Letter of Offer, Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable laws) on the websites of:

(i) our Company at http://www.capriloans.in/;

(ii) the Registrar at www.linkintime.co.in;

(iii) the Lead Manager, i.e., ICICI Securities Limited at www.icicisecurities.com; and

(iv) the Stock Exchanges at www.bseindia.com and www.nseindia.com.

To update the respective Indian addresses/e-mail addresses/phone or mobile numbers in the records maintained by the Registrar or by our Company, Eligible Equity Shareholders should visit www.linkintime.co.in.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the

Registrar (*i.e.*, www.linkintime.co.in) by entering their DP ID and Client ID or folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) and PAN. The link for the same shall also be available on the website of our Company (*i.e.*, www.capriloans.in).

Further, our Company along with the Lead Manager will undertake all adequate steps to reach out to the Eligible Equity Shareholders who have provided their Indian address through other means, as may be feasible. In light of the current COVID-19 situation, our Company, the Lead Manager and the Registrar will not be liable for non-dispatch of physical copies of Issue materials, including this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form.

Please note that neither our Company nor the Registrar nor the Lead Manager shall be responsible for not sending the physical copies of Issue materials, including this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form or delay in the receipt of this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form attributable to non-availability of the e-mail addresses of Eligible Equity Shareholders or electronic transmission delays or failures, or if the Application Forms or the Rights Entitlement Letters are delayed or misplaced in the transit.

The distribution of this Draft Letter of Offer, the Letter of Offer, Abridged Letter of Offer, the Rights Entitlement Letter and the issue of Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. No action has been, or will be, taken to permit the Issue in any jurisdiction where action would be required for that purpose, except that this Draft Letter of Offer is being filed with SEBI and the Stock Exchanges. Accordingly, the Rights Entitlements and Rights Equity Shares may not be offered or sold, directly or indirectly, and this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form or any Issue related materials or advertisements in connection with the Issue may not be distributed, in any jurisdiction, except in accordance with and as permitted under the legal requirements applicable in such jurisdiction. Receipt of this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form (including by way of electronic means) will not constitute an offer, invitation to or solicitation by anyone in any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorised or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form must be treated as sent for information only and should not be acted upon for making an Application and should not be copied or re-distributed.

Accordingly, persons receiving a copy of this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form in or into any jurisdiction where to do so, would, or might, contravene local securities laws or regulations or would subject our Company or its affiliates or the Lead Manager or their respective affiliates to any filing or registration requirement (other than in India). If this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to make an Application or acquire the Rights Entitlements referred to in this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form. Any person who makes an application to acquire Rights Entitlements and the Rights Equity Shares offered in the Issue will be deemed to have declared, represented and warranted that such person is authorized to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in such person's jurisdiction and India, without requirement for our Company or our affiliates or the Lead Manager or their respective affiliates to make any filing or registration (other than in India).

Our Company is undertaking the Issue on a rights basis to the Eligible Equity Shareholders and will send the Letter of Offer, Abridged Letter of Offer, the Application Form and other applicable Issue materials primarily to email addresses of Eligible Equity Shareholders who have provided a valid email address and an Indian address to our Company.

The Letter of Offer will be provided, primarily through e-mail, by the Registrar on behalf of our Company or the Lead Manager to the Eligible Equity Shareholders who have provided their Indian addresses to our Company and who make a request in this regard.

II. PROCESS OF MAKING AN APPLICATION IN THE ISSUE

- **In accordance with Regulation 76 of the SEBI ICDR Regulations, the SEBI Rights Issue Circulars and the ASBA Circulars, all Investors desiring to make an Application in the Issue are mandatorily required to use the ASBA process. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA.**

  The Application Form can be used by the Eligible Equity Shareholders as well as the Renouncees, to make Applications in the Issue basis the Rights Entitlement credited in their respective demat accounts or demat suspense escrow account, as applicable. For further details on the Rights Entitlements and demat suspense escrow account, see "- *Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders*" beginning on page 322.

Please note that one single Application Form shall be used by Investors to make Applications for all Rights Entitlements available in a particular demat account or entire respective portion of the Rights Entitlements in the demat suspense escrow account in case of resident Eligible Equity Shareholders holding shares in physical form as on Record Date and applying in the Issue, as applicable. In case of Investors who have provided details of demat account in accordance with the SEBI ICDR Regulations, such Investors will have to apply for the Rights Equity Shares from the same demat account in which they are holding the Rights Entitlements and in case of multiple demat accounts, the Investors are required to submit a separate Application Form for each demat account.

Investors may apply for the Rights Equity Shares by submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Investors are also advised to ensure that the Application Form is correctly filled up stating therein:

(i) the ASBA Account (in case of Application through ASBA process) in which an amount equivalent to the amount payable on Application as stated in the Application Form will be blocked by the SCSB; or

(ii) the requisite internet banking.

Applicants should note that they should very carefully fill-in their depository account details and PAN in the Application Form or while submitting application through online/electronic Application through the website of the SCSBs (if made available by such SCSB). Please note that incorrect depository account details or PAN or Application Forms without depository account details shall be treated as incomplete and shall be rejected. For details, see "- *Grounds for Technical Rejection*" beginning on page 318. Our Company, the Lead Manager, the Registrar and the SCSBs shall not be liable for any incomplete or incorrect demat details provided by the Applicants.

Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, Investors may choose to accept the offer to participate in the Issue by making plain paper Applications. Please note that SCSBs shall accept such applications only if all details required for making the application as per the SEBI ICDR Regulations are specified in the plain paper application and that Eligible Equity Shareholders making an application in the Issue by way of plain paper applications shall not be permitted to renounce any portion of their Rights Entitlements. For details, - see "- *Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process"* beginning on page 315.

- ***Options available to the Eligible Equity Shareholders***

The Rights Entitlement Letter will clearly indicate the number of Rights Equity Shares that the Eligible Equity Shareholder is entitled to.

If the Eligible Equity Shareholder applies in the Issue, then such Eligible Equity Shareholder can:

(i) apply for its Rights Equity Shares to the full extent of its Rights Entitlements; or

(ii) apply for its Rights Equity Shares to the extent of part of its Rights Entitlements (without renouncing the other part); or

(iii) apply for Rights Equity Shares to the extent of part of its Rights Entitlements and renounce the other part of its Rights Entitlements; or

(iv) apply for its Rights Equity Shares to the full extent of its Rights Entitlements and apply for Additional Rights Equity Shares; or

(v) renounce its Rights Entitlements in full.

- ***Making of an Application through the ASBA process***

An Investor, wishing to participate in the Issue through the ASBA facility, is required to have an ASBA enabled bank account with SCSBs, prior to making the Application. Investors desiring to make an Application in the Issue through ASBA process, may submit the Application Form in physical mode to the Designated Branches of the SCSB or online/ electronic Application through the website of the SCSBs (if made available by such SCSB) for authorizing such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Investors should ensure that they have correctly submitted the Application Form and have provided an authorisation to the SCSB, *via* the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Money mentioned in the Application Form, as the case may be, at the time of submission of the Application.

For the list of banks which have been notified by SEBI to act as SCSBs for the ASBA process, please refer to https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34.

Please note that subject to SCSBs complying with the requirements of the SEBI circular bearing reference number CIR/CFD/DIL/13/2012 dated September 25, 2012, within the periods stipulated therein, Applications may be submitted at the Designated Branches of the SCSBs. Further, in terms of the SEBI circular bearing reference number CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making Applications by SCSBs on their own account using ASBA facility, each such SCSB should have a separate account in its own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making an Application in the Issue and clear demarcated funds should be available in such account for such an Application.

The Lead Manager, our Company, its directors, its employees, affiliates, associates and their respective directors and officers and the Registrar shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc., in relation to Applications accepted by SCSBs, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts.

Investors applying through the ASBA facility should carefully read the provisions applicable to such Applications before making their Application through the ASBA process.

Do's for Investors applying through ASBA:

(a) Ensure that the necessary details are filled in the Application Form including the details of the ASBA Account.

(b) Ensure that the details about your Depository Participant, PAN and beneficiary account are correct and the beneficiary account is activated as the Rights Equity Shares will be Allotted in the dematerialized form only.

(c) Ensure that the Applications are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the Application.

(d) Ensure that there are sufficient funds (equal to {number of Rights Equity Shares (including Additional Rights Equity Shares) applied for} X {Application Money of Equity Shares}) available in ASBA Account mentioned in the Application Form before submitting the Application to the respective Designated Branch of the SCSB.

(e) Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the Application Form, in the ASBA Account, of which details are provided in the Application Form and have signed the same.

(f) Ensure that you have a bank account with SCSBs providing ASBA facility in your location and the Application is made through that SCSB providing ASBA facility in such location.

(g) Ensure that you receive an acknowledgement from the Designated Branch of the SCSB for your submission of the Application Form in physical form or plain paper Application.

(h) Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Application Form and the Rights Entitlement Letter.

(i) Ensure that your PAN is linked with Aadhaar and you are in compliance with CBDT notification dated Feb 13, 2020 read with press release dated June 25, 2021 and September 17, 2021.

Don'ts for Investors applying through ASBA:

(a) Do not apply if you are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction.

(b) Do not submit the Application Form after you have submitted a plain paper Application to a Designated Branch of the SCSB or *vice versa*.

(c) Do not send your physical Application to the Lead Manager, the Registrar, the Escrow Collection Bank(s) (assuming that such Escrow Collection Bank is not an SCSB), a branch of the SCSB which is not a Designated Branch of the SCSB or our Company; instead submit the same to a Designated Branch of the SCSB only.

(d) Do not instruct the SCSBs to unblock the funds blocked under the ASBA process upon making the Application.

(e) Do not submit the Application Form using a third party ASBA account.

▪ ***Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process***

An Eligible Equity Shareholder in India who is eligible to apply under the ASBA process may make an Application to subscribe to the Issue on plain paper in case of non-receipt of Application Form as detailed above. In such cases of non-receipt of the Application Form through physical delivery (where applicable) and the Eligible Equity Shareholder not being in a position to obtain it from any other source may make an Application to subscribe to the Issue on plain paper with the same details as per the Application Form that is available on the website of the Registrar, Stock Exchanges or the Lead Manager. An Eligible Equity Shareholder shall submit the plain paper Application to the Designated Branch of the SCSB for authorising such SCSB to block Application Money in the said bank account maintained with the same SCSB. Applications on plain paper will not be accepted from any Eligible Equity Shareholder who has not provided an Indian address.

Please note that the Eligible Equity Shareholders who are making the Application on plain paper shall not be entitled to renounce their Rights Entitlements and should not utilize the Application Form for any purpose including renunciation even if it is received subsequently.

The Application on plain paper, duly signed by the Eligible Equity Shareholder including joint holders, in the same order and as per specimen recorded with his/her bank, must reach the office of the Designated Branch of the SCSB before the Issue Closing Date and should contain the following particulars:

1. Name of our Company, being Capri Global Capital Limited;

2. Name and address of the Eligible Equity Shareholder including joint holders (in the same order and as per specimen recorded with our Company or the Depository);

3. Folio number (in case of Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date)/DP and Client ID;

4. Except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN of the Eligible Equity Shareholder and for each Eligible Equity Shareholder in case of joint names, irrespective of the total value of the Equity Shares applied for pursuant to the Issue;

5. Number of Equity Shares held as on Record Date;

6. Allotment option – only dematerialised form;

7. Number of Rights Equity Shares entitled to;

8. Number of Rights Equity Shares applied for within the Rights Entitlements;

9. Number of Additional Rights Equity Shares applied for, if any (applicable only if entire Rights Entitlements have been applied for);

10. Total number of Rights Equity Shares applied for;

11. Total amount paid at the rate of ₹[●] per Rights Equity Share;

12. Details of the ASBA Account such as the SCSB account number, name, address and branch of the relevant SCSB;

13. In case of non-resident Eligible Equity Shareholders making an application with an Indian address, details of the NRE / FCNR/ NRO account such as the account number, name, address and branch of the SCSB with which the account is maintained;

14. Authorisation to the Designated Branch of the SCSB to block an amount equivalent to the Application Money in the ASBA Account;

15. Signature of the Eligible Equity Shareholder (in case of joint holders, to appear in the same sequence and order as they appear in the records of the SCSB); and

16. All such Eligible Equity Shareholders shall be deemed to have made the representations, warranties and agreements set forth in "*Restrictions on Purchases and Resales - Transfer Restrictions and Representations, Warranties and Agreements by Purchasers*" on page 340, and shall include the following:

    "I/ We hereby make representations, warranties and agreements set forth in "Restrictions on Purchases and Resales - Transfer Restrictions and Representations, Warranties and Agreements by Purchasers" on page 340 of the Letter of Offer.

    I/ We acknowledge that the Company, the Lead Manager, its affiliates and others will rely upon the truth and accuracy of the representations, warranties and agreements set forth therein."

In cases where Multiple Application Forms are submitted for Applications pertaining to Rights Entitlements credited to the same demat account or in demat suspense escrow account, as applicable, including cases where an Investor submits Application Forms along with a plain paper Application, such Applications shall be liable to be rejected.

Investors are requested to strictly adhere to these instructions. Failure to do so could result in an Application being rejected, with our Company, the Lead Manager and the Registrar not having any liability to the Investor. The plain paper Application format will be available on the website of the Registrar at www.linkintime.co.in.

Our Company, the Lead Manager and the Registrar shall not be responsible if the Applications are not uploaded by the SCSB or funds are not blocked in the Investors' ASBA Accounts on or before the Issue Closing Date.

- ***Making of an Application by Eligible Equity Shareholders holding Equity Shares in physical form***

Please note that in accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialised form only. Accordingly, Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date and desirous of subscribing to Rights Equity Shares in the Issue are advised to furnish the details of their demat account to the Registrar or our Company at least two clear Working Days prior to the Issue Closing Date, to enable the credit of their Rights Entitlements in their respective demat accounts at least one day before the Issue Closing Date.

Prior to the Issue Opening Date, the Rights Entitlements of those Eligible Equity Shareholders, among others, who hold Equity Shares in physical form, and whose demat account details are not available with our Company or the Registrar, shall be credited in a demat suspense escrow account opened by our Company.

Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have opened their demat accounts after the Record Date, shall adhere to following procedure for participating in the Issue:

(a) The Eligible Equity Shareholders shall send a letter to the Registrar containing the name(s), address, e-mail address, contact details and the details of their demat account along with copy of self-attested PAN and self-attested client master sheet of their demat account either by e-mail, post, speed post, courier, or hand delivery so as to reach to the Registrar no later than two clear Working Days prior to the Issue Closing Date;

(b) The Registrar shall, after verifying the details of such demat account, transfer the Rights Entitlements of such Eligible Equity Shareholders to their demat accounts at least one day before the Issue Closing Date;

(c) The remaining procedure for Application shall be same as set out in "- *Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process*" on page 315.

Resident Eligible Equity Shareholders who hold Equity Shares in physical form as on the Record Date will not be allowed renounce their Rights Entitlements in the Issue. However, such Eligible Equity Shareholders, where the dematerialized Rights Entitlements are transferred from the suspense escrow demat account to the respective demat accounts within prescribed timelines, can apply for Additional Rights Equity Shares while submitting the Application through ASBA process.

Application for Additional Rights Equity Shares

Investors are eligible to apply for Additional Rights Equity Shares over and above their Rights Entitlements, provided that they are eligible to apply for Equity Shares under applicable law and they have applied for all the Rights Equity Shares forming part of their Rights Entitlements without renouncing them in whole or in part. Where the number of Additional Rights Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made as per the Basis of Allotment finalised in consultation with the Designated Stock Exchange. Applications for Additional Rights Equity Shares shall be considered, and Allotment shall be made in accordance with the SEBI ICDR Regulations and in the manner as set out in "-*Basis of Allotment*" on page 328.

Eligible Equity Shareholders who renounce their Rights Entitlements cannot apply for Additional Rights Equity Shares. Non-resident Renouncees who are not Eligible Equity Shareholders cannot apply for Additional Rights Equity Shares.

Additional general instructions for Investors in relation to making of an Application

(a) Please read the Letter of Offer carefully to understand the Application process and applicable settlement process.

(b) Please read the instructions on the Application Form sent to you. Application should be complete in all respects. The Application Form found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form are liable to be rejected. The Application Form must be filled in English.

(c) In case of non-receipt of Application Form, Application can be made on plain paper mentioning all necessary details as mentioned under "*-Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process"* on page 315.

(d) Applications should be submitted to the Designated Branch of the SCSB or made online/electronic through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts. Please note that on the Issue Closing Date, Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.

(e) Applications should not be submitted to the Bankers to the Issue or Escrow Collection Bank(s) (assuming that such Escrow Collection Bank is not an SCSB), our Company or the Registrar or the Lead Manager.

(f) All Applicants, and in the case of Application in joint names, each of the joint Applicants, should mention their PAN allotted under the Income-tax Act, irrespective of the amount of the Application. Except for Applications on behalf of the Central or the State Government, the residents of Sikkim and the officials appointed by the courts, Applications without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be "suspended for credit" and no Allotment and credit of Rights Equity Shares pursuant to the Issue shall be made into the accounts of such Investors.

(g) Ensure that the demographic details such as address, PAN, DP ID, Client ID, bank account details and occupation ("**Demographic Details**") are updated, true and correct, in all respects. Investors applying under the Issue should note that on the basis of name of the Investors, DP ID and Client ID provided by them in the Application Form or the plain paper Applications, as the case may be, the Registrar will obtain Demographic Details from the Depository. Therefore, Investors applying under the Issue should carefully fill in their Depository Account details in the Application. These Demographic Details would be used for all correspondence with such Investors including mailing of the letters intimating unblocking of bank account of the respective Investor and/or refund. The Demographic Details given by the Investors in the Application Form would not be used for any other purposes by the Registrar. Hence, Investors are advised to update their Demographic Details as provided to their Depository Participants. **The Allotment Advice and the intimation on unblocking of ASBA Account would be mailed to the address of the Investor as per the Indian address provided to our Company or the Registrar or Demographic Details received from the Depositories. The Registrar will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Rights Equity Shares are not Allotted to such Investor. Please note that any such delay shall be at the sole risk of the Investors and none of our Company, the SCSBs, Registrar or the Lead Manager shall be liable to compensate the Investor for any losses caused due to any such delay or be liable to pay any interest for such delay. In case no corresponding record is available with the Depositories that match three parameters, (a) names of the Investors (including the order of names of joint holders), (b) DP ID, and (c) Client**

ID, then such Application Forms are liable to be rejected.

(h) By signing the Application Forms, Investors would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.

(i) For physical Applications through ASBA at Designated Branches of SCSB, signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in any such language or thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Investors must sign the Application as per the specimen signature recorded with the SCSB.

(j) Investors should provide correct DP ID and Client ID/ folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) while submitting the Application. Such DP ID and Client ID/ folio number should match the demat account details in the records available with Company and/or Registrar, failing which such Application is liable to be rejected. Investor will be solely responsible for any error or inaccurate detail provided in the Application. Our Company, the Lead Manager, SCSBs or the Registrar will not be liable for any such rejections.

(k) In case of joint holders and physical Applications through ASBA process, all joint holders must sign the relevant part of the Application Form in the same order and as per the specimen signature(s) recorded with the SCSB. In case of joint Applicants, reference, if any, will be made in the first Applicant's name and all communication will be addressed to the first Applicant.

(l) All communication in connection with Application for the Rights Equity Shares, including any change in contact details of the Eligible Equity Shareholders should be addressed to the Registrar prior to the date of Allotment in the Issue quoting the name of the first/sole Applicant, folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date)/DP ID and Client ID and Application Form number, as applicable. In case of any change in contact details of the Eligible Equity Shareholders, the Eligible Equity Shareholders should also send the intimation for such change to the respective depository participant, or to our Company or the Registrar in case of Eligible Equity Shareholders holding Equity Shares in physical form.

(m) Investors are required to ensure that the number of Rights Equity Shares applied for by them do not exceed the prescribed limits under the applicable law.

(n) Do not apply if you are ineligible to participate in the Issue under the securities laws applicable to your jurisdiction.

(o) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.

(p) Avoid applying on the Issue Closing Date due to risk of delay/ restrictions in making any physical Application.

(q) Do not pay the Application Money in cash, by money order, pay order or postal order.

(r) Do not submit multiple Applications.

(s) An Applicant being an OCB is required not to be under the adverse notice of RBI and in order to apply for the issue as an incorporated non-resident must do so in accordance with the FDI Policy and Foreign Exchange Management (Non-Debt Instrument) Rules, 2019, as amended.

(t) Ensure that your PAN is linked with Aadhaar and you are in compliance with CBDT notification dated Feb 13, 2020 and press release dated June 25, 2021 and September 17, 2021.

- ***Grounds for Technical Rejection***

Applications made in the Issue are liable to be rejected on the following grounds:

(a) DP ID and Client ID mentioned in Application does not match with the DP ID and Client ID records available with the Registrar.

(b) Details of PAN mentioned in the Application does not match with the PAN records available with the Registrar.

(c) Sending an Application to our Company, the Lead Manager, Registrar, Escrow Collection Bank(s) (assuming that such Escrow Collection Bank is not a SCSB), to a branch of a SCSB which is not a

Designated Branch of the SCSB.

(d) Insufficient funds are available in the ASBA Account with the SCSB for blocking the Application Money.

(e) Funds in the ASBA Account whose details are mentioned in the Application Form having been frozen pursuant to regulatory orders.

(f) Account holder not signing the Application or declaration mentioned therein.

(g) Submission of more than one Application Form for Rights Entitlements available in a particular demat account.

(h) Multiple Application Forms, including cases where an Investor submits Application Forms along with a plain paper Application.

(i) Submitting the GIR number instead of the PAN (except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts).

(j) Applications by persons not competent to contract under the Indian Contract Act, 1872, except Applications by minors having valid demat accounts as per the Demographic Details provided by the Depositories.

(k) Applications by SCSB on own account, other than through an ASBA Account in its own name with any other SCSB.

(l) Application Forms which are not submitted by the Investors within the time periods prescribed in the Application Form and the Letter of Offer.

(m) Physical Application Forms not duly signed by the sole or joint Investors, as applicable.

(n) Application Forms accompanied by stock invest, outstation cheques, post-dated cheques, money order, postal order or outstation demand drafts.

(o) If an Investor is (a) debarred by SEBI; or (b) if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlements.

(p) Applications which: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from jurisdictions where the offer and sale of the Rights Equity Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is outside the United States, and is eligible to subscribe for the Rights Equity Shares under applicable securities laws and is complying with laws of jurisdictions applicable to such person in connection with the Issue; and our Company shall not be bound to issue or allot any Rights Equity Shares in respect of any such Application Form.

(q) Applications which have evidence of being executed or made in contravention of applicable securities laws.

(r) Application from Investors that are residing in U.S. address as per the depository records.

(s) Applicants not having the requisite approvals to make application in the Issue.

▪ ***Multiple Applications***

In case where multiple Applications are made using same demat account in respect of the same Rights Entitlement, such Applications shall be liable to be rejected. A separate Application can be made in respect of Rights Entitlements in each demat account of the Investors and such Applications shall not be treated as multiple applications. Similarly, a separate Application can be made against Equity Shares held in dematerialized form and Equity Shares held in physical form, and such Applications shall not be treated as multiple applications. Further supplementary Applications in relation to further Rights Equity Shares with/without using Additional Rights Entitlement will not be treated as multiple application. A separate Application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such Applications shall not be treated as multiple applications. For details, see "- *Procedure for Applications by Mutual Funds*" beginning on page 321.

In cases where Multiple Application Forms are submitted, including cases where (a) an Investor submits Application Forms along with a plain paper Application or (b) multiple plain paper Applications (c) or multiple applications through ASBA, such Applications shall be treated as multiple applications and are liable to be rejected, other than multiple applications submitted by any of our Promoters or members of the Promoter Group to meet the minimum subscription requirements applicable to the Issue as described in "*Capital Structure – Subscription to the Issue by the Promoters and the Promoter Group*" on page 61.

- ***Procedure for Applications by certain categories of Investors***

Procedure for Applications by FPIs

In terms of applicable FEMA Rules and the SEBI FPI Regulations, investments by FPIs in the Equity Shares is subject to certain limits, *i.e.*, the individual holding of an FPI (including its investor group (which means multiple entities registered as foreign portfolio investors and directly and indirectly having common ownership of more than 50% of common control)) shall be below 10% of our post-Issue Equity Share capital. In case the total holding of an FPI or investor group increases beyond 10% of the total paid-up Equity Share capital of our Company, on a fully diluted basis or 10% or more of the paid-up value of any series of debentures or preference shares or share warrants that may be issued by our Company, the total investment made by the FPI or investor group will be re-classified as FDI subject to the conditions or restrictions as specified by SEBI and RBI in this regard. Further, the aggregate limit of all FPIs investments is up to the sectoral cap applicable to the sector in which our Company operates (*i.e.*, 100% under automatic route).

FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time. FPIs who wish to participate in the Issue are advised to use the Application Form for non-residents. Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by an FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons registered as Category I FPI under the SEBI FPI Regulations; (ii) such offshore derivative instruments are issued only to persons who are eligible for registration as Category I FPIs (where an entity has an investment manager who is from the Financial Action Task Force member country, the investment manager shall not be required to be registered as a Category I FPI); (iii) such offshore derivative instruments are issued after compliance with 'know your client' norms; and (iv) compliance with other conditions as may be prescribed by SEBI.

An FPI issuing offshore derivative instruments is also required to ensure that any transfer of offshore derivative instruments issued by or on its behalf, is carried out subject to inter alia the following conditions:

(a) such offshore derivative instruments are transferred only 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.

Procedure for Applications by AIFs, FVCIs, VCFs and FDI route

The SEBI VCF Regulations and the SEBI FVCI Regulations prescribe, among other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI AIF Regulations prescribe, among other things, the investment restrictions on AIFs.

As per the SEBI VCF Regulations and SEBI FVCI Regulations, VCFs and FVCIs are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by VCFs or FVCIs will not be accepted in the Issue. Further, venture capital funds registered as Category I AIFs, as defined in the SEBI AIF Regulations, are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, will not be accepted in the Issue. Other categories of AIFs are permitted to apply in the Issue subject to compliance with the SEBI AIF Regulations. Such AIFs having bank accounts with SCSBs that are providing ASBA in cities / centres where such AIFs are located are mandatorily required to make use of the ASBA facility. Otherwise, applications of such AIFs are liable for rejection.

Procedure for Applications by NRIs

Investments by NRIs are governed by the FEMA Rules. Applications will not be accepted from NRIs that are ineligible to participate in the Issue under applicable securities laws.

As per the FEMA Rules, an NRI or Overseas Citizen of India ("**OCI**") may purchase or sell capital instruments of a listed Indian company on repatriation basis, on a recognised stock exchange in India, subject to the conditions, *inter alia*, that the total holding by any individual NRI or OCI will not exceed 5% of the total paid- up equity capital on a fully diluted basis or should not exceed 5% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all NRIs and OCIs put together will not exceed 10% of the total paid-up equity capital on a fully diluted basis or shall not exceed 10% of the paid-up value of each series of debentures or preference shares or share warrants. The aggregate ceiling of 10% may be raised to 24% if a special resolution to that effect is passed by the general body of the Indian company.

Further, in accordance with press note 3 of 2020, the FDI Policy has been amended to state that all investments by entities incorporate in a country which shares land border with India or where beneficial owner of an investment into India is situated in or is a citizen of any such country ("**Restricted Investors**"), will require prior approval of the Government of India. It is not clear from the press note whether or not an issue of the Rights Equity Shares to Restricted Investors will also require prior approval of the Government of India and each Investor should seek independent legal advice about its ability to participate in the Issue. In the event such prior approval has been obtained, the Investor shall intimate our Company and the Registrar about such approval within the Issue Period.

Procedure for Applications by Mutual Funds

A separate application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

*Procedure for Applications by Systemically Important Non-Banking Financial Companies ("**NBFC-SI**")*

In case of an application made by NBFC-SI registered with RBI, (a) the certificate of registration issued by RBI under Section 45IA of RBI Act, 1934 and (b) net worth certificate from its statutory auditors or any independent chartered accountant based on the last audited financial statements is required to be attached to the application.

Last date for Application

The last date for submission of the duly filled in the Application Form or a plain paper Application is [●], *i.e.*, Issue Closing Date. Our Board or any committee thereof may extend the said date for such period as it may determine from time to time, subject to the Issue Period not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

If the Application Form is not submitted with an SCSB, uploaded with the Stock Exchanges and the Application Money is not blocked with the SCSB, on or before the Issue Closing Date or such date as may be extended by our Board or any committee thereof, the invitation to offer contained in the Letter of Offer shall be deemed to have been declined and our Board or any committee thereof shall be at liberty to dispose of the Equity Shares hereby offered, as set out in "- *Basis of Allotment*" on page 328.

Please note that on the Issue Closing Date, Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.

Please ensure that the Application Form and necessary details are filled in. In place of Application number, Investors can mention the reference number of the e-mail received from Registrar informing about their Rights Entitlement or last eight digits of the demat account. Alternatively, SCSBs may mention their internal reference number in place of application number.

Withdrawal of Application

An Investor who has applied in the Issue may withdraw their Application at any time during Issue Period by approaching the SCSB where application is submitted. However, no Investor, applying through ASBA facility, may withdraw their Application post 5.00 p.m. (Indian Standard Time) on the Issue Closing Date.

Disposal of Application and Application Money

No acknowledgment will be issued for the Application Money received by our Company. However, the Designated Branches of the SCSBs receiving the Application Form will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each Application Form.

Our Board reserves its full, unqualified and absolute right to accept or reject any Application, in whole or in part, and in either case without assigning any reason thereto.

In case an Application is rejected in full, the whole of the Application Money will be unblocked in the respective ASBA Accounts, in case of Applications through ASBA. Wherever an Application is rejected in part, the balance of Application Money, if any, after adjusting any money due on Rights Equity Shares

Allotted, will be refunded / unblocked in the respective bank accounts from which Application Money was received / ASBA Accounts of the Investor within a period of 4 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

For further instructions, please read the Application Form carefully.

III. CREDIT OF RIGHTS ENTITLEMENTS IN DEMAT ACCOUNTS OF ELIGIBLE EQUITY SHAREHOLDERS

- ***Rights Entitlements***

As your name appears as a beneficial owner in respect of the issued and paid-up Equity Shares held in dematerialised form or appears in the register of members of our Company as an Eligible Equity Shareholder in respect of our Equity Shares held in physical form, as on the Record Date, you may be entitled to subscribe to the number of Rights Equity Shares as set out in the Rights Entitlement Letter.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar (*i.e.*, www.linkintime.co.in) by entering their DP ID and Client ID or folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) and PAN. The link for the same shall also be available on the website of our Company (*i.e.*, http://www.capriloans.in/).

In this regard, our Company has made necessary arrangements with NSDL and CDSL for crediting of the Rights Entitlements to the demat accounts of the Eligible Equity Shareholders in a dematerialized form. A separate ISIN for the Rights Entitlements has also been generated which is [●]. The said ISIN shall remain frozen (for debit) until the Issue Opening Date. The said ISIN shall be suspended for transfer by the Depositories post the Issue Closing Date.

Additionally, our Company will submit the details of the total Rights Entitlements credited to the demat accounts of the Eligible Equity Shareholders and the demat suspense escrow account to the Stock Exchanges after completing the corporate action. The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar after keying in their respective details along with other security control measures implemented thereat.

Rights Entitlements shall be credited to the respective demat accounts of Eligible Equity Shareholders before the Issue Opening Date only in dematerialised form. Further, if no Application is made by the Eligible Equity Shareholders of Rights Entitlements on or before Issue Closing Date, such Rights Entitlements shall lapse and shall be extinguished after the Issue Closing Date. No Rights Equity Shares for such lapsed Rights Entitlements will be credited, even if such Rights Entitlements were purchased from market and purchaser will lose the premium paid to acquire the Rights Entitlements. Persons who are credited the Rights Entitlements are required to make an Application to apply for Rights Equity Shares offered under Issue for subscribing to the Rights Equity Shares offered under Issue.

If Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two clear Working Days prior to the Issue Closing Date, to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date. Such Eligible Equity Shareholders holding shares in physical form can update the details of their respective demat accounts on the website of the Registrar (*i.e.* https://linkintime.co.in/EmailReg/Email_Register.html). Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts.

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a demat suspense escrow account (namely, "[●]") opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in the account of the IEPF authority; or (b) the demat accounts of the Eligible Equity Shareholder which are frozen or the Equity Shares which are lying in the unclaimed suspense account (including those pursuant to Regulation 39 of the SEBI LODR Regulations) or details of which are unavailable with our Company or with the Registrar on the Record Date; or (c) Equity Shares held by Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company or Registrar; or (d) credit of the Rights Entitlements returned/reversed/failed; or (e) the ownership of the Equity Shares currently under dispute, including any court proceedings, if any; or (f) non-institutional equity shareholders in the United States.

Eligible Equity Shareholders are requested to provide relevant details (such as copies of self-attested PAN and client master sheet of demat account etc., details/ records confirming the legal and beneficial ownership of their respective Equity Shares) to our Company or the Registrar not later than two clear Working Days prior to the Issue Closing Date, i.e., by [●] to enable the credit of their Rights Entitlements by way of transfer from the demat suspense escrow account to their demat account at least one day before the Issue Closing Date, to enable such Eligible Equity Shareholders to make an application in the Issue, and this communication shall serve as an intimation to such Eligible Equity Shareholders in this regard. Such Eligible Equity Shareholders are also requested to ensure that their demat account, details of which have been provided to our Company or the Registrar account is active to facilitate the aforementioned transfer.

IV. RENUNCIATION AND TRADING OF RIGHTS ENTITLEMENT

- ***Renouncees***

All rights and obligations of the Eligible Equity Shareholders in relation to Applications and refunds pertaining to the Issue shall apply to the Renouncee(s) as well.

- ***Renunciation of Rights Entitlements***

The Issue includes a right exercisable by Eligible Equity Shareholders to renounce the Rights Entitlements credited to their respective demat account either in full or in part.

The renunciation from non-resident Eligible Equity Shareholder(s) to resident Indian(s) and *vice versa* shall be subject to provisions of FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time. However, the facility of renunciation shall not be available to or operate in favour of an Eligible Equity Shareholders being an erstwhile OCB unless the same is in compliance with the FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time.

The renunciation of Rights Entitlements credited in your demat account can be made either by sale of such Rights Entitlements, using the secondary market platform of the Stock Exchanges or through an off market transfer. In accordance with SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020 read with SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020, the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, will not be able to renounce their Rights Entitlements.

- ***Procedure for Renunciation of Rights Entitlements***

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts, either in full or in part (a) by using the secondary market platform of the Stock Exchanges (the "**On Market Renunciation**"); or (b) through an off market transfer (the "**Off Market Renunciation**"), during the Renunciation Period. The Investors should have the demat Rights Entitlements credited / lying in his/her own demat account prior to the renunciation. The trades through On Market Renunciation and Off Market Renunciation will be settled by transferring the Rights Entitlements through the depository mechanism.

Investors may be subject to adverse foreign, state or local tax or legal consequences as a result of trading in the Rights Entitlements. Investors who intend to trade in the Rights Entitlements should consult their tax advisor or stock-broker regarding any cost, applicable taxes, charges and expenses (including brokerage) that may be levied for trading in Rights Entitlements.

Please note that the Rights Entitlements which are neither renounced nor subscribed by the Investors on or before the Issue Closing Date shall lapse and shall be extinguished after the Issue Closing Date.

Payment Schedule of Rights Equity Shares

₹[●] per Rights Equity Share (including premium of ₹[●] per Rights Equity Share) shall be payable on Application.

The Lead Manager and our Company accept no responsibility to bear or pay any cost, applicable taxes, charges and expenses (including brokerage), and such costs will be incurred solely by the Investors.

(a) *On Market Renunciation*

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts by trading/selling them on the secondary market platform of the Stock Exchanges through a registered stock-broker in the same manner as the existing Equity Shares of our Company.

In this regard, in terms of provisions of the SEBI ICDR Regulations and the SEBI Rights Issue

Circulars, the Rights Entitlements credited to the respective demat accounts of the Eligible Equity Shareholders shall be admitted for trading on the Stock Exchanges under ISIN: [●] subject to requisite approvals. Prior to the Issue Opening Date, our Company will obtain the approval from the Stock Exchanges for trading of Rights Entitlements. No assurance can be given regarding the active or sustained On Market Renunciation or the price at which the Rights Entitlements will trade. The details for trading in Rights Entitlements will be as specified by the Stock Exchanges from time to time.

The Rights Entitlements are tradable in dematerialized form only. The market lot for trading of Rights Entitlements is 1 (one) Rights Entitlements.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, *i.e.*, from [●] to [●] (both days inclusive).

The Investors holding the Rights Entitlements who desire to sell their Rights Entitlements will have to do so through their registered stock-brokers by quoting the ISIN: [●] and indicating the details of the Rights Entitlements they intend to trade. The Investors can place order for sale of Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The On Market Renunciation shall take place electronically on secondary market platform of BSE and NSE under automatic order matching mechanism and on 'T+2 rolling settlement basis', where 'T' refers to the date of trading. The transactions will be settled on trade-for-trade basis. Upon execution of the order, the stock-broker will issue a contract note in accordance with the requirements of the Stock Exchanges and the SEBI.

(b) *Off Market Renunciation*

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts by way of an off market transfer through a depository participant. The Rights Entitlements can be transferred in dematerialised form only.

Eligible Equity Shareholders are requested to ensure that renunciation through off market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date to enable Renouncees to subscribe to the Rights Equity Shares in the Issue.

The Investors holding the Rights Entitlements who desire to transfer their Rights Entitlements will have to do so through their depository participant by issuing a delivery instruction slip quoting the ISIN: INE180C01026, the details of the buyer and the details of the Rights Entitlements they intend to transfer. The buyer of the Rights Entitlements (unless already having given a standing receipt instruction) has to issue a receipt instruction slip to their depository participant. The Investors can transfer Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The instructions for transfer of Rights Entitlements can be issued during the working hours of the depository participants.

The detailed rules for transfer of Rights Entitlements through off market transfer shall be as specified by the NSDL and CDSL from time to time.

V. MODE OF PAYMENT

All payments against the Application Forms shall be made only through (i) ASBA facility; or (ii) internet banking. The Registrar will not accept any payments against the Application Forms, if such payments are not made through ASBA facility or internet banking.

In case of Application through the ASBA facility, the Investor agrees to block the entire amount payable on Application with the submission of the Application Form, by authorizing the SCSB to block an amount, equivalent to the amount payable on Application, in the Investor's ASBA Account. The SCSB may reject the application at the time of acceptance of Application Form if the ASBA Account, details of which have been provided by the Investor in the Application Form does not have sufficient funds equivalent to the amount payable on Application mentioned in the Application Form. Subsequent to the acceptance of the Application by the SCSB, our Company would have a right to reject the Application on technical grounds as set forth in this Draft Letter of Offer and the Letter of Offer.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the Application Form, the SCSB shall block an amount equivalent to the Application Money mentioned in the Application Form until the Transfer Date. On the Transfer Date, upon receipt of intimation from the Registrar, of the receipt of minimum subscription and pursuant to the finalization of the Basis of Allotment as approved by the Designated Stock Exchange, the SCSBs shall transfer such amount as per the Registrar's instruction from the ASBA Account into the Allotment Account(s) which shall be a separate bank account maintained by our Company, other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013. The balance amount remaining after the finalisation of the Basis of Allotment on the Transfer Date shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB.

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 5, 2003, the stock invest scheme has been withdrawn. Hence, payment through stock invest would not be accepted in the Issue.

Mode of payment for Resident Investors

All payments on the Application Forms shall be made only through ASBA facility or internet banking. Applicants are requested to strictly adhere to these instructions.

Mode of payment for Non-Resident Investors

As regards the Application by non-resident Investors, payment must be made only through ASBA facility and using permissible accounts in accordance with FEMA, FEMA Rules and requirements prescribed by RBI and subject to the following:

1. In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Rights Equity Shares can be remitted outside India, subject to tax, as applicable according to the Income Tax Act. However, please note that conditions applicable at the time of original investment in our Company by the Eligible Equity Shareholder including repatriation shall not change and remain the same for subscription in the Issue or subscription pursuant to renunciation in the Issue.

2. Subject to the above, in case Rights Equity Shares are Allotted on a non-repatriation basis, the dividend and sale proceeds of the Rights Equity Shares cannot be remitted outside India.

3. In case of an Application Form received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines and rules prescribed by RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.

4. Application Forms received from non-residents/ NRIs, or persons of Indian origin residing abroad for Allotment of Rights Equity Shares shall, amongst other things, be subject to conditions, as may be imposed from time to time by RBI under FEMA, in respect of matters including Refund of Application Money and Allotment.

5. In the case of NRIs who remit their Application Money from funds held in FCNR/NRE Accounts, refunds and other disbursements, if any shall be credited to such account.

6. Non-resident Renouncees who are not Eligible Equity Shareholders must submit regulatory approval for applying for Additional Rights Equity Shares.

VI. BASIS FOR THE ISSUE AND TERMS OF THE ISSUE

The Rights Equity Shares are being offered for subscription to the Eligible Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories in respect of our Equity Shares held in dematerialised form and on the register of members of our Company in respect of our Equity Shares held in physical form at the close of business hours on the Record Date.

For principal terms of Issue such as face value, Issue Price, Rights Entitlement ratio, see "*The Issue*" beginning on page 46.

- ***Fractional Entitlements***

The Rights Equity Shares are being offered on a rights basis to Eligible Equity Shareholders in the ratio of three Equity Share for every [●] Equity Shares held on the Record Date. For Equity Shares being offered on a rights basis under the Issue, if the shareholding of any of the Eligible Equity Shareholders is less than [●] Equity Shares or not in the multiple of [●], the fractional entitlement of such Eligible Equity Shareholders shall be ignored in the computation of the Rights Entitlement. However, the Eligible Equity Shareholders whose fractional entitlements are being ignored, will be given preferential consideration for the allotment of one additional Equity Share each if they apply for additional Equity Shares if they apply for additional Rights Equity Shares over and above their

Rights Entitlements, if any, subject to availability of Rights Equity Shares in this Issue post allocation towards Rights Entitlements applied for.

Further, the Eligible Equity Shareholders holding less than [●] Equity Shares shall have 'zero' entitlement in the Issue. Such Eligible Equity Shareholders are entitled to apply for additional Equity Shares and will be given preference in the allotment of one additional Equity Share if such Eligible Equity Shareholders apply for the additional Equity Shares. However, they cannot renounce the same in favour of third parties and the application forms shall be non-negotiable.

- ***Ranking***

  The Rights Equity Shares to be issued and Allotted pursuant to the Issue shall be subject to the provisions of this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association, the provisions of the Companies Act, 2013, FEMA, the SEBI ICDR Regulations, the SEBI LODR Regulations, and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, the terms of the Listing Agreements entered into by our Company with the Stock Exchanges and the terms and conditions as stipulated in the Allotment advice. The Rights Equity Shares to be issued and Allotted under the Issue shall rank *pari passu* with the existing Equity Shares, in all respects including dividends.

- ***Listing and trading of the Rights Equity Shares to be issued pursuant to the Issue***

  Subject to receipt of the listing and trading approvals, the Rights Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on the Stock Exchanges. Unless otherwise permitted by the SEBI ICDR Regulations, the Rights Equity Shares Allotted pursuant to the Issue will be listed as soon as practicable and all steps for completion of necessary formalities for listing and commencement of trading in the Rights Equity Shares will be taken within such period prescribed under the SEBI ICDR Regulations. Our Company has received in-principle approval from the BSE through letter bearing reference number [●] dated [●] and from the NSE through letter bearing reference number [●] dated [●]. Our Company will apply to the Stock Exchanges for final approvals for the listing and trading of the Rights Equity Shares subsequent to their Allotment. No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or the price at which the Rights Equity Shares offered under the Issue will trade after the listing thereof.

  The existing Equity Shares are listed and traded on BSE (Scrip Code: 531595) and NSE (Scrip Code: CGCL) under the ISIN: INE180C01026. The Rights Equity Shares shall be credited to a temporary ISIN which will be frozen until the receipt of the final listing/ trading approvals from the Stock Exchanges. Upon receipt of such listing and trading approvals, the Rights Equity Shares shall be debited from such temporary ISIN and credited to the new ISIN for the Rights Equity Shares and thereafter be available for trading and the temporary ISIN shall be permanently deactivated in the depository system of CDSL and NSDL.

  The listing and trading of the Rights Equity Shares issued pursuant to the Issue shall be based on the current regulatory framework then applicable. Accordingly, any change in the regulatory regime would affect the listing and trading schedule.

  In case our Company fails to obtain listing or trading permission from the Stock Exchanges, our Company shall refund through verifiable means/unblock the respective ASBA Accounts, the entire monies received/blocked within fifteen days of receipt of intimation from the Stock Exchanges, rejecting the application for listing of the Rights Equity Shares, and if any such money is not refunded/ unblocked within fifteen days after our Company becomes liable to repay it, our Company and every director of our Company who is an officer-in-default shall, on and from the expiry of the fourth day, be jointly and severally liable to repay that money with interest at rates prescribed under applicable law.

- ***Subscription to the Issue by our Promoters and members of the Promoter Group***

  For details of the intent and extent of subscription by our Promoters and members of the Promoter Group, see "*Capital Structure – Subscription to the Issue by the Promoters and the Promoter Group*" beginning on page 61.

- ***Rights of Holders of Equity Shares of our Company***

  Subject to applicable laws, Equity Shareholders who have been Allotted Rights Equity Shares pursuant to the Issue shall have the following rights:

  (a) The right to receive dividend, if declared;

  (b) The right to receive surplus on liquidation;

  (c) The right to receive offers for rights shares and be allotted bonus shares, if announced;

  (d) The right to free transferability of Rights Equity Shares;

  (e) The right to attend general meetings of our Company and exercise voting powers in accordance with law, unless prohibited / restricted by law and as disclosed in this Draft Letter of Offer; and

(f) Such other rights as may be available to a shareholder of a listed public company under the Companies Act, 2013, the Memorandum of Association and the Articles of Association.

VII. GENERAL TERMS OF THE ISSUE

- ***Market Lot***

The Equity Shares of our Company shall be tradable only in dematerialized form. The market lot for Equity Shares in dematerialised mode is one Equity Share.

- ***Joint Holders***

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as the joint holders with the benefit of survivorship subject to the provisions contained in our Articles of Association. In case of Equity Shares held by joint holders, the Application submitted in physical mode to the Designated Branch of the SCSBs would be required to be signed by all the joint holders (in the same order as appearing in the records of the Depository) to be considered as valid for allotment of Equity Shares offered in the Issue.

- ***Nomination***

Nomination facility is available in respect of the Equity Shares in accordance with the provisions of the Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debenture) Rules, 2014.

Since the Allotment is in dematerialised form, there is no need to make a separate nomination for the Equity Shares to be Allotted in the Issue. Nominations registered with the respective DPs of the Investors would prevail. Any Investor holding Equity Shares in dematerialised form and desirous of changing the existing nomination is requested to inform its Depository Participant.

- ***Arrangements for Disposal of Odd Lots***

The Equity Shares shall be traded in dematerialised form only and, therefore, the marketable lot shall be one Equity Share and hence, no arrangements for disposal of odd lots are required.

- ***Restrictions on transfer and transmission of shares and on their consolidation/splitting***

There are no restrictions on transfer and transmission and on their consolidation/splitting of shares issued pursuant this Issue. However, the Investors should note that pursuant to the provisions of the SEBI LODR Regulations, with effect from April 1, 2019, except in case of transmission or transposition of securities, the request for transfer of securities shall not be affected unless the securities are held in the dematerialized form with a depository.

- ***Notices***

In accordance with the SEBI ICDR Regulations and the SEBI Rights Issue Circulars, the Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent/ dispatched only to the Eligible Equity Shareholders who have provided Indian address. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be physically dispatched, on a reasonable effort basis, to the Indian addresses provided by them

All notices to the Eligible Equity Shareholders required to be given by our Company shall be published in one English language national daily newspaper with wide circulation, one Hindi language national daily newspaper with wide circulation (Hindi also being the regional language in the place where our Registered and Corporate Office is located).

This Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer and the Application Form shall also be submitted with the Stock Exchanges for making the same available on their websites.

- ***Offer to Non-Resident Eligible Equity Shareholders/Investors***

As per Rule 7 of the FEMA Rules, RBI has given general permission to Indian companies to issue rights equity shares to non-resident equity shareholders including additional rights equity shares. Further, as per the

Master Direction on Foreign Investment in India dated January 4, 2018 issued by RBI, non-residents may, amongst other things, (i) subscribe for additional shares over and above their rights entitlements; (ii) renounce the shares offered to them either in full or part thereof in favour of a person named by them; or (iii) apply for the shares renounced in their favour. Applications received from NRIs and non-residents for allotment of Rights Equity Shares shall be, amongst other things, subject to the conditions imposed from time to time by RBI under FEMA in the matter of Application, refund of Application Money, Allotment of Rights Equity Shares and issue of Rights Entitlement Letters/ letters of Allotment/ Allotment advice. If a non-resident or NRI Investor has specific approval from RBI or any other governmental authority, in connection with his shareholding in our Company, such person should enclose a copy of such approval with the Application details and send it to the Registrar at www.linkintime.co.in. It will be the sole responsibility of the investors to ensure that the necessary approval from the RBI or the governmental authority is valid in order to make any investment in the Issue and the Lead Manager and our Company will not be responsible for any such allotments made by relying on such approvals.

The Letter of Offer, Abridged Letter of Offer, the Rights Entitlement Letter and Application Form shall be sent only to the Indian addresses of the non-resident Eligible Equity Shareholders on a reasonable efforts basis, who have provided an Indian address to our Company and located in jurisdictions where the offer and sale of the Rights Equity Shares may be permitted under laws of such jurisdictions, Eligible Equity Shareholders can access this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) from the websites of the Registrar, our Company, the Lead Manager and the Stock Exchanges. Further, Application Forms will be made available at Registered and Corporate Office of our Company for the non-resident Indian Applicants. Our Board may at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the Allotment. The Rights Equity Shares purchased by non-residents shall be subject to the same conditions including restrictions in regard to the repatriation as are applicable to the original Equity Shares against which Rights Equity Shares are issued on rights basis.

In case of change of status of holders, *i.e.*, from resident to non-resident, a new demat account must be opened. Any Application from a demat account which does not reflect the accurate status of the Applicant is liable to be rejected at the sole discretion of our Company and the Lead Manager.

ALLOTMENT OF THE RIGHTS EQUITY SHARES IN DEMATERIALIZED FORM

PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR IN THE ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH OUR EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE. FOR DETAILS, SEE “ALLOTMENT ADVICE OR REFUND/ UNBLOCKING OF ASBA ACCOUNTS” BEGINNING ON PAGE 329.

VIII. ISSUE SCHEDULE

LAST DATE FOR CREDIT OF RIGHTS ENTITLEMENTS	[●]
ISSUE OPENING DATE	[●]
LAST DATE FOR ON MARKET RENUNCIATION OF RIGHTS ENTITLEMENTS #	[●]
ISSUE CLOSING DATE*	[●]
FINALISATION OF BASIS OF ALLOTMENT (ON OR ABOUT)	[●]
DATE OF ALLOTMENT (ON OR ABOUT)	[●]
DATE OF CREDIT (ON OR ABOUT)	[●]
DATE OF LISTING (ON OR ABOUT)	[●]

\# *Eligible Equity Shareholders are requested to ensure that renunciation through off market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.*

* *Our Board or a duly authorized committee thereof will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.*

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two clear Working Days prior to the Issue Closing Date, *i.e.*, [●] to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date, *i.e.*, [●].

IX. BASIS OF ALLOTMENT

Subject to the provisions contained in this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, the Articles of Association and the approval of the Designated Stock Exchange, our Board will proceed to Allot the Rights Equity Shares in the following order of priority:

(a) Full Allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlements of Rights Equity Shares either in full or in part and also to the Renouncee(s) who has or have applied for Rights Equity Shares renounced in their favour, in full or in part.

(b) Eligible Equity Shareholders whose fractional entitlements are being ignored and Eligible Equity Shareholders with zero entitlement, would be given preference in allotment of one Additional Rights Equity Share each if they apply for Additional Rights Equity Shares. Allotment under this head shall be considered if there are any unsubscribed Rights Equity Shares after allotment under (a) above. If number of Rights Equity Shares required for Allotment under this head are more than the number of Rights Equity Shares available after Allotment under (a) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange and will not be a preferential allotment.

(c) Allotment to the Eligible Equity Shareholders who having applied for all the Rights Equity Shares offered to them as part of the Issue, have also applied for Additional Rights Equity Shares. The Allotment of such Additional Rights Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there are any unsubscribed Rights Equity Shares after making full Allotment in (a) and (b) above. The Allotment of such Rights Equity Shares will be at the sole discretion of our Board in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment.

(d) Allotment to Renouncees who having applied for all the Rights Equity Shares renounced in their favour, have applied for Additional Rights Equity Shares provided there is surplus available after making full Allotment under (a), (b) and (c) above. The Allotment of such Rights Equity Shares will be made on a proportionate basis in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment.

(e) Allotment to any other person, subject to applicable laws, that our Board may deem fit, provided there is surplus available after making Allotment under (a), (b), (c) and (d) above, and the decision of our Board in this regard shall be final and binding.

After taking into account Allotment to be made under (a) to (d) above, if there is any unsubscribed portion, the same shall be deemed to be ‘unsubscribed’.

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the Controlling Branches, a list of the Investors who have been allocated Rights Equity Shares in the Issue, along with:

1. The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for the Issue, for each successful Application;

2. The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and

3. The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

Further, the list of Applicants eligible for refund with corresponding amount will also be shared with Escrow Collection Bank(s) to refund such Applicants.

X. ALLOTMENT ADVICE OR REFUND/ UNBLOCKING OF ASBA ACCOUNTS

Our Company will send/ dispatch Allotment advice, refund intimations, if applicable or demat credit of securities and/or letters of regret, only to the Eligible Equity Shareholders who have provided Indian address; along with crediting the Allotted Rights Equity Shares to the respective beneficiary accounts (only in dematerialised mode) or in a demat suspense account (in respect of Eligible Equity Shareholders holding Equity Shares in physical form on the Allotment Date) or issue instructions for unblocking the funds in the respective ASBA Accounts, if any, within a period of fifteen days from the Issue Closing Date. In case of failure to do so, our Company and our Directors who are “officers in default” shall pay interest at such rate as specified under applicable law from the expiry of such 15 days’ period.

The Rights Entitlements will be credited in the dematerialized form using electronic credit under the depository system and the Allotment advice shall be sent, through a mail, to the Indian mail address provided to our Company or at the address recorded with the Depository.

In the case of non-resident Investors who remit their Application Money from funds held in the NRE or the FCNR Accounts, unblocking refunds and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts.

Where an Applicant has applied for Additional Rights Equity Shares in the Issue and is Allotted a lesser number of Rights Equity Shares than applied for, the excess Application Money paid/blocked shall be refunded/unblocked. The unblocking of ASBA funds / refund of monies shall be completed be within such period as prescribed under the SEBI ICDR Regulations. In the event that there is a delay in making refunds beyond such period as prescribed under applicable law, our Company shall pay the requisite interest at such rate as prescribed under applicable law.

XI. PAYMENT OF REFUND

- ***Mode of making refunds***

The payment of refund, if any, including in the event of oversubscription or failure to list or otherwise would be done through any of the following modes.

(a) Unblocking amounts blocked using ASBA facility.

(b) **NACH** – National Automated Clearing House is a consolidated system of electronic clearing service. Payment of refund would be done through NACH for Applicants having an account at one of the centres specified by RBI, where such facility has been made available. This would be subject to availability of complete bank account details including a Magnetic Ink Character Recognition ("**MICR**") code wherever applicable from the depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where Applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS.

(c) **National Electronic Fund Transfer** ("**NEFT**") – Payment of refund shall be undertaken through NEFT wherever the Investors' bank has been assigned the Indian Financial System Code ("**IFSC Code**"), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number with the Registrar to our Company or with the Depository Participant while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.

(d) **Direct Credit** – Investors having bank accounts with the Bankers to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by our Company.

(e) **RTGS** – If the refund amount exceeds ₹200,000, the Investors have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC Code in the Application Form. In the event the same is not provided, refund shall be made through NACH or any other eligible mode. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company. Charges, if any, levied by the Investor's bank receiving the credit would be borne by the Investor.

(f) For all other Investors, the refund orders will be dispatched through speed post or registered post subject to applicable laws. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/first Investor and payable at par.

(g) Credit of refunds to Investors in any other electronic manner, permissible by SEBI from time to time.

- ***Refund payment to non-residents***

The Application Money will be unblocked in the ASBA Account of the non-resident Applicants, details of which were provided in the Application Form.

XII. ALLOTMENT ADVICE OR DEMAT CREDIT OF SECURITIES

The demat credit of securities to the respective beneficiary accounts will be credited within 15 days from the Issue Closing Date or such other timeline in accordance with applicable laws.

- ***Receipt of the Rights Equity Shares in Dematerialized Form***

PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR UNDER THE ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO (A) THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE, OR (B) THE DEPOSITORY ACCOUNT, DETAILS OF WHICH HAVE BEEN PROVIDED TO OUR COMPANY OR THE REGISTRAR AT LEAST TWO

CLEAR WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE BY THE ELIGIBLE EQUITY SHAREHOLDER HOLDING EQUITY SHARES IN PHYSICAL FORM AS ON THE RECORD DATE.

Investors shall be Allotted the Rights Equity Shares in dematerialized (electronic) form. Our Company has signed two agreements with the respective Depositories and the Registrar to the Issue, which enables the Investors to hold and trade in the securities issued by our Company in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates:

a) Tripartite agreement dated March 5, 2016 amongst our Company, NSDL and the Registrar to the Issue; and

b) Tripartite agreement dated March 2, 2016 amongst our Company, CDSL and the Registrar to the Issue.

INVESTORS MAY PLEASE NOTE THAT THE RIGHTS EQUITY SHARES CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALIZED FORM.

The procedure for availing the facility for Allotment of Rights Equity Shares in the Issue in the dematerialised form is as under:

1. Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in the records of our Company). In case of Investors having various folios in our Company with different joint holders, the Investors will have to open separate accounts for such holdings. Those Investors who have already opened such beneficiary account(s) need not adhere to this step.

2. It should be ensured that the depository account is in the name(s) of the Investors and the names are in the same order as in the records of our Company or the Depositories.

3. The responsibility for correctness of information filled in the Application Form *vis-a-vis* such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in Application Form should be the same as registered with the Investor's depository participant.

4. If incomplete or incorrect beneficiary account details are given in the Application Form, the Investor will not get any Rights Equity Shares and the Application Form will be rejected.

5. The Rights Equity Shares will be allotted to Applicants only in dematerialized form and would be directly credited to the beneficiary account as given in the Application Form after verification or demat suspense account (pending receipt of demat account details for resident Eligible Equity Shareholders holding Equity Shares in physical form/ with Investor Education and Protection Fund (IEPF) authority/ in suspense, *etc*.). Allotment advice, refund order (if any) would be sent through physical dispatch, by the Registrar but the Applicant's depository participant will provide to him the confirmation of the credit of such Rights Equity Shares to the Applicant's depository account.

6. Non-transferable Allotment advice will be directly sent to the Investors by the Registrar, through physical dispatch.

7. Renouncees will also have to provide the necessary details about their beneficiary account for Allotment of Rights Equity Shares in the Issue. In case these details are incomplete or incorrect, the Application is liable to be rejected.

XIII. IMPERSONATION

Attention of the Investors 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 for fraud involving an amount of at least ₹1 million or 1% of the turnover of the company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years and fine of an amount not less than the amount involved in the fraud, extending up to three times such amount (provided that where the fraud involves public interest, such term shall not be less than three years.) Further, where the fraud involves an amount less than ₹1.00 million or one per cent of the turnover of the company, whichever is lower, and does not involve public interest, any person guilty of such fraud shall be punishable with imprisonment for a term which may extend to five years or with fine which may extend to ₹5.00 million or with both.

XIV. UTILISATION OF ISSUE PROCEEDS

Our Board declares that:

A. All monies received out of the Issue shall be transferred to a separate bank account;

B. Details of all monies utilized out of the Issue referred to under (A) above shall be disclosed, and continue to be disclosed till the time any part of the Issue Proceeds remains unutilised, under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised; and

C. Details of all unutilized monies out of the Issue referred to under (A) above, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested.

XV. UNDERTAKINGS BY OUR COMPANY

Our Company undertakes the following:

1) The complaints received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily.

2) All steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges where the Equity Shares are to be listed will be taken by our Board within the time limit specified by SEBI.

3) The funds required for making refunds / unblocking to unsuccessful Applicants as per the mode(s) disclosed shall be made available to the Registrar by our Company.

4) Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 15 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.

5) In case of refund / unblocking of the Application Money for unsuccessful Applicants or part of the Application Money in case of proportionate Allotment, a suitable communication shall be sent to the Applicants.

6) Adequate arrangements shall be made to collect all ASBA Applications.

7) As on date our Company does not have any convertible debt instruments.

8) Our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.

XVI. INVESTOR GRIEVANCES, COMMUNICATION AND IMPORTANT LINKS

1. Please read the Letter of Offer carefully before taking any action. The instructions contained in the Application Form, Abridged Letter of Offer and the Rights Entitlement Letter are an integral part of the conditions of this Draft Letter of Offer and must be carefully followed; otherwise the Application is liable to be rejected.

2. All enquiries in connection with this Draft Letter of Offer must be addressed (quoting the registered folio number in case of Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date or the DP ID and Client ID number, the Application Form number and the name of the first Eligible Equity Shareholder as mentioned on the Application Form and superscribed "Capri Global Capital Limited – Rights Issue" on the envelope and postmarked in India) to the Registrar at the following address:

Link Intime India Private Limited
C-101, 1st floor, 247 Park
L.B.S. Marg, Vikhroli (West)
Mumbai 400 083

Maharashtra, India
Tel: +91 22 4918 6200
E-mail: capri.rights@linkintime.co.in
Investor Grievance ID: capri.rights@linkintime.co.in
Website: www.linkintime.co.in
Contact person: Sumeet Deshpande
SEBI Registration No.: INR000004058

3. In accordance with SEBI Rights Issue Circulars, frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors will be available on the website of the Registrar (www.linkintime.co.in). Further, helpline number provided by the Registrar for guidance on the Application process and resolution of difficulties is +91(22) 4918 6200.

4. The Investors can visit following links for the below-mentioned purposes:

    a) Frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors: www.linkintime.co.in;

    b) Updation of Indian address/ e-mail address/ phone or mobile number in the records maintained by the Registrar or our Company: https://linkintime.co.in/EmailReg/Email_Register.html;

    c) Updation of demat account details by Eligible Equity Shareholders holding shares in physical form: https://www.linkintime.co.in; and

    d) Submission of self-attested PAN, client master sheet and demat account details by non-resident Eligible Equity Shareholders: capri.rights@linkintime.co.in

The Issue will remain open for a minimum 7 days. However, our Board will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Closing Date).

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991, of the Government of India and FEMA. While the Industrial Policy, 1991, of the Government of India, prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. The Union Cabinet, as provided in the Cabinet Press Release dated May 24, 2017, has given its approval for phasing out the Foreign Investment Promotion Board (FIPB). Under the Industrial Policy, 1991, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. Accordingly, the process for foreign direct investment ("**FDI**") and approval from the Government of India will now be handled by the concerned ministries or departments, in consultation with the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (formerly known as the Department of Industrial Policy and Promotion) ("**DPIIT**"), Ministry of Finance, Department of Economic Affairs through the FDI Policy (defined below).

The Government has, from time to time, made policy pronouncements on FDI through press notes and press releases. The DPIIT issued the Consolidated FDI Policy Circular of 2020 ("**FDI Policy**"), which, with effect from October 15, 2020, consolidated and superseded all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect as on October 15, 2020. The Government proposes to update the consolidated circular on FDI policy once every year and therefore, FDI Policy will be valid until the DPIIT issues an updated circular. Further, the sectoral cap applicable to the sector in which our Company operates is 100% which is permitted under the automatic route.

The Government has from time to time made policy pronouncements on FDI through press notes and press releases which are notified by RBI as amendments to FEMA. In case of any conflict, the relevant notification under Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 will prevail. The payment of inward remittance and reporting requirements are stipulated under the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019 issued by RBI The FDI Policy, issued by the DPIIT, consolidates the policy framework in place as on October 15, 2020, and supersedes all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect as on October 15, 2020.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of RBI, provided that (i) the activities of the investee company falls under the automatic route as provided in the FDI Policy and FEMA and transfer does not attract the provisions of the SEBI Takeover Regulations; (ii) the non- resident shareholding is within the sectoral limits under the FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI and RBI.

Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020 issued by the DPIIT and the Foreign Exchange Management (Non-debt Instruments) Amendment Rules, 2020 which came into effect from April 22, 2020, any investment, subscription, purchase or sale of equity instruments by entities of a country which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country ("**Restricted Investors**"), will require prior approval of the Government, as prescribed in the FDI Policy and the FEMA Rules. Further, in the event of transfer of ownership of any existing or future foreign direct investment in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the aforesaid restriction/ purview, such subsequent change in the beneficial ownership will also require approval of the Government. Furthermore, on April 22, 2020, the Ministry of Finance, Government of India has also made a similar amendment to the FEMA Rules. Pursuant to the Foreign Exchange Management (Non-debt Instruments) (Fourth Amendment) Rules, 2020, a multilateral bank or fund, of which India is a member, shall not be treated as an entity of a particular country nor shall any country be treated as the beneficial owner of the investments of such bank of fund in India.

Please also note that pursuant to Circular no. 14 dated September 16, 2003 issued by RBI, Overseas Corporate Bodies ("**OCBs**") have been derecognized as an eligible class of investors and RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Investor being an OCB is required not to be under the adverse notice of RBI and in order to apply for the issue as an incorporated non-resident must do so in accordance with the FDI Policy and Foreign Exchange Management (Non-Debt Instrument) Rules, 2019. Further, while investing in the Issue, the Investors are deemed to have obtained the necessary approvals, as required, under applicable laws and the obligation to obtain such approvals shall be upon the Investors. Our Company shall not be under an obligation to obtain any approval under any of the applicable laws on behalf of the Investors and shall not be liable in case of failure on part of the Investors to obtain such approvals.

The above information is given for the benefit of the Applicants / Investors. Our Company and the Lead Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Letter of Offer. Investors are advised to make their independent investigations and ensure that the number of Rights Equity Shares applied for do not exceed the applicable limits under laws or regulations.

RESTRICTIONS ON PURCHASES AND RESALES

Eligibility and Restrictions

General

No action has been taken or will be taken to permit an offering of the Rights Entitlements or the Rights Equity Shares to occur in any jurisdiction, or the possession, circulation, or distribution of this Draft Letter of Offer or any other Issue Material in any jurisdiction where action for such purpose is required, except that this Draft Letter of Offer will be filed with SEBI and the Stock Exchanges.

The Rights Entitlement and the Rights Equity Shares may not be offered or sold, directly or indirectly, and this Draft Letter of Offer and any other Issue Materials may not be distributed, in whole or in part, in or into any jurisdiction other than India except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Draft Letter of Offer or any other Issue Materials (including by way of electronic means) will not constitute an offer, invitation to or solicitation by anyone in any jurisdiction in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorized or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, this Draft Letter of Offer and any other Issue Materials must be treated as sent for information only and should not be acted upon for subscription to Rights Equity Shares and should not be copied or re-distributed. Accordingly, persons receiving a copy of this Draft Letter of Offer and any other Issue Materials should not distribute or send this Draft Letter of Offer or any such documents in or into any jurisdiction where to do so, would or might contravene local securities laws or regulations, or would subject our Company or the Lead Manager or its affiliates to any filing or registration requirement (other than in India). If this Draft Letter of Offer or any other Issue Material is received by any person in any such jurisdiction, they must not seek to subscribe to the Rights Equity Shares.

Investors are advised to consult their legal counsel prior to accepting any provisional allotment of Rights Equity Shares, applying for excess Rights Equity Shares or making any offer, sale, resale, pledge or other transfer of the Rights Entitlements or the Rights Equity Shares.

This Draft Letter of Offer and its accompanying documents are supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose.

Each person who exercises the Rights Entitlements and subscribes for the Rights Equity Shares, or who purchases the Rights Entitlements or the Rights Equity Shares shall do so in accordance with the restrictions set out above and below.

Australia

This Draft Letter of Offer is not a disclosure document or a prospectus under Chapter 6D.2 of the Corporations Act 2001 (Cth) ("**Corporations Act**") and has not been lodged with the Australian Securities and Investments Commission and it does not purport to include the information required of a disclosure document under Chapter 6D.2 of the Corporations Act.

No offer is being made under the Letter of Offer to investors to whom disclosure is required to be made under Chapter 6D of the Corporations Act. Except for Eligible Equity Shareholders resident in Australia that have received the Letter of Offer from our Company and who are not applying for any Rights Equity Shares over and above their Rights Entitlements, holders of Rights Entitlements in Australia may not subscribe to the Rights Equity Shares unless they are (a) either a "sophisticated investor" or a "professional investor" and (b) not a "retail client" within the meaning of those terms in the Corporations Act.

As per section 708 of the Corporations Act, Eligible Equity Shareholders that are not "sophisticated investors" or "professional investors" within the meaning of those terms in the Corporations Act may only subscribe for a maximum of A$2 million of Rights Equity Shares in total. To ensure our Company complies with this requirement, except for each person who is not a "sophisticated investor" or "professional investor" and is not a "retail client" within the meaning of those terms in the Corporations Act and who has notified our Company of such fact in writing and has received the consent of our Company in writing to subscribe for Rights Equity Shares, each person in Australia who acquires Rights Equity Shares shall be deemed to have represented and warranted that it is either a "sophisticated investor" or a "professional investor" and that not it is a "retail client" within the meaning of those terms in the Corporations Act.

The Rights Equity Shares acquired in the Offer in Australia must not be offered for sale in Australia in the period of 12 months after the date of the Allotment, except in circumstances where disclosure to investors under Chapter 6D of the Corporations Act would not be required pursuant to an exemption under Section 708 of the Corporations Act or otherwise or where the offer is pursuant to a disclosure document that complies with Chapter 6D of the Corporations Act. Each purchaser of the Rights Equity Shares in Australia shall be deemed to undertake to our Company that it will not, for a period of 12 months from the date of issue of the Rights Equity Shares, offer, transfer, assign or otherwise alienate those Rights Equity Shares to investors in Australia except in circumstances where disclosure to investors is not required under Chapter 6D.2 of the Corporations Act or where the offer is pursuant to a disclosure document that complies with Chapter 6D of the Corporations Act.

No financial product advice is provided in this Draft Letter of Offer and nothing in this Draft Letter of Offer should be taken to constitute a recommendation or statement of opinion that is intended to influence a person or persons in making a decision to invest in the Right Equity Shares.

This Draft Letter of Offer does not take into account the objectives, financial situation or needs of any particular person. Before acting on the information contained in this Draft Letter of Offer or making a decision to invest in the Rights Equity Shares, prospective investors should seek professional advice as to whether investing in the Rights Equity Shares is appropriate in light of their own circumstances.

Bahrain

This Draft Letter of Offer and the Rights Entitlements and the Rights Equity Shares that are offered pursuant to this Draft Letter of Offer have not been registered, filed, approved or licensed by the Central Bank of Bahrain ("**CBB**"), the Bahrain Bourse, the Ministry of Industry, Commerce and Tourism ("**MOICT**") or any other relevant licensing authorities in the Kingdom of Bahrain.

The CBB, the Bahrain Bourse and the MOICT of the Kingdom of Bahrain takes no responsibility for the accuracy of the statements and information contained in this Draft Letter of Offer, nor shall they have any liability to any person, investor or otherwise for any loss or damage resulting from reliance on any statements or information contained herein. This Draft Letter of Offer is only intended for Accredited Investors as defined by the CBB and the securities offered by way of private placement may only be offered in minimum subscriptions of USD100,000 (or equivalent in other currencies). We will not make any invitation to the public in the Kingdom of Bahrain to subscribe to the Rights Equity Shares and this Draft Letter of Offer will not be issued to, passed to, or made available to the public generally in the Kingdom of Bahrain. All marketing and offering of the Rights Equity Shares shall be made outside the Kingdom of Bahrain. The CBB has not reviewed, nor has it approved this Draft Letter of Offer and any related offering documents or the marketing thereof in the Kingdom of Bahrain. The CBB is not and will not be responsible for the performance of Rights Equity Shares.

British Virgin Islands

This Draft Letter of Offer may not be and is not intended to be distributed to individuals in the British Virgin Islands. The Rights Equity Shares are being offered in the British Virgin Islands only to persons resident in the British Virgin Islands solely by virtue of being a company or a limited partnership incorporated or registered in the British Virgin Islands. Any person who is a member of the public in the British Virgin Islands (other than solely by virtue of being a company or a limited partnership incorporated or registered in the British Virgin Islands) or who receives this Draft Letter of Offer in the British Virgin Islands (other than in the case of a person resident in the British Virgin Islands solely by virtue of being a company or a limited partnership incorporated or registered in the British Virgin Islands, at its registered office in the British Virgin Islands) should not act or rely on this Draft Letter of Offer. Each person in the British Virgin Islands subscribing to Rights Equity Shares shall be deemed to represent and warrant that it is a company or a limited partnership incorporated or registered in the British Virgin Islands.

China

No action has been taken by our Company which would permit an offering of Rights Entitlements or the Rights Equity Shares or the distribution of this Draft Letter of Offer in the People's Republic of China ("**PRC**"). This Draft Letter of Offer may not be circulated or distributed in the PRC and the Rights Entitlements and the Rights Equity Shares may not be offered or sold, and will not be offered or sold to any person for re-offering or resale directly or indirectly to, or for the benefit of, legal or natural persons of the PRC except pursuant to applicable laws and regulations of the PRC. Further, no legal or natural persons of the PRC may directly or indirectly purchase any of the Rights Entitlements and the Equity Shares or any beneficial interest therein without obtaining all prior PRC's governmental approvals that are required, whether statutorily or otherwise. Persons who come into possession of this Draft Letter of Offer are required to observe these restrictions. For the purpose of this paragraph, PRC does not include Taiwan and the special administrative regions of Hong Kong and Macau.

Cayman Islands

No offer or invitation to subscribe for the Rights Entitlements and the Rights Equity Shares may be made to the public in the Cayman Islands.

European Economic Area

In relation to each Member State of the European Economic Area (each a "**Relevant State**"), an offer to the public of any Rights Entitlement or Rights Equity Shares may not be made in that Relevant State, except if the Rights Entitlement or Rights Equity Shares are offered to the public in that Relevant State at any time under the following exemptions under the Prospectus Regulation (EU) 2017/1129 (and any amendment thereto) (the "**Prospectus Regulation**"):

- to any legal entity that is a qualified investor, as defined in the Prospectus Regulation;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation);
- or in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Rights Entitlement or Rights Equity Shares shall result in a requirement for the publication by our Company or the Lead Manager of a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement of a prospectus pursuant to Article 23 of the Prospectus Regulation. This Draft Letter of Offer is not a prospectus for the purposes of the Prospectus Regulation.

For the purposes of this subsection, the expression an "offer to the public" in relation to any Rights Entitlement or Rights Equity Shares in any Relevant State means a communication to persons in any form and by any means presenting sufficient information on the terms of the Issue so as to enable an investor to decide to purchase or subscribe for the Rights Entitlements or Rights Equity Shares.

Except for each person who is not a qualified investor as defined in the Prospectus Regulation and who has notified our Company of such fact in writing and has received the consent of our Company in writing to subscribe for or purchase Rights Equity Shares, each person in a Relevant State who acquires Rights Equity Shares shall be deemed to have represented and warranted that it is a qualified investor as defined in the Prospectus Regulation.

Hong Kong

This Draft Letter of Offer has not been reviewed or approved by any regulatory authority in Hong Kong. In particular, this Draft Letter of Offer has not been, and will not be, registered as a "prospectus" in Hong Kong under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap 32) ("**CO**") nor has it been authorised by the Securities and Futures Commission ("**SFC**") in Hong Kong pursuant to the Securities and Futures Ordinance (Cap 571) ("**SFO**"). Recipients are advised to exercise caution in relation to the Issue. If recipients are in any doubt about any of the contents of this Draft Letter of Offer, they should obtain independent professional advice.

This Draft Letter of Offer does not constitute an offer or invitation to the public in Hong Kong to acquire any Rights Entitlement or Rights Equity Shares nor an advertisement of the Rights Entitlement or Rights Equity Shares in Hong Kong. This Draft Letter of Offer and any other Issue Materials must not be issued, circulated or distributed in Hong Kong other than to "professional investors" within the meaning of the SFO and any rules made under that ordinance ("**Professional Investors**") and no more than 50 persons in Hong Kong who are not Professional Investors.

Except for each person who is not a Professional Investor and who has notified our Company of such fact in writing and has received the consent of our Company in writing to subscribe for or purchase Rights Equity Shares, each person in Hong Kong who acquires Rights Equity Shares shall be deemed to have represented and warranted that it is a Professional Investor.

Unless permitted by the securities laws of Hong Kong, no person may issue or have in its possession for issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Rights Entitlement or Rights Equity Shares, which is directed at, or the content of which is likely to be accessed or read by, the public of Hong Kong other than with respect to Rights Entitlement or Rights Equity Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to Professional Investors and no more than 50 persons in Hong Kong who are not Professional Investors.

No person who has received a copy of this Draft Letter of Offer may issue, circulate or distribute this Draft Letter of Offer in Hong Kong or make or give a copy of this Draft Letter of Offer to any other person.

No person allotted Rights Equity Shares may sell, or offer to sell, such Rights Equity Shares to the public in Hong Kong within six months following the date of issue of such Rights Equity Shares.

Japan

The Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law. No. 25 of 1948 as amended) (the "**FIEA**") and disclosure under the FIEA has not been and will not be made with respect to the Rights Entitlements and the Rights Equity Shares. No Rights Entitlements or Rights Equity Shares are, directly or indirectly, being offered or sold, and may not, directly or indirectly, be offered or sold in Japan or to, or for the benefit of, any resident of Japan as defined in the first sentence of Article 6, Paragraph 1, Item 5 of the Foreign Exchange and Foreign Trade Contract Act of Japan (Law No. 228 of 1949, as amended) ("**Japanese Resident**") or to others for re-offering or re-sale, directly or indirectly in Japan or to, or for the benefit of, any Japanese Resident except (i) pursuant to an exemption from the registration requirements of the FIEA and (ii) in compliance with any other relevant laws, regulations and governmental guidelines of Japan.

If an offeree does not fall under a "qualified institutional investor" (tekikaku kikan toshika), as defined in Article 10, Paragraph 1 of the Cabinet Office Ordinance Concerning Definition Provided in Article 2 of the Financial Instruments and Exchange Act (Ordinance of the Ministry of Finance No. 14 of 1993, as amended) (the "**Qualified Institutional Investor**"), the Rights Entitlements and Equity Shares will be offered in Japan by a private placement to no more than 49 investors (shoninzu muke kanyu), as provided under Article 23- 13, Paragraph 4 of the FIEA, and accordingly, the filing of a securities registration statement for a public offering pursuant to Article 4, Paragraph 1 of the FIEA has not been made. Any purchaser of the Rights Equity Shares in Japan who is not a Qualified Institutional Investor agrees that it shall not, directly or indirectly, resell, assign, transfer, or otherwise dispose of the Rights Equity Shares to any Japanese Resident, other than in "a lump sum" to a single person; and (b) that it shall deliver a notification indicating (a) and (b) herein to the transferee of the Rights Equity Shares.

If an offeree is a Qualified Institutional Investor, the Rights Entitlements and the Equity Shares will be offered in Japan by a private placement to the Qualified Institutional Investor (tekikaku kikan toshikamuke kanyu), as provided under Article 23-13, Paragraph 1 of the FIEA, and accordingly, the filing of a securities registration statement for a public offering pursuant to Article 4, Paragraph 1 of the FIEA has not been made. Any Qualified Institutional Investor purchasing Rights Equity Share agree that it will not, directly or indirectly, resell, assign, transfer, or otherwise dispose of the Rights Equity Shares to any Japanese Resident other than to another Qualified Institutional Investor.

Except for each person who is not a Qualified Institutional Investor and who has notified our Company of such fact in writing and has received the consent of our Company in writing to subscribe for or purchase Rights Equity Shares, each person in Japan who acquires Rights Equity Shares shall be deemed to have represented and warranted that it is a Qualified Institutional Investor.

Kuwait

This Draft Letter of Offer and does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, the Rights Entitlements or the Equity Shares in the State of Kuwait. The Rights Entitlements and the Equity Shares have not been licensed for offering, promotion, marketing, advertisement or sale in the State of Kuwait by the Capital Markets Authority or any other relevant Kuwaiti government agency. The offering, promotion, marketing, advertisement or sale of the Rights Entitlements and the Equity Shares in State of Kuwait on the basis of a private placement or public offering is, therefore, prohibited in accordance with Law No. 7 of 2010 and the Executive Bylaws for Law No. 7 of 2010, as amended, which govern the issue, offer, marketing and sale of financial services/products in the State of Kuwait. No private or public offering of the Rights Entitlements or the Equity Shares is or will be made in the State of Kuwait, and no agreement relating to the sale of the Rights Entitlements or the Equity Shares will be concluded in the State of Kuwait and no marketing or solicitation or inducement activities are being used to offer or market the Rights Entitlements or the Equity Shares in the State of Kuwait.

Mauritius

In accordance with The Securities Act 2005 of Mauritius, no offer of the Rights Entitlements and the Rights Equity Shares may be made to the public in Mauritius without, amongst other things, the prior approval of the Mauritius Financial Services Commission. This Draft Letter of Offer has not been approved or registered by the Mauritius Financial Services Commission. Accordingly, this Draft Letter of Offer does not constitute a public offering. This Draft Letter of Offer is for the exclusive use of the person to whom it has been given our Company and is a private concern between our Company and the recipient.

Singapore

This Draft Letter of Offer has not been and will not be registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act (Chapter 289) of Singapore ("**SFA**"). The offer of Rights Equity Shares pursuant to the Rights Entitlements to Eligible Equity Shareholders in Singapore is made in reliance on the offering exemption under Section 273(1)(cd) of the SFA.

Except for Eligible Equity Shareholders resident in Singapore that have received the Letter of Offer from our Company and who are not applying for any additional Rights Equity Shares over and above their Rights Entitlements, holders of Rights Entitlements in Singapore may subscribe to the Rights Equity Shares only (i) if they are an "institutional investor" within the meaning of Section 274 of the SFA and in accordance with the conditions of an exemption invoked under Section 274, (ii) if they are a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where any Rights Equity Shares are purchased under Section 275 of the SFA by a relevant person which is: (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired such Rights Equity Shares pursuant to an offer made under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights or interest in that trust are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for a corporation, in accordance with the conditions specified in Section 275 of the SFA; (2) where no consideration is or will be given for the transfer; or (3) where the transfer is by operation of law.

In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the **"CMP Regulations 2018**"), our Company has determined, and hereby notifies all relevant persons (as defined in Section 309(A)(1) of the SFA) that the Rights Entitlements and the Rights Equity Shares are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

United Kingdom

No Rights Entitlement or Rights Equity Shares may be offered in the Issue to the public in the United Kingdom prior to the publication of a prospectus in relation to the Rights Entitlement and Rights Equity Shares which is to be treated as if it had been approved by the Financial Conduct Authority in accordance with the transitional provisions in Article 74 (transitional provisions) of the Prospectus (Amendment etc.) (EU Exit) Regulations 2019/1234, except that our Company may make an offer to the public in the United Kingdom of Rights Entitlement and Rights Equity Shares at any time:

(a) to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation); or

(c) in any other circumstances falling within Article 1(4) of the UK Prospectus Regulation,

provided that no such offer of Rights Entitlement or Rights Equity Shares shall result in a requirement for the publication by our Company or the Lead Manager of a prospectus pursuant to Article 3 of the UK Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation. For the purposes of this provision, the expression an "offer to the public" in relation to any Rights Entitlement or Rights Equity Shares in means a communication to persons in any form and by any means presenting sufficient information on the terms of the Issue so as to enable an investor to decide to purchase or subscribe for the Rights Entitlement or Rights Equity Shares and the expression "UK Prospectus Regulation" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

Except for each person who is not a qualified investor as defined in the UK Prospectus Regulation and who has notified our Company of such fact in writing and has received the consent of our Company in writing to subscribe for or purchase Rights Equity Shares, each person in the United Kingdom who acquires Rights Equity Shares shall be deemed to have represented and warranted that it is a qualified investor as defined in the UK Prospectus Regulation.

In addition, this Draft Letter of Offer may not be distributed or circulated to any person in the United Kingdom other than to (i) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Financial Promotion Order**"); and (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Financial Promotion Order (each such person being referred to as a "**Relevant Person**"). If you are not a Relevant Person, you should not take any action on the basis of this Draft Letter of Offer and you should not act or rely on it or any of its contents. Each person in the United Kingdom who acquires Rights Equity Shares shall be deemed to have represented and warranted that it is a Relevant Person.

United Arab Emirates (excluding the Dubai International Financial Centre)

No offering, marketing, promotion, advertising or distribution (collectively, "**Promotion"**) of this Draft Letter of Offer, the Rights Entitlement or Rights Equity Shares may be made in the United Arab Emirates (the "**UAE**") unless: (a) such Promotion has been approved by the UAE Securities and Commodities Authority (the "**SCA**") and is made in accordance with the laws and regulations of the UAE, including SCA Board of Directors' Chairman Decision no. (3/R.M.) of 2017 (the "**Promotion and Introduction Regulations**"), and is made by an entity duly licensed to conduct such Promotion activities in the UAE; or (b) such Promotion is conducted by way of private placement made: (i) only to Qualified Investors who are not High Net Worth Individuals (as such terms are defined in the Promotion and Introduction Regulations); or (ii) otherwise in accordance with the laws and regulations of the UAE; or (c) such Promotion is carried out by way of reverse solicitation only upon an initiative made in writing by an investor in the UAE.

The Promotion of this Draft Letter of Offer, the Rights Entitlement and the Rights Equity Shares has not been and will not be approved by the SCA and, as such, this Draft Letter of Offer does not constitute an offer to the general public in the UAE to acquire any Rights Equity Shares. Except where the Promotion of this Draft Letter of Offer, the Rights Entitlement and the Rights Equity Shares is carried out by way of reverse solicitation only upon an initiative made in writing by an investor in the UAE, the Promotion of this Draft Letter of Offer, the Rights Entitlement and the Rights Equity Shares in the UAE is being made only to Qualified Investors who are not High Net Worth Individuals (as such terms are defined in the Promotion and Introduction Regulations).

None of the SCA, the Central Bank of the United Arab Emirates or any other regulatory authority in the UAE has reviewed or approved the contents of this Draft Letter of Offer and nor does any such entity accept any liability for the contents of this Draft Letter of Offer.

Dubai International Financial Centre

The Rights Entitlement and the Rights Equity Shares offered in the Issue are not being offered to any persons in the Dubai International Financial Centre except on that basis that an offer is: (i) an "Exempt Offer" in accordance with the Markets Rules (MKT) (the "**Markets Rules**") adopted by the Dubai Financial Services Authority (the "**DFSA**"); and (ii) made only to persons who meet the Professional Client criteria set out in Rule 2.3.3 of the DFSA Conduct of Business Module of the DFSA rulebook and are not natural Persons. This Draft Letter of Offer must not be delivered to, or relied on by, any other person. The DFSA has not approved this Draft Letter of Offer nor taken steps to verify the information set out in it, and has no responsibility for it. Capitalised terms not otherwise defined in this subsection have the meaning given to those terms in the Markets Rules.

The Equity Shares may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Rights Equity Shares offered in the Offer should conduct their own due diligence on the Rights Equity Shares. If you do not understand the contents of this Draft Letter of Offer, you should consult an authorised financial adviser.

United States

The Rights Equity Shares have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Our Company is an "investment company" as defined in the U.S. Investment Company Act and has not been and will not be registered under the U.S. Investment Company Act. Accordingly, the Rights Equity Shares are being offered and sold only (a) to persons in the United States and to U.S. Persons who are reasonably believed to both U.S. QIBs and U.S. Qualified Purchasers pursuant to Section 4(a)(2) of the U.S. Securities Act and Section 3(c)(7) of the U.S. Investment Company Act and (b) to persons outside the United States who are non-U.S. Persons in reliance on Regulation S.

In order to help ensure that certain provisions of Title I of the U.S. Employee Retirement Income Security Act of 1974 ("**ERISA**") and Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "**U.S. Internal Revenue Code**"), do not apply to our Company, each purchaser of the Rights Equity Shares will be required to represent to our Company in its application form for the Rights Equity Shares whether it is or is not a (1) an "employee benefit plan" as defined in Section 3(3) of ERISA that is subject to Title I of ERISA; (2) a "plan" as defined in Section 4975 of the U.S. Internal Revenue Code, including an individual retirement account or other arrangement that is subject to Section 4975 of the U.S. Internal Revenue Code; or (3) an entity which is deemed to hold the assets of any of the foregoing types of plans, accounts or arrangements that is subject to Title I of ERISA or Section 4975 of the U.S. Internal Revenue Code ("**U.S. Benefit Plan Investor**"). Our Company does not actively track the number of Equity Shares held by U.S. Benefit Plan Investors. In the event our Company was to discover that it has "significant participation" in the Equity Shares by U.S. Benefit Plan Investors, it would need to take measures to reduce the number of Equity Shares held by U.S. Benefit Plan Investors, such as forced buy-backs of such Equity Shares, so that it was not subject to ERISA. Therefore, U.S. Benefit Plan Investors should carefully consider if the Rights Equity Shares are an appropriate investment for them. "Significant participation" is deemed to occur when 25% or more of the value of any class of equity interest in an entity is held by U.S. Benefit Plan Investors, excluding from this calculation the equity interests held by non-U.S. Benefit Plan Investors who have direct or indirect discretionary authority or control (or who provide investment advice for a fee) with respect to the entity's assets, or any affiliate of any such persons.

The Rights Equity Shares are transferable only in accordance with the restrictions described in "*-Transfer Restrictions and Representations, Warranties and Agreements by Purchasers*" on page 340 and each purchaser of Equity Shares in the Issue will be deemed to have made the representations, warranties, acknowledgements and undertakings set forth in "*- Transfer Restrictions and Representations, Warranties and Agreements by Purchasers*" on page 340.

Transfer Restrictions and Representations, Warranties and Agreements by Purchasers

In addition to the applicable representations, warranties and agreements set forth above, each purchaser by accepting the delivery of the Letter of Offer and its accompanying documents, submitting an Application Form for the exercise of any Rights Entitlements and subscription for any Rights Equity Shares and accepting delivery of any Rights Entitlements or any Rights Equity Shares, will be deemed to have represented, warranted and agreed as follows on behalf of itself and, if it is acquiring the Rights Entitlements or the Rights Equity Shares as a fiduciary or agent for one or more investor accounts, on behalf of each owner of such account (such person being the "purchaser", which term shall include the owners of the investor accounts on whose behalf the person acts as fiduciary or agent):

1. The purchaser has the full power and authority to make the acknowledgements, representations, warranties and agreements contained herein and to exercise the Rights Entitlements and subscribe for the Rights Equity Shares, and, if the purchaser is exercising the Rights Entitlements and acquiring the Rights Equity Shares as a fiduciary or agent for one or more investor accounts, the purchaser has the full power and authority to make the acknowledgements, representations, warranties and agreements contained herein and to exercise the Rights Entitlements and subscribe for the Rights Equity Shares on behalf of each owner of such account.

2. The purchaser is aware and understands (and each account for which it is acting has been advised and understands) that an investment in the Rights Entitlements and the Rights Equity Shares involves a considerable degree of risk and that the Rights Entitlements and the Rights Equity Shares are a speculative investment.

3. The purchaser acquiring the Rights Equity Shares for one or more managed accounts, represents and warrants that the purchaser has been authorized in writing, by each such managed account to acquire the Rights Equity Shares for each managed account and make the representations, warranties, acknowledgements, undertakings and agreements herein for and on behalf of each such account, reading the reference to 'the purchaser' to include such accounts.

4. The purchaser is eligible to invest in India under applicable law, including the FEMA Rules and any notifications, circulars or clarifications issued thereunder, and have not been prohibited by SEBI, RBI or any other regulatory authority, statutory authority or otherwise, from buying, selling or dealing in securities or otherwise accessing capital

markets in India. Further, the purchaser is eligible to invest in and hold the Rights Equity Shares in accordance with the FDI Policy, read along with the press note 3 of 2020, dated April 17, 2020, issued by the Department for Promotion of Industry and Internal Trade, Government of India and the related amendments to the FEMA Rules, wherein if the beneficial owner of the Equity Shares is situated in or is a citizen of a country which shares land border with India, foreign direct investments can only be made through the Government approval route, as prescribed in the FEMA Rules.

5. The purchaser is investing in the Rights Equity Shares to be issued pursuant to the Issue in accordance with applicable laws and by participating in the Issue, the purchaser is not in violation of any applicable law, including but not limited to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003, as amended, and the Companies Act, 2013.

6. The purchaser understands (and each account for which it is acting has been advised and understands) that no action has been or will be taken to permit an offering of the Rights Entitlements or the Rights Equity Shares in any jurisdiction (other than this Draft Letter of Offer was filed with SEBI for observations and the filing of the Letter of Offer with SEBI and the Stock Exchanges); and it will not offer, resell, pledge or otherwise transfer any of the Rights Entitlements except in India or the Rights Equity Shares which it may acquire, or any beneficial interests therein, in any jurisdiction or in any circumstances in which such offer or sale is not authorised or to any person to whom it is unlawful to make such offer, sale, solicitation or invitation except under circumstances that will result in compliance with any applicable laws and/or regulations.

7. None of the purchaser, any of its affiliates or any person acting on its or their behalf has taken or will take, directly or indirectly, any action designed to, or which might be expected to, cause or result in the stabilization or manipulation of the price of any security of our Company to facilitate the sale or resale of the Rights Entitlements or the Rights Equity Shares pursuant to the Issue.

8. The purchased has either, (i) not participated in or attended any investor meetings or presentations by our Company or its agents with regard to our Company or the Issue; or (ii) has participated in or attended any Company presentations and: (a) understands and acknowledges that the Lead Manager may not have the knowledge of the statements that our Company or its agents may have made at such presentations and are therefore unable to determine whether the information provided at such meetings or presentations included any material misstatements or omissions, and, accordingly acknowledges that the Lead Manager have advise purchasers not to rely in any way on any such information that was provided at such meetings or presentations, and (b) the purchaser confirms that, to the best of their knowledge, they have not been provided any material information that was not publicly available.

9. Prior to making any investment decision to exercise the Rights Entitlements and subscribe for the Rights Equity Shares, the purchaser (i) will have consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisers in each jurisdiction in connection herewith to the extent it has deemed necessary; (ii) will have carefully read and reviewed a copy of the Letter of Offer and its accompanying documents; (iii) will have possessed and carefully read and reviewed all information relating to our Company and our Group and the Rights Entitlements and the Rights Equity Shares which it believes is necessary or appropriate for the purpose of making its investment decision, including, without limitation, the Exchange Information (as defined below); (iv) will have conducted its own due diligence on us and the Issue, and will have made its own investment decisions based upon its own judgement, due diligence and advice from such advisers as it has deemed necessary and will not have relied upon any recommendation, promise, representation or warranty of or view expressed by or on behalf of our Company, the Lead Manager or its affiliates (including any research reports) (other than, with respect to us and any information contained in the Letter of Offer); and (v) will have made its own determination that any investment decision to exercise the Rights Entitlements and subscribe for the Rights Equity Shares is suitable and appropriate, both in the nature and number of Rights Equity Shares being subscribed.

10. Without limiting the generality of the foregoing, the purchaser acknowledges that the Equity Shares are listed on BSE Limited and National Stock Exchange of India Limited and our Company is therefore required to publish certain business, financial and other information in accordance with the rules and practices of BSE Limited and National Stock Exchange of India Limited (which includes, but is not limited to, a description of the nature of our Company's business and our Company's most recent balance sheet and profit and loss account, and similar statements for preceding years together with the information on its website and its press releases, announcements, investor education presentations, annual reports, collectively constitutes "**Exchange Information**"), and that it has had access to such information without undue difficulty and has reviewed such Exchange Information as it has deemed necessary; and (ii) none of our Company, any of its affiliates, the Lead Manager or any of its affiliates has made any representations or recommendations to it, express or implied, with respect to our Company, the Rights Entitlements, the Rights Equity Shares or the accuracy, completeness or adequacy of the Exchange Information.

11. The purchaser acknowledges that any information that it has received or will receive relating to or in connection with the Issue, and the Rights Entitlements or the Rights Equity Shares, including this Draft Letter of Offer and the Exchange Information (collectively, the "**Information**"), has been prepared solely by our Company;

12. The purchaser acknowledges that no written or oral information relating to the Issue, and the Rights Entitlements or the Rights Equity Shares has been or will be provided by the Lead Manager or its affiliates to it.

13. The purchaser understands and acknowledges that the Lead Manager is assisting our Company in respect of the Issue and that the Lead Manager is acting solely for our Company and no one else in connection with the Issue and, in particular, is not providing any service to it, making any recommendations to it, advising it regarding the suitability of any transactions it may enter into to subscribe or purchase any Rights Entitlements or Rights Equity Shares nor providing advice to it in relation to our Company, the Issue or the Rights Entitlements or the Rights Equity Shares. In addition, the purchaser understands and acknowledges that the Lead Manager is not making any offer of Rights Entitlements or Rights Equity Shares in the Issue. Further, to the extent permitted by law, the purchaser waives any and all claims, actions, liabilities, damages or demands it may have against the Lead Manager arising from the Lead Manager's engagement with our Company and in connection with the Issue.

14. The purchaser understands that its receipt of the Rights Entitlements and any subscription it may make for the Rights Equity Shares will be subject to and based upon all the terms, conditions, representations, warranties, acknowledgements, agreements and undertakings and other information contained in this Draft Letter of Offer, the Letter of Offer and the Application Form. The purchaser understands that none of our Company, the Registrar, or any other person acting on behalf of our Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who our Company, the Registrar or any other person acting on behalf of our Company have reason to believe is ineligible to participate in the Issue under applicable securities laws.

15. The purchaser is, and the persons, if any, for whose account it is acquiring the Rights Entitlements and the Rights Equity Shares are, entitled to subscribe for the Rights Equity Shares.

16. If the purchaser is outside India, the sale of the Rights Equity Shares to it will not require any filing or registration by, or qualification of, our Company with any court or administrative, governmental or regulatory agency or body, under the laws of any jurisdiction that apply to the purchaser or such persons.

17. If the purchaser is outside India, the purchaser, and each account for which it is acting, satisfies (i) all suitability standards for investors in investments in the Rights Entitlements and the Rights Equity Shares imposed by all jurisdictions applicable to it, and (ii) is eligible to subscribe and is subscribing for the Rights Equity Shares and Rights Entitlements in compliance with applicable securities and other laws of all jurisdictions of residence.

18. The purchaser is authorized to consummate the purchase of the Rights Equity Shares sold pursuant to the Issue in compliance with all applicable laws and regulations.

19. Except for the sale of Rights Equity Shares on one or more of the Stock Exchanges, the purchaser agrees, upon a proposed transfer of the Rights Equity Shares, to notify any purchaser of such Equity Shares or the executing broker, as applicable, of any transfer restrictions that are applicable to the Rights Equity Shares being sold.

20. Each of the representations, warranties, acknowledgements and agreements set out above shall continue to be true and accurate at all times up to and including the Allotment, listing and trading of the Rights Equity Shares. The purchaser shall hold our Company and the Lead Manager harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of its representations, warranties or agreements set forth above and elsewhere in this Draft Letter of Offer. The indemnity set forth in this paragraph shall survive the resale of the Rights Equity Shares.

21. The purchaser acknowledges that our Company, the Lead Manager, its affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements which are given to the Lead Manager on its own behalf and on behalf of our Company and are irrevocable.

22. The purchaser agrees that any dispute arising in connection with the Issue will be governed by and construed in accordance with the laws of Republic of India, and the courts in Mumbai, India shall have sole and exclusive jurisdiction to settle any disputes that may arise out of or in connection with this Draft Letter of Offer and the Letter of Offer and other Issue Materials.

Transfer Restrictions

Due to the following restrictions, prospective investors are advised to consult legal counsel prior to purchasing Rights Equity Shares and making any offer, resale, pledge or transfer of the Rights Equity Shares purchased in the Issue.

In addition to the applicable representations, warranties and agreements set forth above, each purchaser by accepting the delivery of the Letter of Offer and its accompanying documents, submitting an Application Form for the exercise of any Rights Entitlements and subscription for any Rights Equity Shares and accepting delivery of any Rights Entitlements or any Rights Equity Shares, will be deemed to have represented, warranted and agreed as follows on behalf of itself and, if it is acquiring the Rights Entitlements or the Rights Equity Shares as a fiduciary or agent for one or more investor accounts, on behalf of each owner of such account (such person being the "purchaser", which term shall include the owners of the investor accounts on whose behalf the person acts as fiduciary or agent):

Persons in the United States or U.S. Persons

Each purchaser of the Rights Equity Shares offered in the Issue who (i) is in the United States, (ii) a U.S. Person or (iii) an Affiliate of the Company (which shall be deemed to include, without limitation, a Shareholder beneficially owning 10% or more of the outstanding Equity Shares, a Director and a Key Managerial Personnel) is deemed to have represented, warranted, agreed and acknowledged as follows:

- It understands that the Rights Equity Shares have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and that the offer and sale of the Rights Equity Shares to it is made in reliance on an exemption from the registration requirements of the U.S. Securities Act provided by Section 4(a)(2) of the U.S. Securities Act and applicable state securities laws.

- It understands and acknowledges that our Company is an "investment company" (as such term is defined under the U.S. Investment Company Act) and that our Company has not registered, and does not intend to register, as an "investment company" under the U.S. Investment Company Act and that our Company has imposed the transfer and offering restrictions with respect to persons within the United States and U.S. Persons described herein so that our Company will qualify for the exemption provided under Section 3(c)(7) of the U.S. Investment Company Act and will have no obligation to register as an investment company.

- It is a U.S. QIB acquiring the Rights Equity Shares for its own account or for the account of one or more U.S. QIBs, each of which is acquiring beneficial interests in the Rights Equity Shares for its own account.

- It is a U.S. Qualified Purchaser acquiring the Rights Equity Shares for its own account or for the account of one or more U.S. Qualified Purchaser, each of which is acquiring beneficial interests in the Rights Equity Shares for its own account

- It was not formed for the purpose of investing in the Company (unless each beneficial owner of its securities is a U.S. Qualified Purchaser) and it is not an affiliate (as defined in Rule 501(b) under the U.S. Securities Act) of our Company or a person acting on behalf of an affiliate of our Company.

- It is not a participant-directed employee plan, such as a plan described in subsections (a)(1)(i)(D), (E) or (F) of Rule 144A.

- (i) if it is a private investment company relying upon Section 3(c)(1) or 3(c)(7) of the U.S. Investment Company Act or a foreign investment company relying upon Section 7(d) and Section 3(c)(1) or 3(c)(7) with respect to its U.S. holders and it was formed on or before April 30, 1996, it has received the necessary consent from its beneficial owners pursuant to the U.S. Investment Company Act; (ii) it does not and will not invest more than 40% of its total assets in our Company; and (iii) it is not managed as a device for facilitating individual investment decisions of its beneficial owners, but rather is managed as a collective investment vehicle.

- It did not purchase the Right Equity Shares as a result of any general solicitation or general advertising (within the meaning of Rule 502(c) under the U.S. Securities Act).

- It represents and warrants that is buying the Rights Equity Shares for investment purposes and not with a view to the distribution or resale thereof. If in the future it decides to offer, sell, pledge or otherwise transfer any of the Equity Shares, it agrees that it will only offer, sell, pledge or otherwise transfer such Equity Shares outside the United States to a purchaser not known by it to be a U.S. Person in a transaction complying with the provisions of Rule 903 or Rule 904 of Regulation S and in accordance with all applicable laws of any other jurisdiction, including India.

- It agrees that if it decides to offer, sell, pledge or otherwise transfer any of the Rights Equity Shares in accordance with the restrictions set forth herein, except for a non-prearranged transaction executed on BSE or NSE, it shall obtain from the transferee representations in substantially the same form as the representations in *"-Transfer Restrictions and Representations, Warranties and Agreements by Purchasers – Transfer Restrictions – Non-U.S. Persons Outside the United States*" on page 344 and shall provide a copy of the same to our Company prior to the transfer of such Rights Equity Shares into the name(s) of such purchaser(s).

- It shall notify the executing broker and any other agent involved in any resale of the Rights Equity Shares of the forgoing restrictions applicable to the Rights Equity Shares and instruct such broker or agent to abide by such restrictions.

- It agrees not to issue, and to instruct its affiliates to not issue, P-Notes or similar instruments relating to the Rights Equity Shares or the economic interest therein.

- It understands that the Rights Equity Shares will be "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act and it agrees that it shall not deposit such Equity Shares into any unrestricted depository facility established or maintained by any depository bank.

- It agrees to indemnify and hold our Company and the Lead Manager harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of these representations, warranties or agreements. It agrees that the indemnity set forth in this paragraph shall survive the resale of the Rights

Equity Shares.

- Where it is subscribing to the Rights Equity Shares as fiduciary or agent for one or more investor accounts, it has sole investment discretion with respect to each such account and it has full power to make the representations, warranties, agreements and acknowledgements herein.

- Where it is subscribing to the Rights Equity Shares for one or more managed accounts, it represents and warrants that it is authorised in writing by each such managed account to subscribe to the Right Equity Shares for each managed account and to make (and it hereby makes) the representations, warranties, agreements and acknowledgements herein for and on behalf of each such account, reading the reference to "it" to include such accounts.

- It acknowledges that our Company, the Lead Manager and their respective affiliates, directors, officers, agents, employees, advisors and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations, warranties, agreements.

Any resale or other transfer, or attempted resale or other transfer, of the Rights Equity Shares made other than in compliance with the above-stated restrictions shall not be recognised by our Company.

<u>Non-U.S. Persons outside the United States who are not Rule 405 Affiliates (as defined below) of the Company</u>

Each purchaser of the Rights Equity Shares who is a non-U.S. Person outside the United States and who is not an affiliate of our Company as such term is defined in Rule 405 under the U.S. Securities Act ("**Rule 405 Affiliate**") (which shall be deemed to include a Shareholder beneficially owning 10% or more of the outstanding Equity Shares, a Director and a Key Managerial Personnel) is deemed to have represented, warranted, agreed and acknowledged as follows:

- It is a non-U.S. Person.

- It is not a Rule 405 Affiliate of our Company

- It understands that the Rights Equity Shares have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and are being offered and sold to it in reliance on Regulation S.

- (i) it was outside the United States (within the meaning of Regulation S) at the time the offer of the Rights Equity Shares was made to it and it was outside the United States (within the meaning of Regulation S) when its buy order for the Rights Equity Shares was originated and (ii) if it is a broker-dealer outside the United States acting on behalf of its customers, each of its customers has confirmed to it that such customer was outside the United States (within the meaning of Regulation S) at the time the offer of the Rights Equity Shares was made to such customer and such customer was outside the United States (within the meaning of Regulation S) when such customer's buy order for the Rights Equity Shares was originated.

- It did not purchase the Rights Equity Shares as a result of any directed selling efforts (as defined in Regulation S).

- It is buying the Rights Equity Shares for investment purposes and not with a view to the distribution thereof. If in the future it decides to offer, resell, pledge or otherwise transfer any of the Rights Equity Shares, it agrees that it will not offer, sell, pledge or otherwise transfer the Rights Equity Shares except in transaction complying with Rule 903 or Rule 904 of Regulation S or pursuant to any other available exemption from registration under the U.S. Securities Act and in accordance with all applicable securities laws of the States of the United States and any other jurisdiction, including India.

- It agrees not to issue, and to instruct its affiliates to not issue, P-Notes or similar instruments relating to the Equity Shares or the economic interest therein to persons in the United States or U.S. Persons unless prior to the issuance of such notes or instruments it or such affiliate has received from such persons the representations, warranties, agreements and acknowledgments in "*-Transfer Restrictions and Representations, Warranties and Agreements by Purchasers – Transfer Restrictions – Persons in the United States and U.S. Persons*" on page 343 and it agrees to provide a copy of the same to our Company prior to the issuance of P-Notes or similar instruments relating to the Equity Shares or the economic interest therein.

- It agrees to indemnify and hold our Company and the Lead Manager harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of these representations, warranties or agreements. It agrees that the indemnity set forth in this paragraph shall survive the resale of the Rights Equity Shares.

- Where it is subscribing to the Rights Equity Shares as fiduciary or agent for one or more investor accounts, it has sole investment discretion with respect to each such account and it has full power to make the representations, warranties, agreements and acknowledgements herein.

- Where it is subscribing to the Rights Equity Shares for one or more managed accounts, it represents and warrants that it is authorised in writing by each such managed account to subscribe to the Rights Equity Shares for each managed account and to make (and it hereby makes) the representations, warranties, agreements and acknowledgements herein for and on behalf of each such account, reading the reference to "it" to include such accounts.

- It acknowledges that our Company, the Lead Manager and its affiliates, and others will rely upon the truth and accuracy of the foregoing representations, warranties, agreements.

Any resale or other transfer, or attempted resale or other transfer, of the Rights Equity Shares made other than in compliance with the above-stated restrictions will not be recognised by our Company.

Non-U.S. Persons outside the United States who are Rule 405 Affiliates of our Company

Each purchaser of the Rights Equity Shares who is a non-U.S. Person outside the United States and who is a Rule 405 Affiliate of our Company (which shall be deemed to include a Shareholder beneficially owning 10% or more of the outstanding Equity Shares, a Director and a Key Managerial Personnel) is deemed to have represented, warranted, agreed and acknowledged as follows:

- It is a non-U.S. Person.

- It is a Rule 405 Affiliate of our Company.

- It understands and acknowledges that our Company is an "investment company" (as such term is defined under the U.S. Investment Company Act) and that our Company has not registered, and does not intend to register, as an "investment company" under the U.S. Investment Company Act and that our Company has imposed the transfer and offering restrictions with respect to Rule 405 Affiliates described herein so that our Company will qualify for the exemption provided under Section 3(c)(7)of the U.S. Investment Company Act and will have no obligation to register as an investment company.

- It understands that the Rights Equity Shares have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and are being offered and sold to it in reliance on Regulation S.

- (i) it was outside the United States (within the meaning of Regulation S) at the time the offer of the Rights Equity Shares was made to it and it was outside the United States (within the meaning of Regulation S) when its buy order for the Rights Equity Shares was originated and (ii) if it is a broker-dealer outside the United States acting on behalf of its customers, each of its customers has confirmed to it that such customer was outside the United States (within the meaning of Regulation S) at the time the offer of the Rights Equity Shares was made to such customer and such customer was outside the United States (within the meaning of Regulation S) when such customer's buy order for the Rights Equity Shares was originated.

- It did not purchase the Rights Equity Shares as a result of any directed selling efforts (as defined in Regulation S).

- It is buying the Rights Equity Shares for investment purposes and not with a view to the distribution thereof. Except for non-prearranged sales on NSE or BSE, if in the future it decides to offer, resell, pledge or otherwise transfer any of the Rights Equity Shares, it agrees that it will not offer, sell, pledge or otherwise transfer the Rights Equity Shares except:

  - to non-U.S. Persons outside the United States in transactions complying with Rule 903 or Rule 904 of Regulation S and in accordance with all securities laws of any other applicable jurisdiction and on the condition that prior to the sale, pledge or transfer of such Rights Equity Shares it receives from such persons the representations, warranties, agreements and acknowledgments in either (i) "*-Transfer Restrictions and Representations, Warranties and Agreements by Purchasers – Transfer Restrictions – Non-U.S. Persons outside the United States who are not Rule 405 Affiliates (as defined below) of the Company* " on page 344 or (ii) "*-Transfer Restrictions and Representations, Warranties and Agreements by Purchasers – Transfer Restrictions – Non-U.S. Persons outside the United States who are Rule 405 Affiliates of the Company*" on page 344 and it agrees to provide a copy of the same to our Company prior to the transfer of such Rights Equity Shares into the name(s) of such purchaser(s); and/or

  - to persons in the United States or U.S. Persons who are both U.S. QIBs and U.S. Qualified Purchasers in transactions exempt from the registration requirements of the U.S. Securities Act pursuant to Rule 144A and in accordance with all securities laws of any other applicable jurisdiction and on the condition that prior to the sale, pledge or transfer of such Rights Equity Shares it receives from such persons the representations, warranties, agreements and acknowledgments in "*-Transfer Restrictions and Representations, Warranties and Agreements by Purchasers – Transfer Restrictions – Persons in the United States and U.S. Persons*" on page 343 and it agrees to provide a copy of the same to our Company prior to the transfer of such Rights Equity Shares into the name(s) of such purchaser(s).

- It agrees not to issue, and to instruct its affiliates to not issue, P-Notes or similar instruments relating to the Equity Shares or the economic interest therein.

- It agrees to indemnify and hold our Company and the Lead Manager harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of these representations, warranties or agreements. It agrees that the indemnity set forth in this paragraph shall survive the resale of the Rights Equity Shares.

- Where it is subscribing to the Rights Equity Shares as fiduciary or agent for one or more investor accounts, it has sole investment discretion with respect to each such account and it has full power to make the representations, warranties, agreements and acknowledgements herein.

- Where it is subscribing to the Rights Equity Shares for one or more managed accounts, it represents and warrants that it is authorised in writing by each such managed account to subscribe to the Rights Equity Shares for each managed account and to make (and it hereby makes) the representations, warranties, agreements and acknowledgements herein for and on behalf of each such account, reading the reference to "it" to include such accounts.

- It acknowledges that our Company, the Lead Manager and its affiliates, and others will rely upon the truth and accuracy of the foregoing representations, warranties, agreements.

Any resale or other transfer, or attempted resale or other transfer, of the Rights Equity Shares made other than in compliance with the above-stated restrictions will not be recognised by our Company.

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following is a general description of certain material United States federal income tax consequences to U.S. Holders (as defined below) under present law of an investment in the Equity Shares. This summary applies only to investors that hold the Equity Shares as capital assets (generally, property held for investment). This discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Equity Shares by particular investors, and does not address state, local, foreign or other tax laws. This discussion is based on the tax laws of the United States as in effect on the date of this Draft Letter of Offer and on U.S. Treasury regulations in effect or, in some cases, proposed, as of the date of this Draft Letter of Offer, as well as judicial and administrative interpretations thereof available on or before such date. All of the foregoing authorities are subject to change, which change could apply retroactively and could affect the tax consequences described below.

The following discussion does not address alternative minimum tax considerations or state, local, non-United States or other tax laws, or the tax consequences to any particular investor or to persons in special tax situations such as:

- banks;
- certain financial institutions;
- insurance companies;
- dealers in stocks, securities, currencies or notional principal contracts;
- U.S. expatriates and former long-term residents of the United States;
- regulated investment companies and real estate investment trusts;
- tax-exempt entities;
- U.S. Holders that have a functional currency other than the U.S. dollar;
- persons holding Equity Shares as part of a straddle, hedging, conversion or integrated transaction;
- persons that actually or constructively own 10% or more of (1) our Company's voting stock or (2) the total value of all classes of stock of our Company;
- persons who acquired Equity Shares pursuant to the exercise of any employee share option or otherwise as consideration; or
- persons holding Equity Shares through partnerships or other pass-through entities.

PROSPECTIVE PURCHASERS ARE URGED TO CONSULT THEIR TAX ADVISORS REGARDING THE APPLICATION OF THE UNITED STATES FEDERAL TAX RULES TO THEIR PARTICULAR CIRCUMSTANCES AS WELL AS THE STATE AND LOCAL, FOREIGN AND OTHER TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF EQUITY SHARES.

For purposes of this summary, a "**U.S. Holder**" is a beneficial owner of Equity Shares that is for United States federal income tax purposes,

- an individual who is a citizen or resident of the United States;
- a corporation organised under the laws of the United States, any state thereof or the District of Columbia;
- an estate whose income is subject to United States federal income taxation regardless of its source; or
- a trust that (1) is subject to the primary supervision of a court within the United States and the control of one or more U.S. persons for all substantial decisions of the trust, or (2) has a valid election in effect under the applicable U.S. Treasury regulations to be treated as a U.S. person.

If a partnership (including for this purpose any entity treated as a partnership for United States federal income tax purposes) holds Equity Shares, the U.S. tax treatment of a partner in the partnership generally will depend on the partner's status and the activities of the partnership. Prospective purchasers that are partnerships or partners in a such a partnership should consult their own tax advisers concerning the U.S. federal income tax consequences of the acquisition, ownership and disposition of Equity Shares by the partnership.

Passive Foreign Investment Company Rules

We expect our Company to be classified as a passive foreign investment company (a "**PFIC**") for U.S. federal income tax purposes for the current year and the foreseeable future.

A non-U.S. corporation is a PFIC in any taxable year in which, after taking into account certain look-through rules, either (i) at least 75 percent of its gross income is passive income or (ii) at least 50 percent of the average value (determined on a quarterly basis) of its assets is attributable to assets that produce or are held to produce passive income. In general, a non-U.S. corporation is considered to be a passive foreign investment company, or a PFIC, for any taxable year if either:

- at least 75% of its gross income is passive income, or
- at least 50% of its assets (based on an average of the quarterly values of the assets during a taxable year) is attributable to assets that produce or are held for the production of passive income.

Passive income for these purposes generally includes dividends, interest, royalties, rents and gains from commodities and securities transactions. For the purposes of determining whether a company is a PFIC, a company will be treated as owning its proportionate share of the assets and earning its proportionate share of the income of any other corporation in which it owns, directly or indirectly, 25% or more (by value) of the stock. We do not expect the interest income we earn to be classified as active income nor do we expect the loans that we make to be classified as assets that produce active income. Consequently, we expect our Company to be classified as PFIC for U.S. federal income tax purposes for the current year and the foreseeable future.

Assuming our Company is or becomes a PFIC, a U.S. Holder who owns the Equity Shares will generally be subject to adverse tax treatment, as discussed in more detail below. Accordingly, you are urged to consult your tax advisors regarding the risks associated with investing in an entity that may be a PFIC.

If our Company is a PFIC at any time during a U.S. Holder's holding period of the Equity Shares, such U.S. Holder will be subject to either the regular PFIC rules (the "**Regular PFIC Rules**") or, if a "mark-to-market" election is available and made, the special mark-to-market PFIC rules (the "**Mark-To-Market Rules**"), both of which are described below. U.S. Holders cannot make a "qualified electing fund" election (which is a special election applicable to certain PFICs) because our Company does not intend to provide the information required under the qualified electing fund rules.

If a corporation is a PFIC for any taxable year during which a U.S. Holder holds shares in the corporation, then the corporation generally will continue to be treated as a PFIC with respect to the holder's shares, even if the corporation no longer satisfies either the passive income or passive asset tests described above, unless the U.S. Holder terminates this deemed PFIC status by electing to recognize gain, which will be taxed under the Regular PFIC Rules described below as if such shares had been sold on the last day of the last taxable year for which the corporation was a PFIC.

Regular PFIC Rules

Under the Regular PFIC Rules, U.S. Holders of Equity Shares would be subject to special rules and a variety of potentially adverse tax consequences under the Internal Revenue Code of 1986, as amended. Under those rules, (a) any gain realised on a sale or other disposition of the Equity Shares and any "excess distribution" (generally the excess amount of any distribution during a taxable year in which distributions to the U.S. Holder on the Equity Shares exceed 125% of the average annual distributions the U.S. Holder received on the Equity Shares during the preceding three taxable years or, if shorter, the U.S. Holder's holding period for the Equity Shares) would be treated as realised rateably over the U.S. Holder's holding period for the Equity Shares, (b) the amount allocated to the taxable year in which the gain or excess distribution is realised and to taxable years before the first day on which our Company became a PFIC would be treated as ordinary income (and not as capital gain), (c) the amount allocated to each prior year in which our Company was a PFIC would be subject to U.S. federal income tax at the highest rate in effect for that year and (d) the interest charge generally applicable to underpayments of U.S. federal income tax would be imposed in respect of the tax attributable to each prior year in which our Company was a PFIC. If, at any time, our Company had non-U.S. subsidiaries that were classified as PFICs, the U.S. Holder could incur liability for the deferred tax and interest charge described above if either (1) our Company received a distribution from, or disposed of all or part of our Company's interest in, a lower-tier PFIC or (2) the U.S. Holder disposed of all or part of its Equity Shares.

Mark-to-Market Rules

Under the Mark-to-Market Rules, a U.S. Holder of "marketable stock" (as defined below) in a PFIC may make a mark-to-market election with respect to such stock to elect out of the Regular PFIC Rules discussed above. If you make a valid mark-to-market election for the Equity Shares, you will include in income each year an amount equal to the excess, if any, of the fair market value of the Equity Shares as of the close of your taxable year over your adjusted basis in such Equity Shares. You are allowed a deduction for the excess, if any, of the adjusted basis of the Equity Shares over their fair market value as of the close of the taxable year. However, deductions are allowable only to the extent of any net mark-to-market gains on the Equity Shares included in your income for prior taxable years. Amounts included in your income under a mark-to-market election, as well as gain on the actual sale or other disposition of the Equity Shares, are treated as ordinary income. Ordinary loss treatment also applies to the deductible portion of any mark-to-market loss on the Equity Shares, as well as to any loss realised on the actual sale or disposition of the Equity Shares, to the extent that the amount of such loss does not exceed the net mark-to-market gains previously included for such Equity Shares. Your basis in the Equity Shares will be adjusted to reflect any such income or loss amounts. If you make such an election, the tax rules that apply to distributions by corporations that are not PFICs generally would apply to distributions by our Company, except that the lower applicable capital gains rate with respect to qualified dividend income (discussed above) would not apply.

The mark-to-market election is available only for "marketable stock", which is stock that is traded in other than *de minimis* quantities on at least 15 days during each calendar quarter on a qualified exchange or other market, as defined in the applicable U.S. Treasury regulations. Under applicable U.S. Treasury regulations, a "qualified exchange" includes a foreign exchange that is regulated by a governmental authority in the jurisdiction in which the exchange is located and in respect of which certain other requirements are met. If either of the Stock Exchanges is a qualified exchange and the Equity Shares are considered to be regularly traded on such stock exchange, U.S. Holders should be eligible to make a mark-to-market election with respect to the Equity Shares.

Even if a valid mark-to-market election is made with respect to the Equity Shares, there is a significant risk that indirect interests in CGHFL, which we expect to be classified as a PFIC for U.S. federal income tax purposes for the current year and the foreseeable future, and any of our Company's subsidiaries in the future that are PFICs will not be covered by this election but will be subject to the Regular PFIC Rules described above. Under these rules, distributions from, and dispositions of interests in, these subsidiaries, as well as certain other transactions, generally will be treated as a distribution or disposition subject to the discussion above regarding Regular PFIC Rules. Prospective U.S. Holders are urged to consult their own tax advisers about the consequences of holding the Equity Shares if we are considered a PFIC in any taxable year, including the availability of the mark -to-market election, and whether making the election would be advisable in their particular circumstances. In particular, U.S. Holders should consider carefully the effect of a mark-to-market election with respect to their Equity Shares given that we expect CGHFL to be classified as a PFIC for U.S. federal income tax purposes for the current year and the foreseeable future.

U.S. Holders of Equity Shares should consult their own tax advisors as to whether the Equity Shares would qualify for the mark-to-market election.

Taxation of Distributions on the Equity Shares

Subject to the Passive Foreign Investment Company Rules discussed above, the gross amount of distributions to you with respect to the Equity Shares generally will be included in your gross income in the year received as foreign source ordinary dividend income, but only to the extent that the distribution is paid out of our Company's current or accumulated earnings and profits (as determined under United States federal income tax principles). To the extent that the amount of the distribution exceeds our Company's current and accumulated earnings and profits, it will be treated first as a tax-free return of your tax basis in your Equity Shares, and to the extent the amount of the distribution exceeds your tax basis, the excess will be taxed as capital gain. However, our Company does not intend to calculate its earnings and profits under United States federal income tax principles. Therefore, a U.S. Holder should expect that a distribution will generally be taxed as a dividend even if that distribution would otherwise be treated as a non-taxable return of capital or as capital gain under the rules described above.

Subject to applicable limitations, with respect to non-corporate U.S. Holders (including individual U.S. Holders), dividends may constitute "qualified dividend income" that is taxed at the lower applicable capital gains rate provided that (1) our Company is not a PFIC (as discussed above) for either the taxable year in which the dividend is paid or the preceding taxable year, (2) such dividend is paid on Equity Shares that have been held by you for at least 61 days during the 121-day period beginning 60 days before the ex-dividend date, and (3) our Company is eligible for the benefits of the Convention Between the Government of the United States of America and the Government of the Republic of India for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (the "**U.S.-India Treaty**"). Because we expect to be a PFIC, dividends paid by us will not be eligible for the reduced rates of taxation available to non–corporate holders.

The amount of any distribution paid by our Company in a currency other than U.S. dollars (a "**foreign currency**") will be equal to the U.S. dollar value of such foreign currency on the date such distribution is received by the U.S. Holder, regardless of whether the payment is in fact converted into U.S. dollars at that time. If the foreign currency so received is converted into U.S. dollars on the date of receipt, a U.S. Holder generally will not recognise foreign currency gain or loss on such conversion. If the foreign currency so received is not converted into U.S. dollars on the date of receipt, a U.S. Holder will have a basis in the foreign currency equal to its U.S. dollar value on the date of receipt. Gain or loss, if any, realised on the subsequent sale or other disposition of such foreign currency will generally be U.S. source ordinary income or loss. The amount of any distribution of property other than cash will be the fair market value of such property on the date of distribution.

For foreign tax credit purposes, dividends received with respect to the Equity Shares generally will be treated as foreign source income. A U.S. Holder will be entitled, subject to generally applicable limitations and conditions, to claim a U.S. foreign tax credit in respect of any Indian taxes withheld on dividends received on the Shares. U.S. Holders who do not elect to claim a credit for any foreign income taxes paid or accrued during the taxable year may instead claim a deduction of such taxes. If a U.S. Holder is eligible for benefits under the U.S.-India Treaty or otherwise is entitled to a refund for the taxes withheld, such holder will not be entitled to a foreign tax credit or deduction for the amount of any non-U.S. taxes withheld in excess of the maximum rate under the U.S.-India Treaty or for the taxes with respect to which such holder can obtain a refund from the Indian taxing authorities. The rules relating to computing foreign tax credits or deducting foreign taxes are complex, and U.S. Holders are urged to consult their own tax advisers regarding the availability of foreign tax credits in their particular situation.

Taxation of a Disposition of Equity Shares

Subject to the Passive Foreign Investment Company rules discussed above, you generally will recognise capital gain or loss on any sale or other taxable disposition of Equity Shares purchased in the Offer equal to the difference between the U.S. dollar value of the amount realised for the Equity Shares and your tax basis (in U.S. dollars) in the Equity Shares. If you are a non-corporate U.S. Holder (including an individual U.S. Holder) who has held the Equity Shares for more than one year, capital gain on a disposition of the Equity Shares generally will be eligible for reduced federal income tax rates. The deductibility of capital losses is subject to limitations. Any such gain or loss that you recognise generally will be treated as U.S. source income or loss for foreign tax credit limitation purposes.

Under the U.S.-India Treaty, India may generally tax capital gains in accordance with the provisions of its domestic law. U.S. Holders should consult their Indian tax advisors concerning the Indian tax consequences of capital gains arising from the sale or other disposition of their Equity Shares. If Indian tax is imposed on a U.S. Holder's capital gain on the sale or other disposition of Equity Shares, the amount of any tax collected through withholding will be included in the amount realized and a foreign tax credit may be available for U.S. federal income tax purposes with respect to such Indian tax. U.S. Holders should consult their U.S. tax advisors concerning the U.S. tax treatment of any such Indian tax.

A U.S. Holder that receives foreign currency from the sale or disposition of Equity Shares generally will realise an amount equal to the U.S. dollar value of such foreign currency on the date of sale or disposition or, if such U.S. Holder is a cash basis or electing accrual basis taxpayer and the Equity Shares are treated as being traded on an "established securities market" for this purpose, the settlement date. If the Equity Shares are so treated and the foreign currency received is converted into U.S. dollars on the settlement date, a cash basis or electing accrual basis U.S. Holder will not recognise foreign currency gain or loss on the conversion. If the foreign currency received is not converted into U.S. dollars on the settlement date, the U.S. Holder will have a basis in the foreign currency equal to its U.S. dollar value on the settlement date. Gain or loss, if any, realised on the subsequent conversion or other disposition of such foreign currency will generally be U.S. source ordinary income or loss.

Medicare Tax

A United States person that is an individual, estate or a trust that does not fall into a special class of trusts that is exempt from such tax, will be subject to a 3.8% surtax on the lesser of (1) such person's "net investment income" for the relevant taxable year and (2) the excess of such person's modified adjusted gross income for the taxable year over a certain threshold (which in the case of an individual will be between US$125,000 and US$250,000, depending on the individual's circumstances). A United States person's net investment income will generally include its dividend income and its net gains from the disposition of Equity Shares, unless such dividend income or net gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities).

Information Reporting and Backup Withholding

Dividend payments with respect to Equity Shares and proceeds from the sale, exchange or redemption of Equity Shares may be subject to information reporting to the Internal Revenue Service and possible U.S. backup withholding. Backup withholding will not apply, however, to a U.S. Holder who furnishes a correct taxpayer identification number and makes any other required certification or who is otherwise exempt from backup withholding. U.S. Holders who are required to establish their exempt status generally must provide such certification on Internal Revenue Service Form W-9. U.S. Holders should consult their tax advisors regarding the application of the U.S. information reporting and backup withholding rules.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against your United States federal income tax liability, and you may obtain a refund of any excess amounts withheld under the backup withholding rules by timely filing the appropriate claim for refund with the Internal Revenue Service and furnishing any required information.

U.S. Holders that hold Equity Shares in any year in which our Company is a PFIC may be required to file Internal Revenue Service Form 8621 regarding distributions received on the Equity Shares and any gain realised on the disposition of the Equity Shares. In addition, U.S. Holders may be required to file additional information with respect to their ownership of Equity Shares.

Foreign Account Tax Compliance Act ("FATCA")

U.S. return disclosure obligations (and related penalties) apply to U.S. Holders that hold certain specified foreign financial assets in excess of US$50,000. The definition of specified foreign financial assets includes not only financial accounts maintained in foreign financial institutions, but also, unless held in accounts maintained by a financial institution, any stock or security issued by a non-U.S. person, any financial instrument or contract held for investment that has an issuer or counterparty other than a U.S. person and any interest in a foreign entity. U.S. Holders may be subject to these reporting requirements unless their Equity Shares are held in an account at a U.S. domestic financial institution. Penalties for failure to file certain of these information returns are substantial. U.S. Holders should consult their own tax advisors regarding the potential application of the FATCA rules to their Equity Shares.

SECTION VIII: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following contracts which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of this Draft Letter of Offer) which are or may be deemed material have been entered or are to be entered into by our Company. Copies of the abovementioned contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered and Corporate Office between 10 a.m. and 5 p.m. on all working days and will also be available at the website of our Company from the date of the Letter of Offer until the Issue Closing Date.

A. Material Contracts for the Issue

1. Issue Agreement dated July 28, 2022 between our Company and the Lead Manager.

2. Registrar Agreement dated July 22, 2022 between our Company and the Registrar to the Issue.

3. Banker to the Issue Agreement dated [●], 2022 between our Company, the Lead Manager, Registrar and the Bankers to the Issue.

4. Monitoring Agency Agreement dated [●], 2022 between our Company and the Monitoring Agency.

5. Underwriting Agreement dated [●] between our Company and the Underwriters.

B. Material Documents

1. Certified copies of the updated Memorandum of Association and Articles of Association of our Company, as amended.

2. Certificate of incorporation dated November 15, 1994 upon incorporation.

3. Certificate of commencement of business dated November 28, 1994.

4. Certificate of incorporation dated May 19, 1999 upon change in name of the Company.

5. Certificate of incorporation dated October 6, 2008 upon change in name of the Company.

6. Certificate of incorporation dated July 24, 2013, upon change in name of the Company.

7. Registration certificate from Reserve Bank of India for operating as a NBFC dated November 5, 2007.

8. Deed of partition dated November 11, 2021 between Ramesh Chandra Sharma, Rajesh Sharma, Seema Sharma, Jinisha Sharma, Jahnavi Sharma and Raghav Sharma for dissolution of Ramesh Chandra Sharma HUF.

9. Consents of the Directors, Company Secretary and Compliance Officer, Lead Manager, Bankers to the Issue, Legal Counsel to our Company as to Indian Law, Legal Counsel to the Lead Manager as to Indian Law, International Legal Counsel to the Lead Manager, the Registrar to the Issue, and the Monitoring Agency for inclusion of their names in this Draft Letter of Offer to act in their respective capacities.

10. Consent letter dated July 28, 2022 from our Statutory Auditors, M/s M M Nissim & Co. LLP, Chartered Accountants to include their name in this Draft Letter of Offer, as an "expert" as defined under Section 2(38) of the Companies Act, 2013, in respect of the 2022 Audited Consolidated Financial Statements, the audit reports in respect of the 2022 Audited Consolidated Financial Statements, and the reports issued by them, and the statement of special tax benefits dated July 28, 2022 included in this Draft Letter of Offer.

11. Consent letter dated July 28, 2022 from Independent Chartered Accountants, namely, M/s SCA and Associates, Chartered Accountants, to include its name in this Draft Letter of Offer, as an "expert" as defined under section 2(38) of the Companies Act, 2013 in respect of the certificates issued by them in their capacity as an independent chartered accountant to our Company and such consent has not been withdrawn as on the date of this Draft Letter of Offer.

12. Consent letter dated July 28, 2022 from Previous Statutory Auditors, Deloitte Haskins & Sells LLP, Chartered Accountants to include their name in this Draft Letter of Offer, as required under Section 26(1) of the Companies Act, 2013 in this Draft Letter of Offer and as an "expert" as defined under Section 2(38) of the Companies Act, 2013, to the extent and in their capacity as Previous Statutory Auditor in respect of their the auditor's reports dated June 17, 2021, on our 2021 Audited Consolidated Financial Statements included in this Draft Letter of Offer.

13. Statement of special tax benefits dated July 28, 2022 from the Statutory Auditors included in this Draft Letter of Offer.

14. Money Matters Employee Stock Option Plan – 2009, as amended on May 9, 2014.

15. The 2022 Audited Consolidated Financial Statements and the review report thereon, dated May 21, 2022.

16. The 2021 Audited Consolidated Financial Statements and the review report thereon, dated June 17, 2021.

17. Resolutions of our Board of Directors dated May 21, 2022 in relation to the Issue and other related matters.

18. Resolution of the Board of Directors dated July 28, 2022 approving and adopting this Draft Letter of Offer.

19. Resolution of the Rights Issue Committee dated [●] in relation to the terms of the Issue including the Record Date, Issue Price and Rights Entitlement Ratio.

20. Annual Reports of our Company for the Financial Years 2021, 2020, 2019, 2018 and 2017.

21. Report entitled "Research Report on NBFC Industry" dated July 26, 2022 prepared by CARE Advisory and Research Training Limited and consent letter dated July 28, 2022 issued by CARE Advisory and Research Training Limited in respect of such report.

22. Engagement letters dated June 13, 2022, June 28, 2022 and June 30, 2022 entered into between the Company and CARE Advisory and Research Training Limited for appointment of CARE Advisory and Research Training Limited.

23. Due diligence certificate dated July 28, 2022 addressed to SEBI from the Lead Manager.

24. In-principle listing approvals dated [●] and [●] issued by BSE and NSE, respectively.

25. Tripartite agreement dated March 5, 2016 amongst our Company, NSDL and the Registrar to the Issue.

26. Tripartite agreement dated March 2, 2016 amongst our Company, CDSL and the Registrar to the Issue.

27. SEBI observation letter number [●] dated [●].

Any of the contracts or documents mentioned in this Draft Letter of Offer 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 Eligible Equity Shareholders, subject to compliance with applicable law.

DECLARATION

I hereby certify that no statement made in this Draft Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, or the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR AND CHIEF FINANCIAL OFFICER OF OUR COMPANY

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Rajesh Sharma

Managing Director and Chief Financial Officer

Date: July 28, 2022

Place: Mumbai

DECLARATION

I hereby certify that no statement made in this Draft Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, or the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF THE COMPANY

Bhagyam Ramani

Independent Director

Date: July 28, 2022

Place: Mumbai

DECLARATION

I hereby certify that no statement made in this Draft Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, or the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF THE COMPANY

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Desh Raj Dogra

Independent Director

Date: July 28, 2022

Place: Mumbai

DECLARATION

I hereby certify that no statement made in this Draft Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, or the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF THE COMPANY

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Beni Prasad Rauka

Independent Director

Date: July 28, 2022

Place: Mumbai

DECLARATION

I hereby certify that no statement made in this Draft Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, or the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF THE COMPANY

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Mukesh Kacker

Independent Director

Date: July 28, 2022

Place: UK

DECLARATION

I hereby certify that no statement made in this Draft Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, or the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF THE COMPANY

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Ajit Mohan Sharan

Independent Director

Date: July 28, 2022

Place: New Delhi